RAIFFEISEN BANK INTERNATIONAL

ANNUAL FINANCIAL REPORT 2022

Raiffeisen Bank International
Member of RBI Group

Overview

Monetary values in € million	2022	2021	Change	2020	2019	2018
Income statement	**1/1-31/12**	**1/1-31/12**		**1/1-31/12**	**1/1-31/12**	**1/1-31/12**
Net interest income	5,053	3,327	51.8%	3,121	3,412	3,362
Net fee and commission income	3,878	1,985	95.4%	1,684	1,797	1,791
General administrative expenses	(3,552)	(2,978)	19.3%	(2,832)	(3,052)	(3,015)
Operating result	6,158	2,592	137.5%	2,241	2,492	2,424
Impairment losses on financial assets	(949)	(295)	222.2%	(598)	(234)	(166)
Profit/loss before tax	4,203	1,790	134.9%	1,183	1,767	1,753
Profit/loss after tax	3,797	1,508	151.9%	910	1,365	1,398
Consolidated profit/loss	3,627	1,372	164.3%	804	1,227	1,270
Statement of financial position	**31/12**	**31/12**		**31/12**	**31/12**	**31/12**
Loans to banks	15,716	16,630	(5.5)%	11,952	9,435	9,998
Loans to customers	103,230	100,832	2.4%	90,671	91,204	80,866
Deposits from banks	33,641	34,607	(2.8)%	29,121	23,607	23,980
Deposits from customers	125,099	115,153	8.6%	102,112	96,214	87,038
Equity	18,764	15,475	21.3%	14,288	13,765	12,413
Total assets	207,057	192,101	7.8%	165,959	152,200	140,115
Key ratios	**1/1-31/12**	**1/1-31/12**		**1/1-31/12**	**1/1-31/12**	**1/1-31/12**
Return on equity before tax	26.6%	12.6%	14.0 PP	8.8%	14.2%	16.3%
Return on equity after tax	24.1%	10.6%	13.4 PP	6.8%	11.0%	12.7%
Consolidated return on equity	26.8%	10.9%	15.9 PP	6.4%	11.0%	12.6%
Cost/income ratio	36.6%	53.5%	(16.9) PP	55.8%	55.1%	55.4%
Return on assets before tax	2.02%	0.99%	1.03 PP	0.74%	1.18%	1.33%
Net interest margin (average interest-bearing assets)	2.59%	2.01%	0.58 PP	2.13%	2.44%	2.50%
Provisioning ratio (average loans to customers)	0.73%	0.30%	0.43 PP	0.67%	0.26%	0.21%
Bank-specific information	**31/12**	**31/12**		**31/12**	**31/12**	**31/12**
NPE ratio	1.6%	1.6%	0.0 PP	1.9%	2.1%	2.6%
NPE coverage ratio	59.0%	62.5%	(3.5) PP	61.5%	61.0%	58.3%
Total risk-weighted assets (RWA)	97,680	89,928	8.6%	78,864	77,966	72,672
Common equity tier 1 ratio (transitional)	16.0%	13.1%	2.9 PP	13.6%	13.9%	13.4%
Tier 1 ratio (transitional)	17.7%	15.0%	2.8 PP	15.8%	15.5%	15.0%
Total capital ratio (transitional)	20.2%	17.6%	2.6 PP	18.5%	18.0%	18.3%
Stock data	**1/1-31/12**	**1/1-31/12**		**1/1-31/12**	**1/1-31/12**	**1/1-31/12**
Earnings per share in €	10.76	3.89	176.2%	2.22	3.54	3.68
Closing price in € (31/12)	15.35	25.88	(40.7)%	16.68	22.39	22.20
High (closing prices) in €	28.42	29.40	(3.3)%	22.92	24.31	35.32
Low (closing prices) in €	10.00	16.17	(38.2)%	11.25	18.69	21.30
Number of shares in million (31/12)	328.94	328.94	0.0%	328.94	328.94	328.94
Market capitalization in € million (31/12)	5,049	8,513	(40.7)%	5,487	7,365	7,302
Dividend per share in €	–	–	–	1.23	–	0.93
Resources	**31/12**	**31/12**		**31/12**	**31/12**	**31/12**
Employees as at reporting date (full-time equivalents)	44,414	46,185	(3.8)%	45,414	46,873	47,079
Business outlets	1,664	1,771	(6.0)%	1,857	2,040	2,159
Customers in million	17.6	19.0	(7.5)%	17.2	16.7	16.1

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

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.

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With cooperation of Group Investor Relations (parts of management report), Integrated Risk Management (parts of risk report)

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Consolidated financial statements

Company

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

RBI regards Austria, where it is a leading corporate and investment bank, as well as Central and Eastern Europe (CEE) as its home market. 12 markets in the region are covered by subsidiary banks, the Group also comprises numerous other financial services providers, for instance in the field of leasing, asset management, factoring and M&A. RBI not only offers Austrian and international companies a broad range of products in corporate and investment banking, but also a comprehensive coverage in CEE. Through an extensive branch network, local companies of all sizes as well as private customers are supplied with high-quality financial products. RBI maintains representative offices and service branches in selected Asian and Western European locations to support its business activities. In total, RBI's more as 44,000 employees serve 17.6 million clients at around 1,700 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 (IFRSs). The eight regional Raiffeisen banks are core shareholders that collectively hold approximately 58.8 per cent of the shares, with the remaining shares in free float.

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

The consolidated financial statements are lodged with the Companies Register in accordance with Austrian disclosure regulations and published in the official journal of the Wiener Zeitung. They were signed by the Management Board on 13 February 2023 and subsequently submitted for the notice of the Supervisory Board.

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

ESEF Information

Name of the ultimate parent of group:	Raiffeisen Bank International AG
Name of the reporting entity:	Raiffeisen Bank International AG
Legal form of entity:	AG
Principal place of business:	1030 Vienna
Address of entity's registered office:	Am Stadtpark 9, 1030 Vienna
Domicile of the entity:	Austria
Country of incorporation:	Austria

Description of nature of entity's operations and principal activities:

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.

Statement of comprehensive income

Income statement

in € million	Notes	2022	2021
Net interest income	[1]	5,053	3,327
Interest income according to effective interest method		6,681	3,847
Interest income other		577	747
Interest expenses		(2,205)	(1,267)
Dividend income	[2]	64	42
Current income from investments in associates	[3]	64	46
Net fee and commission income	[4]	3,878	1,985
Fee and commission income		4,835	2,852
Fee and commission expenses		(957)	(867)
Net trading income and fair value result	[5]	663	53
Net gains/losses from hedge accounting	[5]	(41)	(2)
Other net operating income	[6]	29	120
Operating income		**9,710**	**5,570**
Staff expenses		(2,010)	(1,579)
Other administrative expenses		(1,081)	(992)
Depreciation		(461)	(407)
General administrative expenses	**[7]**	**(3,552)**	**(2,978)**
Operating result		**6,158**	**2,592**
Other result	[8]	(667)	(295)
Governmental measures and compulsory contributions	[9]	(337)	(213)
Impairment losses on financial assets	[10]	(949)	(295)
Profit/loss before tax		**4,203**	**1,790**
Income taxes	[11]	(859)	(368)
Profit/loss after tax from continuing operations		**3,344**	**1,422**
Gains/losses from discontinued operations	[26]	453	86
Profit/loss after tax		**3,797**	**1,508**
Profit attributable to non-controlling interests	[30]	(170)	(135)
Consolidated profit/loss		**3,627**	**1,372**

Other comprehensive income and total comprehensive income

in € million	Notes	2022	2021
Profit/loss after tax		**3,797**	**1,508**
Items which are not reclassified to profit or loss		**53**	**17**
Remeasurements of defined benefit plans	[28]	34	9
Fair value changes of equity instruments	[17]	(59)	33
Fair value changes due to changes in credit risk of financial liabilities	[19]	61	0
Share of other comprehensive income from companies valued at equity	[24]	25	(24)
Deferred taxes on items which are not reclassified to profit or loss	[11]	(7)	(2)
Items that may be reclassified subsequently to profit or loss		**(409)**	**133**
Exchange differences		(45)	284
Hedge of net investments in foreign operations	[22]	(39)	(64)
Adaptions to the cash flow hedge reserve	[22]	(45)	(35)
Fair value changes of financial assets	[17]	(110)	(75)
Share of other comprehensive income from companies valued at equity	[24]	(202)	3
Deferred taxes on items which may be reclassified to profit or loss	[11]	33	20
Other comprehensive income		**(356)**	**150**
Total comprehensive income		**3,441**	**1,658**
Profit attributable to non-controlling interests	[30]	(147)	(164)
hereof income statement	[30]	(170)	(135)
hereof other comprehensive income		24	(29)
Profit/loss attributable to owners of the parent		**3,295**	**1,493**

Earnings per share

in € million	2022	2021
Consolidated profit/loss	3,627	1,372
Dividend claim on additional tier 1	(92)	(92)
Profit/loss attributable to ordinary shares	**3,534**	**1,280**
Average number of ordinary shares outstanding in million	329	329
Earnings per share in €	**10.76**	**3.89**
Earnings per share from continuing operations in €	**9.38**	**3.63**

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

Assets in € million	Notes	2022	2021
Cash, cash balances at central banks and other demand deposits	[12]	53,683	38,557
Financial assets - amortized cost	[13]	137,431	132,645
Financial assets - fair value through other comprehensive income	[17, 23]	3,203	4,660
Non-trading financial assets - mandatorily fair value through profit/loss	[18, 23]	757	966
Financial assets - designated fair value through profit/loss	[19, 23]	84	264
Financial assets - held for trading	[20, 23]	6,411	4,112
Hedge accounting	[22]	1,608	630
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk	[22]	(947)	(279)
Investments in subsidiaries and associates	[24]	713	968
Tangible fixed assets	[25]	1,684	1,640
Intangible fixed assets	[25]	903	933
Current tax assets	[11]	100	73
Deferred tax assets	[11]	269	152
Non-current assets and disposal groups classified as held for sale	[26]	3	5,531
Other assets	[27]	1,156	1,248
Total		**207,057**	**192,101**

Equity and liabilities

Equity and liabilities in € million	Notes	2022	2021[1]
Financial liabilities - amortized cost	[15]	175,142	161,700
Financial liabilities - designated fair value through profit/loss	[19, 23]	950	1,323
Financial liabilities - held for trading	[21, 23]	8,453	5,873
Hedge accounting	[22]	2,054	828
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk	[22]	(1,217)	(536)
Provisions for liabilities and charges	[28]	1,479	1,390
Current tax liabilities	[11]	181	87
Deferred tax liabilities	[11]	36	46
Liabilities included in disposal groups classified as held for sale	[26]	0	4,829
Other liabilities	[29]	1,215	1,085
Equity	[30]	18,764	15,475
Consolidated equity		16,027	12,843
Non-controlling interests		1,127	1,010
Additional tier 1		1,610	1,622
Total		**207,057**	**192,101**

1 Previous-year figures adapted due to changed allocation

Statement of changes in equity

Changes in equity

in € million	Subscribed capital	Capital reserves	Retained earnings	Cumulative other comprehensive income	Consolidated equity	Non-controlling interests	Additional tier 1	Total
Equity as at 1/1/2021	**1,002**	**4,992**	**9,234**	**(3,394)**	**11,835**	**820**	**1,633**	**14,288**
Capital increases/ decreases	0	0	0	0	0	49	0	49
Allocation dividend - AT1	0	0	(92)	0	(92)	0	92	0
Dividend payments	0	0	(404)	0	(404)	(39)	(92)	(536)
Own shares	0	0	0	0	0	0	(11)	(11)
Other changes	0	0	11	0	11	15	0	26
Total comprehensive income	0	0	1,372	121	1,493	164	0	1,658
Equity as at 31/12/2021	**1,002**	**4,992**	**10,121**	**(3,272)**	**12,843**	**1,010**	**1,622**	**15,475**
Capital increases/ decreases	0	0	0	0	0	0	0	0
Allocation dividend - AT1	0	0	(92)	0	(92)	0	92	0
Dividend payments	0	0	0	0	0	(26)	(92)	(119)
Own shares	(1)	(2)	0	0	(3)	0	(12)	(14)
Other changes	0	0	(19)	4	(15)	(4)	0	(19)
Total comprehensive income	0	0	3,627	(332)	3,295	147	0	3,441
Equity as at 31/12/2022	**1,002**	**4,990**	**13,637**	**(3,601)**	**16,027**	**1,127**	**1,610**	**18,764**

Statement of cash flows

in € million	Notes	2022	2021
Cash, cash balances at central banks and other demand deposits as at 1/1	**[12]**	**38,557**	**33,660**
Operating activities:			
Profit/loss before tax		4,203	1,790
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]	549	402
Net provisioning for liabilities and charges and impairment losses on financial assets	[6, 10, 28]	1,446	618
Gains/losses from the measurement and derecognition of assets and liabilities	[5, 8]	(430)	28
Current income from investments in associates	[3]	(64)	(46)
Other adjustments (net)[1]		(3,899)	(4,142)
Subtotal		**1,806**	**(1,350)**
Changes in assets and liabilities arising from operating activities after corrections for non-cash positions:			
Financial assets - amortized cost	[13]	(124)	(13,736)
Financial assets - fair value through other comprehensive income	[17, 23]	1,217	(123)
Non-trading financial assets - mandatorily fair value through profit/loss	[18, 23]	185	(181)
Financial assets - designated fair value through profit/loss	[19, 23]	184	183
Financial assets - held for trading	[20, 23]	853	383
Other assets	[27]	102	(129)
Financial liabilities - amortized cost	[15]	13,118	20,087
Financial liabilities - designated fair value through profit/loss	[19, 23]	(110)	(149)
Financial liabilities - held for trading	[21, 23]	9	(164)
Provisions for liabilities and charges	[28]	(210)	(125)
Other liabilities	[29]	33	57
Interest received	[1]	6,770	4,398
Interest paid	[1]	(2,049)	(1,200)
Dividends received	[2]	82	177
Income taxes paid	[11]	(896)	(330)
Net cash from operating activities		**20,969**	**7,799**
Investing activities:			
Cash and cash equivalents from changes in scope of consolidation due to materiality		(9)	(4)
Payments for purchase of:			
Investment securities and shares	[13, 24]	(6,692)	(6,007)
Tangible and intangible fixed assets	[25]	(484)	(451)
Subsidiaries		79	(132)
Proceeds from sale of:			
Investment securities and shares	[13, 24]	2,451	4,250
Tangible and intangible fixed assets	[25]	155	58
Subsidiaries	[8]	31	0
Net cash from investing activities		**(4,469)**	**(2,286)**
Financing activities:			
Capital decreases		(14)	(11)
Inflows subordinated financial liabilities	[15, 19]	520	534
Outflows subordinated financial liabilities	[15, 19]	(749)	(611)
Dividend payments		(119)	(536)
Cash flows for leases		(68)	(79)
Inflows from changes in non-controlling interests		0	49
Net cash from financing activities		**(429)**	**(653)**
Effect of exchange rate changes		(945)	39
Cash, cash balances at central banks and other demand deposits as at 31/12	**[12]**	**53,683**	**38,557**

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

The statement of cash flows shows the structure and changes in cash and cash equivalents during the financial year and is broken down into three sections:

- Net cash from operating activities
- Net cash from investing activities
- Net cash from financing activities

Net cash from operating activities comprises inflows and outflows from the company's principal revenue-producing activities and other activities that are not investing or financing activities. When using the indirect method to determine cash flows from operating activities, the profit/loss before tax from the income statement is adjusted by eliminating non-cash components and adding back cash-related changes in assets and liabilities. In addition, the income and expense items attributable to investment or financing activities are deducted. The interest, dividend and tax payments from operating activities are separately stated in their own rows.

Net cash from investing activities shows inflows and outflows from debt instruments (securities held for long-term investment) and equity participations (subsidiaries not fully consolidated, associates and investments), tangible fixed assets and intangible fixed assets, proceeds from disposal of Group assets, and payments for acquisition of subsidiaries.

Net cash from financing activities consists of inflows and outflows of equity and subordinated capital. This primarily covers inflows from capital increases, outflows for dividend payments, and inflows and outflows of subordinated capital.

Cash and cash equivalents comprise the item on the statement of financial position cash, cash balances at central banks and other demand deposits.

As RBI is a consolidated group consisting of multiple credit institutions, the informational value of the cash flow statement is regarded as low. The cash flow statement is not an instrument that can be deployed for liquidity or budget planning purposes, nor is it used as a management tool by RBI.

Segment reporting

Segment classification

Segmentation principles

As a rule, internal management reporting at RBI is based on the current organizational structure. This matrix structure means that each member of the Management Board is responsible both for individual countries and for specific business activities. 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.

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

Central Europe

This segment encompasses the most advanced banking markets in Central and Eastern Europe, namely the EU members, Czech Republic, Hungary, Poland and Slovakia. In Poland, RBI is present with a reduced portfolio of retail foreign currency mortgage loans. In Slovakia, RBI is active in the corporate and retail customer business, leasing, asset management and building society business. In retail business, Tatra banka is pursuing a multi-brand strategy. In the Czech Republic, RBI operates not only the traditional banking business with corporate and retail customers, but also real estate leasing and building society business as well as a foreign currency and payment transaction provider. In Hungary, the Group provides services to retail and corporate customers via the bank's countrywide network. The focus is based on corporate customers and affluent retail customers.

Southeastern Europe

The Southeastern Europe segment comprises Albania, Bosnia and Herzegovina, Croatia, Kosovo, Romania, and Serbia. In these markets, RBI is represented by banks and leasing companies, as well as own capital management and asset management companies and pension funds in some markets. In Albania, financial services are offered across all business areas. In Kosovo, RBI also offers a comprehensive product range. In Bosnia and Herzegovina, the emphasis is on small and medium-sized enterprises, while also including a wide range of products for retail customers. In Croatia, the focus is on large and medium-sized corporate customers and on retail customers (including pension funds business). In Romania, a broad range of financial services is offered via a tightly knit branch network. In Serbia, the market is serviced by a universal bank and leasing companies. In April 2022, the acquisition of Crédit Agricole Srbija AD has been completed and the company was included for the first time. Crédit Agricole Srbija AD is expected to be merged into the Serbian subsidiary bank, Raiffeisen banka a.d., Belgrade, in April 2023.

The sale of Raiffeisenbank (Bulgaria) EAD and its wholly owned subsidiary Raiffeisen Leasing Bulgaria EOOD to KBC Bank, as agreed in November 2021, was successfully completed in 2022.

Eastern Europe

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

Group Corporates & Markets

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

Corporate Center

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

Assessment of segment profit/loss

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

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

Profitability

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

Efficiency

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

Constraints

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

Business mix

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

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

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

Segment performance

2022 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Net interest income	1,341	943	2,025	733
Dividend income	3	8	0	12
Current income from investments in associates	4	0	6	6
Net fee and commission income	565	449	2,207	617
Net trading income and fair value result	0	(1)	471	141
Net gains/losses from hedge accounting	(5)	0	(29)	(17)
Other net operating income	39	10	(56)	110
Operating income	**1,947**	**1,409**	**4,624**	**1,602**
General administrative expenses	(909)	(699)	(954)	(765)
Operating result	**1,037**	**711**	**3,670**	**837**
Other result	(512)	(13)	(6)	3
Governmental measures and compulsory contributions	(137)	(42)	(66)	(54)
Impairment losses on financial assets	(12)	(70)	(743)	(122)
Profit/loss before tax	**375**	**586**	**2,855**	**664**
Income taxes	(153)	(83)	(619)	(148)
Profit/loss after tax from continuing operations	**222**	**503**	**2,236**	**517**
Gains/losses from discontinued operations	0	46[1]	0	0
Profit/loss after tax	**222**	**548**	**2,236**	**517**
Profit attributable to non-controlling interests	(56)	0	(36)	(16)
Profit/loss after deduction of non-controlling interests	**166**	**548**	**2,200**	**501**
Return on equity before tax	9.7%	18.9%	88.1%	17.2%
Return on equity after tax	5.8%	17.6%	69.0%	13.4%
Net interest margin (average interest-bearing assets)	2.29%	3.46%	6.37%	1.19%
Cost/income ratio	46.7%	49.6%	20.6%	47.8%
Loan/deposit ratio	85.6%	70.4%	44.0%	146.2%
Provisioning ratio (average loans to customers)	0.02%	0.42%	3.90%	0.32%
NPE ratio	1.4%	2.0%	2.3%	1.8%
NPE coverage ratio	59.7%	70.2%	65.1%	47.1%
Assets	62,130	31,352	33,817	62,627
Total risk-weighted assets (RWA)	25,448	16,397	23,282	26,902
Equity	4,128	3,388	5,053	4,265
Loans to customers	37,707	17,839	11,340	37,115
Deposits from customers	45,700	25,253	25,847	31,631
Business outlets	343	729	569	23
Employees as at reporting date (full-time equivalents)	9,775	12,697	16,550	3,343
Customers in million	3.7	4.9	7.0	1.9

1 Current result of the first half year of the Bulgarian Group units

2022 in € million	Corporate Center	Reconciliation	Total
Net interest income	(52)	62	5,053
Dividend income	387	(345)	64
Current income from investments in associates	48	0	64
Net fee and commission income	51	(11)	3,878
Net trading income and fair value result	9	44	663
Net gains/losses from hedge accounting	2	7	(41)
Other net operating income	103	(177)	29
Operating income	**547**	**(420)**	**9,710**
General administrative expenses	(395)	170	(3,552)
Operating result	**152**	**(250)**	**6,158**
Other result	(139)	(1)	(667)
Governmental measures and compulsory contributions	(38)	0	(337)
Impairment losses on financial assets	(19)	17	(949)
Profit/loss before tax	**(43)**	**(234)**	**4,203**
Income taxes	144	0	(859)
Profit/loss after tax from continuing operations	**101**	**(234)**	**3,344**
Gains/losses from discontinued operations	398[1]	10	453
Profit/loss after tax	**498**	**(224)**	**3,797**
Profit attributable to non-controlling interests	0	(62)	(170)
Profit/loss after deduction of non-controlling interests	**498**	**(286)**	**3,627**
Return on equity before tax	–	–	26.6%
Return on equity after tax	–	–	24.1%
Net interest margin (average interest-bearing assets)	–	–	2.59%
Cost/income ratio	–	–	36.6%
Loan/deposit ratio	–	–	82.4%
Provisioning ratio (average loans to customers)	–	–	0.73%
NPE ratio	–	–	1.6%
NPE coverage ratio	–	–	59.0%
Assets	44,774	(27,642)	207,057
Total risk-weighted assets (RWA)	15,008	(9,357)	97,680
Equity	8,542	(6,612)	18,764
Loans to customers	1,016	(1,788)	103,230
Deposits from customers	1,043	(4,374)	125,099
Business outlets	–	–	1,664
Employees as at reporting date (full-time equivalents)	2,049	–	44,414
Customers in million	0.0	–	17.6

1 Result of the deconsolidation from the sale of the Bulgarian Group units

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

2021 in € million	Corporate Center	Reconciliation	Total
Net interest income	(10)	33	3,327
Dividend income	1,000	(980)	42
Current income from investments in associates	35	0	46
Net fee and commission income	22	(12)	1,985
Net trading income and fair value result	(32)	(10)	53
Net gains/losses from hedge accounting	(2)	(3)	(2)
Other net operating income	137	(175)	120
Operating income	**1,151**	**(1,146)**	**5,570**
General administrative expenses	(405)	163	(2,978)
Operating result	**746**	**(984)**	**2,592**
Other result	67	(19)	(295)
Governmental measures and compulsory contributions	(35)	0	(213)
Impairment losses on financial assets	6	1	(295)
Profit/loss before tax	**784**	**(1,002)**	**1,790**
Income taxes	75	5	(368)
Profit/loss after tax from continuing operations	**859**	**(997)**	**1,422**
Gains/losses from discontinued operations	0	16	86
Profit/loss after tax	**859**	**(981)**	**1,508**
Profit attributable to non-controlling interests	0	13	(135)
Profit/loss after deduction of non-controlling interests	**859**	**(969)**	**1,372**
Return on equity before tax	–	–	12.6%
Return on equity after tax	–	–	10.6%
Net interest margin (average interest-bearing assets)	–	–	2.01%
Cost/income ratio	–	–	53.5%
Loan/deposit ratio	–	–	87.2%
Provisioning ratio (average loans to customers)	–	–	0.30%
NPE ratio	–	–	1.6%
NPE coverage ratio	–	–	62.5%
Assets	32,125	(18,459)	192,101
Total risk-weighted assets (RWA)	15,791	(15,920)	89,928
Equity	7,985	(6,771)	15,475
Loans to customers	401	(1,611)	100,832
Deposits from customers	874	(3,222)	115,153
Business outlets	–	–	1,771
Employees as at reporting date (full-time equivalents)	1,870	–	46,185
Customers in million	0.0	–	19.0

Notes

Principles underlying the consolidated financial statements

Principles of preparation

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and the international accounting standards adopted by the EU on the basis of IAS Regulation (EC) 1606/2002 including the applicable interpretations of the International Financial Reporting Interpretations Committee (IFRIC/SIC). For further information on the International Financial Reporting Standards published by the IASB and applicable to the consolidated financial statements 2022 reference is additionally made to the individual items in the notes. Standards and interpretations not yet applicable that have been published and endorsed by the EU are outlined in the section standards and interpretations not yet applicable (already endorsed by the EU).

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

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

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

Classification and measurement of financial assets and financial liabilities

According to IFRS 9, all financial assets, financial liabilities and derivative financial instruments are to be recognized in the statement of financial position. A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. On initial recognition, financial instruments are to be measured at fair value, which generally corresponds to the transaction price at the time of acquisition or issue. If the Group unit determines that the fair value on initial recognition differs from the transaction price, but this fair value measurement is not evidenced by a valuation technique that uses only data from observable markets, then the carrying amount of the financial asset or financial liability on initial recognition is adjusted to defer the difference between the fair value measurement and the transaction price. The deferred difference is subsequently recognized as a gain or loss only to the extent that it arises from change in a factor (including time) that market participants would consider in setting the price. According to IFRS 13, the fair value is defined as the exit price. For subsequent measurement, financial instruments are recognized in the statement of financial position according to the respective measurement category pursuant to IFRS 9, either at (amortized) cost or at fair value.

The classification of financial assets under IFRS 9 is firstly based on the business model under which the assets are managed, and secondly on the cash flow characteristics of the assets. For RBI, this results in five classification categories for financial assets:

- Financial assets measured at amortized cost (AC)

- Financial assets measured at fair value through other comprehensive income (FVOCI)
- Financial assets mandatorily measured at fair value through profit or loss (FVTPL)
- Financial assets designated fair value through profit or loss (FVTPL)
- Financial assets held for trading (HFT)

Financial liabilities are generally recognized according to IFRS 9 at (amortized) cost (financial liabilities – amortized cost) applying the effective interest method unless they are measured at fair value. This includes financial liabilities that are held for trading (financial liabilities – held for trading) and designated as FVTPL (financial liabilities – designated fair value through profit/loss). Changes in the fair value of liabilities designated at fair value through profit or loss which are caused by changes in RBI's own default risk are to be shown in other comprehensive income.

In accordance with IFRS 9, embedded derivatives are not separated from the host contract of a financial asset. Instead, financial assets are classified in accordance with the business model and their contractual characteristics as explained in the section business model assessment and in the section analysis of contractual cash flow characteristics. When recognizing financial liabilities, embedded derivatives are only separated from the host instrument and separately accounted for as derivatives if their economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract, the embedded derivative meets the definition of a derivative and the hybrid financial instrument is not associated with a financial liability item that is held for trading or designated at fair value through profit or loss.

Further details on the classification and measurement of financial assets and financial liabilities can be found in the respective items of the income statement and the statement of financial position.

Reclassification of financial assets

Reclassification is only possible for financial assets, not for financial liabilities. In RBI, a change in the measurement category is only possible if there is a change in the business model used to manage a financial asset. Such changes are expected to occur very rarely, are determined by the management following external or internal changes and must not only be significant for the entity's operations but also be capable of being proven to external parties. If these conditions apply, then the reclassification is mandatory. If such reclassification is necessary, this must be changed prospectively from the date of reclassification and approved by the RBI Management Board.

Business model assessment

RBI reviews the objective of the business model under which a financial asset is managed at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The following factors are considered as evidence when assessing which business model is relevant:

- How the performance of the business model (and the financial assets held within that business model) is assessed and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and the way those risks are managed
- How managers of the business are compensated – e.g. whether the compensation is based on the fair value of the assets managed or the contractual cash flows collected
- The frequency, value, and timing of sales in prior periods, the reasons for such sales, and expectations about future sales activity
- Whether sales activity and the collection of contractual cash flows are each integral or incidental to the business model (hold-to-collect versus hold-and-sell business model).

Financial assets that are held for trading and those that are managed and whose performance is evaluated on a fair value basis will be measured at fair value through profit or loss (FVTPL).

A business model's objective can be to hold financial assets to collect contractual cash flows even when some sales of financial assets have occurred or are expected to occur. For RBI, the following sales may be consistent with the hold-to collect business model:

- The sales are due to an increase in the credit risk of a financial asset.
- The sales are infrequent (even if significant) or are insignificant individually and in aggregate (even if frequent).
- The sales take place close to the maturity of the financial asset and the proceeds from the sales approximate the collection of the remaining contractual cash flows.

The number of sales in RBI is small, and like the volume of the sales out of the hold-to-collect business model, monitored over time to have a documentation basis that respective sales are consistent with the hold-to-collect business model. The judgement is made under reference to the rules of IFRS 9 which foresee that those sales out of the hold-to-collect business model may be permissive in cases where the occur infrequently (even if significant in value) or insignificant in value both individually and in aggregate (even if frequent).

Analysis of contractual cash flow characteristics

If RBI has decided that the business model of a specific portfolio is to hold the financial assets to collect the contractual cash flows (or to both collect contractual cash flows and sell financial assets), it must assess whether the contractual terms of the financial assets allocated to this portfolio result on specific dates in cash flows that are solely payments of principal and interest on the principal amount outstanding. For this purpose, interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period and for other basic lending risks and costs, as well as a profit margin. This assessment will be carried out on an instrument-by-instrument basis on the date of initial recognition of the financial asset.

In assessing whether the contractual cash flows are solely payments of principal and interest, RBI considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows in such a way that this condition is no longer met. RBI considers amongst other things:

- Prepayment or extension terms
- Leverage agreements
- Claim is limited to specified assets or cash flows
- Contractually linked instruments

IFRS 9 includes regulations for prepayment features with negative compensation. Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than unpaid amounts of principal and interest. However, to qualify for amortized cost measurement, the negative compensation must be a reasonable compensation for early termination of the contract.

Modification of the time value of money and the benchmark test

The time value of money is the element of interest that provides consideration for only the passage of time. It does not take other risks (credit, liquidity etc.) or costs (administrative etc.) associated with holding a financial asset into account. In some cases, the time value of money element is modified (referred to as imperfect). This would be the case, for example, if a financial asset's interest rate is periodically adjusted but the frequency of the interest rate adjustment does not match the tenor of the interest rate. In this case units must assess the modification as to whether the contractual cash flows represent solely payments of principal and interest, i.e. the modification term may not significantly alter the cash flows from a perfect benchmark instrument.

RBI has developed a quantitative benchmark test to assess whether the cash flow condition has been met. This test determines whether the undiscounted modified contractual cash flows differ significantly from the undiscounted cash flows of a benchmark instrument. The benchmark instrument is equivalent to the tested asset in all respects except for the modified interest components. At the time when the transaction is initially entered, the quantitative benchmark test is performed using 1,000 forward-looking simulations of future market interest rates over the life of the financial asset. The test assumes a normal distribution of interest rates using the single-factor Hull-White model when simulating the scenarios. To pass the quantitative benchmark test, the financial asset being tested must not exceed two significance thresholds. The significance thresholds are established as the quotient of the simulated cash flows from the modified interest rate components and the benchmark instrument. The quotient must not exceed 10 per cent over a reporting period (three months) or 5 per cent over the entire life of the financial asset being tested. If one of these two significance thresholds is exceeded, the financial asset will have failed the benchmark test and must be measured at fair value through profit or loss.

A benchmark test is applied for the following main contractual features that can potentially modify the time value of money:

- Reset rate frequency does not match interest tenor
- Lagging indicator
- Smoothing clause
- Grace period
- Secondary market yield reference (UDRB: Average government bond yields weighted by outstanding amounts)

Relationships between items of the statement of financial position and measurement criteria

	Measurement	
Assets/liabilities	**Fair value**	**Amortized cost**
Asset classes		
Cash, cash balances at central banks and other demand deposits		x
Financial assets - amortized cost		x
hereof loans from finance lease		x
Financial assets - fair value through other comprehensive income	x	
Non-trading financial assets - mandatorily fair value through profit/loss	x	
Financial assets - designated fair value through profit/loss	x	
Financial assets - held for trading	x	
Hedge accounting	x	
Liability classes		
Financial liabilities - amortized cost		x
hereof liabilities from finance lease		x
Financial liabilities - designated fair value through profit/loss	x	
Financial liabilities - held for trading	x	
Hedge accounting	x	

Changes to the income statement

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

Key sources of estimation uncertainty and critical accounting judgments

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

Impairment in the lending business

RBI ascertains on a forward-looking basis the expected credit losses (ECL) associated with its debt instrument assets carried at amortized cost and fair value through other comprehensive income and with the exposure arising from loan commitments, leasing receivables and financial guarantee contracts. The calculation of expected credit losses (ECL) requires the use of estimates that may not necessarily match actual results. In order to determine the amount of the impairment, significant credit risk parameters such as PD (Probability of Default), LGD (Loss Given Default) and EAD (Exposure at Default) as well as forward-looking information (economic forecasts) are to be estimated by management. The expected credit losses are adjusted at each reporting date. IFRS 9 requires the assessment if a significant increase in credit risk exists, without providing detailed guidance. Consequently, specific rules for the assessment have been defined, which consist of both qualitative information and quantitative thresholds. The methods for determining the amount of the impairment are explained in the section impairment general (IFRS 9). Quantitative information and sensitivity analyses are presented in the notes under (32). Judgement is required when calculating expected credit losses, especially when considering risks that are not adequately reflected in the models, such as overlays and other risk factors for sanction and geopolitical risks.

Fair value of financial instruments

Fair value is the price received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This applies regardless of whether the price can be directly observed or has been estimated on the basis of a measurement method. In determining the fair value of an asset or liability, the Group considers certain features of the asset or liability (e.g. condition and location of the asset, or restrictions in the sale and use of an asset) if market participants would also consider such features in determining the price for the acquisition of the respective asset or for the transfer of the liability at the measurement date. Where the market for a financial instrument is not active, fair value is established using a valuation technique or pricing model. For valuation methods and models, estimates are generally used depending on the complexity of the instrument and the availability of market-based data. The input parameters for these models are

derived from observable market data where possible, nevertheless non-observable market data are required in many cases. Under certain circumstances, valuation adjustments are necessary to account for other factors such as model risk, liquidity risk or credit risk. The valuation models are described in the notes in the section on classification and measurement of financial assets and financial liabilities. In addition, the fair values of financial instruments are disclosed in the notes under (23) Fair value of financial instruments.

Provisions for litigation

Provisions are recognized when the Group has a present obligation from a past event, where it is likely that it will be obliged to settle, and an estimate of the amount is possible. The level of provisions is the best possible estimate of expected outflow of economic benefits at the reporting date while considering the risks and uncertainties underlying the commitment to fulfill the obligation. Risks and uncertainties are taken into consideration when making estimates. In some cases, lawsuits are filed by a number of retail customers. The measurement of the provision in such cases is based on a statistical approach. These approaches consider both static data, where relevant, and expert opinions, especially in connection with the lawsuits and losses expected in the future. Additional details are available under (47) Pending legal issues.

Provision for pensions and similar obligations

The cost of the defined benefit pension plan is determined using an actuarial valuation. The actuarial valuation involves making assumptions about future salary increases, mortality rates and future pension increases. Considerable accounting judgement is to be exercised in this connection in setting the criteria. Mercer´s interest rate recommendation is used to determine the discount rate from which expected returns are derived. The main criteria for the selection of such corporate bonds are the issuance volumes of the bonds, the quality of the bonds and the identification of outliers, which are not considered. Assumptions and estimates used for the long-term defined benefit obligation calculations are described in the section on pension obligations and other termination benefits. Quantitative information on long-term employee provisions is disclosed in the notes under (28) Provisions.

Deferred tax assets

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

Analysis of contractual cash flow characteristics

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

Goodwill impairment test

All goodwill is tested each year with respect to its future economic benefits based on cash-generating units. An impairment test is conducted as of the reporting date if indications of possible impairment arise during the financial year. In the course of the impairment test, significant judgments, assumptions and estimates are required, in particular with regard to the timing and amount of future expected cash flows and the discount rate. For additional information, see (8) Other result and (25) Tangible fixed assets and intangible fixed assets.

Impairment testing of companies valued at equity

The carrying amounts of companies valued at equity must be tested for impairment if there are objective indications of impairment. At the end of each reporting period, an assessment is made as to whether there is any indication that the carrying amount of an investment exceeds its recoverable amount. IAS 36 contains a list of internal and external indicators that are considered as indications of impairment. If an indication arises that an entity valued at equity may be impaired, the recoverable amount of the asset is calculated. The significant judgments and estimates in connection with the impairment test relate particularly to the discount rate, the planning assumptions, and the future expected cash flows. Details can be found under (24) Investments in subsidiaries and associates.

Changes in accounting policy

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

From the second quarter 2022 onwards, RBI has changed its accounting policy in terms of the recognition of the impact related to credit-linked provisions for foreign currency mortgage loans (CHF) predominantly in Poland. Prior to that, RBI reported such provisions – both for existing and for repaid loans in accordance with IAS 37 in the item provisions, contingent liabilities, and contingent assets. As of now they have been recognized as a deduction from the gross carrying of the loan agreement in accordance with IFRS 9 B5.4.6 as far as they are related to existing loan agreements.

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

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

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

In the statement of comprehensive income, expenses are reported as before within other result under expenses for credit-linked, portfolio-based litigations and annulments. The previous periods were not adjusted in the individual notes due to immateriality.

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

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

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

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

Application of new and revised standards

Unless otherwise stated, the application of the following standards and interpretations is not currently expected to have any material impact on RBI.

Amendment to IAS 16 (Property, Plant and Equipment — Proceeds before Intended Use; effective date: 1 January 2022)

The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. Directly attributable costs include the costs of testing whether an asset is functioning properly.

Amendment to IAS 37 (Onerous Contracts — Cost of Fulfilling a Contract; effective date: 1 January 2022)

The changes specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Amendment to IFRS 3 (Reference to the Conceptual Framework; effective date: 1 January 2022)

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. The amendments also include two additions. For transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer is required to apply IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination. The amendments also add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

Annual improvements to IFRS – 2018-2020 cycle (effective date: 1 January 2022)

Improvements to IFRS 1, IFRS 9, IFRS 16 and IAS 41.

Outside of these amendments, there have been no material changes to the Group's recognition and measurement methods from the 2021 annual report.

Standards and interpretations not yet applicable (already endorsed by the EU)

The following new or amended standards and interpretations, which have been adopted, but are not yet mandatory, have not been applied early. Unless otherwise stated, the application of the following standards and interpretations is not currently expected to have any material impact on RBI.

Amendment to IAS 1 (Disclosure of Accounting Policies; effective date: 1 January 2023)

In the future, only material accounting policies will be disclosed in the notes. The amendments consist mostly of wording changes and are intended to clarify and ensure uniform application.

Amendment to IAS 8 (Changes of Accounting Policies; effective date: 1 January 2023)

This amendment aims to better distinguish between changes in accounting policies (retrospective change) and changes in accounting estimates (prospective change). An accounting estimate is always based on uncertainty involved in measuring a financial figure in the financial statements. A change in a measurement method used to obtain an estimate constitutes a change in accounting estimate unless it is the result of a correction of prior period errors.

Amendment to IAS 12 (Deferred Tax from a Single Transaction; effective date: 1 January 2023)

The main change in deferred tax related to assets and liabilities arising from a single transaction is an exemption from the initial recognition exemption stated 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.

IFRS 17 (Insurance Contracts; effective date: 1 January 2023)

IFRS 17 establishes the principles for the recognition, measurement, presentation, and disclosure of insurance contracts. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance, and cash flows. IFRS 17 applies to annual reporting periods beginning on or after 1 January 2023. No material impact is expected from the introduction of IFRS 17 on the two affected fully consolidated subsidiaries. Indirectly, also the companies valued at-equity, UNIQA Insurance Group AG, Vienna, Raiffeisen Life Insurance Company LLC, Moscow, are affected, the final impact is not yet available.

Standards and interpretations not yet applicable

(not yet endorsed by the EU)

Unless otherwise stated, the application of the following standards and interpretations is not currently expected to have any material impact on RBI.

Amendment to IAS 1 (Classification of Liabilities as Current or Non-current; effective date: 1 January 2024)

The amendments to IAS 1 aim to clarify the criteria used to classify liabilities as current or non-current. In the future, the classification of liabilities should be solely based on rights that are in existence at the end of the reporting period. The amendments also contain additional guidance for interpreting the right to defer settlement by at least twelve months and make clear what constitutes settlement.

Amendment to IAS 1 (Non-current Liabilities with Covenants; effective date: 1 January 2024)

The amendments to IAS 1 clarify with regard to the classification of liabilities as current or non-current that only covenants with which an entity is required to comply on or before the reporting date affect this classification. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

Amendment to IFRS 16 (Lease Liability in a Sale and Leaseback; effective date: 1 January 2024)

The amendment contains requirements for the subsequent measurement of leases in the context of a sale and leaseback (SLB) for seller lessees. This is primarily intended to standardize the subsequent measurement of lease liabilities to prevent inappropriate profit recognition. In principle, the amendment means that the payments expected at the beginning of the lease term must be considered in the subsequent measurement of lease liabilities under a SLB. In each period, the lease liability is reduced by the expected payments and the difference to the actual payments is recognized in profit or loss.

Foreign currency translation

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

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

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

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

Rates in units per €	2022 As at 31/12	2022 Average 1/1-31/12	2021 As at 31/12	2021 Average 1/1-31/12
Albanian lek (ALL)	114.230	118.870	120.760	122.518
Belarusian ruble (BYN)	2.916	2.755	2.883	3.019
Bosnian marka (BAM)	1.956	1.956	1.956	1.956
Bulgarian lev (BGN)	1.956	1.956	1.956	1.956
Croatian kuna (HRK)	7.535	7.538	7.516	7.528
Polish zloty (PLN)	4.681	4.680	4.597	4.571
Romanian leu (RON)	4.950	4.935	4.949	4.921
Russian ruble (RUB)	77.789	72.644	85.300	87.648
Serbian dinar (RSD)	117.322	117.476	117.582	117.541
Czech koruna (CZK)	24.116	24.562	24.858	25.694
Ukrainian hryvnia (UAH)	38.951	34.146	30.923	32.427
Hungarian forint (HUF)	400.870	391.271	369.190	359.015
US dollar (USD)	1.067	1.056	1.133	1.185

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

RBI is exposed to these risks particularly in the translation of monetary items into a foreign currency and in the translation of fully consolidated foreign business operations. According to IAS 21, the respective closing rate is to be used when translating monetary items into the functional currency. The closing rate is in turn defined as the exchange rate that would apply if the transaction were executed immediately. In particular, it must be taken into account whether an officially quoted price is available on the closing date and whether it is available for immediate settlement. If multiple exchange rates are available, the exchange rate at which the future cash flows from the transaction could have been settled on the balance sheet date is to be used in accordance with IAS 21.26. Based on that, RBI analyses the contractual arrangement and de facto feasibility of its transactions in Russian ruble outside Russia to determine the rate to be used. In summary, RBI has concluded that this rate would have been to the most part the off-shore rate, which is therefore used in the currency translation as at 31 December 2022. RBI does not hold any material positions in Belarusian ruble and Ukrainian hryvnia outside of these two countries.

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

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

For this purpose, as with the translation of foreign currency transactions, the determination of suitable exchange rates is necessary. Usually, the exchange rate used for this purpose is the one that would be applied when converting dividends from the foreign business operation or for any capital repatriations. Due to the government restrictions introduced in Russia, RBI assumes that inflows from foreign business operations in Russia could not be converted at the official exchange rate of the Russian central bank or that of the Moscow Stock Exchange as at the balance sheet date, rather, the actual and factually achievable rate would be applied. In transactions with international banks, the off-shore rate is usually used for this purpose; accordingly, the foreign business operation in Russia was translated at this rate on the balance sheet date. As at 31 December 2022, the EUR/RUB exchange rate used by RBI (off-shore rate) was 77.79 and that of the Russian Central Bank (on-shore rate) was 75.66. For the Belarusian ruble and the Ukrainian hryvnia, the rates published by the respective central bank continued to be considered suitable rates by RBI. However, due to the small size of the foreign operations in these countries (see chapter risk report), RBI is only exposed to a limited risk regarding foreign currency translation.

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

Consolidated group

	Fully consolidated	
Number of units	**2022**	**2021**
As at beginning of period	**204**	**209**
Included for the first time in the financial period	7	6
Merged in the financial period	(4)	(1)
Excluded in the financial period	(15)	(10)
As at end of period	**192**	**204**
Domicile in Austria	108	115
Domicile in foreign	84	89
Banks	19	21
Financial institutions	118	130
Companies rendering bank-related ancillary services	10	11
Financial holding companies	5	8
Other	40	34

Included units

Company, domicile (country)	Share	Included as of	Reason
Banks			
Crédit Agricole Srbija AD, Novi Sad (RS)	100.0%	1/4	Purchase
Other companies			
Allgäu Reha Immobilienleasing GmbH, Kriftel (DE)	75.0%	1/11	Foundation
ASCENT Pflege Borna Immobilienleasing GmbH, Kriftel (DE)	75.0%	1/12	Foundation
ASCENT Pflege Erfurt Immobilienleasing GmbH, Kriftel (DE)	75.0%	1/12	Foundation
ASCENT Pflege Hettstedt Immobilienleasing GmbH, Kriftel (DE)	75.0%	1/12	Foundation
ASCENT Pflege Schleswig Immobilienleasing GmbH, Kriftel (DE)	75.0%	1/12	Foundation
Insurance Limited Liability Company "Priorlife", Minsk (BY)	87.7%	1/1	Materiality

On 1 April 2022, the closing for the acquisition of the 100 per cent stake in Crédit Agricole Srbija AD (CASRS), Novi Sad, and CA Leasing Srbija d.o.o. by Raiffeisen banka a.d., Belgrade, took place. Crédit Agricole Srbija AD, Novi Sad, was included in the consolidated financial statements for the first time as of 1 April.

The acquisition of Crédit Agricole Srbija AD is part of RBI`s strategy to expand its presence in selected markets. Serbia is a market that offers a lot of growth potential. The acquisition of Crédit Agricole Srbija AD, with around 356,000 customers, complements the strategy of the Serbian subsidiary bank and will support RBI`s growth ambitions in this market. Crédit Agricole Srbija AD is expected to be merged into the Serbian subsidiary bank, Raiffeisen banka a.d., Belgrade, in April 2023. As a result, synergies can be exploited, and market share increased. CA Leasing Srbija d.o.o. was merged into Raiffeisen Leasing d.o.o., Belgrade, as of September 2022. The gross carrying amount of the acquired receivables of Crédit Agricole Srbija AD and CA Leasing Srbija d.o.o. amounted to € 1,228 million at the date of first-time consolidation.

In the course of the purchase price allocation in accordance with IFRS 3, the existing customer relationships and the core deposits were identified as intangible fixed assets to be accounted for separately. The useful life was set at eight year and nine years, respectively. Furthermore, the brand name of Crédit Agricole Srbija AD was identified as an intangible fixed asset to be accounted for separately, which is depreciated over the useful life of six months. In addition, a goodwill of € 10 million that is not tax deductible was recognized during the purchase price allocation.

The assets and liabilities of Crédit Agricole Srbija AD, Novi Sad, including CA Leasing Srbija d.o.o., were shown in the opening balance according to IFRS 3.4 with their market values (purchase price method):

in € million	**1/4/2022**
Cash, cash balances at central banks and other demand deposits	233
Financial assets - amortized cost	1,200
Financial assets - fair value through other comprehensive income	28
Financial assets - held for trading	0
Investments in subsidiaries and associates	0
Tangible fixed assets	25
Intangible fixed assets	8
Software	1
Core deposits intangibles	5
Customer relationships	1
Current tax assets	0
Deferred tax assets	0
Other assets	5
Assets	**1,498**
Financial liabilities - amortized cost	1,330
Financial liabilities - held for trading	0
Provisions for liabilities and charges	4
Current tax liabilities	3
Deferred tax liabilities	2
Other liabilities	15
Total identifiable net assets	**144**
Non-controlling interests	0
Net assets after non-controlling interests	**144**
Total consideration transferred	154
Goodwill	**10**

in € million	**1/4/2022**
Cost of aquisition	(154)
Liquid funds	233
Cash flow for the acquisition	**79**

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

in € million	**1/4-31/12/2022**
Net interest income	41
Operating result	27
Profit/loss after tax	**12**

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

Excluded units

Company, domicile (country)	Share	Excluded as of	Reason
Banks			
Equa bank a.s., Prague (CZ)	75.0%	1/1	Merger
Raiffeisen stambena stedionica d.d., Zagreb (HR)	100.0%	1/5	Merger
Raiffeisenbank (Bulgaria) EAD, Sofia (BG)	100.0%	30/6	Sale
Financial institutions			
FEBRIS Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	100.0%	1/12	Materiality
IMPULS-LEASING Slovakia s.r.o., Bratislava (SK)	78.7%	1/4	Merger
Kiinteistö Oy Rovaniemen tietotekniikkakeskus, Helsinki (FI)	100.0%	1/12	Sale
Kiinteistö Oy Seinäjoen Joupinkatu 1, Helsinki (FI)	100.0%	1/12	Sale
Limited Liability Company "Raiffeisen Leasing", Kiev (UA)	72.3%	1/1	Materiality
Raiffeisen Immobilienfonds, Vienna (AT)	96.5%	1/3	Materiality
Raiffeisen Leasing Bulgaria EOOD, Sofia (BG)	100.0%	30/6	Sale
Realplan Beta Liegenschaftsverwaltung Gesellschaft m.b.H., Vienna (AT)	100.0%	1/4	Sale
RL Thermal Beteiligungen GmbH, Vienna (AT)	100.0%	1/4	Sale
RL Thermal GmbH & Co Liegenschaftsverwaltung KG, Vienna (AT)	100.0%	1/4	Sale
RL Thermal GmbH, Vienna (AT)	100.0%	1/4	Sale
RL-Nordic OY, Helsinki (FI)	100.0%	1/12	Materiality
RZB Finance (Jersey) III Ltd, St. Helier (JE)	100.0%	1/4	Liquidation
Vindobona Immobilienleasing GmbH & Co. Projekt Autohaus KG, Kriftel (DE)	6.0%	1/9	Materiality
Companies rendering bank-related ancillary services			
KONEVOVA s.r.o., Prague (CZ)	75.0%	30/6	Sale
Financial holding companies			
RBI IB Beteiligungs GmbH, Vienna (AT)	100.0%	1/9	Merger

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

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

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

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

Consequences and analysis of the armed conflict between Russia and Ukraine

Going concern

The RBI Board of Management has prepared the consolidated financial statements as at 31 December 2022 on a going concern basis as they do not intend to liquidate RBI and based on current available information this is considered a realistic intention.

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

The RBI Board of Management has concluded that there are no material uncertainties that could cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval, 13 February 2023, of the annual 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. Further information on the consolidation principles can be found under (60) Group composition.

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. From the current perspective, the results for 2022 of € 2,058 million for Russia, € 97 million for Belarus and € 65 million for Ukraine cannot be distributed in form of dividends due to the sanctions.

Concentration risk

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

The first table shows the split of the net carrying amount of loans and advances and debt securities based on measurement categories as well as the nominal 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.

	2022				2021			
in € million	**Russia**	**Ukraine**	**Belarus**	**Total**	**Russia**	**Ukraine**	**Belarus**	**Total**
Financial assets - amortized cost	15,937	3,041	1,174	20,153	15,895	2,759	1,518	20,172
Financial assets - fair value through other comprehensive income	2	119	131	253	531	225	38	793
Non-trading financial assets - mandatorily fair value through profit/loss	2	0	0	2	183	0	0	183
Financial assets - designated fair value through profit/loss	0	0	0	0	23	0	0	23
Financial assets - held for trading	304	164	5	473	247	91	19	356
On-balance	**16,245**	**3,325**	**1,310**	**20,880**	**16,879**	**3,075**	**1,574**	**21,528**
Loan commitments, financial guarantees and other commitments	3,294	770	369	4,433	10,080	1,115	441	11,636
Total	**19,539**	**4,095**	**1,679**	**25,313**	**26,959**	**4,190**	**2,014**	**33,163**

	2022				2021			
in € million	**Russia**	**Ukraine**	**Belarus**	**Total**	**Russia**	**Ukraine**	**Belarus**	**Total**
Derivatives	244	8	0	252	86	3	2	91
Central banks	732	774	0	1,506	1,248	284	104	1,636
General governments	212	655	262	1,130	1,460	479	176	2,115
Banks	5,758	260	320	6,337	2,041	74	243	2,358
Other financial corporations	642	52	1	694	625	32	0	657
Non-financial corporations	4,799	1,433	467	6,699	7,289	1,903	723	9,915
Households	3,859	142	260	4,261	4,131	299	325	4,755
On-balance	**16,245**	**3,325**	**1,310**	**20,880**	**16,879**	**3,075**	**1,574**	**21,528**
Loan commitments, financial guarantees and other commitments	3,294	770	369	4,433	10,080	1,115	441	11,636
Total	**19,539**	**4,095**	**1,679**	**25,313**	**26,959**	**4,190**	**2,014**	**33,163**

Valuation of collateral in Ukraine

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

Rating downgrade of Russia, Ukraine and Belarus

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

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

On 10 August 2022, Ukraine concluded an external debt restructuring due to significant macroeconomic, external and fiscal pressures emanating from the war. The restructuring has been backed by the International Monetary Fund and Western democracies as the country needs to cover general government spending as well as pay for the defense of Ukraine. The majority of the country's foreign currency bondholders agreed to a deferral of debt payments for two years. In response to this, RBI set the internal rating of Ukrainian sovereign bonds to the lowest level possible (SOV 10) on 17 August 2022, however consistent with the regulatory guidelines and internal credit risk management the external non-payment event in this case was not considered a default as the local currency instruments held by the local subsidiary bank under Ukrainian law are not affected by restructuring, and are still paying the original expected contractual cash flows. On 5 December 2022, the internal rating of Ukraine was downgraded to the lowest non-default rating (SOV 9C), as Ukraine is no longer seen in default and a three-month probation period after the successful restructuring had been observed. The rating expresses the assessment that risks to Ukrainian sovereign debt are still exceptionally high and a credit event/default could occur again.

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

Impairment test for tangible and intangible 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. All other tangible fixed assets were assessed individually and adjusted if damage occurred. This resulted in impairments of around € 6 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 of around € 1 million, the impairment test for intangible fixed assets resulted in impairment losses of around € 5 million respectively.

For the effects on the models for calculating impairments in accordance with IFRS 9, please refer to notes (32) Forward-looking information.

Notes to the income statement

(1) Net interest income

Interest and interest-like income mainly includes interest income on financial assets such as loans, fixed-interest securities, as well as interest and interest-like income from the trading portfolio. Interest expenses and interest-like expenses mainly include interest paid on deposits, debt securities issued and subordinated capital. Interest income and interest expenses are accrued in the reporting period. Negative interest from asset items is shown in interest expenses; negative interest from liability items is shown in interest income.

in € million	2022	2021
Interest income according to effective interest method	**6,681**	**3,847**
Financial assets - fair value through other comprehensive income	109	94
Financial assets - amortized cost	6,572	3,753
Interest income other	**577**	**747**
Financial assets - held for trading	182	164
Non-trading financial assets - mandatorily fair value through profit/loss	28	23
Financial assets - designated fair value through profit/loss	7	6
Derivatives – hedge accounting, interest rate risk	85	294
Other assets	156	14
Interest income on financial liabilities	119	246
Interest expenses	**(2,205)**	**(1,267)**
Financial liabilities - amortized cost	(1,791)	(746)
Financial liabilities - held for trading	(9)	(128)
Financial liabilities - designated fair value through profit/loss	(32)	(43)
Derivatives – hedge accounting, interest rate risk	(302)	(252)
Other liabilities	(10)	(19)
Interest expenses on financial assets	(60)	(80)
Total	**5,053**	**3,327**

in € million	2022	2021
Net interest income	5,053	3,327
Average interest-bearing assets	194,789	165,227
Net interest margin	**2.59%**	**2.01%**

Net interest income includes interest income of € 201 million (previous year's period: € 287 million) from marked-to-market financial assets and interest expenses of € 8 million (previous year's period: € 171 million) from marked-to-market financial liabilities.

Net interest income was up € 1,725 million to € 5,053 million. This is mainly due to rising interest rates and strong loan growth in numerous Group countries. In the Czech Republic, in addition to the integration of Equa bank, higher interest income from repo, corporate and retail customer business resulted in a € 267 million increase in net interest income. The increases of € 167 million in Hungary, € 121 million in Ukraine, € 119 million in Romania, € 48 million at head office and € 40 million in Belarus were likewise primarily interest rate driven. In Serbia, net interest income increased € 60 million, primarily due to the integration of Crédit Agricole Srbija AD. The largest increase, of € 784 million, was recorded in Russia due to the appreciation of the Russian ruble and higher interest income from repo business, mainly due to the temporarily unusually high key interest rate for deposits with the Russian central bank, which was doubled to 20 per cent for a short time immediately after the outbreak of war. Higher market interest rates also led to an increase in interest income from customer loans. Group average interest-bearing assets rose 18 per cent year-on-year, mainly due to the strong loan growth. The net interest margin improved 58 basis points to 2.59 per cent, which in addition to Eastern Europe was attributable to a 140 basis point increase in Hungary and a 77 basis point increase in the Czech Republic.

(2) Dividend income

Dividends from equities, subsidiaries not fully consolidated, strategic investments and associates not valued at equity are recognized under dividend income. Dividends are recognized through profit/loss if RBI's legal entitlement to payment has materialized.

in € million	2022	2021
Financial assets - held for trading	1	0
Non-trading financial assets - mandatorily fair value through profit/loss	9	1
Financial assets - fair value through other comprehensive income	9	10
Investments in subsidiaries and associates	45	30
Total	**64**	**42**

(3) Current income from investments in associates

in € million	2022	2021
Current income from investments in associates	64	46

(4) Net fee and commission income

RBI applies the five-step revenue recognition model in IFRS 15 - Revenues from contracts with customers - for the recognition of commission income when the contractual performance obligation to the customer has been satisfied. In cases where contractual arrangements are part of a financial instrument under IFRS 9 the instruments are initially recognized at fair value before applying IFRS 15. This is sometimes the case with loan commitments for which, depending on utilization, a portion of the fee must be disclosed as part of the effective interest rate method in net interest income in accordance with IFRS 9 or in net fee and commission income if not utilized in accordance with IFRS 15.

In RBI, fee income is primarily generated from services provided at a fixed price over a certain period, such as card and current account services or on a transactional basis at a point-in-time such as foreign exchange and payment services. In the case of asset management fees income is normally variable and depends on factors such as assets under management as well as performance of the underlying assets. Variable fees are recognized when all uncertainties, e.g., discounts or rebates, are resolved and amounts are known.

If transactions are processed directly on behalf of the customer, the fees are reported on a gross basis. If, on the other hand, RBI acts as an agent, the fees are shown net of payments to third parties.

Fees for foreign exchange and payment services are recognized in RBI at the time the service was rendered to the customer. Fees that accrue over a certain period are recognized predominantly on a straight-line basis over the term of the contract.

In some cases, RBI offers a package of services (bundled services). These services may contain multiple performance obligations which are usually distinguishable performance obligations, such as current account services, and the transaction price is allocated to the individual performance obligation.

RBI has no financing agreements and no material assets or liabilities from long-term contracts in connection with IFRS 15. The bank has not capitalized any expenses related to long-term contracts with customers which are covered by IFRS 15. Fee expenses are expensed as the services are received.

in € million	2022	2021
Clearing, settlement and payment services	1,212	774
Loan and guarantee business	253	231
Securities	241	82
Asset management	266	251
Custody and fiduciary business	98	90
Customer resources distributed but not managed	63	76
Foreign exchange business	1,644	438
Other	102	44
Total	**3,878**	**1,985**

The particularly strong rise in net fee and commission income was driven by the geopolitical situation, with upward spikes in March after the onset of war and in September after the partial mobilization in Russia. In addition, immediately after the start of the war, the Russian central bank introduced interim measures relating to foreign currency restrictions and associated mandatory currency conversion that led to a temporarily increased activity in the foreign exchange business on the part of both corporate and retail customers. As a result, net fee and commission income from foreign exchange business increased € 1,207 million Group-wide. Clearing, settlement and payment services also recorded growth of € 438 million due to increased transactions with both corporate and retail customers in Russia and at head office. However, this was also an effect of higher margins, mainly from increased fees in Russia to reduce foreign currency deposits. Securities business developed positively too, with the strongest growth of € 172 million in Russia. Supported by currency appreciations in Russia and Belarus, net fee and commission income consequently increased € 1,893 million to € 3,878 million. In addition to Russia, there was also strong growth at head office and on a currency-adjusted basis in the Czech Republic, Hungary and Belarus.

Net fee and commission income includes income and expenses of € 1,950 million (previous year's period: € 1,758 million) relating to financial assets and financial liabilities that are not measured at fair value through profit or loss.

2022 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets	Corporate Center	Reconciliation	Total
Fee and commission income	**748**	**644**	**2,526**	**943**	**95**	**(120)**	**4,835**
Clearing, settlement and payment services	325	393	817	190	69	(80)	1,714
Clearing and settlement	44	42	526	0	26	(16)	622
Credit cards	45	46	23	44	3	0	161
Debit cards and other card payments	48	102	163	0	26	(24)	316
Other payment services	188	203	105	146	15	(41)	616
Loan and guarantee business	57	37	48	136	8	(8)	278
Securities	40	4	184	94	6	(21)	307
Asset management	23	28	27	338	0	0	415
Custody and fiduciary business	11	5	47	53	3	(5)	114
Customer resources distributed but not managed	32	25	50	0	0	0	106
Foreign exchange business	231	139	1,229	115	8	(2)	1,720
Other	29	14	125	17	0	(3)	181
Fee and commission expenses	**(183)**	**(195)**	**(319)**	**(326)**	**(44)**	**110**	**(957)**
Total	**565**	**449**	**2,207**	**617**	**51**	**(11)**	**3,878**

2021 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets	Corporate Center	Reconciliation	Total
Fee and commission income	**629**	**549**	**859**	**860**	**53**	**(97)**	**2,852**
Clearing, settlement and payment services	293	323	484	149	53	(58)	1,244
Clearing and settlement	43	35	232	0	27	(16)	321
Credit cards	38	44	23	39	0	0	144
Debit cards and other card payments	56	79	131	0	22	(22)	266
Other payment services	155	165	98	110	4	(20)	513
Loan and guarantee business	52	33	43	132	0	(7)	253
Securities	38	3	11	111	0	(19)	143
Asset management	26	30	10	337	0	(1)	402
Custody and fiduciary business	10	4	37	62	0	(7)	107
Customer resources distributed but not managed	24	22	67	0	0	0	114
Foreign exchange business	157	110	165	52	0	(5)	479
Other	28	23	43	17	0	(2)	110
Fee and commission expenses	**(152)**	**(160)**	**(286)**	**(324)**	**(31)**	**86**	**(867)**
Total	**477**	**388**	**573**	**536**	**22**	**(12)**	**1,985**

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

Net trading income comprises the trading margins resulting from the foreign exchange business, results due to foreign exchange revaluations and all realized and unrealized gains and losses from financial assets and liabilities at fair value.

in € million	2022	2021
Net gains/losses on financial assets and liabilities - held for trading	**536**	**(92)**
Derivatives	204	(87)
Equity instruments	(57)	53
Debt securities	(68)	(28)
Loans and advances	41	8
Short positions	5	6
Deposits	361	(36)
Debt securities issued	81	(1)
Other financial liabilities	(32)	(10)
Net gains/losses on non-trading financial assets - mandatorily fair value through profit or loss	**(42)**	**(6)**
Equity instruments	0	0
Debt securities	(19)	12
Loans and advances	(23)	(18)
Net gains/losses on financial assets and liabilities - designated fair value through profit/loss	**90**	**38**
Debt securities	(5)	(6)
Deposits	9	5
Debt securities issued	86	39
Exchange differences, net	**79**	**113**
Total	**663**	**53**

Net trading income and fair value result increased € 610 million year-on-year to € 663 million. At head office, net income from open foreign currency positions hedged by foreign currency derivatives, including the foreign exchange result from market making, rose € 80 million to € 133 million, primarily due to US dollar, Russian ruble and Hungarian forint positions. A loss of € 88 million resulted from the hedging of capital positions held by the subsidiary banks in local currencies, which corresponds to an increase in loss of € 44 million compared to the previous year. The capital positions were hedged at head office by means of forward exchange transactions (net investment hedge), whereby the valuation portion from the forward points component was recognized in consolidated profit and that from the change in the closing rate of the respective foreign currency was recognized in other comprehensive income. In particular, the increased interest rate differential between the euro and the Hungarian forint, the Czech koruna and the Romanian leu led to negative valuation effects. In addition, head office recorded valuation gains as guarantor for the state-subsidized insurance product (premium-subsidized pension plan) in the amount of € 21 million. This guarantees the premiums paid by customers and the state premium. The increase of € 25 million year-on-year was mainly due to higher interest rate level. The measurement of the hedged interest rate positions resulted in a loss of € 13 million (previous year's period: a loss of € 44 million).

There was also a strong increase in positive valuation effects from foreign currency positions year-on-year in Russia. The strong volatility of the Russian ruble in the first half of 2022 due to the sanctions imposed led to strong customer demand for foreign currency transactions. The resulting spot transactions in the form of deposits held for trading increased profit by € 393 million to € 357 million. Net income from open foreign currency positions hedged by foreign currency derivatives, including the foreign exchange result, amounted to € 77 million, representing an increase of € 36 million year-on-year. The increased valuation result from foreign currencies in Russia was partially offset by higher net valuation losses from hedged interest rate risks of € 33 million to € 65 million compared with the prior-year period.

There were also positive valuation effects from foreign currency positions in Ukraine and Belarus in particular, where open foreign currency positions (primarily in US dollars and euros) and the devaluation of the national currencies led to a positive result of € 104 million, representing an increase of € 81 million year-on-year.

Due to the increase in own credit spreads, the certificate business generated higher valuation gains from certificate issues measured at fair value of € 77 million to € 115 million year-on-year. The valuation of investments in venture capital funds measured at fair value resulted in an increase in valuation gains of € 8 million to € 15 million.

Net gains/losses from hedge accounting includes fair value changes from hedging instruments, fair value changes of the hedged items attributable to the hedged risk and the ineffective portion of cash flow hedges recognized in profit or loss.

in € million	2022	2021
Fair value changes of the hedging instruments	50	(116)
Fair value changes of the hedged items attributable to the hedged risk	(91)	115
Ineffectiveness of cash flow hedge recognized in profit or loss	0	(1)
Total	**(41)**	**(2)**

The negative result from hedge accounting resulted from hedge ineffectiveness in Russia, where there was strong market volatility due to the war in Ukraine, especially in the first half of the year. Due to Russian sanctions, hedging instruments that were concluded with non-Russian trading partners had to be terminated in the first quarter, whereby hedge ineffectiveness that had occurred up to that point in time, was fixed. This resulted in hedge accounting losses of € 25 million. Additionally, there was ineffectiveness in the measurement of hedging transactions at Raiffeisen Bausparkasse Österreich Gesellschaft m.b.H. due to the rise in interest rates in the euro zone in the second half of the year. Thus, losses of € 13 million were recognized.

(6) Other net operating income

The other net operating income contains other earnings components that arise in connection with the operating business activity.

in € million	2022	2021
Gains/losses on derecognition of not modified financial assets and liabilities - not measured at fair value through profit/loss	**(57)**	**10**
Debt securities	(57)	2
Loans and advances	(4)	7
Deposits	0	0
Debt securities issued	4	1
Other financial liabilities	0	0
Gains/losses on derecognition of non-financial assets held for sale	**(28)**	**(3)**
Investment property	0	3
Intangible fixed assets	(30)	(9)
Other assets	1	3
Net income arising from non-banking activities	**8**	**17**
Sales revenues from non-banking activities	111	100
Expenses from non-banking activities	(104)	(83)
Net income from additional leasing services	**24**	**19**
Revenues from additional leasing services	36	38
Expenses from additional leasing services	(12)	(18)
Net income from insurance contracts	**0**	**(2)**
Net rental income from investment property incl. operating lease (real estate)	**50**	**46**
Net rental income from investment property	17	14
Income from rental real estate	18	16
Expenses from rental real estate	(4)	(4)
Income from other operating lease	24	26
Expenses from other operating lease	(4)	(6)
Net expense from allocation and release of other provisions	**14**	**3**
Other operating income/expenses	**19**	**30**
Total	**29**	**120**
Other operating income	351	331
Other operating expenses	(322)	(212)

Other net operating income decreased € 91 million to € 29 million. This was mainly due to lower net income from the sale of debt securities (a loss of € 57 million, down € 58 million), mainly in Russia, in Belarus and at head office. Early derecognition of intangible fixed assets at head office resulted in a loss of € 29 million.

(7) General administrative expenses

in € million	2022	2021
Staff expenses	(2,010)	(1,579)
Other administrative expenses	(1,081)	(992)
Depreciation of tangible and intangible fixed assets	(461)	(407)
Total	**(3,552)**	**(2,978)**

Staff expenses

in € million	2022	2021
Wages and salaries	(1,557)	(1,194)
Social security costs and staff-related taxes	(359)	(288)
Other voluntary social expenses	(55)	(44)
Expenses for defined contribution pension plans	(16)	(15)
Expenses/income from defined benefit pension plans	(5)	(2)
Expenses for post-employment benefits	(12)	(11)
Expenses for other long-term employee benefits excl. deferred bonus program	10	0
Staff expenses under deferred bonus programm	(14)	(19)
Termination benefits	(3)	(7)
Total	**(2,010)**	**(1,579)**

Staff expenses rose € 431 million to € 2,010 million, mainly due to increases in Russia, in Romania, at head office, in Serbia and in the Czech Republic. In addition to the increase in the average headcount, the increases in Russia mainly resulted from higher salaries, social security costs and provisions for one-off payments. Higher staff expenses mainly related to the integration of Equa bank in the Czech Republic and to the integration of Crédit Agricole Srbija AD in Serbia.

Expenses for severance payments and retirement benefits

Under defined contribution plans, the company pays fixed contributions into a separate entity (a fund).

in € million	2022	2021[1]
Members of the management board and senior staff	(4)	(2)
Other employees	(30)	(31)
Total	**(35)**	**(34)**

1 Previous-year figures adapted

Other administrative expenses

in € million	2022	2021
Office space expenses	(106)	(90)
IT expenses	(343)	(311)
Legal, advisory and consulting expenses	(155)	(143)
Advertising, PR and promotional expenses	(118)	(141)
Communication expenses	(74)	(65)
Office supplies	(21)	(20)
Car expenses	(11)	(9)
Security expenses	(27)	(28)
Traveling expenses	(12)	(5)
Training expenses for staff	(15)	(14)
Other non-income related taxes	(70)	(59)
Sundry administrative expenses	(127)	(106)
Total	**(1,081)**	**(992)**
hereof expenses for short-term leases	(14)	(12)
hereof expenses for low-value assets	(5)	(5)

The main drivers of the € 89 million rise in other administrative expenses were higher IT expenses (up € 32 million), particularly in the Czech Republic (integration of Equa bank) and Croatia (changeover to the euro). There were further increases in other expense items, primarily sundry administrative expenses (up € 21 million), office space expenses (up € 16 million), legal, advisory and consulting expenses (up € 12 million) and non-income-related taxes (up € 11 million).

Legal, advisory, and consulting expenses include fees for the auditors of RBI AG and its subsidiaries which comprise expenses for the audit of financial statements amounting to € 7 million (previous year's period: € 6 million) and tax advisory as well as other additional consulting services – mainly confirmation services - amounting to € 3 million (previous year's period: € 1 million). Thereof, € 3 million (previous year's period: € 2 million) relates to the Group auditor for the audit of the financial statements and € 1 million (previous year's period: € 1 million) relates to other consulting services.

Depreciation of tangible and intangible fixed assets

in € million	2022	2021
Tangible fixed assets	(236)	(223)
hereof right-of-use assets	(82)	(79)
Intangible fixed assets	(226)	(184)
Total	**(461)**	**(407)**

Depreciation and amortization of tangible and intangible fixed assets increased 13 per cent, or € 54 million, to € 461 million, mainly due to the integration of Equa bank in the Czech Republic and primarily as a result of currency effects in Russia.

(8) Other result

in € million	2022	2021
Net modification gains/losses	**(11)**	**(14)**
Gains/losses from changes in present value of non-substantially modified contracts	(11)	(11)
Gains/losses from derecognition due to substantial modification of contract terms	0	(4)
Impairment or reversal of impairment on investments in subsidiaries and associates	**(67)**	**54**
Impairment on non-financial assets	**(88)**	**5**
Goodwill	(68)	(2)
Other	(20)	6
Result from non-current assets and disposal groups classified as held for sale and deconsolidation	**10**	**(13)**
Net income from non-current assets and disposal groups classified as held for sale	4	3
Result of deconsolidations	6	(16)
Tax expenses not attributable to the business activity	**0**	**0**
Expenses for credit-linked, portfolio-based litigations and annulments	**(510)**	**(326)**
Total	**(667)**	**(295)**

Information on the item net modification gains/losses from modified contract terms and on modified assets are shown under (14) Modified assets.

The item impairment or reversal of impairment on investments in subsidiaries and associates amounting to minus € 67 million (previous year's period: plus € 54 million) comprises measurement of investments in companies valued at equity of minus € 37 million (previous year's period: plus € 66 million) and impairment on investments in subsidiaries of € 30 million (previous year's period: € 12 million). The largest individual effects resulted from the following companies valued at equity: The impairment on investments in LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft of € 50 million was based on the deteriorating economic conditions in the reporting year, particularly due to the war in Ukraine, and the development of commodity prices and on the direct impact from the war in Ukraine for the business in the local markets. The main reason for the valuation of the shares in UNIQA Insurance AG was the reduced valuation of available-for-sale financial instruments due to increased returns, which led to a reduction in the carrying amount of € 138 million. A negative effect of € 180 million in other comprehensive income in equity was offset by a reversal of impairment of € 42 million in the income statement.

Impairment on non-financial assets amounted to € 88 million in the reporting year, of which € 68 million was attributable to impairments on goodwill at a Czech (€ 60 million) and a Serbian Group unit (€ 8 million) and € 20 million to impairments on property, plant and equipment mainly in occupied territories in Ukraine and on intangible fixed assets, especially on software in Russia and Slovakia.

The result from non-current assets and disposal groups classified as held for sale and deconsolidation mainly included the deconsolidation of a Czech real estate company. In total, 15 Group units were deconsolidated, the result from the sale of the Bulgarian Group units is shown in the item gains/losses from discontinued operations.

Expenses for credit-linked, portfolio-based provisions for litigation and annulments of € 510 million in total (previous year's period: € 326 million) mainly resulted from pending and expected legal proceedings in Poland amounting to € 505 million (previous year's period: € 278 million) in connection with mortgage loans denominated in foreign currencies or linked to a foreign currency. The expense posted in Poland in the reporting period resulted from parameter adjustments in the model calculation and annulments of loan agreements. In Romania and Croatia, proceedings are pending with the respective consumer protection

organizations regarding loan agreement clauses. In Croatia, the expenses of € 6 million were lower than in the previous year with € 21 million and in Romania, there was no effect in the reporting period (previous year's period: € 27 million).

(9) Governmental measures and compulsory contributions

in € million	2022	2021
Governmental measures	**(87)**	**(39)**
Bank levies	(87)	(39)
Compulsory contributions	**(250)**	**(174)**
Resolution fund	(89)	(75)
Deposit insurance fees	(135)	(99)
Other compulsory contributions	(26)	0
Total	**(337)**	**(213)**

The expenses for governmental measures and compulsory contributions increased € 125 million to € 337 million. Bank levies increased € 48 million, mainly due to the introduction of a special bank levy in Hungary (€ 47 million). Contributions to the resolution fund increased € 14 million, mostly at head office and in the Czech Republic. The € 36 million increase in deposit insurance fees mainly related to Russia, Hungary, Romania, Croatia, and Serbia. The € 26 million in other compulsory contributions primarily comprises contributions to the newly created state borrowers' support fund in Poland.

(10) Impairment losses on financial assets

Impairment losses on financial assets consist of impairment losses on financial assets measured at fair value through other comprehensive income and impairment losses on financial assets measured at amortized cost.

in € million	2022	2021
Loans and advances	(718)	(289)
Debt securities	(167)	7
Loan commitments, financial guarantees and other commitments given	(65)	(12)
Total	**(949)**	**(295)**
hereof financial assets - fair value through other comprehensive income	(15)	2
hereof financial assets - amortized cost	(869)	(284)

The increase in risk costs came primarily from the Eastern Europe segment. The main reasons for this were the poorer macroeconomic data caused by the war in Ukraine, rating downgrades of customers, of countries and governments, and in Russia additionally the economic consequences of several EU and US sanction packages. In the reporting period, a total of € 743 million (previous year's period: € 119 million) was allocated to Eastern Europe, thereof € 471 million for Russia and € 253 million for Ukraine. Additional impairments were recognized Group-wide for macroeconomic effects (spill-over effects) such as higher energy prices, increased inflation, and rating downgrades of companies with declining revenues and higher cost burdens due to the tight energy supply.

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

(11) Taxes

RBI AG as Group parent and 53 of its consolidated domestic subsidiaries are members of a tax group. Current taxes are calculated based on taxable income for the current year taking into account the tax group (in terms of a tax group allocation). The taxable income deviates from the profit/loss before tax of the consolidated statement of comprehensive income due to expenses and income which are taxable or tax-deductible in future years or never. The liability of the Group for current taxes is calculated based on the actual tax rate. Deferred taxes are calculated and recognized in accordance with IAS 12 applying the liability method and based on the tax rates applicable in the future. Deferred taxes are based on all temporary differences that result from comparing the carrying amounts of assets and liabilities in the IFRS accounts with the tax bases of assets and liabilities, and which will reverse in the future. Deferred taxes are calculated by using tax rates applicable in the countries concerned. A deferred tax asset should also be recognized on tax loss carry forwards if it is probable that sufficient taxable profit will be generated against which the tax loss carry forwards can be utilized within the same entity.

On each reporting date, the carrying amount of the deferred tax assets is determined and the value determined is reduced if it is unlikely that sufficient taxable income will be available in order to realize the tax assets partly or fully. Deferred tax assets are offset against deferred tax liabilities for each subsidiary to the extent that offsetting is permitted. Income tax credits and income tax obligations are recorded under the items current and deferred tax assets and current and deferred tax liabilities. Current and deferred taxes are recognized in the income statement unless they are linked to items which are recognized in other comprehensive income, in which case the current and deferred taxes are also directly recognized in other comprehensive income. IFRIC 23 is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over income tax treatments under IAS 12. RBI is required to use judgment to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together. If RBI concludes that it is not probable that a particular tax treatment is accepted, it must use the most likely amount or the expected value of the tax treatment. Otherwise, it uses the tax treatment that is consistent with its income tax filings. An entity has to reassess its judgments and estimates if facts and circumstances change.

Non-income related taxes are recognized in other administrative expenses when the Group unit identifies the obligating event for the recognition of a liability in accordance with the relevant legislation. In practice this means either the liability is recognized progressively when the obligating event occurs over a period or the obligation is triggered on reaching a minimum threshold. The full liability is recognized when this minimum threshold is reached. In addition, RBI shows the tax expenses not attributed to business activity (from corporate restructurings) in the other result. Expenses for governmental measures and compulsory contributions are shown separately in the item of the same name. This includes the bank levies, the resolution fund, deposit insurance fees and other compulsory contributions (e. g. state borrowers' support fund).

in € million	**2022**	**2021**
Current income taxes	(973)	(390)
Austria	(7)	(23)
Foreign	(966)	(367)
Deferred taxes	114	22
Total	**(859)**	**(368)**
Tax rate	20.4%	20.6%

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

in € million	**2022**	**2021**
Profit/loss before tax	**4,203**	**1,790**
Theoretical income tax expense in the financial year based on the domestic income tax rate of 25 per cent	**(1,051)**	**(447)**
Effect of divergent foreign tax rates	284	145
Tax decrease because of tax-exempted income from equity participations and other income	75	54
Tax increase because of non-deductible expenses	(67)	(34)
Impairment on loss carry forwards	(16)	(11)
Non-recognized taxes from net investment hedge	(11)	(16)
Non-recognized taxes from impairments on companies valued at equity	(9)	(16)
Non-recognized taxes from impairments on goodwill	(17)	0
Other changes	(46)	(42)
Effective tax burden	**(859)**	**(368)**
Tax rate	**20.4%**	**20.6%**

The tax rate remained well below the Austrian corporate tax rate due to higher profits from low-tax countries.

Information on current and open tax proceedings can be found under (47) Pending legal issues. Furthermore, there are no material tax interpretations that would require disclosure within the meaning of IFRIC 23.

The entry into force of the eco-social tax reform 2022 provides for a gradual reduction in the corporate tax rate from 25 per cent to 23 per cent from 1 January 2023 (2023: 24 per cent, from 2024: 23 per cent). The reduced tax rate was used for the calculation of deferred tax assets and liabilities based on the expected timing of the realization of the temporary differences from deferred taxes. The positive effect of this was below € 1 million as at 31 December 2022.

Tax assets

in € million	2022	2021[1]
Current tax assets	100	73
Deferred tax assets	269	152
Tax claims from temporary differences	249	139
Loss carry forwards	20	13
Total	**369**	**225**

1 Previous-year figures adapted due to changed allocation

Net deferred taxes

in € million	2022	2021
Financial assets - amortized cost	134	103
Financial liabilities - amortized cost	34	88
Financial liabilities - held for trading	35	23
Derivatives – Hedge accounting incl. fair value adjustments	78	9
Financial liabilities - designated fair value through profit/loss	2	21
Provisions for liabilities and charges	108	158
Investments in subsidiaries and associates	11	29
Other assets	111	45
Loss carry forwards	20	13
Other items of the statement of financial position	202	15
Deferred tax assets	**733**	**502**
Financial assets - held for trading	60	30
Financial assets - amortized cost	115	147
Financial assets - fair value through other comprehensive income	1	16
Financial assets and liabilities - designated fair value through profit/loss	0	0
Investments in subsidiaries and associates	13	27
Tangible fixed assets	53	37
Intangible fixed assets	54	72
Derivatives – Hedge accounting incl. fair value adjustments	8	25
Provisions for liabilities and charges	3	5
Other assets	19	20
Other liabilities	12	9
Other items of the statement of financial position	162	8
Deferred tax liabilities	**500**	**396**
Net deferred taxes	**233**	**106**

In the consolidated financial statements, deferred tax assets are recognized for unused tax loss carry forwards which amounted to € 20 million (previous year: € 13 million). The tax loss carry forwards are mainly without any time limit. The Group did not recognize deferred tax assets from tax loss carry forwards of € 489 million (previous year: € 527 million) because from a current point of view there is no prospect of realizing them within a reasonable period.

Tax liabilities

in € million	2022	2021
Current tax liabilities	181	87
Deferred tax liabilities	36	46
Temporary tax obligation	36	46
Total	**217**	**132**

Financial assets measured at amortized cost

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

This item on the statement of financial position includes cash in hand, balances at central banks that are due on call, and demand deposits at banks that are due on call.

in € million	2022	2021
Cash in hand	5,095	6,095
Balances at central banks	32,984	25,746
Other demand deposits at banks	15,604	6,716
Total	**53,683**	**38,557**

The item cash, cash balances at central banks and other demand deposits at banks increased a total of € 15,126 million due to increases in cash balances at central banks and other demand deposits at banks.

Ukraine, Russia, and Belarus reported € 2,547 million in the item cash in hand, with Russia accounting for the largest portion.

Most of the increase in cash balances at central banks was attributable to head office at € 6,127 million, while most of the increase in other demand deposits at banks and cash deposits was due to higher short-term transactions in Russia and at head office. This item also includes the minimum reserve, which is not freely available, and which amounted to € 20 million on the reporting date (previous year: € 266 million). The increase in other demand deposits at banks came primarily from Russia. It accounted for an increase of € 7,589 million to € 7,844 million. On the reporting date, Ukraine, Russia, and Belarus reported cash and cash equivalents of € 1,653 million that are currently subject to legal restrictions and are therefore not available for general use by head office.

(13) Financial assets – amortized cost

In RBI, a financial asset is measured at amortized cost (AC) if both of the following conditions are met:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These conditions are explained in more detail in the sections business model assessment, analysis of contractual cash flow characteristics, and modification of the time value of money and the benchmark test.

Loans and advances to customers and banks are particularly assigned to this category. Loans and advances relating to finance lease business, which are recognized in accordance with IFRS 16, and securities which meet the above conditions, are also shown in this measurement category. They are measured at amortized cost. If there is a difference between the amount paid and face value – and this has an interest character – the effective interest method is used, and the amount is stated under net interest income. Interest income is calculated on the basis of the gross carrying amount provided the financial asset is not impaired. As soon as the financial asset is impaired, interest income is calculated based on the net carrying amount. The amortized cost is also adjusted by the expected loss recognized, using the expected loss approach in accordance with IFRS 9, as outlined in the section impairment general (IFRS 9). The effective interest rate method is a method of calculating the amortized cost of a financial instrument and allocating interest expenses and interest income to the relevant periods. The effective interest rate is the interest rate applied to discount the forecast future cash inflows and outflows (including all fees which form part of the effective interest rate, transaction costs and other premiums and discounts) over the expected term of the financial instrument or a shorter period, where applicable, to arrive at the net carrying amount from initial recognition.

in € million	2022 Gross carrying amount	2022 Accumulated impairment	2022 Carrying amount	2021 Gross carrying amount	2021 Accumulated impairment	2021 Carrying amount
Debt securities	**19,117**	**(157)**	**18,960**	**15,625**	**(8)**	**15,617**
Central banks	4	0	4	4	0	4
General governments	14,627	(46)	14,581	12,097	(3)	12,094
Banks	2,668	(1)	2,667	2,199	0	2,199
Other financial corporations	988	(52)	936	631	(5)	626
Non-financial corporations	830	(58)	771	695	(1)	695
Loans and advances	**121,443**	**(2,973)**	**118,471**	**119,587**	**(2,559)**	**117,028**
Central banks	8,814	0	8,814	12,005	0	12,005
General governments	2,149	(7)	2,143	1,385	(1)	1,384
Banks	6,913	(13)	6,901	4,627	(4)	4,623
Other financial corporations	11,508	(148)	11,360	11,271	(92)	11,180
Non-financial corporations	50,358	(1,609)	48,749	51,451	(1,357)	50,094
Households	41,701[1]	(1,196)	40,505	38,847	(1,105)	37,742
Total	**140,561**	**(3,130)**	**137,431**	**135,212**	**(2,567)**	**132,645**

1 Out of this amount, € 496 million relates to credit-linked and portfolio-based provisions for litigation in connection with foreign currency (CHF) mortgage loans in Poland. Further information can be found in the notes, chapter principles underlying the consolidated financial statements under changes in accounting policy.

The carrying amount of the item financial assets – amortized cost increased by € 4,786 million compared to year-end 2021.

The addition to debt securities (up € 3,343 million) resulted predominantly from purchases of government bonds (up € 2,487 million), mainly at head office (€ 1,032 million) and in Slovakia (€ 526 million).

The € 1,443 million increase in lending was mainly due to loans to households (up € 2,763 million), especially at Raiffeisen Bausparkasse Österreich Gesellschaft m.b.H. (up € 988 million) and in the Czech Republic (up € 975 million). The € 740 million increase in Serbia was due to both organic growth and the acquisition of Crédit Agricole Srbija AD, with € 679 million being attributable to the acquisition. The € 1,345 million decrease in loans to non-financial corporations resulted mainly from Russia (down € 2,498 million) and head office (down € 1,133 million), with the largest increases occurring in Romania (up € 1,098 million) and the Czech Republic (up € 814 million). Loans to households and non-financial corporations grew in local currency terms in all markets except Eastern Europe.

In addition, there are financial assets – amortized cost of € 307 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 depository institution. 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

in € million	2022 Stage 1	2022 Stage 2	2022 Stage 3	2022 POCI	2021 Stage 1	2021 Stage 2	2021 Stage 3	2021 POCI
Central banks	8,680	138	0	0	11,901	108	0	0
General governments	15,653	954	169	0	12,959	523	0	0
Banks	9,236	342	4	0	6,692	129	4	0
Other financial corporations	10,010	2,311	75	100	9,809	1,979	92	22
Non-financial corporations	38,774	10,802	1,477	135	42,142	8,464	1,367	173
Households	33,385	7,135	1,047	134	28,821	8,876	1,009	141
hereof mortgage	22,770	5,463	385	90	19,112	7,123	413	101
Total	**115,737**	**21,681**	**2,772**	**370**	**112,323**	**20,079**	**2,473**	**336**

Accumulated impairment

in € million	2022 Stage 1	2022 Stage 2	2022 Stage 3	2022 POCI	2021 Stage 1	2021 Stage 2	2021 Stage 3	2021 POCI
Central banks	0	0	0	0	0	0	0	0
General governments	(5)	(42)	(5)	0	(2)	(2)	0	0
Banks	(1)	(9)	(4)	0	0	0	(4)	0
Other financial corporations	(15)	(136)	(34)	(15)	(5)	(46)	(36)	(8)
Non-financial corporations	(165)	(495)	(941)	(66)	(93)	(351)	(838)	(76)
Households	(145)	(327)	(688)	(36)	(94)	(288)	(689)	(34)
hereof mortgage	(35)	(140)	(201)	(23)	(22)	(178)	(237)	(24)
Total	**(332)**	**(1,010)**	**(1,671)**	**(117)**	**(195)**	**(687)**	**(1,567)**	**(118)**

ECL coverage ratio

	2022 Stage 1	2022 Stage 2	2022 Stage 3	2022 POCI	2021 Stage 1	2021 Stage 2	2021 Stage 3	2021 POCI
Central banks	0.0%	0.0%	-	-	0.0%	0.0%	-	-
General governments	0.0%	4.4%	3.0%	0.0%	0.0%	0.3%	87.8%	0.0%
Banks	0.0%	2.6%	81.9%	-	0.0%	0.0%	82.8%	-
Other financial corporations	0.2%	5.9%	44.7%	15.0%	0.1%	2.3%	39.4%	38.2%
Non-financial corporations	0.4%	4.6%	63.7%	48.7%	0.2%	4.1%	61.3%	43.8%
Households	0.4%	4.6%	65.7%	26.9%	0.3%	3.2%	68.3%	23.8%
hereof mortgage	0.2%	2.6%	52.2%	25.5%	0.1%	2.5%	57.3%	24.2%
Total	**0.3%**	**4.7%**	**60.3%**	**31.7%**	**0.2%**	**3.4%**	**63.4%**	**35.1%**

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

Gross carrying amount

in € million	2022 Stage 1	2022 Stage 2	2022 Stage 3	2022 POCI	2021 Stage 1	2021 Stage 2	2021 Stage 3	2021 POCI
Central Europe	42,072	8,792	738	71	39,629	9,149	818	84
hereof Czech Republic	21,502	4,384	217	28	21,195	3,469	243	36
hereof Hungary	5,079	1,619	159	13	6,066	1,128	190	16
hereof Slovakia	14,214	2,327	223	10	11,355	3,178	234	7
Southeastern Europe	20,305	2,173	500	133	16,279	2,206	573	129
hereof Romania	9,041	998	194	46	7,807	918	217	50
Eastern Europe	13,708	6,668	659	56	18,417	1,787	272	93
hereof Russia	10,884	5,255	370	38	14,852	1,021	201	73
Austria and other[1]	39,652	4,048	876	110	37,999	6,937	809	31
Total	**115,737**	**21,681**	**2,772**	**370**	**112,323**	**20,079**	**2,473**	**336**

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

Accumulated impairment

in € million	2022 Stage 1	2022 Stage 2	2022 Stage 3	2022 POCI	2021 Stage 1	2021 Stage 2	2021 Stage 3	2021 POCI
Central Europe	(120)	(251)	(428)	(14)	(69)	(249)	(501)	(20)
hereof Czech Republic	(44)	(80)	(110)	11	(32)	(72)	(127)	6
hereof Hungary	(29)	(79)	(61)	(6)	(10)	(62)	(81)	(9)
hereof Slovakia	(41)	(61)	(139)	(5)	(24)	(45)	(166)	(4)
Southeastern Europe	(111)	(165)	(352)	(63)	(87)	(140)	(403)	(57)
hereof Romania	(55)	(64)	(136)	(15)	(43)	(63)	(157)	(17)
Eastern Europe	(52)	(426)	(438)	(23)	(36)	(128)	(204)	(30)
hereof Russia	(25)	(310)	(262)	(13)	(25)	(51)	(151)	(24)
Austria and other[1]	(49)	(167)	(453)	(18)	(2)	(170)	(459)	(10)
Total	**(332)**	**(1,010)**	**(1,671)**	**(117)**	**(195)**	**(687)**	**(1,567)**	**(118)**

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

ECL coverage ratio

	2022				2021			
	Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI
Central Europe	0.3%	2.9%	58.1%	18.9%	0.2%	2.7%	61.2%	24.3%
hereof Czech Republic	0.2%	1.8%	50.6%	-	0.2%	2.1%	52.4%	-
hereof Hungary	0.6%	4.9%	38.1%	45.3%	0.2%	5.5%	42.4%	52.4%
hereof Slovakia	0.3%	2.6%	62.1%	54.7%	0.2%	1.4%	70.9%	56.2%
Southeastern Europe	0.5%	7.6%	70.4%	47.0%	0.5%	6.4%	70.4%	44.3%
hereof Romania	0.6%	6.4%	70.1%	33.4%	0.5%	6.9%	72.3%	33.1%
Eastern Europe	0.4%	6.4%	66.4%	41.3%	0.2%	7.2%	74.8%	32.4%
hereof Russia	0.2%	5.9%	70.8%	35.1%	0.2%	5.0%	75.2%	33.0%
Austria and other[1]	0.1%	4.1%	51.7%	16.5%	0.0%	2.4%	56.8%	33.8%
Total	**0.3%**	**4.7%**	**60.3%**	**31.7%**	**0.2%**	**3.4%**	**63.4%**	**35.1%**

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

Stage 1 amounts include assets of € 11,915 million (previous year: € 11,141 million), for which the low credit risk exemption has been used, of which € 10,600 million (previous year: € 8,597 million) are accounted for as financial assets – amortized cost.

RBI has loans and advances (financial assets – amortized cost) in the amount of € 987 million (previous year: € 1,559 million) with no expected credit losses due to collateral.

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 1/1/2022	**196**	**687**	**1,567**	**118**	**2,569**
Discontinued operations	–	–	–	–	–
Increases due to origination and acquisition	139	123	20	0	282
Decreases due to derecognition	(41)	(124)	(289)	(30)	(484)
Changes due to change in credit risk (net)	81	314	564	24	982
Changes due to modifications without derecognition (net)	0	(1)	1	0	0
Decrease due to write-offs	(1)	(3)	(196)	(10)	(210)
Changes due to model/risk parameters	(3)	14	(10)	1	3
Change in consolidated group	3	3	0	14	19
Foreign exchange and other	(41)	13	16	1	(11)
As at 31/12/2022	**333**	**1,026**	**1,673**	**117**	**3,150**
hereof fair value through other comprehensive income	1	13	1	0	15
hereof other demand deposits at banks	0	4	1	0	5

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

Carrying amounts of the 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 Stages 1 and 2, due to the relative nature of a significant increase in credit risk, it is not necessarily the case that Stage 2 assets have a lower credit rating than Stage 1 assets, although this is normally the case.

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**

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

The category not rated mainly includes financial assets for households (predominantly in Serbia, Slovakia, and Croatia), for whom no ratings are available. The rating is therefore based on qualitative factors.

(14) Modified assets

If a financial asset is modified, RBI distinguishes between substantial and non-substantial modifications of financial assets. In RBI, terms are substantially modified if the discounted present value of the cash flows under the new terms using the original effective interest rate differs by at least 10 per cent from the discounted present value of the remaining cash flows of the original financial asset (present value test). In addition to the present value test further quantitative and qualitative criteria are considered to assess whether a substantial modification applies. The other quantitative criteria primarily consider the extension of the average remaining term. Stage 3 loans are often restructured to match the maximum expected payments from the customer. If this is the case, then additional judgement is required to determine whether the contractual change is a new instrument in economic terms. RBI has defined qualitative criteria for a significant change in the terms of the contract as a change in the underlying currency and also the introduction of clauses that would normally cause the contractual cash flow criteria according to IFRS 9 to fail, or a change in the type of instrument (e.g. a bond is converted to a loan).

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

While the expiration of COVID-19 measures in countries where RBI operates reduced the net modification effect, the effect was increased again by the adverse economic environment with high inflation, supply chain issues and the turnaround in interest rates. Net modification effects therefore remained constant year-on-year at minus € 11 million.

2022 in € million	Stage 1	Stage 2	Stage 3	POCI	Total
Net modifications gains/losses of financial assets	(7)	1	(3)	(1)	(11)
Amortized cost before the modification of financial assets	4,177	1,622	97	8	5,904
Gross carrying amount of modified assets as at 31/12, which moved to Stage 1 during the year	–	43	0	0	43

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

(15) Financial liabilities – amortized cost

Liabilities are predominantly recognized at amortized cost. For differences between the amount paid and face value, the effective interest method is applied, and the amounts are shown in net interest income. This category mainly includes customer deposits and securities issues for refinancing purposes.

The ECB increased the underlying base interest rate of its Targeted Longer-Term Refinancing Operations (TLTRO III) in several steps in the course of 2022. This was done partly by directly increasing the interest rate for the deposit facility, which was progressively raised from minus 0.5 per cent to 2.0 per cent from 27 July 2022 to 27 December 2022, and partly by changing the average calculation of the base interest rate, which the ECB announced at the end of October 2022. Changing the average calculation split the then-current interest rate period in two. Starting on 24 November 2022, the average of the applicable interest rates for the deposit facility was applied from 24 November 2022 until the earlier of the maturity date or the early repayment date. This increased the interest rate since previous interest rate periods with significant negative interest rates were no longer weighted as much in the average calculation.

The TLTRO III terms generally stipulated a fixed interest rate reduction when banks reached certain lending thresholds. RBI met the criteria for this bonus at the end of 2021 and took the associated effects into account using the present value method in accordance with IFRS 9 B5.4.6; the income from the bonus was therefore already recognized in full in the 2021 financial year. More information is provided in the chapter recognition and measurement principles in the Annual Report 2021. The base interest rate of the TLTRO III instruments, on the other hand, is recognized by RBI as a floating market rate on a separate market for TLTRO III instruments organized and managed by the ECB as part of its money market policy. That is why, when it comes to these financial instruments, RBI applies the provisions of IFRS 9 B5.4.5 to all ECB interventions that increase or decrease the base interest rate. Under this standard, the periodic reassessment of cash flows while incorporating changes in market conditions results in a change in the applied interest rate. As a result of the ECB's aforementioned change in October, the effective interest rate applied by RBI as of 23 November was 1.5 per cent, which was or will be subject to further adjustments in accordance with IFRS 9 B5.4.5 in the event of market interest rate changes by the ECB.

RBI only prematurely repaid immaterial amounts in connection with the TLTRO III program up to the reporting date. After the reporting date, a volume of € 3,500 million was repaid early on 25 January 2023.

RBI is also considering early repayments of individual volumes depending on the liquidity position and regulatory benefit; however, specific dates for such possible repayments were not yet determined as at the reporting date. After deducting the repayment of 25 January 2023, RBI holds volumes of € 440 million maturing in June 2023, € 1,250 million maturing in December 2023, € 2,400 million maturing in March 2024, € 425 million maturing in June 2024 and € 37 million maturing in December 2024.

The carrying amount of the longer-term financing transactions under the ECB's TLTRO III program included under deposits from banks was € 7,921 million as at the reporting date. Negative interest of € 18 million from the TLTRO III program was recognized in net interest income during the reporting year.

Issued subordinated capital and supplementary capital are shown either in financial liabilities – amortized cost or financial liabilities – designated fair value through profit/loss. Securitized and non-securitized assets are subordinated if, in the event of liquidation or bankruptcy, they can only be met after the claims of the other – not subordinated – creditors have been satisfied. Supplementary capital is defined according to Article 63 of the regulation (EU) No 575/2013 (CRR). Corresponding instruments have an original maturity of at least five years, are of subordinate nature and are, among others, not allowed to contain an incentive to early redeem, a right of the investor to accelerate repayment or credit standing linked features that amend the level of dividend and/or interest payments of the issuer.

in € million	2022	2021
Deposits from banks	**33,612**	**34,560**
Current accounts/overnight deposits	13,552	13,772
Deposits with agreed maturity	17,590	19,147
Repurchase agreements	2,470	1,641
Deposits from customers	**125,017**	**114,988**
Current accounts/overnight deposits	93,686	87,614
Deposits with agreed maturity	31,214	27,327
Repurchase agreements	117	48
Debt securities issued	**14,559**	**11,299**
Covered bonds	2,494	1,222
Hybrid contracts	483	0
Other debt securities issued	11,583	10,078
hereof convertible compound financial instruments	1,348	1,231
hereof non-convertible	10,235	8,846
Other financial liabilities	**1,955**	**853**
Total	**175,142**	**161,700**
hereof subordinated financial liabilities	2,614	2,934
hereof lease liabilities	394	415

Within the item deposits from banks, current accounts/overnight deposits increased € 183 million at head office. This contrasted with a decline of € 346 million in Russia. There was also a decrease in deposits with agreed maturity, including particularly € 1,112 million at head office and € 195 million in the Czech Republic. Most of the increase in sale and repurchase agreements was recorded at head office (up € 622 million).

Deposits from customers exhibited a clear preference for short-term deposits, especially in Russia. Current accounts/overnight deposits increased € 6,688 million in this market, largely at non-financial corporations. Some of the increase was currency driven. Deposits with agreed maturity recorded an increase year-on-year. It was mainly driven by growth in the Czech Republic and Slovakia (up € 4,460 million in total), with currency effects having a supporting impact in the Czech Republic.

Covered bonds rose € 1,291 million at head office. Issues in Hungary resulted in an increase of € 483 million in hybrid contracts. Issues at head office, in Romania and in Slovakia particularly increased other debt securities issued by € 1,338 million. Other financial liabilities increased particularly sharply in Russia as at the reporting date due to pending transactions.

Deposits from banks and customers by asset classes:

in € million	2022	2021
Central banks	8,915	9,534
General governments	2,892	2,785
Banks	24,697	25,025
Other financial corporations	13,208	11,000
Non-financial corporations	50,041	44,513
Households	58,876	56,690
Total	**158,629**	**149,548**

At head office in particular, deposits from central banks decreased € 542 million. Much of the increase in deposits from other financial corporations was also driven by head office (up € 884 million), Russia (up € 611 million) and Slovakia (up € 519 million). Deposits from non-financial corporations increased the most in Russia (up € 5,171 million) and Slovakia (up € 1,201 million). Deposits from households increased € 2,186 million across the Group; the only sizable decline was in Russia (down € 428 million).

Principal debt securities issued:

Issuer	ISIN	Type	Currency	Nominal value in € million	Coupon	Due	Call redemption date
RBI AG	XS2106056653	Senior public placements	EUR	750	0.3%	22/01/2025	No
RBI AG	XS2055627538	Senior public placements	EUR	750	0.4%	25/09/2026	No
RBI AG	XS0981632804	Subordinated capital	EUR	500	6.0%	16/10/2023	No
RBI AG	XS1917591411	Senior public placements	EUR	500	1.0%	04/12/2023	No
RBI AG	XS2146564930	Senior private placements	EUR	500	2.3%	27/03/2025	No
RBI AG	XS2526835694	Senior public placements	EUR	500	4.1%	08/09/2025	No
RBI AG	XS2537097409	Senior public placements	EUR	500	2.9%	28/09/2026	No
RBI AG	XS2481491160	Senior public placements	EUR	500	1.5%	24/05/2027	No
RBI AG	XS2435783613	Senior public placements	EUR	500	0.1%	26/01/2028	No
RBI AG	XS2547936984	Senior public placements	EUR	500	5.8%	27/01/2028	No
RBI AG	XS2086861437	Senior public placements	EUR	500	0.1%	03/12/2029	No
RBI AG	XS2049823763	Subordinated capital	EUR	500	1.5%	12/03/2030	12/03/2025
RBI AG	XS2189786226	Subordinated capital	EUR	500	2.9%	18/06/2032	18/06/2027
RBI AG	XS2534786590	Subordinated capital	EUR	500	7.4%	20/12/2032	20/09/2027
RBI AG	XS2353473692	Subordinated capital	EUR	500	1.4%	17/06/2033	17/03/2028

In the reporting period, expenses for subordinated liabilities amounted to € 101 million (previous year: € 118 million).

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

in € million	
Carrying amount as at 1/1/2021	**3,233**
Change in carrying amount	(68)
hereof cash	(77)
hereof effect of exchange rate changes	(14)
hereof changes of fair value	24
Carrying amount as at 31/12/2021	**3,165**
Change in carrying amount	(462)
hereof cash	(228)
hereof effect of exchange rate changes	(26)
hereof changes of fair value	(208)
Carrying amount as at 31/12/2022	**2,703**

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

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

2022 in € million	Level I	Level II	Level III	Fair value	Carrying amount	Difference
Assets						
Cash, cash balances at central banks and other demand deposits	**0**	**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

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

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

Financial assets measured at fair value

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

In RBI, a debt instrument is measured at fair value through other comprehensive income if both of the following conditions are met:

- A financial asset is held within a business model whose objective is both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Securities for the purpose of liquidity management are particularly assigned to this category.

Recognition is at fair value. Interest income, foreign exchange gains and losses from remeasurements and impairment expenses and reversals of impairment are recorded in the income statement and calculated in the same way as financial assets measured at amortized cost. The remaining fair value changes are recorded in other comprehensive income. On derecognition, the cumulative net gains or losses from the fair value changes which are recorded in other comprehensive income are reclassified to the income statement. Details on the applied impairment model are shown in the section general rules on impairment (IFRS 9).

In RBI, an equity instrument is shown at fair value through other comprehensive income if RBI irrevocably decides on initial recognition to present subsequent changes in fair value in other comprehensive income (OCI). This decision is made on an investment-by-investment basis for each investment and essentially covers strategic investments that are not fully consolidated and investments in associates not valued at equity. In contrast to debt instruments, the gains and losses recorded in other comprehensive income (OCI) are not reclassified to the income statement on sale; impairments are not recorded through profit or loss, either.

	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**

	2021			
in € million	Gross carrying amount[1]	Accumulated impairment	Cumulative other comprehensive income[1]	Carrying amount
Equity instruments	**151**	**-**	**-**	**151**
Banks	3	-	-	3
Other financial corporations	81	-	-	81
Non-financial corporations	66	-	-	66
Debt securities	**4,516**	**(2)**	**(5)**	**4,510**
General governments	3,413	(1)	(11)	3,400
Banks	867	0	3	870
Other financial corporations	80	0	0	80
Non-financial corporations	157	0	2	160
Total	**4,667**	**(2)**	**(5)**	**4,660**

1 Previous-year figures adapted due to changed allocation

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

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

in € million	2022	2021
Visa Inc., San Francisco (US), Class A Preferred Stock	18	26
CEESEG Aktiengesellschaft, Vienna (AT), ordinary shares	26	34
Medicur - Holding Gesellschaft m.b.H., Vienna (AT), company shares	18	23
PSA Payment Services Austria GmbH, Vienna (AT), company shares	6	5
Other	100	64
Total	**169**	**151**
Dividends paid on equity instruments - fair value through other comprehensive income	9	10

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

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**

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

1 In the previous year, the changes in the cumulative other comprehensive were included in the gross carrying amount (Stage 1 minus € 6 million, Stage 2 minus € 1 million); changes to the previous year period were waived due to the disproportionally high effort.

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

In RBI, a financial asset is mandatorily measured at fair value if the financial asset is managed neither at amortized cost nor at fair value through other comprehensive income, and if there is no intention to trade and the asset was not voluntarily designated at fair value. Essentially, this concerns securities and loans which do not pass the contractual cash flow characteristics analysis and portfolios of financial assets which are not held for trading, which are managed at fair value and whose performance is assessed.

in € million	2022	2021
Equity instruments	**6**	**1**
Other financial corporations	6	1
Non-financial corporations	0	0
Debt securities	**276**	**543**
General governments	69	324
Banks	12	12
Other financial corporations	182	195
Non-financial corporations	12	12
Loans and advances	**475**	**422**
General governments	1	1
Banks	2	2
Other financial corporations	30	33
Non-financial corporations	80	50
Households	362	337
Total	**757**	**966**

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

This category comprises mainly all those financial assets that are irrevocably designated as financial instruments at fair value (so-called fair value option) upon initial recognition in the statement of financial position. An entity may use this designation only when doing so eliminates or significantly reduces incongruities in measurement or recognition. These arise if the measurement of financial assets or liabilities or the recognition of resulting gains or losses has a different basis.

Financial liabilities are also designated as financial instruments at fair value to avoid valuation discrepancies with related derivatives. The fair value of financial obligations under the fair value option in this category reflects all market risk factors, including those related to the credit risk of the issuer.

The financial liabilities are mostly structured bonds. The fair value of these financial liabilities is calculated by discounting the contractual cash flows with a credit risk-adjusted yield curve, which reflects the level at which the Group could issue similar financial instruments at the reporting date. The market risk parameters are determined based on similar financial instruments. Valuation results for liabilities that are designated as a financial instrument at fair value are recognized in net trading income and fair value result.

Interest income is shown in net interest income; valuation results and proceeds from disposals are shown in net trading income and fair value result. For financial liabilities designated at fair value through profit or loss, changes in fair value attributable to a change in own credit risk is not reported in the income statement but in other comprehensive income.

Financial assets – designated fair value through profit/loss

in € million	2022	2021
Debt securities	**84**	**264**
General governments	43	108
Banks	26	31
Non-financial corporations	15	124
Total	**84**	**264**

Financial liabilities – designated fair value through profit/loss

in € million	2022	2021
Deposits from banks	**29**	**48**
Deposits with agreed maturity	29	48
Deposits from customers	**82**	**165**
Deposits with agreed maturity	82	165
Debt securities issued	**839**	**1,110**
Hybrid contracts	1	1
Other debt securities issued	838	1,109
hereof non-convertible	838	1,109
Total	**950**	**1,323**
hereof subordinated financial liabilities	89	232

(20) Financial assets – held for trading

Financial assets and liabilities – held for trading are acquired or incurred principally for the purpose of generating profit from short-term fluctuations in market prices. Securities and derivative financial instruments held for trading are recognized at fair value. If securities are listed, the fair value is based on stock exchange prices. Where such prices are not available, internal prices based on present value calculations for originated financial instruments and futures or option pricing models for options are applied. Present value calculations are based on an interest rate curve which consists of money market rates, future rates, and swap rates.

Positive fair values are shown under financial assets – held for trading. Negative fair values are shown under financial liabilities – held for trading. Changes in fair value are shown in net trading income. Derivatives held for hedging purposes pursuant to IAS 39 are shown in the statement of financial position under the item hedge accounting. In addition, any liabilities from the short-selling of securities are shown in financial liabilities – held for trading.

Capital guaranteed products (guarantee funds and pension plans) are shown as sold put options on the respective funds to be guaranteed. The Group has provided capital guarantee obligations as part of the government-funded state-subsidized pension plans according to § 108h (1) item 3 EStG (Austrian Income Tax Act). The bank guarantees that the retirement annuity, available for the payment amount is not less than the sum of the amounts paid by the taxpayer plus credits for such taxable premiums within the meaning of § 108g EStG.

Interest income is shown in net interest income, valuation results and proceeds from disposals are shown in net trading income and fair value result.

in € million	2022	2021
Derivatives	**5,059**	**2,132**
Interest rate contracts	3,912	1,267
Equity contracts	35	184
Foreign exchange rate and gold contracts	1,075	652
Credit contracts	11	21
Commodities	3	2
Other	23	6
Equity instruments	**287**	**369**
Banks	37	31
Other financial corporations	100	99
Non-financial corporations	149	240
Debt securities	**1,064**	**1,598**
Central banks	0	95
General governments	719	1,069
Banks	211	223
Other financial corporations	63	107
Non-financial corporations	71	104
Loans and advances	**0**	**12**
Non-financial corporations	0	12
Total	**6,411**	**4,112**

The increase of € 2,298 million to € 6,411 million was mainly due to valuation effects and exchange rate fluctuations in derivatives as well as higher hedging volumes, particularly for interest rate and foreign exchange derivatives at head office.

Within the item financial assets – held for trading, the securities pledged as collateral, which the recipient is entitled to sell or pledge, amounted to € 41 million (previous year: € 138 million).

Derivative financial instruments

Within the operating activity, RBI carries out transactions with derivative financial instruments for trading and hedging purposes. RBI uses derivatives including swaps, standardized forward contracts, futures, credit derivatives, options, and similar contracts. RBI uses derivatives to meet client requirements concerning their risk management, to manage and hedge risks and to generate profit in proprietary trading. Derivatives are recognized at the time of the transaction at fair value and subsequently revalued to fair value. The resulting valuation gain or loss is recognized in net trading income and fair value result unless the derivative is designated as a hedging instrument for hedge accounting purposes and the hedge is effective. Here the timing of the recognition of the gain or loss on the hedging instrument depends on the type of hedging relationship.

Derivatives which are used for hedging against market risk (excluding trading assets/liabilities) for a non-homogeneous portfolio do not meet the conditions for IAS 39 hedge accounting. These are recognized as follows: the dirty price is booked under the item financial assets – held for trading or financial liabilities – held for trading in the statement of financial position. The change in value of these derivatives based on the clean price, is shown in net trading income and fair value result and interest is shown in net interest income.

Credit derivatives, the value of which is dependent on future specified credit (non-)events are shown at fair value under the item financial assets – held for trading or financial liabilities – held for trading. Changes in valuation are recognized under net trading income and fair value result.

2022	Nominal amount	Fair value	
in € million		Assets	Equity and liabilities
Trading book	**149,831**	**4,601**	**(4,552)**
Interest rate contracts	99,495	3,586	(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)

2021	Nominal amount	Fair value	
in € million		Assets	Equity and liabilities
Trading book	**190,896**	**1,935**	**(1,823)**
Interest rate contracts	133,273	1,085	(1,050)
Equity contracts	4,241	183	(138)
Foreign exchange rate and gold contracts	50,743	637	(566)
Credit contracts	1,476	21	(22)
Commodities	70	3	(1)
Other	1,093	6	(45)
Banking book	**16,483**	**197**	**(71)**
Interest rate contracts	12,123	182	(64)
Foreign exchange rate and gold contracts	3,876	15	(2)
Credit contracts	484	0	(4)
Total	**207,379**	**2,132**	**(1,894)**
OTC products	245,361	2,703	(2,641)
Products traded on stock exchange	2,176	29	(9)

(21) Financial liabilities – held for trading

in € million	2022	2021
Derivatives	**4,802**	**1,894**
Interest rate contracts	3,896	1,115
Equity contracts	2	138
Foreign exchange rate and gold contracts	877	569
Credit contracts	12	27
Commodities	0	1
Other	16	45
Short positions	**91**	**250**
Equity instruments	7	6
Debt securities	83	243
Debt securities issued	**3,560**	**3,729**
Certificates of deposits	172	0
Hybrid contracts	3,388	3,729
Other financial liabilities	**1**	**0**
Total	**8,453**	**5,873**

The increase of € 2,580 million to € 8,453 million was mainly due to valuation effects and exchange rate fluctuations in derivatives as well as higher hedging volumes, particularly for interest rate and foreign exchange derivatives at head office.

Details on valuation principles are shown under (20) Financial assets – held for trading.

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

IFRS 9 grants accounting options for hedge accounting. RBI continues to apply the provisions on hedge accounting pursuant to IAS 39 while, however, taking the changes in the disclosures in the notes pursuant to IFRS 7 into account.

If derivatives are held for the purpose of risk management and if the respective transactions meet specific criteria, RBI uses hedge accounting. RBI designates certain hedging instruments – mostly derivatives – as fair value hedges, cash flow hedges or capital hedges. At the beginning of the hedging relationship, the relationship between underlying and hedging instrument, including the risk management objectives, is documented. Furthermore, it is necessary to regularly document from the beginning and during the lifetime of the hedging relationship that the fair value or cash flow hedge is highly effective.

in € million	2022	2021
Positive fair values of derivatives in micro fair value hedge	**611**	**215**
Interest rate contracts	611	215
Positive fair values of derivatives in micro cash flow hedge	**1**	**0**
Interest rate contracts	1	0
Positive fair values of derivatives in net investment hedge	**4**	**2**
Positive fair values of derivatives in portfolio hedge	**991**	**413**
Cash flow hedge	100	25
Fair value hedge	891	387
Total	**1,608**	**630**

in € million	2022	2021
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk	**(947)**	**(279)**
Total	**(947)**	**(279)**

The positive fair values of hedging instruments in micro fair value hedges increased € 396 million to € 611 million. The increase is partly attributable to an increased hedged volume of interest rate derivatives of around € 2.8 billion, mainly at head office and in Hungary; in addition, higher interest rate levels contributed to an increase in the fair values of the interest rate instruments.

The positive fair values of hedging instruments in portfolio fair value hedges increased € 578 million to € 991 million. Due to significant increases in interest rates in all of RBI's core markets, there was an increase in the fair values of interest rate derivatives in portfolio hedges. Fair values increased € 393 million at Raiffeisen Bausparkasse Österreich Gesellschaft m.b.H., € 97 million in the Czech Republic and € 131 million in Hungary (for both fair value and cash flow portfolio hedges). Russia reported a decline of € 87 million. This was mainly due to terminations of hedge accounting relationships in the reporting year.

The negative fair value adjustments of the hedged items in portfolio hedge of interest rate risk on the asset side increased € 668 million compared to year-end to minus € 947 million due to the increase in interest rates. The decrease mainly resulted from the fixed-rate loans of Raiffeisen Bausparkasse Österreich Gesellschaft m.b.H. (down € 463 million). Hungary, the Czech Republic, and Russia accounted for the remaining changes.

in € million	2022	2021
Negative fair values of derivatives in micro fair value hedge	**605**	**69**
Interest rate contracts	605	69
Negative fair values of derivatives in micro cash flow hedge	**1**	**0**
Interest rate contracts	1	0
Negative fair values of derivatives in net investment hedge	**34**	**29**
Negative fair values of derivatives in portfolio hedge	**1,414**	**730**
Cash flow hedge	87	43
Fair value hedge	1,328	686
Total	**2,054**	**828**

in € million	2022	2021
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk	**(1,217)**	**(536)**
Total	**(1,217)**	**(536)**

The negative fair values of hedging instruments in micro fair value hedges increased € 536 million to € 605 million. The increase was primarily attributable to micro fair value hedges at head office (up € 436 million) and in Slovakia (up € 74 million) and resulted partly from a volume-related increase in hedged interest rate positions and partly from the significant rise in interest rates.

The interest rate-related increase of € 685 million to € 1,414 million in the negative fair values of hedging instruments in portfolio fair value hedges resulted from the Czech Republic (up € 302 million), Hungary (up € 372 million), Slovakia (up € 114 million) and Raiffeisen Bausparkasse Österreich Gesellschaft m.b.H. (down € 84 million).

Negative fair value adjustments of the hedged items in portfolio hedge of interest rate risk on the liability side increased € 681 million compared to year-end to minus € 1,217 million due to the increase in interest rates. This change was mainly attributable to the fair value development of hedged liabilities in portfolio hedges in the Czech Republic (down € 222 million), Hungary (down € 286 million) and Slovakia (down € 117 million) due to increased interest rates and changes in exchange rates, especially for hedged customer deposits in local currencies.

Hedge accounting – additional information

RBI applies various types of hedge accounting with the aim of reducing interest rate risk and volatility in the income statement. Depending on the risk to be hedged, fair value and cash flow hedge accounting are used. Both types may be modeled at the micro level and in portfolios. Hedge accounting hedges the net investment risk against fluctuations in the rate of the Russian ruble, the Romanian leu, the Czech koruna, and the Hungarian forint.

In fair value hedges and cash flow hedges, various financial instruments are designated as hedged items in hedges. These instruments consist mainly of loans and advances on the asset side and deposits on the liability side. Other items included in hedge accounting relationships are debt securities and securitized liabilities. Most of the hedging instruments are interest rate and foreign exchange contracts.

More information on RBI's risk management strategy is provided in the risk report under (44) Market risk.

The effects of hedges on the statement of comprehensive income are included in (5) Net trading income, fair value result and net gains/losses from hedge accounting, while those on the statement of changes in equity are included in (30) Equity, development of cumulative other comprehensive income of Group equity.

Hedge of a net investment in an economically independent operation (capital hedge)

In RBI, foreign exchange hedges of investments in economically independent sub-units are executed to reduce differences arising from the foreign currency translation of equity components. Currency swaps are mainly used as hedging instruments. Where the hedge is effective the resulting gains or losses from foreign currency translation are recognized in other comprehensive income and shown separately in the statement of comprehensive income. Any ineffective part of the hedge is recognized in net trading income. The related interest components are shown in net interest income.

Hedging instruments

Breakdown of hedging instruments by type of hedge accounting at the level of nominal amounts, both in total and by contractual termination, and at the level of the carrying amounts.

2022	Nominal amount	Maturity				Carrying amount	
in € million		Up to 3 months	More than 3 months, up to 1 year	1 year, up to 5 years	More than 5 years	Assets	Equity and liabilities
Interest rate contracts	**51,556**	**669**	**3,730**	**27,279**	**19,878**	**1,604**	**2,020**
Cash flow hedge	2,140	30	337	1,075	698	102	87
Fair value hedge	49,416	639	3,393	26,204	19,180	1,502	1,933
Foreign exchange contracts	**1,114**	**0**	**0**	**91**	**1,023**	**4**	**34**
Cash flow hedge	125	0	0	91	34	0	0
Fair value hedge	29	0	0	0	29	0	0
Net investment hedge	960	0	0	0	960	4	34
Total	**52,670**	**669**	**3,730**	**27,369**	**20,902**	**1,608**	**2,054**

2021	Nominal amount	Maturity				Carrying amount	
in € million		Up to 3 months	More than 3 months, up to 1 year	1 year, up to 5 years	More than 5 years	Assets	Equity and liabilities
Interest rate contracts	**41,490**	**1,114**	**4,986**	**19,549**	**15,841**	**628**	**799**
Cash flow hedge	1,544	29	515	671	329	25	44
Fair value hedge	39,946	1,086	4,471	18,878	15,511	602	755
Foreign exchange contracts	**1,790**	**5**	**1,727**	**26**	**32**	**3**	**29**
Cash flow hedge	37	0	12	26	0	0	0
Fair value hedge	38	5	0	0	32	0	0
Net investment hedge	1,715	0	1,715	0	0	2	29
Total	**43,280**	**1,120**	**6,713**	**19,575**	**15,873**	**630**	**828**

Fair value hedges

Hedge accounting according to IAS 39 applies to those derivatives that are used to hedge the fair value of financial assets and liabilities. The credit business is especially subject to such fair value risks if it deals with fixed-interest loans. Interest rate swaps that satisfy the prerequisites for hedge accounting are contracted to hedge against the interest rate risks arising from individual loans or refinancing. Thus, hedges are formally documented, continuously assessed, and tested to be highly effective. Throughout the term of a hedge relationship, it can therefore be assumed that changes in the fair value of a hedged item will be nearly completely offset by a change in the fair value of the hedging instrument and that the actual effectiveness outcome will lie within a band of 80 to 125 per cent.

Derivative instruments held to hedge the fair value of individual items in the statement of financial position (except trading derivatives) are recognized at fair value (dirty price) under the item hedge accounting (for assets: positive dirty prices; for liabilities: negative dirty prices). Changes in the carrying amounts of hedged items (assets or liabilities) are allocated directly to the corresponding items of the statement of financial position and reported separately in the notes.

Both the effect of changes in the carrying amounts of positions requiring hedging and the effects of changes in the clean prices of the derivative instruments are recorded under net gains/losses from hedge accounting.

Within the management of interest rate risks, the hedging of interest rate risk is also undertaken on the portfolio level. Individual transactions or groups of transactions with similar risk structures, divided into maturities according to the expected repayment and interest rate adjustment date in a portfolio, are hedged. Portfolios can contain assets only, liabilities only, or both. For hedge accounting, the change in the value of the hedged asset or liability is shown in net gains/losses from hedge accounting.

The hedged amount of the hedged items is determined in the consolidated financial statements including sight deposits (the rules of the EU carve-out are therefore applied).

Details of the underlying transactions for fair value hedges:

2022 in € million	Carrying amount of the hedged items Assets	 Equity and liabilities	Accumulated amount of fair value adjustments of the hedged items Assets	 Equity and liabilities	Changes in fair value of the hedged items[1]
Interest rate hedges	**20,723**	**22,375**	**(1,661)**	**959**	**(89)**
Debt securities	7,256	200	(968)	2	(977)
Loans and advances	13,467	0	(692)	2	(1,027)
Deposits	0	11,250	0	139	941
Debt securities issued	0	10,925	0	815	974
Foreign exchange hedges	**51**	**47**	**(9)**	**(1)**	**(2)**
Other assets	51	0	(9)	0	(3)
Other liabilities	0	47	0	(1)	1
Total	**20,774**	**22,422**	**(1,670)**	**958**	**(91)**

1 Fair value changes in the underlying transactions which were used in the reporting period to calculate ineffectiveness

2021 in € million	Carrying amount of the hedged items Assets	 Equity and liabilities	Accumulated amount of fair value adjustments of the hedged items Assets	 Equity and liabilities	Changes in fair value of the hedged items[1]
Interest rate hedges	**14,620**	**20,600**	**(227)**	**271**	**123**
Debt securities	6,261	0	(12)	(1)	(291)
Loans and advances	8,359	0	(219)	1	(398)
Deposits	0	11,928	4	260	644
Debt securities issued	0	8,672	0	11	168
Other financial liabilities	0	0	0	0	0
Foreign exchange hedges	**50**	**0**	**(5)**	**0**	**(7)**
Other assets	50	0	(5)	0	0
Other liabilities	0	0	0	0	(7)
Total	**14,670**	**20,600**	**(233)**	**271**	**115**

1 Fair value changes in the underlying transactions which were used in the reporting period to calculate ineffectiveness

Cash flow hedges

Cash flow hedge accounting according to IAS 39 applies for those derivatives that are used to hedge against the risk of fluctuating future cash flows. Variable interest loans and liabilities, as well as expected transactions such as expected borrowing or investment, are especially subject to such cash flow risks. Interest rate swaps used to hedge against the risk of fluctuating cash flows arising from specific variable interest rate items are recognized as follows: The hedging instrument is recognized at fair value, changes in its clean price are recorded in other comprehensive income. Any ineffective portion is recognized in the income statement under net gains/losses from hedge accounting.

Details on changes in the value of the hedging instruments in cash flow hedge relationships considering the various disclosure of the effective part in the other comprehensive income and the ineffective part in the income statement:

2022 in € million	Change in the value of the hedging instruments recognized in other comprehensive income	Hedge ineffectiveness recognized in profit or loss
Interest rate hedges	**(45)**	**(1)**
Loans and advances	(113)	(1)
Deposits	68	0
Foreign exchange hedges	**(1)**	**0**
Other assets	(1)	0
Other liabilities	0	0
Total	**(45)**	**0**

2021 in € million	Change in the value of the hedging instruments recognized in other comprehensive income	Hedge ineffectiveness recognized in profit or loss
Interest rate hedges	**(36)**	**(1)**
Loans and advances	(55)	(1)
Deposits	19	0
Foreign exchange hedges	**1**	**0**
Other assets	1	0
Other liabilities	0	0
Total	**(35)**	**(1)**

(23) Notes fair value of financial instruments

In accordance with IFRS 13, RBI uses the following fair value hierarchy to determine and report the fair value for financial instruments. The allocation of certain financial instruments to the level categories requires regular assessment, especially if the valuation is based on both observable and unobservable inputs. The classification of an instrument may change over time, even after considering changes in market liquidity and thus price transparency.

Quotation on an active market (Level I)

Financial instruments whose fair values are measured based on quoted market prices are allocated to Level I of the fair value hierarchy. This category includes particularly equity instruments traded on the stock exchange, debt instruments traded on the interbank market and derivatives traded on the stock exchange. The valuation is mainly based on external data sources (stock exchange prices or broker quotes in liquid market segments). In an active market, transactions involving assets and liabilities are traded in sufficient frequency and volumes that price information is continuously available. Indicators for active markets are the number, the frequency of update or the quality of quotations (e.g. banks or stock exchanges). Moreover, narrow bid/ask spreads and quotations from market participants within a certain corridor are also indicators of an active liquid market. Financial instruments whose fair value measurements are based on quoted market prices mainly consist of quoted securities, a small proportion of derivatives and liquid bonds traded on over-the-counter markets (OTC).

Measurement techniques based on observable market data (Level II)

When quoted prices are not available on an active market, the financial instrument is then classified as Level II if the fair value can be determined using recognized measurement models which utilize observable prices or parameters (particularly present value calculations or option price models). The observable market data mainly consist of yield curves, credit spreads and volatilities. RBI generally uses measurement models that undergo internal review by the Market Risk Committee to ensure appropriate measurement parameters. The measurement techniques based on observable market data concern most of the OTC derivatives and non-quoted debt instruments.

Measurement techniques not based on observable market data (Level III)

If the fair value measurement can be made neither based on sufficiently regular market prices (Level I) nor on measurement models that are based entirely on observable market prices (Level II), individual input parameters that are not observable in the market are estimated using appropriate assumptions. If unobservable parameters have a significant impact on the measurement of the underlying financial instrument, it is assigned to Level III of the fair value hierarchy. These regularly unobservable measurement parameters include credit spreads derived from internal estimates.

These input parameters may include data which is calculated in terms of approximated values from historical data among other factors (fair value hierarchy Level III). The utilization of these models requires assumptions and estimates of the Management. The scope of the assumptions and estimates depends on the price transparency of the financial instrument, its market, and the complexity of the instrument.

For financial instruments valued at amortized cost (this comprises loans and advances, deposits, other short-term borrowings, and long-term liabilities), the Group discloses the fair value. In principle, there is low or no trading activity for these instruments, therefore a significant degree of assessment by the Management is necessary for determining the fair value.

Fair value of financial instruments measured at fair value

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

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

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

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

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

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

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

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

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

Assets in € million	2022 Level I	 Level II	 Level III	2021 Level I	 Level II	 Level III
Financial assets - held for trading	**1,010**	**5,371**	**29**	**1,574**	**2,526**	**13**
Derivatives	3	5,057	0	18	2,114	0
Equity instruments	271	16	0	369	0	0
Debt securities	736	299	29	1,186	412	0
Loans and advances	0	0	0	0	0	12
Non-trading financial assets - mandatorily fair value through profit/loss	**150**	**80**	**527**	**367**	**149**	**450**
Equity instruments	1	5	0	1	0	0
Debt securities	149	74	52	366	148	29
Loans and advances	0	0	475	0	0	422
Financial assets - designated fair value through profit/loss	**48**	**36**	**0**	**230**	**33**	**0**
Debt securities	48	36	0	230	33	0
Financial assets - fair value through other comprehensive income	**2,441**	**536**	**225**	**3,694**	**765**	**201**
Equity instruments	17	2	150	11	0	140
Debt securities	2,424	535	75	3,683	765	61
Hedge accounting	**0**	**1,608**	**0**	**0**	**630**	**0**

Equity and liabilities in € million	2022 Level I	 Level II	 Level III	2021 Level I	 Level II	 Level III
Financial liabilities - held for trading	**93**	**8,360**	**0**	**243**	**5,630**	**0**
Derivatives	6	4,796	0	11	1,884	0
Short positions	86	5	0	232	17	0
Debt securities issued	0	3,560	0	0	3,729	0
Financial liabilities - designated fair value through profit/loss	**0**	**950**	**0**	**0**	**1,323**	**0**
Deposits	0	111	0	0	213	0
Debt securities issued	0	839	0	0	1,110	0
Hedge accounting	**0**	**2,054**	**0**	**0**	**828**	**0**

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

As at 31 December 2022, only derived prices were available for financial instruments amounting to € 12 million. For example, the BVAL value (Bloomberg Evaluation) was used instead of the BGN value (Bloomberg Generic Price). Consequently, these securities were reclassified from Level I to Level II. The shifts from Level II to Level I relate to bonds of € 21 million for which market values were available at the reporting date.

Movements in Level III of financial instruments at fair value

The total portfolio of Level III assets saw a net increase of € 117 million in the reporting period. Essentially, the volume of government bonds in the measurement categories financial assets - held for trading and financial assets - fair value through other comprehensive income increased by € 40 million net. The reason for this increase was, on the one hand, the disappearance of observable input parameters in Russia and, on the other hand, additions in Romania and Austria. Additionally, financial instruments mandatorily recognized at fair value saw a net increase of € 77 million, primarily due to loans in Hungary. Around € 4 million was based on exchange rate fluctuations.

Assets in € million	As at 1/1/2022	Change in consolidated group	Exchange differences	Additions	Disposals
Financial assets - held for trading	13	0	(2)	32	(48)
Non-trading financial assets - mandatorily fair value through profit/loss	450	0	(2)	134	(46)
Financial assets - designated fair value through profit/loss	0	0	0	0	(0)
Financial assets - fair value through other comprehensive income	201	0	(0)	53	(56)
Total	**664**	**0**	**(4)**	**219**	**(150)**

Assets in € million	Gains/loss in P/L	Gains/loss in other comprehensive income	Transfer to Level III	Transfer from Level III	As at 31/12/2022
Financial assets - held for trading	(26)	0	143	(82)	29
Non-trading financial assets - mandatorily fair value through profit/loss	(15)	0	5	0	527
Financial assets - designated fair value through profit/loss	0	0	0	0	0
Financial assets - fair value through other comprehensive income	2	(18)	203	(160)	225
Total	**(39)**	**(18)**	**351**	**(242)**	**781**

Equity and liabilities in € million[1]	As at 1/1/2022	Change in consolidated group	Exchange differences	Additions	Disposals
Financial liabilities - held for trading	0	0	(0)	0	0
Total	**0**	**0**	**0**	**0**	**0**

Equity and liabilities in € million[1]	Gains/loss in P/L	Gains/loss in other comprehensive income	Transfer to Level III	Transfer from Level III	As at 31/12/2022
Financial liabilities - held for trading	0	0	0	(0)	0
Total	**0**	**0**	**0**	**0**	**0**

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

Qualitative information on the valuation of financial instruments in Level III

Assets 2022	Fair value in € million[1]	Valuation technique	Significant unobservable inputs	Range of unobservable inputs
Financial assets - held for trading	**29**			
Subordinated capital	0	Indicative prices	Indications	-
Treasury bills, fixed coupon bonds	29	DCF method	Credit spread	1.11 - 52.83%
Forward foreign exchange contracts	0	DCF method	Interest rate	10 - 30%
Non-trading financial assets - mandatorily fair value through profit/loss	**527**			
Other interests	0	Simplified net present value method Expert opinion	–	–
Bonds, notes and other non fixed-interest securities	52	Net asset value Financing auction/transaction costs Market price indication	(Auction-) Price	
Loans	475	Retail: DCF method (Black Scholes, prepayment option, withdrawal option etc.) Non Retail: DCF method/Financial option pricing : Black Scholes, Hull-White trinominal tree	Discount spread (new business) Funding curves (for liquidity costs) Credit risk premium (CDS curves)	0.96- 3.20% over all currencies -0.19 - 5.96% over all currencies 0.17- 8.91% (depending on the rating: from A to CCC)
Financial assets - designated fair value through profit/loss	**0**			
Fixed coupon bonds	0	Net asset value	Price	–
Financial assets - fair value through other comprehensive income	**225**			
Other interests	45	Dividend discount model Simplified income approach DCF method	Credit spread Cash flow Discount rate Dividends Beta factor	–
Other interests	51	Adjusted net asset value	Adjusted equity	–
Other interests	53	Market comparable companies Transaction price Purchase price Cost approach Valuation report (expert judgement) Cost minus impairment	EV/Sales EV/EBIT P/E P/B	–
Treasury bills, municipal bonds	75	DCF method	Interest rate	–
Total	**781**			

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

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

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

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

Financial assets

	2022			2021		
	Carrying amount	Fair value changes		Carrying amount	Fair value changes	
in € million	Level III	Positive	Negative	Level III	Positive	Negative
Loans and advances	475	12	(14)	434	39	(29)
Debt securities	81	5	(5)	29	3	(3)
Income statement effect		**17**	**(19)**		**42**	**(32)**

	2022			2021		
	Carrying amount	Fair value changes		Carrying amount	Fair value changes	
in € million	Level III	Positive	Negative	Level III	Positive	Negative
Debt securities	75	2	(3)	61	2	(2)
Equity instruments	150	18	(15)	140	13	(16)
Other comprehensive income effect		**21**	**(18)**		**15**	**(18)**

Other assets and liabilities and equity

(24) Investments in subsidiaries and associates

in € million	2022	2021
Investments in affiliated companies	193	251
Investments in associates valued at equity	520	716
Total	**713**	**968**
Number of subsidiaries not included	249	274

Investments in associates valued at equity:

in € million	Share in % 2022	Carrying amount 2022	Carrying amount 2021
card complete Service Bank AG, Vienna (AT)	25.0%	12	10
EMCOM Beteiligungs GmbH, Vienna (AT)	33.6%	7	7
LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Vienna (AT)	33.1%	153	200
Raiffeisen Life Insurance Company LLC, Moscow (RU)	25.0%	8	11
NOTARTREUHANDBANK AG, Vienna (AT)	26.0%	12	12
Oesterreichische Kontrollbank Aktiengesellschaft, Vienna (AT)	8.1%	44	56
Österreichische Hotel- und Tourismusbank Gesellschaft m.b.H., Vienna (AT)	31.3%	11	13
Posojilnica Bank eGen, Klagenfurt (AT)	49.2%	13	10
Prva stavebna sporitelna a.s., Bratislava (SK)	32.5%	41	43
Raiffeisen Informatik GmbH & Co KG, Vienna (AT)	47.6%	11	16
Raiffeisen-Leasing Management GmbH, Vienna (AT)	50.0%	10	12
UNIQA Insurance Group AG, Vienna (AT)	10.9%	199	325
Total		**520**	**716**

The carrying amount of investments in associates valued at equity decreased from € 716 million to € 520 million. The decline was due primarily to LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft and UNIQA Insurance Group AG. While the unfavorable market conditions, especially due to the war in Ukraine, the development of commodity prices and negative impacts of the war on the local business led to a decline at LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, the reduced valuations of available-for-sale financial instruments due to increased returns were responsible for the reduction at UNIQA Insurance Group AG.

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

Financial information on associates valued at equity as at 30 September 2022:

in € million	CCSB	EMCOM	LLI[1]	LLC	NTB	OeKB[1]
Assets	700	20	1,314	310	2,711	34,892
Operating income	1	2	26	8	12	51
Profit/loss from discontinuing operations	6	2	8	20	5	39
Profit/loss after tax from discontinued operations	0	0	0	0	0	0
Other comprehensive income	0	0	30	(31)	0	13
Total comprehensive income	**6**	**2**	**38**	**(11)**	**5**	**52**
Attributable to non-controlling interests	0	0	3	0	0	2
Attributable to investee's shareholders	6	0	32	(11)	5	49
Current assets	690	20	446	98	15	6,702
Non-current assets	10	0	868	212	2,696	28,189
Short-term liabilities	(623)	0	(464)	(14)	(2,523)	(8,400)
Long-term liabilities	(29)	0	(349)	(264)	(142)	(25,607)
Net asset value	**47**	**20**	**500**	**32**	**46**	**884**
Attributable to non-controlling interests	0	0	10	0	0	17
Attributable to investee's shareholders	47	20	490	32	46	867
Group's interest in net assets of investee as at 1/1	**10**	**7**	**159**	**11**	**12**	**67**
Change in share/first-time inclusion	0	0	0	0	0	0
Total comprehensive income attributable to the Group	2	1	7	(3)	1	6
hereof income statement	2	1	2	6	1	4
hereof other comprehensive income	0	0	5	(9)	0	2
Dividends received	0	(1)	(4)	0	(1)	(3)
Share in the capital increase	0	0	0	0	0	0
Group's interest in net assets of investee as at 30/9	**12**	**7**	**162**	**8**	**12**	**70**
Valuation	0	0	(9)	0	0	(26)
Carrying amount	**12**	**7**	**153**	**8**	**12**	**44**

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

in € million	OEHT	POSO	PSS	RIZ	R-Leasing	UNIQA[1]
Assets	1,280	408	2,909	439	37	27,400
Operating income	7	0	75	14	1	345
Profit/loss from discontinuing operations	5	0	8	11	1	250
Profit/loss after tax from discontinued operations	0	0	0	0	0	0
Other comprehensive income	0	1	0	2	0	(1,557)
Total comprehensive income	**5**	**1**	**8**	**13**	**1**	**(1,307)**
Attributable to non-controlling interests	2	0	0	0	0	1
Attributable to investee's shareholders	5	1	8	13	1	(1,310)
Current assets	5	158	522	159	34	2,059
Non-current assets	1,275	250	2,387	281	3	25,341
Short-term liabilities	0	(166)	(684)	(123)	(2)	(1,203)
Long-term liabilities	(1,232)	(201)	(1,933)	(230)	0	(24,351)
Net asset value	**48**	**41**	**293**	**87**	**35**	**1,846**
Attributable to non-controlling interests	0	0	0	0	0	19
Attributable to investee's shareholders	0	41	293	87	35	1,826
Group's interest in net assets of investee as at 1/1	**13**	**21**	**91**	**42**	**17**	**368**
Change in share/first-time inclusion	0	0	0	0	0	0
Total comprehensive income attributable to the Group	3	0	4	7	2	(150)
hereof income statement	3	0	4	6	2	35
hereof other comprehensive income	0	0	0	2	0	(185)
Dividends received	(1)	0	0	(8)	(2)	(18)
Share in the capital increase	0	0	0	0	0	0
Group's interest in net assets of investee as at 30/9	**15**	**20**	**95**	**41**	**17**	**199**
Valuation	(4)	(8)	(54)	(30)	(8)	0
Carrying amount	**11**	**13**	**41**	**11**	**10**	**199**

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

Impairment test for companies valued at equity

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

	2022			2021		
Cash generating units	**LLI**	**OeKB**	**UNIQA**	**LLI**	**OeKB**	**UNIQA**
Average discount interest rate (after tax)	7.8% WACC	8.6% CoE	10.4% CoE	6.0% WACC	6.4% CoE	8.4% CoE
Planning period	5 Years	3 Years	5 Years	5 Years	3 Years	5 Years

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

Based on the most recent impairment tests, an impairment loss was recognized for the majority of the investment portfolio. The effects of the war in Ukraine and the resulting macroeconomic factors impacted the valuations of investees. This was mainly due to a general increase in uncertainty, higher capitalization rates, and cost increases due to the general increase in inflation rates, particularly for energy and raw materials. Offsetting effects resulted from the higher interest rate environment, which positively impacted the companies' earnings prospects.

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

Cash generating units	Brief description	Key assumptions	Management approach
LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft (LLI)	In the two core areas of milling and vending (hot and cold beverages and food from vending machines), the LLI companies are market leaders in Austria and in some CEE markets. In addition, to hedge the portfolio, LLI holds financial investments in the German companies Südzucker AG and BayWA AG and a substantial investment in the Austrian sugar-producing group AGRANA Beteiligungs-AG.	The planning reflects cost increases, in particular due to higher commodity prices. In the medium to long term, market conditions are expected to return to normal. Planning assumptions reflect current external conditions and were approved by the Supervisory Board.	Planning includes actions to address current and expected market developments. In addition to cost savings and a suitable pricing strategy, these include further specializations, optimization through digitalization and the development of new products.
Oesterreichische Kontrollbank Aktiengesellschaft (OeKB)	OeKB fulfills two essential functions for the Austrian export industry. Firstly, it is the Republic of Austria's export credit agency; secondly, it is an issuer on the capital market. Its main subsidiaries are Österreichische Hotel- und Tourismusbank (OEHT) and Oesterreichische Entwicklungsbank (OeEB).	The planning assumptions take into account the development of volumes in export finance and have been adopted in the valuation approach. They show stable growth of loan volume over the following years. The gradual phasing out of COVID-19 measures – which affects OEHT in particular – has been taken into account.	The management approach reflects the current external conditions. The rising interest rate level and the current inflationary environment were taken into account in the planning assumptions. Existing mandates from the Republic of Austria comprise a stable basis for OeKB's business activities, which are complemented by the other services.
UNIQA Insurance Group AG (UNIQA)	UNIQA Insurance Group AG is one of the leading insurance groups in its core markets of Austria and CEE. The group has approximately 40 companies in 18 countries and serves about 16 million customers. The brands UNIQA and Raiffeisen Versicherung are two strong insurance brands in Austria and are well positioned in the CEE markets.	By taking appropriate countermeasures, UNIQA intends to continue to pursue its long-term profitability targets despite the increasing cost pressure. In summary, despite the volatile environment, it is assumed that the long-term strategic orientation will be maintained and, accordingly, that long-term returns will remain stable.	The management approach was essentially adopted as the valuation approach. It continues to be based on ongoing pursuit of the established strategic direction. Accordingly, it is assumed that a solid return on equity and the strong solvency situation will be maintained. This provides the basis for sustained dividend growth and a stable dividend yield.

Sensitivity analysis

In order to examine how a change in parameters essential for determining the cost of capital affects the value of equity, these parameters were varied in the course of the sensitivity analysis carried out. Changes in the valuation of these companies may therefore result in an adjustment to the carrying amount. In the event of a downside scenario (increase in the cost of capital by 50 basis points), the value in use of LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Oesterreichische Kontrollbank Aktiengesellschaft, ÖHT Österreichische Hotel und Tourismusbank GmbH, Posojilnica Bank eGen, Prva stavebna sporitelna a.s and Raiffeisen Leasing Management GmbH would decrease by less than 10 per cent, and that of Raiffeisen Informatik GmbH & Co KG by around 13 per cent, thus leading to a further reduction in the carrying amount. UNIQA Insurance Group AG, card complete Service Bank AG, NOTARTREUHANDBANK AG and EMCOM Beteiligungs GmbH are excluded from this scenario; a further decline in value would not lead to a reduction in the carrying amount here as the value in use would still be higher than the proportionate equity.

(25) Tangible and intangible fixed assets

Tangible fixed assets

Land and buildings as well as office furniture and equipment reported under tangible fixed assets are measured at cost of acquisition or conversion less depreciation. Depreciation is recorded under the item general administrative expenses. The straight-line method is used for depreciation and is based on the following useful life figures:

Useful life	Years
Buildings	25 – 50
Office furniture and equipment	5 – 10
Hardware	3 – 7
Right-of-use assets	2 – 35

Land is not subject to depreciation. Expected useful lives, residual values and depreciation methods are reviewed annually. Any necessary future change of estimates is taken into account.

Any anticipated permanent impairment is reported in the income statement and shown under the item impairment on non-financial assets. In the case that the reason for the impairment no longer exists, a write-up will take place up to a maximum of the amount of the amortized cost of the asset.

A tangible fixed asset is derecognized on disposal or when no future economic benefit can be expected from the continued use of the asset. The resulting gain or loss from the sale or retirement of any asset is determined as the difference between the proceeds and the carrying amount of the asset and is recognized in other net operating income.

Investment property

This is property that is held to earn rental income and/or for capital appreciation. Investment property is reported at amortized cost using the cost model permitted by IAS 40 and is shown under tangible fixed assets because of minor importance. Straight line depreciation is based on the useful life. The normal useful life of investment property is identical to that of buildings recognized under tangible fixed assets. Depreciation is recorded under the item general administrative expenses. Impairments that are expected to be permanent are recognized in profit or loss and shown in the item impairment on non-financial assets. If the reasons for the impairment cease to exist, a write-up is made up to the amortized acquisition costs.

Investment property is derecognized on disposal or when it is no longer to be used and no future economic benefit can be expected from disposal. The resulting gain or loss from the disposal is determined as the difference between the net proceeds from the disposal and the carrying amount of the asset and is recognized in other net operating income in the reporting period in which the asset was sold.

Intangible fixed assets

Acquired intangible fixed assets

In RBI, separately acquired intangible fixed assets, i.e. those with a definite useful life not acquired in a business combination, are capitalized at acquisition cost less accumulated amortization and impairment. Amortization is accrued in a straight line over the expected useful life and reported as an expense in the income statement. The expected useful life and the depreciation method are reviewed at each reporting date and any possible changes in measurement taken into account prospectively.

Separately acquired intangible fixed assets with an indefinite useful life are capitalized at acquisition cost less accumulated impairment. The normal useful life of software is between four and six years. The normal useful life for large software projects may extend over a longer period.

Internally developed intangible fixed assets – research and development costs

Internally developed intangible assets comprise exclusively software and are capitalized if it is probable that the future economic benefits attributable to the asset will accrue to RBI and the cost of the asset can be measured reliably. Expenses for research are recognized as an expense when they are incurred.

An internally developed intangible fixed asset resulting from development activities or from the development stage of an internal project is capitalized when the following evidence is provided:

- The final completion of the intangible fixed asset is technically feasible so that it will be available for use or sale.
- It is intended to finally complete the intangible fixed asset and to use or to sell it.
- The ability exists to use or to sell the intangible fixed asset. The intangible fixed asset is likely to generate future economic benefit.
- The availability of adequate technical, financial, and other resources required to complete development and to use or sell the intangible fixed asset is assured.
- The ability exists to reliably determine the expenditure incurred during the development of the intangible fixed asset.

The amount at which an internally developed intangible fixed asset is initially capitalized is the sum of all expenses incurred beginning from the day on which the aforementioned conditions are initially met. If an internally developed intangible fixed asset cannot be capitalized, or if there is not yet an intangible fixed asset, the development costs are reported in the income statement for the reporting period in which they are incurred.

Capitalized development costs are generally amortized in the Group in a straight line over a useful life of five years. The normal useful life of software is between four and six years. The normal useful life for large software projects may extend over a longer period.

Intangible fixed assets acquired in a business combination

In RBI, intangible fixed assets acquired in a business combination are reported separately from goodwill and measured at fair value. Goodwill and other intangible fixed assets without definite useful lives are tested for impairment at each reporting date. Impairment tests are performed whenever certain events (trigger events) occur during the year. Whenever circumstances indicate that the expected benefit no longer exists, impairment must be recognized pursuant to IAS 36. Intangible fixed assets with a definite useful life are amortized over the period during which the intangible fixed asset can be used.

Group companies use brands to differentiate their services from the competition. According to IFRS 3, brands of acquired companies are recognized separately under the item intangible fixed assets. Brands have an indeterminable useful life and are therefore not subject to scheduled amortization. Brands are to be tested annually for impairment and additionally whenever indications of impairment arise.

Core deposits acquired as part of a business combination are reported separately under intangible assets in accordance with IFRS 3. The core deposits were based on a useful life of ten years. The core deposits represent the present value of the cost savings obtained by subtracting the costs of the core deposits from the costs for an equivalent amount of funds from an alternative market source. The intangible value of the core deposits stems from the fact that the core deposits are a cost-effective stable funding source. The core deposits were measured using the discounted cash flow (DCF) method in which the forecast cost savings are discounted using the cost of equity.

Presentation of tangible and intangible assets

in € million	2022	2021
Tangible fixed assets	**1,684**	**1,640**
Land and buildings used by the group for own purpose	494	507
Office furniture, equipment and other tangible fixed assets	332	331
Investment property	389	307
Other leased assets (operating lease)	95	89
Right-of-use assets	374	406
Intangible fixed assets	**903**	**933**
Software	767	741
Goodwill	44	101
Brand	2	2
Customer relationships	13	19
Core deposits intangibles	60	60
Other intangible fixed assets	17	10
Total	**2,587**	**2,572**

At Crédit Agricole Srbija AD (CASRS), core deposits intangibles of € 5 million were recognized as intangible fixed assets due to the acquisition and the resulting remeasurement in accordance with IFRS 3. Customer relationships were also recognized in the amount of € 1 million.

	Cost of acquisition or conversion							
in € million	As at 1/1/2022	Discontinued operations	Change in consolidated group	Exchange differences	Additions	Disposals	Transfers	As at 31/12/2022
Tangible fixed assets	**3,255**	**–**	**(52)**	**(9)**	**356**	**(194)**	**0**	**3,356**
Land and buildings used by the group for own purpose	973	–	(23)	1	26	(28)	2	952
Office furniture, equipment and other tangible fixed assets	970	–	0	(7)	115	(79)	0	999
Investment property	503	–	(40)	(4)	108	(14)	(2)	552
Other leased assets (operating lease)	185	–	(2)	2	37	(22)	0	200
Right-of-use assets	623	–	13	(1)	70	(51)	0	654
Intangible fixed assets	**2,930**	**–**	**(44)**	**(3)**	**328**	**(179)**	**0**	**3,032**
Software	2,332	–	(49)	(5)	310	(164)	(10)	2,414
Goodwill	461	–	9	1	1	0	0	473
Brand	3	–	0	0	0	0	0	3
Customer relationships	32	–	(1)	(1)	5	(14)	0	21
Core deposits intangibles	63	–	0	2	5	0	0	70
Other intangible fixed assets	38	–	(3)	0	7	(1)	10	51
Total	**6,185**	**–**	**(96)**	**(12)**	**684**	**(373)**	**0**	**6,388**

	Write-ups, amortization, depreciation, impairment			Carrying amount
in € million	Cumulative	hereof write-ups	hereof depreciation/ impairment	As at 31/12/2022
Tangible fixed assets	**(1,672)**	**1**	**(246)**	**1,684**
Land and buildings used by the group for own purpose	(457)	0	(37)	494
Office furniture, equipment and other tangible fixed assets	(667)	1	(96)	332
Investment property	(163)	0	(10)	389
Other leased assets (operating lease)	(105)	0	(17)	95
Right-of-use assets	(280)	0	(87)	374
Intangible fixed assets	**(2,129)**	**2**	**(305)**	**903**
Software	(1,647)	2	(221)	767
Goodwill	(429)	0	(68)	44
Brand	(1)	0	0	2
Customer relationships	(8)	0	(7)	13
Core deposits intangibles	(10)	0	(6)	60
Other intangible fixed assets	(35)	0	(2)	17
Total	**(3,801)**	**3**	**(551)**	**2,587**

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

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

Software

in € million	2022	2021
Acquired software	567	535
Internally developed software	200	205

Goodwill

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

2022 in € million	AKCENTA	CASRS	EQUA	RBCZ	RKAG	Other	Total
As at 1/1	**9**	**0**	**18**	**41**	**32**	**1**	**101**
Additions	0	10	0	0	0	0	10
Merger	0	0	(18)	18	0	0	0
Impairment	0	(8)	0	(60)	0	0	(68)
Exchange rate changes	0	0	0	1	0	0	2
As at 31/12	**9**	**2**	**0**	**0**	**32**	**1**	**44**
Gross amount	9	10	0	60	59	335	472
Accumulated impairment[1]	0	(8)	0	(60)	(27)	(334)	(429)

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

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

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

Impairment test for goodwill

On each reporting date, goodwill is examined with a view to its future economic utility on the basis of cash generating units (CGUs). A cash generating unit is defined by the management and represents the smallest identifiable group of assets of a company that generates cash inflows from operations. Within RBI, all segments according to segment reporting are determined as cash generating units. Legal entities within the segments form their own CGU for the purpose of impairment testing of goodwill. The carrying amount of the relevant entity (including any assigned goodwill) is compared with its recoverable amount. This is, as a general principle, defined as the higher of the fair value less selling costs and the amount resulting from its value in use. The value in use is based on expected potential dividends discounted using a rate of interest reflecting the risk involved. The estimation of the future results requires an assessment of previous as well as future performance. The latter must consider the likely development of the relevant markets and the overall macroeconomic environment.

Impairment tests for goodwill based on cash-generating units use a multi-year plan drawn up by the relevant management team and approved by the bodies responsible. This covers the CGU's medium-term prospects for success taking into account its business strategy, overall macroeconomic conditions (gross domestic product, inflation expectations, etc.) and the specific market circumstances. The data is then used to capture the terminal value based on a going concern concept. Discounting of the earnings relevant for the measurement, i.e. potential dividends, is undertaken using risk-adapted and country-specific equity capital cost rates determined by means of the capital asset pricing model. The individual interest rate parameters (risk-free interest rate, inflation difference, market risk premium, country-specific risks, and beta factors) were defined by using external information sources. The entire planning horizon is divided into three phases with phase I covering the management planning period of three years. Detailed planning, including macroeconomic planning data, is extrapolated in phase II, which lasts another two years. The terminal value is then calculated in phase III based on the assumption of a going concern. In line with IAS 36, impairment tests for goodwill are carried out during the year if a reason for impairment occurs.

Key assumptions

	2022				2021		
Cash generating units	**RBCZ**	**RKAG**	**RBRS/CASRS**	**AKCENTA**	**RBCZ/EQUA**	**RKAG**	**AKCENTA**
Average discount interest rate (after tax)	12.8%	10.3%	19.8%	11.9%	10.5%	8.7%	9.5%
Growth rates in phase I and II (5 years) p.a.[1]	5.9%	0.9%	13.9%	n/a.	0.0%	2.1%	5.2%
Growth rates in phase III (terminal value) p.a.	0.0%	2.0%	3.8%	2.0%	3.0%	2.0%	2.0%

RBCZ: Raiffeisenbank a.s., Prague (CZ)
RKAG: Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Vienna (AT)
RBRS/CASRS: Raiffeisen banka a.d., Belgrade (RS), Crédit Agricole Srbija AD, Novi Sad (RS)
AKCENTA: Akcenta CZ a.s., Prague (CZ)
RBCZ/EQUA: Raiffeisenbank a.s., Prague (CZ), Equa bank a.s., Prague (CZ)
1 Growth rates are based on the future development of the dividend distribution, adjusted for irregular dividend distributions due to the economic environment and the integration of EQUA and CASRS.

Cash generating units	Key assumptions	Management approach	Risk assumption
RBCZ	The Czech Republic is one of the Group's focus countries in which the Group intends to expand market share through organic growth and acquisitions. The banking market is expected to grow by 4.5 per cent in 2023, with additional growth assumed for RBCZ due to the integration of Equa into RBCZ, not only the operating income but also the administrative expenses will increase in 2023. However, due to the synergies that will occur, there will be an overall reduction in administrative expenses in the planning horizon from 2023 to 2026.	The assumptions are based on internal and external sources. Macroeconomic assumptions of the research department were compared with external data sources and the five-year plan, presented to the Board of Directors and approved by the Supervisory Board.	The CNB raised interest rates several times during 2022 from 3.75 per cent to 7.00 per cent. A new CNB forecast has revised growth downwards. On the on hand, the bank is benefiting from the high interest rate environment on deposit side. On the other hand, the pressure comes from high interest rate environment for loans, overheated real estate market slowing down the mortgage business and the upcoming recession limiting demand for financing corporate business. The introduction of a windfall tax will have further negative implications.
RKAG	RKAG is one of the leading Austrian fund managing companies, has been active in international markets for years and is a well-known player in numerous European countries. A stable development is assumed. Furthermore, higher margins are expected, especially in the ESG environment. Administrative expenses will remain stable except for slight increase in the IT area.	The planning assumptions are based on internal and external sources. Macroeconomic assumptions of the research department were compared with external data sources and the five-year plan and presented to the company's managers. The plan was approved by the Supervisory Board.	The main risk for revenues lies in the development of fund volumes, which itself depends on the market and associated trends. Additional influencing factors include future sales capacities, customers' asset allocation and the level of achievable margins.
RBRS/CASRS	Republic of Serbia is one of the Group's focus countries in which the Group intends to expand market share through organic growth and acquisitions. The banking market is expected to grow by 5.4 per cent in 2023, with additional growth assumed for RBRS due to the integration of CASRS into RBRS, not only the operating income but also the administrative expenses will increase in 2023. However, due to the synergies that will occur, there will be an overall reduction in administrative expenses in the planning horizon from 2023 to 2026.	The assumptions are based on internal and external sources. Macroeconomic assumptions of the research department were compared with external data sources and the five-year plan, presented to the Board of Directors and approved by the Supervisory Board.	The NBS raised interest rates several times during 2022. The benchmark interest rate as of 12 January 2023 is 5.25 per cent. Net Interest income in year 2023 is benefiting from continued growth of market rates for all three major currencies (RSD, EUR, USD). During 2024 interest rates are projected to start their fall. Net fee and commission income is decreasing in 2023 due to one-offs from 2022 not repeating in 2023 and due to NBS moratorium on payment fees increase valid till end of third quarter 2023. Growth from 2024 onwards is driven by gradual lift of NBS limitations of fees and enlarged banks operations in 2025.
AKCENTA	CEE remains a thriving market for cross-border payments, currency exchange and the related liquidity management services for SMEs. Non-banking regional players, like Akcenta., share a solid approx. 20 per cent portion of the FX market. In 2022, in its first full year in RBI, Akcenta has optimally utilized the opportunities stemming out of the Group's footprint, esp. in the area of cash management, transaction banking and liquidity. Akcenta increased revenues by 15 per cent to nominal highest ever values and boasted EBITDA YoY increase exceeding 50 per cent.	Akcenta leveraged in 2022 on its core competence and essence of its value proposition: proximity to its customers and focus on single transaction profitability. 2022 was also marked by the inception of the investments in the digital transformation of the company aimed at enabling scalability of its services.	Akcenta's business model as a payment services provider is based on cash-backed FX transactions and payments. It uses no funds of its own for this; its income structure is based on surcharges levied on top of the current exchange rate. Akcenta's activities in important local EU CEE currency markets (CZ, PL, HU, RO) will position the company to benefit from exchange rate volatility and associated fees. On that basis, the plan uses solid growth assumptions, including an increase in net profit in the upcoming years.

RBCZ: Raiffeisenbank a.s., Prague (CZ)
RKAG: Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Vienna (AT)
RBRS/CASRS : Raiffeisen banka a.d., Belgrade (RS), Crédit Agricole Srbija AD, Novi Sad (RS)
AKCENTA: Akcenta CZ a.s., Prague (CZ)

Sensitivity analysis

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

	2022			2021		
Maximum sensitivity	RKAG	RBRS/CASRS	AKCENTA	RBCZ/EQUA	RKAG	AKCENTA
Increase in discount interest rate	10.27 PP	(0.37) PP	1.84 PP	3.6 PP	14.9 PP	1.3 PP
Reduction of the growth rate in phase III	-	3.26%	-	-	-	-

RKAG: Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Vienna (AT)
RBRS/CASRS : Raiffeisen banka a.d., Belgrade (RS), Crédit Agricole Srbija AD, Novi Sad (RS)
AKCENTA: Akcenta CZ a.s., Prague (CZ)
RBCZ/EQUA: Raiffeisenbank a.s., Prague (CZ), Equa bank a.s., Prague (CZ)

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

Non-current assets and disposal groups are classified as held for sale when the related carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is only considered met if the sale is highly probable and the asset (or disposal groups) is immediately available for sale and management has adopted a plan to sell the asset (or disposal group). Moreover, the sale transaction must be capable of being recognized as a completed sale within twelve months of the classification.

Non-current assets and disposal groups classified as held for sale are valued at the lower amount of their original carrying amount or fair value less costs to sell and are reported under the item non-current assets and disposal groups classified as held for sale. Income from non-current assets held for sale and discontinued operations is reported in the other result. If the impairment expense of the discontinued operations exceeds the carrying amount of the assets which fall under the scope of IFRS 5, there is no special provision in the IFRS on how to deal with this difference. This difference is recognized in the item provisions for onerous contracts in the statement of financial position.

In the case that the Group has adopted a plan for the sale involving control over a subsidiary, all assets and liabilities of the subsidiary concerned are classified as held for sale provided the aforementioned conditions for this are met. This applies irrespective of whether the Group retains a non-controlling interest in the former subsidiary after the sale or not. Results from discontinued business operations are reported separately in the income statement as gains/losses from discontinued operations.

in € million	2022	2021
Non-current assets from discontinued operations	0	5,491
Non-current assets and disposal groups classified as held for sale	3	39
Total	**3**	**5,531**

in € million	2022	2021
Liabilities included from discontinued operations	0	4,829
Total	**0**	**4,829**

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

In the previous year, the item non-current assets from discontinued operations classified as held for sale included the disposal group of Raiffeisenbank (Bulgaria) EAD (€ 5,239 million) and Raiffeisen Leasing Bulgaria EOOD (€ 252 million), which was deconsolidated in June 2022. In the previous year, the item non-current liabilities from discontinued operations classified as held for sale included the disposal group of Raiffeisenbank (Bulgaria) EAD (€ 4,780 million) and Raiffeisen Leasing Bulgaria EOOD (€ 49 million), which was deconsolidated in June 2022.

(27) Other assets

in € million	2022	2021
Prepayments and other deferrals	350	515
Merchandise inventory and suspense accounts for services rendered not yet charged out	148	227
Other assets	659	506
Total	**1,156**	**1,248**

(28) Provisions

Provisions are recognized when the Group has a present obligation from a past event, where it is likely that it will be obliged to settle, and a reliable estimate of the amount is possible. The level of provisions is the best possible estimate of expected outflow of economic benefits at the reporting date while taking into account the risks and uncertainties underlying the commitment to fulfill the obligation. If a provision is formed based on cash flows estimated to fulfill an obligation, the cash flows must be discounted if the interest effect is material.

Allocation of provisions is booked through different line items in the income statement depending on the nature of the provision. Allocation of loan loss provisions for contingent liabilities is recorded in the income statement under the item impairment losses on financial assets. Restructuring provisioning and other employee benefits are allocated in general administrative expenses. Provision allocations that are not assigned to general administrative expenses are as a matter of principle booked against other net operating income.

in € million	2022	2021[1]
Provisions for off-balance sheet items	**245**	**188**
Other commitments and guarantees according to IFRS 9	236	185
Other commitments and guarantees according to IAS 37	10	3
Provisions for staff	**495**	**426**
Pensions and other post employment defined benefit obligations	176	195
Other long-term employee benefits	44	57
Bonus payments	272	171
Termination benefits	4	3
Other provisions	**739**	**776**
Pending legal issues and tax litigation	448	551
Restructuring	7	17
Onerous contracts	57	59
Other provisions	226	149
Total	**1,479**	**1,390**

1 Previous-year figures adapted due to changed allocation

Provisions increased € 89 million to € 1,479 million. While provisions for bonus payments increased € 101 million to € 272 million, there was a decrease in provisions for litigation. This is due to the change in accounting policy for the recognition of expenses for credit-linked and portfolio-based provisions for litigation in connection with mortgage loans denominated in foreign currencies (CHF). Since mid-2022, in accordance with IFRS 9 B5.4.6, provisions for existing loans have been recognized as a deduction from the gross carrying amount of the loan agreement. Provisions for repaid loans continue to be recognized in accordance with IAS 37. Further details are provided in the chapter principles underlying the consolidated financial statements. This change resulted in a decrease of € 496 million. The figure remaining in the provisions for litigation item following the change is € 307 million. In Croatia, on the other hand, there was an increase of € 6 million to € 62 million related to Swiss franc loans. Compared to the end of 2021, provisions at Raiffeisen Bank S.A. for pending proceedings involving the consumer protection authority in Romania decreased € 16 million to € 12 million. At Aedificium Banca pentru Locuinte S.A., a decision was handed down regarding proceedings following an audit review by the Romanian Court of Auditors, resulting in a payment of € 23 million.

More details are available under (47) Pending legal issues.

in € million	1/1/2022	Discontinued operations	Change in consolidated group	Allocation	Release	Usage	Transfers, exchange differences	31/12/2022
Provisions for off-balance sheet items[1]	**3**	**–**	**0**	**9**	**(2)**	**0**	**0**	**10**
Other commitments and guarantees according to IAS 37	3	–	0	9	(2)	0	0	10
Provisions for staff	**426**	**–**	**16**	**223**	**(20)**	**(148)**	**(2)**	**495**
Pensions and other post employment defined benefit obligations	195	–	12	(18)	(3)	(12)	2	176
Other long-term employee benefits	57	–	1	(7)	(3)	(3)	(1)	44
Bonus payments	171	–	4	247	(15)	(132)	(4)	272
Termination benefits	3	–	0	0	0	(1)	1	4
Other provisions	**776**	**–**	**0**	**737**	**(50)**	**(211)**	**(514)**	**739**
Pending legal issues and tax litigation	551	–	1	480	(25)	(66)	(493)	448
Restructuring	17	–	0	0	(7)	(4)	1	7
Onerous contracts	59	–	0	1	0	0	(3)	57
Other provisions	149	–	(1)	256	(19)	(140)	(18)	226
Total	**1,205**	**–**	**16**	**969**	**(72)**	**(358)**	**(516)**	**1,243**

1 Provisions for off-balance-sheet items pursuant to IFRS 9 are not included and due to a more granular presentation broken down by stages under (31) Loan commitments, financial guarantees and other commitments.

in € million	1/1/2021	Discontinued operations	Change in consolidated group	Allocation	Release	Usage	Transfers, exchange differences	31/12/2021
Provisions for off-balance sheet items[1]	**1**	**0**	**0**	**2**	**0**	**0**	**0**	**3**
Other commitments and guarantees according to IAS 37	1	0	0	2	0	0	0	3
Provisions for staff	**478**	**(6)**	**3**	**135**	**(29)**	**(112)**	**(47)**	**426**
Pensions and other post employment defined benefit obligations	204	(1)	0	0	(10)	(8)	10	195
Other long-term employee benefits	59	0	0	1	(1)	(1)	(1)	57
Bonus payments	153	(5)	3	133	(18)	(101)	1	171
Termination benefits	4	0	0	1	0	(1)	0	3
Other provisions	**407**	**(2)**	**0**	**513**	**(59)**	**(82)**	**(4)**	**776**
Pending legal issues and tax litigation	247	(1)	0	338	(20)	(11)	(2)	551
Restructuring	18	0	0	11	0	(12)	0	17
Onerous contracts	62	0	0	0	(3)	0	0	59
Other provisions	80	(1)	0	164	(35)	(59)	(2)	149
Total	**886**	**(8)**	**3**	**650**	**(88)**	**(194)**	**(51)**	**1,205**

1 Provisions for off-balance-sheet items pursuant to IFRS 9 are not included and due to a more granular presentation broken down by stages under (31) Loan commitments, financial guarantees and other commitments.

Pension obligations and other termination benefits

All defined benefit plans relating to so-called social capital (provisions for pensions, provisions for severance payments and provisions for service anniversary bonuses) are measured using the Projected Unit Credit Method in accordance with IAS 19 – Employee Benefits. The biometrical basis for the calculation of provisions for pensions, severance payments and service anniversary bonuses for Austrian companies is provided by AVÖ 2018-P-Rechnungsgrundlagen für die Pensionsversicherung (Computational Framework for Pension Insurance), using the relevant parameters for salaried employees. In other countries, comparable actuarial parameters are used for calculation.

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

Funding

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

The Group expects to pay € 1,025 thousand in contributions to its defined benefit plans in 2022.

Pension obligations/defined benefit pension plans

Financial status

in € million	2022	2021
Defined benefit obligation (DBO)	142	145
Fair value of plan assets	(37)	(42)
Net liabilities/assets	**105**	**103**

Defined benefit obligations

in € million	2022	2021
Defined benefit obligation as at 1/1	**145**	**150**
Change in consolidated group	11	0
Current service cost	2	6
Interest cost	2	0
Payments	(8)	(5)
Loss/(gain) on DBO due to past service cost	0	0
Transfer	2	(1)
Remeasurements	(14)	(5)
Defined benefit obligation as at 31/12	**142**	**145**

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

Plan assets

in € million	2022	2021
Plan assets as at 1/1	**42**	**43**
Interest income	0	4
Contributions to plan assets	1	1
Plan payments	(2)	(2)
Transfer	(1)	(3)
Return on plan assets excl. interest income	(3)	0
Plan assets as at 31/12	**37**	**42**

The return on plan assets was minus € 2 million (previous year: minus € 4 million). The fair value of rights to reimbursement recognized as an asset was € 10 million (previous year: € 14 million).

Structure of plan assets

in per cent	2022	2021
Debt securities	28	40
Shares	35	40
Alternative Investments	11	7
Real estate	13	5
Cash	13	8
Total	**100**	**100**

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

Asset-Liability Matching

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

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

Actuarial assumptions

The actuarial assumptions used to calculate the net defined, long-term benefit obligation:

in per cent	2022	2021
Discount rate	2.7-9.3	0.9-3.0
Future pension basis increase	0.5-3.2	3.7
Future pension increase	0.5-3.2	2.1

The actuarial calculation of pension obligations is based on a discount rate of 3.64 per cent (previous year: 0.99 per cent) p.a. and effective pensionable salary increases, and pension increases of 8.0 per cent in the first year, 5.1 per cent in the second year and 3.2 percent in subsequent years (previous year: 3.7 per cent).

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

Years	2022	2021
Longevity at age 65 for current pensioners - males	23.4	23.2
Longevity at age 65 for current pensioners - females	26.1	25.7
Longevity at age 65 for current members aged 45 - males	25.8	25.9
Longevity at age 65 for current members aged 45 - females	28.3	28.2

The weighted average duration of the net defined benefit obligation was 11 years (previous year: 12 years).

Sensitivity analysis

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

	2022		2021	
in € million	Increase	Decrease	Increase	Decrease
Discount rate (1 percentage point change)	(12)	14	(15)	19
Future salary growth (0.5 percentage point change)	1	(1)	1	(1)
Future pension increase (0.25 percentage point change)	3	(1)	3	(3)
Remaining life expectancy (change 1 year)	7	(7)	9	(9)

Other termination benefits

in € million	2022	2021
Defined benefit obligation as at 1/1	**92**	**97**
Change in consolidated group	0	(1)
Current service cost	5	5
Interest cost	1	1
Payments	(6)	(5)
Loss/(gain) on DBO due to past service cost	0	0
Transfers	0	1
Remeasurements	(22)	(5)
Defined benefit obligation as at 31/12	**71**	**92**

Actuarial assumptions

The long-term actuarial assumptions used to calculate the other termination benefits:

in per cent	2022	2021
Discount rate	2.6-4.0	0.7-1.1
Additional future salary increase for employees	3.2-5.1	3.7

Employee benefit expenses

Details of employee benefit expenses (expenses for defined benefit pension plans, other benefits due to termination of employment) are stated under (7) General administrative expenses.

(29) Other liabilities

in € million	2022	2021[1]
Liabilities for overdue vacations	72	64
Liabilities from insurance activities	271	208
Deferred income and accrued expenses	509	509
Sundry liabilities	363	304
Total	**1,215**	**1,085**

1 Previous-year figures adapted due to changed allocation

The increase in sundry liabilities was largely due to transactions related to clearing, settlement and payment services that had not cleared as at the reporting date, especially at head office and in Russia. The increase was also affected by the reclassification of € 64 million in vacation entitlements that had been accrued but not used.

Insurance business

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

Analysis of the change in insurance contract liabilities:

in € million	Covered by LAT test	Not covered by LAT test	Total
Carrying amount as at 1/1/2021	**126**	**49**	**176**
Change in consolidated group	0	0	0
Additions	56	1	58
Usage	(12)	(12)	(24)
Other changes	(2)	(1)	(2)
Exchange rate changes	(1)	0	(1)
Investment return	2	1	3
Carrying amount as at 31/12/2021	**170**	**38**	**208**
Change in consolidated group	55	3	58
Additions	46	3	50
Usage	(36)	(9)	(45)
Other changes	(8)	5	(3)
Exchange rate changes	1	0	1
Investment return	14	(12)	2
Carrying amount as at 31/12/2022	**242**	**29**	**271**

Insurance contract liabilities must be regularly reviewed and subjected to a liability adequacy test (LAT). The adequacy test determines, on the basis of a comparison with estimated future cash flows, whether the carrying amount of insurance liabilities needs to be increased. In 2021 and 2022, there were no charges related to the liability adequacy test.

Risks in the insurance business

RBI's insurance business comprises two main lines of business: pension insurance, where interest rate and investment risk are the main risks, and life insurance, where interest rate and mortality risk are significant.

- Interest risk – The largest impact on the interest risk is the regulatory reduction of the maximum allowable technical interest rate for the reserve calculation. Due to the longevity of the policies offered by the company, a small shift in the technical interest rate has a major impact on the amount of reserves.
- Investment risk – The company is exposed to the risk that the return on investment will not exceed the guaranteed interest rate and that it will not be able to make a profit for the pension beneficiaries. The company manages investment risk as well as interest rate risk by actively managing its portfolio.
- Mortality risk – the risk of loss or adverse changes of insurance obligations' value because of mortality rate changes.

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

Sensitivity analysis

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

2022 in € million	Covered by LAT test	Scenario	Difference
Liability adequacy test best estimate	242	213	29
Increase in longevity by 10 per cent	242	218	24
Parallel shift of the yield curve by 100 basis points	242	234	8

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

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

(30) Equity and non-controlling interests

RBI applies IAS 32 Financial Instruments: Presentation, to decide whether to classify as financial liability or equity. Financial instruments issued are classified as liabilities if the contractual agreement results in RBI being committed to either deliver cash or another financial asset or a variable number of equity shares to the holder of the instrument. If this is not the case the instrument is classified as an equity instrument and the proceeds, net of transaction costs, are recognized in equity.

in € million	2022	2021
Consolidated equity	16,027	12,843
Subscribed capital	1,002	1,002
Capital reserves	4,990	4,992
Retained earnings	13,637	10,121
hereof consolidated profit/loss	3,627	1,372
Cumulative other comprehensive income	(3,601)	(3,272)
Non-controlling interests	1,127	1,010
Additional tier 1	1,610	1,622
Total	**18,764**	**15,475**

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

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

The consolidated return on equity amounted to 26.8 per cent in the financial year (previous year: 10.9 per cent). This rose due to the only 12 percentage points increased average equity base and a higher consolidated profit by 163 percentage points. The return on total assets calculated in accordance with § 64 (1) 19 BWG was 1.83 per cent (previous year: 0.78 per cent).

Subscribed capital

As at 31 December 2022, the subscribed capital of RBI AG as defined by the articles of incorporation amounted to € 1,003,266 thousand and the subscribed capital consisted of 328,939,621 non-par bearer shares. After deduction of own shares of 510,450 the stated subscribed capital totaled € 1,001,709 thousand.

Own shares

At the reporting date, own shares of RBI AG are deducted directly from equity. Gains and losses on own shares have no impact on the income statement.

The Annual General Meeting held on 31 March 2022 authorized the Management Board pursuant to § 65 (1) 8, § 65 (1a) and § 65 (1b) of the AktG to purchase own shares and to retire them if appropriate without requiring any further prior resolutions to be passed by the Annual General Meeting, though without the approval of the purchase by the Supervisory Board can also be effected off-exchange under the exclusion of the shareholders` pro rata tender right. Own shares, whether already purchased or to be purchased, may not collectively exceed 10 per cent of the company's share capital. The authorization to purchase own shares expires 30 months after the date of the Annual General Meeting resolution, i.e. until 30 September 2024. The acquisition price for repurchasing the shares may be no lower than € 3.05 per share and no higher than 10 per cent above the average unweighted closing price over the ten trading days prior to exercising this authorization.

The Management Board was further authorized, pursuant to § 65 (1b) of the AktG, to decide, with the approval of the Supervisory Board, on the sale of own shares by means other than the stock exchange or a public tender, to the full or partial exclusion of shareholders' subscription rights, and to stipulate the terms of sale. Shareholders' subscription rights may only be excluded if the own shares are used to pay for a contribution in kind, to acquire enterprises, businesses, operations, or stakes in one or several companies in Austria or abroad. This authorization may be exercised in whole, in part or in several partial amounts for one or more purposes by the company, a subsidiary (§ 189a 7 UGB) or by third parties for the account of the company or a subsidiary and remains in force for five years from the date of this resolution, i.e. until 31 March 2027.

Since that time, no own shares were purchased on the basis of the lapsed authorization from October 2020 nor on the basis of the current authorization from March 2022.

The Annual General Meeting of 31 March 2022 also authorized the Management Board, under the provisions of § 65 (1) 7 of the AktG, to purchase own shares for the purpose of securities trading, which may also be conducted off-market, during a period of 30 months from the date of the resolution (i.e. until 30 September 2024), provided that the trading portfolio of shares purchased for this purpose does not at the end of any given day exceed 5 per cent of the company's respective share capital. The consideration for each share to be acquired must not be less than half the closing price at the Vienna Stock Exchange on the last day of trading preceding the acquisition and must not exceed twice the closing price at the Vienna Stock Exchange on the last day of trading preceding the acquisition.

Due to the integration of Raiffeisen Centrobank AG into RBI AG as of 30 November 2022, which was approved by the Supervisory Board on 17 June 2020, the number of own shares increased 188,246.

Authorized capital

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

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

Dividend

The Annual General Meeting decided on 31 March 2022 not to distribute any dividend due to the war in Ukraine and to carry forward the entire distributable profit.

Dividend proposal

The Management Board will recommend a dividend of up to € 0.80 per share from the net profit for financial year 2022 although the timing of the decision is uncertain and unlikely to be made at the annual general meeting on 30 March 2023. The date of the decision and a resolution in an extraordinary general meeting will be chosen subject to capital ratios and ongoing strategic considerations.

Number of shares outstanding

Number of shares	2022	2021
Number of shares issued as at 1/1	**328,939,621**	**328,939,621**
New shares issued	0	0
Number of shares issued as at 31/12	**328,939,621**	**328,939,621**
Own shares as at 1/1	322,204	322,204
Purchase of own shares	188,246	0
Sale of own shares	0	0
Less own shares as at 31/12	**510,450**	**322,204**
Number of shares outstanding as at 31/12	**328,429,171**	**328,617,417**

Additional tier 1 capital

On 5 July 2017, RBI AG issued perpetual additional tier 1 capital (AT1) with a nominal value of € 650,000 thousand. The interest rate was until 14 December 2022 6.125 per cent p.a. and was reset thereafter at 8.659 per cent. RBI placed another issue of perpetual additional tier 1 capital (AT1) with a volume of € 500,000 thousand on 24 January 2018. The discretionary coupon on this issue is 4.5 per cent p.a. until mid-June 2025, after which it will be reset. On 29 July 2020, RBI placed another perpetual additional tier 1 capital (AT1) instrument in the amount of € 500,000 thousand. The discretionary coupon on this issue is 6 per cent p.a. until December 2026, after which point it will be reset. Due to the terms and conditions of issue, the additional tier 1 capital is classified as equity under IAS 32. Own shares, which have a carrying amount of € 27,600 thousand, were also deducted from the capital. The nominal value per security for all tranches is € 200 thousand.

Number of AT1 securities	2022	2021
Number of AT1 securities issued as at 1/1	**8,250**	**8,250**
New AT1 securities issued	0	0
Number of AT1 securities issued as at 31/12	**8,250**	**8,250**
Own AT1 securities as at 1/1	80	25
Purchase of own AT1 securities	217	435
Sale of own AT1 securities	(159)	(380)
Less own AT1 securities as at 31/12	**138**	**80**
Number of AT1 securities outstanding as at 31/12	**8,112**	**8,170**

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

Other comprehensive income comprises all income and expenses directly recognized in equity according to IFRS standards. Income and expenses recognized directly in equity that are reclassified in the income statement are reported separately from income and expenses recognized directly in equity that are not reclassified in the income statement. Currency differences resulting from the translation of equity in subsidiaries held in foreign currency, changes resulting from the hedging of net investments in a foreign entity (capital hedge), the effective part of a cash flow hedge, changes resulting from valuation of financial assets (debt instruments) of the category FVOCI, proportionate other comprehensive income from associates valued at equity as well as deferred taxes on the mentioned items are recognized in other comprehensive income. Revaluations of defined benefit plans, valuation changes of financial assets (equity instruments) of the category FVOCI, valuation changes on account of the change in the own default risk of financial liabilities at fair value, proportionate other comprehensive income from associates as well as deferred taxes on the mentioned items are reported in other comprehensive income and are not reclassified to the income statement.

in € million	Remeasurements reserve acc. to IAS 19	Exchange differences	Net investment hedge	Cash flow hedge
As at 1/1/2021	**(50)**	**(3,722)**	**242**	**0**
Unrealized net gains/losses of the period	9	0	0	0
Items that may be reclassified subsequently to profit or loss	0	255	(64)	(30)
Net gains/losses reclassified to income statement	0	(7)	0	0
Reclassification of the valuation reserve of financial assets	0	0	0	0
As at 31/12/2021	**(40)**	**(3,473)**	**178**	**(29)**
Unrealized net gains/losses of the period	34	0	0	0
Items that may be reclassified subsequently to profit or loss	0	(33)	(39)	(41)
Net gains/losses reclassified to income statement	0	7	0	0
Reclassification of the valuation reserve of financial assets	0	0	0	0
As at 31/12/2022	**(6)**	**(3,500)**	**138**	**(70)**
Deferred taxes	2	0	0	19
As at 31/12/2022 net	**(4)**	**(3,500)**	**138**	**(51)**

in € million	At fair value OCI	Fair value option	At equity	Total
As at 1/1/2021	**187**	**(55)**	**13**	**(3,385)**
Unrealized net gains/losses of the period	33	0	(24)	19
Items that may be reclassified subsequently to profit or loss	(73)	0	3	92
Net gains/losses reclassified to income statement	0	0	0	(7)
Reclassification of the valuation reserve of financial assets	0	0	0	0
As at 31/12/2021	**147**	**(55)**	**(7)**	**(3,280)**
Unrealized net gains/losses of the period	(59)	61	25	60
Items that may be reclassified subsequently to profit or loss	(108)	0	(202)	(422)
Net gains/losses reclassified to income statement	0	0	0	7
Reclassification of the valuation reserve of financial assets	3	0	0	3
As at 31/12/2022	**(16)**	**6**	**(184)**	**(3,632)**
Deferred taxes	8	(1)	3	31
As at 31/12/2022 net	**(8)**	**4**	**(181)**	**(3,601)**

Development of deferred taxes included in other comprehensive income:

in € million	1/1/2021	Change	31/12/2021	Change	31/12/2022
Remeasurements reserve acc. to IAS 19	2	0	2	1	2
Exchange differences	0	0	0	0	0
Net investment hedge	0	0	0	0	0
Cash flow hedge	0	6	6	13	19
At fair value OCI	(13)	11	(2)	9	8
Fair value option	0	0	0	(1)	(1)
At equity	3	(1)	2	1	3
Deferred taxes total	**(9)**	**17**	**8**	**23**	**31**

The changes in fair value resulting from changes in RBI's own default risk amounted to € 61 million in the reporting period (previous year: € 1 million). The difference between the current fair value of these designated liabilities and the contractually agreed payment amount for the date of final maturity amounted to € 81 million (previous year: € 259 million). There were no significant transfers within equity or derecognition of liabilities measured at fair value in the reporting period.

Non-controlling interests

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

2022 in € million	Share of voting rights and equity of non-controlling interests	Net assets of non-controlling interests	Profit/loss of non-controlling interests	Other comprehensive income of non-controlling interests	Total comprehensive income of non-controlling interests
Raiffeisen Bank JSC, Kiev (UA)	31.8%	136	21	(33)	(12)
Raiffeisenbank a.s., Prague (CZ)	25.0%	532	79	12	91
Tatra banka, a.s., Bratislava (SK)	21.2%	300	41	(3)	39
Priorbank JSC, Minsk (BY)	12.3%	56	14	(1)	13
Valida Pension AG, Vienna (AT)	42.6%	77	6	0	6
Other	n/a	26	10	1	11
Total		**1,127**	**170**	**(24)**	**147**

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

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

2022 in € million	Raiffeisen Bank JSC, Kiev (UA)	Raiffeisenbank a.s., Prague (CZ)	Tatra banka, a.s., Bratislava (SK)	Priorbank JSC, Minsk (BY)	Valida Pension AG, Vienna (AT)
Operating income	523	754	508	247	35
Profit/loss after tax	65	314	194	117	13
Other comprehensive income	(102)	48	(12)	(11)	0
Total comprehensive income	**(37)**	**362**	**182**	**105**	**13**
Current assets	3,661	11,812	8,661	1,972	91
Non-current assets	598	13,123	12,941	587	231
Short-term liabilities	3,807	20,698	16,446	2,077	10
Long-term liabilities	23	2,109	3,741	24	131
Net asset value	**428**	**2,127**	**1,415**	**458**	**181**
Net cash from operating activities	388	501	1,237	1,159	(4)
Net cash from investing activities	(339)	(296)	(655)	(257)	(2)
Net cash from financing activities	(3)	(38)	(134)	(1)	0
Effect of exchange rate changes	(57)	24	(1)	2	0
Net increase in cash and cash equivalents	**(11)**	**191**	**448**	**903**	**(7)**
Dividends paid to non-controlling interests[1]	0	2	24	0	0

1 Included in net cash from financing activities

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

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

Significant restrictions

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

The European Bank for Reconstruction and Development (EBRD) participated in the capital increase of Raiffeisen Bank JSC, Kiev, which took place in December 2015. Within the course of this transaction, RBI agreed with EBRD – if EBRD makes a corresponding request to RBI within a time window between the sixth and eighth year after EBRD acquired shares in Raiffeisen Bank JSC, Kiev – to offer ERBD RBI shares commensurate in value in exchange for the Raiffeisen Bank JSC, Kiev, shares held by EBRD in a so-called share swap. The execution of this transaction is subject to approvals from regulatory authorities, the Annual General Meeting and other committees.

Notes to financial instruments

(31) Loan commitments, financial guarantees and other commitments

Financial guarantees

According to IFRS 9, a financial guarantee is a contract under which the guarantor is obliged to make certain payments that compensate the party to whom the guarantee is issued for losses arising in the event that a particular debtor does not fulfill payment obligations on time as stipulated in the original terms of a debt instrument. At the date of recognition of a financial guarantee, the initial fair value corresponds under market conditions to the premium at the date of signature of the contract. In contrast to the presentation of impairments of financial assets, expected loan defaults are shown as a provision on the liabilities side.

Contingent liabilities and commitments

This item mainly includes contingent liabilities from undrawn loan commitments. Loan commitments must be reported when a credit risk may occur. These include commitments to provide loans, to purchase securities or to provide guarantees and acceptances. Loan loss provisions for loan commitments are reported under provisions for liabilities and charges. Often, loan commitments are only partially drawn and thus comprise a drawn and an undrawn commitment. If it is not possible to separately identify the expected credit losses applicable to a drawn commitment and those to an undrawn commitment, these are shown together with the impairments of the financial asset, in accordance with IFRS 7. The total expected credit losses are shown as a provision if they exceed the gross carrying amount of the financial asset. Major contingent liabilities from legal disputes are shown under (47) Pending legal issues.

in € million	2022	2021
Loan commitments given	37,193	42,601
Financial guarantees given	9,370	8,900
Other commitments given	4,580	4,548
Total	**51,143**	**56,050**
Provisions for off-balance sheet items according to IFRS 9	(236)	(185)

The nominal amount of loan commitments given decreased in Russia by € 6,099 million. Furthermore, a reduction of € 1,064 million was due to the sale of the Bulgarian Group units.

The increase in provisions for off-balance sheet risks according to IFRS 9 was mainly attributable to Russia amounting to € 17 million and was largely due to allocations to provisions for non-financial corporations, where a deterioration in creditworthiness triggered a transfer to Stage 2 and thus higher loan loss provisions. In addition to the provisions for off-balance sheet risks according to IFRS 9 presented, provisions of € 10 million were recognized for other commitments given made in accordance with IAS 37 (previous year: € 2 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):

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%**

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

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

in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1/1/2022	**43**	**84**	**58**	**185**
Discontinued operations	–	–	–	–
Increases due to origination and acquisition	42	27	5	73
Decreases due to derecognition	(14)	(24)	(8)	(45)
Changes due to change in credit risk (net)	(3)	29	3	29
Decrease due to write-offs	0	0	(2)	(2)
Changes due to model/risk parameters	0	1	0	0
Non-current assets and disposal groups classified as held for sale	–	–	–	–
Change in consolidated group	0	0	0	0
Foreign exchange and other	(3)	(1)	0	(5)
As at 31/12/2022	**64**	**115**	**56**	**236**

in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1/1/2021	**45**	**59**	**71**	**174**
Discontinued operations	(1)	(1)	(3)	(5)
Increases due to origination and acquisition	41	20	5	66
Decreases due to derecognition	(13)	(12)	(10)	(35)
Changes due to change in credit risk (net)	(30)	14	(4)	(20)
Decrease due to write-offs	0	0	0	0
Changes due to model/risk parameters	0	0	0	0
Non-current assets and disposal groups classified as held for sale	0	0	0	0
Change in consolidated group	0	0	0	0
Foreign exchange and other	0	4	0	5
As at 31/12/2021	**43**	**84**	**58**	**185**

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

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**

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

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

(32) Expected credit losses

General rules on impairment (IFRS 9)

This section provides an overview of those aspects of the rules on impairment that involve a higher degree of judgement or complexity and major sources of estimation uncertainty. Quantitative information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the consolidated financial statements.

Overview

Impairment losses for all debt instruments which are not measured at fair value in profit or loss and for loan commitments and financial guarantees (hereinafter referred to in this section as financial instruments) are recorded in the amount of the expected credit loss. Equity instruments are not subject to the impairment rules of IFRS 9.

If the credit risk for financial instruments has significantly increased since initial recognition, the impairment for a financial instrument must be measured at the amount of the expected credit losses over the (remaining) term. If the credit risk for financial instruments has not significantly increased since initial recognition, the impairment for a financial instrument must be measured at the amount of the present value of an expected twelve-month loss. The expected twelve-month loss is that portion of the credit losses expected over the lifetime which correspond to the expected credit losses from expected default events for a financial instrument within the twelve months following the reporting date.

RBI assesses at the end of every reporting period whether or not the credit risk for a financial instrument has significantly increased since initial recognition. Based on the method outlined above, RBI classifies its financial instruments into Stage 1, Stage 2, Stage 3 and POCI as follows:

- Stage 1 essentially includes all financial instruments whose credit default risk has not significantly increased since their initial recognition. Stage 1 also includes all transactions which show a low credit risk on the reporting date and where RBI has utilized the option available under IFRS 9 to waive the assessment of a significant increase in credit risk. A low credit risk exists for all debt securities whose internal credit rating on the reporting date is within the investment grade range. RBI did not make use of the exemption for low credit risks in the lending business. On initial recognition of loans, the bank records an impairment in the amount of the expected twelve-month loss. Stage 1 also includes loans where the credit risk improved again and which have thus been reclassified from Stage 2.
- Stage 2 includes those financial instruments whose credit risk has significantly increased since their initial recognition and which, as at the reporting date, are not classified as transactions with limited credit risk. Impairments in Stage 2 are recognized in the amount of the financial instrument's lifetime expected credit loss. Stage 2 also includes loans where the credit risk improved and which have thus been reclassified from Stage 3.
- Stage 3 includes financial instruments which are classified as impaired as at the reporting date. RBI's criterion for this classification is the definition of a default. The expected credit loss over the entire remaining lifetime of the financial instrument is also to be used as the basis for recognizing impairment of Stage 3 loans in default.
- POCI: Purchased or originated credit-impaired assets are financial assets which were already impaired at the time of initial recognition. On initial recognition, the asset is recorded at fair value without any impairment, using an effective interest rate that is adjusted for creditworthiness. The impairment recognized in subsequent periods equals the cumulative change in the lifetime expected credit loss of the financial instrument since the initial recognition in the statement of financial position. This remains the basis for measurement, even if the value of the financial instrument has risen.

Expected credit losses from financial instruments should reflect an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information that

is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

RBI calculates the expected credit loss as the probability-weighted, expected value of all payment defaults taking into account various scenarios over the expected lifetime of a financial instrument discounted with the effective interest rate that was originally determined. The expected credit losses are the present value of the difference between the contractually agreed and actually expected cash flows.

General approach

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

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

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

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

Models are applied in order to estimate the likelihood of defaults occurring, the associated default ratios and the exposure at default. RBI measures credit risks using the probability of default (PD), exposure at default (EAD) and loss given default (LGD). ESG factors are not yet explicitly included in ECL modelling.

Significant increase in the credit risk

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

Quantitative criteria

RBI's rating systems incorporate all available quantitative and qualitative information relevant for forecasting the credit risk into the PD. This metric is based primarily on a statistical selection and weighting of all available indicators. In addition, the PD adjusted in accordance with IFRS 9 requirements takes into account not only historical information and the current economic environment, but also, in particular, forward-looking information such as the forecast for the development of macroeconomic conditions. As a consequence, RBI uses the PD as a frame of reference for assessing whether the credit risk of a financial instrument has risen significantly since the date of its initial recognition. By embedding the review of the relative transfer criterion within the robust processes and procedures of the bank's Group-wide credit risk management framework, the bank ensures that a significant increase in the credit risk is identified in a reliable and timely manner based on objective criteria. The review to determine whether the credit default risk as at the financial reporting date has risen significantly since the initial recognition of the respective financial instrument is performed as at the reporting date. This review compares the observed probability of default over the residual maturity of the financial instrument (Lifetime PD) against the lifetime PD over the same period as expected on the date of recognition.

RBI uses quantitative criteria as the primary indicator of significant increase in credit risk for all material portfolios. For quantitative staging RBI compares the lifetime PD curve at reporting date with the forward lifetime PD curve at the date of initial recognition. Given the different nature of products between non-retail and retail customers, the methods for assessing potential significant increases in credit risk also differ slightly.

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

For retail exposures, the remaining cumulative PDs are compared as the logit difference (logit is in statistics the natural logarithm of a probability) between lifetime PD at reporting date and lifetime PD at origination conditional to survival up to the reporting date. A significant increase in credit risk is considered to have occurred once this logit difference is above a certain threshold. The threshold levels are calculated separately for each portfolio which is covered by individual rating-based lifetime PD models. Based on historical data, the thresholds are estimated as a specific quantile of the distribution of the above-

mentioned logit differences on the worsening portfolio (defined by country and product such as mortgage loans, credit cards and SME loans). That usually translates to a PD increase between 150 and up to 250 per cent, dependent on the default behavior of the different portfolios.

RBI has developed an adjusted methodology for retail exposures following the implementation of the ECB/EBA IRB repair package on internal (Pillar 1) models. It was already been implemented in the Croatian subsidiary in 2021 and was rolled out to eight additional subsidiaries in 2022. The effects on expected credit losses at group level were minimal for the most part. The existing approach was adjusted to account for the underlying change in the pillar 1 calibration philosophy, which, while still following a hybrid approach (mix of stable over the credit cycle and following the cycle), is more focused on stability. Due to the higher stability of the rating classification of individual loan claims, this leads to smaller differences on the logits and therefore the quantile will be chosen based on three criteria. The quantile should be still in range of 150 per cent to 250 per cent relative increase; observed volatility of the Stage 2 share over time as well as the historic observed levels of Stage 2 on portfolio level should be the guidance. The general reference values are defined on product level and range from 65 per cent to 75 per cent based on the experience gained during method development for the available selected portfolios. According to the existing methodology, 50 per cent of the PD with the greatest deterioration over their lifetime is considered significant.

Qualitative criteria

RBI uses qualitative criteria in addition to quantitative criteria to recognize a significant increase in credit risk for all material portfolios.

For the corporate customer, sovereign, bank and project finance portfolios, a transfer to Stage 2 takes place if the borrower meets one or more of the following criteria:

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

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

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

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

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

Backstop

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

Low credit risk exemption

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

Definition of default and credit-impaired assets

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

Default is assessed by referring to quantitative and qualitative triggers. The condition for default is, firstly, when contractual payments are more than 90 days past due. Secondly, borrowers are considered to be in default if they are in significant financial difficulty and any credit obligation is unlikely to be repaid in full. The definition of default has been applied consistently to model the probability of default (PD), exposure at default (EAD) and loss given default (LGD) throughout RBI's expected loss calculations.

Explanation of inputs, assumptions and estimation techniques

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

Probability of Default (PD)

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

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

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

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

Loss Given Default (LGD)

Loss given default represents RBI's expectation of the extent of loss on a defaulted exposure. Loss given default is expressed as a percentage loss per unit of exposure at the time of default.

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

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

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

Exposure at Default (EAD)

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

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

Discount factor (D)

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

Calculation

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

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

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

Shared credit risk characteristics

Stage 1, Stage 2 and Stage 3 provisions for retail customers are measured on a collective basis. For non-retail business in Stage 3, most of the provisions are individually assessed. For expected credit losses modelled on a collective basis, a grouping of exposures is performed on the basis of shared credit risk characteristics so that the exposures within each group are similar.

Retail exposure characteristics are grouped according to country, customer classification (households and SMEs), product (e.g. mortgage, personal loans, overdraft facilities or credit cards), PD rating grade and LGD pool. Each combination of the above characteristics is considered as a group with a uniform expected loss profile.

Non-retail exposure characteristics are assigned to a probability of default according to rating grade and customer segment. This groups customer types into individual assessment models. For the determination of LGD and EAD parameters, the portfolio is grouped by country and product.

Forward-looking information

As a rule, the risk parameters specific to IFRS 9 are estimated not only on historical default information but also particularly on the current economic environment (point-in-time perspective) and forward-looking information. This assessment primarily involves regularly reviewing the effects which the bank's macroeconomic forecasts will have regarding the amount of the ECL and including these effects in the determination of the ECL.

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

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

In addition to the base economic scenario, Raiffeisen Research also estimates an optimistic and a pessimistic scenario to ensure that the non-linearity of the ECL, depending on macroeconomic conditions, is captured.

In both the pessimistic and optimistic scenarios, the methodology was adjusted as a result of the high level of uncertainty related to the current geopolitical situation, specifically the war in Ukraine. As part of these revisions, variables such as the multiplier were set to reflect the higher weighting of the downside risks to the baseline GDP scenarios, thereby reflecting the asymmetrical character of such risks. As with any economic forecast, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty; therefore, the actual outcomes may be significantly different from those projected. RBI considers these forecasts to represent its best estimate of the future outcomes and cover any potential non-linearities and asymmetries within RBI's different portfolios.

The most significant assumptions used as a starting point for the expected credit loss estimates at year-end are shown below (source: Raiffeisen Research, November 2022).

Since 10-year government bonds are not issued either in Ukraine or Belarus, there are no long-term reference rates in these countries. Belarus also lacks a short-term reference rate.

		Real GDP			Unemployment		
		2023	2024	2025	2023	2024	2025
Croatia	Upside Scenario	3.6%	3.7%	4.0%	4.2%	4.8%	4.7%
	Base	1.8%	2.7%	3.0%	6.5%	6.1%	6.0%
	Downside Scenario	(1.2)%	1.0%	1.3%	8.7%	7.3%	7.2%
Ukraine	Upside Scenario	7.5%	8.9%	5.4%	11.4%	9.7%	8.7%
	Base	5.0%	7.5%	4.0%	12.0%	10.0%	9.0%
	Downside Scenario	0.9%	5.2%	1.7%	13.8%	11.0%	10.0%
Belarus	Upside Scenario	1.8%	2.0%	3.0%	3.6%	3.8%	3.8%
	Base	0.0%	1.0%	2.0%	4.0%	4.0%	4.0%
	Downside Scenario	(2.7)%	(0.5)%	0.5%	4.4%	4.2%	4.2%
Austria	Upside Scenario	1.5%	2.4%	2.2%	4.5%	4.3%	4.1%
	Base	0.5%	1.8%	1.6%	4.8%	4.7%	4.8%
	Downside Scenario	(1.4)%	0.7%	0.5%	5.2%	5.4%	5.5%
Poland	Upside Scenario	1.9%	3.6%	4.0%	4.5%	4.7%	4.8%
	Base	1.0%	3.1%	3.5%	5.1%	5.7%	5.8%
	Downside Scenario	(0.7)%	2.2%	2.6%	6.8%	7.3%	7.4%
Russia	Upside Scenario	(2.2)%	1.9%	1.9%	4.0%	4.0%	4.0%
	Base	(4.0)%	0.9%	0.9%	5.0%	4.5%	4.5%
	Downside Scenario	(6.6)%	(0.5)%	(0.5)%	7.7%	6.0%	6.0%
Romania	Upside Scenario	4.1%	5.5%	5.0%	4.4%	4.3%	3.9%
	Base	2.3%	4.5%	4.0%	5.2%	4.7%	4.4%
	Downside Scenario	0.3%	3.4%	2.9%	7.5%	6.0%	5.7%
Slovakia	Upside Scenario	2.5%	3.3%	3.4%	4.1%	4.5%	4.2%
	Base	1.0%	2.5%	2.5%	6.3%	6.0%	5.7%
	Downside Scenario	(1.9)%	0.9%	0.9%	8.9%	7.4%	7.2%
Czech Republic	Upside Scenario	2.2%	4.0%	3.6%	2.7%	2.7%	2.5%
	Base	0.9%	3.3%	2.9%	3.7%	3.2%	3.0%
	Downside Scenario	(1.5)%	1.9%	1.5%	4.6%	3.7%	3.5%
Hungary	Upside Scenario	2.4%	4.3%	4.3%	3.4%	3.6%	3.1%
	Base	1.0%	3.5%	3.5%	4.8%	4.4%	3.9%
	Downside Scenario	(1.5)%	2.1%	2.1%	6.2%	5.2%	4.7%

		Long-term bond rate			Real estate prices		
		2023	2024	2025	2023	2024	2025
Croatia	Upside Scenario	3.0%	3.0%	2.7%	7.7%	5.9%	5.9%
	Base	4.0%	3.6%	3.2%	2.8%	3.2%	3.2%
	Downside Scenario	6.9%	5.2%	4.8%	(2.0)%	0.6%	0.6%
Ukraine	Upside Scenario	0.0%	0.0%	0.0%	5.5%	3.0%	3.0%
	Base	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Downside Scenario	0.0%	0.0%	0.0%	(8.2)%	(4.5)%	(4.5)%
Belarus	Upside Scenario	0.0%	0.0%	0.0%	8.4%	5.0%	5.0%
	Base	0.0%	0.0%	0.0%	3.0%	2.0%	2.0%
	Downside Scenario	0.0%	0.0%	0.0%	(5.0)%	(2.5)%	(2.5)%
Austria	Upside Scenario	2.0%	1.9%	1.8%	0.3%	0.3%	0.3%
	Base	2.8%	2.4%	2.3%	(2.0)%	(1.0)%	(1.0)%
	Downside Scenario	4.5%	3.3%	3.2%	(4.2)%	(2.2)%	(2.2)%
Poland	Upside Scenario	5.9%	5.4%	4.3%	5.3%	5.8%	5.8%
	Base	7.1%	6.1%	5.0%	2.0%	4.0%	4.0%
	Downside Scenario	10.6%	8.0%	6.9%	(1.2)%	2.2%	2.2%
Russia	Upside Scenario	7.2%	7.7%	7.7%	0.5%	0.0%	0.0%
	Base	8.3%	8.3%	8.3%	(5.0)%	(3.0)%	(3.0)%
	Downside Scenario	11.4%	10.0%	10.0%	(13.2)%	(7.5)%	(7.5)%
Romania	Upside Scenario	6.5%	6.0%	4.9%	6.5%	5.7%	5.7%
	Base	8.1%	6.9%	5.8%	2.5%	3.5%	3.5%
	Downside Scenario	9.5%	7.7%	6.6%	(1.3)%	1.4%	1.4%
Slovakia	Upside Scenario	3.0%	2.6%	2.4%	12.0%	6.9%	6.9%
	Base	3.8%	3.1%	2.9%	5.0%	3.0%	3.0%
	Downside Scenario	6.4%	4.5%	4.3%	(1.7)%	(0.7)%	(0.7)%
Czech Republic	Upside Scenario	4.0%	3.4%	2.8%	6.4%	6.4%	6.4%
	Base	4.9%	3.8%	3.3%	2.0%	4.0%	4.0%
	Downside Scenario	7.3%	5.2%	4.6%	(2.2)%	1.7%	1.7%
Hungary	Upside Scenario	6.7%	6.9%	6.7%	7.5%	11.1%	16.1%
	Base	7.8%	7.5%	7.3%	2.0%	8.0%	13.0%
	Downside Scenario	10.9%	9.2%	9.1%	(3.3)%	5.0%	10.0%

		Consumer price index			Short term interest rate		
		2023	2024	2025	2023	2024	2025
Croatia	Upside Scenario	8.1%	4.1%	2.8%	2.1%	2.1%	1.6%
	Base	6.7%	3.3%	2.0%	2.6%	2.4%	1.9%
	Downside Scenario	5.0%	2.4%	1.1%	3.4%	2.8%	2.4%
Ukraine	Upside Scenario	23.2%	14.9%	9.1%	22.7%	20.1%	14.6%
	Base	24.9%	15.9%	10.0%	24.0%	20.8%	15.4%
	Downside Scenario	33.9%	20.9%	15.0%	29.1%	23.6%	18.2%
Belarus	Upside Scenario	14.0%	11.7%	9.2%	0.0%	0.0%	0.0%
	Base	15.5%	12.5%	10.0%	0.0%	0.0%	0.0%
	Downside Scenario	27.5%	19.2%	16.7%	0.0%	0.0%	0.0%
Austria	Upside Scenario	6.6%	3.4%	2.8%	2.1%	2.1%	1.6%
	Base	6.0%	3.1%	2.5%	2.6%	2.4%	1.9%
	Downside Scenario	5.3%	2.7%	2.1%	3.5%	2.9%	2.4%
Poland	Upside Scenario	15.8%	8.6%	4.1%	6.6%	5.8%	3.9%
	Base	13.8%	7.5%	3.0%	7.2%	6.6%	4.2%
	Downside Scenario	11.5%	6.2%	1.7%	11.0%	8.7%	6.3%
Russia	Upside Scenario	5.1%	3.1%	3.1%	6.1%	5.9%	5.9%
	Base	6.7%	4.0%	4.0%	7.2%	6.5%	6.5%
	Downside Scenario	11.1%	6.5%	6.5%	10.0%	8.1%	8.1%
Romania	Upside Scenario	13.5%	5.8%	4.4%	3.9%	4.6%	2.7%
	Base	11.7%	4.8%	3.4%	7.7%	6.7%	4.8%
	Downside Scenario	8.1%	2.8%	1.4%	14.9%	10.7%	8.8%
Slovakia	Upside Scenario	15.1%	4.7%	4.7%	2.1%	2.1%	1.6%
	Base	12.5%	3.3%	3.3%	2.6%	2.4%	1.9%
	Downside Scenario	9.5%	1.6%	1.6%	3.5%	2.9%	2.4%
Czech Republic	Upside Scenario	12.0%	3.6%	2.9%	6.4%	4.4%	2.7%
	Base	10.7%	2.9%	2.2%	7.2%	5.3%	3.1%
	Downside Scenario	6.5%	2.1%	1.4%	7.9%	5.7%	3.6%
Hungary	Upside Scenario	17.9%	7.0%	5.8%	11.2%	6.2%	4.8%
	Base	15.7%	5.8%	4.6%	11.7%	6.5%	5.1%
	Downside Scenario	13.1%	4.3%	3.1%	13.7%	7.5%	6.2%

For the development of a macroeconomic model, a variety of relevant macroeconomic variables were considered. The model employed is a linear regression model with the aim of explaining changes in or the level of the default rate. The following types of macro variables were considered as drivers of the credit cycle: real GDP growth, unemployment rate, 3-month money market rate, 10-year government bond yield, housing price index, FX rates, and the HICP inflation rate. For each country (or portfolio in case of retail exposure), a relevant set is determined based on the ability to explain historically observed default rates. Through the cycle, PDs are overlaid with the results of the macro-economic model to reflect the current and expected state of economy. For non-retail exposure for LGD, the macro model is applied on the underlying cure rates, i.e. a positive macro-economic outlook drives up the cure rates and this reduces the LGD. For retail exposures, the workout LGD is modelled in a similar manner to the default rates either directly or as well via the components like cure rate, loss given cure as well as loss given non-cure. The long-run average LGDs are overlaid with the results of the macro models to reflect current and expected state of economy. The weightings assigned to each scenario at the end of the reporting year-end are as follows: 25 per cent optimistic, 50 per cent base and 25 per cent pessimistic scenarios.

For corporate customers, the following risks and complications resulting from current economic and political developments are included in the macroeconomic models: High inflation rates by historical standards are currently triggering significant increases in key interest rates in many countries, leading to higher financing costs for companies. This development is incorporated into the models of major parts of the portfolio through a change in the 3-month money market rate and the yield on government bonds, resulting in an increase in expected default risk. While high inflation rates may be associated with higher default risk in bivariant analyses, the underlying drivers of higher default risk are actually higher interest rates as a result of higher inflation and economic growth trending downwards, which often occur simultaneously. These drivers are directly captured in the economic growth and interest rate models. In macroeconomic terms, the years 2020 and 2021 were characterized by extremely high volatility, starting with a strong decline in real GDP followed by a similar rate of positive economic growth. In contrast to comparable recessions after the great financial crisis, these developments have not been met by a wave of insolvencies and defaults, which can be attributed to two factors. For one, the COVID-driven recession primarily consisted of a temporary suspension of economic activity, which did not necessitate significant structural adjustments. Furthermore, massive political measures were taken to support the economy in order to avoid long-term consequences stemming from events such as unemployment and insolvencies. These developments underscore how the relationship between macroeconomic indicators and credit risk are influenced by circumstances that are difficult to capture by quantitative means. In order to avoid implicit distortions in the macroeconomic regression models caused by the correlation of events during the COVID pandemic, observations from the years 2020 and 2021 were not incorporated into the model. The development of real GDP during the COVID pandemic also showed how models need to take a sufficiently long history of economic developments into consideration in order to differentiate between strong economic growth immediately following a massive recession (which leads to no notable reduction in the average default risk) and generally strong economic growth (which does lead to a reduction in default risk). For segments with a longer period of historical data, current models are able to make such a differentiation, which leads to more accurate projections.

The core assumption underlying the application of macroeconomic credit risk models is that the empirical correlations between macroeconomic indicators and default risk can be extrapolated to future. In the case of the war in Ukraine, such an assumption should be critically examined. The empirical correlation between these two factors can be characterized by a direct but transitory rise in default risk. Due to the uncertainty surrounding the extent to which such a correlation can be applied to the current situation, the empirical regression model for corporate customers is averaged with the results of a second model, in which the rise in default risk resulting from a recession is strongly delayed.

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 or re-segmentation of the portfolio 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 network banks 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 other, and now only very minor COVID-19 specific adjustments.

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

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**

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

The overlays and other risk factors resulted in additional Stage 1 and 2 provisions of € 729 million (previous year: € 449 million). Of this amount, € 403 million relates to the Russia-Ukraine war and € 251 million to spill-over effects, € 16 million relates to COVID-19 and € 60 million relates to other.

Other risk factors

For corporate customers, additional impairments were recognized in the amount of € 261 million for macroeconomic effects (€ 251 million for spill-over effects) and € 10 million for COVID-19. These risks are not included in the country-specific branch matrix. Spill-over effects comprise 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 tight energy supply. Additional impairments in the amount of € 403 million were recognized for EU and US sanctions against Russia and Belarus (€ 364 million) and for the effects of the war in Ukraine (€ 38 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. Exposures to significant risk factors were also transferred to Stage 2. Recognition of additional credit losses in the amount of € 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.

In the previous year, additional expected credit loss effects were built into the modelled expected credit losses by means of an industry matrix, country specifics or, if necessary, by means of other special risk factors related to the corporate segment to cover effects of COVID-19 (€ 253 million). The category other included provisions for potential EU and US sanctions against Russia (€ 61 million) and Belarus (€ 28 million) as well as impairments for geopolitical risk in Ukraine (€ 25 million). While the ECLs related to COVID-19 have largely been reversed, the impairments relating to Ukraine have moved to Stage 3.

Post-model adjustments

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

The post-model adjustments for households (including the microenterprise segment) taken in the previous year related to COVID-19 were almost completely reversed in the reporting year (except for a residual amount of € 6 million).

The impact of the war on Ukraine's retail portfolio

For the Ukrainian retail portfolio, which has been fully reclassified as Stage 2, 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/customers located in occupied regions or territories, which run a high risk of hostilities or occupation, risk parameters were raised 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 € 10 million.

Sensitivity analysis

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

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

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

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**

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

Overall macroeconomic scenarios are currently worse than the long-term average, so that the forward-looking component results in an increase of € 252 million.

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

The 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	2022	2021
Accumulated impairment if 100% in Stage 1	613	427
Weighted average (25/50/25%)	1,535	1,011
Additional amounts in Stage 2 due to staging	921	584

The negative scenario assumes that all exposures are classified as Stage 2. As a result, all sanction and geopolitical risks, post-model adjustments as well as COVID-19 related risk factors and macroeconomic spill-over effects are considered in this analysis.

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

	Accumulated impairment (Stage 1 and 2)	
in € million	**2022**	**2021**
Accumulated impairment if 100% in Stage 2	2,232	1,701
Weighted average (25/50/25%)	1,535	1,011
Additional amounts in Stage 2	697	691

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

	Accumulated impairment (Stage 3)	
in € million	**2022**	**2021**
Pessimistic scenario	2,038	1,980
Weighted average	1,729	1,625
Increase in provisions due to pessimistic scenario	310	355

Derecognition of financial assets

Loans and debt securities are written-off (either partially or fully) where there is no expectation of payment or recovery. This happens when the borrower no longer has income from operations and collateral values cannot generate sufficient cash flows. For the exposure of companies in bankruptcy, loans are written down to the value of the collateral if the company no longer generates cash flows from its operating business. The retail business takes qualitative factors into account. In cases where no payment has been made for one year, the outstanding amounts are written-off even though derecognized assets may remain subject to enforcement activities. For the exposure of companies in gone concern cases, loans are written down to the value of the collateral if the company no longer generates cash flows from its operating business. The contractual amount outstanding on financial assets that were written off and are still subject to enforcement activity was € 1,484 million (previous year: € 1,467 million).

Derecognition of financial liabilities

The Group derecognizes a financial liability if the obligations of the Group have been paid, expired, or revoked. The income or expense from the repurchase of own liabilities is shown in the notes under (7) Other net operating income. The repurchase of own bonds also falls under derecognition of financial liabilities. Differences on repurchase between the carrying amount of the liability (including premiums and discounts) and the purchase price are reported in the income statement under other net operating income unless they are liabilities designated at fair value. If the Group repurchases financial liabilities that are accounted for using the fair value option, fair value changes resulting from a deterioration of the Group's creditworthiness (and thus a change in the default risk of the financial liability) are recognized through other comprehensive income and not reclassified to profit or loss.

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:

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%

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 € 733 million (previous year: € 258 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 € 156 million (previous year: € 120 million).

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

(33) 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:

2022 in € million	Maximum exposure to credit risk 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).

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

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

RBI employs a range of policies to mitigate credit risk, the most common of which is the acceptance of collateral for loans and advances provided. A valuation of collateral is performed during the credit approval process. This is then reviewed periodically using various validation processes. The main types of collateral which are accepted in RBI are residential and commercial real estate collateral, financial collateral, guarantees and movable goods. Long-term financing is generally secured, and revolving credit facilities are 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:

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**

2021 in € million	Maximum exposure to credit risk	Fair value of collateral[1]	Credit risk exposure net of collateral
Central banks	12,005	7,198	11,688
General governments	1,386	740	646
Banks	4,629	1,658	2,971
Other financial corporations	11,304	5,093	6,268
Non-financial corporations	51,500	23,355	28,145
Households	39,183	25,411	13,772
Loan commitments, financial guarantees and other commitments	56,050	9,024	47,026
Total	**176,058**	**72,480**	**110,516**

1 Adaption of previous year figures

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

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

2022 in € million	Maximum exposure to credit risk (Stage 3)	Fair value of collateral (Stage 3)	Credit risk exposure net of collateral (Stage 3)	Impairment (Stage 3)
Central banks	0	0	0	0
General governments	169	165	5	(5)
Banks	4	0	4	(4)
Other financial corporations	75	6	69	(34)
Non-financial corporations	1,477	354	1,123	(941)
Households	1,047	226	821	(688)
Loan commitments, financial guarantees and other commitments	227	27	200	(56)
Total	**2,999**	**778**	**2,222**	**(1,728)**

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

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

(34) Offsetting of financial assets and liabilities

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

Where the borrower and lender are the same, offsetting of loans and liabilities with matching maturities and currencies occurs if a legal right, by contract or otherwise, exists and offsetting is in line with the actually expected course of the business.

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

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

2022 in € million	Gross amount recognized financial assets	recognized financial liabilities set-off	Net amount recognized financial assets	Amounts from global netting agreements Financial instruments	Cash collateral received	Net amount
Derivatives (legally enforceable)	9,753	4,039	5,715	5,025	53	637
Repurchase, securities lending and similar agreements (legally enforceable)	15,414	0	15,414	15,167	0	247
Total	**25,168**	**4,039**	**21,129**	**20,192**	**53**	**884**

2022 in € million	Gross amount recognized financial liabilities	recognized financial assets set-off	Net amount recognized financial liabilities	Amounts from global netting agreements Financial instruments	Cash collateral received	Net amount
Derivatives (legally enforceable)	9,777	4,039	5,738	5,008	47	684
Reverse repurchase, securities lending and similar agreements (legally enforceable)	2,629	0	2,629	2,527	0	102
Total	**12,407**	**4,039**	**8,368**	**7,534**	**47**	**786**

In 2022, assets which were not subject to legally enforceable netting agreements amounted to € 185,928 million (previous year: € 173,912 million), of which an immaterial part was accounted for by derivative financial instruments and cash balances from reverse repo business. Liabilities which were not subject to legally enforceable netting agreements totaled € 179,925 million in 2022 (previous year: € 172,647 million), of which only an immaterial part was accounted for by derivative financial instruments and cash deposits from repo business.

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

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

(35) Securitization (RBI as originator)

RBI securitizes various financial assets by placing risks from these financial assets in the form of portfolios. This is done on a case-by-case basis by transferring the portfolio-based risks to special purpose vehicles (SPV) or structured entities (SE) that issue securities to investors. The assets transferred may be derecognized fully or partly. The most relevant type of transaction for RBI consists of synthetic securitizations that are reflected in the form of a transfer of risks in the existence of portfolio guarantees received from a third party. Depending on which tranche is placed externally, RBI may, as the originator, also retain rights to securitized financial assets in the form of senior or subordinated tranches, interest claims or other residual claims (retained rights).

The objective of the Group's securitization transactions is to relieve Group regulatory total capital and to use additional refinancing sources.

The following transactions for all or at least some tranches were executed with external contractual partners, were still active in the reporting year 2022 and resulted in a credit risk mitigation which led to a reduction in risk-weighted assets in regulatory reporting. The stated amounts represent the securitized portfolio and the underlying receivables as well as the externally placed tranche at the balance sheet date.

2022 in € million	Date of contract	End of maturity	Max. volume	Securitized portfolio	Outstanding portfolio[2]	Portfolio	Externally placed tranche	Amount of the externally placed tranche
Synthetic Transaction ROOF CROATIA 2022	Dec. 2022	June 2034	366	365	658	Corporate loans	Mezzanine	26
Synthetic Transaction ROOF HUNGARY 2022	Dec. 2022	March 2035	569	564	594	Building society loans	Mezzanine	76
Synthetic Transaction ROOF ROMANIA 2022	Nov. 2022	June 2039	307	283	324	Corporate loans	Mezzanine	24
Synthetic Transaction ROOF CORPORATE 2022	June 2022	Dec. 2032	1,818	1,810	9,220	Corporate loans	Mezzanine	100
Synthetic Transaction ROOF CORPORATE 2021	Dec. 2021	Aug. 2032	4,080	4,080	9,725	Corporate loans	Mezzanine	216
Synthetic Transaction ROOF MORTGAGES 2020	Dec. 2020	Dec. 2030	3,331	2,367	2,498	Building society loans	Mezzanine	129
Synthetic Transaction ROOF CRE 2019[1]	Oct. 2019	Sept. 2029	1,262	1,219	3,796	Corporate customer Project finance	Mezzanine	91
Synthetic Transaction EIF Western Balkans EDIF Serbia	Nov. 2018	Dec. 2028	20	3	5	SME loans	Junior	0
Synthetic Transaction EIF COSME Serbia	Dec. 2020	June 2034	64	24	47	SME loans	Junior	2
Synthetic Transaction State Guarantee Serbia	May 2020	April 2024	147	55	69	SME loans	Junior	16
Synthetic Transaction EIF DCFTA Ukraine	Dec. 2017	Dec. 2031	176	35	55	SME loans	Junior	5
Synthetic Transaction EIF JEREMIE Romania	Dec. 2010	Dec. 2025	173	0	0	SME loans	Junior	0
Synthetic Transaction EIF JEREMIE Slovakia	March 2013	June 2025	60	1	1	SME loans	Junior	1
Synthetic Transaction EIF Western Balkans EDIF Albania	Dec. 2016	June 2028	17	4	6	SME loans	Junior	3
Synthetic Transaction EIF Western Balkans EDIF Croatia	April 2015	May 2023	20	0	0	SME loans	Junior	0
Synthetic Transaction EIF COSME Romania	April 2017	Dec. 2034	434	96	175	SME loans	Junior	16
Synthetic Transaction EIF EASI Romania	July 2020	Dec. 2032	65	27	56	SME loans	Junior	10

1 Junior tranche held in the Group
2 Outstanding portfolio (securitized and non-securitized)
SME: Small and medium-sized enterprises

Raiffeisenbank Austria d.d., Zagreb, executed a new synthetic transaction, ROOF CROATIA 2022, which was split into a senior, a mezzanine and a junior tranche. The credit risk of the mezzanine tranche is guaranteed by an institutional investor, while the credit risk of the junior and senior tranches is retained.

Raiffeisen Bank Zrt, Budapest, executed a new synthetic transaction, ROOF HUNGARY 2022, which was split into a senior, a mezzanine and a junior tranche. The credit risk of the mezzanine tranche is guaranteed by institutional investors, while the credit risk of the junior and senior tranches is retained.

Raiffeisen Bank S.A., Bucharest, executed a new synthetic transaction, ROOF ROMANIA 2022, which was split into a senior, a mezzanine and a junior tranche. The credit risk of the mezzanine tranche is guaranteed by an institutional investor, while the credit risk of the junior and senior tranches is retained.

The Group executed a new synthetic transaction, ROOF CORPORATE 2022, which was split into a senior, a mezzanine, and a junior tranche. The credit risk of the mezzanine tranche is guaranteed by an institutional investor, while the credit risk of the junior and senior tranches is retained.

The synthetic transaction ROOF CORPORATE 2021 is split into a senior, a mezzanine, and a junior tranche. The credit risk of the mezzanine tranche is guaranteed, and cash collateralized by institutional investors, while the credit risk of the junior and senior tranches is retained.

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

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

As part of the Western Balkans Enterprise Development and Innovation Facility, Raiffeisen Bank Serbia, Belgrade, signed a portfolio guarantee agreement which was funded by the EU and which is aimed at providing access to finance for small and medium-sized enterprises. Significant risk transfer for this transaction is being recognized from year-end 2022 onwards.

As part of the COSME initiative, Raiffeisen Bank Serbia, Belgrade, signed a portfolio guarantee agreement in 2020, which was funded by the EU and which is aimed at providing access to finance for small and medium-sized enterprises. Significant risk transfer for this transaction is being recognized from year-end 2022 onwards.

As part of a State Guarantee initiative, Raiffeisen Bank Serbia, Belgrade, signed a portfolio guarantee agreement in 2020, which was funded by the Serbian National Bank, and which is aimed at providing support during the COVID-19 crisis. Significant risk transfer for this transaction is being recognized from January 2021 onwards.

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

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

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

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

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

(36) Transferred assets

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

Transferred financial assets not derecognized

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

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

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

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**

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

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

(37) Assets pledged as collateral and received financial assets

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

	2022		2021	
in € million	Pledged	Otherwise restricted with liabilities	Pledged	Otherwise restricted with liabilities
Financial assets - held for trading	41	0	141	0
Non-trading financial assets - mandatorily fair value through profit/loss	15	0	15	0
Financial assets - designated fair value through profit/loss	0	0	0	0
Financial assets - fair value through other comprehensive income	389	0	603	0
Financial assets - amortized cost	20,151	2,182	18,232	1,000
Total	**20,596**	**2,182**	**18,990**	**1,000**

Statutory, contractual, or regulatory requirements as well as protective rights of non-controlling interests might restrict the ability of the Group to access and transfer assets freely to or from other Group entities and settle liabilities. As at the reporting date, the Group has not granted any material protective rights associated with non-controlling interests and therefore these were not a source of significant restrictions.

The following products restrict the Group in the use of its assets: repurchase agreements, securities lending contracts as well as other lending contracts for margining purposes in relation to derivative liabilities, securitizations, and various insurance activities. The table below shows collaterals received as well as assets pledged as collateral and otherwise restricted assets with a corresponding liability. These assets are restricted from usage to secure funding, for legal or other reasons.

in € million	2022	2021
Securities and other financial assets accepted as collateral which can be sold or repledged	19,763	17,517
hereof which have been sold or repledged	3,179	2,068

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.

(38) Breakdown of remaining terms of maturity

Assets 2022 in € million	Current assets Due at call or without maturity	 Up to 3 months	 More than 3 months, up to 1 year	Non-current assets More than 1 year, up to 5 years	 More than 5 years
Cash, cash balances at central banks and other demand deposits	48,093	5,590	0	0	0
Financial assets - amortized cost	10,132	19,904	17,756	46,642	42,996
Financial assets - fair value through other comprehensive income	143	254	597	1,434	775
Non-trading financial assets - mandatorily fair value through profit/loss	159	20	53	110	414
Financial assets - designated fair value through profit/loss	0	0	9	72	4
Financial assets - held for trading	313	1,420	167	2,237	2,273
Hedge accounting	(934)	9	43	572	970
Investments in subsidiaries and associates	713	–	–	–	–
Tangible fixed assets	1,684	–	–	–	–
Intangible fixed assets	903	–	–	–	–
Current tax assets	100	–	–	–	–
Deferred tax assets	112	0	15	141	2
Non-current assets and disposal groups classified as held for sale	3	0	0	0	0
Other assets	489	613	42	12	1
Total	**61,911**	**27,810**	**18,681**	**51,220**	**47,435**

Equity and liabilities 2022 in € million	Short-term liabilities Due at call or without maturity	 Up to 3 months	 More than 3 months, up to 1 year	Long-term liabilities More than 1 year, up to 5 years	 More than 5 years
Financial liabilities - amortized cost	90,377	21,030	24,029	27,031	12,675
Financial liabilities - designated fair value through profit/loss	0	12	144	665	130
Financial liabilities - held for trading	17	774	503	4,059	3,101
Hedge accounting	(1,217)	42	82	1,155	774
Provisions for liabilities and charges	762	25	204	104	384
Current tax liabilities	95	85	2	0	0
Deferred tax liabilities	22	0	12	0	2
Liabilities included in disposal groups classified as held for sale	0	0	0	0	0
Other liabilities	666	320	43	86	101
Subtotal	**90,722**	**22,288**	**25,018**	**33,099**	**17,166**
Equity	18,764	–	–	–	–
Total	**109,486**	**22,288**	**25,018**	**33,099**	**17,166**

Assets 2021 in € million	Due at call or without maturity	Current assets Up to 3 months	More than 3 months, up to 1 year	Non-current assets More than 1 year, up to 5 years	More than 5 years
Cash, cash balances at central banks and other demand deposits	37,543	1,014	0	0	0
Financial assets - amortized cost	6,710	25,344	17,351	43,962	39,278
Financial assets - fair value through other comprehensive income	633	320	706	2,298	702
Non-trading financial assets - mandatorily fair value through profit/loss	360	33	15	106	453
Financial assets - designated fair value through profit/loss	23	2	193	39	6
Financial assets - held for trading	541	388	549	1,299	1,335
Hedge accounting	(279)	10	84	290	246
Investments in subsidiaries and associates	968	–	–	–	–
Tangible fixed assets	1,640	–	–	–	–
Intangible fixed assets	933	–	–	–	–
Current tax assets	73	–	–	–	–
Deferred tax assets	100	0	8	43	1
Non-current assets and disposal groups classified as held for sale	848	349	432	2,614	1,287
Other assets	652	425	156	13	2
Total	**50,745**	**27,887**	**19,495**	**50,665**	**43,310**

Equity and liabilities 2021 in € million	Due at call or without maturity	Short-term liabilities Up to 3 months	More than 3 months, up to 1 year	Long-term liabilities More than 1 year, up to 5 years	More than 5 years
Financial liabilities - amortized cost	86,524	18,457	13,692	32,269	10,758
Financial liabilities - designated fair value through profit/loss	0	85	258	735	245
Financial liabilities - held for trading	34	372	696	2,874	1,898
Hedge accounting	(541)	35	19	331	446
Provisions for liabilities and charges	834	10	138	165	307
Current tax liabilities	41	21	24	0	0
Deferred tax liabilities	36	0	9	0	1
Liabilities included in disposal groups classified as held for sale	2,320	2,027	146	333	3
Other liabilities	621	200	66	133	1
Subtotal	**89,870**	**21,208**	**15,048**	**36,840**	**13,659**
Equity	15,475	–	–	–	–
Total	**105,345**	**21,208**	**15,048**	**36,840**	**13,659**

(39) Foreign assets/liabilities

in € million	2022	2021
Assets	156,160	148,545
Equity and liabilities	131,573	112,753

Risk report

Active risk management is a core competency of RBI. In order to effectively identify, measure, and manage risks the Group continues to develop its comprehensive risk management system. Risk management is an integral part of overall bank management. Particularly, in addition to legal and regulatory requirements, it considers the nature, scale, and complexity of the Group's business activities and the resulting risks. The figures below refer to the regulatory scope of consolidation pursuant to CRR, which differs slightly from the scope of consolidation pursuant to IFRS. In terms of risk, the companies in the IFRS scope of consolidation that are not included therein are covered by the participation risk.

The risk report describes the principles and organization of risk management and describes current risk exposure in all material risk categories.

(40) Risk management principles

The Group has a system of risk principles and procedures in place for measuring and monitoring risk, which is aimed at controlling and managing material risks in the Group. The risk policy and risk management principles are laid out by the Management Board. These are regularly reported and discussed in the Supervisory Board committees. The principles include the following risk policies:

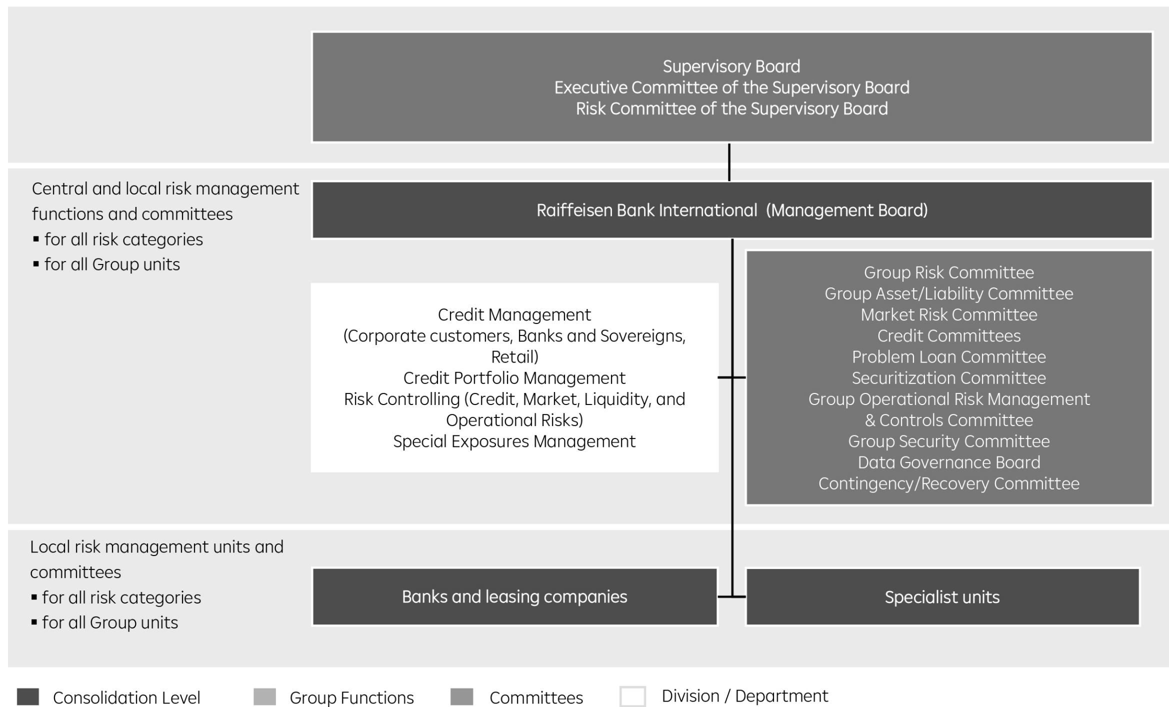
- Risk awareness: A risk culture is promoted which consciously deals with the risks inherent in banking business, in particular through the transparent presentation of information and the use of suitable tools.
- Risk appetite: Risk-taking is cautious and requires a pre-defined minimum return on the risk.
- Risk management: State-of-the-art risk management and risk controlling technologies are used which are commensurate with the materiality of the risks; risk data and risk report technologies are also effectively combined.
- Regulatory requirements: All provisions and requirements of the supervisory authorities relating to risk management are taken into account and complied with.
- Integrated risk management: Credit, country, market, liquidity, and operational risks are managed as key risks on a Group-wide basis. For this purpose, these risks are measured, limited, aggregated, and compared to available risk coverage capital.
- Standardized methodologies: Risk measurement and risk limitation methods are standardized Group-wide in order to ensure a consistent and coherent approach to risk management. This forms the basis for consistent overall bank management across all countries and business lines in RBI.
- Continuous planning: Risk strategies and risk capital are reviewed and approved in the course of the annual budgeting and planning process, whereby special attention is also paid to preventing risk concentrations.
- Independent control: A clear personnel and organizational separation is maintained between business operations and all risk management or risk control activities.
- Ex ante and ex post control: Risks are consistently measured within the scope of product selling and in risk-adjusted performance measurement. Thereby it is ensured that business in general is conducted only under risk-return considerations and that there are no incentives for taking high risks.
- New business areas: New products and market launches are subject to a prior, specific risk analysis and risk assessment and are decided on by the relevant committees.

Individual risk management units of the Group develop detailed risk strategies, which set more concrete risk targets and specific standards in compliance with these general principles. The overall Group risk strategy is derived from the Group's business strategy and the risk appetite and adds risk-relevant aspects to the planned business structure and strategic development. These aspects include for example structural limits and capital ratio targets which have to be met in the budgeting process and in the scope of business decisions. More specific targets for individual risk categories are set in detailed risk strategies. The credit risk strategy of the Group, for instance, sets credit portfolio limits for individual countries, segments and industries and defines the credit approval authority for limit applications.

(41) Organization of risk management

The Management Board of the Group ensures the proper organization and ongoing development of risk management. It decides which procedures are to be employed for identifying, measuring, and monitoring risks, and makes steering decisions according to the risk reports and analyses. The Management Board is supported in undertaking these tasks by independent risk management units and special committees.

Risk management functions are performed on different levels in the Group. RBI AG develops and implements the relevant concepts as the parent credit institution and in cooperation with the subsidiaries of the Group. The central risk management units are responsible for the adequate and appropriate implementation of the Group's risk management processes. Particularly, they establish common Group directives and set business-specific standards, tools, and practices for all Group entities. ESG risks (Environmental, Social and Governance) are implemented and managed within the framework of a project that spans business lines and includes all risk areas.



In addition, local risk management units are established in the different Group entities of RBI. They implement the risk policies for specific risk types and take active steering decisions within the approved risk budgets in order to achieve the targets set in the business policy. For this purpose, they monitor resulting risks using standardized measurement tools and report them to central risk management units via defined interfaces.

The central Group Risk Controlling division assumes the independent risk controlling function required by banking law. Its responsibilities include developing the Group-wide framework for overall bank risk management (integrating all risk types) and preparing independent reports on the risk profile for the Supervisory Board's Risk Committee, the Group Management Board and the heads of individual business units. It also measures the required risk coverage capital for different Group units and calculates the utilization of the allocated risk capital budgets in the internal capital adequacy framework.

Risk committees

The Group Risk Committee is the most senior decision-making body for all the Group's risk-related topic areas. It decides on the risk management methods and on the control concepts used for the overall Group and for key subdivisions, and is responsible for ongoing development and implementation of methods and parameters for risk quantification and for refining steering instruments. This also includes setting the risk appetite and the various risk budgets and limits at overall bank level as well as monitoring the current risk situation with respect to internal capital adequacy and the corresponding risk limits. It approves risk management and control activities (such as the allocation of risk capital) and advises the Management Board in these matters. The Group Risk Committee's scope of responsibility also includes resolution-related topics and decisions reflecting the respective SRB guidelines and requirements.

The Group Asset/Liability Committee assesses and manages the statement of financial position structure and liquidity risk and defines the standards for internal funds transfer pricing. In this context it plays an important role in planning long-term funding and hedging structural interest rate and foreign exchange risks. The Structural FX Committee is a sub-committee of the Group Asset/Liability Committee and regulates the currency risk inherent in the Group's capital position.

The Market Risk Committee controls market risks arising from trading and banking book transactions and establishes corresponding limits and processes. Particularly, it relies on profit and loss reports, the risks calculated and the limit utilization, as well as the results of scenario analyses and stress tests with respect to market risks.

The Credit Committees are staffed by front office and back office representatives, with the staff assignments depending on the type of customer (corporate customers, banks, sovereigns and retail). The committees decide upon the specific lending

criteria for the different customer segments and countries and make all credit decisions concerning those segments and countries in connection with the credit approval process (depending on rating and exposure size).

The Problem Loan Committee is the most important committee in the evaluation and decision-making process concerning problem loans. Its chairman is the Chief Risk Officer (CRO). Further members with voting rights are those members of the Management Board responsible for the customer divisions, the Chief Financial Officer (CFO), and the relevant division and departmental managers from risk management and special exposures management.

The Securitization Committee is the decision-making committee for limit requests in relation to securitization positions within the specific decision-making authority framework. It develops proposals for modifications to the securitization strategy for the Management Board. In addition, the Securitization Committee offers a platform for exchanging information regarding securitization positions and market developments.

The Group Operational Risk Management & Controls Committee comprises representatives of the business areas (retail, market and corporate customers) and representatives from Compliance (including financial crime), Internal Control System, Operations, Security, IT Risk Management and Risk Controlling, under chairmanship of the CRO. This committee is responsible for managing the Group's operational risk (including conduct risk). It derives and sets the operational risk strategy based on the risk profile and the business strategy and makes decisions regarding actions, controls and risk acceptance.

The Group Security Committee is responsible for the implementation of and compliance with the Security Policy and the IT Risk Management Policy within the Group. This includes, inter alia, approving the Security Policy and the IT Risk Management Policy, defining key performance indicators and key risk indicators, which must be reported on at Group level and in the local security committees, and defining and checking the risk appetite in relation to IT risk and security.

The Data Governance Board is the Group's higher-level decision-making body for all subject areas relating to data governance. This also includes in particular topics relating to data quality as well as to compliance with the BCBS 239 principles.

The Contingency/Recovery Committee is a decision-making body convened by the Management Board. The composition of the committee varies as circumstances require depending on the intensity and focus of the specific requirements pertaining to the situation (e.g. capital and/or liquidity). The core task of the committee is to maintain or recover financial stability in accordance with BaSAG (Austrian Banking Recovery and Resolution Act) and BRRD (Banking Recovery and Resolution Directive) in the event of a critical financial situation.

Quality assurance and internal audit

Quality assurance with respect to risk management refers to ensuring the integrity, soundness, and accuracy of processes, models, calculations, and data sources. This is to ensure that the Group adheres to all legal requirements and that it can achieve the highest standards in risk management-related operations. Two very important functions in assuring independent oversight are performed by the divisions Audit and Compliance. Independent internal auditing is a legal requirement and a central pillar of the internal control system. Internal Audit periodically assesses all business processes and contributes considerably to securing and improving them. It sends its reports directly to the Management Board, which discusses them on a regular basis in its board meetings. The Compliance Office is responsible for all issues concerning compliance with legal requirements in addition to and as an integral part of the internal control system. Thereby compliance with existing regulations in daily operations is monitored. The comprehensive risk management control function is one of the key responsibilities of the Supervisory Board's Risk Committee, which for this purpose uses the analyses and reports prepared by Audit, Compliance, and Risk Controlling.

(42) Overall group risk management

Maintaining an adequate level of capital is a core objective of the Group. Capital requirements are monitored regularly based on the risk level as measured by internal models, and in choosing appropriate models the materiality of risks annually assessed is considered. This concept of overall bank risk management provides for meeting capital requirements from both a regulatory perspective (normative perspective) and from economic points of view (economic perspective). Thus it covers the quantitative aspects of the Internal Capital Adequacy Assessment Process (ICAAP) as legally required and as described in the ICAAP Directive published by the European Central Bank. The full ICAAP process of the Group is audited during the supervisory review process for RBI credit institution group (RBI-Kreditinstitutsgruppe) on an annual basis.

The Risk Appetite Framework (RAF) limits the Group's overall risk in accordance with the Group's strategic business objectives and allocates the risk capital calculated to the different risk categories and business areas. The primary aim of the RAF is to limit risk, particularly in adverse scenarios and for major singular risks in such a way as to guarantee compliance with regulatory minimum ratios. The Risk Appetite Framework is, therefore, closely linked with the ICAAP and the ILAAP (Internal Liquidity Adequacy Assessment Process) and sets the concentration risk limits for the risk types identified as significant in the risk assessment. There is also a connection to the recovery plan as the risk capacity and risk tolerance limits in the RAF are aligned with the corresponding trigger monitoring limits. In addition, the risk appetite decided by the Management Board and the Group's risk strategy and its implementation are reported regularly to the Supervisory Board's Risk Committee.

Approach	Risk	Measurement technique	Confidence level
Economic perspective			
Economic capital	Risk that unexpected losses from the economic point of view exceed the internal capital	The unexpected loss for the risk horizon of one year (economic capital) may not exceed the current value of the tier 1 capital.	99.90 per cent
Normative perspective			
Stress scenarios	Risk of falling below a sustainable tier 1 ratio throughout an economic cycle	Capital and earnings projection for a three-year planning period based on assumptions of a significant downturn in the economy	Around 95 per cent, based on potential management decisions to reduce risk temporarily or raise additional equity capital

ESG – Risks

The following sections give a brief overview of the effect of climate-related risks and environmental risks on financial instruments in RBI, including information about the nature and extent of risks arising from financial instruments and how RBI manages those risks.

Nature of risks arising from financial instruments

Climate risk from financial instruments has been defined as the financial risks posed by the institutions' exposures to counterparties that may be affected by climate change and other forms of environmental degradation (such as air pollution, water pollution, scarcity of fresh water, land contamination, biodiversity loss and deforestation). The climate-related and environmental risk transmitters may affect the credit, market, liquidity and operational risk of a financial institution and as such RBI has extended its risk framework to include the climate-related and environmental risk as a potential additional driver of the already existing risk types.

In the Pillar 2 framework of the Internal Capital Adequacy Assessment Process (ICAAP), the climate-related and environmental risk is captured by a scenario analysis (stress test). Using the results of the scenario analysis, internal capital deduction items have been defined for the transition risk (where the customers fail to achieve transition to low-carbon production) and physical risks (e.g. collateral damage due to flooding, revenue loss due to extreme heat and drought).

In the operational risk framework including litigation risk, scenarios have been defined to account for forward-looking risks triggered by environmental risks (e.g. greenwashing). Furthermore, RBI is exposed to potential reputational damage from climate-related and environmental risks as the standards for green products are still in an early development phase (e.g. green bonds, other deposits such as certificates, funds).

Extent of risks arising from financial instruments

Initially, the focus concerning the extent of climate-related and environmental risks arising from financial instruments in RBI is on transition risk and physical risk.

Transition risk: The initial transition risk assessment was carried out on the basis of the Financed Greenhouse Gas Emissions calculation, as shown in RBI's Sustainability Report. The main risks were distributed across the utilities, oil & gas, agricultural products, chemical, construction and steel & ferrous metals sectors.

Physical risk: From an internal steering perspective, the establishment of a physical risk map and thereafter a physical risk assessment of the RBI portfolio will form the main focus during 2023. Furthermore, the potential impact of physical risks will be considered when assessing collateral.

The scenario analysis under the ECB climate-related stress test additionally showed that heat and drought scenarios and also the flood risk have a limited impact in RBI. A further scenario revealed that despite an increased flood risk in Austria (according to an external risk map), the impact on RBI's retail business is immaterial due to the high-quality loan-to-value distribution of the portfolio. Looking at the direct impact of the energy costs, it can be observed that customers in the Czech Republic, Slovakia and Austria are more deeply affected than Russian customers. This is because the proportion of single-family houses in the Czech Republic, Slovakia, and Austria is much higher than in Russia where most clients live in apartment buildings and thus have a comparatively low level of energy consumption. In other countries, the availability of the EPC label for buildings is very limited, resulting in the need to use conservative estimates.

As a signatory to the Principles for Responsible Banking, RBI also carried out a first impact analysis in 2021 using the UNEP FI tool. This analysis will be repeated on a yearly basis and the results published in the RBI Group Sustainability Report. The analyses identified climate change and circular economy as important focus areas within internal steering.

How the company manages the risks arising from financial instruments

Climate risk has been included in the risk framework as a driver of already existing risk types, and hence each relevant risk department (market, operational, liquidity and credit risk departments) is responsible for measuring and reporting the respective risks. Furthermore, the short-term management of climate risk is embedded in the existing ICAAP framework.

The first calculation of the financed greenhouse gas emissions and the performance of the impact analysis (part of the RBI Group's commitment as a signatory to the Principles for Responsible Banking) identified those industries prone to transition risks and where measures need to be set in place in order to align the portfolio to the Paris Agreement. To improve data quality relating to financed emissions, direct customer data collection was intensified via an internally developed customer questionnaire, thus gradually moving away from average/estimated figures.

In line with the goal of the Paris Agreement of keeping global warming below 2 degrees Celsius, science-based targets (SBTs) were set, as approved by the SBT initiative in September 2022. Work was also commenced on the development of corresponding sector-specific policies. The SBTs are set on a medium-term basis, whereas the sectoral polices aim to address short-term operational implementation leading to the fulfillment of these commitments.

As at the reporting date, special policies (in addition to the ones already existing for gambling and nuclear power) have been approved for thermal coal, tobacco, oil and gas, and steel. Policies for real estate and construction are being finalized and will be introduced during 2023. With the sectoral strategies, a first step clusters customers according to their ESG profile, with engagement criteria and operational targets defined in a second step. The resulting commitments (based on voluntary commitments and in accordance with regulations) are approved via the Group Risk Committee (GRC) and the RBI Management Board.

On the operational side, work is ongoing to include climate and environmental-related risks within the corporate lending process. This will be further enhanced in 2023 to better reflect the environmental score that was developed at counterparty level during 2022. The counterparty score is based on the industry base score rolled out in 2021, with the use of additional questions enabling an assessment in relation to environmental risk at counterparty level (company in focus). In October 2022, the environmental score was rolled out Group-wide for the corporate customer portfolio.

Economic perspective – economic capital approach

In this approach, risks are measured based on economic capital, which represents a comparable risk indicator across all risk types. Economic capital is calculated as the sum of unexpected losses stemming from different Group units and different risk categories. In addition, a general buffer is held to cover risk types not explicitly quantified.

The Group uses a confidence level of 99.90 per cent to calculate economic capital. In compliance with the ICAAP Directive published by the European Central Bank, additional tier 1 (AT1) has no longer been used to calculate the internal capital since year-end 2021. The economic capital recorded a strong increase to € 8,632 million compared to year-end 2021, mainly driven by effects resulting from the military conflict in Ukraine and the sanctions against Russia and Belarus. Specifically, this included rating downgrades in the countries concerned and higher market volatility, as well as an increase in the FX risk capital position. In addition, the operational risk increased due to higher allocations to provisions for foreign currency loans in Poland.

The integration of ESG risk in the ICAAP, with initial focus on environmental factors, was achieved by extending the established risk types (credit risk, operational risk, market risk). An internal steering-relevant climate stress test was carried out in the first half-year 2022. The climate risk component is thus directly considered in the internal capital calculation in line with the internal regulation, which has been expanded to include climate aspects.

Risk contribution of individual risk types to economic capital:

in € million	2022	Share	2021	Share
Credit risk corporate customers	1,653	19.1%	1,820	27.2%
Credit risk retail customers	1,610	18.7%	1,459	21.8%
FX risk capital position	1,312	15.2%	286	4.3%
Market risk	929	10.8%	507	7.6%
Operational risk	799	9.3%	597	8.9%
Participation risk	646	7.5%	718	10.7%
Credit risk sovereigns	595	6.9%	533	8.0%
Credit risk banks	348	4.0%	155	2.3%
Owned property risk	306	3.5%	287	4.3%
CVA risk	22	0.3%	21	0.3%
Liquidity risk	0	0.0%	0	0.0%
Risk buffer	411	4.8%	319	4.8%
Total	**8,632**	**100.0%**	**6,702**	**100.0%**

Regional allocation of economic capital by Group unit domicile:

in € million	2022	Share	2021	Share
Eastern Europe	2,634	30.5%	1,198	17.9%
Austria	2,208	25.6%	2,357	35.2%
Central Europe	1,952	22.6%	1,530	22.8%
Southeastern Europe	1,839	21.3%	1,617	24.1%
Total	**8,632**	**100.0%**	**6,702**	**100.0%**

In the risk capital allocation as at 31 December 2022, the proportion accounted for by Group units in Eastern Europe increased sharply due to the increase in the FX risk capital position and at over 30 per cent is now more than that of the Group units in Austria. The stronger growth in the economic capital share in Central Europe pushed the Group units in this region just above the Group units in Southeastern Europe.

Economic capital is an important instrument in overall bank risk management. Economic capital limits are allocated to individual business areas during the annual budgeting process and are supplemented in day-to-day management by volume, sensitivity, and value-at-risk limits. The Group planning process is undertaken on a revolving basis for the coming three years and incorporates future changes in economic capital as well as available internal capital. Economic capital thus substantially influences plans for future lending activities and the overall limit for market risk.

Risk-adjusted performance measurement is also based on the indicator for economic capital. The profitability of a business unit is examined in relation to the amount of economic capital attributed to the unit in question (risk-adjusted profit in relation to risk-adjusted capital, RORAC), which yields a comparable performance indicator for all business units in the Group. That indicator is used in turn as a key figure in overall bank management and for future capital allocation, and influences the remuneration paid to the Group's executive management.

Normative perspective – stress scenarios

The analysis of the stress scenarios in the normative perspective of the ICAAP is intended to ensure that the Group has sufficiently high capital ratios at the end of the multi-year planning period, even in a severe macroeconomic downturn scenario. The analysis is based on a multi-year macroeconomic stress test where hypothetical market developments in a severe but realistic economic downturn scenario are simulated. The risk parameters used include interest rates, foreign exchange rates and securities prices, as well as changes in default probabilities and rating migrations in the credit portfolio.

The integrated stress test focuses primarily on the capital ratios at the end of the multi-year observation period. These should not fall below a sustainable level, meaning that they should not require the bank to substantially increase capital or to significantly reduce its business activities. The current minimum amount of capital is therefore determined by the size of a potential economic downturn. The downturn scenario assumed incorporates recognition of the necessary loan loss provisions and potential pro-cyclical effects (which increase the minimum regulatory capital requirement) along with the impact of foreign exchange rate fluctuations and other valuation and earnings effects. Regulatory changes that are already known are considered for the planning period.

This perspective thus also complements traditional risk measurement methods based on the value-at-risk concept (which is in general based on historical data). Therefore, it can account for exceptional market situations that have not been observed in the past, and permits estimation of the potential impact of such developments. The stress test also allows for analyzing risk concentrations (e.g. individual positions, industries, or geographical regions) and gives insight into profitability, liquidity situation, and solvency under extreme situations. Building on these analyses, risk management in the Group actively contributes to portfolio diversification, for example via limits for the total credit exposure to individual industry segments and countries and through ongoing updates to lending standards.

(43) Credit risk

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

Limit application process

In the non-retail area, each lending transaction runs through the limit application process before a decision is made. This process covers – besides new lending – increases in existing limits, rollovers, overdrafts, and changes in the risk profile of a borrower (e.g. with respect to the financial situation of the borrower, the agreed terms and conditions, or the collateral furnished) compared to the time of the original lending decision. It is also used when setting counterparty limits for trading and new issuance operations as well as other credit limits, and for equity investments subject to credit risk.

Credit decisions are made within the context of a competence authority hierarchy based on the size and type of the loan. Approval from the business and the credit risk management divisions is always required when making individual limit decisions or performing regular rating renewals. If the individual decision-making parties disagree, the potential transaction is decided upon by the next higher-ranking credit authority.

The whole limit application process is based on defined uniform principles and rules. Account management for multinational customers doing business with more than one RBI Group unit simultaneously is supported by the Global Account Management System, for example. This is made possible by Group-wide unique customer identification in the non-retail asset classes.

The limit application process in the retail division is automated to a great degree due to the high number of applications and relatively low exposure amounts. Limit applications are often assessed and approved in central processing centers based on credit score cards. This process is facilitated by the respective IT systems.

Credit portfolio management

Credit portfolio management in the Group is, among other aspects, based on the credit portfolio strategy which is in turn based on the business and risk strategy. The strategy selected is used to limit the exposure amount in different countries, industries or product types and thus prevents undesired risk concentrations. Additionally, the long-term potentials of different markets are continuously analyzed. This allows for an early strategic repositioning of future lending activities.

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

The following table shows the reconciliation of the gross carrying amounts of the items on the statement of financial position to the credit exposure (banking and trading book positions), which is used in portfolio management. It includes both exposures on and off the statement of financial position before the application of credit-conversion factors, and thus represents the total credit exposure. It is not reduced by the effects of credit risk mitigation such as guarantees or physical collateral, effects that are, however, considered in the total assessment of credit risk. The total credit exposure is also used – if not explicitly stated otherwise – for referring to exposures in all subsequent tables in the risk report. The reasons for the differences in the values used for internal portfolio management and for external financial accounting are the different scopes of consolidation (regulatory versus accounting rules according to IFRS) and differences in the classification and presentation of exposure volumes, especially in the case of repo transactions and derivatives, particularly SA-CCR (standardized approach for measuring counterparty credit risk).

in € million	2022	2021
Cash, cash balances at central banks and other demand deposits	48,587	33,147
Financial assets - amortized cost	140,561	139,668
Financial assets - fair value through other comprehensive income	3,160	4,709
Non-trading financial assets - mandatorily at fair value through profit / loss	751	978
Financial assets - designated fair value through profit/loss	84	264
Financial assets - held for trading	6,124	3,759
Hedge accounting	661	352
Current tax assets	100	73
Deferred tax assets	269	152
Other assets	912	1,034
Loan commitments given	37,193	42,601
Financial guarantees given	9,370	8,900
Other commitments given	4,580	4,548
Reconcilation difference	(6,399)	(8,003)
Credit exposure	**245,953**	**232,183**

Around € 4..8 billion of the reconcilation difference was attributable to the implementation of SA-CCR.

The detailed credit portfolio analysis shows the breakdown by rating category. Customer rating assessments are performed separately for different asset classes using internal risk classification models (rating and scoring models), which are validated by a central organizational unit. The default probabilities assigned to individual rating grades are calculated separately for each asset class. However, the use of a master scale enables rating grades to be compared even across business segments.

Rating models in the non-retail asset classes – corporates, banks and sovereigns – are uniform in all Group units and rank creditworthiness in 27 grades of the master scale. For retail asset classes, country specific scorecards are developed based on uniform Group standards. Tools are used to produce and validate ratings (e.g. business valuation tools, rating and default databases).

Credit exposure by asset classes (rating models):

in € million	2022	2021
Corporate customers	90,300	95,080
Project finance	9,268	8,359
Retail customers	50,412	48,031
Banks	32,156	20,864
Sovereigns	63,816	59,849
Total	**245,953**	**232,183**

Credit portfolio – Corporate customers

The internal rating models for corporate customers take into account qualitative parameters, various ratios from the statement of financial position, and profit ratios covering different aspects of customer creditworthiness for various industries and countries. In addition, the model for smaller corporates also includes an account behavior component.

The following table shows the credit exposure according to internal corporate rating (large corporates, mid-market and small corporates). For presentation purposes, the individual grades of the rating scale have been combined into nine main rating grades.

	in € million	Lower PD bound in %	Upper PD bound in %	2022	Share	2021	Share
1	Minimal risk	> 0.0000%	≤ 0.0300%	2,716	3.0%	2,030	2.1%
2	Excellent credit standing	> 0.0300%	≤ 0.0751%	7,374	8.2%	8,634	9.1%
3	Very good credit standing	> 0.0751%	≤ 0.1878%	21,867	24.2%	22,974	24.2%
4	Good credit standing	> 0.1878%	≤ 0.4694%	21,709	24.0%	22,532	23.7%
5	Sound credit standing	> 0.4694%	≤ 1.1735%	16,627	18.4%	18,430	19.4%
6	Acceptable credit standing	> 1.1735%	≤ 2.9338%	11,000	12.2%	12,572	13.2%
7	Marginal credit standing	> 2.9338%	≤ 7.3344%	3,677	4.1%	4,821	5.1%
8	Weak credit standing/sub-standard	> 7.3344%	≤ 18.3360%	2,070	2.3%	1,411	1.5%
9	Very weak credit standing/doubtful	> 18.3360%	< 100%	1,706	1.9%	168	0.2%
10	Default	100%	100%	1,427	1.6%	1,267	1.3%
NR	Not rated			128	0.1%	240	0.3%
Total				**90,300**	**100.0%**	**95,080**	**100.0%**

The not rated category includes € 36 million in loans and advances to mid-market and small corporates.

The credit exposure to corporate customers fell € 4,780 million to € 90,300 million compared to year-end 2021. The decline in the credit exposure was largely due to credit and facility financing in Russia, Ukraine and Germany. The decline was also attributable to the sale of the Bulgarian Group units (down € 2,526 million), which was partly offset by the acquisition of Crédit Agricole Srbija AD. In Russia, the sanctions, among other things, led to a volume-related decline, which was partly mitigated by the appreciation of the Russian ruble. This decline was the reason for the reduced credit exposure in rating grades 2, 3, 4, 5 and 7. The decline was also the result of reduced credit exposure in rating grade 5 in Austria and in rating grade 2 in Austria, Belgium, Romania and Spain. In rating grade 4, the decline in Russia was partly offset by an increase in credit and facility financing in the Czech Republic. The increase in rating grades 8 and 9 was primarily attributable to rating downgrades due to the capping of customer ratings with the country rating in Russia, Belarus and Ukraine.

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

in € million		2022	Share	2021	Share
6.1	Excellent project risk profile – very low risk	4,857	52.4%	4,807	57.5%
6.2	Good project risk profile – low risk	3,617	39.0%	2,539	30.4%
6.3	Acceptable project risk profile – average risk	423	4.6%	666	8.0%
6.4	Poor project risk profile – high risk	94	1.0%	16	0.2%
6.5	Default	264	2.8%	325	3.9%
NR	Not rated	13	0.1%	6	0.1%
Total		**9,268**	**100.0%**	**8,359**	**100.0%**

The € 909 million increase in project finance was mainly attributable to volume increases in rating grade 6.2 in Slovakia, the Czech Republic, Germany and Austria, partly as a result of rating downgrades from rating grade 6.1. The increases in rating grade 6.1, especially in the Czech Republic (€ 474 million) were largely offset by rating downgrades of Russian and Slovakian customers.

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

in € million	2022	Share	2021	Share
Central Europe	25,596	25.7%	23,215	22.4%
Western Europe	25,093	25.2%	26,168	25.3%
Austria	19,125	19.2%	18,623	18.0%
Southeastern Europe	14,464	14.5%	14,388	13.9%
Eastern Europe	11,625	11.7%	17,759	17.2%
Asia	1,918	1.9%	1,667	1.6%
Other	1,748	1.8%	1,618	1.6%
Total	**99,569**	**100.0%**	**103,439**	**100.0%**

The decline in Eastern Europe resulted from reduced credit and facility financing in Russia, Ukraine and Belarus. The decline in Western Europe was primarily attributable to lower credit and facility financing in Germany, France, Belgium, Spain and Great Britain, and to documentary credits in Switzerland. The increase in Central Europe was mainly due to the increase in credit financing and guarantees issued in the Czech Republic, Hungary and Slovakia. The increase in Austria especially resulted from the increase in credit financing and guarantees issued. The sale of the Bulgarian Group units resulted in a € 2,650 million reduction in the credit exposure in Southeastern Europe and was offset by the acquisition of Crédit Agricole Srbija AD (€ 670 million) and by increases in credit and facility financing in Serbia and Romania.

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

in € million	2022	Share	2021	Share
Manufacturing	24,711	24.8%	26,270	25.4%
Wholesale and retail trade	20,800	20.9%	24,175	23.4%
Real estate	12,943	13.0%	12,852	12.4%
Financial intermediation	9,191	9.2%	8,814	8.5%
Construction	6,156	6.2%	5,863	5.7%
Electricity, gas, steam and hot water supply	5,580	5.6%	4,726	4.6%
Transport, storage and communication	3,743	3.8%	4,122	4.0%
Freelance/technical services	2,870	2.9%	2,481	2.4%
Other industries	13,574	13.6%	14,136	13.7%
Total	**99,569**	**100.0%**	**103,439**	**100.0%**

Credit portfolio – Retail customers

Retail customers are subdivided into private individuals and small and medium-sized entities (SMEs). For retail customers a two-fold scoring system is used, consisting of the initial and ad-hoc scoring based on customer data and of the behavioral scoring based on account data.

in € million	2022	Share	2021	Share
Retail customers – private individuals	47,338	93.9%	44,683	93.0%
Retail customers – small and medium-sized entities	3,074	6.1%	3,348	7.0%
Total	**50,412**	**100.0%**	**48,031**	**100.0%**

Credit exposure to retail customers by internal rating:

in € million		Lower PD bound in %	Upper PD bound in %	2022	Share	2021	Share
0.5	Minimal risk	> 0.00%	≤ 0.17%	11,488	22.8%	12,192	25.4%
1.0	Excellent credit standing	> 0.17%	≤ 0.35%	9,574	19.0%	8,577	17.9%
1.5	Very good credit standing	> 0.35%	≤ 0.69%	8,851	17.6%	8,449	17.6%
2.0	Good credit standing	> 0.69%	≤ 1.37%	6,210	12.3%	6,275	13.1%
2.5	Sound credit standing	> 1.37%	≤ 2.70%	3,919	7.8%	3,660	7.6%
3.0	Acceptable credit standing	> 2.70%	≤ 5.26%	2,403	4.8%	2,189	4.6%
3.5	Marginal credit standing	> 5.26%	≤ 10.00%	1,189	2.4%	840	1.7%
4.0	Weak credit standing/sub-standard	> 10.00%	≤ 18.18%	535	1.1%	359	0.7%
4.5	Very weak credit standing/doubtful	> 18.18%	< 100%	652	1.3%	397	0.8%
5.0	Default	100%	100%	1,286	2.6%	1,318	2.7%
NR	Not rated			4,305	8.5%	3,776	7.9%
Total				**50,412**	**100.0%**	**48,031**	**100.0%**

The not rated credit exposure was mainly due to the takeover of Serbian portfolios and to credit card limits.

Credit exposure to retail customers by segments:

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

2021 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Retail customers – private individuals	22,043	10,510	5,953	6,177
Retail customers – small and medium-sized entities	1,748	1,296	304	0
Total	**23,791**	**11,806**	**6,257**	**6,177**
hereof non-performing exposure	598	487	194	32

In 2022, the credit exposure to retail customers grew 5 per cent, with the largest increase of € 2,711 million being in Group Corporates & Markets, primarily due to building society mortgage loans. Central Europe recorded growth of € 575 million, due to the increase in mortgage and consumer loans in the Czech Republic and Slovakia. The decline in Southeastern Europe was due to the sale of the Bulgarian Group units (down € 2,205 million) and was partly offset by the acquisition of Crédit Agricole Srbija AD (€ 747 million). Eastern Europe recorded a decline due to reduced mortgage and consumer loans in Russia, Belarus and Ukraine (partly currency-related due to the depreciation of the Ukrainian hryvnia).

Retail credit exposure by products:

in € million	2022	Share	2021	Share
Mortgage loans	29,990	59.5%	28,886	60.1%
Personal loans	10,993	21.8%	10,879	22.6%
Credit cards	5,215	10.3%	3,708	7.7%
SME financing	2,370	4.7%	2,622	5.5%
Overdraft	1,204	2.4%	1,364	2.8%
Car loans	640	1.3%	572	1.2%
Total	**50,412**	**100.0%**	**48,031**	**100.0%**

2022 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Mortgage loans	17,354	3,566	2,328	6,742
Personal loans	3,774	4,833	2,101	284
Credit cards	1,383	1,113	1,123	1,596
SME financing	950	1,015	243	163
Overdraft	546	345	209	104
Car loans	358	265	17	0
Total	**24,366**	**11,137**	**6,021**	**8,888**

2021 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Mortgage loans	16,949	3,905	2,350	5,682
Personal loans	3,461	4,925	2,385	107
Credit cards	1,444	1,118	965	180
SME financing	937	1,264	295	127
Overdraft	676	368	240	80
Car loans	323	226	22	0
Total	**23,791**	**11,806**	**6,257**	**6,177**

Credit portfolio – Banks

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

in € million		Lower PD bound in %	Upper PD bound in %	2022	Share	2021	Share
1	Minimal risk	> 0.0000%	≤ 0.0300%	7,233	22.5%	3,668	17.6%
2	Excellent credit standing	> 0.0300%	≤ 0.0751%	9,373	29.1%	4,385	21.0%
3	Very good credit standing	> 0.0751%	≤ 0.1878%	10,270	31.9%	6,193	29.7%
4	Good credit standing	> 0.1878%	≤ 0.4694%	499	1.6%	5,649	27.1%
5	Sound credit standing	> 0.4694%	≤ 1.1735%	127	0.4%	418	2.0%
6	Acceptable credit standing	> 1.1735%	≤ 2.9338%	3,780	11.8%	433	2.1%
7	Marginal credit standing	> 2.9338%	≤ 7.3344%	435	1.4%	91	0.4%
8	Weak credit standing/sub-standard	> 7.3344%	≤ 18.3360%	35	0.1%	23	0.1%
9	Very weak credit standing/doubtful	> 18.3360%	< 100%	385	1.2%	0	0.0%
10	Default	100%	100%	16	0.0%	3	0.0%
NR	Not rated			4	0.0%	0	0.0%
Total				**32,156**	**100.0%**	**20,864**	**100.0%**

Credit exposure to banks increased primarily due to the increase in loans and advances in rating grades 1 and 2 in China and the USA, repo transactions in France and the Netherlands and in rating grade 6 in Russia. In addition, rating grade 4 recorded a

decline in repo transactions mainly in France, Spain and Italy, also due to rating upgrades of individual customers to rating grade 3. The increase in rating grade 1 was also due to an increase in bonds to international organizations.

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

in € million	2022	Share	2021	Share
Western Europe	12,431	38.7%	10,712	51.3%
Eastern Europe	4,576	14.2%	1,790	8.6%
Asia	4,043	12.6%	689	3.3%
Austria	3,400	10.6%	3,417	16.4%
Central Europe	1,142	3.6%	1,084	5.2%
Southeastern Europe	400	1.2%	253	1.2%
Other	6,165	19.2%	2,918	14.0%
Total	**32,156**	**100.0%**	**20,864**	**100.0%**

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

in € million	2022	Share	2021	Share
Loans and advances	12,124	37.7%	5,201	24.9%
Repo	12,049	37.5%	8,467	40.6%
Bonds	4,950	15.4%	4,052	19.4%
Money market	1,515	4.7%	1,153	5.5%
Derivatives	534	1.7%	612	2.9%
Other	984	3.1%	1,378	6.6%
Total	**32,156**	**100.0%**	**20,864**	**100.0%**

Credit portfolio – Sovereigns

Another asset class is formed by central governments, central banks, and regional municipalities as well as other public sector entities. The credit exposure to sovereigns includes local and regional governments.

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

in € million		Lower PD bound in %	Upper PD bound in %	2022	Share	2021	Share
1	Excellent credit standing	> 0.0000%	≤ 0.0300%	36,204	56.7%	30,797	51.5%
2	Very good credit standing	> 0.0300%	≤ 0.0751%	12,860	20.2%	15,392	25.7%
3	Good credit standing	> 0.0751%	≤ 0.1878%	6,398	10.0%	7,391	12.3%
4	Sound credit standing	> 0.1878%	≤ 0.4694%	4,433	6.9%	3,811	6.4%
5	Average credit standing	> 0.4694%	≤ 1.1735%	545	0.9%	1,183	2.0%
6	Mediocre credit standing	> 1.1735%	≤ 2.9338%	1,220	1.9%	75	0.1%
7	Weak credit standing	> 2.9338%	≤ 7.3344%	24	0.0%	1,198	2.0%
8	Very weak credit standing	> 7.3344%	≤ 18.3360%	0	0.0%	0	0.0%
9	Doubtful/high default risk	> 18.3360%	< 100%	1,768	2.8%	0	0.0%
10	Default	100%	100%	362	0.6%	1	0.0%
NR	Not rated			2	0.0%	0	0.0%
Total				**63,816**	**100.0%**	**59,849**	**100.0%**

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

On 29 June 2022, the Belarusian Ministry of Finance announced that Western sanctions which have limited the country's ability to deal in foreign currencies were pushing the country into default despite being able to service its debts. According to available information, holders of Belarusian sovereign eurobonds due in 2027 did not receive debt payments in their original currency, US dollars, after the government of Belarus said it would rather service the bonds in its own currency, the Belarusian ruble. A payment which was originally due on 29 June remained unpaid upon the expiry of a 14-day grace period. In response to this, RBI

set the internal rating of Belarusian sovereign bonds in July to the lowest level possible (SOV 10), however consistent with the regulatory guidelines and internal credit risk management, the external non-payment event in this case is not considered a default as the government bonds according to Belarusian law held by the local subsidiary bank are still paying the original expected contractual cash flows.

On 10 August 2022, Ukraine concluded an external debt restructuring due to significant macroeconomic, external and fiscal pressures emanating from the war. The restructuring has been backed by the International Monetary Fund and Western democracies as the country needs to cover general government spending as well as pay for the defense of Ukraine. The majority of the country's foreign currency bondholders agreed to a deferral of debt payments for two years. In response to this, RBI set the internal rating of Ukrainian sovereign bonds to the lowest level possible (SOV 10) on 17 August 2022, however consistent with the regulatory guidelines and internal credit risk management, the external non-payment event in this case was not considered a default as the local currency instruments held by the local subsidiary bank under Ukrainian law are not affected by restructuring, and are still paying the original expected contractual cash flows. On 5 December 2022, the internal rating of Ukraine was downgraded to the lowest non-default rating (SOV 9C), as Ukraine is no longer seen in default and a three-month probation period after the successful restructuring had been observed. The rating expresses the assessment that risks to Ukrainian sovereign debt are still exceptionally high and a credit event/default could occur again.

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

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

in € million	2022	Share	2021	Share
Money market	26,803	42.0%	5,574	9.3%
Bonds	17,662	27.7%	17,909	29.9%
Loans and advances	12,135	19.0%	28,111	47.0%
Repo	6,663	10.4%	8,091	13.5%
Derivatives	162	0.3%	97	0.2%
Other	391	0.6%	67	0.1%
Total	**63,816**	**100.0%**	**59,849**	**100.0%**

Due to the change in the interest rate landscape, money market transactions were concluded with the Austrian and Slovakian national banks in place of the previous credit exposures, resulting in a decline in loans and advances and an increase in money market transactions. Repo transactions declined in the Czech Republic.

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

in € million	2022	Share	2021	Share
Ukraine	1,312	33.5%	843	34.3%
Russia	1,239	31.6%	0	0.0%
Belarus	603	15.4%	336	13.7%
Albania	527	13.5%	720	29.3%
Bosnia and Herzegovina	186	4.7%	465	18.9%
Other	53	1.3%	94	3.8%
Total	**3,921**	**100.0%**	**2,458**	**100.0%**

The non-investment grade credit exposure to sovereigns increased due to the rating downgrade of Russia. The exposure mainly includes Russian, Ukrainian and Belarusian government bonds as well as deposits of Group units at local central banks in Central, Eastern, and Southeastern Europe. The deposits serve to fulfil the respective minimum reserve requirements and act as a vehicle for short-term investment of excess liquidity and are therefore inextricably linked with business activity in these countries.

Non-performing exposures (NPE)

Since November 2019 RBI has fully applied the new definition of default of the CRR and also the corresponding requirements of the EBA (EBA/GL/2016/07).

Non-performing exposures pursuant to the applicable definition contained in the Implementing Technical Standard (ITS) on Supervisory Reporting (Forbearance and non-performing exposures) issued by the EBA:

	NPE		NPE ratio		NPE coverage ratio	
in € million	2022	2021	2022	2021	2022	2021
General governments	169	1	7.9%	0.1%	3.0%	96.0%
Banks	6	3	0.0%	0.0%	63.1%	>100%
Other financial corporations	163	113	1.4%	1.0%	29.8%	39.7%
Non-financial corporations	1,619	1,574	3.2%	2.9%	62.8%	59.8%
Households	1,133	1,131	2.7%	2.8%	66.2%	68.3%
Loans and advances	**3,090**	**2,822**	**1.8%**	**1.8%**	**59.1%**	**62.5%**
Bonds	**3**	**0**	**0.0%**	**0.0%**	**–**	**–**
Total	**3,093**	**2,823**	**1.6%**	**1.6%**	**59.0%**	**62.5%**

The volume of non-performing exposures increased € 270 million compared to the previous year to € 3,093 million. In organic terms, this was an increase of € 302 million, the currency trend contributed € 43 million, due in particular to the appreciation of the Russian ruble and the US dollar, while this was offset by the sale of the Bulgarian Group units amounting to € 105 million. The NPE ratio of 1.6 per cent remained unchanged at year-end due to an increase in exposures to banks and to central banks. The coverage ratio declined 3.5 percentage points to 59.0 per cent.

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

in € million	As at 1/1/2022	Change in consolidated group	Exchange rate	Additions	Disposals	As at 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**

in € million	As at 1/1/2021	Change in consolidated group	Exchange rate	Additions	Disposals	As at 31/12/2021
General governments	2	0	0	0	(1)	1
Banks	4	0	0	0	(1)	3
Other financial corporations	95	0	2	25	(9)	113
Non-financial corporations	1,627	26	34	364	(476)	1,574
Households	1,112	17	27	515	(538)	1,131
Loans and advances (NPL)	**2,840**	**42**	**62**	**903**	**(1,025)**	**2,822**
Bonds	**11**	**0**	**0**	**0**	**(10)**	**0**
Total (NPE)	**2,851**	**42**	**62**	**903**	**(1,035)**	**2,823**

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

	NPE		NPE ratio		NPE coverage ratio	
in € million	2022	2021	2022	2021	2022	2021
Central Europe	831	916	1.4%	1.6%	59.7%	60.5%
Southeastern Europe	591	756	2.0%	2.4%	70.2%	69.3%
Eastern Europe	708	350	2.3%	1.5%	65.1%	66.9%
Group Corporates & Markets	962	801	1.8%	1.5%	47.1%	56.4%
Corporate Center	0	0	0.0%	0.0%	100.0%	100.0%
Total	**3,093**	**2,823**	**1.6%**	**1.6%**	**59.0%**	**62.5%**

Rising € 359 million to € 708 million, the Eastern Europe segment was the main contributor to the increase in non-performing exposure, with Ukraine accounting for € 223 million and Russia for € 138 million. The appreciation of the Russian ruble

accounted for € 20 million of the increase, with sales and derecognitions of non-performing loans in Russia resulting in a reduction of € 122 million. The NPE ratio in relation to total exposure increased 0.8 percentage points to 2.3 per cent, and the coverage ratio sank 1.7 percentage points to 65.1 per cent.

Non-performing exposure in the Group Corporates & Markets segment increased € 161 million to € 962 million compared to the year-end, influenced by currency appreciations, especially of the US dollar, in an amount of € 20 million. Sales and derecognitions of non-performing loans amounting to € 100 million reduced non-performing exposure. The NPE ratio increased 0.3 percentage points to 1.8 per cent, and the coverage ratio fell 9.3 percentage points to 47.1 per cent.

The Southeastern Europe segment reported a € 166 million reduction in non-performing exposure to € 591 million. The reduction was mainly attributable to the sale of the Bulgarian Group units in a total amount of € 105 million and to sales and derecognitions of non-performing loans, especially in Romania, of € 94 million. The NPE ratio decreased 0.4 percentage points to 2.0 per cent, and the coverage ratio increased 0.9 percentage points to 70.2 per cent.

At € 831 million, the Central Europe segment reported a € 85 million decrease in non-performing exposure, primarily due to declines in Hungary and the Czech Republic totaling € 60 million. At 1.4 per cent, the NPE ratio in relation to total exposure fell 0.2 percentage points, and the coverage ratio fell 0.9 percentage points to 59.7 per cent.

Non-performing exposure with restructuring measures:

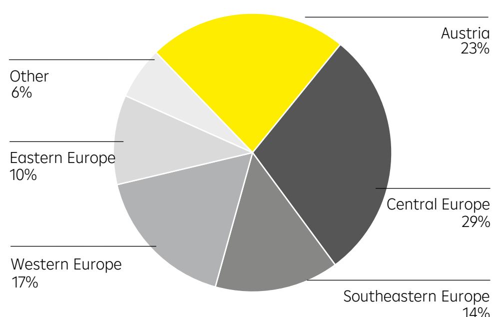
	Refinancing		Instruments with modified maturities and conditions		Total	
in € million	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
General governments	0	0	0	1	0	1
Banks	0	0	0	0	0	0
Other financial corporations	60	8	38	60	98	69
Non-financial corporations	81	215	886	804	967	1,019
Households	8	11	273	297	281	308
Total	**149**	**235**	**1,197**	**1,162**	**1,346**	**1,397**

Non-performing exposure with restructuring measures by segments:

in € million	2022	Share	2021	Share
Central Europe	259	19.2%	328	23.5%
Southeastern Europe	182	13.5%	261	18.7%
Eastern Europe	350	26.0%	179	12.8%
Group Corporates & Markets	555	41.2%	628	45.0%
Total	**1,346**	**100.0%**	**1,397**	**100.0%**

Country risk

Credit exposure by risk country taking into consideration the guarantor



Country risk includes transfer and convertibility risk, as well as political risk and macroeconomic risk in a broader sense. For RBI, it arises from cross-border transactions and operations in foreign countries via its subsidiaries. Activities in core markets are given particular attention in this respect.

Active country risk management is ensured across the Group based on the country risk policy regularly approved by the Management Board. This policy is part of the credit portfolio limit system and sets a strict limitation on cross-border risk exposure to individual countries in order to avoid risk concentrations. At the same time, the policy is designed to incentivize risk-taking within the RBI's core markets. The limit levels for individual countries are established using an internal model based on pillars such as the Group's own capitalization, the internal sovereign rating, and the size and dynamics of the country and its banking sector.

Country risk is also reflected in product pricing and in risk-adjusted performance measurement via the internal funds transfer pricing system. In this way, RBI provides the business units with an incentive to mitigate country risk (e.g. by taking out insurance with export credit insurance organizations or seeking guarantors in third countries). The insights gained from the country risk analysis are not only used for limiting the total cross-border exposure, but also for managing the total

credit exposure in each individual country (i.e. including the exposure funded by local deposits). RBI thus gears its business activities to the expected macroeconomic trends within the different markets, which promotes broad diversification of its credit portfolio.

Concentration risk

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

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

in € million	2022	Share	2021	Share
Central Europe	**71,413**	**29.0%**	**69,380**	**29.9%**
Czech Republic	31,738	12.9%	31,130	13.4%
Slovakia	24,085	9.8%	22,228	9.6%
Hungary	11,169	4.5%	10,841	4.7%
Poland	3,922	1.6%	4,610	2.0%
Other	498	0.2%	572	0.2%
Austria	**56,770**	**23.1%**	**46,936**	**20.2%**
Western Europe	**41,789**	**17.0%**	**41,056**	**17.7%**
Germany	11,929	4.9%	12,356	5.3%
France	7,756	3.2%	6,784	2.9%
Great Britain	3,713	1.5%	4,413	1.9%
Spain	3,265	1.3%	2,654	1.1%
Switzerland	3,143	1.3%	4,211	1.8%
Luxembourg	2,939	1.2%	2,395	1.0%
Netherlands	2,458	1.0%	1,795	0.8%
Italy	2,151	0.9%	1,693	0.7%
Other	4,434	1.8%	4,755	2.0%
Southeastern Europe	**35,464**	**14.4%**	**36,906**	**15.9%**
Romania	16,352	6.6%	14,459	6.2%
Croatia	7,298	3.0%	6,368	2.7%
Serbia	6,467	2.6%	4,490	1.9%
Bosnia and Herzegovina	2,125	0.9%	2,293	1.0%
Albania	1,788	0.7%	1,798	0.8%
Bulgaria	310	0.1%	6,413	2.8%
Other	1,125	0.5%	1,085	0.5%
Eastern Europe	**25,552**	**10.4%**	**29,826**	**12.8%**
Russia	19,195	7.8%	23,339	10.1%
Ukraine	4,018	1.6%	4,253	1.8%
Belarus	1,805	0.7%	1,906	0.8%
Other	534	0.2%	328	0.1%
Asia	**6,345**	**2.6%**	**2,450**	**1.1%**
North America	**4,497**	**1.8%**	**2,992**	**1.3%**
Rest of World	**4,124**	**1.7%**	**2,636**	**1.1%**
Total	**245,953**	**100.0%**	**232,183**	**100.0%**

Austria recorded the largest increase in credit exposure due to the rise in credit and facility financing and the increase in money market transactions at the Austrian national bank. In Asia, the rise was due to an increase in loans and advances in China. The increase in Central Europe was due to money market transactions at the Slovakian national bank. The decline in Eastern Europe was attributable to the volume-related decline in Russia. The sale of the Bulgarian Group units led to a reduction in Southeastern Europe, which was partly offset by the acquisition of Crédit Agricole Srbija AD.

Credit exposure across all asset classes by currencies:

in € million	2022	Share	2021	Share
Euro (EUR)	136,367	55.4%	120,195	51.8%
Czech koruna (CZK)	27,711	11.3%	28,232	12.2%
US dollar (USD)	22,350	9.1%	23,186	10.0%
Russian ruble (RUB)	17,266	7.0%	18,143	7.8%
Romanian leu (RON)	11,388	4.6%	10,118	4.4%
Hungarian forint (HUF)	7,949	3.2%	8,556	3.7%
Croatian kuna (HRK)	3,885	1.6%	3,465	1.5%
Chinese yuan (CNY)	3,560	1.4%	110	0.0%
Ukrainian hryvnia (UAH)	3,298	1.3%	3,478	1.5%
Serbian dinar (RSD)	2,737	1.1%	2,100	0.9%
Bosnian marka (BAM)	2,274	0.9%	2,298	1.0%
Swiss franc (CHF)	2,080	0.8%	2,572	1.1%
Albanian lek (ALL)	1,290	0.5%	1,330	0.6%
Belarusian ruble (BYN)	1,104	0.4%	1,058	0.5%
Bulgarian lev (BGN)	5	0.0%	4,372	1.9%
Other foreign currencies	2,690	1.1%	2,970	1.3%
Total	**245,953**	**100.0%**	**232,183**	**100.0%**

The Group's credit exposure based on industry classification:

in € million	2022	Share	2021	Share
Banking and insurance	80,890	32.9%	66,636	28.7%
Private households	45,142	18.4%	44,857	19.3%
Other manufacturing	19,140	7.8%	19,954	8.6%
Public administration and defense and social insurance institutions	18,739	7.6%	18,788	8.1%
Wholesale trade and commission trade (except car trading)	15,403	6.3%	18,135	7.8%
Real estate activities	13,120	5.3%	13,017	5.6%
Construction	6,805	2.8%	6,404	2.8%
Retail trade except repair of motor vehicles	5,758	2.3%	6,144	2.6%
Electricity, gas, steam and hot water supply	5,737	2.3%	4,852	2.1%
Other business activities	3,328	1.4%	2,881	1.2%
Manufacture of basic metals	2,877	1.2%	3,240	1.4%
Manufacture of food products and beverages	2,803	1.1%	2,925	1.3%
Land transport, transport via pipelines	2,577	1.0%	2,599	1.1%
Manufacture of machinery and equipment	1,846	0.8%	1,875	0.8%
Other transport	1,770	0.7%	2,115	0.9%
Sale of motor vehicles	1,348	0.5%	1,346	0.6%
Extraction of crude petroleum and natural gas	1,033	0.4%	1,389	0.6%
Other industries	17,636	7.2%	15,024	6.5%
Total	**245,953**	**100.0%**	**232,183**	**100.0%**

Structured credit portfolio

The Group invests in structured products. The total exposure to structured products showed a nominal amount of € 511 million (previous year: € 340 million) and a carrying amount of € 530 million (previous year: € 234 million). These are mainly investments in asset-backed securities (ABS), asset-based financing (ABF), and in some cases collateralized debt obligations (CDO). A total of 97 per cent of the portfolio (previous year: 68 per cent) contains loans and advances to European customers. The year-on-year increase in nominals is attributable to purchases due to new transactions.

Counterparty credit risk

The default of a counterparty in a derivative, repurchase, securities lending, or borrowing transaction can lead to losses from re-establishing an equivalent contract. In the Group, this risk is measured by the mark-to-market approach where a predefined add-on is added to the current positive fair value of the contract in order to account for potential future changes. For internal management purposes potential price changes, which affect the fair value of an instrument, are calculated specifically for different contract types based on historical market price changes.

For derivative contracts the standard limit approval process applies, where the same risk classification, limitation, and monitoring process is used as for traditional lending. In doing so, the weighted nominal exposure of derivative contracts is added to the customers' total exposure in the limit application and monitoring process as well as in the calculation and allocation of internal capital.

An important strategy for reducing counterparty credit risk is utilization of credit risk mitigation techniques such as netting agreements and collateralization. In general, the Group strives to establish standardized ISDA master agreements with all major counterparties for derivative transactions in order to be able to perform close-out netting and credit support annexes (CSA) for full risk coverage for positive fair values on a daily basis.

(44) Market risk

The Group defines market risk as the risk of possible losses arising from changes in market prices of trading and investment positions. Market risk estimates are based on changes in exchange rates, interest rates, credit spreads, equity and commodity prices, and other market parameters (e.g. implied volatilities).

Market risks from the customer divisions are transferred to the Treasury division using the transfer price method. Treasury is responsible for managing structural market risks and for complying with the Group's overall limit. The Capital Markets division is responsible for proprietary trading, market making, and customer business in money market and capital market products.

Whereas in previous years the global COVID-19 situation required increased monitoring of market trends and position changes for RBI, the Russia-Ukraine war provided the challenge for market risk management in 2022. At the end of February, soon after the outbreak, all limits for Russia, Ukraine and Belarus were largely reduced to zero and positions were actively reduced without suffering market distortions. Active risk management and daily monitoring with a focus on the Russian, Ukrainian and Belarusian markets and portfolios as well as on the neighboring affected markets are necessary in order to adapt to the changed conditions.

Organization of market risk management

All market risks are measured, monitored, and managed on Group level. The Market Risk Committee is responsible for strategic market risk management issues. It is responsible for managing and controlling all market risks in the Group. The Group's overall limit is set by the Management Board on the basis of the risk-taking capacity and income budget. This limit is apportioned to sub-limits in coordination with business divisions according to the strategy, business model and risk appetite.

The Market Risk Management department ensures that the business volume and product range comply with the defined strategy of the Group. It is responsible for implementing and enhancing risk management processes, risk management infrastructure and systems, manuals, and measurement techniques for all market risk categories and credit risk arising from market price changes in derivative transactions. Furthermore, Market Risk Management independently measures and reports all market risks on a daily basis.

All products in which open positions can be held are listed in the product catalog. New products are added to this list only after successfully completing the product approval process. Product applications are investigated thoroughly for any risks. They are approved only if the new products can be implemented in the bank's front- and back-office and risk management systems.

Limit system

The Group uses a comprehensive risk management approach for both the trading and the banking books (total-return approach). Market risk is therefore managed consistently in all trading and banking books. The following indicators are measured and limited on a daily basis in the market risk management system:

- Value-at-Risk (VaR) – confidence level 99 per cent
  Value-at-Risk is the main market risk steering instrument in liquid markets and normal market situations. Two different methods of calculation are used, depending on the steering approach. The consistency between P&L and risk figures is in parallel necessary with the economic scope of RBI in order to ensure comprehensive control. The change of the limit system was approved by the regulator. For the overall portfolio including the banking book, a model is used that is based on a historical simulation and which is suitable for longer-term steering of the market risks from the banking books (ALL model, confidence level 99 per cent, risk horizon 20 days). The calculation is based on overlapping 20-day returns of the last seven years and is also used for allocating economic capital. For all market risks with a direct impact on the income statement, a model is used that provides a good forecast of short-term volatility (IFRS P&L model, confidence level 99 per cent, risk horizon 1 day). The Austrian Financial Market Authority has approved this approach as an internal model for calculating the total capital requirement for market risks for RBI AG's trading book. Both models calculate value-at-risk indicators for changes in the risk factors foreign currencies, interest rate trend, credit spreads, implicit volatility, stock indices and basis spreads.

- Sensitivities (to changes in exchange rates and interest rates, gamma, vega, equity and commodity prices)
  Sensitivity limits are to ensure that concentrations are avoided in normal market situations and are the main steering instrument under extreme market situations and in illiquid markets or in markets that are structurally difficult to measure.
- Stop loss
  Stop loss limits serve to strengthen the discipline of traders such that they do not allow losses to accumulate on their own proprietary positions but strictly limit them instead.

A comprehensive stress testing concept complements this multi-level limit system. It simulates potential present value changes of defined scenarios for the total portfolio. The results on market risk concentrations shown by these stress tests are reported to the Market Risk Committee and taken into account when setting limits. Stress test reports for individual portfolios are included in daily market risk reporting.

Value-at-Risk (VaR)

The following tables show the risk indicators (VaR ALL 99 per cent, 20 days and VaR IFRS-P&L 99 per cent, 1 day) for the individual market risk categories in the trading book, while the overall risk is shown for the banking book. The Group's VaR mainly results from structural equity positions, structural interest rate risk, and credit spread risks of bonds, which are held as liquidity buffer. The IFRS-P&L model aims to measure short-term market fluctuations, while the ALL model focuses on measuring structural interest rate risks. Generally, it can be said that an increase in VaR compared to year-end 2021 was primarily due to the currency risk of the structural positions in the ruble, hryvnia, forint and Belarusian ruble.

Model IFRS-P&L trading book VaR (99%, 1d) in € million	VaR as at 2022	Average VaR	Minimum VaR	Maximum VaR	VaR as at 2021
Currency risk	1	2	0	38	4
Interest rate risk	1	4	1	23	2
Credit spread risk	6	3	1	11	2
Share price risk	1	1	0	1	0
Vega risk	0	0	0	1	0
Basis risk	12	9	1	18	1
Total	14	13	3	40	6

Model IFRS-P&L total VaR (99%, 1d) in € million	VaR as at 2022	Average VaR	Minimum VaR	Maximum VaR	VaR as at 2021
Currency risk	13	7	2	45	4
Interest rate risk	4	6	2	20	2
Credit spread risk	6	6	3	29	3
Share price risk	1	1	0	1	0
Vega risk	1	3	0	9	1
Basis risk	30	15	1	34	1
Total	35	23	5	56	7

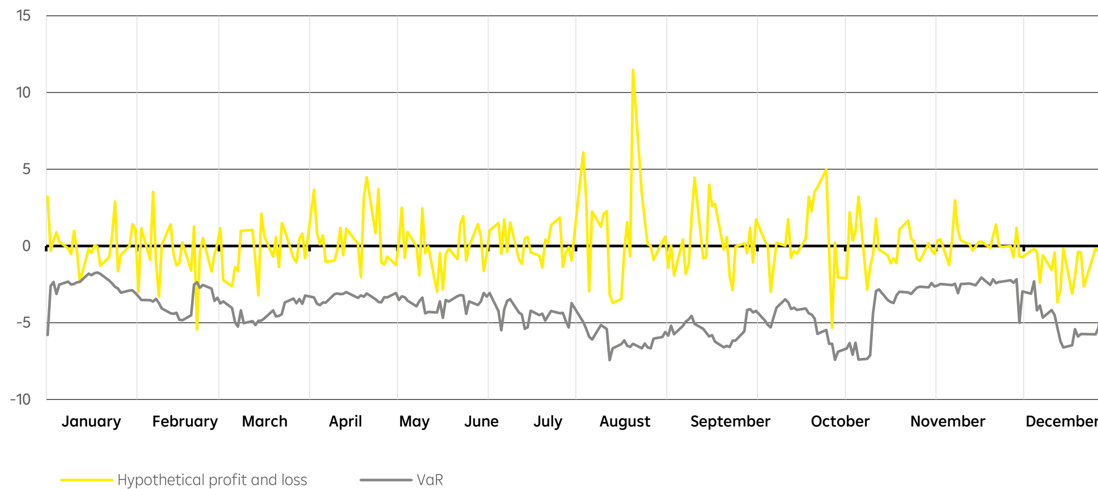
Modell ALL VaR (99%, 20d) in € million	VaR as at 2022	Average VaR	Minimum VaR	Maximum VaR	VaR as at 2021
Economic capital ALL	565	335	98	722	120
Vega risk ALL	16	25	10	48	18
Total ALL	**581**	**360**	**134**	**750**	**138**
Economic capital banking book	572	336	95	727	139
Vega risk banking book	15	23	10	47	17
Total banking book	**587**	**360**	**127**	**759**	**156**
Interest rate risk in the banking book	120	126	67	275	76

The risk measurement approaches employed are verified – besides analyzing returns qualitatively – on an ongoing basis through backtesting and statistical validation techniques. If model weaknesses are identified, then they are adapted accordingly.

In the 2022 reporting year, there was one hypothetical backtesting violation. The following graph compares the VaR to the theoretical gains and losses on a daily basis. The VaR represents the maximum loss which will not be exceeded within one day, with a confidence level of 99 per cent. It is compared to the respective theoretical gain or loss which would arise on the following day due to the actual market conditions at the time.

Value-at-Risk and theoretical market price changes of trading book

in € million



Exchange rate risk and capital (ratio) hedge

Market risk in the Group results primarily from exchange rate risk, which stems from foreign-currency denominated equity investments in foreign Group units and the corresponding hedging positions entered into by the Group Asset/Liability Committee. In a narrow sense, exchange rate risk denotes the risk of losses being incurred due to open foreign exchange positions. However, exchange rate fluctuations also influence current revenues and expenses. They also affect regulatory capital requirements for assets denominated in foreign currencies, even if they are financed in the same currency and thus do not create an open foreign exchange position.

The Group holds material equity participations located outside of the euro area with equity denominated in the corresponding local currency. Also, a significant share of risk-weighted assets in the Group is denominated in foreign currencies. Changes in foreign exchange rates thus lead to changes in the consolidated capital of the Group and to changes in the total capital requirement for credit risk as well.

From a regulatory perspective, the ECB approved a waiver for the Group which permits a reduction in the RWA's associated with market risk. This requires that the Group follow a specific hedging strategy that allows the exchange rate risks to be protected against potential shocks.

In order to manage exchange rate risk, RBI currently follows a stable capital ratio strategy. The goal of this hedging strategy is to balance tier 1 capital and risk-weighted assets in all currencies according to the targeted tier 1 ratio (i.e. reduce excess capital or deficits in relation to risk-weighted assets for each currency) such that the tier 1 ratio remains stable even if foreign exchange rates change. The Group aims at stabilizing its capital ratio when managing exchange rate risks. Changes in foreign exchange rates thus lead to changes in the consolidated equity amount; however, the regulatory capital requirement for credit risks stemming from assets denominated in foreign currencies also changes correspondingly. This risk is managed on a monthly basis in the Group Asset/Liability Committee based on historical foreign exchange volatilities, exchange rate forecasts, and the sensitivity of the tier 1 ratio to changes in individual foreign exchange rates.

The following table shows all material open foreign exchange rate positions as at 30 December 2022 and the corresponding values for the previous year. The figures include both trading positions as well as capital positions of the subsidiaries with foreign-currency denominated statements of financial position (short positions are shown with a negative sign and long positions with a positive sign). The increase in open foreign exchange positions as at 30 December 2022 in Eastern Europe, especially in the Russian ruble (RUB), was due to the reduction in ruble capital hedges. This reduction is the result of market restrictions, especially in terms of the availability of EUR/RUB hedge instruments as a result of the war.

in € million	2022	2021
ALL	59	20
BAM	351	74
BGN	65	422
BYN	309	231
CNY	6	2
CHF	(377)	(356)
CZK	512	443
HRK	437	496
HUF	236	238
PLN	0	146
RON	660	590
RSD	497	328
RUB	2,064	281
UAH	310	129
USD	(930)	(666)

Interest rate risk in the trading book

The largest present value changes for the trading book of the Group given a one-basis-point interest rate increase for the whole yield curve in € thousand.

2022 in € thousand	Total	< 3 m	> 3 to 6 m	> 6 to 12 m	> 1 to 2 y	> 2 to 3 y	> 3 to 5 y	> 5 to 7 y	> 7 to 10 y	> 10 to 15 y	> 15 to 20 y	> 20 y
ALL	0	0	0	0	0	0	0	0	0	0	0	0
CHF	4	5	0	0	(1)	1	0	0	0	0	0	0
CNY	5	0	0	5	0	0	0	0	0	0	0	0
CZK	(10)	(5)	3	9	8	2	(5)	(13)	(8)	(1)	0	0
EUR	(58)	(4)	6	9	27	6	(4)	(58)	(12)	(4)	(13)	(12)
HRK	(7)	0	0	0	1	0	(2)	(2)	0	(3)	0	0
HUF	(4)	5	(1)	(6)	(3)	0	0	(1)	3	0	0	0
NOK	1	0	0	0	1	0	0	0	0	0	0	0
PLN	(1)	0	(2)	1	(2)	(1)	7	(2)	(2)	0	0	0
RON	(9)	1	(1)	(1)	1	(4)	(4)	0	0	0	0	0
RUB	(16)	(15)	2	(14)	7	3	3	(2)	1	(2)	0	0
UAH	(16)	(1)	(1)	(1)	(9)	(2)	(2)	0	0	0	0	0
USD	13	4	2	(1)	0	0	7	(2)	(6)	5	6	(2)
Other	(5)	2	0	(2)	(1)	(3)	0	0	0	0	0	0

The presentation of currencies changed year-on-year depending on the absolute amount of interest rate sensitivity.

2021 in € thousand	Total	< 3 m	> 3 to 6 m	> 6 to 12 m	> 1 to 2 y	> 2 to 3 y	> 3 to 5 y	> 5 to 7 y	> 7 to 10 y	> 10 to 15 y	> 15 to 20 y	> 20 y
ALL	0	0	0	0	0	0	0	0	0	0	0	0
CHF	17	21	(4)	(2)	(1)	0	3	(1)	(1)	1	0	0
CNY	5	0	0	5	0	0	0	0	0	0	0	0
CZK	45	(3)	17	4	13	16	8	(5)	(5)	(1)	0	0
EUR	(214)	(14)	(7)	(14)	9	(14)	(23)	(39)	44	(25)	(22)	(109)
HRK	(22)	1	(1)	(3)	(6)	(4)	(6)	(3)	0	0	0	0
HUF	1	(1)	3	0	2	(2)	(3)	0	4	0	2	(4)
NOK	1	0	0	0	1	0	0	0	0	0	0	0
PLN	(2)	(3)	(9)	4	4	0	(2)	1	4	0	0	0
RON	(7)	1	(1)	(3)	(5)	2	2	1	(3)	(1)	0	0
RUB	(20)	2	(4)	(13)	(18)	14	14	(9)	(4)	(1)	0	0
UAH	(24)	(1)	0	(1)	(7)	(5)	(7)	(3)	0	0	0	0
USD	(51)	0	(4)	(6)	3	0	7	(14)	2	(32)	10	(18)
Other	(6)	2	1	(1)	(3)	2	(3)	(1)	(1)	0	0	0

Interest rate risk in the banking book

Different maturities and repricing schedules of assets and the corresponding liabilities (i.e. deposits and financing from money markets and capital markets) cause interest rate risk in the Group. This risk arises in particular from incomplete compensation of the interest rate sensitivity of expected cash flows, their interest rate adjustment cycles, and other optional features.

Interest rate risk in the banking book is material for the euro and US dollar as major currencies as well as for local currencies of Group units located in Central and Eastern Europe.

This risk is mainly hedged by a combination of transactions on and off the statement of financial position where in particular interest rate swaps and – to a smaller extent – also interest rate forwards and interest rate options are used. Management of the statement of financial position is a core task of the central Global Treasury division and of individual network banks, which are supported by the Group Asset/Liability Committee. They base their decisions on various interest income analyses and simulations that ensure proper interest rate sensitivity in line with expected changes in market rates and the overall risk appetite.

Interest rate risk in the banking book is not only measured within a value-at-risk framework but also managed by the traditional tools of nominal and interest rate gap analyses. Interest rate risk is subject to quarterly reporting in the context of the interest rate risk statistic submitted to the banking supervisor. This report also shows the change in the present value of the banking book as a percentage of total capital in line with the CRR requirements. Maturity assumptions needed in this analysis are defined as specified by regulatory authorities and based on internal statistics and empirical values.

Change in the present value of the Group's banking book given a one-basis point interest rate increase in € thousand:

2022 in € thousand	Total	< 3 m	> 3 to 6 m	> 6 to 12 m	> 1 to 2 y	> 2 to 3 y	> 3 to 5 y	> 5 to 7 y	> 7 to 10 y	> 10 to 15 y	> 15 to 20 y	> 20 y
ALL	55	(2)	(4)	(13)	6	19	45	3	5	7	(4)	(8)
BGN	0	0	0	0	0	0	0	0	0	0	0	0
BYN	(2)	(1)	(1)	0	1	2	(1)	(1)	0	0	0	0
CHF	(86)	(53)	(1)	1	3	3	3	(13)	(10)	(11)	(7)	(2)
CNY	(5)	(2)	(1)	(1)	0	0	0	0	0	0	0	0
CZK	(788)	55	(19)	2	(179)	(178)	(274)	(127)	(35)	(32)	0	0
EUR	(911)	72	31	92	(295)	(162)	(325)	(334)	146	(68)	(50)	(19)
GBP	(11)	(2)	0	0	1	(2)	(7)	(1)	0	0	0	0
HRK	182	6	(2)	(9)	9	33	80	(4)	54	15	0	0
HUF	(210)	6	(3)	(20)	(16)	(12)	(58)	(44)	(62)	(2)	1	0
PLN	(20)	(3)	(5)	2	(1)	(3)	(3)	(3)	(4)	0	0	0
RON	(206)	(3)	6	10	(11)	(2)	(10)	(121)	(77)	4	(1)	0
RSD	12	(1)	(3)	1	(2)	(7)	25	(1)	0	0	0	0
RUB	(9)	35	(4)	12	(138)	(30)	35	95	83	(81)	(15)	(2)
SGD	0	0	0	0	0	0	0	0	0	0	0	0
UAH	6	3	1	(4)	8	6	(7)	0	0	0	0	0
USD	228	57	96	40	16	2	29	10	0	(23)	0	0
Other	(34)	7	(3)	(5)	(1)	1	(2)	(13)	(11)	(2)	(3)	0

The presentation of currencies changed year-on-year depending on the absolute amount of interest rate sensitivity.

2021 in € thousand	Total	< 3 m	> 3 to 6 m	> 6 to 12 m	> 1 to 2 y	> 2 to 3 y	> 3 to 5 y	> 5 to 7 y	> 7 to 10 y	> 10 to 15 y	> 15 to 20 y	> 20 y
ALL	34	(1)	(1)	(7)	6	26	(2)	1	5	8	1	(1)
BGN	(83)	(5)	8	49	8	(29)	(50)	(10)	(52)	(1)	0	0
BYN	0	0	0	(3)	2	3	3	0	(2)	(2)	0	0
CHF	(125)	(57)	(2)	(2)	(6)	(3)	2	(8)	(24)	(14)	(7)	(3)
CNY	(3)	0	(1)	(2)	0	0	0	0	0	0	0	0
CZK	(356)	42	8	35	(153)	(78)	(207)	(62)	(91)	147	2	0
EUR	(2379)	140	(109)	(320)	(546)	(354)	320	(96)	(778)	(217)	(418)	(3)
GBP	(23)	(4)	(3)	0	1	(1)	(15)	(2)	0	0	0	0
HRK	224	(3)	(3)	16	(4)	18	122	(8)	81	3	1	0
HUF	(69)	14	0	(7)	(5)	(20)	(41)	(28)	14	4	0	0
PLN	(11)	0	(7)	1	0	(1)	(3)	0	0	0	0	0
RON	(308)	(5)	4	18	(25)	10	(17)	(87)	(118)	(56)	(27)	(4)
RSD	(2)	1	(2)	6	(13)	3	6	(3)	0	0	0	0
RUB	(215)	16	(8)	48	(182)	(111)	(61)	84	64	(56)	(8)	(1)
SGD	0	0	0	0	0	0	0	0	0	0	0	0
UAH	(17)	4	(1)	0	3	(4)	(15)	(3)	(1)	(1)	0	0
USD	168	9	(11)	3	33	19	50	2	6	35	21	0
Other	(43)	(5)	(4)	(7)	(4)	(5)	(4)	(1)	(2)	(4)	(6)	(1)

Credit spread risk

The market risk management framework uses time-dependent bond and CDS spread curves as risk factors in order to measure credit spread risks. It captures all capital market instruments in the trading and banking book.

IBOR reform

In the course of the IBOR reform, existing reference rates (IBORs: Interbank Offered Rates) will be replaced with alternative risk-free rates. IBORs are used to set interest rates on a wide range of financial products and contracts. Based on a recommendation of the FSB (Financial Stability Board), these interest rates were subjected to an extensive analysis and a reform of the relevant IBORs was initiated. For the euro zone, this means that the underlying calculation method of the EURIBOR was reformed and that most LIBOR interest rates and the EONIA (Euro Over Night Index Average) were replaced by new interest rates on 1 January 2022. Regarding USD LIBOR, interest rates on terms 1w and 2m were also replaced on 1 January 2022, while all other terms are expected to be available until 30 June 2023. There is currently no fixed timeframe for the replacement of the reformed EURIBOR. It can be assumed that there will be no replacement in the immediate future. In addition, the Russian reference interest rate MosPrime, which RBI mainly uses in Russia and Belarus, will also be replaced. It is expected that MosPrime will only be available until 30 June 2023 and will be replaced by the new reference interest rate RUONIA. Its calculation method is similar to that used for the interest rates which have already replaced the LIBOR interest rates. In this connection, the Russian central bank issued a recommendation in July 2022 that only RUONIA should be used for new business starting 1 September 2022.

With regard to the IFRS rules, the replacement of the reference interest rates resulted in amendments which regulate the impact on financial reporting of circumstances where a reference interest rate is replaced by another reference interest rate. In this context, the amendments provide practical relief for modifications that are directly attributable to the IBOR reform and are carried out on an economically equivalent basis. Appropriate modifications can be recognized in the financial statements by adjusting the effective interest rate. In addition, the amendments also relate to hedge accounting. Based on the relief, adjustments relating to the IBOR reform do not result in the termination of the recognition of an existing hedging relationship in the financial statements. Instead, hedging relationships and the corresponding documentation are changed to reflect the new conditions.

Coordinated by Group Treasury, each affected Group unit began preparing for the reform in 2020 to ensure a smooth transition to the new risk-free interest rates. This was carried out in specific local projects or in the ongoing operations of the affected local departments, mostly treasury, risk management, customer management, accounting and legal. Management and supervisory board members were regularly informed about the progress of the relevant processes and the associated risks. The replacement of most reference interest rates on 1 January 2022 did not have any major implications for RBI. For the replacement of the remaining USD LIBOR interest rates, which are expected to be no longer available from 30 June 2023, the corresponding preparatory steps and transitional work have since been included in the regular operations of the affected areas. With regard to the replacement of the MosPrime interest rate, local projects are under way in Russia and Belarus which are based on the procedures for the replacement of the LIBOR interest rates. Management and supervisory board members are informed of required actions and corresponding risks where necessary and in the event of major changes in assessments and framework conditions.

The Group has IBOR-related positions particularly in the field of derivatives, which are mainly held for hedging purposes, as well as in loans and deposits, bonds and its own issues. For the purpose of preparing the transition, information on the date and methods of the transition were analyzed and necessary adjustments to contracts, systems and processes were identified. The most relevant inherent risks in this context include strategic business risks, legal risks, operational risks, model risks, accounting risks and IT risks.

The following tables show the carrying amounts of the non-derivative financial assets and liabilities that contain a contractually agreed reference interest rate that is being replaced:

2022 in € million	USD LIBOR	MosPrime
Other demand deposits at banks	11	0
Loans and advances	1,629	242
Debt securities	78	0
Total	**1,718**	**242**

2022 in € million	USD LIBOR	MosPrime
Deposits	0	10
Debt securities issued	0	0
Other financial liabilities	0	0
Total	**0**	**10**

The following table shows the nominal values of the derivatives that contain a contractually agreed reference interest rate that is being replaced:

2022 in € million	USD LIBOR	MosPrime
Derivatives	6,052	987
Derivatives in hedge accounting	1,193	0
Total	**7,245**	**987**

Market developments and risks related to the IBOR reform will be carefully monitored continuously. So far, there have been no material effects on the financial and earnings position of the Group.

(45) Liquidity management

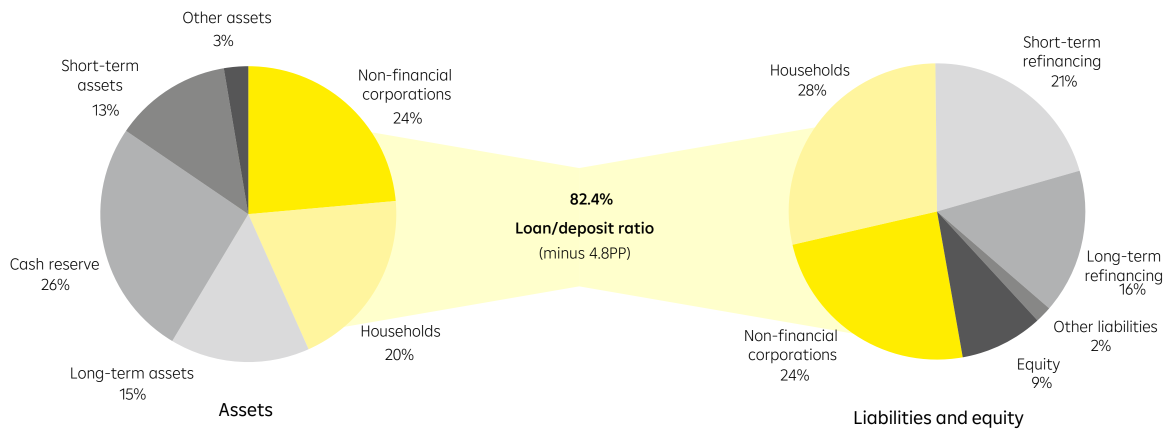
As early as November 2021, a working group was established at head office in order to assess the geopolitical tensions between Russia and Ukraine and their potential impact on RBI. In weekly meetings, this working group developed stress tests and preparatory measures for various scenarios (including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

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

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

Funding structure

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



Principles

Internal liquidity management is an important business process within general bank management, because it ensures the continuous availability of funds required to cover day-to-day demands.

Liquidity adequacy is ensured from both an economic and a regulatory perspective. In order to approach the economic perspective RBI established a governance framework comprising internal limits and steering measures which complies with the Principles for Sound Liquidity Risk Management and Supervision set out by the Basel Committee on Banking Supervision and the Kreditinstitute-Risikomanagement-Verordnung (KI-RMV) issued by the Austrian regulatory authority.

The regulatory component is addressed by complying with the reporting requirements under Basel III (Liquidity Coverage Ratio, Net Stable Funding Ratio, and Additional Liquidity Monitoring Metrics) as well as by complying with the regulatory limits. In addition, some Group units have additional liquidity and reporting requirements set by their local supervisory authorities.

Organization and responsibility

Responsibility for ensuring adequate levels of liquidity lies with the overall Management Board. The board members with functional responsibility are the Chief Financial Officer (Treasury) and the Chief Risk Officer (Risk Controlling). Accordingly, the processes regarding liquidity risk are essentially run by two areas within the bank: Firstly the Treasury units, which take on liquidity risk positions within the strategy, guidelines and parameters set by the responsible decision-making bodies. Secondly, they are monitored and supported by independent Risk Controlling units, which measure and model liquidity risk positions, set limits and supervise compliance with those.

Besides the responsible units in the line functions, all network banks have respective asset/liability management committees (ALCOs). These committees act as decision-making bodies with respect to all matters affecting the management of the liquidity position and balance sheet structure of a unit including the definition of strategies and policies for managing liquidity risks. The ALCOs take decisions and provide standard reports on liquidity risk to the Board of Management at least on a monthly basis. On Group level these functions are taken by the Group ALCO. Treasury operations and the respective ALCO decisions are mainly based on Group-wide, standardized Group rules and their local supplements, which take specific regional factors into account.

Liquidity strategy

Treasury units are committed to achieving KPIs and to complying with risk-based principles. The current set of KPIs includes general targets, e.g. for return on risk-adjusted capital (RORAC) or coverage ratios, as well as specific Treasury targets for liquidity such as a minimum survival period in defined stress scenarios or minimum liquidity targets in regulatory indicators. While generating an adequate structural income from maturity transformation which reflects the liquidity and market risk positions taken by the bank, Treasury has to follow a prudent and sustainable risk policy when steering the balance sheet. Strategic goals comprise a reduction of parent funding within the Group, the sustainable management of the depositor base and credit growth as well as continuous compliance with regulatory requirements and the internal limit framework.

Liquidity risk framework

Regulatory and internal liquidity reports and ratios are generated based on certain modelling assumptions. Whereas the regulatory reports are calculated on specifications given by authorities, the internal reports are modelled with assumptions from empirical observations.

The Group has a substantial database along with expertise in forecasting cash flows arising from all material on- and off-balance sheet positions. The modelling of liquidity inflows and outflows is carried out on an appropriate granular level, differentiating between product and customer segments, and, where applicable, currencies as well. Modelling of retail and corporate customer deposits includes assumptions concerning the retention times for deposits after maturity. The model assumptions are quite prudent, e.g. there is a no-rollover assumption on funding from banks and all funding channels and the liquidity buffer are stressed simultaneously.

The cornerstones of the economic liquidity risk framework are the Going Concern (GC) and the Time-to-Wall (TTW) scenario. The Going Concern report shows the structural liquidity position. It covers all main risk drivers which could detrimentally affect the Group in a business-as-usual scenario. The Going Concern models are important input factors for the liquidity contribution to the internal funds transfer pricing model. On the other hand, the Time-to-Wall report shows the survival horizon for defined adverse scenarios and stress models (market, reputational and combined crisis) and determines the minimum level of the liquidity buffer (and/or the counter-balancing capacity) of the Group and its individual units.

The liquidity scenarios are modelled using a Group-wide approach, acknowledging local specifications where they are justified by influencing factors such as the market or legal environment or certain business characteristics; the calculation is performed at RBI AG. The modelling of cash inflows and outflows differentiates between product and customer segments, while if applicable, a distinction is also made between different currencies. For products without a contractual maturity, the distribution of cash inflows and outflows is calculated using a geometric Brownian motion which derives the statistical forecasts for future daily balances from the observed, exponentially weighted historical volatility of the corresponding products.

The liquidity risk framework is continuously developed at both Group level and at the level of the individual Group units. The technical infrastructure is enhanced in numerous Group-wide projects and data availability is improved in order to meet the new reporting and management requirements for this area of risk.

Risk appetite and liquidity limits

The liquidity position is monitored on Group level and on individual unit level and is restricted by means of a comprehensive limit system. Limits are defined both under a business-as-usual as well as under a stress perspective. In accordance with the defined risk appetite, each Group unit must demonstrate a survival horizon of several months (TTW) in a severe, combined stress scenario (reputational and market stress). This can be ensured either by a structurally positive liquidity profile or by a sufficiently high liquidity buffer. In a normal going-concern environment, maturity transformation must be fully covered by the available liquidity buffer in the medium term. This means that the cumulative liquidity position over a period of up to one year must be positive. In the long term (one year or more), maturity transformation is permitted up to a certain level. The internal model limits are supplemented by limits for compliance with regulatory liquidity ratios, such as the liquidity coverage ratio. All limits must be complied with on a daily basis.

Liquidity monitoring

The bank uses a range of customized measurement tools and early warning indicators that provide board members and senior management with timely and forward-looking information. The limit framework ensures that the bank can continue to operate in a period of severe stress.

Monitoring of limits and reporting limit compliance is performed regularly and effectively. Any breach by Group units is reported to the Group ALCO and escalated. In such cases, appropriate steps are undertaken in consultation with the relevant unit or contentious matters are escalated to the next highest responsible body.

Liquidity stress testing

Stress tests are conducted for RBI AG and the network banks on a daily basis and on Group level. The tests cover three scenarios (market, reputational and combined crisis), consider the effects of the scenarios for a period of several months and demonstrate that stress events can simultaneously result in a time-critical liquidity requirement in several currencies. The stress scenarios include the principal funding and market liquidity risks. This means that in the stress tests of the Group, all network units are simultaneously subject to a pronounced combined crisis for all their major products. The results of the stress tests are reported to the Chief Risk Officer and the Chief Financial Officer as well as other members of management on a weekly basis; they also form a key component of the monthly ALCO meetings and are included in the bank's strategic planning and contingency planning.

A conservative approach is adopted when establishing outflow ratios based on historical data and expert opinions. The simulation assumes a lack of access to the money or capital market and simultaneously significant outflows of customer deposits. In this respect, the deposit concentration risk is also considered by assigning higher outflow ratios to large customers. Furthermore, stress assumptions are formulated for the drawdown of guarantees and credit obligations. In addition, the liquidity buffer positions are adapted by haircuts in order to cover the risk of disadvantageous market movements, and the potential outflows resulting from collateralized derivative transactions are estimated. The bank continuously monitors whether the stress assumptions are still appropriate or whether new risks need to be considered.

The Time-to-Wall concept has established itself as the main control instrument for day-to-day liquidity management and is therefore a central component of funding planning and budgeting. It is also fundamental to determining performance ratios relating to liquidity.

Liquidity buffer

As shown by the daily liquidity risk reports, the main Group units actively maintain and manage liquidity buffers, including high-quality liquid assets (HQLA) which are always sufficient to cover the net outflows expected in crisis scenarios. The Group has sizeable, unencumbered and liquid securities portfolios and favors securities eligible for central bank tender transactions in order to ensure sufficient liquidity in various currencies. The main Group units ensure the availability of liquidity buffers, test their ability to utilize central bank funds, constantly evaluate their collateral positions as regards their market value and encumbrance and examine the remaining counterbalancing capacity, including the funding potential and the saleability of the assets.

Generally, a haircut is applied to all liquidity buffer positions. In the stressed liquidity report (time-to-wall), these haircuts include a market-risk specific haircut and a central bank haircut. While the market risk haircut represents the potential price volatility of the securities held as assets as part of the liquidity buffer, the central bank haircut represents an additional haircut for each individual relevant security that may be offered as collateral.

Intraday liquidity management

In compliance with regulatory requirements for intraday liquidity management, the available liquidity is calculated daily analogous to the outflow assumptions of the regular liquidity stress reports (time-to-wall) for RBI AG. In case of limit breaches, an intraday contingency and escalation process is triggered commensurate with the severity of the breach. For the whole of RBI, the local intraday liquidity management process is within the responsibility of the local Treasury unit which ensures that the following minimum standards are implemented locally: clear responsibilities and workflows for managing intraday liquidity; daily monitoring of available intraday liquidity; intraday liquidity forecasting model and limit; escalation and contingency processes and measures in case of limit breaches.

Contingency funding plan

Under difficult liquidity conditions, the units switch to a contingency process in which they follow predefined liquidity contingency plans. These contingency plans also constitute an element of the liquidity management framework and are mandatory for all significant Group units. The emergency management process is designed so that the Group can retain a strong liquidity position even in serious crisis situations.

Liquidity position

Group funding is founded on a strong customer deposit base supplemented by wholesale funding – mainly via RBI AG and the Group units. Funding instruments are appropriately diversified and are used regularly. The ability to procure funds is precisely monitored and evaluated by the Treasury ALM units and the ALCOs.

In the past year and to date, the Group's excess liquidity was above all regulatory and internal limits (with a handful of exceptions in the area of internal sub-limits). The result of the internal time-to-wall stress test demonstrates that the Group would survive throughout the modelled stress phase of several months even without applying contingency measures.

The Going Concern report shows the structural liquidity position. It covers all material risk drivers which might affect the Group in a business as usual scenario. The results of the going concern scenario are shown in the following table. It illustrates excess liquidity and the ratio of expected cash inflows plus counterbalancing capacity to cash outflows (liquidity ratio) for selected maturities on a cumulative basis. Based on assumptions employing expert opinions, statistical analyses and country specifics, this calculation also incorporates estimates of the stability of the customer deposit base, outflows from items off the statement of financial position and downward market movements in relation to positions which influence the liquidity counterbalancing capacity.

in € million	2022		2021	
Maturity	1 month	1 year	1 month	1 year
Liquidity gap	47,281	46,094	37,048	44,996
Liquidity ratio	179%	136%	172%	142%

Liquidity coverage ratio (LCR)

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

The calculation of expected inflows and outflows of funds and the HQLAs is based on regulatory guidelines. The regulatory limit for LCR is 100 per cent.

in € million	2022	2021
Average liquid assets	43,954	39,282
Net outflows	21,712	25,664
Inflows	21,475	15,525
Outflows	43,188	41,189
Liquidity Coverage Ratio in per cent	**202%**	**153%**

The increased average liquid assets are determined by an increase in recoverable central bank credit balances. The reduced net outflows were the result of increased customer deposits in Russia and a positive trend in wholesale finance at head office.

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. RBI targets a balanced funding position.

in € million	2022	2021
Required stable funding	119,608	119,079
Available stable funding	161,545	159,006
Net Stable Funding Ratio in per cent	**135%**	**134%**

The required structural liquidity remained at a stable level compared to the previous year, while the available structural liquidity rose slightly due to customer deposits. This led to an overall slight increase in the NSFR result.

Funding liquidity risk

Funding liquidity risk is mainly driven by changes in the risk strategy of lenders or by a deterioration in the creditworthiness of a bank that needs external funding. Funding rates and supply rise and fall with credit spreads, which change due to the market or bank-specific situation.

As a consequence, long-term funding depends on restoring confidence in banks and increased efforts in collecting customer deposits. RBI AG's banking activities are financed by combining wholesale funding and the retail franchise of deposit-taking subsidiary banks. It is the central liquidity balancing agent for the local Group units in Central and Eastern Europe.

In the Group's funding plans, special attention is paid to a diversified structure of funding to mitigate funding liquidity risk. In the Group, funds are not only raised by RBI AG as the Group's parent institution, but also individually by different banking subsidiaries. Those efforts are coordinated and optimized through a joint funding plan. Moreover, RBI AG arranges medium-term and long-term funding for its subsidiaries through syndicated loans, bilateral funding agreements with banks, and financing facilities provided by supranational institutions. These funding sources are based on long-term business relationships.

For managing and limiting liquidity risks, the targets for the loan/deposit ratio (the ratio of customer loans to customer deposits) in the individual subsidiary banks take into account the planned future business volumes as well as the feasibility of increasing customer deposits in different countries. On the one hand, this initiative reduces external funding requirements. On the other hand, it also reduces the need for internal funding operations and the risk associated with such liquidity transfers.

The following table shows a breakdown of cash flows according to the contractual maturity of financial assets:

2022 in € million	Carrying amount	Contractual cash flows	Up to 3 months	More than 3 months, up to 1 year	More than 1 year, up to 5 years	More than 5 years
Non-derivative financial assets	**196,046**	**217,983**	**90,430**	**23,034**	**58,282**	**46,245**
Cash, cash balances at central banks and other demand deposits	53,683	54,010	54,010	0	0	0
Loans and advances	118,946	137,710	34,514	19,563	47,180	36,453
Central banks	8,814	8,816	8,816	0	0	0
General governments	2,143	2,301	278	282	726	1,015
Banks	6,902	6,983	5,242	401	998	341
Other financial corporations	11,390	12,435	4,402	1,707	4,970	1,357
Non-financial corporations	48,829	54,038	12,926	10,947	23,982	6,183
Households	40,867	53,136	2,850	6,226	16,503	27,557
Debt securities	23,418	26,262	1,905	3,470	11,103	9,792
Central banks	4	4	4	0	0	0
General governments	17,599	19,781	1,351	2,670	7,947	7,812
Banks	3,634	3,814	252	622	2,125	814
Other financial corporations	1,184	1,422	199	88	461	682
Non-financial corporations	997	1,242	98	90	570	483
Derivative financial assets	**5,721**	**5,188**	**265**	**1,037**	**2,357**	**1,529**
Derivatives - Trading book	5,059	5,128	571	973	2,139	1,445
Derivatives – Hedge accounting	661	60	(305)	64	218	84

2021 in € million	Carrying amount	Contractual cash flows	Up to 3 months	More than 3 months, up to 1 year	More than 1 year, up to 5 years	More than 5 years
Non-derivative financial assets	**178,551**	**192,787**	**77,008**	**18,941**	**55,304**	**41,534**
Cash, cash balances at central banks and other demand deposits	38,557	38,922	38,922	0	0	0
Loans and advances	117,462	130,558	34,722	16,823	45,287	33,726
Central banks	12,005	12,011	11,995	1	15	0
General governments	1,385	1,444	157	257	531	499
Banks	4,625	4,609	2,909	603	807	290
Other financial corporations	11,212	11,733	4,652	1,089	4,704	1,288
Non-financial corporations	50,156	53,887	12,759	11,055	24,903	5,170
Households	38,078	46,875	2,250	3,818	14,327	26,479
Debt securities	22,531	23,306	3,363	2,118	10,017	7,808
Central banks	99	95	95	0	0	0
General governments	16,996	17,524	2,432	1,368	7,444	6,280
Banks	3,334	3,373	550	438	1,705	679
Other financial corporations	1,008	1,045	185	130	466	265
Non-financial corporations	1,094	1,269	101	183	403	583
Derivative financial assets	**2,484**	**2,043**	**114**	**371**	**805**	**754**
Derivatives - Trading book	2,132	1,983	264	297	742	680
Derivatives – Hedge accounting	352	60	(150)	74	63	74

The following table shows a breakdown of cash flows according to the contractual maturity of financial liabilities:

2022 in € million	Carrying amount	Contractual cash flows	Up to 3 months	More than 3 months, up to 1 year	More than 1 year, up to 5 years	More than 5 years
Non-derivative financial liabilities	**179,743**	**184,492**	**129,428**	**16,338**	**27,789**	**10,937**
Deposits	158,740	160,679	126,827	14,086	15,208	4,558
Central banks	8,915	9,489	524	4,760	4,067	138
General governments	2,895	2,954	2,030	469	378	76
Banks	24,726	25,132	17,427	1,833	4,437	1,435
Other financial corporations	13,286	14,023	9,882	1,088	1,135	1,918
Non-financial corporations	50,042	50,135	47,321	2,180	427	207
Households	58,876	58,946	49,642	3,757	4,763	784
Short positions	91	91	91	0	0	0
Debt securities issued	18,957	21,785	601	2,231	12,581	6,372
Other financial liabilities	1,955	1,938	1,910	21	0	7
Derivative financial liabilities	**5,639**	**5,512**	**(287)**	**1,292**	**3,062**	**1,445**
Derivatives - Trading book	4,802	6,117	822	1,131	2,692	1,472
Derivatives – Hedge accounting	837	(605)	(1,109)	161	326	17
Issued financial guarantee contracts	**9,370**	**9,370**	**4,239**	**2,187**	**1,751**	**1,193**
Issued loan commitments	**37,193**	**37,193**	**11,483**	**5,714**	**9,996**	**9,999**

2021 in € million	Carrying amount	Contractual cash flows	Up to 3 months	More than 3 months, up to 1 year	More than 1 year, up to 5 years	More than 5 years
Non-derivative financial liabilities	**167,002**	**168,857**	**119,922**	**10,659**	**27,714**	**10,563**
Deposits	149,761	150,213	118,290	9,085	18,477	4,361
Central banks	9,534	9,560	589	552	8,353	66
General governments	2,821	2,859	1,602	700	387	171
Banks	25,073	25,289	18,280	1,517	3,980	1,512
Other financial corporations	11,119	11,208	8,014	664	706	1,825
Non-financial corporations	44,523	44,584	41,756	2,256	368	204
Households	56,690	56,713	48,049	3,397	4,684	583
Short positions	250	252	240	0	6	5
Debt securities issued	16,138	17,562	579	1,559	9,227	6,197
Other financial liabilities	854	831	812	15	4	0
Derivative financial liabilities	**2,186**	**2,398**	**0**	**477**	**1,162**	**759**
Derivatives - Trading book	1,894	2,862	509	479	1,120	754
Derivatives – Hedge accounting	292	(464)	(509)	(2)	42	5
Issued financial guarantee contracts	**8,900**	**8,849**	**5,408**	**1,687**	**1,535**	**219**
Issued loan commitments	**42,601**	**41,520**	**16,405**	**8,984**	**13,560**	**2,572**

(46) Operational risks

Operational risk is defined as the risk of losses resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk. In this risk category internal risk drivers such as unauthorized activities, fraud or theft, conduct-related losses, modelling errors, execution and process errors, or business disruption and system failures are managed. External factors such as damage to physical assets or fraud are managed and controlled as well.

This risk category is analyzed and managed based on own historical loss data and the results of risk assessments. As with other risk types the principle of firewalling of risk management and risk controlling is also applied to operational risk in the Group. To this end, individuals are designated and trained as Operational Risk Managers for each business area. Operational Risk Managers provide central Operational Risk Controlling with reports on risk assessments, loss events, indicators and measures. They are supported in their work by Dedicated Operational Risk Specialists (DORS).

Operational risk controlling units are responsible for reporting, implementing the framework, developing control measures and monitoring compliance with requirements. Within the framework of the annual risk management cycle, they also coordinate the participation of the relevant second line of defense departments (Financial Crime Management, Compliance, Vendor Management, Outsourcing Management, Insurance Management, Information Security, Physical Security, Business Continuity Management, Internal Control System, IT Risk Management) and all first line of defense partners (Operational Risk Managers).

Under the regulatory rules which require losses such as maintaining business continuity through extreme events or physical losses to be posted as operational losses, loss data on impacts were collected and reported internally from the outset of the conflict and war situation. The overall losses amounted to € 16.4 million. The largest portion of € 14.6 million was attributable to Ukraine and involved business continuity costs in relation to technical infrastructure, employee relocations to secure areas or

depreciations of assets. Costs of € 0.9 million were also posted in Poland in relation to business continuity and the associated employee expenses. Costs such as, for example, family relocations or the provision of support for third parties were not included in loss data collection.

Risk identification

Identifying and evaluating risks that might endanger the Group's existence (but the occurrence of which is highly improbable) and areas where losses are more likely to arise more frequently (but have only limited impact) are important aspects of operational risk management.

Operational risk assessment is executed in a structured and Group-wide uniform manner according to risk categories such as business processes and event types. Moreover, risk assessment applies to new products as well. All Group units grade the impact of high probability/low impact events and low probability/high impact incidents according to their estimation of the loss potential for the next year and in the next ten years. Low probability/high impact events are quantified by a Group-wide analytical tool (scenarios). The internal risk profile, losses arising and external changes determine which cases are dealt with in detail. In addition, scenario analyses for focus topics such as ESG, model risks or cyber risks are specified via the Group.

Monitoring

In order to monitor operational risks, early warning indicators are used that allow prompt identification and minimization of losses. Loss data is collected in a central database called ORCA (Operational Risk Controlling Application) in a structured manner and on a Group-wide basis according to the event type and the business line. In addition to the requirements for internal and external reporting, information on loss events is exchanged with international data pools to further develop operational risk management tools as well as to track measures and control effectiveness. The Group is a participant in the ORX data pool (Operational Risk Data Exchange Association), whose data are currently used for internal benchmark purposes and analyses and as part of the operational risk model. The ORX data consortium is an association of banks and insurance groups for statistical purposes. The results of the analyses as well as events resulting from operational risks are reported in a comprehensive manner to the relevant Operational Risk Management Committee on a regular basis.

Quantification and mitigation

At year-end 2022, the equity requirement for operational risk was calculated using the standardized approach. This led to a € 120 million increase in capital requirements (€ 1.5 billion higher RWAs) due to the discontinuation of the advanced measurement approach. RBI's migration to a less advanced approach, as a result of the regulator's regressive change, was taken in consideration of the future regulatory requirements under Basel IV, which no longer made investment in a regulatory model economically viable. The volume of the legal entities covered by the advanced measurement approach was recently reduced, among other things due to the sale of the Bulgarian bank, whereas the volumes of the growth markets were presented in the standard approach. This resulted in hypersensitivities of existing loss events due to a reduced internal data set.

For the 2022 fiscal year, the calculation for the standardized approach classified the following positions within operational risk as irregular, and they were therefore excluded from the relevant indicator on the basis of Article 316 CRR para. 1. As outlined in the chapter notes to the income statement, the geopolitical situation in Russia led to a sharp increase in net fee and commission income and net interest income. In order to comply with the regulatory requirements, the following income items in particular were additionally examined with regard to future predictability, controllability and sustainability:

- Net fee and commission income from the (forced) conversion
- Income from the sudden rises in interest income and
- Fee and commission income from the increase in fees to prevent foreign currency deposits

Taking into account the future projected figures, the irregularity of the income has been confirmed and the income was therefore adjusted accordingly. This resulted in a reduction in the operating income for the relevant indicator of 105.8 billion Russian ruble (€ 1.36 billion). The currency translation was based on the closing rate as at 31 December 2022.

The economic capital is based on an internal model with external and internal losses as input factors and Group-wide scenarios. Risk-based control is carried out with allocation based on the input factors of the relevant units and the operating income for stabilization. The standards which are implemented and complied with at Group level correspond to an advanced approach for all operational risk methods.

To reduce operational risk, business managers decide on preventive risk-reduction actions such as risk mitigation or risk transfer. The progress and effectiveness of these actions is monitored by Risk Control. The former also define contingency plans and nominate responsible persons or departments for initiating the defined actions if losses in fact occur. In addition, several dedicated organizational units provide support to business units for preventing operational risks. An important role in connection with operational risk activities is taken on by Financial Crime Management. Financial Crime Management provides support for the prevention and identification of fraud. The Group also conducts an extensive staff training program and has different contingency plans and back-up systems in place. Loss data per category of operational risk are collected for all units in the CRR Group. These are distributed across the Basel risk categories as follows:

in € million	2022	Share	2021	Share
Clients, products and business practices	541	92.8%	362	98.1%
Excecution, delivery and process management	17	2.9%	2	0.5%
Disasters and public safety	16	2.8%	0	0.1%
External fraud	6	1.1%	3	0.8%
Internal fraud	2	0.3%	1	0.4%
Technology and infrastructure failures	1	0.1%	1	0.2%
Employment practices and workplace safety	0	0.0%	0	0.0%
Total	**584**	**100.0%**	**369**	**100.0%**

Number of OpRisk events	2022	Share	2021	Share
External fraud	28,305	67.9%	10,906	48.0%
Disasters and public safety	7,153	17.2%	123	0.5%
Clients, products and business practices	4,480	10.7%	10,211	44.9%
Excecution, delivery and process management	1,219	2.9%	914	4.0%
Technology and infrastructure failures	348	0.8%	462	2.0%
Employment practices and workplace safety	100	0.2%	57	0.3%
Internal fraud	73	0.2%	54	0.2%
Total	**41,678**	**100.0%**	**22,727**	**100.0%**

Other disclosures

(47) Pending legal issues

The RBI Group is involved in various legal, administrative or arbitration proceedings before various courts and authorities mainly arising in the ordinary course of business and involving contractual, labor, and other matters.

A provision is only recognized if there is a legal or constructive obligation 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, regulatory enforcement, and tax litigation.

Consumer protection

RBI faces customer lawsuits in connection with consumer protection matters. Most claims relate to terms of contract that are alleged to breach consumer protection or other laws. The legal risk associated with such claims is heightened by the danger of politically motivated legislation that increases the degree of unpredictability.

Croatia

In Croatia, following litigation initiated by a Croatian consumer association against Raiffeisenbank Austria, d.d., Croatia (RBHR), and other Croatian banks, two contractual clauses used in consumer loan agreements between 2003/2004 and 2008 were declared null and void: an interest change clause and a CHF index clause. The decision on the interest adjustment clause cannot be challenged any more. The decision on the nullity of the CHF index clause which was confirmed by the Croatian Supreme Court also passed control of the Croatian Constitutional Court. RBHR is exploring the possibility to challenge this decision, and 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 European Court of Justice (ECJ) for preliminary ruling. In May 2022, ECJ published a preliminary ruling but like the Croatian Supreme Court, ECJ did not answer whether consumers of converted loans are entitled to any additional compensation (besides the positive effects of the conversion performed under provisions of the Consumers Credit Act 2015). Therefore, the issue whether consumers are entitled to additional compensation (notwithstanding conversion) 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, additional explanations on how this amount is to be calculated are not available so far but are 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 € 62 million (previous year: € 56 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 December 2022, the total amount in dispute was approximately PLN 3,247 million (€ 694 million). The number of lawsuits continues to increase.

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

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

A significant inflow of new cases has been observed since the beginning of 2020 as a result of the ECJ preliminary ruling and of intensified marketing activity by law firms acting on behalf of borrowers. Such an increased inflow of new cases has not only been observed by RBI's Polish branch, but by all banks handling currency loan portfolios in Poland.

Furthermore, Polish courts have approached the ECJ with requests for a preliminary ruling in other civil proceedings. That ruling could lead to further clarifications and may influence how court cases concerning foreign currency loans are decided by national Polish courts.

The impact assessment in relation to affected FX-indexed or FX-denominated loan agreements may also be influenced by the outcome of ongoing administrative proceedings conducted by the President of the Office of Competition and Consumer Protection (UOKiK) against RBI's Polish branch. Such administrative proceedings are, inter alia, based on the alleged practice of infringing collective consumer interests as well as on the classification of clauses in standard agreements as unfair. As at this point of time, it is uncertain what the potential impact of said proceedings could be on FX-indexed or FX-denominated loan agreements and RBI. Furthermore, such proceedings could result in the imposition of administrative fines on RBI's Polish branch – and in the event of appeals – in administrative court proceedings.

Moreover, the Polish Financial Ombudsman, acting on behalf of two borrowers, has initiated a civil proceeding against RBI alleging employment of unfair commercial practices towards consumers in respect of a case in which RBI – following the annulment of a loan agreement – claimed the full loan amount originally disbursed without taking into account repayments made in the meantime as well as amounts due for the use of capital by the borrowers based on the principle of unjust enrichment, and has demanded that RBI discontinue such practices.

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 € 803 million (previous year: € 364 million). The main uncertainties associated with the calculation of the provision relate to a potentially higher number of claims and an increase in the probability of losing the court cases.

When calculating the CHF provision for lawsuits filed in Poland, it is necessary to form a view on matters that are inherently uncertain, such as regulatory pronouncements, the number of future complaints, the extent to which they will be upheld and the impact of legal decisions that may be relevant to claims received. The total amount provided for CHF loans in Poland represents RBI Group's best estimate of the likely future cost. However, a number of risks and uncertainties remain and the cost could therefore differ from the Group's estimates and the assumptions underpinning them and result in a further provision being required. As a result, a negative legal decision for the bank can lead to a significant increase in the provision.

RBI has around 29,000 Swiss franc loans outstanding with a total volume of around € 2 billion, further 8,000 loans were repaid. These also include loans that are not expected to be the subject of litigation. The total amount of the provision for CHF loans in Poland represents RBI's best estimate of the future outflow of economic benefits. In calculating the CHF provision for lawsuits filed in Poland, it is nevertheless necessary to form an opinion on matters that are inherently uncertain, such as official pronouncements, the number of future lawsuits, the probability of losing court cases and the impacts of court decisions that lead to negative scenarios.

The sensitivity of the specific parameters to a 10-percentage point change while holding all other parameters constant is shown in the table below:

in € million	2022 Increase by 10 percentage points	2022 Decrease by 10 percentage points	2021 Increase by 10 percentage points	2021 Decrease by 10 percentage points
Change in number of future litigation cases	85	(84)	36	(36)
Change in probability of losing court case	29[1]	(83)	47	(47)

1 The increase is limited to 3.4 percentage points, as the overall probability of losing the court cases is 100 per cent.

Romania

In October 2017, the consumer protection authority (ANPC) issued an order for RBI's Romanian network bank Raiffeisen Bank S.A., Bucharest, to stop its alleged practice of not informing its customers about future changes in the interest rate charged to the customers. The order did not expressly provide for any direct monetary restitution or payment from Raiffeisen Bank S.A., Bucharest. RBI's Romanian network bank Raiffeisen Bank S.A., Bucharest, disputed this order in court but finally lost. In September 2022, the decision was rendered in writing, but given current uncertainties as to its interpretation the exact negative financial impact is still to be determined. A provision of € 13 million (previous year: € 27 million) has been recognized. In accordance with an external legal opinion, the bank has issued new repayment schedules and has started to repay certain amounts and related legal interest to affected customers. However, details relating to the additional payment of interest to such customers are not yet clear. Based on the external legal opinion, the most likely estimation of the impact is approximately € 27 million (including legal interest).

Furthermore, Raiffeisen Bank S.A., Bucharest, is involved in a number of lawsuits, some of them class actions, as well as administrative proceedings pursued by ANPC, in particular in connection with consumer loans and current account contracts. The proceedings are mainly based on the allegation that certain contractual provisions and practices applied by Raiffeisen Bank S.A. violate consumer protection laws and regulations. Such proceedings may result in administrative fines, the invalidation of clauses in agreements and the reimbursement of certain fees or parts of interest payments charged to customers in the past.

Banking business

RBI and its subsidiaries provide services for corporate customers that increase litigation risk at the operating level. The most important cases are as follows:

Following the insolvency of Alpine Holding GmbH (Alpine) in 2013, a number of lawsuits were filed by retail investors in Austria against RBI and another credit institution in connection with a bond which had been issued by Alpine in 2012 in an aggregate principal amount of € 100 million. The claims asserted against RBI originally amounted to approximately € 10 million. In total, claims of approximately € 8 million had been filed in court by investors either directly or represented by a class action association. Owing to the termination of some of the proceedings and claim restriction in other proceedings, the value in dispute of the pending court proceedings currently amounts to approximately € 7 million. Among other things, it is claimed that the banks acted as joint lead managers of the bond issue and were or at least should have been aware of the financial problems of Alpine at the time of the issue. Thus, they should have known that Alpine was not in a position to redeem the bonds as set forth in the terms and conditions of the bonds. It is alleged that the capital market prospectus in relation to the bond issue was misleading and incomplete and that the joint lead managers including RBI, which were also involved in the preparation of the prospectus, were aware of that fact.

In the first quarter of 2021, RBI learned about a claim already filed against it in Jakarta by an Indonesian company in November 2020. The amount of the alleged claim is approximately USD 129 million (€ 121 million) in material damages and USD 200 million (€ 188 million) in immaterial damages. The claim was served upon RBI in May 2022. In the first court hearing in front of the South Jakarta District Court held on 27 September 2022 the parties were ordered to engage in a mandatory court-annexed mediation starting from 4 October 2022. The mediation proceedings were terminated without success and the court proceedings are continued.

In August 2019, RBI launched a claim for approximately € 44 million against a Cayman Islands incorporated parent company, several of its subsidiaries and one former subsidiary (the Cayman Islands Defendants) in the Grand Court of the Cayman Islands, Financial Services Division (the CI Proceedings). In the CI Proceedings, RBI alleges that the Cayman Islands Defendants participated in transactions to defraud creditors and a fraudulent conspiracy to injure RBI, by dissipating assets so as to frustrate RBI's claims under a number of parent company guarantees. Furthermore, RBI alleges that said transfers were carried out at undervalue or without consideration between or among the Cayman Islands Defendants. RBI obtained an order against one of the Cayman Island Defendants in September 2019, placing restrictions on its ability to deal with its assets, pending determination of the CI Proceedings. RBI obtained a similar order against a further Cayman Island Defendant in May 2020 (together the Freezing Orders). In November 2019, some of the Cayman Islands Defendants filed a counterclaim in the amount of € 203 million against RBI in the course of the CI Proceedings. RBI considers that the counterclaim, which is based on documents that the Cayman Islands Defendants have refused to disclose to date, is entirely without merit. In July 2021, RBI applied for permission to amend its claim in the CI Proceedings, to add an additional defendant and claim further damages and associated relief, bringing the total sums claimed by RBI in the CI Proceedings to approximately € 87 million plus interest and costs. That application

has yet to be determined. In December 2021, the Cayman Islands Court of Appeal gave judgment on an appeal brought by two of the Cayman Island Defendants, against the Freezing Orders. The Court of Appeal has refused to dismiss the Freezing Orders, which will remain in place. The CI Proceedings are ongoing. In January 2021, RBI issued an arbitration claim for an amount of approximately € 87 million plus interest and costs against one of the Cayman Islands Defendants, at the time incorporated in the Marshall Islands, before the Vienna International Arbitral Centre (VIAC) (the VIAC Arbitration). The VIAC Arbitration concerned RBI's claims under guarantees provided by said company to RBI. In October 2022, the sole arbitrator issued an award, ordering the respondent to pay to RBI: (i) over € 62 million and USD 19 million (€ 18 million) in respect of the principal sums due under the guarantees, (ii) interest on those amounts at a rate of 5 per cent per annum accruing from 27 February 2018 until the date of payment, (iii) fees, costs and expenses incurred by RBI in ancillary proceedings in various jurisdictions worldwide, (iv) the costs of the VIAC Arbitration.

In 2013, a Cypriot company (the Cypriot Claimant) filed an action for damages in the amount of approximately € 43 million against RBI's subsidiary in Slovakia, Tatra banka, a.s. (Tatra banka). In January 2016, the Cypriot Claimant filed a petition to increase the claimed amount by € 84 million and the court approved this petition. It means that the total claimed amount in this lawsuit is approximately € 127 million. The lawsuit is based on similar grounds to a claim by a client of Tatra banka (the Slovak Client) that in the meantime had been rejected in full by the Slovak courts. The Cypriot Claimant filed the action as it had acquired the claim from a shareholder of the holding company of the Slovak Client. The Cypriot Claimant claims that Tatra banka breached its contractual obligations towards the Slovak Client by refusing to execute payment orders from the Slovak Client's accounts without cause and by not extending the maturity of facilities despite a previous promise to do so, which led to non-payment of the Slovak Client's obligations towards its business partners and the termination of the Slovak Client's business activities. According to the Cypriot Claimant, this had caused cessation of the business activities and, subsequently, bankruptcy of the Slovak Client and, thus, also damage to the shareholder of the holding company in the form of a loss of value of its shares. Subsequently, said shareholder assigned its claim to the Cypriot Claimant. The Cypriot Claimant claims that Tatra banka acted contra bonos mores as well as contrary to fair business conduct and requires Tatra banka to pay part of its claims corresponding to the loss in value of the holding company's shares. In November 2019, the claim was rejected in full by the first-instance court. The Cypriot Claimant filed an appeal against this first-instance judgement in January 2020. In June 2022, the judgement of the appellate court upholding the first-instance court judgement was delivered to Tatra banka. In August 2022, the Cypriot Claimant filed an extraordinary appeal against the appellate judgement.

In April 2018, a lawsuit was brought against Raiffeisen Bank Polska S.A. (RBPL), the former Polish subsidiary of RBI, by a former client claiming an amount of approximately PLN 203 million (€ 43 million). According to the plaintiff's complaint, RBPL blocked the client's current overdraft credit account for six calendar days in 2014 without formal justification. The plaintiff claimed that the blocking of the account resulted in losses and lost profits due to a periodic disruption of the client's financial liquidity, the inability to replace loan-based funding sources with financing streams originating from other sources on the blocked account, a reduction in inventory and merchant credits being made available and generally a resulting deterioration of the client's financial results and business reputation. RBPL contended that the blocking was legally justified and implemented upon available information. In the course of the sale of the core banking operations of RBPL to Bank BGZ BNP Paribas S.A., the lawsuit against RBPL was transferred to Bank BGZ BNP Paribas S.A. However, RBI must still bear any negative financial consequences in connection with the said proceeding. In February 2022, RBI was informed by Bank BGZ BNP Paribas S.A. that the plaintiff's claim was dismissed in the court of first instance. The plaintiff has filed an appeal against this decision.

In September 2020, Raiffeisen-Leasing Immobilienmanagement GmbH (RIM), a wholly owned subsidiary of Raiffeisen-Leasing Gesellschaft m.b.H., was served with a lawsuit filed in a court in Brescia, Italy, by an Italian company. The plaintiff was seeking approximately € 30 million in damages for an alleged breach of a shareholder agreement in connection with the joint development of a factory outlet center in Italy. The shareholder agreement between RIM and the plaintiff was concluded in 2011 upon the establishment of a joint project company. In 2012, however, it transpired that various conditions for the implementation of the project could not be met. As a result, RIM decided not to proceed with the project and sold its share in the project company to the plaintiff. The plaintiff then alleged that RIM violated the original shareholder agreement by discontinuing the project. In June 2021, the court rendered a decision in which it rejected its jurisdiction in the case and ruled that Milan Regional Court is the competent court, granting the parties three months to resume the proceedings at Milan Regional Court. RIM appealed this decision as the court did not decide on the applicability of the arbitration clause. In August 2021, the plaintiff filed for resumption of the proceedings against RIM at Milan Regional Court, despite of the pending appeal. The resumption related to the same claim as the pending legal action. The claim asserted against RIM and the potential risk therefore remained unchanged. It was expected that the proceedings at Milan Regional Court would be adjourned until the decision in the appeal proceedings. In its judgement of 13 April 2022, the Supreme Court of Cassation in Rome rendered a final judgment that the claim is subject to arbitration and, therefore, not subject to jurisdiction by the Italian ordinary courts. It annulled the judgement of the Regional Court Brescia and found that the Court of Arbitration of the Bolzano Chamber of Commerce had exclusive jurisdiction in this matter. The judgment is final and non-appealable. The proceedings at the Regional Court Milan were cancelled. The Italian company did not file the arbitration claim at the Court of Arbitration Bolzano within the statutory period for the resumption of the court proceedings. The court proceedings are therefore formally terminated. However, an arbitration claim at the Court of Arbitration Bolzano is still possible as the Supreme Court of Cassation did not decide about the claim itself.

Regulatory enforcement

RBI and its subsidiaries are subject to numerous national and international regulatory authorities.

Following an audit review by the Romanian Court of Auditors regarding the activity of Aedificium Banca pentru Locuinte S.A. (formerly Raiffeisen Banca pentru Locuinte S.A.), (RBL), a building society and subsidiary of Raiffeisen Bank S.A., Bucharest, the Romanian Court of Auditors claimed that several deficiencies were identified and that conditions for payment by RBL of state premiums on savings had not been met. Thus, allegedly, such premiums may have to be repaid. Should RBL not succeed in reclaiming said amounts from its customers or providing satisfactory documentation, RBL would be held liable for the payment of such funds. RBL initiated court proceedings to contest the findings of the Romanian Court of Auditors and won on the merits regarding the most significant alleged deficiencies. The case was appealed at the High Court of Cassation and Justice. In November 2020, the High Court of Cassation and Justice overturned the previous court decision and confirmed the view of the Romanian Court of Auditors. Upon the application of RBL, the High Court of Cassation and Justice requested the Constitutional Court to decide whether the Court of Auditors was, in principle, entitled to scrutinize RBL. The proceeding is still pending and could – depending on its outcome – enable RBL to file an extraordinary recourse against the decision of the High Court of Cassation and Justice. At the end of June 2022, RBL took advantage of a legal provision allowing entities to pay debts towards the state (principal - respectively the state premiums) and be exonerated from payment of accessories (penalty interest). RBL has paid the principal of € 23 million and requested to be exonerated to pay accessories of € 30 million. In July 2022, the Ministry of Development, Public Works and Administration rejected RBL's request for exoneration. RBL has disputed this decision in court. In December 2022, the Ministry of Development, Public Works and Administration 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.

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, since then this proceeding is pending again at the Austrian Supreme Administrative Court.

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's 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 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 December 2022 equals approximately PLN 69 million (€ 15 million). Additionally, RBI was informed that a modification of a statement of claim had been submitted to the court which could result in an increase of the total amount in dispute by approximately PLN 91 million (€ 19 million). However, such modification has not yet been served upon RBI. The plaintiffs of the class actions demand the confirmation of RBI's responsibility for the alleged improper performance of RBPL (in respect of which RBI is the legal successor) as custodian bank. Such confirmation would secure and facilitate their financial claims in further lawsuits.

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 depositary of investment funds and could lead to cash penalties. Furthermore, claims in this context have been raised by investors to BNP, and as a mitigating measure RBI supports BNP in this regard.

In November 2020, the Austrian Chamber for Workers and Employees (Bundeskammer für Arbeiter und Angestellte), (BAK) filed an application for injunctive relief against Raiffeisen Bausparkasse Österreich Gesellschaft m.b.H. (RBSPK), a wholly owned subsidiary of RBI, with the commercial court of Vienna. RBSPK had terminated long-lasting building savings contracts (Bausparverträge) in an aggregate amount of approximately € 93 million. The minimum rate of interest on said overnight building savings deposits was between 1 per cent p.a. and 4.5 per cent p.a. BAK claims that RBSPK did not have the right to terminate such contracts whereas RBSPK is of the opinion that said contracts constitute a continuing obligation, which can – under Austrian law – be terminated by giving proper notice. RBSPK received the court decision of the court of first instance in August 2021 and the court of second instance in February 2022; both basically stating that the termination of the savings contracts is considered unlawful. RBSK has appealed against the decision of the court of second instance in March 2022.

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.

Tax litigation

RBI is, or is expected to be, involved in various tax audits, tax reviews and tax proceedings. RBI is involved in the following significant tax proceedings, among others:

In Germany, a tax review and tax proceedings led to a tax burden of approximately € 23 million in connection with real estate transfer tax. As the taxes are already paid, there is no need for an accrual.

In Romania, tax assessments by the Romanian tax authorities have resulted in an extraordinary tax burden in an aggregate amount of additional taxes of approximately € 32 million plus penalty payments of about € 21 million. Following administrative and other proceedings, whereby some of them are still ongoing, the extraordinary tax burden has been lowered to € 48 million so far.

In the vast majority of the aforementioned amounts, the decision of the respective tax authorities is or will be challenged.

In tax audits for the years 2001 to 2005 and 2006 to 2011, the interest in connection with hedging transactions for group equity (capital hedges) and IPO costs of RBI were classified as non-deductible. RBI lodged a complaint with the Federal Finance Court (BFG), which fully upheld the complaint in 2021, resulting in a tax refund to RBI in the amount of around € 14 million (including interest). The authority filed an extraordinary appeal against the judgment of the BFG with the Austrian Administrative Court. The Austrian Administrative Court confirmed the decision of the BFG so far it was related to the interest payment in connection of capital hedges but delegated the case back to the BFG to investigate if there are any realized gains or expenses in connection with the capital hedges.

(48) Other agreements

Raiffeisen-Kundengarantiegemeinschaft Austria (RKÖ)

RBI AG is a member of Raiffeisen-Kundengarantiegemeinschaft Austria (Raiffeisen Customer Guarantee Scheme Austria (RKÖ)). The members of this association have a contractual obligation to guarantee jointly the punctual fulfillment of the entirety of an insolvent association member's commitments arising from customer deposits and its own issues up to the limit of the sum of the individual capacities of the remaining association members. The individual capacity of an association member is measured on the basis of its freely available reserves subject to the pertinent provisions of the Austrian Banking Act (BWG).

In view of legal and regulatory changes and implementation of an institutional protection scheme, RKÖ and its member institutions decided in 2019 to discontinue the scheme for new transactions. Accordingly, the supplementary protection by RKÖ only applies to covered claims against members that arose before 1 October 2019. Customers' rights under the statutory deposit guarantee scheme are unaffected by this and remain in full force and effect.

Institutional Protection Scheme (R-IPS)

In March 2021, Raiffeisen Bank International AG, its Austrian subsidiary banks, the regional Raiffeisen banks and the local Raiffeisen banks concluded an agreement on a new institutional protection scheme (Raiffeisen-IPS) in accordance with Article 113 (7) CRR (Capital Requirements Regulation of the European Union). In this agreement the participating institutions concluded to protect the participating institutions from each other, in particular to ensure each other's liquidity and solvency if necessary. This new Raiffeisen-IPS was legally approved by the ECB and the FMA in May 2021 as an institutional protection scheme according to Article 113 (7) CRR (Capital Requirements Regulation of the European Union) and its related rights and obligations of the participating member institutions. This allows, among other things, for receivables to be risk-weighted at zero per cent between Raiffeisen-IPS members. The Raiffeisen-IPS is subject to joint regulatory supervision and capital requirements must also be met on a consolidated basis.

In May 2021, the Raiffeisen-IPS was recognized together with ÖRS (Austrian Raiffeisen-Sicherungseinrichtung eGen) by the Austrian Financial Market Authority (FMA) as a statutory deposit guarantee and investor protection scheme according to the Austrian Deposit Guarantee and Investor Protection Act (Einlagensicherungs- und Anlegerentschädigungsgesetz – ESAEG). Since 29 November 2021, Raiffeisen Bank International AG, its Austrian subsidiary banks, the regional Raiffeisen banks and the local Raiffeisen banks are part of the Austrian Raiffeisen-Sicherungseinrichtung eGen (ÖRS).

The Raiffeisen-IPS is controlled by a joint risk council, comprising representatives of RBI, the regional Raiffeisen banks and the local Raiffeisen banks who are supported by regional risk councils.

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

(49) Fiduciary business pursuant to § 48 (1) of the Austrian Banking Act (BWG)

Transactions arising from the holding and placing of assets on behalf of third parties are not shown in the statement of financial position. Fees arising from these transactions are shown under net fee and commission income. Fiduciary business not recognized in the statement of financial position was concluded with the following volumes on the reporting date:

in € million	2022	2021
Fiduciary assets	**210**	**220**
Loans to customers	203	213
Financial investments	7	7
Fiduciary liabilities	**210**	**220**
Deposits from banks	79	80
Deposits from customers	124	133
Other fiduciary liabilities	7	7

Funds managed by the Group:

in € million	2022	2021
Retail investment funds	**31,015**	**34,899**
Equity-based and balanced funds	21,835	23,502
Bond-based funds	8,667	10,853
Other	513	544
Special funds	**12,767**	**17,335**
Property-based funds	**352**	**366**
Pension funds	**5,714**	**5,660**
Customer portfolio managed on a discretionary basis	**2,179**	**1,440**
Other investment vehicles	**95**	**140**
Total	**52,122**	**59,840**

(50) Leasing

At inception of a contract, RBI assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a certain period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, RBI assesses whether the following criteria are met:

- The contract involves the use of an identified asset – this is the case if either the asset is explicitly specified in the contract or the asset is implicitly specified at the time that it is made available for use by the customer that is capable of being used to meet the contract terms. If the supplier has a material substitution right, then the asset is considered as not identified;
- RBI has the right to obtain substantially all the economic benefit from use of the asset throughout the period of use; and
- RBI has the right to direct how and for what purpose the asset is used throughout the period of use or the relevant decisions about how and for what purpose the asset is used are predetermined.

RBI as lessor

When RBI acts as lessor, it determines at lease inception whether the lease is accounted for as finance or operating lease. In RBI a lease is classified as a finance lease if substantially all the risks and rewards incidental to ownership are transferred. Typical factors that, individually or in combination, would normally lead to a lease being classified as a finance lease:

- Transfer of ownership of the asset by the end of the contract term;
- Option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain at the inception date that the option will be exercised;
- The lease term is for major part of the economic life of the asset (even if the title is not transferred);
- At the inception date, the present value of the lease payments equals at least substantially the fair value of the asset; and
- The asset is of such a specialized nature that only the lessee can use it without major modifications.

Sometimes RBI is an intermediate lessor which means that RBI acts as both the lessee and lessor of the same underlying asset and accounts for its interest in the main lease and the sublease separately. When the main lease is a short-term lease, the sublease is classified as an operating lease. Otherwise, RBI assesses the classification of a sublease by reference to the right-of-use asset in the main lease and not by reference to the underlying asset of the main lease.

RBI recognizes the lease payments associated with the operating lease as income on a straight-line basis over the lease term.

Income from finance and operating leases is as follows:

in € million	2022	2021
Finance lease	**152**	**119**
Finance income on the net investment lease	152	119
Operating Lease	**77**	**78**
Lease income	77	78
Total	**229**	**197**

There is no lease income from variable lease payments that do not depend on an index or a rate.

Finance leases

Assets under finance leases break down as follows; the respective carrying amounts are presented in the statement of financial position under financial assets – amortized cost:

in € million	2022	2021
Vehicles leasing	1,654	1,568
Real estate leasing	827	896
Equipment leasing	775	696
Total	**3,256**	**3,161**

Maturity analysis of lease receivables to be received after the reporting date:

in € million	2022	2021
Gross investment value	**3,712**	**3,520**
Minimum lease payments	3,376	3,096
Up to 3 months	267	274
More than 3 months, up to 1 year	695	689
More than 1 year, up to 5 years	1,878	1,705
More than 5 years	536	428
Non-guaranteed residual value	336	424
Unearned finance income	**456**	**359**
Up to 3 months	36	31
More than 3 months, up to 1 year	97	83
More than 1 year, up to 5 years	229	177
More than 5 years	94	68
Net investment value	**3,256**	**3,161**

In the financial year, there was no income relating to variable lease payments not included in the measurement of the net investment in the lease. Profit due to sale of leased assets as part of a finance lease was € 3,785 thousand (previous year: € 366 thousand).

Operating leases

Assets under operating leases (including unleased parts) break down as follows; the respective carrying amounts are presented in the statement of financial position under tangible fixed assets:

in € million	2022	2021
Vehicles leasing	85	76
Real estate leasing	224	128
Equipment leasing	0	0
Total	**309**	**204**

Maturity analysis of undiscounted lease receivables to be received after the reporting date:

in € million	2022	2021
Up to 1 year	43	34
More than 1 year, up to 5 years	104	64
More than 5 years	60	18
Total	**207**	**116**

RBI as lessee

RBI recognizes a right-of-use asset and a lease liability at the lease commencement date which is the date on which a lessor (a supplier) makes an underlying asset available for use by RBI. The right-of-use asset is measured at cost at the commencement date. The cost of the right-of-use asset comprises the amount equal to the lease liability at its initial recognition adjusted for any lease payments made at or before the commencement of the lease plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset, or to restore the underlying asset or the site on which it is located, less any lease incentives.

The right-of-use asset is subsequently depreciated using the straight-line method in accordance with IAS 16 from the commencement date to the earlier of the end of the useful life or the end of the lease term of the right-of-use asset. The right-of-use asset is reduced by impairments, if any, and adjusted for certain remeasurements of the lease liability.

At the commencement date, RBI measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the incremental borrowing rate.

The lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments including in-substance fixed payments
- Variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if RBI is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured on an ongoing basis similarly to other financial liabilities, using an effective interest method, so that the carrying amount of the lease liability is measured on an amortized cost basis and the interest expense is allocated over the lease term. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the RBI's estimate of the amount expected to be payable under a residual value guarantee, or if RBI changes its assessment of whether it will exercise a purchase, extension, or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

RBI has elected not to recognize right-of-use assets and lease liabilities for short-term leases of equipment that have a lease term of twelve months or less and leases of low-value assets, including IT equipment. RBI recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases mainly relate to land and buildings, vehicles, and IT equipment.

Right-of-use assets

The following table shows the development of right-of-use assets for property, plant and equipment, which are presented in the statement of financial position under tangible fixed assets, and related accumulated depreciation, which is presented in profit or loss under general administrative expenses:

in € million	2022	2021
Cost of acquisition or conversion as at 1/1	**623**	**601**
Discontinued operations	0	(21)
Change in consolidated group	13	13
Exchange differences	(1)	10
Additions	70	60
Disposals	(51)	(40)
Cost of acquisition or conversion as at 31/12	**655**	**623**
Accumulated write-ups/depreciation/impairment	(281)	(217)
hereof depreciation/impairment of the financial year	(87)	(79)
Carrying amount as at 31/12	**374**	**406**

Lease liabilities

The following table shows the maturity analysis of lease liabilities, showing the undiscounted lease payments to be paid after the reporting date; the respective carrying amounts are presented under financial assets – amortized cost:

in € million	2022	2021
Up to 1 year	80	79
More than 1 year, up to 5 years	218	221
More than 5 years	137	150
Total	**435**	**450**

Amounts recognized in profit or loss

Interest on lease liabilities is presented in profit or loss under net interest income and expenses relating to short-term leases and leases of low-value assets are presented in other administrative expenses.

in € million	2022	2021
Interest on lease liabilities	(8)	(8)
Variable lease payments not included in the measurement of lease liabilities	0	0
Income from sub-leasing right-of-use assets	0	0
Expenses relating to short-term leases	(14)	(12)
Expenses relating to leases of low-value assets	(5)	(5)
Total	**(26)**	**(25)**

(51) Key figures pursuant to § 64 (1) 18 of the Austrian Banking Act (BWG)

2022 in € million	Operating income	hereof net interest income	Profit/loss before tax	Income taxes	Number of employees as at reporting date
Poland	15	12	(518)	0	260
Slovakia	534	322	235	(45)	3,466
Czech Republic	860	652	452	(86)	3,736
Hungary	539	356	205	(22)	2,313
Central Europe	**1,947**	**1,341**	**375**	**(153)**	**9,775**
Albania	92	72	38	(6)	1,247
Bosnia and Herzegovina	130	64	56	(3)	1,338
Croatia	197	116	52	(9)	1,760
Kosovo	77	55	33	(4)	919
Romania	661	489	301	(47)	5,084
Serbia	252	147	107	(15)	2,349
Southeastern Europe	**1,409**	**943**	**586**	**(83)**	**12,697**
Belarus	257	123	156	(43)	1,613
Russia	3,844	1,527	2,616	(559)	9,537
Ukraine	524	375	82	(17)	5,400
Eastern Europe	**4,624**	**2,025**	**2,855**	**(619)**	**16,550**
Austria and other	**2,149**	**681**	**621**	**(4)**	**5,392**
Reconciliation	(420)	62	(234)	0	0
Total	**9,710**	**5,053**	**4,203**	**(859)**	**44,414**

2021 in € million	Operating income	hereof net interest income	Profit/loss before tax	Income taxes	Number of employees as at reporting date
Poland	14	13	(311)	0	247
Slovakia	482	300	213	(47)	3,471
Slovenia	4	0	4	(0)	0
Czech Republic	573	385	224	(45)	3,739
Hungary	362	189	112	(11)	2,237
Central Europe	**1,435**	**886**	**241**	**(104)**	**9,694**
Albania	75	55	34	(5)	1,225
Bosnia and Herzegovina	113	60	39	(4)	1,266
Bulgaria	186	119	78	(8)	2,404
Croatia	194	110	61	(11)	1,745
Kosovo	65	48	29	(3)	850
Romania	550	370	214	(41)	4,799
Serbia	155	86	68	(8)	1,489
Southeastern Europe	**1,338**	**850**	**523**	**(81)**	**13,778**
Belarus	155	82	64	(16)	1,600
Russia	1,131	744	591	(117)	9,327
Ukraine	350	254	150	(28)	6,645
Eastern Europe	**1,636**	**1,080**	**805**	**(161)**	**17,572**
Austria and other	**2,494**	**597**	**1,301**	**(35)**	**5,141**
Reconciliation	(1,333)	(85)	(1,080)	13	0
Total	**5,570**	**3,327**	**1,790**	**(368)**	**46,185**

(52) Foreign currency volumes pursuant to § 64 (1) 2 of the Austrian Banking Act (BWG)

in € million	2022	2021
Assets	92,433	91,497
Equity and liabilities	79,783	77,170

(53) Volume of the securities trading book pursuant to § 64 (1) 15 of the Austrian Banking Act (BWG)

in € million	2022	2021
Securities	3,981	5,771
Other financial instruments	132,350	161,800
Total	**136,331**	**167,571**

(54) Securities admitted for trading on a stock exchange pursuant to § 64 (1) 10 of the Austrian Banking Act (BWG)

	2022		2021	
in € million	Listed	Unlisted	Listed	Unlisted
Bonds, notes and other fixed-interest securities	18,050	582	15,882	553
Shares and other variable-yield securities	213	1	299	65
Investments	10	116	1	123
Total	**18,273**	**699**	**16,182**	**741**

(55) Subordinated assets pursuant to § 45 (2) of the Austrian Banking Act (BWG)

in € million	2022	2021
Loans and advances	99	134
Debt securities	85	104
Total	**184**	**238**

(56) Staff

Full-time equivalents	2022	2021
Average number of staff	44,194	45,907
hereof salaried employees	43,639	45,286
hereof wage earners	555	621
Employees as at reporting date	44,414	46,185
hereof Austria	4,585	4,449
hereof foreign	39,829	41,736

(57) Related parties

The main companies exercising a significant influence are Raiffeisenlandesbank Niederösterreich-Wien AG, Vienna, as the largest single shareholder, its parent company, Raiffeisen-Holding Niederösterreich-Wien registrierte Genossenschaft mit beschränkter Haftung, Vienna, and their fully consolidated subsidiaries. The amounts shown under affiliated companies relate to affiliated companies that are not consolidated due to immateriality.

Transactions with related parties (companies and individuals) are limited to banking business transactions that are carried out at fair market conditions. Disclosures on related parties (individuals) are reported under (58) Relations to key management.

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

2021 in € million	Companies with significant influence	Affiliated companies	Investments in associates valued at equity	Other interests
Selected financial assets	**97**	**461**	**1,232**	**592**
Equity instruments	0	251	717	151
Debt securities	17	0	179	14
Loans and advances	79	209	337	428
Selected financial liabilities	**2,202**	**100**	**4,460**	**1,429**
Deposits	2,202	100	4,456	1,429[1]
Debt securities issued	0	0	4	0
Other items	**125**	**1**	**269**	**139**
Loan commitments, financial guarantees and other commitments given	76	1	236	128
Loan commitments, financial guarantees and other commitments received	48	0	34	11
Nominal amount of derivatives	278	0	90	1,794
Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions on non-performing exposures	0	(4)	0	0

1 Previous-year figures adapted

2022 in € million	Companies with significant influence	Affiliated companies	Investments in associates valued at equity	Other interests
Interest income	11	6	13	17
Interest expenses	(20)	(2)	(34)	(14)
Dividend income	0	8	38	7
Fee and commission income	5	15	13	6
Fee and commission expenses	(2)	(1)	(12)	(19)
Increase/decrease in impairment, fair value changes due to credit risk and provisions for non-performing exposures	0	(30)	2	0

2021 in € million	Companies with significant influence	Affiliated companies	Investments in associates valued at equity	Other interests
Interest income	9	3	9	5
Interest expenses	(26)	(7)	(33)	0
Dividend income	0	15	138	2
Fee and commission income	6	10	12	4
Fee and commission expenses	(1)	(1)	(11)	(23)
Increase/decrease in impairment, fair value changes due to credit risk and provisions for non-performing exposures	0	1	1	0

(58) Relations to key management

Group relationship with key management

Key management refers to the members of the Management Board and the Supervisory Board of RBI AG. Transactions between key management and RBI are as follows:

in € thousand	2022	2021
Debt securities	657	1,622
Shares	2,581	4,934
Deposits	762	162
Loans	0	233

Transactions of related parties of key management to RBI:

in € thousand	2022	2021
Shares	3	5
Other receivables	553	420
Time deposits	7	7
Loans	7	6

There is no compensation agreed between the company and members of the Management Board and Supervisory Board or employees in the case of a takeover bid.

Remuneration of members of the Management Board according to IAS 24.17

The expenses according to IAS 24 were recognized on an accrual basis and according to the rules of the underlying standard (IAS 19):

in € thousand	2022	2021
Short-term employee benefits	9,165	8,825
Post-employment benefits	412	472
Other long-term benefits	1,135	1,574
Total	**10,712**	**10,871**

Short-term employee benefits shown in the above table contain salaries and benefits in kind and other benefits, remuneration for board functions at affiliated companies and those portions of the bonus provision that are due in the short term.

Furthermore, it also includes changes possibly arising from the difference between the bonus provision and the bonus later awarded. Post-employment benefits comprise payments to pension funds and payments according to Retirement Plan Act (Mitarbeitervorsorgegesetz), severance payments, vacation compensations as well as net allocations to provisions for retirement benefits and severance payments.

Other long-term benefits contain portions of the bonus provision relating to deferred bonus portions in cash and retained portions payable in instruments. For the latter, valuation changes due to currency fluctuations are also considered.

Bonus calculation is linked to the achievement of annually agreed objectives. These comprise four or five categories covering specific targets and financial targets adapted to the respective function. These are, for example, profit after tax in a particular segment, return on risk adjusted capital (RORAC), total costs, risk-weighted assets, customer-oriented and employee-oriented targets, as well as process-based, efficiency-based, and infrastructure targets, and if necessary other additional targets.

The bonus level is determined by the level of the return on equity and the cost/income ratio, whereby the target values to be achieved reflect the so-called strategic targets for the return on equity and the cost/income ratio at RBI level.

Members of the Management Board are subject in principle to the same regulations as apply to employees. These regulations provide for a basic contribution to a pension fund from the company and an additional contribution if the employee pays own contributions of the same amount.

In the event of termination of function or employment contract and leaving of the company, the members of the Management Board have entitlements under the Company Retirement Plan Act (Betriebliches Mitarbeitervorsorgegesetz). The entitlement to receive severance payments according to contractual agreements lapses in the case of termination by the employee.

Moreover, there is an individual pension commitment through a pension fund which is secured by reinsurance. The Management Board members' contracts either run for the duration of their term of office or are limited to a maximum of five years. In the event of early termination of a Management Board member's contract without good cause, the severance payment is limited to a maximum of two years' total annual remuneration (except for one member of the Management Board covered by previous contractual arrangements).

An amount of € 1,386 thousand (previous year's period: € 1,319 thousand) was paid in pension benefits to former members of the Management Board and to their surviving dependents. In addition to these amounts, short-term benefits, and deferred bonus components as well as severance payments totaling € 978 thousand (previous year's period: € 2,566 thousand) were paid to former members of the Management Board.

Remuneration of members of the Supervisory Board

in € thousand	2022	2021
Remunerations Supervisory Board	1,127	1,123

The Annual General Meeting held on 22 April 2021 approved a remuneration model for the Supervisory Board, beginning on 23 April 2021 and for the following years. It was decided to distribute the remuneration as follows: Chairman € 120 thousand, Deputy Chairman € 95 thousand, members of the Supervisory Board € 60 thousand, plus attendance fees, for the Chairman of the Audit Committee and the Risk Committee each additional € 17.5 thousand.

In the 2022 financial year, no contracts subject to approval within the meaning of § 95 (5) 12 of the Austrian Stock Corporation Act (AktG) were concluded with members of the Supervisory Board.

Remuneration of members of the Advisory Council

in € thousand	2022	2021
Remuneration Advisory Council	188	185

The Annual General Meeting held on 21 June 2018 passed a resolution to grant remuneration to the Advisory Council members for their work. It was decided to distribute the remuneration as follows: Chairman € 25 thousand, Deputy Chairman € 20 thousand, each additional member € 15 thousand, plus attendance fees.

(59) Boards

Management Board

Members of the Management Board	Original appointment	End of term
Johann Strobl, Chairman	22 September 2010[1]	28 February 2027
Andreas Gschwenter	1 July 2015	30 June 2023
Łukasz Januszewski	1 March 2018	28 February 2026
Peter Lennkh	1 October 2004	31 December 2025[2]
Hannes Mösenbacher	18 March 2017	28 February 2025
Andrii Stepanenko	1 March 2018	28 February 2026

1 Effective as of 10 October 2010
2 On 31 January 2023, Peter Lennkh announced his intention to step down from the Management Board in the course of 2023.

Supervisory Board

Members of the Supervisory Board	Original appointment	End of term
Erwin Hameseder, Chairman	8 July 2010[1]	Annual General Meeting 2025
Martin Schaller, 1st Deputy Chairman	4 June 2014	Annual General Meeting 2024
Heinrich Schaller, 2nd Deputy Chairman	20 June 2012	Annual General Meeting 2027
Klaus Buchleitner[2]	26 June 2013	31 March 2022
Peter Gauper	22 June 2017	Annual General Meeting 2027
Wilfried Hopfner[2]	22 June 2017	31 March 2022
Rudolf Könighofer	22 June 2017	Annual General Meeting 2027
Reinhard Mayr	20 October 2020	Annual General Meeting 2025
Heinz Konrad	20 October 2020	Annual General Meeting 2025
Eva Eberhartinger	22 June 2017	Annual General Meeting 2027
Michael Höllerer[3]	31 March 2022	Annual General Meeting 2027
Michael Alge[3]	31 March 2022	Annual General Meeting 2027
Andrea Gaal	21 June 2018	Annual General Meeting 2023
Birgit Noggler	22 June 2017	Annual General Meeting 2027
Rudolf Kortenhof[4]	10 October 2010	Until further notice
Peter Anzeletti-Reikl[4]	10 October 2010	Until further notice
Gebhard Muster[4]	22 June 2017	Until further notice
Helge Rechberger[4]	10 October 2010	Until further notice
Natalie Egger-Grunicke[4]	18 February 2016	Until further notice
Denise Simek[4]	1 October 2021	Until further notice

1 Effective as of 10 October 2010
2 Resigned as of the Annual General Meeting of 31 March 2022
3 Member of the Supervisory Board as of the Annual General Meeting of 31 March 2022
4 Delegated by the Staff Council

State Commissioners

- Alfred Lejsek, State Commissioner (since 1 January 2011)
- Matthias Kudweis, Deputy State Commissioner (since 1 April 2021)

(60) Group composition

Subsidiaries

All material subsidiaries over which RBI AG directly or indirectly has control are fully consolidated. The Group has control over an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and the ability to affect those returns through its power over the investee. Investments in subsidiaries which are not consolidated in the consolidated financial statements are measured at fair value. Investments in subsidiaries whose fair value differ insignificantly from the acquisition costs less impairment, are simply measured at the acquisition costs minus impairment. Investments in subsidiaries are shown under the item investments in subsidiaries and associates.

Structured entities are entities in which the voting or similar rights are not the dominant factor for determining control. This is the case, for example, if the voting rights are solely related to administration activities and the relevant activities are governed by contractual agreements.

Same as to subsidiaries, consolidation of structured entities is necessary, if the Group has control over the entity. In the Group, the obligation to consolidate structured entities is reviewed as part of the securitization transaction process, where the structured entity is either formed by the Group with or without participation of third parties, or, in which the Group with or without

participation of third parties enters into contractual relationships with already existing structured entities. Whether an entity should be consolidated or not is reviewed at least quarterly or if an event occurs.

To determine whether an entity should be consolidated, a series of control factors need to be checked. These include an examination of

- the purpose and the constitution of the entity,
- the relevant activities and how they are determined,
- if the Group has the ability to determine the relevant activity through its rights,
- if the Group is exposed to risks of or has rights to variable returns,
- if the Group has the ability to use its power over the investee in order to affect the amounts of variable returns.

If voting rights are relevant, the Group has control over an entity in which it directly or indirectly holds more than 50 per cent of the voting rights; except when there are indicators that another investee has the ability to determine unilaterally the relevant activities of the entity. One or more of the following points may be such an indicator:

- Another investor has control over more than half of the voting rights due to an agreement with the Group,
- Another investor has the ability to control financial policy and operational activities of the equity participation due to legal provisions or an agreement,
- Another investor has control over the equity participation due to its possibility to appoint and withdraw the majority of members of the Board or members of an equivalent governing body,
- Another investor has control over the entity due to its possibility to possess the majority of the delivered voting rights in a meeting of members of the Board or of members an equivalent governing body.

When judging control, also potential voting rights are considered as far as they are material.

The Group assesses evidence of control in cases in which it does not hold the majority of voting rights but has the ability to unilaterally govern the relevant activities of the entity. This ability may occur in cases in which the Group has the ability to control the relevant activities due to the extent and distribution of voting rights of the investees.

In principle, subsidiaries are initially integrated into the consolidated group on the date when the Group obtains direct or indirect control and are excluded from the consolidated group from the date on when it no longer has control over the company. The results from subsidiaries acquired or disposed of during the year are recorded in the consolidated income statement, either from the assumption of control or up to the loss of control. During the initial consolidation of previously not included controlled subsidiaries due to their immateriality, changes in the value of individual assets and liabilities between the date of acquisition or foundation and the initial consolidation as well as profits/losses generated in this period of the subsidiary in question are taken into account directly in equity. These modifications are reported in the other changes. The Group reviews the adequacy of previous decisions on which companies to consolidate at least every quarter. Accordingly, any organizational changes are immediately considered. Apart from changes in ownership, these also include any changes to the Group's existing contractual arrangements or new contractual arrangements with a unit.

Non-controlling interests are shown in the consolidated statement of financial position as part of equity, but separately from RBI AG's equity. The profit attributable to non-controlling interests is shown separately in the consolidated income statement.

In debt consolidation, intra-group loans and liabilities are eliminated. Remaining temporary differences are recognized under the item other assets or other liabilities in the consolidated statement of financial position.

Intra-group income and expenses are also eliminated and temporary differences resulting from bank business transactions are included partly in net interest income and partly in net trading income. Other differences are shown in the item other net operating income.

Intra-group results are eliminated insofar as they have a material effect on the income statement items. Transactions between Group members are executed on an arm's length basis.

Changes in the Group's ownership interests in existing subsidiaries

If, in the case of existing control, further shares are acquired or sold without loss of control, in subsequent consolidation such transactions are recognized directly in equity. The carrying amount of the shares held by the Group and the non-controlling interests are adjusted in such a way as to reflect changes in existing shareholdings in subsidiaries. Any difference between the amount which is adjusted for the non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and is assigned to the shareholders of the parent company.

If the company loses control over a subsidiary, the income/loss from disposal of group assets is shown in the income statement. This is calculated as the difference between

- the total amount of fair value of the received consideration and fair value of the shares retained and
- the carrying amount of assets (including goodwill), liabilities of the subsidiary and all non-controlling interests.

All amounts related to these subsidiaries and shown in other comprehensive income are recognized in the same way as would be the case for the sale of assets. This means the amounts are reclassified to the income statement or directly transferred to retained earnings.

Associated companies

An associated company is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity in which shares are held. No control or joint management of decision-making processes exists. As a rule, significant influence is assumed if the Group holds 20 to 50 per cent of the voting rights. When judging whether the Group has the ability to exert a significant influence on another entity, the existence and the effect of potential voting rights which are actually exercisable, or convertible are taken into account. Further parameters for judging significant influence are, for example, the representation in executive committees and supervisory boards (Supervisory Board in Austrian Joint Stock companies) of the entity and material business transactions with the entity. Investments in associated companies are valued at equity and shown in the statement of financial position under the item investments in subsidiaries and associates under the sub-item investments in associates valued at equity.

The acquisition cost of these investments including goodwill is determined at the time of their initial consolidation, applying by analogy the same rules as for subsidiaries (offsetting acquisition costs against proportional fair net asset value). If associated companies are material, appropriate adjustments are made to the equity carrying amount, in accordance with developments in the company's equity. Profit or losses of companies valued at equity are netted and recognized in the item current income from investments in associates. Losses attributable to companies accounted for using the equity method are only recognized up to the level of the equity carrying amount. Losses in excess of this amount are not recognized since there is no obligation to offset excess losses. Furthermore, any amounts recognized by the associate through other comprehensive income will be recognized in the other comprehensive income statement of RBI. This is especially relevant for valuation effects seen from financial assets at fair value through other comprehensive income (FVOCI). At each reporting date, the Group reviews to what extent there is objective evidence for impairment of an equity participation in an associated company. If there is objective evidence of impairment, an impairment test is carried out, in which the recoverable value of the participation – this is higher of the value in use and the fair value less selling costs – is compared to the carrying amount. An impairment made in previous periods is reversed only if the assumptions underlying the determination of the re-coverable value have been changed since recognition of the last impairment. In this case the carrying amount is written up to the higher recoverable value.

Business combinations

The acquisition of business operations is recognized according to the acquisition method. The consideration transferred in a business combination is measured at fair value. This is calculated as the aggregate of the acquisition-date fair values of all assets transferred, liabilities assumed from former owners of the acquired business combination and equity instruments issued by the Group in exchange for control of the business combination. Transaction costs related to business combinations are recognized in the income statement when incurred.

Goodwill is measured as the excess of the aggregate of the value of the consideration transferred, the amount of any non-controlling interest and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree (if any), and the net of the acquisition-date amounts of the fair values of identifiable assets acquired and the liabilities assumed. In the case that the difference is negative after further review, the resulting gain is recognized immediately in the income statement.

Non-controlling interests which confer ownership rights and grant the right to the owner to receive a proportionate share of the net assets of the entity in the event of liquidation, are measured either at fair value or at the non-controlling interest's proportionate share of net assets of the acquiree at the acquisition date. This accounting policy option can be newly made for every business combination. Other components of non-controlling interests are measured at fair value or with measurement values derived from other standards.

If the consideration transferred includes a contingent consideration, this is measured at the acquisition-date fair value. If the contingent consideration is classified as equity, it is not re-measured on the following reporting dates. Its settlement is recognized within equity. A contingent consideration classified as assets or liabilities is measured on the following reporting dates at fair value and a resulting profit or loss is recognized in the income statement.

Adjustments to the measurement or additional recognition of further assets and liabilities to reflect information about facts and circumstances which already existed at the time of acquisition are corrected retrospectively within the measurement period and posted accordingly against goodwill. The measurement period may not exceed one year from the date of acquisition.

Consolidated subsidiaries where RBI holds less than 50 per cent of the ordinary voting shares

Subsidiaries in which the Group holds less than half of the voting rights are fully consolidated if RBI has effective control according to the criteria of IFRS 10. This involves examining whether the Group is exposed or has rights to variable returns from its involvement in the investee and has the ability to affect those returns through its power over the investee.

Structured units have been designed in such a way that voting rights or other similar rights are not the dominant factor in establishing control of a company.

The Group has several leasing companies in the legal form of a GmbH & Co KG, in which a Group company assumes the role of general partner. Through this structure, the Group assumes the requisite personal liability which qualifies as exposure to the variability of the returns generated by the structured companies. These companies are included in the list of fully consolidated affiliated companies.

Subsidiaries not fully consolidated where RBI holds more than 50 per cent of the ordinary voting shares

Due to their negligible contribution to the Group's assets, earnings, and financial position, 249 subsidiaries were not included in the consolidated financial statements (previous year: 274). Total assets of the companies not included came to less than 1 per cent of the Group's total assets.

List of fully consolidated affiliated companies

Company, domicile (country)	Subscribed capital[1] in local currency		Share[1]	Type[2]
"Raiffeisen-Rent" Vermögensberatung und Treuhand Gesellschaft m.b.H., Vienna (AT)	364,000	EUR	100.0%	FI
Abade Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	FI
Abade Immobilienleasing GmbH & Co Projekt Lauterbach KG, Kriftel (DE)	5,000	EUR	6.0%	FI
Abura Immobilienleasing GmbH & Co. Projekt Seniorenhaus Boppard KG, Kriftel (DE)	5,000	EUR	6.0%	FI
Achat Immobilien GmbH & Co. Projekt Hochtaunus-Stift KG, Kriftel (DE)	10,000	EUR	1.0%	FI
Acridin Immobilienleasing GmbH & Co. Projekt Marienfeld KG, Kriftel (DE)	5,000	EUR	100.0%	FI
Adagium Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	FI
Adamas Immobilienleasing GmbH & Co. Projekt Pflegeheim Werdau KG, Kriftel (DE)	5,000	EUR	100.0%	FI
Adiantum Immobilienleasing GmbH & Co. Projekt Schillerhöhe Weimar KG, Kriftel (DE)	5,000	EUR	6.0%	FI
Adorant Immobilienleasing GmbH & Co. Projekt Heilsbronn und Neuendettelsau KG, Kriftel (DE)	5,000	EUR	6.0%	OT
Ados Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	75.0%	FI
Adrittura Immobilienleasing GmbH & Co. Projekt Eiching KG, Kriftel (DE)	5,000	EUR	100.0%	OT
Aedificium Banca pentru Locuinte S.A., Bucharest (RO)	50,186,880	RON	99.9%	BA
Agamemnon Immobilienleasing GmbH & Co. Projekt Pflegeheim Freiberg KG, Kriftel (DE)	5,000	EUR	100.0%	FI
AGIOS Raiffeisen-Immobilien Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	51.0%	FI
Akcenta CZ a.s., Prague (CZ)	100,125,000	CZK	92.5%	BR
AKRISIOS Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
AL Taunussteiner Grundstücks-GmbH & Co KG, Kriftel (DE)	9,400	EUR	93.6%	FI
A-Leasing SpA, Treviso (IT)	68,410,000	EUR	100.0%	FI
Allgäu Reha Immobilienleasing GmbH, Kriftel (DE)	25,000	EUR	75.0%	OT
AMYKOS RBI Leasing-Immobilien GmbH, Vienna (AT)	35,000	EUR	75.0%	FI
Anton Proksch Institut Kalksburg RBI Immobilien Leasing GmbH, Vienna (AT)	35,000	EUR	75.0%	OT
AO Raiffeisenbank, Moscow (RU)	36,711,260,000	RUB	100.0%	BA
ARCANA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
A-Real Estate S.p.A., Bozen (IT)	390,000	EUR	100.0%	FI
ASCENT Pflege Borna Immobilienleasing GmbH, Kriftel (DE)	25,000	EUR	75.0%	OT
ASCENT Pflege Erfurt Immobilienleasing GmbH, Kriftel (DE)	25,000	EUR	75.0%	OT
ASCENT Pflege Hettstedt Immobilienleasing GmbH, Kriftel (DE)	25,000	EUR	75.0%	OT
ASCENT Pflege Schleswig Immobilienleasing GmbH, Kriftel (DE)	25,000	EUR	75.0%	OT
Austria Leasing Beteiligungsgesellschaft mbH, Eschborn (DE)	25,000	EUR	100.0%	FI
Austria Leasing GmbH, Eschborn (DE)	1,000,000	EUR	100.0%	FI
B52 RBI Leasing-Immobilien GmbH, Vienna (AT)	35,000	EUR	75.0%	OT
BAILE Handels- und Beteiligungsgesellschaft m.b.H., Vienna (AT)	40,000	EUR	100.0%	FI
Baumgartner Höhe RBI Leasing-Immobilien GmbH, Vienna (AT)	35,000	EUR	75.0%	FI
Burgenländische Kommunalgebäudeleasing Gesellschaft m.b.H., Vienna (AT)	35,000	EUR	100.0%	FI
Campus ATZ + DOS RBI Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	75.0%	OT
Campus NBhf RBI Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	75.0%	OT
Canopa Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Centralised Raiffeisen International Services & Payments S.R.L., Bucharest (RO)	2,820,000	RON	100.0%	BR
CERES Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
CINOVA RBI Leasing-Immobilien GmbH, Vienna (AT)	35,000	EUR	75.0%	FI
CP Inlandsimmobilien-Holding GmbH, Vienna (AT)	364,000	EUR	100.0%	OT
CUPIDO Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
DOROS Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Elevator Ventures Beteiligungs GmbH, Vienna (AT)	100,000	EUR	100.0%	FI
Equa Sales & Distribution s.r.o., Prague (CZ)	100,000,000	CZK	75.0%	FI
ETEOKLES Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Expo 2000 Real Estate EOOD, Sofia (BG)	10,000	BGN	100.0%	OT
FCC Office Building SRL, Bucharest (RO)	30,298,500	RON	100.0%	BR
Floreasca City Center Verwaltung Kft., Budapest (HU)	42,000	HUF	100.0%	FI

1 Less own shares
2 Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial holding, FI Financial institution, OT Other companies, VV Insurance, SC Securities firms

Company, domicile (country)	Subscribed capital[1] in local currency		Share[1]	Type[2]
FMK Fachmarktcenter Kohlbruck Betriebs GmbH, Eschborn (DE)	30,678	EUR	94.5%	OT
FMZ PRIMUS Ingatlanfejlesztö Kft., Budapest (HU)	11,077	EUR	100.0%	OT
GENO Leasing Ges.m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
GTNMS RBI Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	75.0%	OT
HABITO Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Health Resort RBI Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	75.0%	FI
Infrastruktur Heilbad Sauerbrunn RBI-Leasing GmbH & Co.KG., Bad Sauerbrunn (AT)	3,511,188	EUR	75.0%	FI
Insurance Limited Liability Company "Priorlife", Minsk (BY)	7,682,300	BYN	87.7%	VV
Invest Vermögensverwaltungs-GmbH, Vienna (AT)	73,000	EUR	100.0%	OT
JLLC "Raiffeisen-leasing", Minsk (BY)	430,025	BYN	91.4%	FI
Kathrein Privatbank Aktiengesellschaft, Vienna (AT)	20,000,000	EUR	100.0%	BA
KAURI Handels und Beteiligungs GmbH, Vienna (AT)	50,000	EUR	88.0%	FI
LARENTIA Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Lentia Immobilienleasing GmbH & Co. Albert-Osswald-Haus KG, Kriftel (DE)	5,000	EUR	6.0%	FI
LYRA Raiffeisen Immobilien Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Objekt Linser Areal Immoblilienerrichtungs GmbH & Co. KG, Vienna (AT)	1,000	EUR	100.0%	OT
OOO Raiffeisen Capital Asset Management Company, Moscow (RU)	225,000,000	RUB	100.0%	FI
OOO Raiffeisen-Leasing, Moscow (RU)	1,071,000,000	RUB	100.0%	FI
Orestes Immobilienleasing GmbH & Co. Projekt Wiesbaden KG, Kriftel (DE)	5,000	EUR	6.0%	FI
Ostarrichi Immobilienleasing GmbH & Co. Projekt Langenbach KG, Kriftel (DE)	5,000	EUR	100.0%	FI
OVIS Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
PELIAS Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	36,400	EUR	100.0%	FI
PERSES RBI Leasing-Immobilien GmbH, Vienna (AT)	35,000	EUR	75.0%	FI
PLANA Raiffeisen-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Priorbank JSC, Minsk (BY)	86,147,909	BYN	87.7%	BA
R Karpo Immobilien Linie S.R.L., Bucharest (RO)	200	RON	100.0%	OT
R.P.I. Handels- und Beteiligungsgesellschaft m.b.H., Vienna (AT)	36,336	EUR	100.0%	FI
Raiffeisen Bank d.d. Bosna i Hercegovina, Sarajevo (BA)	247,167,000	BAM	100.0%	BA
Raiffeisen Bank JSC, Kiev (UA)	6,154,516,258	UAH	68.2%	BA
Raiffeisen Bank Kosovo J.S.C., Pristina (KO)	63,000,000	EUR	100.0%	BA
Raiffeisen Bank S.A., Bucharest (RO)	1,200,000,000	RON	99.9%	BA
Raiffeisen Bank Sh.a., Tirana (AL)	14,178,593,030	ALL	100.0%	BA
Raiffeisen Bank Zrt., Budapest (HU)	50,000,090,000	HUF	100.0%	BA
Raiffeisen banka a.d., Belgrade (RS)	27,466,157,580	RSD	100.0%	BA
Raiffeisen Bausparkasse Gesellschaft m.b.H., Vienna (AT)	35,000,000	EUR	100.0%	BA
Raiffeisen Bausparkassen Holding GmbH, Vienna (AT)	10,000,000	EUR	100.0%	FI
Raiffeisen CEE Region Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FH
Raiffeisen CIS Region Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FH
Raiffeisen consulting d.o.o., Zagreb (HR)	105,347,000	HRK	100.0%	FI
Raiffeisen Corporate Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Raiffeisen Corporate Lízing Zrt., Budapest (HU)	50,100,000	HUF	100.0%	FI
Raiffeisen Digital Bank AG, Vienna (AT)	47,598,850	EUR	100.0%	BA
Raiffeisen Factor Bank AG, Vienna (AT)	10,000,000	EUR	100.0%	FI
Raiffeisen FinCorp, s.r.o., Prague (CZ)	200,000	CZK	75.0%	FI
Raiffeisen International Liegenschaftsbesitz GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Vienna (AT)	15,000,000	EUR	100.0%	FI
Raiffeisen Leasing d.o.o., Belgrade (RS)	405,021,700	RSD	100.0%	FI
Raiffeisen Leasing d.o.o. Sarajevo, Sarajevo (BA)	15,407,899	BAM	100.0%	FI
Raiffeisen Leasing IFN S.A., Bucharest (RO)	14,935,400	RON	99.9%	FI
Raiffeisen Leasing Kosovo LLC, Pristina (KO)	642,857	EUR	100.0%	FI

1 Less own shares
2 Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial holding, FI Financial institution, OT Other companies, VV Insurance, SC Securities firms

Company, domicile (country)	Subscribed capital[1] in local currency		Share[1]	Type[2]
Raiffeisen Leasing sh.a., Tirana (AL)	263,520,134	ALL	100.0%	FI
Raiffeisen Leasing-Projektfinanzierung Gesellschaft m.b.H., Vienna (AT)	72,673	EUR	100.0%	FI
Raiffeisen Mandatory and Voluntary Pension Funds Management Company Plc., Zagreb (HR)	143,445,300	HRK	100.0%	OT
Raiffeisen ÖHT Beteiligungs GmbH, Vienna (AT)	35,000	EUR	88.0%	FI
Raiffeisen Pension Insurance d.d., Zagreb (HR)	62,100,000	HRK	100.0%	VV
Raiffeisen Property Holding International GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Raiffeisen Property International GmbH, Vienna (AT)	40,000	EUR	100.0%	OT
Raiffeisen Property Management GmbH, Vienna (AT)	40,000	EUR	100.0%	OT
Raiffeisen Rehazentrum Schruns Immobilienleasing GmbH, Vienna (AT)	36,400	EUR	51.0%	FI
Raiffeisen Rent DOO, Belgrade (RS)	243,099,913	RSD	100.0%	OT
Raiffeisen RS Beteiligungs GmbH, Vienna (AT)	35,000	EUR	100.0%	FH
Raiffeisen SEE Region Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FH
Raiffeisen stavebni sporitelna a.s., Prague (CZ)	650,000,000	CZK	75.0%	BA
Raiffeisen WohnBau Seeresidenz Weyregg GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Raiffeisen WohnBau Tirol GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Raiffeisen WohnBau Vienna GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Raiffeisen WohnBau Wien GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Raiffeisen Wohnbaubank Aktiengesellschaft, Vienna (AT)	5,100,000	EUR	100.0%	FI
Raiffeisen-Anlagenvermietung Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Raiffeisenbank a.s., Prague (CZ)	15,460,800,000	CZK	75.0%	BA
Raiffeisenbank Austria d.d., Zagreb (HR)	3,621,432,000	HRK	100.0%	BA
Raiffeisen-Gemeindegebäudeleasing Gesellschaft m.b.H., Vienna (AT)	35,000	EUR	100.0%	FI
Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Raiffeisen-Invest-Gesellschaft m.b.H., Vienna (AT)	40,000	EUR	100.0%	FI
Raiffeisen-Kommunalgebäudeleasing Gesellschaft m.b.H., Vienna (AT)	35,000	EUR	100.0%	FI
Raiffeisen-Leasing Beteiligung GesmbH, Vienna (AT)	36,400	EUR	100.0%	FI
Raiffeisen-Leasing d.o.o., Zagreb (HR)	30,000,000	HRK	100.0%	FI
Raiffeisen-Leasing Equipment Finance GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Raiffeisen-Leasing Finanzierungs GmbH, Vienna (AT)	5,000,000	EUR	100.0%	FI
Raiffeisen-Leasing Fuhrparkmanagement Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	OT
Raiffeisen-Leasing Gesellschaft m.b.H., Vienna (AT)	363,364	EUR	100.0%	FI
Raiffeisen-Leasing Immobilienmanagement Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Raiffeisen-Leasing International Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	100.0%	FI
Raiffeisen-Leasing Litauen UAB, Vilnius (LT)	100,000	EUR	92.3%	FI
Raiffeisen-Leasing, s.r.o., Prague (CZ)	450,000,000	CZK	75.0%	FI
Raiffeisen-Rent Immobilienprojektentwicklung Gesellschaft m.b.H. Objekt Wallgasse 12 KG, Vienna (AT)	4,886,449	EUR	100.0%	OT
Raiffeisen-Rent-Immobilienprojektentwicklung Gesellschaft m.b.H., Objekt Lenaugasse 11 KG, Vienna (AT)	6,169,924	EUR	100.0%	OT
RALT Raiffeisen-Leasing Gesellschaft m.b.H., Vienna (AT)	218,500	EUR	100.0%	FI
RALT Raiffeisen-Leasing Gesellschaft m.b.H. & Co. KG, Vienna (AT)	20,348,394	EUR	100.0%	FI
RAN vierzehn Raiffeisen-Anlagevermietung GmbH, Vienna (AT)	36,336	EUR	100.0%	FI
RAN zehn Raiffeisen-Anlagenvermietung Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	100.0%	FI
RB International Markets (USA) LLC, New York (US)	8,000,000	USD	100.0%	FI
RBA banka a.d., Novi Sad (former: Crédit Agricole Srbija AD), Novi Sad (RS)	10,661,440,400	RSD	100.0%	BA
RBI Beteiligungs GmbH, Vienna (AT)	100,000	EUR	100.0%	FH
RBI eins Leasing Holding GmbH, Vienna (AT)	35,000	EUR	75.0%	FI
RBI Group IT GmbH, Vienna (AT)	100,000	EUR	100.0%	BR
RBI Invest GmbH, Vienna (AT)	500,000	EUR	100.0%	FI
RBI ITS Leasing-Immobilien GmbH, Vienna (AT)	35,000	EUR	75.0%	FI
RBI LEA Beteiligungs GmbH, Vienna (AT)	70,000	EUR	100.0%	FI
RBI Leasing GmbH, Vienna (AT)	100,000	EUR	75.0%	FI

1 Less own shares
2 Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial holding, FI Financial institution, OT Other companies, VV Insurance, SC Securities firms

Company, domicile (country)	Subscribed capital[1] in local currency		Share[1]	Type[2]
RBI LGG Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
REC Alpha LLC, Kiev (UA)	1,201,407,344	UAH	100.0%	BR
Regional Card Processing Center s.r.o., Bratislava (SK)	539,465	EUR	100.0%	BR
RIL VII Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
RIL XIV Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
RIRE Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
RL Anlagenvermietung Gesellschaft m.b.H., Eschborn (DE)	50,000	DEM	100.0%	FI
RL Grundstückverwaltung Klagenfurt-Süd GmbH, Vienna (AT)	35,000	EUR	100.0%	BR
RL LUX Holding S.a.r.l., Luxembourg (LU)	12,500	EUR	100.0%	OT
RL Retail Holding GmbH, Vienna (AT)	36,000	EUR	100.0%	FI
RL-ALPHA Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
RLI Holding Gesellschaft m.b.H., Vienna (AT)	40,000	EUR	100.0%	FI
RL-Mörby AB, Stockholm (SE)	100,000	SEK	100.0%	FI
RL-Nordic AB, Stockholm (SE)	50,000,000	SEK	100.0%	FI
RL-Pro Auxo Sp.z.o.o., Warsaw (PL)	50,000	PLN	100.0%	FI
RL-PROMITOR Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
RL-PROMITOR Sp. z.o.o., Warsaw (PL)	50,000	PLN	100.0%	OT
RUBRA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
RZB - BLS Holding GmbH, Vienna (AT)	500,000	EUR	100.0%	FI
RZB Versicherungsbeteiligung GmbH, Vienna (AT)	500,000	EUR	100.0%	FI
S.A.I. Raiffeisen Asset Management S.A., Bucharest (RO)	10,656,000	RON	99.9%	FI
SALVELINUS Handels- und Beteiligungsgesellschaft m.b.H, Vienna (AT)	40,000	EUR	100.0%	FI
SAMARA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
SINIS Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	35,000	EUR	100.0%	FI
Sky Tower Immobilien- und Verwaltung Kft, Budapest (HU)	43,000	HUF	100.0%	OT
Skytower Building SRL, Bucharest (RO)	126,661,500	RON	100.0%	OT
SOLAR II Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Tatra Asset Management, správ. spol., a.s., Bratislava (SK)	1,659,700	EUR	78.8%	FI
Tatra banka, a.s., Bratislava (SK)	64,326,228	EUR	78.8%	BA
Tatra-Leasing, s.r.o., Bratislava (SK)	6,638,785	EUR	78.8%	FI
Ukrainian Processing Center PJSC, Kiev (UA)	180,000	UAH	100.0%	BR
Unterinntaler Raiffeisen-Leasing GmbH & Co KG, Vienna (AT)	36,336	EUR	100.0%	FI
URSA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Valida Holding AG, Vienna (AT)	5,000,000	EUR	57.4%	FI
Valida Pension AG, Vienna (AT)	10,200,000	EUR	57.4%	OT
Valida Plus AG, Vienna (AT)	5,500,000	EUR	57.4%	FI
Viktor Property, s.r.o., Prague (CZ)	200,000	CZK	75.0%	OT
Vindalo Properties Limited, Limassol (CY)	67,998	RUB	100.0%	BR
WEGA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
WHIBK Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
ZHS Office- & Facilitymanagement GmbH, Vienna (AT)	36,336	EUR	98.6%	BR

1 Less own shares
2 Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial holding, FI Financial institution, OT Other companies, VV Insurance, SC Securities firms

Structured units

The following tables show the carrying amounts of the financial assets and financial liabilities to non-consolidated structured entities broken down by type of structured entity. The carrying amounts presented below do not reflect the true variability of returns faced by the Group as they do not take the effects of collateral or hedges into account.

Assets

2022 in € million	Loans and advances	Equity instruments	Debt instruments	Derivatives
Securitization vehicles	86	0	446	0
Third party funding entities	227	7	0	0
Funds	0	0	0	0
Total	**313**	**7**	**446**	**0**

2021 in € million	Loans and advances	Equity instruments[1]	Debt instruments	Derivatives
Securitization vehicles	61	0	173	0
Third party funding entities	213	3	0	0
Funds	0	0	0	0
Total	**274**	**3**	**173**	**0**

1 Previous-year figures adapted

Liabilities

2022 in € million	Deposits	Equity instruments	Debt securities issued	Derivatives
Securitization vehicles	0	0	0	0
Third party funding entities	6	1	0	0
Funds	0	0	0	0
Total	**6**	**1**	**0**	**0**

2021 in € million	Deposits	Equity instruments	Debt securities issued	Derivatives
Securitization vehicles	0	0	0	0
Third party funding entities	8	1	0	0
Funds	0	0	0	0
Total	**8**	**1**	**0**	**0**

Nature, purpose and extent of the Group's interests in non-consolidated structured entities

The Group engages in various business activities with structured entities which are designed to achieve a specific business purpose. A structured entity is one that has been set up so that any voting rights or similar rights are not the dominant factor in deciding who controls the entity. An example is when voting rights relate only to administrative tasks and the relevant activities are directed by contractual arrangements.

A structured entity often has some of or all the following features or attributes:

- Restricted activities
- A narrow and well-defined objective
- Insufficient equity to permit the structured entity to finance its activities without subordinated financial support
- Financing in the form of the issue of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches)

The principal uses of structured entities are to provide clients with access to specific portfolios of assets and to provide market liquidity for clients through securitizing financial assets. Structured entities may be established as corporations, trusts, or partnerships. Structured entities generally finance the purchase of assets by issuing debt and equity securities that are collateralized by and/or indexed to the assets held by the structured entities.

Structured entities are consolidated when the substance of the relationship between the Group and the structured entities indicates that the structured entities are controlled by the Group.

Below is a description of the Group's investments in non-consolidated structured entities by type.

Third party funding entities

The Group provides funding to structured entities that hold a variety of assets. These entities may take the form of funding entities, trusts, and private investment companies. The funding is collateralized by the assets in the structured entities. The Group's investment activity involves predominantly lending.

Securitization vehicles

The Group establishes securitization vehicles which purchase diversified pools of assets, including fixed income securities, company loans, and asset-backed securities (ABS; predominantly commercial and residential mortgage-backed securities (RMBS) and credit card receivables). The vehicles fund these purchases by issuing multiple tranches of debt and equity securities, the repayment of which is linked to the performance of the assets contained in the vehicles.

Funds

The Group establishes structured entities to accommodate client requirements to hold investments in specific assets. The Group also invests in funds that are sponsored by third parties. A Group entity may act as fund manager, custodian or in another function and provide funding and liquidity facilities to both Group-sponsored and third-party funds. The funding provided is collateralized by the underlying assets held by the fund.

Maximum exposure to and size of non-consolidated structured entities

The maximum exposure to loss is determined by considering the nature of the interest in the non-consolidated structured entity. The maximum exposure for loans and trading instruments is reflected by their carrying amounts in the statement of financial position. The maximum exposure for derivatives and instruments off the statement of financial position such as guarantees, liquidity facilities and loan commitments under IFRS 12, as interpreted by the Group, is reflected by the respective notional amount. Such amounts do not reflect the economic risks faced by the Group because they do not take the effects of collateral or hedges or the probability of such losses being incurred into account. As at 31 December 2022, the notional values of derivatives and instruments off the statement of financial position amounted to € 0 million (previous year: € 0 million) and € 27 million (previous year: € 9 million) respectively. The reduction in derivatives was primarily caused by Raiffeisen Leasing s.r.o., Prague, and is related to a change in the refinancing structure of the companies involved. Since information on the size of structured entities is not always publicly available, the Group has determined that its exposure is an appropriate guide to the risk of loss from investments in non-consolidated structured entities.

Financial support

As in the previous year, the Group has not provided financial support to non-consolidated structured entities during the financial year.

Sponsored structured entities

As a sponsor, the Group is often involved in the legal set up and marketing of the entity and supports the entity in different ways such as providing operational support to ensure the entity's continued operation. The Group is also deemed a sponsor for a structured entity if market participants would reasonably associate the entity with the Group. Additionally, the use of the Raiffeisen name for the structured entity often indicates that the Group has acted as a sponsor. The gross proceeds from sponsored entities for the year ending 31 December 2022 amounted to € 250 million (previous year: € 252 million). No assets were transferred to sponsored non-consolidated structured entities in the reporting period and the previous year.

(61) List of equity participations

Associated companies valued at equity

Company, domicile (country)	Subscribed capital in local currency		Share	Type[1]
card complete Service Bank AG, Vienna (AT)	6,000,000	EUR	25.0%	BA
EMCOM Beteiligungs GmbH, Vienna (AT)	37,000	EUR	33.6%	FI
LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Vienna (AT)	32,624,283	EUR	33.1%	OT
NOTARTREUHANDBANK AG, Vienna (AT)	8,030,000	EUR	26.0%	FI
Oesterreichische Kontrollbank Aktiengesellschaft, Vienna (AT)	130,000,000	EUR	8.1%	BA
Österreichische Hotel- und Tourismusbank Gesellschaft m.b.H., Vienna (AT)	11,627,653	EUR	31.3%	BA
Posojilnica Bank eGen, Klagenfurt (AT)	75,238,965	EUR	49.2%	BA
Prva stavebna sporitelna a.s., Bratislava (SK)	66,500,000	EUR	32.5%	BA
Raiffeisen Informatik GmbH & Co KG, Vienna (AT)	1,460,000	EUR	47.6%	BR
Raiffeisen Life Insurance Company LLC, Moscow (RU)	450,000,000	RUB	25.0%	VV
Raiffeisen-Leasing Management GmbH, Vienna (AT)	300,000	EUR	50.0%	OT
UNIQA Insurance Group AG, Vienna (AT)	309,000,000	EUR	10.9%	VV

1 Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial holding, FI Financial institution, OT Other companies, VV Insurance, SC Securities firms

Other affiliated companies

Company, domicile (country)	Subscribed capital in local currency		Share	Type[1]
Abrawiza Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Abrawiza Immobilienleasing GmbH & Co. Projekt Fernwald KG, Kriftel (DE)	5,000	EUR	6.0%	OT
Abura Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	FI
ACB Ponava, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Achat Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	FI
Acridin Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	FI
Adamas Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	FI
Adiantum Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	FI
Adipes Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Adipes Immobilienleasing GmbH & Co. Projekt Bremervörde KG, Kriftel (DE)	5,000	EUR	100.0%	OT
Adorant Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Adrett Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Adrittura Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	FI
Adufe Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Adular Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	FI
Adular Immobilienleasing GmbH & Co. Projekt Rödermark KG, Kriftel (DE)	5,000	EUR	100.0%	FI
Agamemnon Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	FI
AGITO Immobilien-Leasing GesmbH, Vienna (AT)	36,400	EUR	100.0%	FI
Aglaia Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
AKCENTA DE GmbH, Hamburg (DE)	25,000	EUR	100.0%	FI
Akcenta Digital s.r.o., Hradec Kralove (CZ)	20,000	CZK	100.0%	FI
Akcenta Logistic a.s., Hradec Kralove (CZ)	2,000,000	CZK	100.0%	OT
Ananke Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Angaga Handels- und Beteiligungs GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Antoninska 2 s.r.o., Prague (CZ)	50,000	CZK	90.0%	OT
Apate Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Appolon Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Ares property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Argos Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Aspius Immobilien Holding International GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Astra Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Ate Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
AURIGA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Austria Leasing GmbH & Co. KG Immobilienverwaltung CURA, Kriftel (DE)	10,000	EUR	100.0%	FI
Austria Leasing GmbH & Co. KG Immobilienverwaltung Projekt Eberdingen, Kriftel (DE)	10,000	EUR	100.0%	FI
Austria Leasing Immobilienverwaltungsgesellschaft mbH, Eschborn (DE)	25,000	EUR	100.0%	FI
Beroe Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
BRL Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	73,000	EUR	100.0%	OT
Bulevard Centar BBC Holding d.o.o., Belgrade (RS)	127,416	RSD	100.0%	BR
Chronos Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
CP Linzerstraße 221-227 Projektentwicklungs GmbH, Vienna (AT)	37,000	EUR	100.0%	OT
CP Logistikcenter Errichtungs- und Verwaltungs GmbH, Vienna (AT)	37,000	EUR	100.0%	OT
CP Projekte Muthgasse Entwicklungs GmbH, Vienna (AT)	40,000	EUR	100.0%	OT
Cranto Property, s.r.o., Prague (CZ)	50,000	CZK	90.0%	OT
Credibilis a.s., Prague (CZ)	2,000,000	CZK	100.0%	OT
CURO Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	OT
Dafne Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Dero Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Dike Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Dolni namesti 34, s.r.o., Prague (CZ)	10,000	CZK	90.0%	OT

1 Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial holding, FI Financial institution, OT Other companies, VV Insurance, SC Securities firms

Company, domicile (country)	Subscribed capital in local currency		Share	Type[1]
Dom-office 2000, Minsk (BY)	283,478	BYN	100.0%	OT
Doplnková dôchodková spoločnosť Tatra banky, a.s., Bratislava (SK)	1,659,700	EUR	100.0%	FI
DORISCUS ENTERPRISES LTD., Limassol (CY)	19,843,400	EUR	86.6%	OT
Eos Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
EPPA Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Essox d.o.o., Belgrade (RS)	100	RSD	100.0%	OT
Eunomia Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Eurolease RE Leasing, s. r. o., Bratislava (SK)	6,125,256	EUR	100.0%	OT
Expo Forest 1 EOOD, Sofia (BG)	5,000	BGN	100.0%	OT
Expo Forest 2 EOOD, Sofia (BG)	5,000	BGN	100.0%	OT
Expo Forest 3 EOOD, Sofia (BG)	5,000	BGN	100.0%	OT
Expo Forest 4 EOOD, Sofia (BG)	5,000	BGN	100.0%	OT
Extra Year Investments Limited, Tortola (VG)	50,000	USD	100.0%	FI
Fairo GmbH, Vienna (AT)	35,000	EUR	100.0%	BR
FARIO Handels- und Beteiligungsgesellschaft m.b.H., Vienna (AT)	40,000	EUR	100.0%	OT
FEBRIS Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Fidurock Residential a.s., Prague (CZ)	2,000,000	CZK	90.0%	OT
First Leasing Service Center GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Fobos Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Folos Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Gaia Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
GEONE Holesovice Two s.r.o., Prague (CZ)	1,000	CZK	100.0%	OT
Golden Rainbow International Limited, Tortola (VG)	1	SGD	100.0%	FI
Grainulos s.r.o., Prague (CZ)	1	CZK	100.0%	OT
GRENA REAL s.r.o., Prague (CZ)	89,715	CZK	100.0%	OT
GS55 Sazovice s.r.o., Prague (CZ)	15,558,000	CZK	90.0%	OT
Harmonia Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Hebe Property, s.r.o., Prague (CZ)	200,000	CZK	95.0%	OT
Hefaistos Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Hestia Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Holeckova Property s.r.o., Prague (CZ)	210,000	CZK	100.0%	OT
Humanitarian Fund "Budimir Bosko Kostic", Belgrade (RS)	30,000	RSD	100.0%	OT
Hypnos Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
IDUS Handels- und Beteiligungs GmbH, Vienna (AT)	40,000	EUR	100.0%	OT
IGNIS Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Immoservice Polska Sp.z.o.o., Warsaw (PL)	50,000	PLN	100.0%	OT
INFRA MI 1 Immobilien Gesellschaft mbH, Vienna (AT)	72,673	EUR	100.0%	OT
Infrastruktur Heilbad Sauerbrunn GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
INPROX Split d.o.o., Zagreb (HR)	100,000	HRK	100.0%	OT
Inprox Zagreb Sesvete d.o.o., Zagreb (HR)	10,236,400	HRK	100.0%	OT
ISIS Raiffeisen Immobilien Leasing GmbH, Vienna (AT)	36,400	EUR	100.0%	FI
JFD Real s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Kalypso Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Kappa Estates s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Kathrein & Co Life Settlement Gesellschaft m.b.H., Vienna (AT)	35,000	EUR	100.0%	OT
Kathrein & Co. Trust Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Kathrein Capital Management GmbH, Vienna (AT)	1,000,000	EUR	100.0%	FI
Kathrein Private Equity GmbH, Vienna (AT)	190,000	EUR	100.0%	OT
Keto Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Kleio Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT

1 Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial holding, FI Financial institution, OT Other companies, VV Insurance, SC Securities firms

Company, domicile (country)	Subscribed capital in local currency		Share	Type[1]
Körlog Logistika Építö és Kivitelezö Korlátolt Feleösségü Társaság, Budapest (HU)	11,077	EUR	100.0%	OT
KOTTO Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
LENTIA Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	FI
Leto Property, s.r.o., Prague (CZ)	200,000	CZK	77.0%	OT
LIBRA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Ligea Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Limited Liability Company "Raiffeisen Leasing", Kiev (UA)	1,240,152,866	UAH	100.0%	FI
Limited Liability Company European Insurance Agency, Moscow (RU)	120,000	RUB	100.0%	OT
Limited Liability Company FAIRO, Kiev (UA)	346,881,352	UAH	100.0%	BR
Limited Liability Company REC GAMMA, Kiev (UA)	49,015,000	UAH	100.0%	BR
Limited Liabilty Company RBRU Specialized Depositary, Moscow (RU)	100,000,000	RUB	100.0%	FI
LOTA Handels- und Beteiligungs-GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Lucius Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	FI
Luna Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
MAMONT GmbH, Kiev (UA)	66,872,100	UAH	100.0%	OT
Medea Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
MELIKERTES Raiffeisen-Mobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Melpomene Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Morfeus Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
MORHUA Handels- und Beteiligungs GmbH, Vienna (AT)	36,336	EUR	100.0%	OT
Nereus Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Nerudova Property s.r.o., Hradec Kralove (CZ)	200,000	CZK	100.0%	BR
Objekt Linser Areal Immobilienerrichtungs GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
OOO Estate Management, Minsk (BY)	15,963,046	BYN	100.0%	OT
Orchideus Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Orestes Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	FI
OSTARRICHI Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	FI
Palace Holding s.r.o., Prague (CZ)	2,700,000	CZK	90.0%	OT
PARO Raiffeisen Immobilien Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Photon Energie s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
PLUSFINANCE LAND S.R.L., Bucharest (RO)	1,000	RON	100.0%	BR
Pontos Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Priamos Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	FI
Pro Invest da Vinci e.o.o.d., Sofia (BG)	5,000	BGN	100.0%	OT
Production unitary enterprise "PriortransAgro", Minsk (BY)	50,000	BYN	100.0%	OT
PROKNE Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Propria Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	90.0%	OT
Queens Garden Sp z.o.o., Warsaw (PL)	100,000	PLN	100.0%	OT
R.B.T. Beteiligungsgesellschaft m.b.H, Vienna (AT)	36,336	EUR	58.8%	OT
R.L.H. Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Radwinter sp.z o.o., Warsaw (PL)	20,000	PLN	100.0%	OT
Raiffeisen Apart GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Raiffeisen Assistance D.O.O., Beograd, Belgrade (RS)	4,307,115	RSD	100.0%	OT
Raiffeisen Assistance doo Sarajevo, Sarajevo (BA)	4,000	BAM	100.0%	OT
Raiffeisen Autó Lízing Kft., Budapest (HU)	3,000,000	HUF	100.0%	OT
Raiffeisen Befektetési Alapkezelõ Zrt., Budapest (HU)	100,000,000	HUF	100.0%	FI
Raiffeisen Biztosításközvetítö Kft., Budapest (HU)	5,000,000	HUF	100.0%	VV
Raiffeisen Burgenland Leasing GmbH, Vienna (AT)	38,000	EUR	100.0%	FI
Raiffeisen Capital a.d. Banja Luka, Banja Luka (BA)	355,000	BAM	100.0%	FI
Raiffeisen Continuum GmbH & Co KG, Vienna (AT)	85,000	EUR	58.8%	FI

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Raiffeisen Continuum Management GmbH, Vienna (AT)	100,000	EUR	100.0%	FI
Raiffeisen Direct Investments CZ, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Raiffeisen Future AD Beograd drustvo za upravljanje dobrovoljnim penzijskim fondom, Belgrade (RS)	143,200,000	RSD	100.0%	FI
Raiffeisen Immobilien Kapitalanlage-Gesellschaft m.b.H., Vienna (AT)	5,000,000	EUR	100.0%	FI
Raiffeisen Immobilienfonds, Vienna (AT)	0	EUR	96.5%	FI
Raiffeisen Ingatlan Üzemeltető Kft., Budapest (HU)	3,000,000	HUF	100.0%	OT
Raiffeisen Insurance and Reinsurance Broker S.R.L, Bucharest (RO)	180,000	RON	100.0%	BR
Raiffeisen Insurance Broker Kosovo L.L.C., Pristina (KO)	10,000	EUR	100.0%	BR
RAICONT-APO-1.0 Beteiligung GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
RAIFFEISEN INVEST AD DRUSTVO ZA UPRAVLJANJE INVESTICIONIM FONDOVIMA BEOGRAD, Belgrade (RS)	47,660,000	RSD	100.0%	FI
Raiffeisen Invest d.o.o., Zagreb (HR)	8,000,000	HRK	100.0%	FI
Raiffeisen Invest Drustvo za upravljanje fondovima d.d. Sarajevo, Sarajevo (BA)	671,160	BAM	100.0%	FI
Raiffeisen INVEST Sh.a., Tirana (AL)	90,000,000	ALL	100.0%	FI
Raiffeisen investicni spolecnost a.s., Prague (CZ)	40,000,000	CZK	100.0%	FI
Raiffeisen Investment Advisory GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Raiffeisen Investment Financial Advisory Services Ltd. Co., Istanbul (TR)	2,930,000	TRY	100.0%	FI
Raiffeisen Leasing d.o.o., Ljubljana (SI)	3,738,107	EUR	100.0%	OT
Raiffeisen Property Estate s.r.o., Bratislava (SK)	5,000	EUR	100.0%	OT
Raiffeisen Property Management Bulgaria EOOD, Sofia (BG)	80,000	BGN	100.0%	OT
Raiffeisen Salzburg Invest GmbH, Salzburg (AT)	500,000	EUR	100.0%	FI
Raiffeisen Windpark Zistersdorf GmbH, Vienna (AT)	37,000	EUR	100.0%	OT
Raiffeisen WohnBau Zwei GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Raiffeisen Wohnbauleasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Raiffeisen-Leasing Anlagen und KFZ Vermietungs GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Raiffeisen-Leasing Immobilienverwaltung Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Raiffeisen-Leasing Wärmeversorgungsanlagenbetriebs GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Raiffeisen-Wohnbauleasing Österreich GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
RAN elf Raiffeisen-Anlagenvermietung Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	100.0%	OT
RB International Investment Asia Limited, Labuan (MY)	1	USD	100.0%	OT
RB Szolgáltató Központ Kft. - RBSC Kft., Nyíregyháza (HU)	3,000,000	HUF	100.0%	OT
RBI Kantinenbetriebs GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
RBI PE Handels- und Beteiligungs GmbH, Vienna (AT)	150,000	EUR	100.0%	FI
RBI Real Estate Services Czechia s.r.o., Prague (CZ)	100,000	CZK	100.0%	OT
RBI Real Estate Services Polska SP.z.o.o., Warsaw (PL)	400,000	PLN	100.0%	OT
RBI Retail Innovation GmbH, Vienna (AT)	35,000	EUR	100.0%	BR
RBI Retail Innovation LLC, Kiev (UA)	8,241,525	UAH	100.0%	BR
RBI Retail Innovation SK s.r.o., Bratislava (SK)	75,000	EUR	100.0%	BR
RBM Wohnbau Ges.m.b.H., Vienna (AT)	37,000	EUR	100.0%	OT
RCR Ukraine LLC, Kiev (UA)	282,699	UAH	100.0%	BR
RDI Czech 1 s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
RDI Czech 3 s.r.o, Prague (CZ)	200,000	CZK	100.0%	OT
RDI Czech 4 s.r.o, Prague (CZ)	2,500,000	CZK	100.0%	OT
RDI Czech 5 s.r.o, Prague (CZ)	200,000	CZK	100.0%	OT
RDI Czech 6 s.r.o, Prague (CZ)	3,700,000	CZK	100.0%	OT
RDI Management s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Real Estate Rent 4 DOO, Belgrade (RS)	40,310	RSD	100.0%	OT
REF HP 1 s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Rent GRJ, s.r.o., Bratislava (SK)	6,639	EUR	100.0%	OT
Rent PO, s.r.o., Bratislava (SK)	6,639	EUR	100.0%	FI
Residence Park Trebes, s.r.o., Prague (CZ)	20,000,000	CZK	100.0%	OT

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RIL XIII Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
R-Insurance Services sp. z o.o., Ruda O.S. (PL)	5,000	PLN	100.0%	OT
RIRBRO ESTATE MANAGEMENT S.R.L., Bucharest (RO)	1,000	RON	100.0%	BR
RK 60 Kft, Budapest (HU)	3,000,000	HUF	100.0%	OT
RL Jankomir d.o.o., Zagreb (HR)	20,000	HRK	100.0%	OT
RL Leasing Gesellschaft m.b.H., Eschborn (DE)	25,565	EUR	100.0%	FI
RL-BETA Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
RL-Delta Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
RL-Epsilon Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
RL-ETA Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
RL-Gamma Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
RL-Jota Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
RL-Lamda s.r.o., Bratislava (SK)	6,639	EUR	100.0%	OT
RL-Nordic OY, Helsinki (FI)	100,000	EUR	100.0%	FI
RL-Opis Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
RL-OPIS SPOLKA Z OGRANICZONA ODPOWIEDZIALNOSCIA, Warsaw (PL)	50,000	PLN	100.0%	OT
RL-Prom-Wald Sp. Z.o.o, Warsaw (PL)	50,000	PLN	100.0%	OT
RLRE Carina Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
RLRE Ypsilon Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Robert Károly Körút Irodaház Kft., Budapest (HU)	3,000,000	HUF	100.0%	OT
RPM Budapest KFT, Budapest (HU)	3,000,000	HUF	100.0%	OT
SASSK Ltd., Kiev (UA)	152,322,000	UAH	88.7%	OT
Sazavska 826 s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
SCT Kárász utca Ingatlankezelő Kft., Budapest (HU)	3,000,000	HUF	100.0%	OT
RK 60 Kft, Budapest (HU)	3,000,000	HUF	100.0%	OT
SeEnergy PT, s.r.o., Prague (CZ)	700,000	CZK	100.0%	OT
Selene Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
SF Hotelerrichtungsgesellschaft m.b.H., Vienna (AT)	36,336	EUR	100.0%	OT
Sirius Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Sky Solar Distribuce s.r.o., Prague (CZ)	200,000	CZK	77.0%	OT
SOLIDA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	50.5%	FI
St. Marx-Immobilien Verwertungs- und Verwaltungs GmbH, Vienna (AT)	36,336	EUR	100.0%	OT
Stara 19 s.r.o., Prague (CZ)	200,000	CZK	90.0%	OT
STYRIA Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Styria Immobilienleasing GmbH & Co. Projekt Ahlen KG, Kriftel (DE)	5,000	EUR	6.0%	OT
Szentkiraly utca 18 Kft., Budapest (HU)	5,000,000	HUF	100.0%	OT
Tatra Leasing Broker, s.r.o., Bratislava (SK)	6,639	EUR	100.0%	OT
Thaumas Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Theia Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
THYMO Raiffeisen-Leasing Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	100.0%	OT
UPC Real, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Valida Consulting GmbH, Vienna (AT)	500,000	EUR	100.0%	OT
Veletrzni 42 s.r.o., Prague (CZ)	100,000	CZK	90.0%	OT
VINDOBONA Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	FI
Vlhka 26 s.r.o., Prague (CZ)	200,000	CZK	90.0%	OT
Zahradnicka Property s.r.o., Bratislava (SK)	5,000	EUR	100.0%	OT
Zefyros Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
ZRB 17 Errichtungs GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
ZUNO GmbH, Vienna (AT)	35,000	EUR	100.0%	OT

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Other equity participations

Company, domicile (country)	Subscribed capital in local currency		Share	Type[1]
Accession Mezzanine Capital III L.P., St. Helier (JE)	1,501	EUR	3.3%	OT
Adoria Grundstückvermietungs Gesellschaft m.b.H., St. Pölten (AT)	36,360	EUR	24.5%	FI
Agricultural Open Joint Stock Company Illintsi Livestock Breeding Enterprise, Illinci (UA)	703,100	UAH	4.7%	OT
AIL Swiss-Austria Leasing AG, Glattbrugg (CH)	5,000,000	CHF	50.0%	FI
ALCS Association of Leasing Companies in Serbia, Belgrade (RS)	853,710	RSD	12.5%	OT
ALMC hf., Reykjavik (IS)	50,578	ISK	10.8%	OT
Analytical Credit Rating Agency (Joint Stock Company), Moscow (RU)	3,000,024,000	RUB	3.7%	OT
A-Trust Gesellschaft für Sicherheitssysteme im elektronischen Datenverkehr GmbH, Vienna (AT)	5,290,013	EUR	12.1%	OT
Austrian Reporting Services GmbH, Vienna (AT)	41,176	EUR	15.0%	BR
Aventin Grundstücksverwaltungs Gesellschaft m.b.H. in Liqu., St. Pölten (AT)	36,400	EUR	24.5%	FI
AVION-Grundverwertungsgesellschaft m.b.H., Vienna (AT)	36,336	EUR	49.0%	FI
Bad Sauerbrunn Thermalwasser Nutzungs- und Verwertungs GmbH., Bad Sauerbrunn (AT)	36,336	EUR	50.0%	OT
Belarussian currency and stock exchange JSC, Minsk (BY)	14,328,656	BYN	<0.1%	OT
Biroul de Credit S.A., Bucharest (RO)	4,114,615	RON	13.2%	FI
BTS Holding a.s. "v likvidácii", Bratislava (SK)	35,700	EUR	19.0%	OT
Budapest Stock Exchange, Budapest (HU)	541,348,100	HUF	<0.1%	SC
Burza cennych papierov v. Bratislave, a.s., Bratislava (SK)	11,404,927,296	EUR	0.1%	OT
CADO Raiffeisen-Immobilien-Leasing Ges.m.b.H., Vienna (AT)	36,400	EUR	50.0%	FI
Central Depository and Clearing Company, Inc., Zagreb (HR)	94,525,000	HRK	0.1%	FI
CIT ONE SA, Bucharest (RO)	21,270,270	RON	33.3%	BR
Commodity Exchange Crimean Interbank Currency Exchange, Simferopol (UA)	420,000	UAH	4.8%	OT
CONATUS Grundstückvermietungs Gesellschaft m.b.H., St. Pölten (AT)	36,360	EUR	24.5%	FI
CULINA Grundstückvermietungs Gesellschaft m.b.H., St. Pölten (AT)	36,360	EUR	25.0%	FI
D. Trust Certifikacná Autorita, a.s., Bratislava (SK)	331,939	EUR	10.0%	OT
Die Niederösterreichische Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	35.0%	OT
Die Niederösterreichische Leasing GmbH & Co KG, Vienna (AT)	72,673	EUR	40.0%	FI
Einlagensicherung AUSTRIA Ges.m.b.H., Vienna (AT)	515,000	EUR	0.2%	FI
Einlagensicherung der Banken und Bankiers Gesellschaft m.b.H. in Liqu., Vienna (AT)	70,000	EUR	0.1%	BR
EMERGING EUROPE GROWTH FUND II, L.P., Delaware (US)	370,000,000	USD	1.9%	OT
Epsilon - Grundverwertungsgesellschaft m.b.H. in Liqu., Vienna (AT)	36,336	EUR	24.0%	FI
ESP BH doo društvo sa ograničenom odgovornošću za informacijske i druge usluge, Sarajevo (BA)	8,500,000	BAM	45.0%	OT
ESQUILIN Grundstücksverwaltungs Gesellschaft m.b.H., St. Pölten (AT)	36,336	EUR	24.5%	FI
Euro Banking Association (ABE Clearing S.A.S.), Paris (FR)	48,000	EUR	2.1%	FI
European Investment Fund S.A., Luxembourg (LU)	7,370,000,000	EUR	0.1%	FI
Export and Industry Bank Inc., Makati City (PH)	4,734,452,540	PHP	9.5%	BA
FACILITAS Grundstücksvermietungs Gesellschaft m.b.H., St. Pölten (AT)	36,360	EUR	50.0%	FI
Fondul de Garantare a Creditului Rural S.A., Bucharest (RO)	15,940,890	RON	33.3%	FI
FORIS Grundstückvermietungs Gesellschaft m.b.H., St. Pölten (AT)	36,360	EUR	24.5%	FI
G + R Leasing Gesellschaft m.b.H., Graz (AT)	36,400	EUR	25.0%	OT
G + R Leasing Gesellschaft m.b.H. & Co. KG., Graz (AT)	72,673	EUR	50.0%	FI
Garantiqa Hitelgarancia ZRt., Budapest (HU)	7,839,600,000	HUF	0.2%	BR
Greenix Limited, Tortola (VG)	100,000	USD	25.0%	OT
HOBEX AG, Salzburg (AT)	1,000,000	EUR	8.5%	FI
Hrvatski registar obveza po kreditima d.o.o., Zagreb (HR)	13,500,000	HRK	10.5%	BR
Joint Stock Company Stock Exchange PFTS, Kiev (UA)	32,010,000	UAH	0.2%	OT
Kommunal-Infrastruktur & Immobilien Zeltweg GmbH, Zeltweg (AT)	35,000	EUR	20.0%	OT
LITUS Grundstückvermietungs Gesellschaft m.b.H., St. Pölten (AT)	36,360	EUR	24.5%	FI
Lorit Kommunalgebäudeleasing Gesellschaft m.b.H., Vienna (AT)	42,000	EUR	8.3%	FI
MASTERINVEST Kapitalanlage GmbH, Vienna (AT)	2,500,000	EUR	37.5%	FI

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Medicur - Holding Gesellschaft m.b.H., Vienna (AT)	4,360,500	EUR	25.0%	OT
MIRA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	50.0%	FI
Monilogi s.r.o., Bratislava (SK)	0	EUR	26.0%	OT
National Settlement Depositary, Moscow (RU)	1,180,675,000	RUB	<0.1%	FI
NÖ Raiffeisen Kommunalprojekte Service Gesellschaft m.b.H., Vienna (AT)	50,000	EUR	26.0%	FI
NÖ Raiffeisen-Leasing Gemeindeprojekte Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	1.0%	FI
NÖ. HYPO Leasing und Raiffeisen-Immobilien-Leasing Traisenhaus GesmbH & Co OG, St. Pölten (AT)	24,868,540	ATS	50.0%	FI
NÖ-KL Kommunalgebäudeleasing Gesellschaft m.b.H., Vienna (AT)	37,400	EUR	33.3%	FI
Oberpinzg. Fremdenverkehrförderungs- und Bergbahnen AG, Neukirchen am Großvenediger (AT)	3,297,530	EUR	<0.1%	OT
OJSC NBFI Single Settlement and Information Space, Minsk (BY)	474,917,123,425	BYN	4.2%	FI
Open Joint Stock Company Kyiv Special Project and Design Bureau Menas, Kiev (UA)	3,383,218	UAH	4.7%	OT
Österreichische Raiffeisen-Sicherungseinrichtung eGen, Vienna (AT)	125,200	EUR	8.5%	FI
Österreichische Wertpapierdaten Service GmbH, Vienna (AT)	100,000	EUR	25.3%	BR
Pannon Lúd Kft, Mezokovácsháza (HU)	852,750,000	HUF	0.6%	OT
Pisano Limited, London (GB)	48,545	GBP	15.5%	OT
Private Joint Stock Company Bird Farm Bershadskyi, Viytivka (UA)	6,691,141	UAH	0.5%	OT
Private Joint Stock Company First All-Ukrainian Credit Bureau, Kiev (UA)	11,750,000	UAH	5.1%	OT
Private Joint Stock Company Sumy Enterprise Agrotechservice, Sumy (UA)	1,545,000	UAH	0.6%	OT
Private Joint Stock Company Ukrainian Interbank Currency Exchange, Kiev (UA)	36,000,000	UAH	3.1%	OT
PSA Payment Services Austria GmbH, Vienna (AT)	285,000	EUR	11.2%	FI
Public Joint Stock Company National Depositary of Ukraine, Kiev (UA)	103,200,000	UAH	0.1%	FI
Public Joint Stock Company Settlement Center for Servicing of Contracts in Financial Markets, Kiev (UA)	206,700,000	UAH	0.0%	OT
QUIRINAL Grundstücksverwaltungs Gesellschaft m.b.H., Vienna (AT)	37,063	EUR	33.3%	FI
Raiffeisen Continuum GmbH, Vienna (AT)	100,000	EUR	14.3%	OT
Raiffeisen Digital GmbH, Vienna (AT)	75,000	EUR	1.2%	BR
Raiffeisen e-force GmbH, Vienna (AT)	145,346	EUR	28.2%	BR
Raiffeisen Informatik Geschäftsführungs GmbH, Vienna (AT)	70,000	EUR	47.6%	OT
Raiffeisen Kooperations eGen, Vienna (AT)	9,000,000	EUR	11.1%	OT
Raiffeisen Salzburg Leasing GmbH, Salzburg (AT)	35,000	EUR	19.0%	FI
Raiffeisen Software GmbH, Linz (AT)	150,000	EUR	1.2%	BR
RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung, Vienna (AT)	96,391,536	EUR	0.0%	BA
Raiffeisen-IMPULS-Liegenschaftsverwaltung Gesellschaft m.b.H., Linz (AT)	500,000	ATS	25.0%	FI
Raiffeisen-Impuls-Zeta Immobilien GmbH, Linz (AT)	58,333	EUR	40.0%	FI
Raiffeisenlandesbank Kärnten - Rechenzentrum und Revisionsverband, registrierte Genossenschaft mit beschränkter Haftung, Klagenfurt (AT)	6,930,500	EUR	<0.1%	BA
Raiffeisen-Landesbank Tirol AG, Rum (AT)	90,850,000	EUR	<0.1%	BA
Raiffeisen-Leasing BOT s.r.o., Prague (CZ)	100,000	CZK	20.0%	OT
Raiffeisen-Leasing Mobilien und KFZ GmbH, Vienna (AT)	35,000	EUR	15.0%	FI
RC Gazdasági és Adótanácsadó Zrt., Budapest (HU)	20,000,000	HUF	22.2%	OT
Registry of Securities in FBH, Sarajevo (BA)	2,052,300	BAM	1.4%	FI
Rehazentrum Kitzbühel Immobilien-Leasing GmbH, Innsbruck (AT)	35,000	EUR	19.0%	FI
REMUS Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	50.0%	FI
RLB Holding eGen OÖ, Linz (AT)	1,566,758	EUR	<0.1%	FI
RLKG Raiffeisen-Leasing GmbH, Vienna (AT)	40,000	EUR	12.5%	FI
RSAL Raiffeisen Steiermark Anlagenleasing GmbH, Graz (AT)	38,000	EUR	19.0%	FI
RSC Raiffeisen Service Center GmbH, Vienna (AT)	2,000,000	EUR	50.3%	BR
RSIL Immobilienleasing Raiffeisen Steiermark GmbH, Graz (AT)	38,000	EUR	19.0%	FI
S.C. DEPOZITARUL CENTRAL S.A., Bucharest (RO)	25,291,953	RON	2.6%	OT
Sarajevska berza-burza vrijednosnih papira dd Sarajevo, Sarajevo (BA)	1,967,680	BAM	10.5%	FI
Seilbahnleasing GmbH, Innsbruck (AT)	36,000	EUR	33.3%	FI
SELENE Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Innsbruck (AT)	36,400	EUR	1.0%	OT

1 Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial holding, FI Financial institution, OT Other companies, VV Insurance, SC Securities firms

Company, domicile (country)	Subscribed capital in local currency		Share	Type[1]
SKR Lager 102 AB, Stockholm (SE)	100,000	SEK	49.0%	OT
Slovak Banking Credit Bureau, s.r.o., Bratislava (SK)	9,958	EUR	33.3%	BR
Societatea de Transfer de Fonduri si Decontari-TRANSFOND S.A, Bucharest (RO)	6,720,000	RON	3.4%	FI
Society for Worldwide Interbank Financial Telekommunication scrl, La Hulpe (BE)	13,713,125	EUR	0.4%	FI
SPICA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	50.0%	FI
Steirische Gemeindegebäude Leasing Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	50.0%	FI
Steirische Kommunalgebäudeleasing Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	25.0%	FI
Steirische Leasing für Gebietskörperschaften Ges.m.b.H., Vienna (AT)	36,336	EUR	50.0%	FI
Steirische Leasing für öffentliche Bauten Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	50.0%	FI
SWO Kommunalgebäudeleasing Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	50.0%	FI
Syrena Immobilien Holding AG, Spittal an der Drau (AT)	22,600,370	EUR	21.0%	OT
Tarfin Limited, London (GB)	13,959,142	GBP	5.3%	OT
The Zagreb Stock Exchange joint stock company, Zagreb (HR)	46,357,000	HRK	2.9%	OT
TKL II. Grundverwertungsgesellschaft m.b.H., Vienna (AT)	39,000	EUR	8.3%	FI
TKL V Grundverwertungsgesellschaft m.b.H., Innsbruck (AT)	39,000	EUR	33.3%	FI
TKL VI Grundverwertungsgesellschaft m.b.H., Innsbruck (AT)	39,000	EUR	33.3%	FI
TKL VII Grundverwertungsgesellschaft m.b.H., Innsbruck (AT)	39,000	EUR	33.3%	FI
TKL VIII Grundverwertungsgesellschaft m.b.H., Innsbruck (AT)	39,000	EUR	24.5%	FI
Tojon Beteiligungs GmbH, Vienna (AT)	70,000	EUR	25.0%	OT
Top Vorsorge-Management GmbH, Vienna (AT)	35,000	EUR	50.0%	OT
TRABITUS Grundstücksvermietungs Gesellschaft m.b.H., Vienna (AT)	36,360	EUR	25.0%	FI
VALET-Grundstücksverwaltungs Gesellschaft m.b.H., St. Pölten (AT)	36,360	EUR	24.5%	FI
vc trade GmbH, Frankfurt am Main (DE)	38,750	EUR	10.0%	BR
VERMREAL Liegenschaftserwerbs- und -betriebs GmbH, Vienna (AT)	36,336	EUR	17.0%	OT
Vindobona Immobilienleasing GmbH & Co. Projekt Autohaus KG, Kriftel (DE)	5,000	EUR	6.0%	FI
Visa Inc., San Francisco (US)	192,981	USD	<0.1%	BR
Vorarlberger Kommunalgebäudeleasing Gesellschaft m.b.H. in Liqu., Dornbirn (AT)	42,000	EUR	33.3%	FI
W 3 Errichtungs- und Betriebs-Aktiengesellschaft, Vienna (AT)	800,000	EUR	20.0%	OT
Wiener Börse Aktiengesellschaft, Vienna (AT)	18,620,720	EUR	7.0%	OT
Zhytomyr Commodity Agroindustrial Exchange, Zhitomir (UA)	476,515	UAH	3.1%	OT
Ziloti Holding S.A., Luxembourg (LU)	48,963	EUR	0.9%	OT

1 Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial holding, FI Financial institution, OT Other companies, VV Insurance, SC Securities firms

Regulatory information

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

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

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

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

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

In total, there is a requirement for the CET1 ratio (including the combined capital buffer requirement) of 10.66 per cent for RBI as at 31 December 2022 and considering P2G, this means a quota of 11.91 per cent to be adhered to.

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

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

Total capital

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

in € million	2022	2021
Capital instruments and the related share premium accounts	5,991	5,994
Retained earnings	10,482	8,835
Accumulated other comprehensive income (and other reserves)	(3,974)	(3,673)
Minority interests (amount allowed in consolidated CET1)	607	524
Independently reviewed interim profits net of any foreseeable charge or dividend	3,337	933
Common equity tier 1 (CET1) capital before regulatory adjustments	**16,442**	**12,613**
Additional value adjustments (negative amount)	(93)	(81)
Deductions for new net provisioning	0	0
Intangible assets (net of related tax liability) (negative amount)	(605)	(674)
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	(23)	(39)
Fair value reserves related to gains or losses on cash flow hedges	51	24
Negative amounts resulting from the calculation of expected loss amounts	0	0
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	(4)	55
Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	(20)	(20)
Exposure amount of the following items which qualify for a risk weight of 1250%, where the institution opts for the deduction alternative	(30)	(45)
hereof: securitization positions (negative amount)	(30)	(45)
Other regulatory adjustments	(74)	(22)
Total regulatory adjustments to common equity tier 1 (CET1)	**(799)**	**(801)**
Common equity tier 1 (CET1) capital	**15,643**	**11,812**
Capital instruments and the related share premium accounts	1,675	1,669
Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	0	0
Qualifying tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	34	28
Total regulatory adjustments to Additional Tier 1 (AT1) capital	**(33)**	**(50)**
Additional tier 1 (AT1) capital	**1,676**	**1,647**
Tier 1 capital (T1 = CET1 + AT1)	**17,319**	**13,460**
Capital instruments and the related share premium accounts	2,362	2,085
Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	51	31
Credit risk adjustments	282	286
Total regulatory adjustments to Tier 2 (T2) capital	**(312)**	**(55)**
Tier 2 (T2) capital	**2,383**	**2,347**
Total capital (TC = T1 + T2)	**19,702**	**15,807**
Total risk-weighted assets (RWA)[1]	**97,680**	**89,928**

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

Total capital requirement and risk-weighted assets

in € million	2022		2021[1]	
	Risk-weighted exposure	Capital requirement	Risk-weighted exposure	Capital requirement
Total risk-weighted assets (RWA)	**97,680**	**7,814**	**89,928**	**7,194**
Risk-weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	**76,208**	**6,097**	**74,031**	**5,922**
Standardized approach (SA)	**29,196**	**2,336**	**26,308**	**2,105**
Exposure classes excluding securitization positions	29,196	2,336	26,308	2,105
Central governments or central banks	2,666	213	1,113	89
Regional governments or local authorities	128	10	102	8
Public sector entities	16	1	19	1
Institutions	241	19	259	21
Company	7,274	582	6,680	534
Retail	6,823	546	5,955	476
Secured by mortgages on immovable property	6,461	517	6,886	551
Exposure in default	635	51	296	24
Items associated with particular high risk	233	19	264	21
Covered bonds	4	0	6	0
Collective investments undertakings (CIU)	66	5	79	6
Equity	1,537	123	1,883	151
Other items	3,112	249	2,768	221
Internal ratings based approach (IRB)	**47,012**	**3,761**	**47,723**	**3,818**
IRB approaches when neither own estimates of LGD nor conversion factors are used	**38,960**	**3,117**	**39,076**	**3,126**
Central governments or central banks	2,657	213	2,753	220
Institutions	3,111	249	1,724	138
Corporates - SME	3,375	270	4,098	328
Corporates - Specialized lending	3,827	306	3,407	273
Corporates - Other	25,991	2,079	27,094	2,168
IRB approaches when own estimates of LGD and/or conversion factors are used	**7,302**	**584**	**7,903**	**632**
Retail - Secured by real estate SME	72	6	233	19
Retail - Secured by real estate non-SME	3,057	245	3,368	269
Retail - Qualifying revolving	423	34	299	24
Retail - Other SME	376	30	430	34
Retail - Other non-SME	3,374	270	3,574	286
Equity	409	33	439	35
Simple risk weight approach	0	0	0	0
Other equity exposure	0	0	0	0
PD/LGD approach	0	0	0	0
Other non-credit obligation assets	341	27	304	24

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

in € million	2022		2021	
	Risk-weighted exposure	Capital requirement	Risk-weighted exposure	Capital requirement
Total risk exposure amount for settlement/delivery	**19**	**1**	**6**	**1**
Settlement/delivery risk in the non-trading book	0	0	0	0
Settlement/delivery risk in the trading book	19	1	6	1
Total risk exposure amount for position, foreign exchange and commodities risk	**6,889**	**551**	**4,952**	**396**
Risk exposure amount for position, foreign exchange and commodities risks under standardized approaches (SA)	**5,634**	**451**	**2,383**	**191**
Traded debt instruments	962	77	1,846	148
Equity	74	6	221	18
Particular approach for position risk in CIUs	1	0	1	0
Foreign exchange	4,591	367	311	25
Commodities	6	0	5	0
Risk exposure amount for position, foreign exchange and commodities risks under internal models (IM)	**1,255**	**100**	**2,569**	**206**
Total risk exposure amount for operational risk	**12,667**	**1,013**	**9,415**	**753**
OpR standardized (STA) /alternative standardized (ASA) approaches	12,667	1,013	3,737	299
OpR advanced measurement approaches (AMA)	0	0	5,678	454
Total risk exposure amount for credit valuation adjustments	**280**	**22**	**256**	**21**
Standardized method	280	22	256	21
Other risk exposure amounts	**1,618**	**129**	**1,268**	**101**
of which risk-weighted exposure amounts for credit risk: securitization positions (revised securitization framework)	1,618	129	1,268	101

Regulatory capital ratios

in per cent	2022	2021
Common equity tier 1 ratio (transitional)	16.0%	13.1%
Common equity tier 1 ratio (fully loaded)	15.6%	13.1%
Tier 1 ratio (transitional)	17.7%	15.0%
Tier 1 ratio (fully loaded)	17.3%	15.0%
Total capital ratio (transitional)	20.2%	17.6%
Total capital ratio (fully loaded)	20.0%	17.6%

Leverage ratio

The leverage ratio is defined in Part 7 of the CRR. As at 31 December 2022, there is a mandatory quantitative requirement of 3 per cent:

in € million	2022	2021
Leverage exposure	235,640	219,173
Tier 1	17,319	13,460
Leverage ratio in per cent (transitional)	**7.3%**	**6.1%**
Leverage ratio in per cent (fully loaded)	**7.1%**	**6.1%**

Overview of the calculation methods that are applied to determine total capital requirements in the subsidiaries:

Unit	Credit risk Non-Retail	Retail	Market risk	Operational risk
Raiffeisen Bank International AG, Vienna (AT)	IRB	STA	Internal model, STA	STA
Raiffeisenbank a.s., Prague (CZ)	IRB	IRB	STA	STA
Raiffeisen Bank Zrt., Budapest (HU)	IRB	IRB	STA	STA
Tatra banka a.s., Bratislava (SK)	IRB	IRB	STA	STA
Raiffeisen Bank S.A., Bucharest (RO)	IRB	IRB	STA	STA
Raiffeisen Bank d.d. Bosna i Hercegovina, Sarajevo (BA)	IRB	IRB	STA	STA
Raiffeisenbank Austria d.d., Zagreb (HR)	IRB	STA	STA	STA
Raiffeisen Banka a.d., Novi Beograd (RS)	IRB	IRB	STA	STA
AO Raiffeisenbank, Moscow (RU)	IRB	STA	STA	STA
Raiffeisen Bank Sh.a., Tirana (AL)	IRB	IRB	STA	STA
Crédit Agricole Srbija AD, Novi Sad (RS)	STA	STA	STA	STA
Kathrein Privatbank Aktiengesellschaft, Vienna(AT)	STA	STA	STA	STA
All other units	STA	STA	STA	STA

IRB: Internal Ratings Based Approach
Internal model for open currency position risks and general interest rate risk in the trading book
STA: Standardized Approach

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.

Cost/income ratio (including compulsory contributions) – In this second variant of determining the cost/income ratio, the general administrative expenses also take into account the expenses from the item governmental measures and compulsory contributions (bank levies, resolution fund and deposit insurance fees).

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

Loan/deposit ratio indicates a bank's ability to refinance its loans by deposits rather than wholesale funding. It is calculated with loans to non-financial corporations and households in relation to deposits from non-financial corporations and households.

Net interest margin is used for external comparison with other banks as well as an internal profitability measurement of products and segments. It is calculated with net interest income set in relation to average interest-bearing assets (total assets less investments in subsidiaries and associates, tangible fixed assets, intangible fixed assets, tax assets and other assets).

NPE – Non-performing exposure. It contains all non-performing loans and debt securities according to the applicable definition of the EBA document Implementing Technical Standards (ITS) on Supervisory Reporting (Forbearance and non-performing exposures).

NPL – Non-performing loans. It contains all non-performing loans according to the applicable definition of the EBA document Implementing Technical Standards (ITS) on Supervisory Reporting (Forbearance and non-performing exposures).

NPE ratio is an economic ratio to demonstrate the proportion of non-performing loans and debt securities in relation to the entire loan portfolio of customers and banks, and debt securities. The ratio reflects the quality of the loan portfolio of the bank and provides an indicator for the performance of the bank's credit risk management.

NPL ratio is an economic ratio to demonstrate the proportion of non-performing loans in relation to the entire loan portfolio to customers and banks. The ratio reflects the quality of the loan portfolio of the bank and provides an indicator for the performance of the bank's credit risk management.

NPE coverage ratio describes to which extent non-performing loans and debt securities have been covered by impairments (Stage 3) thus expressing 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

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

Events after the reporting date

There were no significant events after the reporting date.

Vienna, 13 February 2023

The Management Board

Johann Strobl

Andreas Gschwenter

Łukasz Januszewski

Peter Lennkh

Hannes Mösenbacher

Andrii Stepanenko

Statement of all legal representatives

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group management report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

Vienna, 13 February 2023

The Management Board

Johann Strobl

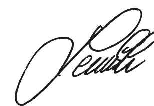
Chief Executive Officer responsible for Active Credit Management, Chairman's Office, Group Accounting, Group Communications, Group ESG & Sustainability Management, Group Executive Office, Group Finance Data, Analytics & Operations, Group Finance Task Force, Group Financial Reporting & Steering, Group Internal Audit, Group Investor Relations, Group Marketing, Group People & Organisational Innovation, Group Strategy, Group Subsidiaries & Equity Investments, Group Tax Management, Group Treasury, Legal Services and Sector Marketing

Andreas Gschwenter

Member of the Management Board responsible for Customer Data Services, Group Core IT, Group Data, Group Efficiency Management, Group IT Delivery, Group Procurement, Outsourcing & Real Estate Management, Group Security, Resilience & Portfolio Governance and Head Office Operations

Łukasz Januszewski

Member of the Management Board responsible for Certificates & Equity Trading, Group Asset Management (via RCM), Group Capital Markets Corporates & Retail Sales, Group Capital Markets Trading & Institutional Sales, Group Investment Banking, Group Investor Services, Group MIB Business Management & IC Experience, Institutional Clients and Raiffeisen Research



Peter Lennkh

Member of the Management Board responsible for Corporate Customers, Corporate Finance, Group Corporate Business Strategy & Steering, International Leasing Steering & Product Management and Trade Finance & Transaction Banking

Hannes Mösenbacher

Member of the Management Board responsible for Financial Institutions, Country & Portfolio Risk Management, Group Advanced Analytics, Group Compliance, Group Corporate Credit Management, Group Regulatory Affairs & Data Governance, Group Risk Controlling, Group Special Exposures Management, International Retail Risk Management, RCB Retail Risk Management and Sector Risk Controlling Services

Andrii Stepanenko

Member of the Management Board responsible for Payments & Daily Banking, Retail Customer Growth, Retail Products and Retail Strategy & Digital Transformation

Independent auditor's report

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Raiffeisen Bank International AG, Vienna, and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2022, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the financial year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as at 31 December 2022, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the additional requirements under section 245a UGB (Austrian Commercial Code) and the Austrian Banking Act.

Basis for Opinion

We conducted our audit in accordance with the Regulation (EU) No. 537/2014 and the Austrian Standards on Auditing. Those standards require the application of the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with laws and regulations applicable in Austria and we have fulfilled our other professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Expected credit losses for loans and advances to non-financial corporations and households
2. Adequacy of "provision" for foreign currency loans in the branch in Poland

1. Expected credit losses for loans and advances to non-financial corporations and households

Description and Issue

Loans and advances to non-financial corporations and households are reported under the balance sheet item "Financial assets - amortized cost" with an amount of EUR 89.3 billion after deduction of valuation allowances of EUR 2.8 billion. Loans and advances to non-financial corporations are EUR 48.7 billion and loans and receivables to households are EUR 40.5 billion.

The Management Board describes the process for monitoring credit risk and the procedure for determining impairment losses in Note 32 "Expected credit losses" and Note 43 "Credit risk" in the Notes.

Calculations of expected credit losses for individually significant exposures in default are based on the expected recoveries according to weighted scenarios. These are determined by the assessment of the economic situation and development of the respective customer, the valuation of collateral, and the estimate of the amount and timing of the recoveries derived from these. The allowances for defaulted, individually non-significant receivables are determined on the basis of common risk characteristics. The valuation parameter are based on statistical data as well as assumptions about future developments.

For not defaulted receivables, the expected credit loss for the next twelve months or – in case of a significant increase in credit risk since initial recognition – for the entire remaining lifetime is recognized (Stage 1 and Stage 2).

Significant estimates and assumptions are required in determining the expected credit loss. These include rating-based probabilities of default and loss rates that take into account present and forward-looking information.

In situations where the input parameter, assumptions and models do not cover all relevant risk factors, the Bank temporarily uses post-model adjustments and adjustments for specific risk factors.

The calculation of expected credit losses and the additional provisions from the post-model adjustments and the adjustments for special risk factors are based on assumptions and estimates that give rise to significant uncertainties with regard to the amount of the expected credit losses. Therefore, we have determined the expected credit losses for loans and advances to non-financial corporations and households as a key audit matter.

Our response

In testing expected credit losses for loans and advances to non-financial corporations and households, we performed the following significant audit procedures:

- We assessed the methodologies used to determine expected credit losses and their compliance with IFRS.
- We analyzed the documentation of the processes of monitoring loans and risk provisioning, and critically assessed whether these processes are suitable for identifying loan losses and adequately reflecting the recoverability of exposures. We also assessed the processes and tested key controls regarding their design and implementation, including the relevant IT systems, and tested their effectiveness on a sample basis.
- By performing analytical audit procedures, we examined the development of receivables in terms of quality, type of care, rating and level allocation throughout the year and in comparison with the previous year.
- We tested individual exposures selected on the basis of a sample determined according to risk criteria. For defaulted loans, we assessed the Bank's estimates of the amount and timing of recoveries, taking into account collateral, and examined whether the assumptions used in the calculation were appropriate and derivable from internal or external evidence. For non-defaulted loans, we examined whether indicators of default exist.
- In order to assess the appropriateness of the expected credit losses for non-defaulted loans (Stage 1 and Stage 2), we examined the plausibility of assumptions and the statistical/mathematical appropriateness of the models used, as well as the proper application of the models, with the assistance of specialists. In particular, we examined the assumptions in connection with forward-looking information and post-model adjustments and adjustments for other risk factors. Furthermore, we examined the appropriateness of the assumptions "probability of default", "loss given default" and the level allocation model, taking into account the results of the bank's internal validations, and reperformed selected calculation steps. In addition, internal IT specialists tested the effectiveness of key automated controls of the IT systems relevant for the calculation.
- Finally, we assessed whether the disclosures in the notes to the consolidated financial statements regarding the calculation of expected credit losses and the significant assumptions and estimation uncertainties are appropriate.

2. Adequacy of "provisions" for foreign currency loans of the branch in Poland

Description and Issue

As at December 31, 2022, the Bank has recorded a "provision" in connection with foreign currency loans of the branch in Poland in the amount of EUR 803 million.

The Management Board describes the legal risk, the procedure for determining the "provision" and related uncertainties in the chapter "Poland" in Note 47 "Pending legal issues" of the notes to the consolidated financial statements.

Due to the lack of clear answers by the competent courts, including the supreme courts, and the necessary assumptions about the future behavior of borrowers and former borrowers, there are considerable estimation uncertainties and scope for judgment in determining the amount of the "provision", which is why we have determined the adequacy of the "provision" for foreign currency loans of the branch in Poland to be a key audit matter.

Our Response

In particular, we performed the following audit procedures in testing the adequacy of the "provision":

- We assessed the Bank's processes and controls for determining the provision, including the key controls applied, and their suitability for ensuring the determination of an appropriate "provision".
- We verified the plausibility and critically assessed the Bank's method for determining the "provision", including the derivation of the underlying assumptions and their appropriateness.
- We verified the mathematical accuracy of the Bank's calculations.
- We obtained information on the pending lawsuits from the lawyers involved, critically assessed this information and reconciled the list of lawsuits in the lawyers' letters with the bank's data on a sample basis.
- We have considered in our audit the findings from the review of the current Polish judicature with regard to foreign currency loans.
- We reviewed the disclosure of the risks in the notes to the consolidated financial statements for appropriateness.

Other Information

The legal representatives are responsible for the other information. Other information comprises all information in the Annual Report, but does not include the consolidated financial statements, the consolidated management report and the auditor's report. The Annual Report is expected to be made available to us after the date of the auditor's report.

Our opinion on the consolidated financial statements does not cover this other information and we do not and will not express any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether it is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, the additional requirements under section 245a UGB and the Austrian Banking Act, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with EU rules and Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Regulation (EU) 537/2014 and with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that give a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Consolidated Management Report

Pursuant to Austrian Commercial Code, the consolidated management report is to be audited as to whether it is consistent with the consolidated financial statements and whether it has been prepared in accordance with the applicable legal requirements.

Management is responsible for the preparation of the consolidated management report in accordance with the Austrian Commercial Code.

We conducted our audit in accordance with laws and regulations applicable with respect to the consolidated management report.

Opinion

In our opinion, the consolidated management report attached is prepared in accordance with the applicable legal requirements, the disclosures pursuant to section 243a UGB are appropriate, and it is consistent with the consolidated financial statements.

Statement

Based on the findings during the audit of the consolidated financial statements and due to the thus obtained understanding concerning the Group and its circumstances no material misstatements in the consolidated management report came to our attention.

Additional Information in Accordance with Article 10 of EU Regulation (EU) 537/2014

We were elected as auditor of the Group at the annual general shareholders' meeting on 22 April 2021 for the fiscal year ending on 31 December 2022 and mandated by the chairman of the Supervisory Board on 16 August 2021. Furthermore, we were elected as auditor at the annual general shareholders' meeting on 31 March 2022 for the subsequent fiscal year and mandated by the chairman of the Supervisory Board on 31 March 2022.

We have been the auditor, without interruption since the financial year ending 31 December 2021.

We confirm that the audit opinion in the section "Report on the Consolidated Financial Statements" is consistent with the additional report to the audit committee referred to in article 11 of the EU regulation.

We declare that no prohibited non-audit services (article 5 par. 1 of the EU regulation) were provided by us and that we remained independent from the Group in conducting the audit.

Engagement Partner

The engagement partner responsible for the audit is Peter Bitzyk.

Vienna

13 February 2023

Deloitte Audit Wirtschaftsprüfungs GmbH

Peter Bitzyk

Certified Public Accountant

Publication or sharing with third parties of the consolidated financial statements together with our auditors' opinion is only allowed if the financial statements and the management report are identical with the audited version. This audit opinion is only applicable to the German and complete financial statements with the management report. Section 281 para 2 UGB applies to alternated versions.

This translation is for convenience purposes only.

Only the German original is legally valid and binding.

Group management report

Market development

Energy price shock ends COVID recovery

Although economic activity was still affected by pandemic restrictions at the beginning of 2022, the services sector in particular benefited from the normalization of the business environment as restrictions eased over the first few months. However, economic uncertainty increased abruptly from March following Russia's military invasion of Ukraine. Trade restrictions were imposed and, more importantly, energy and commodity prices shot up as the risk of an energy shortage increased. Consumer and business sentiment cooled noticeably in response. Soaring costs led to significant price increases for many consumer goods, driving up the inflation rate to its highest level since the 1970s and markedly reducing the purchasing power of private households. While the end of COVID restrictions initially put the economy on track for a buoyant recovery, the persistent energy price shock brought it all to an abrupt halt later in the year.

According to preliminary figures, the gross domestic product of the **euro area** increased by a 3.5 per cent in 2022. The strong growth resulted primarily from the significant increase in economic output in the first half of the year. However, economic momentum slowed significantly in the second half of the year. The labor market experienced rising employment and falling unemployment rates. Inflation trended strongly upward and doubled over the year, rising from 5.0 per cent at the end of 2021 to 10.6 per cent in October 2022. The pace of inflation did not begin to slow somewhat until the final months of 2022.

The **European Central Bank (ECB)** changed its monetary policy stance in 2022. At the beginning of the year, it initially viewed rising inflation rates as temporary and thus maintained its expansionary stance. It changed this position during the year and gradually began to normalize monetary policy. It ended net bond purchases in the middle of the year. In the second half of the year, it raised key interest rates at every meeting. The rate hikes were between 50 and 75 basis points each, resulting in a key interest rate of 2.50 per cent at the end of 2022. Conditions for existing longer-term refinancing transactions were also changed towards the end of the year, encouraging early repayment of outstanding loans and thus noticeably reducing the ECB's balance sheet. Money market rates trended strongly upward in 2022. Swap rates and yields on German government bonds also increased significantly but were extremely volatile. Yield curves inverted towards the end of the year.

The **Austrian economy** grew very rapidly in the first half of 2022 (high quarterly GDP growth). This was partly fueled by the hospitality and food service industry, whose large value-added gains should, however, be viewed against the backdrop of pent-up demand caused by the lockdown. The economy also benefited from the industrial sector, which provided support despite the adverse environment. Strong economic momentum in the first half of the year is the sole reason why GDP rose 4.7 per cent (preliminary) for the year as a whole, while it declined in the second half of the year. Private consumption proved to be a negative factor, whereas the industrial sector mostly supported the economy.

CEE: High inflation rates and significant interest rate hikes

CEE also recorded a significant increase in inflation in 2022, starting with high energy and food prices and spreading to the entire basket of goods. Inflationary pressures were already high in Central Europe before the pandemic given its tight labor markets; however, the expansion of inflation reached the Southeastern Europe region as well in 2022. Governments employed various tools such as tax cuts, price caps or cash transfers to cushion the impact of rising prices on households and businesses. Central banks in Central Europe and Romania started responding to price pressures back in 2021 by raising interest rates and then accelerating their rate hikes in 2022 as inflation increased. However, they approached the end of the rate hike cycles later in 2022, having raised key rates to levels not seen since the financial crisis. In Southeastern Europe, the central banks of Albania and Serbia also began hiking interest rates, albeit at a slower pace. In Ukraine, the key rate remained unchanged after a steep 1,500 basis point increase to 25 per cent in the second half of 2022. To support the economy and respond to disrupted monetary transmission channels, the central bank in Russia slashed the key rate to 7.5 per cent at the end of 2022 after raising it to 20 per cent (from 8.5 per cent) at the start of the war in Ukraine.

The first half of 2022 in **Central Europe (CE)** was characterized by a sustained economic recovery driven by dynamic consumption, reviving investment and an inventory build-up. This had a positive impact on the full-year 2022 GDP growth rate (3.9 per cent) despite the visible economic slowdown later in the year. The region's strongest growth was recorded in Slovenia (5.5 per cent), followed by Poland (4.6 per cent).

Supported by high tourism demand, the economies of **Southeastern Europe (SEE)** achieved solid economic momentum in the first half of 2022. The EU countries in the SEE region also benefited from investments made under the Next Generation EU program. Still, the SEE region, like the overall CEE region, experienced a slowdown in economic momentum in the second half of the year due to the ongoing war in Ukraine. GDP growth in the region thus declined to 4.4 per cent for 2022 as a whole (2021: 7.3 per cent), with Croatia recording the highest growth rate (6.3 per cent). Serbia brought up the rear at 2.4 per cent.

GDP in the **Eastern Europe (EE)** region is projected to decline 6.5 per cent in 2022. Although fighting in Ukraine is confined to the eastern part of the country and the economy has adapted to wartime conditions thanks to bold government policies, the Ukrainian economy likely contracted about 33 per cent year-on-year in 2022. In Russia, the effects of the war and sanctions have only begun to gradually appear in the economic data. All components of GDP are affected, but consumer demand, investment and imports were hit particularly hard. Russian GDP has thus likely declined around 3.5 per cent – much less than expected at the beginning of the year. Belarus has also been affected by the sanctions, which resulted in a significant recession of around 4 per cent year-on-year in 2022.

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

Region/country	2021	2022e	2023f	2024f
Czech Republic	3.5	2.5	0.9	3.3
Hungary	7.1	4.4	1.0	3.5
Poland	6.8	4.6	1.0	3.6
Slovakia	3.0	1.7	1.0	2.5
Slovenia	8.2	5.5	1.7	2.5
Central Europe	**5.9**	**3.9**	**1.0**	**3.4**
Albania	8.5	3.9	3.0	3.9
Bosnia and Herzegovina	7.4	4.0	1.5	3.0
Croatia	13.1	6.3	1.2	2.7
Kosovo	10.8	3.0	2.9	3.7
Romania	5.8	4.5	2.3	4.5
Serbia	7.5	2.4	1.9	3.0
Southeastern Europe	**7.3**	**4.4**	**2.1**	**3.9**
Belarus	2.3	(4.0)	0.0	1.0
Russia	4.7	(3.5)	(4.0)	0.9
Ukraine	3.4	(33.0)	1.8	7.5
Eastern Europe	**4.5**	**(6.5)**	**(3.6)**	**1.3**
Austria	**4.6**	**4.7**	**0.5**	**1.8**
Euro area	**5.3**	**3.5**	**0.3**	**2.0**

Source: Raiffeisen Research, as of early February 2023, (e: estimate, f: forecast); subsequent revisions may be made for prior years

Banking sector in Austria

In 2022, the Austrian banking sector built on the good results from 2021. The operating business was supported by increasing net interest income and positive performance in the commission business. Nevertheless, operating costs increased as well. Risk costs increased moderately again in 2022 after recent significant declines, which was also attributable to the overall economic outlook. The funding environment for the Austrian banking sector was challenging in 2022. Nevertheless, Austrian banks held their own in the primary market and successfully placed significantly larger volumes than in previous years, especially in the covered bond segment. Growth in the volume of loans granted in the household segment was stable year-on-year at around 5 per cent. However, since the implementing of the stricter lending standards for mortgage loans, which came into force in August, a noticeable decline in new business in this segment has been observed. Loan growth in the corporate segment was stronger, most recently reaching 11.3 per cent in October 2022. Despite a slight decline compared with year-end 2021, the banking sector's capitalization remained solid at 15.8 per cent (CET1 ratio) as of September 2022. The Austrian Financial Market Stability Board concluded in its September meeting that Austrian banks are less capitalized than their European peers and therefore recommended raising macroprudential buffer requirements for selected banks another 0.5 percentage points and gradually phasing in this increase over two years.

Development of the banking sector in CEE

Central banks and their monetary policies have been the driving force for banks' profitability in CE/SEE in 2022. Thanks to the high inertia of deposit rates, the rapid rise in key rates benefited net interest margins, thereby pushing up returns on equity for banks in the region to between 13 and 14 per cent on average. However, the impact of the war in Ukraine also resulted in higher inflation and a moderate increase in risk costs. Higher interest rates and inflationary pressures affected lending, making loans less affordable for households and shifting corporate demand for credit to short-term credit facilities. Eastern European markets were in a much more difficult situation since harsh sanctions led to losses among Russia's largest sovereign and private lenders and Ukrainian banks faced unprecedented levels of economic distress and operational risk, which significantly affected their performance.

Regulatory environment

ECB supervisory priorities

- Ensure that banks emerge from the pandemic healthy
  One of the ECB's priorities is to address the adverse impacts of the pandemic and ensure that the banking sector stays resilient. Banks should address deficiencies in their credit risk management frameworks in order to prevent possible asset quality deterioration. In this connection, banks are called upon to adequately monitor their exposures to vulnerable sectors and leveraged finance and to manage those exposures accordingly. Banks should also be prepared to cope with potential repricing in the financial markets.
- Ensure that banks address structural weaknesses
  To support the resilience and sustainability of their business models, banks should address persisting deficiencies in their strategies for digital transformation and governance. The ECB's supervisory activities in this regard focus on ensuring that banks have sound strategies and adequate rules. Banks should strengthen the effectiveness of their boards and their associated strategic steering capabilities in order to address the risks and challenges stemming from a constantly evolving operating environment.
- Ensure that banks tackle emerging risks
  The ECB focuses on vulnerabilities in connection with three areas: Climate-related and environmental risks, counterparty credit risk, and IT resilience. One of the main challenges for banks and supervisors in this connection will be addressing risks stemming from climate change and environmental degradation. Further, banks should have sound governance and risk management frameworks in order to adequately address larger exposures towards riskier and less transparent counterparties. It is also essential to increase resilience against cyber threats and to ensure adequate management of IT outsourcing.

Supervisory implications of the war in Ukraine

Following the outbreak of war in Ukraine, the ECB focused on liquidity and emergency liquidity assistance, credit risk, preparedness for sanctions, and business continuity (including operational preparedness and contingency plans). Liquidity was reported to the supervisory authorities additionally to the regular reporting cycles, including monitoring with the aid of special data templates.

The ECB examined banks' governance and internal control systems as these are crucial to their sanctions compliance. The ECB expected strong monitoring by internal control functions, assessing sanctions on an ongoing basis and analyzing compliance risk. Overall, banks need to ensure that their processes can mitigate legal and reputation risk.

With regard to credit risk, the ECB analyzed strategies and measures for maintaining business continuity. In addition, cyber risk should be adequately assessed and banks should be capable of detecting and averting cyber attacks.

New regulation in 2022

Finalization of Basel III (CRR III/CRD VI)

In October 2021, the European Commission published its proposal for the CRR III/CRD VI package (Basel IV) for the purpose of transposing the global standards on bank capital (the Basel III framework) into EU law. The regulatory package primarily aims to strengthen the resilience of the banking sector by making the calculation of capital requirements more transparent and comparable. Finalization of the Basel III requirements continued to be pursued in 2022. The requirements of the CRR III/CRD VI package are intended to enter into force on 1 January 2025.

RBI AG as a universal bank is affected by the proposed changes in various respects. The proposals are therefore continually evaluated and discussions between policymakers and banking associations closely followed so as to be able to respond accordingly. In order to prepare appropriately for implementation and reduce remaining uncertainties, the implications for capitalization and the bank's business are being actively investigated and the effects on the portfolio calculated taking the transition period into account.

Final revised guidelines on common procedures and methodologies for SREP (amendments to SREP)

On 18 March, the European Banking Authority (EBA) published its revised guidelines on common procedures and methodologies for the supervisory review and evaluation process (SREP) and supervisory stress testing. The revisions aim to incorporate the latest standards adopted under the Capital Requirements Directive (CRD V) and the Capital Requirements Regulation (CRR II) and drive convergence around best supervisory practices.

The ECB plans to expand its integrated approach by applying a risk-oriented approach to the analysis of individual risk factors. Consequently, the factors incorporated in the supervisory authority's overall assessment of a bank do not all have the same impact on the capital requirements. The new guidelines apply from 1 January 2023.

Capital Buffer Regulation (2022 amendment)

Building on a proposal of the Financial Market Stability Board (FMSB), the Austrian Financial Market Authority (FMA) has published a consultation paper proposing an increase in macroeconomic capital buffers. Based on that proposal, a 25 basis point increase in the buffer for O-SIIs is planned for the beginning of 2023, with a further 25 basis point increase to follow at the beginning of 2024.

The reason given for the increase is that, while pandemic-related uncertainty has receded, new uncertainty has been created by the Russian invasion of Ukraine, increased energy prices and high inflation.

Initiatives under the Digital Finance Package focused on consumer protection

The Digital Finance Strategy sets out the four main priorities for the digital transformation of the financial sector in the years ahead. Its main objectives and supporting legislation and initiatives are as follows:

- A Digital Single Market for financial services: The European Digital Identity (eID) is a suite of services proposed by the European Commission for mutual recognition of national electronic identity models across borders. The objective of the digital euro, meanwhile, is to preserve the role of public money as the anchor of the payments system in the digital age and to contribute to Europe's strategic autonomy and economic efficiency.
- A regulatory framework to facilitate innovation: The European Commission published a proposal for a regulation on artificial intelligence (AI) in 2021. It creates new requirements and obligations for the development, marketing and use of AI systems, following a risk-based approach.
- A European financial data space to promote data-driven innovation: The goal is to establish an open finance framework in line with the European Data Strategy by 2024. The main benefit for banks is stated to be that they earn revenue from a wide range of financial services by providing payment initiating functionality and customer data to third parties.
- Addressing the risks associated with digital transformation: The objectives of the Digital Operational Resilience Act (DORA) tackle the dependency of the financial sector on software and digital processes that makes information and communication technology (ICT) risks inherent in finance. Finally, the EU Markets in Crypto Assets (MiCA) regulation aims to regulate crypto assets not covered by existing EU financial services legislation.

The above legislation and initiatives will enter into force and affect the financial sector in the coming years.

Minimum requirement for own funds and eligible liabilities (MREL)

The Single Resolution Board (SRB) published the updated MREL policy on 8 June 2022. The multiple-point-of-entry (MPE) approach, which RBI AG employs as its resolution strategy, requires that each resolution entity can be resolved independently without causing shortfalls in other resolution groups.

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

The MREL planning is an integral part of the budgeting process for RBI AG and its subsidiary banks in the EU. The individual MREL levels in the resolution groups are closely monitored. RBI AG and several of its bank subsidiaries in the EU made issuances in order to fulfill their respective MREL requirements (binding interim targets from 1 January 2022). It is worth highlighting that RBI covered a significant portion of its MREL requirements in 2022 through the issuance of green bonds. This also served to prepare for what in most resolution groups will be increased informative interim targets, which are to be taken into account as of 1 January 2023 and compliance with which is to be understood as an expectation on the part of the resolution authorities.

The bank resolution changes under the CRR (CRR quick fix) may lead to a change from 2023 onwards in the calibration of the MREL for MPE banking groups.

Corporate Sustainability Reporting Directive (CSRD)

The EU Corporate Sustainability Reporting Directive (CSRD) was adopted by the EU Parliament in November 2022 and published in the Official Journal of the European Union in December 2022; it replaces the Non-Financial Reporting Directive (NFRD). The EU hopes that the directive will make business enterprises more publicly accountable by obliging them to regularly disclose information on their social and environmental impact. The CSRD introduces more detailed reporting obligations on the impacts of entities on the environment, human rights and social standards, based on criteria in line with EU climate targets. In addition to the reporting obligations being extended to additional entities, provision is also made for the development of European sustainability reporting standards.

The aim is to place financial and sustainability reporting on an equal footing and provide investors with comparable and reliable data. For large public-interest entities already subject to the requirements of the NFRD, the requirements of the CSRD will apply from 1 January 2024, with reporting beginning in 2025.

Significant events in the reporting period

RBI assesses strategic options for the future of Raiffeisenbank in Russia and Priorbank in Belarus

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

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

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

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

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

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

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

Acquisition of Crédit Agricole Srbija AD

On 1 April 2022, the closing took place for acquisition of a 100 per cent interest in Crédit Agricole Srbija AD, Novi Sad, and CA Leasing Srbija d.o.o. Beograd by Raiffeisen banka a.d., Belgrade. Crédit Agricole Srbija AD, Novi Sad, including CA Leasing Srbija d.o.o. Beograd, was therefore included in the consolidated financial statements as of 1 April 2022. Its total assets amounted to € 1,498 million at the time of initial consolidation.

The acquisition of Crédit Agricole Srbija AD is part of RBI's strategy to grow its presence in selected markets. Serbia is a market that has much growth potential. The acquisition of Crédit Agricole Srbija AD, with around 356,000 customers, complements the Serbian subsidiary bank's strategy and will support RBI's growth ambitions in this market. Crédit Agricole Srbija AD is expected to be merged with the Serbian subsidiary bank, Raiffeisen banka a.d., Belgrade, in April 2023. This will make it possible to exploit synergies and increase market share. CA Leasing Srbija d.o.o. Beograd was merged into Raiffeisen Leasing d.o.o., Belgrade, as of September 2022. The gross carrying amount of the acquired loans of Crédit Agricole Srbija AD and CA Leasing Srbija d.o.o. Beograd amounted to € 1,228 million at the time of initial consolidation.

Dividend

The Management Board will recommend a dividend of up to € 0.80 per share from the net profit for financial year 2022 although the timing of the decision is uncertain and unlikely to be made at the annual general meeting on 30 March 2023. The date of the decision and a resolution in an extraordinary general meeting will be chosen subject to capital ratios and ongoing strategic considerations.

Earnings and financial performance

Russia's military invasion of Ukraine in February 2022 and the ongoing war between the two countries, together with the numerous EU and US sanctions imposed on Russia in response, had a significant impact on money and capital markets in the reporting period. They also affected trade and the economy, – notably in the form of sharp rises in energy and commodity prices and supply chain disruptions. This meant that, in addition to currency effects due to appreciation of the Russian ruble (up 17 per cent) and of the US dollar (up 11 per cent), earnings performance in the reporting period was also influenced by high inflation rates. Increases in key interest rates had a positive impact on interest margins, while inflation resulted in a higher cost burden. For RBI, however, the cost/income ratio improved overall as a result of significantly higher core revenues. In contrast, risk costs showed strong year-on-year growth – from a very low base – mainly driven by higher provisioning in Russia and Ukraine due to the war and the resulting risk factors.

Western countries have imposed severe sanctions against Russian companies, the Russian Central Bank and the Russian government. At the same time, Russia has placed restrictions on capital flows to so-called unfriendly countries. Both of these restrict the servicing of international debt and of profit distributions, as well as the free allocation of investment capital. At present, earnings for 2022 in the amount of € 2,058 million in Russia, € 97 million in Belarus and € 65 million in Ukraine cannot be distributed in the form of dividends.

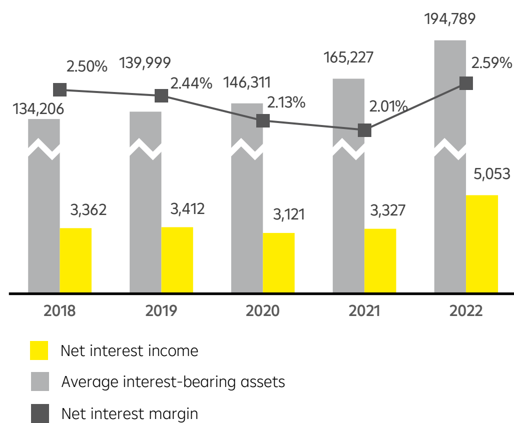
In total, consolidated profit increased a substantial 164 per cent year-on-year to € 3,627 million. The sale of the Bulgarian subsidiary bank contributed a total of € 453 million to earnings. Net interest income increased 52 per cent, mainly due to rising interest rates and strong loan growth in numerous Group countries. The increase in net interest income in Russia was due to interest rate and currency effects. Net fee and commission income (up a particularly large 95 per cent) showed a continuous volume-driven upward trend over the course of the year. However, it was also influenced by the current geopolitical situation, by interim measures on the part of the Russian Central Bank relating to foreign exchange controls and to the associated mandatory currency conversion, and also by the announcement of partial mobilization. The net trading income and fair value result of € 663 million mainly resulted from net foreign currency income in Russia, Ukraine and Belarus and from certificates business, partly driven by changes in the Group's own credit spreads. Risk costs amounted to € 949 million in the reporting period, of which Russia accounted for € 471 million and Ukraine for € 253 million.

Total assets, at € 207 billion, were around 8 per cent higher than in the previous year. Despite fluctuations during the year, particularly in the Russian ruble, currency effects were responsible here for an increase of only 1 per cent. Customer loans increased more than 2 per cent, with all countries in Central and Southeastern Europe recording significant increases. This contrasted with a decline in Eastern Europe and particularly in Russia by almost one-third due to the cessation of most new business, which was partly cushioned by the appreciation of the Russian ruble (up 9 per cent). Customer deposits rose just under 9 per cent, mainly due to short-term deposits.

Comparison of results with the previous year

in € million	2022	2021		Change
Net interest income	5,053	3,327	1,725	51.8%
Dividend income	64	42	22	53.6%
Current income from investments in associates	64	46	18	39.5%
Net fee and commission income	3,878	1,985	1,893	95.4%
Net trading income and fair value result	663	53	610	>500.0%
Net gains/losses from hedge accounting	(41)	(2)	(39)	>500.0%
Other net operating income	29	120	(91)	(75.8)%
Operating income	**9,710**	**5,570**	**4,140**	**74.3%**
Staff expenses	(2,010)	(1,579)	(431)	27.3%
Other administrative expenses	(1,081)	(992)	(89)	9.0%
Depreciation	(461)	(407)	(54)	13.3%
General administrative expenses	**(3,552)**	**(2,978)**	**(574)**	**19.3%**
Operating result	**6,158**	**2,592**	**3,565**	**137.5%**
Other result	(667)	(295)	(372)	126.2%
Governmental measures and compulsory contributions	(337)	(213)	(125)	58.6%
Impairment losses on financial assets	(949)	(295)	(655)	222.2%
Profit/loss before tax	**4,203**	**1,790**	**2,414**	**134.9%**
Income taxes	(859)	(368)	(491)	133.6%
Profit/loss after tax from continuing operations	**3,344**	**1,422**	**1,922**	**135.2%**
Gains/losses from discontinued operations	453	86	367	428.3%
Profit/loss after tax	**3,797**	**1,508**	**2,289**	**151.9%**
Profit attributable to non-controlling interests	(170)	(135)	(35)	26.0%
Consolidated profit/loss	**3,627**	**1,372**	**2,254**	**164.3%**

Operating income



Net interest income was up € 1,725 million to € 5,053 million. This is mainly due to rising interest rates and strong loan growth in numerous Group countries. In the Czech Republic, in addition to the integration of Equa bank, higher interest income from repo, corporate and retail customer business resulted in a € 267 million increase in net interest income. The increases of € 167 million in Hungary, € 121 million in Ukraine, € 119 million in Romania, € 48 million at head office and € 40 million in Belarus were likewise primarily interest rate-related. In Serbia, net interest income increased € 60 million, primarily due to the integration of Crédit Agricole Srbija AD. The largest increase, of € 784 million, was recorded in Russia due to the appreciation of the Russian ruble and higher interest income from repo business, mainly due to the temporarily unusually high key interest rate for deposits with the Central Bank of Russia, which was doubled to 20 per cent for a short time immediately after the outbreak of war. Higher market interest rates also led to an increase in interest income from customer loans. In contrast, lending volumes in the customer business fell 30 per cent year-on-year in local currency. Group average interest-bearing assets rose 18 per cent year-on-year, mainly as a result of the strong loan growth in numerous countries. The net interest margin improved 58 basis points to 2.59 per cent, which in addition to Eastern Europe was attributable to a 140 basis point increase in Hungary and a 77 basis point increase in the Czech Republic.

The particularly strong rise in net fee and commission income was driven by the geopolitical situation, with upward spikes in March after the onset of war and in September after the partial mobilization in Russia. In addition, immediately after the start of the war, the Russian Central Bank introduced interim measures relating to foreign currency restrictions and associated mandatory currency conversion that led to a temporarily increased activity in the foreign exchange business on the part of both corporate and retail customers. As a result, net fee and commission income from foreign exchange business increased € 1,207 million Group-wide. Clearing, settlement and payment services also recorded growth of € 438 million due to increased transactions with both corporate and retail customers in Russia and at head office. However, this was also an effect of higher margins, mainly from increased fees in Russia to reduce foreign currency deposits. Securities business developed positively too, with the strongest growth of € 172 million in Russia. Supported by currency appreciations in Russia and Belarus, net fee and commission

income consequently increased € 1,893 million to € 3,878 million. In addition to Russia, there was also strong growth at head office and on a currency-adjusted basis in the Czech Republic, Hungary and Belarus.

Net trading income and the fair value result increased € 610 million year-on-year to € 663 million. The strong year-on-year increase was mainly attributable to trading activities in Russia, as a result of which net trading income rose € 396 million to € 369 million. The high volatility of the Russian ruble in the first half of 2022 due to the sanctions in response to the war led to strong customer demand for foreign currency transactions. This was counteracted somewhat by higher losses from hedged interest rate risks. Positive net trading income from foreign currency valuation was also generated in Ukraine and Belarus, with gains resulting from exposures in US dollars and euros in conjunction with the devaluations of the local currencies. Head office made a positive contribution of € 92 million in the reporting period, mainly supported by strong net foreign exchange income primarily from market-making activities in relation to the currencies US dollar, Russian ruble and Hungarian forint. The certificates business, too, due among other things to the increase in the Group's own credit spread, recorded a year-on-year increase in valuation gains on certificate issues measured at fair value.

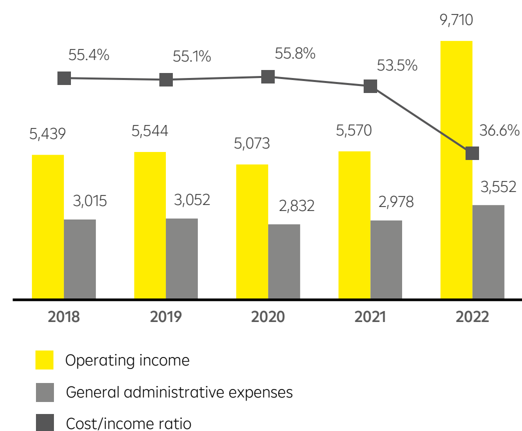
Other net operating income decreased € 91 million to € 29 million. This was mainly due to lower net income from the sale of debt securities (a loss of € 57 million, down € 58 million), mainly in Russia, in Belarus and at head office. Early derecognition of intangible fixed assets at head office resulted in a loss of € 29 million.

General administrative expenses

General administrative expenses increased 19 per cent year-on-year, or € 574 million, to € 3,552 million. Significantly higher core revenues (up 68 per cent) made for a significant year-on-year improvement in the cost/income ratio, from 53.5 per cent to 36.6 per cent. Staff expenses rose € 431 million to € 2,010 million, mainly due to increases in Russia, in Romania, at head office, in Serbia and in the Czech Republic. In addition to the increase in the average headcount, the increases in Russia mainly resulted from higher salaries, social security costs and provisions for one-off payments. Higher staff expenses mainly related in the Czech Republic to the integration of Equa bank and in Serbia to the integration of Crédit Agricole Srbija AD. The main drivers of the € 89 million rise in other administrative expenses were higher IT expenses (up € 32 million), particularly in the Czech Republic (integration of Equa bank) and Croatia (changeover to the euro). There were further increases in other expense items, primarily sundry administrative expenses (up € 21 million), office space expenses (up € 16 million), legal, advisory and consulting expenses (up € 12 million) and non-income-related taxes (up € 11 million). Depreciation and amortization of tangible and intangible fixed assets increased 13 per cent, or € 54 million, to € 461 million, mainly due to the integration of Equa bank in the Czech Republic and primarily as a result of currency effects in Russia.

Cost/income ratio

in € million



The number of business outlets fell 107 to 1,664 year-on-year. The largest decline resulted from the sale in Bulgaria (down 131), while Serbia (up 71) recorded an increase in the number of business outlets due to acquisitions. Average headcount decreased 1,713 full-time equivalents year-on-year to 44,194, mainly due to the sale of Raiffeisenbank (Bulgaria) EAD and its subsidiary Raiffeisen Leasing Bulgaria EOOD (down 2,474). The largest increases were in Serbia (up 862; integration of Crédit Agricole Srbija AD in the second quarter) and Russia (up 488; increase early in the year before the onset of war).

Other result

The other result came to minus € 667 million in the reporting period, compared to minus € 295 million in the previous year's period. Expenses for credit-linked, portfolio-based litigations and annulments of loan agreements in a total amount of € 510 million (previous year's period: € 326 million), mainly relating to mortgage loans in Poland denominated in or linked to foreign currencies, had a negative impact. In addition, valuation of investments in subsidiaries and associates resulted in a loss of € 67 million in the reporting period (previous year's period: gain of € 54 million). Within this, investments in associates valued at equity – with the largest individual impacts relating to investments in LEIPNIK-LUNDENBURGER Invest Beteiligungs AG (LLI) and UNIQA Insurance Group AG (UNIQA) – accounted for a net valuation loss of € 37 million (previous year's period: gain of € 66 million). The reasons for the valuation of the investments in LLI were the less favorable economic environment, the trend in the commodity prices and the negative impacts of the war in Ukraine on business in local markets. The main reason for the valuation of the investments in UNIQA was the lower valuation of available-for-sale financial instruments due to the increase in yields. Impairment losses on non-financial assets were also recognized in the reporting period in the amount of € 88 million (previous year's period: € 5 million in impairment reversals), primarily on goodwill at a Czech (€ 60 million) and a Serbian Group unit (€ 8 million).

Governmental measures and compulsory contributions

Governmental measures and compulsory contributions increased € 125 million to € 337 million. Bank levies increased € 48 million, mainly due to the introduction of a special bank levy in Hungary (€ 47 million). Contributions to the bank resolution fund increased € 14 million, mostly at head office and in the Czech Republic. The € 36 million increase in deposit insurance fees mainly related to Russia, Hungary, Romania, Croatia and Serbia. The € 26 million in other compulsory contributions primarily comprises contributions to the newly created state borrowers' support fund in Poland.

Impairment losses on financial assets

The impacts of the war between Russia and Ukraine were reflected in significantly higher risk costs in Eastern Europe. Impairment losses on financial assets in Eastern Europe amounted to € 743 million in the reporting period (previous year's period: € 119 million) due to the deteriorating economic environment, ratings downgrades on customers, countries and governments, and in Russia additionally due to the consequences of several EU and US sanctions packages. In the reporting period, impairment losses of € 471 million were recognized in Russia (previous year's period: € 72 million); impairment losses in Ukraine amounted to € 253 million, compared to € 23 million in the previous year. Group-wide, impairment losses on financial assets were recognized in the amount of € 949 million in the reporting period (previous year's period: € 295 million). This also included impairment losses due to macroeconomic effects, such as higher energy prices, increased inflation and rating downgrades on companies with revenue shortfalls and higher cost burdens due to strained energy supply.

In Stage 1 and Stage 2, net impairments of € 567 million were recognized in the reporting period (previous year's period: € 124 million). A net amount of € 248 million related to loans to non-financial corporations, a net € 100 million to loans to other financial corporations, a net € 82 million to loans to households and a net € 58 million to loans to governments. The amount recognized in Stage 1 and Stage 2 was € 298 million in Russia, € 87 million in Ukraine, € 47 million in Hungary, € 37 million in Slovakia and € 29 million in Austria. For defaulted loans (Stage 3), impairments were recognized in a net amount of € 382 million in the reporting period (previous year's period: net € 171 million), of which € 155 million related to households, primarily in Russia (€ 120 million) and Ukraine (€ 37 million), € 136 million to loans to non-financial corporations, primarily in Ukraine (€ 122 million) and € 81 million to loans to other financial corporations, mostly at head office.

The NPE ratio showed no change year-on-year, at 1.6 per cent. The NPE coverage ratio was 59.0 per cent at the reporting date, compared to 62.5 per cent in the previous year.

Income taxes

Income taxes increased € 491 million to € 859 million due to the level of profit. The tax rate of 20.4 per cent was slightly below the previous year's tax rate, but significantly below the current Austrian corporate income tax rate of 25 per cent. This was mainly due to the tax situation at head office (loss carry forwards) and a larger share of profit before tax accounted for by lower-tax countries.

Gains/losses from discontinued operations

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

Comparison of results with the previous quarter

Quarterly results

in € million	Q4/2021	Q1/2022	Q2/2022	Q3/2022	Q4/2022
Net interest income	976	986	1,214	1,392	1,462
Dividend income	7	5	24	11	24
Current income from investments in associates	12	18	16	21	8
Net fee and commission income	561	683	882	1,117	1,196
Net trading income and fair value result	24	184	132	155	192
Net gains/losses from hedge accounting	1	(20)	(16)	15	(20)
Other net operating income	36	27	15	(12)	(1)
Operating income	**1,618**	**1,881**	**2,269**	**2,700**	**2,861**
Staff expenses	(425)	(430)	(464)	(538)	(578)
Other administrative expenses	(313)	(254)	(277)	(273)	(278)
Depreciation	(118)	(109)	(116)	(114)	(123)
General administrative expenses	**(856)**	**(792)**	**(857)**	**(925)**	**(978)**
Operating result	**763**	**1,089**	**1,412**	**1,775**	**1,882**
Other result	(175)	(102)	(6)	(118)	(442)
Governmental measures and compulsory contributions	(32)	(159)	(82)	(44)	(52)
Impairment losses on financial assets	(150)	(319)	(242)	(160)	(228)
Profit/loss before tax	**406**	**508**	**1,082**	**1,453**	**1,160**
Income taxes	(77)	(69)	(223)	(297)	(270)
Profit/loss after tax from continuing operations	**329**	**440**	**859**	**1,156**	**890**
Gains/losses from discontinued operations	24	18	435	0	0
Profit/loss after tax	**353**	**458**	**1,294**	**1,156**	**890**
Profit attributable to non-controlling interests	(36)	(16)	(24)	(67)	(64)
Consolidated profit/loss	**317**	**442**	**1,270**	**1,089**	**826**

Development of fourth quarter 2022 compared to third quarter 2022

Net interest income was up € 70 million to € 1,462 million. Rising interest rates caused net interest income to increase € 49 million at head office, € 21 million in Hungary, € 13 million in Slovakia and € 11 million each in Romania and Serbia. In Ukraine, higher interest income from government certificates of deposit was responsible for the € 9 million increase in net interest income. The € 40 million decline in Russia was volume- and currency-related.

The rising interest rates in many of the Group's countries led to an increase in the net interest margin of 14 basis points to 2.85 per cent.

Net fee and commission income increased 7 per cent, or € 80 million, to € 1,196 million, mainly driven by extraordinarily high income from foreign currency transactions in Russia. This increase of € 42 million was due to higher volumes and margins. Likewise, net income from the securities business recorded a volume-related increase of € 40 million, particularly in Russia.

Net trading income and fair value result increased € 36 million to € 192 million. The increase resulted primarily from valuation gains on foreign currency positions of € 30 million, including hedging transactions in the Czech Republic, after the Czech koruna appreciated against the US dollar in particular in the fourth quarter. Interest rate-induced valuation effects increased € 32 million in total in Romania and Hungary as well. In Russia, the valuation result from foreign currency positions remained high but decreased € 58 million quarter-on-quarter to € 109 million. This was largely due to a decline in customer demand for foreign currency transactions. At head office, the valuation result from foreign currency positions increased € 34 million.

General administrative expenses increased € 54 million quarter-on-quarter to € 978 million. Staff expenses rose € 40 million to € 578 million, while other administrative expenses rose € 4 million to € 278 million and depreciation increased € 9 million to € 123 million. The main drivers of the increases were higher staff expenses, primarily in Romania, Hungary, Serbia and Slovakia, as well as increased other administrative expenses, mainly in Russia, Romania, Poland and Ukraine. These increases in other administrative expenses were offset by declines in IT expenses and in legal, advisory and consulting expenses at head office.

The other result decreased from minus € 118 million in the previous quarter to minus € 442 million. The decrease was primarily driven by expenses for credit-linked, portfolio-based litigations and annulments of loan agreements totaling € 323 million (previous quarter: € 83 million), of which € 319 million was attributable to the mortgage loan portfolio in Poland (previous quarter: € 83 million). The fourth quarter was additionally affected by impairment losses on non-financial assets of € 83 million (previous quarter: € 2 million), of which € 68 million related to impairment losses on goodwill for a Czech (€ 60 million) and Serbian Group unit (€ 8 million).

Impairment losses on financial assets were € 68 million higher in the fourth quarter at € 228 million, after impairment losses on financial assets of € 160 million were recognized in the third quarter. Impairment losses for the Eastern Europe region of € 174 million in the fourth quarter and € 80 million in the third quarter were caused by rating downgrades of customers, sovereigns and governments as well as macroeconomic parameters and, in Russia, by EU and US sanctions packages as well.

Statement of financial position

Total assets increased by around 8 per cent compared to the end of the year, with currency developments – after Russia's war with Ukraine caused currency turmoil during the year – ultimately responsible for an increase of only 1 per cent. The appreciation of the Russian ruble by 9 per cent and of the U.S. dollar by nearly 6 per cent stood against a depreciation of the Ukrainian hryvnia by 26 per cent and the Hungarian forint by 9 per cent. Customer loans experienced slight growth in the first quarter, which increased in the second quarter due in part to the appreciation of several currencies, particularly the Russian ruble and the US dollar. Additional growth in the third and fourth quarters in many of the Group's countries was offset by a significant decline in Russia – by almost one third in local currency– due to the almost complete cessation of new business.

Assets

in € million	31/12/2021	31/3/2022	30/6/2022	30/9/2022	31/12/2022	Change year-end		Change previous quarter	
Loans to banks	16,630	13,314	17,000	17,699	15,716	(914)	(5.5)%	(1,983)	(11.2)%
Loans to customers	100,832	101,966	107,700	109,066	103,230	2,398	2.4%	(5,836)	(5.4)%
hereof non-financial corporations	50,156	51,097	52,132	52,758	48,829	(1,326)	(2.6)%	(3,928)	(7.4)%
hereof households	38,078	38,348	41,541	42,010	40,867	2,789	7.3%	(1,143)	(2.7)%
Securities	22,902	22,831	23,520	23,882	23,711	809	3.5%	(171)	(0.7)%
Cash and other assets	51,736	54,513	65,979	69,188	64,401	12,665	24.5%	(4,787)	(6.9)%
Total	**192,101**	**192,624**	**214,200**	**219,834**	**207,057**	**14,957**	**7.8%**	**(12,776)**	**(5.8)%**

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

The decrease in loans to banks was mainly due to lower short-term deposits at the Hungarian National Bank and a lower volume of repo transactions in the Czech Republic. This was offset by increases in Russia due to higher volumes of repo transactions.

Customer loans increased from the end of the year in all Group countries except Eastern Europe, especially among loans to households. The largest increases overall occurred in the Czech Republic, where loan growth stood at € 2,162 million, or 14 per cent; in Romania, at € 1,378 million, or 21 per cent; and in Slovakia, at € 1,270 million, or 10 per cent. In Serbia, the loan volume increased € 1,309 million, or 67 per cent. This included € 1,043 million that was attributable to the acquisition of Crédit Agricole Srbija AD; the remaining growth was organic. Russia recorded a decline – particularly in loans to non-financial corporations – of € 2,656 million, or 23 per cent; the decline was much steeper in local currency terms but was moderated by the appreciation of the Russian ruble. New business in Russia was largely suspended due to the war.

The increase in cash (up € 15,126 million) was mainly attributable to other demand deposits at banks in Russia (up € 8,846 million) and cash balances at the central bank at head office (up € 6,085 million). The significantly higher positive fair values of interest rate and foreign exchange derivatives reported under other assets (up € 3,237 million), mainly at head office, resulted primarily from valuation effects and exchange rate fluctuations as well as a larger hedged volume. The sale of the Bulgarian Group units resulted in a disposal of assets reported under other assets (in accordance with IFRS 5) amounting to € 5,491 million.

Equity and liabilities

in € million	31/12/2021	31/3/2022	30/6/2022	30/9/2022	31/12/2022	Change year-end		Change previous quarter	
Deposits from banks	34,607	34,575	37,293	40,769	33,641	(967)	(2.8)%	(7,129)	(17.5)%
Deposits from customers	115,153	113,652	131,283	129,786	125,099	9,946	8.6%	(4,688)	(3.6)%
hereof non-financial corporations	44,523	44,311	54,019	53,502	50,042	5,519	12.4%	(3,459)	(6.5)%
hereof households	56,690	55,016	60,806	60,108	58,876	2,186	3.9%	(1,232)	(2.0)%
Debt securities issued and other liabilities	26,865	28,585	27,568	29,893	29,554	2,689	10.0%	(340)	(1.1)%
Equity	15,475	15,812	18,056	19,385	18,764	3,289	21.3%	(620)	(3.2)%
Total	**192,101**	**192,624**	**214,200**	**219,834**	**207,057**	**14,957**	**7.8%**	**(12,776)**	**(5.8)%**

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

The Group's funding from banks decreased compared to the end of the year with respect to short-term deposits, particularly at head office.

The large increase in deposits from customers stemmed mainly from short-term deposits, particularly in Russia (up € 5,355 million, including € 5,171 million for non-financial corporations); the increase was partially currency-driven. The € 1,968 million increase in Slovakia was mainly attributable to non-financial corporations (€ 1,202 million) and other financial corporations (€ 521 million), while the € 1,602 million increase in Serbia resulted from the acquisition of Crédit Agricole Srbija AD (€ 1,041 million).

Debt securities issued and other liabilities increased € 2,689 million. The negative fair values of derivatives included in this item increased € 3,453 million, especially for interest rate and foreign currency derivatives at head office due to valuation effects and exchange rate fluctuations as well as larger hedged amounts. The debt securities increased € 2,819 million net, mainly at head office (senior and covered bonds). The sale of the Bulgarian Group units resulted in a disposal of liabilities reported under other liabilities (in accordance with IFRS 5) amounting to € 4,829 million.

For information relating to funding, please refer to note (45) Liquidity management in the risk report section of the consolidated financial statements.

Equity on the statement of financial position

Equity including capital attributable to non-controlling interests rose € 3,289 million from the start of the year to € 18,764 million.

Total comprehensive income of € 3,441 million comprised profit after tax of € 3,797 million and other comprehensive income of minus € 356 million. In particular, other comprehensive income of companies valued at equity of minus € 177 million and changes in the fair value of financial assets of minus € 170 million had a negative impact on other comprehensive income.

Currency movements had a negative impact of € 45 million following a positive impact of € 284 million in the previous year. The 26 per cent depreciation of the Ukrainian hryvnia resulted in a negative contribution of € 111 million, while the 9 per cent depreciation of the Hungarian forint contributed € 66 million. This was offset by positive contributions from the Czech koruna (3 per cent appreciation) of € 75 million and the Russian ruble (9 per cent appreciation) of € 62 million. The hedge of net investments, primarily in the Russian ruble (minus € 66 million), the Czech koruna (minus € 14 million) and the Hungarian forint (€ 42 million), resulted in a negative valuation result of € 39 million.

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

Common equity tier 1 (CET1) after deductions amounted to € 15,643 million, representing an increase of € 3,831 million compared to the 2021 year-end figure. The main drivers of the increase were the inclusion of the result for the period after deducting any dividends and positive foreign exchange effects. A dividend of € 0.80 per share was deducted for the 2022 financial year. Tier 1 capital after deductions increased € 3,859 million to € 17,319 million, primarily as a result of the effects in CET1. Tier 2 capital increased € 292 million to € 2,695 million due to a new issue of € 500 million. On the other hand, there was a reduction in the eligible IRB surplus and the regulatory maturing of outstanding tier 2 instruments. Total capital amounted to € 19,702 million, representing an increase of € 3,895 million compared to the 2021 year-end figure.

Total risk-weighted assets (RWA) increased € 7,752 million overall from the end of 2021 to € 97,680 million. This increase was mainly driven by foreign currency effects, organic growth and credit rating downgrades for Russia, Belarus and Ukraine. In contrast, the RWA decreased due to the sale of the Bulgarian Group units. Operational risk in the advanced measurement approach (AMA) saw increases of up to € 3,252 million in the course the year as a result of additional expenses for credit-linked, portfolio-based provisions for litigation and annulments in Poland. However, the AMA was retired as of 1 December 2022 which resulted in a RWA increase of € 1,500 million at Group level compared to the requirements under the standardized approach (STA). Market risk also increased € 1,936 million, mainly due to a new calculation methodology in the structural open foreign exchange position.

Including the annual results, this resulted in a (transitional) CET1 ratio of 16.0 per cent (up 2.9 percentage points), a (transitional) tier 1 ratio of 17.7 per cent (up 2.8 percentage points) and a (transitional) total capital ratio of 20.2 per cent (up 2.6 percentage points). The capital ratios based on the full application of all CRR criteria (fully loaded) are 15.6 per cent (CET1 ratio), 17.3 per cent (tier 1 ratio) and 20.0 per cent (total capital ratio).

Research and development

Digitalization

A central theme for banks in the advancement of digitalization is the growing relevance of mobile banking. While the penetration (rate of active mobile banking use) was at 53 per cent for RBI in 2021, it had reached 60 per cent by year-end 2022 (though this figure varies between markets). The acceptance of online loans has remained high: In 2021, 49 per cent of loans were granted through inititation in digital channels and in 2022 this had increased slightly to 56 per cent (44 per cent being fully end to end).

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

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

Digitalization is a key issue for corporate and institutional customers as well. Since the end of 2019, RBI has digitalized a series of products and services on the myRaiffeisen platform. This includes a digital KYC process (eKYC) for companies and institutional customers, digital account opening (Group eAccount Opening), digital export finance (eSpeedtrack) as well as further services such as eFinance, eGateway, eArchive, and the digital payment questionnaire for correspondent banking clients (ePIC). In 2022, eTradeOn, a tool to manage guarantees online, was added to the myRaiffeisen product range.

In 2021, eAccount opening was the first product to go live across the whole Group, which is an important milestone in achieving a harmonized digital offering and experience across the entire region for RBI's corporate and institutional clients. The latest figures in regards to usage demonstrate a broad acceptance and appreciation for RBI's digital offering – around 59 per cent of new accounts at RBI in Austria were initiated digitally in 2022 (2021: 53 per cent), and 82 per cent of new customers were verified using the fully digitalized eKYC process (versus 56 per cent in 2021). Launched in the middle of 2021, ePIC has been very well adopted by customers and is now being offered digitally only.

R-Flex, a customizable, digital in-house solution with its anchor product FX Spot targeting corporate and SME clients as well as private individuals marked its first profitable year in 2022. With approximately 4,500 clients currently using it in Romania and Croatia, the solution is planned to be rolled out to additional markets in the future.

IT

RBI increasingly relies on the usage of cloud technology in order to increase efficiency and resilience in operational processes, offer greater flexibility for developers and gain speed and agility in terms of time to market. In 2022, the cloud adoption rate (share of applications in the cloud) reached 42 per cent at Head Office level and 29 per cent on Network bank level, which marks a significant step upwards compared to 2021 (27 and 4 per cent, respectively). In order to foster the utilization of IT solutions across the Group, RBI successfully implemented more than 380 standard application programming interfaces (APIs) to date.

RBI aims to be amongst the top IT employers in the region and thus, actively supports and engages with its local ecosystem. With 42Vienna, an innovative coding school focusing on peer-to-peer and project-based learning, RBI deployed a unique program in Austria. From the start of this project, 132 IT talents were enabled to combine theory with practice within a three-year education programme.

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

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

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

Control environment

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

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

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

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

Risk assessment

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

Control measures

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

Consolidation

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

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

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

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

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

Information and communication

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

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

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

Monitoring

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

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

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

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

Capital, share, voting, and control rights

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

(1) As at 31 December 2022, the company's share capital amounted to € 1,003,265,844.05 and was divided into 328,939,621 voting common bearer shares. As at 31 December 2022, 510,450 (31 December 2021: 322,204) of those were own shares, and consequently 328,429,171 shares were outstanding at the reporting date. Please see note (30) Equity for further disclosures.

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

(3) Raiffeisenlandesbank Niederösterreich-Wien AG holds directly and indirectly total around 22.6 per cent of the share capital of the company. By virtue of the syndicate agreement regarding RBI AG, the directly or indirectly held voting rights attached to a total of 193,449,778 shares, corresponding to a voting interest of around 58.81 per cent, are mutually attributable to the regional Raiffeisen banks and their direct and indirect subsidiaries pursuant to §§ 130 and 133 7 of the Austrian Stock Exchange Act (BörseG) as parties acting in concert as defined in § 1 6 of the Austrian Takeover Act (ÜbG). The remaining shares of RBI AG are held in free float, with no other direct or indirect shareholdings amounting to 10 per cent or more known to the Management Board.

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

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

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

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

conversion or subscription rights to convertible bond creditors may not exceed 10 per cent in total of the share capital of the company. The utilization of the authorized capital in the form of a capital increase in return for a contribution in kind is not covered by this restriction.

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

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

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

There have been no convertible bonds issued to date.

The Annual General Meeting held on 31 March 2022 authorized the Management Board pursuant to § 65 (1) 8, § 65 (1a) and § 65 (1b) of the AktG to purchase own shares and to retire them if appropriate without requiring any further prior resolutions to be passed by the Annual General Meeting, though with the approval of the purchase by the Supervisory Board can also be effected off-exchange under the exclusion of the shareholders' pro rata tender right. Own shares, whether already purchased or to be purchased, may not collectively exceed 10 per cent of the company's share capital. The authorization to purchase own shares expires 30 months after the date of the Annual General Meeting resolution, i.e. until 30 September 2024. The acquisition price for repurchasing the shares may be no lower than € 3.05 per share and no higher than 10 per cent above the average unweighted closing price over the 10 trading days prior to exercising this authorization. The authorization may be exercised in full or in part or also in several partial amounts, for one or more purposes – with the exception of securities trading – by the company, by a subsidiary (§ 189a 7 of the UGB) or by third parties for the account of the company or a subsidiary.

The Management Board was further authorized, pursuant to § 65 (1b) of the AktG, to decide, with the approval of the Supervisory Board, on the sale of own shares by means other than the stock exchange or a public tender, to the full or partial exclusion of shareholders' subscription rights, and to stipulate the terms of sale. Shareholders' subscription rights may only be excluded if the own shares are used to pay for a contribution in kind, to acquire enterprises, businesses, operations or stakes in one or several companies in Austria or abroad. Furthermore, shareholders' subscription rights may be excluded in the event that convertible bonds are issued in future, in order that (own) shares may be issued to such convertible bond creditors that have exercised their right of conversion into or subscription to shares in the company, and also in the event of a conversion obligation stipulated in the convertible bonds' issuance conditions in order to fulfil this conversion obligation. This authorization may be exercised in whole, in part or in several partial amounts for one or more purposes by the company, a subsidiary (§ 189a 7 UGB) or by third parties for the account of the company or a subsidiary and remains in force for five years from the date of this resolution, i.e. until 31 March 2027. This authorization replaces the authorization granted by the Annual General Meeting of 20 October 2020 pursuant to § 65 (1) 8 of the AktG to acquire and utilize own shares and refers also to the utilization of own shares already acquired by the company. Since that time, there were no own shares purchased on the basis of the replaced authorization from October 2020 nor on the basis of the current authorization from March 2022.

The Annual General Meeting of 31 March 2022 also authorized the Management Board, under the provisions of § 65 (1) 7 of the AktG, to purchase own shares for the purpose of securities trading, which may also be conducted off-market, during a peri-od of 30 months from the date of the resolution (i.e. until 30 September 2024), provided that the trading portfolio of shares purchased for this purpose does not at the end of any given day exceed 5 per cent of the company's respective share capital. The consideration for each share to be acquired must not be less than half the closing price at the Vienna Stock Exchange on the last day of trading preceding the acquisition and must not exceed twice the closing price at the Vienna Stock Exchange on the last day of trading preceding the acquisition. This authorization may be exercised in full or in part or also in several partial amounts by the company, by a subsidiary (§ 189a 7 UGB) or by third parties acting for the account of the company or a subsidiary. This authorization replaces the authorization to acquire treasury shares for the purpose of securities trading resolved at the Annual General Meeting on 20 October 2020. Since then, no treasury shares have been acquired either on the basis of the replaced authorization of October 2020 or on the basis of the now current authorization of March 2022.

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

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

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

Risk management

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

Corporate Governance

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

Consolidated non-financial report

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

Human Resources

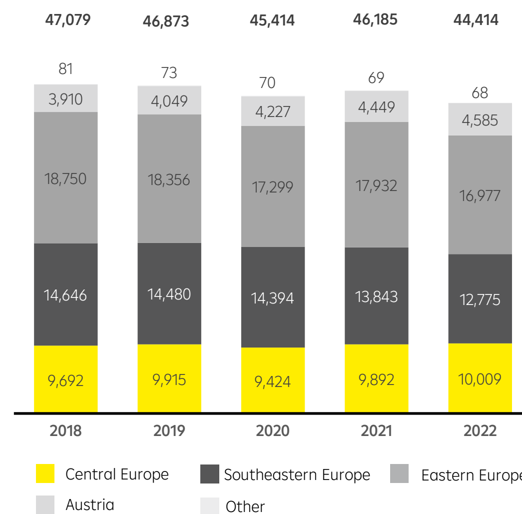
The Group People & Organisational Innovation division (P&OI) combines the areas of Human Resources (HR) and Organisational Development & Innovation. P&OI plays a central role in the implementation of RBI's strategy and corporate goals.

On the one hand, the focus is on the efficient execution of personnel processes such as data administration, contract preparation or recruitment, and on the other, the division is responsible for personnel development, career management, as well as professional education and training.

The attack on Ukraine had significant effects on P&OI's activities in 2022.

Immediately after the war broke out, RBI developed and implemented numerous programs to support Ukrainian refugees. The Business Continuity Management (BCM) team of Raiffeisen Bank JSC in Ukraine carried out evacuations with the assistance of the BCM team at head office. RBI quickly built a team consisting of the BCM and HR departments under the leadership of the local Chief Operations Officers of the neighboring countries (Poland, Romania, Slovakia and Hungary) in order to provide support to RBI employees and their families who were fleeing Ukraine. Support included first aid at the border, transport, shelter and meals.

Number of staff by region



In an effort to ensure a coordinated approach to the crisis and the many offers of help that were received, the group task force created a centralized steering and coordination unit. Raiffeisen Bank JSC in Ukraine provided its employees with support in the form of psychological counseling and lump-sum payments for financial assistance.

In all countries where Raiffeisen Bank operates, the group task force offered Ukrainian employees who fled the country urgent assistance to help them to gain a foothold in their new country. Thanks to RBI's fast and agile assistance programs, refugees were granted personal safety, necessary information and a protected space in which they could adjust and reorient their lives. Information packages covered crucial topics such as general information and legal formalities, how to access the medical system and psychological counseling, kindergarten/schools and school supplies, and the labor market for spouses. Furthermore, a 24/7 hotline was established. RBI's assistance program picked up employees and their families at the border where they were given emergency care kits as well as lodging and meals. Furthermore, assistance was provided in the search for housing, while the fund "Colleagues for Colleagues" supported smaller communal projects. Since 25 February, 2022, over 1,000 families (i.e. over 3,000 people) have been helped.

An additional focal point at head office in 2022 was employee and management development. Developments in the workplace resulting from digitalization and the pandemic have lead to a shift in employees' expectations. This shift in expectations is reflected in the emergence of new demands on how to run a company, encourage cooperation and create team spirit. Ultimately, these expectations affect employee retention and development as well as the attractiveness of RBI to potential job applicants.

Managers and their mindsets are an important lever for advancing an organization's cultural development and successful transformation. P&OI supports managers in creating a safe, appreciative and healthy working environment.

From this, the "Conscious Leadership" core strategic initiative was developed for the coming years in order to attain the following objectives:

- Promotion of self-confidence (becoming self-aware) for managers and teams in order to improve the awareness of the impact that one's management style has on a team, its success and its culture.
- Translation of a mindset, within the framework of this initiative, into concrete behaviors, tools and routines that reflect the normative corporate culture of RBI.

- Managers should be given the space to intensively probe their strengths and core values by learning to recognize and experience them in different situations. The objective is to lay the foundation for conscious and values-based behavior and to progressively inculcate the lived experience of corporate values at RBI.

The target groups took part in training sessions on the topics "Know Yourself", "Discover Your Individual Strengths", "Dealing with Difficult Conversations and Feedback", "Building Trust" and "Maintaining Energy for Resilience, Inclusion and Diversity".

Due to the strong growth of hybrid work forms during the last two years, the training program "Leadership Culture for a Hybrid Work Environment" was conceived in order to assess the most critical challenges stemming from the shift to hybrid work and to develop solutions to the challenges it presents. The workshops provided managers with an important platform for exchanging ideas about best practices in managing teams in a hybrid work environment.

RBI places considerable importance on the development of its employees, who are supported, encouraged and challenged in the process. As part of the annual leadership review (ALR) process, internal candidates for future leadership positions are identified through a well-structured approach. The success of this ongoing process is evidenced even in the appointments to leadership positions at subsidiaries in Central and Eastern Europe, whose management committees are around 75 per cent staffed by internal candidates.

Personnel development

As at 31 December 2022, RBI had 44,414 employees (full-time equivalents), which was 1,771 less than at the end of 2021. The largest decreases occurred in Bulgaria due to the sale of Raiffeisenbank (Bulgaria) EAD and its subsidiary Raiffeisen Leasing Bulgaria EOOD (minus 2,404) and in Ukraine (minus 1,178). The largest increases were recorded in Serbia (plus 860) from the acquisition of Crédit Agricole Srbija AD, in Romania (plus 298), in Russia (plus 210) and in head office (plus 206).

Outlook

Economic outlook

A moderate economic upswing is anticipated to start no later than mid-2023 following the slight recession expected in many countries in the 2022/23 winter half-year. Industrial supply bottlenecks have already decreased significantly throughout 2022 and should no longer constitute a significant negative factor in 2023. Mandatory volume restrictions on gas consumption were avoided in the 2022/23 winter. Natural gas storage levels are likely to be lower at the beginning of the 2023/24 winter than they were in the year before. However, elevated prices should be sufficient to bring demand in line with the scarcer supply. Monthly inflation rates peaked towards the end of 2022 and should remain well above pre-pandemic levels on average over the year. 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. Energy supply disruptions continue to pose the greatest economic risk in 2023, although this risk has decreased somewhat due to the warmer temperatures and thus lower energy consumption in the 2022/23 winter season. All in all, 2023 is likely to be characterized by continued heightened geopolitical uncertainty and elevated energy prices.

Central Europe

At the turn of 2022/23, we expect a technical recession in Central Europe (CE) that will slow the growth rate for 2023 as a whole. As in 2022, there will likely be a stronger drag on consumer demand and increased volatility in financial markets, which will additionally weigh on the CE economy. Inflation should peak in the first quarter of 2023 but will remain historically high. This poses further challenges for governments and central banks and will curtail consumer demand. The biggest glimmer of hope in the CE region remains EU funds that are being disbursed in addition to funds from the previous EU budget and have been also approved for Hungary and Poland, even if their disbursement is still subject to certain conditions. The entire region is assumed to grow at 1.0 per cent in 2023 (2022: 3.9 per cent).

Southeastern Europe

The technical recession expected for the CE region will be less pronounced in service-oriented Southeastern Europe (SEE). However, negative effects will ripple out from the euro area economy. In some countries of the region, these will not least be felt through the volume of inflowing foreign remittances. Inflation, which remains high but is expected to be lower on average than in 2022, should continue to dampen consumer demand. GDP growth in the region is projected to drop to 2.1 per cent in 2023 (2022: 4.4 per cent). Transfers from the NGEU fund are a supportive factor for the region as a whole since cyclical effects spill over to non-EU countries. EU funds can also be used partially to address current challenges and thus support national energy security. EU's Economic and Investment Plan for the Western Balkans should continue supporting this region in particular.

Eastern Europe

Ukraine's war-torn economy will likely continue to suffer from war-related destruction in 2023. However, there is scope for a limited recovery (up 1.8 per cent) since economic activity has adapted somewhat to the wartime conditions and GDP plummeted in 2022. However, the downside risks predominate and depend on the further course of the war. The prospect of a protracted conflict implies a high key rate in 2023 along with high inflation. In Belarus, there appears little scope for an economic recovery in 2023, which is why economic output is forecast to merely stagnate despite the previous downturn coming to an end. Since the economy in Russia faces additional adverse effects from further sanctions, its economic output is projected to decline further (down 4 per cent) for 2023 as a whole, which means that Russian GDP would decrease somewhat more in 2023 than in the year before (down 3.5 per cent). Following the interest rate cuts at the end of 2022, monetary policy is expected to ease moderately in 2023. Additional EU sanctions (ban on Russian oil products and a ninth sanctions package), the EU and G7 price cap on Russian oil and lower global energy prices are likely to affect the foreign trade sector in 2023. Additional risks to economic growth arise from the speed with which the country adjusts itself to these new foreign trade restrictions. Nevertheless, depending on the progress of the "war economy", a smaller decline in GDP is also possible,

Austria

The Austrian economy is likely to experience a moderate recession in the winter half-year of 2022/23. The industrial sector and private consumption are likely to weigh on the economy in the winter half-year. However, from the middle of the year onwards, the Austrian economy should trace a cyclical upward trend again, although it will probably not be particularly strong. While the industrial sector and investment are expected to serve as economic drivers again, private consumption will probably support the economy comparatively little in the later course of 2023. GDP is expected to grow only a marginal 0.5 per cent in 2023 as a whole due to the economic headwinds in the 2022/23 winter half-year. The labor market is projected to remain robust despite the economic downturn.

Banking sector in Austria

Regulatory decisions made in 2022 with regard to mortgage lending standards for households had an impact as early as in the second half of 2022 as loan growth slowed down in this segment. About 50 per cent of new loans originated in the household segment over the past five years carry variable rates; those households now face a significant increase in interest payments. This means asset quality may deteriorate somewhat in the coming months. Credit growth may also slow down in the corporate segment following a sharp rise in growth rates in this segment in 2022, especially for short-term loans. The grim macroeconomic environment will also likely affect bank balance sheets in the year ahead. Risk costs for 2023 are therefore expected to increase moderately. Moreover, the Austrian banking industry is one of the sectors with the deepest financial links to Russia and continued drawing over 50 per cent of its net profit from the CE/SEE region through its subsidiaries in 2022.

CEE banking sector

Bank profitability in core CE/SEE markets is expected to decline as the widening of net interest margins due to higher interest rates fades while deposit rates catch up and issuance of expensive MREL bonds increases. Defaults also seem likely to increase given the recession risks and pressures on real household incomes. In addition, the banking sector will share in the cost of supporting borrowers (payment holidays, regulatory interest rate caps) and contribute to fiscal consolidation (windfall taxes). The uncertain economic outlook makes banks more cautious about granting new loans, while growth incentives are further dulled by regulators tightening macroprudential measures (additional capital buffers, etc.). However, support from European funds means that selective expansion is still possible (in the ESG domain and elsewhere).

Outlook for RBI - Guidance 2023

The following guidance assumes no changes to the existing footprint whereas the corresponding figures in brackets refer to RBI excluding Russia and Belarus. All strategic options relating to Russia and Belarus remain on the table.

In 2023, net interest income is expected between € 4.5 and € 4.7 billion (€ 3.2 and € 3.4 billion) and net fee and commission income between € 2.4 and € 2.5 billion (around € 1.6 billion).

We expect customer loan growth in the range of 2 to 4 per cent (3 to 5 per cent).

We expect general administrative expenses between € 3.6 and € 3.7 billion (€ 2.9 and € 3.0 billion), resulting in a cost/income ratio between 48 and 50 per cent (55 and 57 per cent).

The provisioning ratio – before use of overlays – is expected to be up to 90 basis points (up to 75 basis points).

The consolidated return on equity is expected to be around 10 per cent (around 7 per cent) in 2023.

At year-end 2023 we expect a CET1 ratio above 15 per cent (above 13.5 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.

Annual financial statements

Statement of financial position

	ASSETS	31/12/2022 in €	31/12/2021 in € thousand
1.	Cash in hand and balances with central banks	20,375,942,400.39	16,563,589
2.	Treasury bills and other bills eligible for refinancing with central banks	6,798,154,834.54	5,457,278
3.	Loans and advances to credit institutions	13,491,489,613.76	10,933,167
	a) Repayable on demand	1,448,055,463.37	1,294,594
	b) Other loans and advances	12,043,434,150.39	9,638,574
4.	Loans and advances to customers	29,863,729,682.22	31,778,841
5.	Debt securities and other fixed-income securities	4,793,366,823.95	3,642,532
	a) Issued by public bodies	159,656,336.67	176,759
	b) Issued by other borrowers	4,633,710,487.28	3,465,773
	hereof: own debt securities	2,501,811,305.12	1,344,006
6.	Shares and other variable-yield securities	859,071,525.95	507,019
7.	Participating interests	58,940,501.86	52,489
	hereof: in credit institutions	21,272,322.57	16,653
8.	Shares in affiliated untertakings	9,674,953,064.13	10,707,510
	hereof: in credit institutions	1,177,956,217.61	1,895,700
9.	Intangible assets	27,547,831.62	33,953
10.	Tangible assets	27,393,684.71	18,148
11.	Other assets	6,551,745,300.32	3,164,541
12.	Accruals and deferred income	91,199,286.88	149,460
13.	Deferred tax assets	1,077,440.76	481
	Total	**92,614,611,991.09**	**83,009,008.67**

	LIABILITIES	31/12/2022 in €	31/12/2021 in € thousand
1.	Liabilities to credit institutions	35,300,133,983.96	35,764,018
	a) Repayable on demand	5,532,066,872.63	3,765,261
	b) With agreed maturity dates or periods of notice	29,768,067,111.33	31,998,756
2.	Liabilities to customers	23,097,485,148.04	22,461,732
	a) Savings deposits	0.00	0
	b) Other liabilities	23,097,485,148.04	22,461,732
	aa) Repayable on demand	7,188,567,913.44	9,721,565
	bb) With agreed maturity dates or periods of notice	15,908,917,234.60	12,740,167
3.	Securitised liabilities	15,470,238,568.71	7,934,167
	a) Debt securities issued	13,419,345,352.04	6,612,904
	b) Other securitised liabilities	2,050,893,216.67	1,321,263
4.	Other liabilities	5,380,247,052.34	2,512,340
5.	Accruals and deferred income	208,619,737.16	193,973
6.	Provisions	766,902,847.13	741,999
	a) Provisions for severance payments	51,038,727.13	67,038
	b) Provisions for pensions	61,150,158.21	67,748
	c) Provisions for taxation	10,356,454.00	7,509
	d) Other	644,357,507.79	599,704
7.	Supplementary capital pursuant to chapter 4 of title I of part 2 of regulation (EU) no 575/2013	2,696,098,639.91	2,712,617
8.	Additional Tier 1 capital pursuant to chapter 3 of title I of part 2 of regulation (EU) no 575/2013	1,655,025,324.73	1,654,264
9.	Subscribed capital	1,001,708,971.55	1,002,283
	a) Share capital	1,003,265,844.05	1,003,266
	b) Nominal value of own shares	- 1,556,872.50	(983)
10.	Capital reserves	4,429,064,789.62	4,431,352
	a) Committed	4,334,285,937.61	4,334,286
	b) Uncommitted	94,778,852.01	97,066
11.	Retained earnings	1,686,418,409.03	2,685,165
	a) Legal reserve	5,500,000.00	5,500
	b) Other reserves	1,680,918,409.03	2,679,665
12.	Liability reserve pursuant to article 57 (5)	535,097,489.59	535,097
13.	Net profit for the year	387,571,029.32	380,000
	Total	**92,614,611,991.09**	**83,009,008.67**

Items off the statement of financial position

	ASSETS	31/12/2022 in €	31/12/2021 in € thousand
1.	Foreign assets	45,641,870,606.88	44,337,751

	LIABILITIES	31/12/2022 in €	31/12/2021 in € thousand
1.	Contingent liabilities	7,188,966,765.00	7,436,706
	Guarantees and assets pledged as collateral security	7,188,966,765.00	7,436,706
2.	Commitments	19,434,119,650.72	18,850,115
	hereof: liabilities from repurchase agreements		
3.	Commitments arising from agengy services	203,304,146.92	215,896
4.	Eligible own funds according to part 2 of regulation (EU) no 575/2013	11,179,556,965.08	11,822,036
	hereof: supplementary capital pursuant to chapter 4 of title I of part 2 of regulation EU) no 575/2013	2,252,687,446.29	2,042,084
5.	Capital requirements pursuant to Article 92 of Regulation (EU) No 575/2013	41,903,360,108.76	47,358,183
	hereof: capital requirements pursuant to article 92 (1) (a) to (c) of regulation (EU) no 575/2013		
	a) hereof: Common Equity Tier 1 capital ratio pursuant to Article 92 (a)	17.3%	17.3%
	b) hereof: Tier 1 capital ratio pursuant to Article 92 (b)	21.1%	20.7%
	c) hereof: total capital ratio pursuant to Article 92 (c)	26.6%	25.0%
6.	Foreign liabilities	27,096,049,851.08	17,174,171

Income statement

		2022 in €	2021 in € thousand
1.	Interest receivable and similar income	1,187,115,555.55	688,163
	hereof: from fixed-income securities	74,641,989.43	41,199
2.	Interest payable and similar expenses	(700,654,811.06)	(277,776)
I.	**NET INTEREST INCOME**	**486,460,744.49**	**410,387**
3.	Income from securities and participating interests	564,320,566.87	841,438
	a) Income from shares and other variable-yield securities	49,133,020.55	32,323
	b) Income from participating interests	7,543,112.78	7,685
	c) Income from shares in affiliated undertakings	507,644,433.54	801,431
4.	Commissions receivable	531,264,240.44	476,733
5.	Commissions payable	(178,609,089.52)	(163,999)
6.	Net profit or net loss on financial operations	93,490,062.52	(186,493)
7.	Other operating income	212,647,626.09	275,287
II.	**OPERATING INCOME**	**1,709,574,150.89**	**1,653,353**
8.	General administrative expenses	(872,306,931.28)	(793,976)
	a) Staff costs	(420,295,454.26)	(395,716)
	hereof: aa) Wages and salaries	(336,896,518.75)	(310,708)
	bb) Expenses for statutory social contributions and compulsory contributions related to wages and salaries	(74,746,800.47)	(69,378)
	cc) Other social expenses	(8,471,010.00)	(7,225)
	dd) Expenses for pensions and assistance	(10,254,859.99)	(9,866)
	ee) Allocation/Release of provision for pensions	5,237,834.50	8,991
	ff) Expenses for severance payments and contributions to severance funds	4,835,900.45	(7,530)
	b) Other administrative expenses	(452,011,477.02)	(398,260)
9.	Value adjustments in respect of asset items 9 and 10	(13,685,248.93)	(14,040)
10.	Other operating expenses	(655,486,380.27)	(357,076)
III.	**OPERATING EXPENSES**	**(1,541,478,560.48)**	**(1,165,093)**
IV.	**OPERATING RESULT**	**168,095,590.41**	**488,261**
11./12.	Net income/expenses from the disposal and valuation of loans and advances and securities classified as current assets	(164,641,134.77)	(91,290)
13./14.	Net income/expenses from the disposal and valuation of securities evaluated as financial investments and of shares in affiliated companies and participating interests	(976,414,194.25)	195,172
V.	**PROFIT ON ORDINARY ACTIVITIES**	**(972,959,738.61)**	**592,143**
15.	Tax on profit or loss	5,531,294.01	10,400
16.	Other taxes not reported under item 15	(20,193,320.22)	(23,066)
17.	Result from Business Combinations	(3,553,400.59)	0
VI.	**PROFIT FOR THE YEAR AFTER TAX**	**(991,175,165.41)**	**579,477**
18.	Changes in reserves	998,746,597.85	(275,913)
	hereof: allocation to liability reserve	0.00	0
VII.	**NET INCOME FOR THE YEAR**	**7,571,432.44**	**303,564**
19.	Profit/Loss brought forward	379,999,596.88	76,436
VIII.	**Net profit for the year**	**387,571,029.32**	**379,999.60**

Notes

General disclosures

Raiffeisen Bank International AG (RBI AG] is registered in the company register at the Commercial Court of Vienna under FN 122119m. Its registered office is at Am Stadtpark 9, 1030 Vienna. The annual financial statements are deposited at the company register court and published in the official journal of the Wiener Zeitung in accordance with the Austrian disclosure regulations.

The annual financial statements for the year ending 31 December 2022 were prepared by the Management Board in accordance with the Austrian Commercial Code (UGB) as amended by the latest version of the Austrian Financial Reporting Amendment Act (RAG), taking into account the special provisions of the Austrian Banking Act (BWG) that apply to credit institutions, including the CRR Regulation 575/2013/EU and the Austrian Stock Corporation Act (AktG).

According to Section 221 (Size categories) of the Austrian Commercial Code (UGB), RBI AG qualifies as a large corporation. It is also a public interest entity pursuant to Section 43 (1a) of the Austrian Banking Act (BWG) in conjunction with Section 189a of the Austrian Commercial Code.

The Raiffeisen Bank International Group (RBI) is a corporate and investment bank for companies in Austria and for large corporate customers in Western Europe. Through its equity participations, RBI has one of the largest networks held by Western banking groups in Central and Eastern Europe (CEE). It transacts business in this region through a network of subsidiary banks, leasing companies and numerous specialized financial service providers with some 1,700 branches. In Austria, RBI holds stakes in companies specializing in housing finance, leasing, asset management, equities and certificates, pension funds, factoring and private banking. RBI's 18 million clients include commercial clients, small and medium-sized entities, private individuals, financial institutions and government entities. In addition, RBI is the lead institution of the Raiffeisen Banking Group Austria (RBG) and serves as the central institution of the Raiffeisen regional banks as defined by the Austrian Banking Act (BWG).

RBI AG also has branch offices in Bratislava, Frankfurt, London, Warsaw, Singapore and Beijing.

As shares in the company are traded on a regulated market within the meaning of Section 1 (2) BörseG (prime market of the Vienna Stock Exchange) and numerous securities issued by Raiffeisen Bank International are admitted to a regulated market in the EU, RBI AG has to publish annual consolidated financial statements in accordance with Section 59a of the Austrian Banking Act (BWG) in compliance with International Financial Reporting Standards. These consolidated financial statements are published on the Internet (https://www.rbinternational.com/en/investors/reports.html).

As a credit institution within the meaning of Section 1 of the Austrian Banking Act (BWG), RBI AG is subject to the regulatory oversight of the Financial Market Authority, Otto-Wagner-Platz 5, A-1090 Vienna (www.fma.gv.at) and the European Central Bank, Sonnemannstrasse 20 D-60314 Frankfurt am Main (www.bankingsupervision.europa.eu).

The disclosure requirements set out in Part 8 of the EU Regulation 575/2013 on prudential requirements for credit institutions (Capital Requirements Regulation, CRR) are published online on the bank's website at https://www.rbinternational.com/en/investors/reports.html.

Spin-off of the certificates and equity trading activities from Raiffeisen Centrobank AG to RBI AG

In an upstream merger, the holding company RBI IB Beteiligungs GmbH, which principally held investments in Raiffeisen Centrobank AG and Kathrein Privatbank Aktiengesellschaft, merged with its sole shareholder RBI AG in a transaction closing on 31 December 2021. The merger was accounted for using the modified book value method pursuant to § 202 (2) 2 of the Austrian Commercial Code (UGB).

On 9 September 2022, a demerger and acquisition agreement was reached for RBI AG to acquire the certificates and equity trading activities of Raiffeisen Centrobank AG as the transferring company through a demerger for absorption pursuant to § 1 (2) 2 of the Federal Act on the Demerger of Joint Stock Companies (SpaltG – Spaltungsgesetz) and pursuant to Art. VI of the Reorganization Tax Act (UmgrStG – Umgründungssteuergesetz) by way of universal succession as of the spin-off date of 30 June 2022. The spin-off of Raiffeisen Centrobank AG as of 30 June 2022 to RBI AG as the acquiring company was completed on the basis of the closing balance sheet of Raiffeisen Centrobank AG as of 30 June 2022, without the granting of new shares and with the continued existence of Raiffeisen Centrobank AG.

The European Central Bank approved the demerger of the certificates and equity trading activities from Raiffeisen Centrobank AG and its transfer to RBI AG in its decision dated 24 November 2022. With the entry of the transaction in the commercial register on 1 December 2022, it became legally effective.

As of 1 July 2022, all acts, usufructuaries and encumbrances, rights and obligations of the certificates and equity trading operations shall be borne by the acquiring company, RBI AG, which shall enter into all transactions concluded by Raiffeisen Centrobank AG relating to the certificates and equity trading operations and, in general, into all rights and obligations in this respect within the scope of universal succession. RBI AG continues to account for the carrying amounts of the transferred operations in accordance with § 202 (2) of the Austrian Commercial Code (UGB); income and expenses from 1 July 2022 onward resulting from these operations are included in the income statement of RBI AG.

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

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

In March 2021, RBI AG, its Austrian subsidiary banks, the regional Raiffeisen banks and the local Raiffeisen banks concluded an agreement on a new institutional protection scheme (Raiffeisen-IPS) in accordance with Article 113 (7) CRR (Capital Requirements Regulation of the European Union). Under the agreement, the participating institutions undertake to provide mutual cover and, in particular, to ensure each other's liquidity and solvency if necessary. This new Raiffeisen-IPS was approved in May 2021 by the competent supervisory authorities ECB and FMA as an institutional protection scheme within the meaning of Article 113 (7) CRR with the associated rights and obligations of the participating institutions. According to one of the provisions of the agreement, exposures between Raiffeisen-IPS members may be assigned a risk weight of zero per cent. Raiffeisen-IPS is subject to joint regulatory supervision, according to which the capital adequacy requirements must be complied with on a consolidated basis.

The institutional protection scheme Raiffeisen-IPS was recognized by the FMA as a deposit guarantee and investor compensation system in accordance with the Deposit Guarantee Schemes and Investor Compensation Act (Einlagensicherungs- und Anlegerentschädigungsgesetz – ESAEG) with Österreichische Raiffeisen-Sicherungseinrichtung eGen (ÖRS) in May 2021. As of 29 November 2021, Raiffeisen Bank International AG and its Austrian bank subsidiaries, the regional Raiffeisen banks and the local Raiffeisen banks, are part of the Austrian Raiffeisen-Sicherungseinrichtung eGen (ÖRS), as a statutory protection scheme. ÖRS performs early risk identification and reporting tasks for Raiffeisen-IPS. ÖRS also manages the liquid special assets of Raiffeisen-IPS as trustee.

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

Recognition and measurement principles

General principles

The annual financial statements are prepared in accordance with the principles of proper accounting, and taking into account standard practice as described in Section 222 (2) of the Austrian Commercial Code (UGB), to give a true and fair view of the company's net assets, financial position and earnings.

The consolidated financial statements were prepared in compliance with the consistency principle.

Assets and liabilities are valued on the principle of individual valuation and on the assumption that the company will continue to exist as a going concern. The principle of prudence is applied, taking into account the special characteristics of the banking business.

Regarding negative interest, RBI AG has adopted the accounting approach of recognizing negative interest from loans under interest income and negative interest from liabilities under interest expenses.

Amounts in foreign currencies

Assets and liabilities in foreign currencies are converted at the ECB's reference exchange rates as at 31 December 2022 pursuant to Section 58 (1) of the Austrian Banking Act (BWG).

As the ECB stopped publishing an official EUR/RUB exchange rate at the beginning of March 2022, RBI AG was forced to generate a valid alternative exchange rate. For EUR/RUB, official conversion rates (onshore rates), which are set by the Russian Central Bank or on the basis of data from the Moscow Stock Exchange, and effectively achievable conversion rates (offshore rates), such as those disseminated by Bloomberg, sprang up on foreign exchange markets. Due to the current restrictions, capital outflows from business operations in Russia are not believed to be convertible at the official exchange rate. Since EUR/RUB transactions with international banks are usually settled at offshore rates, the latter are more likely to reflect the actual and effectively achievable exchange rate. Consequently, an offshore EUR/RUB exchange rate is used for the valuation of RUB transactions and assets in RBI AG as of the reporting date.

Fair value measurement

Stock market prices are used to determine the fair value of listed products. If stock market prices are not available, prices for original financial instruments and forward transactions are determined based on the calculated present value. The prices for options are determined based on suitable option price models. The calculation of present value is based on a yield curve composed of money-market, futures and swap rates and does not include a credit spread. Option pricing formulas as described by Black-Scholes 1972, Black 1976 and Garman-Kohlhagen are used together with other common models for the valuation of structured options.

The price definition of OTC derivatives involves both value adjustments for the counterparty's probability of default (credit value adjustment – CVA) as well as adjustments for own credit risk (debit value adjustment – DVA). The CVA involves, first, the determination of the expected positive exposure and, second, the counterparty's probability of default. The DVA is determined by the expected negative exposure and RBI AGs credit quality.

To determine the expected positive exposure, a large number of scenarios for future points in time are simulated, reflecting all available risk factors (e.g. currency and yield curves). Having regard to these scenarios, the OTC derivatives are measured at market value and aggregated at counterparty level to finally determine the positive exposure for all the dates.

As a further component for the CVA, a probability of default has to be determined for each counterparty. If direct CDS (credit default swap) quotes are available, RBI AG derives the market-based probability of default for the respective counterparty and implicitly the loss-given default (LGD). To determine the probability of default of counterparties that are not actively traded in the market, the counterparty's internal rating is assigned to a sector- and rating-specific CDS curve.

The DVA is determined by the expected negative exposure and RBI's credit quality and represents the value adjustment with regard to RBI AG's own probability of default. The method applied to calculate the negative exposure is similar to that used for the CVA; the expected negative market value is applied instead of the expected positive market value. From the simulated future aggregated counterparty market values, negative, rather than positive, exposures are determined. These represent the expected liability to the counterparty at the respective future dates.

To determine the own probability of default values implied by the market are also used. If direct CDS quotes are available, these are applied. If no CDS quotes are available, the own rating is assigned to a sector- and rating-specific CDS curve to determine own probability of default.

The capital-guaranteed products (guarantee funds and pension provisions) are reported as put options sold on the respective funds to be guaranteed. Valuation is based on a Monte Carlo simulation and is in accordance with the framework conditions stipulated by law pursuant to Section 57 of the Austrian Banking Act.

Financial instruments in the banking book

Securities intended to serve business purposes on a permanent basis (investment portfolio) are valued as fixed assets. The difference between the purchase cost and repayment amount is recognized under financial assets and written off or recognized pro rata over the residual term.

Securities held as current assets have been valued strictly according to the lower of cost or market value principle, with any reversals of impairment losses up to amortized cost.

Derivatives on interest rates (interest rate swaps, interest rate options and forward rate agreements) and on exchange rates (cross currency interest rate swaps and forward exchange transactions) are accounted for according to the accrued interest method, in which interest amounts are accrued for each period.

In designating derivatives as part of effective micro hedging transactions, compensatory valuation of the underlying transaction and hedging derivative takes place.

RBI AG uses interest rate swaps to hedge the interest rate risk from assets (bonds and loans) and liabilities (own issues, promissory notes and custodian business) on the statement of financial position. Fixed cash flows are exchanged for variable cash flows to minimize the interest rate risk. The currency risk is hedged by various currency swaps.

These derivatives form part of a valuation unit. Their market value is therefore not reported in the annual financial statements, as they are offset by cash flows from the underlying transactions recognized through profit and loss.

The hedging relationships are determined on the basis of micro fair value hedges in accordance with AFRAC 15 "Derivatives and Hedging Instruments" and documented according to applicable regulations. On designation, the effectiveness of the hedging relationship is reviewed by a prospective effectiveness test with 100 basis point shifts in the yield curve.

The effectiveness is measured retrospectively on the basis of a monthly regression analysis. Here, a set of 20 data points is used to determine the required calculation parameters used for the retrospective effectiveness test. A hedge is deemed to be effective if changes in the fair value of the underlying and hedging transaction are in a range of 80-125 per cent.

The banking book also includes derivatives which do not meet the criteria of a trading book and are not part of a micro hedge relationship. The focus is not on short-term gains but on management of income and interest rate risk through positioning based on medium- to long-term market opinion. These derivatives were administrated in defined portfolios in order to guarantee a documented mapping to functional units. Within these functional units an imparity-based valuation takes place. For a negative accounting balance per functional unit a provision for impending loss will be allocated, while a positive accounting balance will be unrecognized.

Derivatives of the bank book, which are not reflected in functional units, are valued according to the imparity principle. In the case of negative market values a provision for impending loss will be allocated. The disclosure is shown in the income statement under position 11./12. net income/expenses from the disposal and valuation of loans and advances and securities classified as current assets.

Credit default swaps have the following effect on the income statement: The margins received or paid (including accruals) are reported under commissions; the valuation results are recorded against income based on the imparity principle. In the case of negative market values, a provision for impending loss will be allocated.

Financial instruments in the trading book

The securities in the trading portfolio are valued on a mark-to-market basis. All derivatives transactions in the trading book are also recognized at fair value.

Loans and advances

Loans and advances are generally recognized at amortized cost, taking into account the effective interest method in accordance with the AFRAC 14 rules and the position paper of the AFRAC and the FMA on issues relating to subsequent measurement of credit exposures at banks. For loans, acquisition cost is the starting point for the valuation. In the case of an original financial asset, the cost of acquisition is generally equal to the amount paid out, including any incidental acquisition costs. In general, the acquisition is not recognized through the income statement. In the case of acquired loans, the cost of acquisition is measured by reference to the purchase price. Pursuant to section 56 (2) and (3) of the Austrian Banking Act, premiums and discounts resulting from the issue, as well as differences arising from the acquisition on the secondary market, may either be recognized immediately in profit or loss or on a scheduled basis. Any difference between the acquisition cost and the repayment amount is deferred and reported in net interest income, provided the difference is similar in nature to interest. On every reporting date, an assessment is conducted to determine whether there is objective evidence that a financial asset or group of financial assets is impaired. Impairments are in any case accounted for by loan loss provisions either in the form of specific loan loss provisions or portfolio-based loan loss provisions. If the reasons for an impairment no longer apply, the impairment is reversed up to a maximum of no more than the cost of acquisition after reversing the difference (premium/discount).

Net provisioning for impairment losses

The IFRS 9 credit risk provisioning model is also applied in accordance with commercial law for the determination of credit risk provisions. Expected credit losses for credit risks, risks for credit commitments and off-balance sheet credit risks from financial guarantees and letters of credit are recognized as impairments and determined according to the change in credit risk from the date of addition. Impairment losses on loans are deducted from the carrying amount at amortized cost in the statement of financial position. Appropriate provisions are recognized for impairment losses on loan commitments, financial guarantees and letters of credit.

Accordingly, the amount of risk provisioning is calculated according to the general approach in two ways, namely either

- according to the expected 12-month loss (12-month ECL) or
- according to the total lifetime loss (Lifetime ECL)

Depending on the change in credit risk between the date of initial recognition and the measurement date, the financial instruments are classified into one of three impairment levels:

- Stage 1 covers all newly recognized financial instruments as well as those for which the credit risk has not increased significantly since initial recognition. In addition, Stage 1 comprises all financial instruments that have a low credit risk and for which RBI AG makes use of the low credit risk exemption. All debt securities with an investment-grade level internal credit rating as of the reporting date are considered to have a low credit risk. This rule is not applied in the lending business. For loans, an impairment loss is recognized for the expected 12-month loss on initial recognition. Loans from Stage 2 for which the credit risk has improved are reclassified and recognized in Stage 1. A Stage 1 impairment loss is added to the portfolio loan loss provisions in the statement of changes in valuation (12-month loss).
- Stage 2 contains financial instruments for which the credit risk has increased significantly since initial recognition but no default has yet occurred. For these receivables, an impairment loss is calculated on the basis of the total lifetime loss and also recognized as a portfolio-based loan loss provision.
- Stage 3 covers financial instruments with an impaired credit rating that are classified as impaired as at the reporting date. For the purposes of the definition of default, RBI AG applies the conditions stipulated under Article 178 CRR. For defaults on financial instruments in Stage 3, the expected credit loss over the entire remaining term of the financial instrument is also to be recognized as impairment.

Portfolio-based loan loss provisions

The portfolio loan loss provision pursuant to IFRS 9 is implemented based on a two-stage procedure. If the credit default risk for current assets has not increased significantly since initial recognition, the impairment loss for each asset is measured at the present value of an expected 12-month loss as at the reporting date. The expected 12-month loss corresponds to the amount determined as the expected credit loss following default events within the 12-month period following the reporting date.

In the case of assets whose credit risk has risen significantly since initial recognition and which are neither in default nor classified as transactions with a low credit risk at the reporting date, the expected credit loss is calculated over the asset's entire remaining term. The expected loss for both stages is calculated on an individual transaction basis applying statistical risk parameters derived from the Basel IRB approach and adjusted to the requirements of IFRS 9. The following are the most important inputs for calculating expected credit losses at RBI AG:

- Probability of default (PD): At RBI AG, the probability of default (PD) is the probability with which a borrower will be unable to meet its payment obligations either within the next twelve months or over the entire remaining term.
- Exposure at default (EAD): Exposure at default corresponds to the amount at the time of default owed to RBI AG over the next twelve months or over the entire term.
- Loss given default (LGD): Loss given default corresponds to the expectation at RBI AG relating to the loss amount in the event of default.

The estimation of risk parameters includes not only historical default information but also the current economic environment (point-in-time orientation) and forward-looking information. In particular, the bank's macroeconomic forecasts are reviewed regularly in relation to their impact on the level of expected credit losses, and such forecasts are integrated into the related calculations. For this purpose, a baseline scenario is applied based on current RBI Research forecasts relating to key macroeconomic parameters, supplemented by other model-relevant macroeconomic parameters. In addition to the base scenario, Raiffeisen Research has also compiled both an optimistic and a pessimistic scenario to ensure that non-linearity is captured in its models. For the pessimistic and optimistic scenarios, the methodology was adjusted due to the high level of uncertainty associated with the current geopolitical situation (war in Ukraine).

Post-model adjustments to expected credit loss allowance estimates are adjustments which are used in circumstances where existing inputs, assumptions and model techniques do not capture all relevant risk factors. This is the case when existing inputs, assumptions and model techniques might not capture all relevant risk factors due to transient circumstances or insufficient time to appropriately incorporate relevant new information and when individual lending exposures within a group of lending exposures react to factors or events differently than initially expected, resulting in a reclassification. The emergence of new macroeconomic, microeconomic or political events, along with expected changes to parameters, models or data that are not incorporated in current parameters, internal risk rating migrations or forward-looking information are examples of such circumstances. In general RBI units use post-model adjustments to allowances for expected credit losses only as an interim solution. In order to reduce the potential for bias, post-model adjustments are of a temporary nature and in general valid for no longer than one to two years. All material adjustments are authorized by the Group Risk Committee (GRC). From an accounting point of view, post-model adjustments are based on a collective assessment.

Individual loan loss provisions

Impairments are recognized on an individual basis for credit-impaired financial instruments that are classified as impaired on the reporting date. RBI employs the definition of default as the criteria for classifying a financial instrument as impaired. The expected credit loss on defaulted financial instruments is recognized as an impairment loss over the entire remaining life of the respective financial instrument.

Default is assessed in relation to quantitative and qualitative triggers. Firstly, a borrower is considered to be in default if they are assessed to be more than 90 days past due on their contractual payments. Secondly, a borrower is considered to be in default if they are in significant financial difficulty and are unlikely to repay any credit obligation in full. This definition of default has been applied consistently in RBI's expected credit loss calculations to model the probability of default, the exposure at default and the loss given default. Stage 3 impairments are assessed on an individual basis.

Objective evidence of impairment leading to impairment charges on an individual exposure includes the counterparty experiencing significant financial difficulties, a breach of contract (e.g. default or delinquency in interest or principal payments), or a high probability that the borrower will enter bankruptcy or another form of financial reorganization.

Loans for which there is objective evidence of impairment are tested for impairment. For this purpose, the expected default amount is calculated as the difference between the expected repayments of principal, interest payments and collateral proceeds and the gross carrying amount of the loan. The expected repayment amounts are discounted in accordance with their probability of occurrence and the scenarios, weighted using the effective interest rate. The loan is recognized in the balance sheet less the total loss on maturity. The resulting net carrying amount is used as the basis for calculating future interest income.

General individual loan loss provisions for retail lending in the Polish branch are recognized based on the best statistically derived estimate of the expected loss after adjusting for indirect costs.

Investments and shares in affiliated companies

Equity participations and interests in affiliated companies are carried at cost unless sustained losses or reduced equity require them to be written down to their fair value. They are written up to no more than their cost of acquisition if the reasons for the long-term impairment no longer apply.

Equity participations and affiliated companies are valued at the end of each financial year by means of an impairment test. Their fair value is determined during the test.

Fair value is calculated using a discounted cash flow model, which calculates the enterprise value as the present value of future financial profits. The dividend discount model is also employed to account for the specific characteristics of investment companies operating in the financial services sector, and the weighted average cost of capital model is used for investment companies outside the financial services sector (e.g., LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG, Vienna)., The dividend discount model properly accounts for the specific characteristics of the banking business, including the need to comply with capital adequacy regulations. The present value of the expected future dividends that may be distributed to the shareholders after meeting all appropriate capital adequacy regulations is the recoverable amount. Accordingly, under the WACC method, the fair value of total capital is determined in a first step on the basis of free cash flows and, in a second step, the recoverable amount is determined by deducting interest-bearing debt.

The recoverable amount is calculated based in principal on a five-year detailed planning period. Significant planning uncertainties, which came about to some extent as a result of the direct consequences of the crisis in Ukraine, were taken into account in scenario analyses. The sustainable future (permanent dividend phase) is based on a going concern assumption (perpetuity). In most cases, the income used for the valuation is assumed to grow at a country-specific nominal rate based on the projected long-term inflation rate. If companies are significantly overcapitalized, an interim phase of five years is defined without extending the detailed planning phase. During this period, these companies can distribute full dividends without violating capital adequacy regulations. In the permanent dividend phase, earnings must be retained as the company grows in order to continue to comply with capital adequacy regulations. Earnings retention is not required if no growth is expected in the permanent dividend phase.

In the permanent dividend phase, the model assumes a normalized, economically sustainable earnings situation in which the return on equity and the costs of equity or cost of capital converge.

Liquidation value is generally the lower bound of any investment valued according to AFRAC 24 (14). If the application of the dividend discount model does not result in a valuation exceeding the current carrying value of the investment, liquidation value is calculated in addition, which is then recognized as fair value in the accounts provided such value constitutes the lower bound of the valuation range.

Tangible and intangible fixed assets

Intangible fixed assets and tangible fixed assets are valued at acquisition or production cost less scheduled depreciation. Scheduled depreciation is on a straight-line basis (pro rata temporis). An impairment loss is recognized if an asset is permanently impaired below its carrying amount.

Scheduled depreciation is based on the following periods of use:

Useful life	Years	Useful life	Years
Buildings	50	Software	4 to 10
Office equipment	3 to 5	Hardware	3
Office fixtures and fittings	5 to 10	Business equipment	5 to 10
Vehicles	5	Tenancy rights	10

Low-value fixed assets are written off in full in the year of acquisition.

Issuance expenses

Issuance and management fees and premiums or discounts for bonds issued are distributed over the given term of the obligation using the effective interest method. Other issuance expenses are expensed immediately.

Pension and severance payment obligations

The provisions for pension and severance payment obligations are determined in accordance with IAS 19 – Employee Benefits – based on the projected unit credit method.

The actuarial calculation of pension obligations for active employees is based on an interest rate of 3.62 per cent (31/12/2021: 0.99 per cent) p.a. and an effective pensionable salary increase of 8.0 per cent in the first year, 5.1 per cent in the second year and 3.2 per cent in subsequent years (31/12/2021: 3.7 per cent continuously). The parameters for retired employees are calculated using a capitalization rate of 3.64 per cent (31/12/2021: 0.99 per cent) and an expected increase in retirement benefits of 8.0 per cent in the first year, 5.1 per cent in the second year and 3.2 per cent in subsequent years (31/12/2021: 2.1 per cent), and in the case of pension commitments with existing reinsurance policies of 0.5 per cent (31/12/2021: 0.5 per cent). The calculations are based on an assumed retirement age of 60 for women and 65 for men, subject to transitional statutory requirements and special arrangements contained in individual contracts. The imputed retirement age was applied as the end date of funding.

The basis for the calculation of provisions for pensions is provided by the new AVÖ 2018-P Rechnungsgrundlagen für die Pensionsversicherung (Computational Framework for Pension Insurance), using the variant for salaried employees.

The actuarial calculation of severance payments and long-service bonus obligations is based on an interest rate of 3.65 per cent and 3.64 per cent p.a. respectively (31/12/2021: 1.04 per cent p.a. for both), for birthday benefits 3.64 per cent p.a. (31/12/2021: 1.12 per cent) and an average salary increase of 8.0 per cent in the first year, 5.1 per cent in the second year and 3.2 per cent in subsequent years (31/12/2021: 3.7 per cent).

Other provisions

Other provisions are recorded at the level at which they are likely to be required. They take into account all identifiable risks and liabilities, the level of which is not yet known. Long-term provisions in Austria are currently discounted in accordance with § 211 (2) of the Austrian Commercial Code (UGB), whereby they are discounted at a standard market rate if the effect of discounting is deemed material. The long-term provisions for litigation costs for lawsuits filed in connection with foreign currency loans in Poland (please refer to the section titled "Litigation risk for foreign currency loans in Poland" for details on the accounting method applied and any changes made to such method) were discounted at a market rate of 7.25 per cent (31/12/2021: 1.7 per cent).

Other provisions include provisions for bonuses for identified staff (pursuant to European Banking Authority CP 42, 46). RBI AG fulfills the obligations set forth in the Annex to Section 39b of the Austrian Banking Act (BWG) as follows: 40 per cent of the annual bonus is paid out 50 per cent as an upfront cash payment and 50 per cent by way of a phantom share plan with a retention period of one year. 60 per cent of the annual bonus is subject to a five-year deferral period and likewise paid out 50 per cent in cash and 50 per cent by way of the phantom share plan. The phantom shares are converted on allocation and payment each using the average price of the preceding financial year.

Liabilities

These are recognized at the higher of the nominal value or the repayment amount. The difference between the issue and repayment amount is allocated according to the effective interest method.

Zero-coupon bonds are recognized at nominal value plus accrued interest on a pro rata basis up to the reporting date.

Notes on the statement of financial position

Assets

Loans and advances

Breakdown of maturities

Loans and advances to credit institutions, loans and advances to customers and other assets are broken down by their residual terms as follows:

in € thousand	31/12/2022	31/12/2021
Loans and advances to credit institutions	**13,491,489.6**	**10,933,167.2**
Repayable on demand	1,448,055.5	1,294,593.6
Up to 3 months	8,662,406.1	6,711,282.9
More than 3 months, up to 1 year	505,354.7	772,397.9
More than 1 year, up to 5 years	1,156,799.4	733,595.5
More than 5 years	1,718,873.9	1,421,297.4
Loans and advances to customers	**29,863,729.7**	**31,778,841.2**
Repayable on demand	5,634,842.9	595,191.4
Up to 3 months	587,523.8	6,041,884.7
More than 3 months, up to 1 year	3,437,810.6	6,047,387.9
More than 1 year, up to 5 years	13,863,947.0	12,953,008.2
More than 5 years	6,339,605.4	6,141,368.9
Other assets	**6,551,745.3**	**3,164,540.7**
Up to 3 months	5,709,447.2	2,520,844.6
More than 3 months, up to 1 year	500,000.0	300,000.0
More than 5 years	342,298.1	343,696.1

The risk section of the management report includes more details about the distribution of loans and advances on a regional basis.

Derivative financial instruments

Hedging relationships

Hedges with hedging periods up to 2043 existed as at 31 December 2022.

Derivative financial instruments used to hedge interest rate and credit risks are used for underlying transactions on both the assets and liabilities side. As of the reporting date, risks from bonds and loans are hedged on the assets side, and risks from own issues, registered bonds, promissory note loans and deposits are hedged on the liabilities side.

The clean present value of the hedging transactions (i.e. excluding accrued interest) for the hedging relationships together amount to minus € 154,294 thousand (31/12/2021: € 59,421 thousand), of which € 368,402 thousand (31/12/2021: € 108,534 thousand) is attributable to positive market values and € 522,696 thousand (31/12/2021: € 49,113 thousand) to negative market values.

In the financial year 2022, no material settlement payments were made in connection with derivatives in hedging relationships (31/12/2021: € 0 thousand), nor were any material losses incurred from hedging derivatives not recognized in the statement of financial position (31/12/2021: € 0 thousand).

In the course of the IBOR reform, no compensation payments were made in the year under review. In financial year 2021, compensation payments of in the amount of € 55 thousand, which were immediately recognized in profit or loss in accordance with AFRAC Statement 15 on Derivatives and Hedging Instruments (UGB) Rz 77 et seq.

Interest rate management derivatives

Interest rate swaps are suitable for the formation of valuation units in accordance with the FMA circular on accounting issues relating to interest rate derivatives and valuation adjustments for derivatives, pursuant to section 57 of the Austrian Banking Act. For derivatives valued within functional units, the provision for impending loss amounts to € 73,140 thousand (31/12/2021: € 29,969 thousand). In the financial year 2022, allocations in the amount of € 53,430 thousand (31/12/2021: € 15,364 thousand) and reversals in the amount of € 10,259 thousand (31/12/2021: € 24,336 thousand) resulted from the change in the market values of the functional units of the hedging derivatives.

Currency derivatives

In financial year 2022, € 6,727 thousand (31/12/2021: € 0 thousand) of provision for impending loss on non-netted UAH transactions was recognized based on the geopolitical situation.

Credit default swaps

Credit default swaps require individual valuation in accordance with the FMA circular on accounting issues relating to interest rate derivatives and valuation adjustments for derivatives, pursuant to section 57 of the Austrian Banking Act. For derivatives not managed as part of functional units, the provision for impending loss amounts to € 2,316 thousand as of the reporting date (31/12/2021: € 879 thousand). In the financial year 2022, allocations in the amount of € 2,316 thousand (31/12/2021: € 308 thousand) and reversals in the amount of € 879 thousand (31/12/2021: € 4,550 thousand) resulted from changes in the market values of these derivatives.

The portfolio-based management of functional units is summarized according to the strategy applied to manage interest risk for the currencies contained therein, with the positive and negative fair values shown below:

	31/12/2022		31/12/2021		Valuation effect
in € thousand	Positive values	Negative values	Positive values	Negative values	31/12/2022
AUD	0	0	0	(2)	2
CHF	0	(387)	1	0	(388)
CZK	2,706	(1,131)	839	(2,413)	3,149
EUR	62,025	(31,789)	57,275	(27,088)	49
GBP	6	0	18	(15)	3
HUF	7,335	0	3,343	0	3,992
NOK	6	0	1	0	5
PLN	0	0	0	(206)	206
RON	125	0	114	0	11
RUB	0	(568)	0	(20)	(548)
USD	275	(1,215)	1,656	(225)	(2,371)
Total	**72,478**	**(35,090)**	**63,247**	**(29,967)**	**4,108**

The main factors driving the valuation result were the change in market value due to the change in the interest rate market in EUR, expanded netting volume and an increase in USD and CZK business.

The following table summarizes the currencies of the hedging derivatives that are not suitable for management under functional units. This gives the following picture for the positive and negative fair values as of the reporting date:

	31/12/2022		31/12/2021		Valuation effect
in € thousand	Positive values	Negative values	Positive values	Negative values	31/12/2022
EUR	15,096	(2,316)	1,472	(879)	12,187
Total	**15,096**	**(2,316)**	**1,472**	**(879)**	**12,187**

The following tables show the open forward transactions for the reporting year and the previous year:

31/12/2022		Nominal amount by maturity				Market value	
in € thousand	Up to 1 year	More than 1 year, up to 5 years	More than 5 years	Total	hereof trading book	positive	negative
Total	**84,330,522**	**116,250,894**	**78,496,258**	**279,077,674**	**184,149,989**	**5,191,707**	**5,037,385**
a) Interest rate contracts	**38,761,427**	**104,613,375**	**74,926,013**	**218,300,815**	**126,491,881**	**3,976,963**	**4,013,510**
OTC products							
Interest rate swaps	34,439,803	91,032,083	69,960,936	195,432,822	112,883,883	3,729,873	3,854,152
Floating Interest rate swaps				0			
Interest rate futures	2,344,706	100,000	0	2,444,706	2,070,520	4,314	433
Interest rate options - buy	644,694	4,900,701	1,726,545	7,271,940	5,761,131	217,336	0
Interest rate options - sell	1,259,091	7,970,283	2,908,678	12,138,052	4,763,052	0	152,687
Other similar interest rate contracts	36,759	502,150	311,238	850,147	850,147	23,374	5,841
Exchange-traded products							
Interest rate futures	6,874	9,282	7,366	23,522	23,522	0	19
Interest rate options	29,500	98,876	11,250	139,626	139,626	2,066	378
b) Foreign exchange rate contracts	**45,078,733**	**7,690,209**	**2,281,218**	**55,050,160**	**52,494,737**	**1,014,083**	**839,801**
OTC products							
Cross-currency interest rate swaps	2,925,917	5,533,956	2,281,218	10,741,091	8,195,130	407,964	229,178
Forward foreign exchange contracts	41,214,037	1,952,743	0	43,166,780	43,166,779	596,759	600,886
Currency options – purchased	388,265	66,683	0	454,948	445,487	9,360	0
Currency options – sold	550,514	136,826	0	687,340	687,341	0	9,737
Other similar interest rate contracts							
Exchange-traded products							
Currency contracts (futures)				0			
Currency options				0			
c) Securities-related transactions	**469,362**	**2,496,741**	**745,700**	**3,711,802**	**3,711,802**	**190,022**	**165,528**
OTC products							
Securities-related forward transactions				0			
Equity/Index options -buy	199,755	1,379,749	639,661	2,219,165	2,219,166	190,022	0
Equity/Index options -sell	269,606	1,116,992	106,039	1,492,637	1,492,637	0	165,528
Exchange-traded products				0			
Exchange-traded products							
Equity/Index futures	0	0	0	0	0	0	0
Equity/Index options	0	0	0	0	0	0	0
d) Commodity contracts	**0**	**0**	**0**	**0**	**0**	**0**	**0**
OTC products							
Commodity forward transactions	0	0	0	0	0	0	0
Exchange-traded products							
Commodity futures	0	0	0	0	0	0	0
e) Credit derivative contracts	**21,000**	**1,450,569**	**543,327**	**2,014,896**	**1,451,569**	**10,639**	**18,546**
OTC products							
Credit default swaps	21,000	1,450,569	543,327	2,014,896	1,451,569	10,639	18,546

31/12/2021	Nominal amount by maturity				Market value		
in € thousand	Up to 1 year	More than 1 year, up to 5 years	More than 5 years	Total	hereof trading book	positive	negative
Total	**93,961,965**	**110,601,423**	**75,947,643**	**280,511,032**	**203,287,708**	**1,992,828**	**1,859,205**
a) Interest rate contracts	**42,337,696**	**98,726,567**	**72,920,639**	**213,984,902**	**140,727,499**	**1,338,285**	**1,259,708**
OTC products							
Interest rate swaps	32,854,445	88,974,552	67,542,271	189,371,269	122,153,355	1,205,504	1,144,027
Floating Interest rate swaps				0			
Interest rate futures	8,244,821	985,027	0	9,229,848	8,043,467	13,220	9,101
Interest rate options - buy	742,680	4,118,714	1,958,983	6,820,377	5,217,269	115,408	0
Interest rate options - sell	376,261	4,090,545	2,991,024	7,457,830	4,207,830	0	61,410
Other similar interest rate contracts	62,388	500,026	360,939	923,353	923,353	815	45,161
Exchange-traded products				**0**			
Interest rate futures	0	16,496	8,656	25,152	25,152	0	9
Interest rate options	57,100	41,207	58,766	157,073	157,073	3,338	0
b) Foreign exchange rate contracts	**51,550,769**	**10,025,006**	**2,450,615**	**64,026,391**	**60,612,085**	**632,074**	**571,391**
OTC products							
Cross-currency interest rate swaps	2,846,379	5,500,864	2,450,615	10,797,858	8,499,368	241,634	154,230
Forward foreign exchange contracts	46,612,455	4,446,856	0	51,059,310	49,965,709	381,049	405,125
Currency options – purchased	1,009,100	26,111	0	1,035,211	1,012,996	9,391	0
Currency options – sold	1,082,836	51,176	0	1,134,012	1,134,012	0	12,036
Other similar interest rate contracts				0			
Exchange-traded products							
Currency contracts (futures)				0			
Currency options				0			
c) Securities-related transactions	**0**	**69,146**	**6,374**	**75,520**	**7,920**	**812**	**807**
OTC products							
Securities-related forward transactions				0			
Equity/Index options -buy	34,923	68,373	3,187	71,560	3,960	812	0
Equity/Index options -sell	12,523	773	3,187	3,960	3,960	0	807
Exchange-traded products							
Equity/Index futures	0	0	0	0	0	0	0
Equity/Index options	0	0	0	0	0	0	0
d) Commodity contracts	**0**	**0**	**0**	**0**	**0**	**0**	**0**
e) Credit derivative contracts	**73,500**	**1,780,704**	**570,014**	**2,424,218**	**1,940,204**	**21,657**	**27,299**
OTC products							
Credit default swaps	73,500	1,780,704	570,014	2,424,218	1,940,204	21,657	27,299

The following derivatives shown in the list of open forward transactions are recognized at fair value in the statement of financial position:

Derivatives	Positive fair values		Negative fair values	
in € thousand	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Derivatives in the trading book				
a) Interest rate contracts	3,787,182.0	1,219,236.4	3,914,276.0	1,208,368.6
b) Foreign exchange rate contracts	1,003,131.0	631,372.4	826,011.0	570,084.1
c) Share and index contracts	25,764.0	816.8	1,270.0	811.7
d) Credit derivatives	10,757.0	21,657.5	9,948.0	23,486.5

Securities

Debt securities and other fixed-income securities amounting to € 350,601 thousand (31/12/2021: € 643,579 thousand) will mature next financial year.

The table below lists the securities admitted to stock exchange trading (asset side), broken down into listed and unlisted securities (amounts incl. interest accrued):

Securities in € thousand	Listed 31/12/2022	Unlisted 31/12/2022	Listed 31/12/2021	Unlisted 31/12/2021
Debt securities and other fixed-income securities	4,746,281.7	47,085.3	3,611,437.3	31,094.5
Shares and other variable-yield securities	256,359.0	1,439.0	23,021.8	0.0

The table below lists securities admitted to stock exchange trading (asset side) measured as fixed assets or current assets (including trading portfolio):

Securities in € thousand	Fixed assets 31/12/2022	Current assets 31/12/2022	Fixed assets 31/12/2021	Current assets 31/12/2021
Debt securities and other fixed-income securities	1,922,436.3	2,870,930.7	1,869,461.4	1,773,070.4
Shares and other variable-yield securities	0.0	257,799.0	0.0	23,021.8

The table below shows the disposal of securities from fixed assets. Of this amount, € 924,927 thousand related to repayments (31/12/2021: € 745,828 thousand).

Balance sheet item in € thousand	Nominal amount 31/12/2022	Net result 31/12/2022	Nominal amount 31/12/2021	Net result 31/12/2021
Treasury bills and other bills eligible for refinancing with central banks	248,160.0	(6,532.1)	426,598.5	0.0
Loans and advances to credit institutions	82,120.2	0.0	27,280.6	0.0
Loans and advances to customers	312,016.2	(1,142.6)	162,966.9	814.8
Debt securities and other fixed-income securities	564,538.5	(2,148.5)	149,481.9	8,319.4
Shares and other variable-yield securities	58,000.0	0.0	0.0	0.0
Total	**1,264,835**	**(9,823)**	**766,328**	**9,134**

Difference between the acquisition cost and the repayment amount for securities (except zero-coupon bonds) in the investment portfolio (banking book):

The difference between the amortized costs and the repayment amounts is comprised of € 75,036 thousand (31/12/2021: € 99,627 thousand) to be recognized in the future as expenditure, and € 93,801 thousand (31/12/2021: € 11,332 thousand) to be recognized as income.

In the case of securities admitted to stock exchange trading and recognized at fair value that do not have the characteristics of financial investments, the difference between the acquisition cost and the higher fair value is € 4,934 thousand (31/12/2021: € 19,320 thousand) pursuant to Section 56 (4) of the Austrian Banking Act (BWG) and € 2,458 thousand (31/12/2021: € 6,495 thousand) pursuant to Section 56 (5) of the Austrian Banking Act (BWG).

The item loans and advances to credit institutions contains own bonds that are not admitted for public trading in an amount of € 15,272 thousand (31/12/2021: € 18,172 thousand).

Securities amounting to € 583,472 thousand (31/12/2021: € 999,762 thousand) are the subject of genuine repurchase transactions on the reporting date, whereby RBI AG is the seller and the securities continue to be recognized on the statement of financial position.

The volume of RBI's trading book pursuant to Article 103 CRR is € 120,771,058 thousand (31/12/2021: € 145,694,345 thousand), with € 4,612,566 thousand (31/12/2021: € 908,390 thousand) accounted for by securities and € 116,158,492 thousand (31/12/2021: € 144,785,955 thousand) accounted for by other financial instruments.

The fair value is lower than the carrying amount for the following financial instruments that are reported as financial investments:

Financial investments in € thousand		Carrying amount 31/12/2022	Fair value 31/12/2022	Carrying amount 31/12/2021	Fair value 31/12/2021
1.	Treasury bills and other bills eligible for refinancing with centralbank	6,404,251.8	5,612,351.7	1,479,065.7	1,458,723.1
2.	Loans and advances to credit institutions	158,905.8	153,715.1	62,362.7	62,123.8
3.	Loans and advances to customers	218,440.7	211,276.9	40,699.8	40,372.2
4.	Debt securities and other fixed-income securities				
	a) Issued by public bodies	0.0	0.0	0.0	0.0
	b) Issued by other borrowers	1,848,630.9	169,663.2	817,201.1	809,583.8
5.	Shares and other variable-yield securities	440,222.1	431,710.6	19,500.0	19,406.4
Total		**9,070,451.3**	**6,578,717.5**	**2,418,829.2**	**2,390,209.3**

An impairment (in accordance with Section 204 (2) of the Austrian Commercial Code (UGB)) is not accounted for as the assessment of the credit rating of the security borrower is such that scheduled interest payments and repayments are expected to be made.

Investments and shares in affiliated companies

There are cross shareholdings with UNIQA Insurance Group AG, Vienna, and Posojilnica Bank eGen, Klagenfurt. There are no profit and loss transfer agreements as at 31 December 2022.

Affiliated companies

Company, registered office (country)	Total nominal value in thousand	Exchange	Direct share of RBI	Equity in € thousand	Result in € thousand[1]	From annual financial statements[2]
Akcenta CZ a.s., Prague[3]	100,125	CZK	70%	15,618	1,485	31/12/2022
Akcenta Logisitic a.s., Prague[3]	2,000	CZK	70%	214	19	31/12/2022
Angaga Handels- und Beteiligungs GmbH, Vienna	35	EUR	100%	1,616	(11)	31/12/2022
AO Raiffeisenbank, Moscow[3]	36,711,260	RUB	100%	4,013,974	2,004,589	31/12/2022
BAILE Handels- und Beteiligungsgesellschaft m.b.H.,Vienna[2]	40	EUR	100%	242,056	(7,170)	31/12/2022
Centralised Raiffeisen International Services & Payments S.R.L., Bukarest	2,820	RON	100%	17,109	1,912	31/12/2022
Elevator Ventures Beteiligungs GmbH, Vienna	100	EUR	100%	35,427	10,815	31/12/2022
Extra Year Investments Limited, Tortola	50	USD	100%	26	(8)	31/12/2021
Fairo GmbH, Vienna[2]	35	EUR	100%	7,536	(3,004)	31/12/2022
FAIRO LLC, Kiev	1,881	UAH	100%	270	(4,232)	31/12/2021
FARIO Handels- und Beteiligungsgesellschaft m.b.H., Vienna	40	EUR	100%	2,110	59	31/12/2022
Golden Rainbow International Limited, Tortola	<1	USD	100%	567	4,969	31/12/2021
Kathrein Privatbank Aktiengesellschaft, Vienna[2]	20,000	EUR	100%	47,814	13,335	31/12/2022
KAURI Handels und Beteiligungs GmbH, Vienna[2]	50	EUR	88%	8,126	1,054	31/12/2022
LOTA Handels- und Beteiligungs-GmbH, Vienna	35	EUR	100%	1,941	(6)	31/12/2022
R.L.H. Holding GmbH, Vienna	35	EUR	100%	6,773	(29)	31/12/2022
R.P.I. Handels- und Beteiligungsges.m.b.H., Vienna[2]	36	EUR	100%	167	(17)	31/12/2022
RADWINTER SP.Z.O.O	10	PLN	100%	2,462	(15)	31/12/2021
Raiffeisen Bank Aval JSC, Kiew[3]	6,154,516	UAH	68%	427,808	64,916	31/12/2022
Raiffeisen Continuum GmbH & Co KG, Vienna	75	EUR	77%	2,156	(494)	31/12/2021
Raiffeisen Continuum GmbH, Vienna	100	EUR	100%	84	6	31/12/2021
Raiffeisen Continuum Management GmbH, Vienna	100	EUR	100%	24	(905)	31/12/2021
Raiffeisen Digital Bank AG	47,599	EUR	100%	129,064	(16,973)	31/12/2022
Raiffeisen Investment Advisory GmbH, Vienna	730	EUR	100%	1,237	389	31/12/2022
Raiffeisen RS Beteiligungs GmbH, Vienna[2]	35	EUR	100%	4,875,951	100,950	31/12/2022
RALT Raiffeisen Leasing Ges.m.b.H, Vienna[2]	219	EUR	100%	45,961	1,291	31/12/2022
RALT Raiffeisen-Leasing GmbH & Co. KG, Vienna[2]	19,970	EUR	97%	28,949	3,413	31/12/2022
RB International Investment Asia Limited, Labuan	<1	USD	100%	190	(84)	31/12/2021
RB International Markets (USA) LLC, New York[3]	8,000	USD	100%	13,392	375	31/12/2022
RBI Group IT GmbH, Vienna	100	EUR	100%	109	<1	31/12/2022
RBI Invest GmbH, Vienna[2]	500	EUR	100%	946,597	83,583	31/12/2022
RBI Kantinenbetriebs GmbH, Vienna	35	EUR	100%	302	(33)	31/12/2021
RBI LEA Beteiligungs GmbH, Vienna[2]	70	EUR	100%	239,791	1,162	31/12/2022
RBI PE Handels- und Beteiligungs GmbH, Vienna[2]	150	EUR	100%	1,434	701	31/12/2022
RBI Retail Innovation GmbH, Vienna[2]	35	EUR	100%	5,112	602	31/12/2022
REC Alpha LLC, Kiev[3]	1,596,843	UAH	85%	3,717	(448)	31/12/2022
Regional Card Processing Center s.r.o., Bratislava[3]	539	EUR	100%	21,014	1,715	31/12/2022
R-Insurance Services sp. z o.o.	5	PLN	100%	2,516	885	31.12.2022
RL Leasing GmbH, München (DE)	26	EUR	25%	28	(6)	31/12/2021
RZB-BLS Holding GmbH, Vienna[2]	500	EUR	100%	414,816	(47,935)	31/12/2022
Salvelinus Handels- und Beteiligungsges.m.b.H., Vienna[2]	40	EUR	100%	371,045	(18,805)	31/12/2022
Ukrainian Processing Center PJSC, Kiew[3]	180	UAH	100%	27,239	10,067	31/12/2022
ZHS Office- & Facilitymanagement GmbH, Vienna	36	EUR	1%	1,405	483	31/12/2022

1 The result (in part from the consolidated financial statements) in € thousand corresponds to the annual profit/loss
2 Equity and result reported in accordance with IFRS (fully consolidated domestic entities)
3 Equity and result reported in accordance with IFRS (fully consolidated foreign entities)

Fixed assets

The land value of developed land amounts to € 2,667 thousand (31/21/2021: € 29 thousand). The increase relates to RBI AG's acquisition of the certificates and equity trading activities, which was spun off from Raiffeisen Centrobank on 30 June 2022.

RBI AG was not directly involved in the leasing business as a lessor in 2022.

Obligations from the use of tangible fixed assets not reported on the statement of financial position amount to € 39,998 thousand (31/12/2021: € 33,849 thousand) for the following financial year, of which € 36,591 thousand were owed to affiliated companies (31/12/2021: € 30,987 thousand). The total amount of obligations for the following five years amounts to € 237,098 thousand (31/12/2021: € 178,849 thousand), of which € 216,900 thousand are owed to affiliated companies (31/12/2021: € 163,725 thousand).

The intangible fixed assets item includes no intangible fixed assets acquired from affiliated companies.

The following tables show the changes in fixed assets:

in € thousand		Cost of acquisition or conversion						
Item	Description of fixed assets	As at 1/1/2022 1	Additions due to merger 2	Exchange differences 3	Additions 4	Disposals 5	Reclass-ification 6	As at 31/12/2022 7
1.	Treasury bills and other bills eligible for refinancing with central banks	4,817,374	0	3,448	1,927,409	(252,270)	0	6,495,961
2.	Loans and advances to credit institutions	128,280	0	2,436	112,233	(85,085)	0	157,863
3.	Loans and advances to customers	498,886	0	12,019	396,491	(265,433)	0	641,962
4.	Debt securities and other fixed-income securities	1,874,201	0	11,785	639,499	(607,813)	0	1,917,673
a)	Issued by public bodies	9,932	0	615	0	(10,547)	0	0
b)	Issued by other borrowers	1,864,269	0	11,171	639,499	(597,266)	0	1,917,673
5.	Shares and other variable-yield securities	443,400	0	0	75,000	0	0	518,400
6.	Participating interests	94,361	0	0	3,004	(3)	0	97,362
7.	Shares in affiliated untertakings	12,651,302	0	0	228,609	(327,034)	0	12,552,877
8.	Intangible fixed assets	218,391	1,776	(139)	7,960	(15,584)	0	212,403
9.	Tangible assets	41,637	24,756	(88)	4,623	(3,803)	0	67,125
10.	Other assets	231	0	0	0	0	0	231
	Total	**22,642,265**	**26,532**	**41,246**	**4,034,326**	**(2,164,838)**	**0**	**24,579,532**

	in € thousand		Writing up/depreciation/revaluation						Carrying amount	
Item	Cumulative depreciation as of 1/1/2022 8	Additions due to merger 9	Exchange differences 10	Cumulative depreciation and amortization disposal 11	Write-ups 12	Depreciation 13	Reclass-ification 14	Cumulative depreciation as of 31/12/2022 15	31/12/2022 16	31/12/2021 17
1.	(29,358)	0	36	7,533	6,363	(18,540)	0	(33,966)	6,461,995	4,788,017
2.	(1,463)	0	(88)	1,621	251	(331)	0	(11)	157,853	126,817
3.	996	0	136	(1,439)	903	(1,405)	0	(809)	641,154	499,882
4.	(10,265)	0	72	7,678	3,294	(5,280)	0	(4,501)	1,913,172	1,863,936
a)	0	0	0	(1)	0	0	0	0	0	9,933
b)	(10,265)	0	72	7,679	3,293	(5,280)	0	(4,501)	1,913,172	1,854,003
5.	0	0	0	0	0	0	0	0	518,400	443,400
6.	(41,872)	0	0	0	4,886	(1,435)	0	(38,421)	58,941	52,489
7.	(1,943,793)	0	0	74,479	942	(1,009,553)	0	(2,877,924)	9,674,953	10,707,510
8.	(184,386)	(1,746)	64	10,919	0	(9,705)	0	(184,856)	27,548	34,004
9.	(23,541)	(15,589)	46	3,322	0	(3,970)	0	(39,731)	27,394	18,097
10.	0	0	0	0	0	0	0	0	231	231
	(2,243,946)	**(17,336)**	**339**	**111,791**	**19,932**	**(1,055,500)**	**0**	**(3,184,720)**	**21,394,812**	**20,398,319**

Other assets

As at 31 December 2022, other assets totaled € 6,551,745 thousand (31/12/2021: € 3,164,541 thousand). This item also contains loans and advances from treasury transactions (positive market values arising from derivatives in the trading book, as well as accrued interest from derivatives in the banking book – for details, refer to the table on open forward transactions) in the amount of € 5,081,791 thousand (31/12/2021: € 2,000,976 thousand). This item also includes loans and advances (special fund) to the Austrian Raiffeisen Deposit Guarantee scheme (ÖRES) relating to the Raiffeisen-IPS contribution of € 392,005 thousand (31/12/2021: € 343,696 thousand), loans and advances to the tax administration in the amount of € 54,935 thousand (31/12/2021: € 39,750 thousand), holdings of precious metals in coin and other forms in the amount of € 113,743 thousand (31/12/2021:

€ 114,657 thousand), loans and advances to Group members arising from tax transfers in the amount of € 51,225 thousand (31/12/2021: € 39,684 thousand) and dividends receivable totaling € 500,540 thousand (31/12/2021: € 433,070 thousand).

The other assets also contain income of € 746,521 thousand (31/12/2021: € 567,330 thousand) which is not payable until after the reporting date.

Deferred tax assets

The deferred tax assets of € 1,077 thousand (31/12/2021: € 481 thousand) shown in the statement of financial position result primarily from tax loss carryforwards against American tax authorities of the subsidiary RB International Finance (USA), LLC, New York, which was liquidated in 2017. They are based on the planned future taxable profit of the subsidiary RB International Markets (USA) LLC, New York (applicable tax rate: 25.4 per cent). No deferred tax assets were recognized for temporary differences of € 207,025 thousand (31/12/2021: € 265,965 thousand) and € 2,107,800 thousand (31/12/2021: € 2,103,441 thousand) from domestic tax loss carry forwards as it does not appear that they can be realized within a reasonable time from today's perspective. There were no liability-side temporary differences, which are in principle set off up to the amount of the asset-side temporary differences, in the financial year.

For the calculation of deferred tax assets and liabilities, the applicable tax rate is that which is likely to be applied upon realization (reversal) of the underlying temporary difference. With the eco-social tax reform 2022, a gradual reduction of the corporate income tax rate from 25 per cent to 23 per cent (2023: 24 per cent, from 2024: 23 per cent) was adopted in Austria. For deferred tax assets, a tax rate of 12 per cent (realization in 2023) and 11.5 per cent (realization in 2024) is to be applied. For deferred tax liabilities, the corresponding tax rates are 24 per cent and 23 per cent, or 12 per cent and 11.5 per cent where such liabilities can be offset against loss carryforwards or deferred tax assets.

Subordinated assets

Subordinated assets contained under assets:

in € thousand	31/12/2022	31/12/2021
Loans and advances to credit institutions	**857,921.5**	**1,018,585.0**
hereof to affiliated companies	856,230.6	1,014,889.6
hereof to companies linked by virtue of a participating interest	1,690.9	3,695.4
Loans and advances to customers	**112,583.6**	**192,478.3**
hereof to affiliated companies	6,480.8	18,752.8
hereof to companies linked by virtue of a participating interest	2,212.1	2,209.9
Debt securities and other fixed-income securities	**62,497.3**	**46,933.2**
hereof from affiliated companies	0.0	0.0
hereof from companies linked by virtue of a participating interest	3,047.2	4,375.4
Shares and other variable-yield securities	**597,828.3**	**483,227.5**
hereof from affiliated companies	543,470.1	460,205.6
hereof from companies linked by virtue of a participating interest	3,262.5	499.3

Restrictions related to asset availability

As at the reporting date, there were restrictions related to asset availability (in accordance with Section 64 (1) 8 BWG):

in € thousand	31/12/2022	31/12/2021
Indemnification for securities lending transactions	142,868.5	92,867.7
Loans assigned to Oestereichische Kontrollbank (OeKB)	2,736,859.9	2,294,168.6
Indemnification for OeNB tender	3,582,633.5	2,982,616.7
Loans assigned to European Investment Bank (EIB)	37,533.6	31,617.5
Loans assigned to Kreditanstalt für Wiederaufbau (KfW)	170,249.6	131,633.4
Institutional Protection Scheme	342,298.1	343,696.1
Margin requirements	54,671.8	54,229.0
Treasury call deposits for contractual netting agreements	2,120,256.9	924,857.9
Total	**9,187,371.9**	**6,855,686.9**

In addition, assets with usage restrictions in an amount of € 2,469,367 thousand (31/12/2021: € 2,341,117 thousand) exist for covered bonds which have been established but not yet issued.

Asset items for affiliated companies and companies linked by virtue of a participating interest

Loans and advances as well as debt securities and other fixed-income securities to and from affiliated companies and companies linked by virtue of a participating interest:

in € thousand	31/12/2022	31/12/2021
Loans and advances to credit institutions		
To affiliated companies	3,522,104.8	2,731,374.9
To companies linked by virtue of a participating interest	374,155.7	299,167.3
Loans and advances to customers		
To affiliated companies	1,399,316.8	1,311,555.0
To companies linked by virtue of a participating interest	87,615.2	96,714.9
Debt securities and other fixed-income securities		
From affiliated companies	71,157.9	50,977.8
From companies linked by virtue of a participating interest	157,889.7	134,071.1

Equity and liabilities

Liabilities

Breakdown of maturities

Liabilities to credit institutions, liabilities to customers, securitized liabilities and other liabilities break down by their residual terms as follows:

in € thousand	31/12/2022	31/12/2021
Liabilities to credit institutions	**35,300,134.0**	**35,764,017.5**
Repayable on demand	5,532,066.9	3,765,261.2
Up to 3 months	17,210,346.0	15,469,941.5
More than 3 months, up to 1 year	5,619,876.2	2,478,015.2
More than 1 year, up to 5 years	4,227,131.9	10,369,611.9
More than 5 years	2,710,713.0	3,681,187.7
Liabilities to customers	**23,097,485.1**	**22,461,732.4**
Repayable on demand	7,188,567.9	9,721,565.3
Up to 3 months	9,960,315.9	8,231,729.0
More than 3 months, up to 1 year	4,274,787.6	3,110,814.5
More than 1 year, up to 5 years	795,655.4	824,974.6
More than 5 years	878,158.2	572,649.0
Securitised liabilities	**15,470,238.6**	**7,934,166.8**
Up to 3 months	480,233.0	331,782.2
More than 3 months, up to 1 year	1,350,599.4	188,334.3
More than 1 year, up to 5 years	11,582,481.1	5,466,549.5
More than 5 years	2,056,925.0	1,947,500.8
Other liabilities	**5,380,247.1**	**2,512,340.4**
Up to 3 months	5,380,247.1	2,512,340.4

Bonds and notes issued amounting to € 1,780,679 thousand (31/12/2021: € 1,036,107 thousand) will become due in next financial year.

Liabilities to affiliated companies and companies linked by virtue of a participating interest:

in € thousand	31/12/2022	31/12/2021
Liabilities to credit institutions		
From affiliated companies	5,956,385.9	6,152,706.3
From companies linked by virtue of a participating interest	5,182,369.3	4,502,953.0
Liabilities to customers		
From affiliated companies	4,153,936.4	3,044,334.3
From companies linked by virtue of a participating interest	67,874.5	31,343.4

TLTRO III program (Targeted Longer-Term Refinancing Operations)

In connection with the ECBs targeted longer-term refinancing operations (TLTRO III), the ECB increased the underlying base rate of these financial instruments in several steps during the year. This was done in part by directly raising the interest rate on the deposit facility, which was gradually increased from minus 0.5 per cent to 2.0 per cent from 27 July 2022 to 27 December 2022. In an additional measure, the ECB effectuated a modification in the way the average interest rate is calculated, which was announced by the ECB at the end of October. As a result of this change, the interest rate period running at that time was split in two, and the average of the applicable interest rates for the deposit facility from that date until maturity (or earlier repayment) is to be applied as of 24 November 2022. This resulted in an increase in the interest rate, as earlier interest periods with significant negative interest rates are no longer to be averaged to the same extent.

The TLTRO III terms and conditions generally provided for a fixed interest rate reduction when banks reach certain lending thresholds. RBI AG considers the reference rate of these financial instruments to be a floating market rate in a separate market for TLTRO instruments, which is organized and controlled by the ECB as part of its monetary policy. Therefore, RBI AG treats these financial instruments as floating rate instruments with regard to all ECB interventions that raise or lower the base rate. Due to the above-mentioned change announced by the ECB in October, the effective interest rate applied by RBI as of 23 November was 1.5 per cent, which was or will be subject to further adjustments in the event of changes to market interest rates by the ECB.

As of the reporting date, the longer-term financing transactions reported under liabilities to banks included in the ECB's TLTRO III program totaled € 4,925,000 (31/12/2021: 5,425,000 thousand). After the reporting date, on 25 January 2023, an early repayment in the amount of € 3,500 million was effectuated. Up until the reporting date, RBI had made early repayments in connection with the TLTRO III program only to a non-material extent. After deduction of the repayment effectuated 25 January 2023, RBI holds an aggregate of € 800 million maturing in December 2023, € 200 million maturing in March 2024 and € 425 million maturing in June 2024.

In the current financial year, negative interest from the TLTRO III programs in the amount of € 28,831 thousand (31/12/2021: € 50,422 thousand) was recognized in net interest income. Due to the increase in the interest rate for the deposit facility in the course of the 2nd half of 2022, this amount was € 21,591 thousand lower than the negative interest of € 50,422 thousand in the previous year's results (31/12/2021: € 15,115 thousand).

Other liabilities

As at 31 December 2022, other liabilities amounted to € 5,380,247 thousand (31/12/2021: € 2,512,340 thousand). This item also contains liabilities from treasury transactions (primarily negative market values arising from derivatives in the trading book, as well as accrued interest from derivatives in the banking book – for details, refer to the table on open forward transactions) in the amount of € 4,901,000 thousand (31/12/2021: € 1,840,826 thousand) and liabilities of € 80,929 thousand (31/12/2021: € 201,680 thousand) from short positions in bonds. The fair market value of the hedges for capital guarantees for funds is € 15,710 thousand (31/12/2021: € 45,211 thousand). The item also includes accrued interest for additional capital of € 70,933 thousand (31/12/2021: € 249,506 thousand), liabilities from tax transfers (corporate income tax) and liabilities from creditable capital yields and withholding tax toward Group members totaling € 27,067 thousand (31/12/2021: € 23,125 thousand).

The other liabilities also contain expenses in the amount of € 233,751 thousand (31/12/2021: € 331,473 thousand), for which payment is to be made after the reporting date.

Provisions

Provisions amount to € 51,039 thousand (31/12/2021: € 67,038 thousand) for severance payments, € 61,150 thousand (31/12/2021: € 67,748 thousand) for pensions, € 10,356 thousand (31/12/2021: € 7,509 thousand) for tax provisions, and € 644,358 thousand (31/12/2021: € 599,704 thousand) for other provisions (for additional information about other provisions, please refer to the breakdown in the table below). Reinsurance policies for pension provisions are in place in the amount of € 9,955 thousand (31/12/2021: € 14,011 thousand). In the financial year under review these were offset with claims of the same amount.

Out of the tax provisions of € 10,356 thousand, € 8,900 thousand relate to provisions for corporate income tax from 2020, while € 436 thousand relate to provisions for corporate income tax from 2022.

The increase in other provisions resulted primarily from higher provisions for impending losses from interest rate swaps. Provisions for operational risks/claims/other also experienced a rise. In contrast, provisions for litigation risks declined, the main item being the provision for litigation risks resulting from legal disputes for foreign currency loans in Poland. As of 31 December 2022, a provision for impending loss is recognized in the amount of € 82,183 thousand (31/12/2021: € 30,848 thousand) for derivatives valued as functional units and for hedge derivatives valued individually on an imparity basis.

Litigation risk for foreign currency loans in 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 31 December 2022, the total amount in dispute was approximately PLN 3,247,000 thousand (€ 694,000 thousand). The number of lawsuits continues to increase. In this context, a Polish court requested the European Court of Justice (ECJ) to clarify whether certain clauses in these agreements breach European law and are unfair. The ECJ's preliminary ruling (C-260/18) in October 2019 does not answer whether the loan agreements are invalid in whole or part but merely gives interpretative guidance on the principles according to which the national courts must decide in each individual case. According to this, a loan agreement without unfair terms should remain valid provided that it is in conformity with national law. If a loan agreement cannot remain valid without the unfair term, the entire contract would have to be annulled. If the annulment of the entire contract triggers material negative consequences for the borrower, the Polish courts can replace the unfair term by a valid term in accordance with national law. The consequences of the contract being annulled must be carefully examined so that the borrower can consider all potential negative consequences of annulment. However, the consequences of canceling an annulled loan agreement remain unclear and may be serious for the borrower, for example due to the obligation to repay the loan immediately including the costs of using the loan amount. It remains to be seen how the principles developed by the ECJ will be applied under national law on a case-by-case basis.

In another proceeding involving RBI AG, the District Court for Warszawa-Wola in Warsaw requested the ECJ to issue a preliminary ruling concerning the way in which the contractual provisions concerning the rules for determining the buying and selling rates for foreign currency are to be formulated in the case of consumer mortgage loans indexed to a foreign currency.

In the judgement of 18 November 2021 in case C-212/20, the ECJ considered that the content of a clause of a loan agreement that sets the buying and selling prices of a foreign currency to which the loan is indexed must enable a reasonably well informed and reasonably observant consumer, based on clear and intelligible criteria, to understand the way in which the foreign currency exchange rate used to calculate the amount of the repayment instalments is set. Based on information specified in such a provision, the consumer must be able to determine on his or her own, at any time, the exchange rate applied by the entrepreneur. In the justification the ECJ specified that a provision that does not enable the consumer to determine the exchange rate himself or herself is unfair. Moreover, the ECJ indicated in said judgement that the national court, when the considered term of a consumer contract is unfair, is not allowed to interpret that term in order to remedy its unfairness, even if that interpretation would correspond to the common intention of the parties to that contract. Only if the invalidity of the unfair term were to require the national court to annul the contract in its entirety, thereby exposing the consumer to particularly unfavorable consequences, so that the consumer would thus be penalized, the national court might replace that term with a supplementary provision of national law. The ECJ therefore did not entirely preclude national courts hearing such cases from supplementing the contract with supplementary provisions of national law, but gaps may not be filled solely with national provisions of a general nature and such instrument may be applied only in strictly limited cases as specified by the ECJ. The assessment of an unfair nature of contractual provisions as well as the decision concerning supplementation of the contract after removal of unfair contractual clauses, however, still falls within the competence of the national court hearing the case. The ECJ did not determine at all whether, in the consequence of the above-mentioned actions, the entire foreign currency contract is to be annulled.

The current judicial practice of Polish courts is already consistent with the ECJ's preliminary ruling and, thus, unfavorable for banks holding consumer mortgage loans indexed to a foreign currency. The respective clauses, depending on the assessment made by the national court hearing the case, may not meet the requirements as specified in the above ECJ judgement.

A significant inflow of new cases has been observed since the beginning of 2020 as a result of the ECJ preliminary ruling and of intensified marketing activity by law firms acting on behalf of borrowers. Such an increased inflow of new cases has not only been observed by RBI AG's Polish branch, but by all banks handling currency loan portfolios in Poland.

Furthermore, Polish courts have approached the ECJ with requests for a preliminary ruling in other civil proceedings. That ruling could lead to further clarifications and may influence how court cases concerning foreign currency loans are decided by national Polish courts.

The impact assessment in relation to affected FX-indexed or FX-denominated loan agreements may also be influenced by the outcome of ongoing administrative proceedings conducted by the President of the Office of Competition and Consumer Protection (UOKiK) against RBI AG's Polish branch. Such administrative proceedings are, inter alia, based on the alleged practice of infringing collective consumer interests as well as on the classification of clauses in standard agreements as unfair. As at this point of time, it is uncertain what the potential impact of said proceedings could be on FX-indexed or FX-denominated loan agreements and RBI. Furthermore, such proceedings could result in the imposition of administrative fines on RBI's Polish branch – and in the event of appeals – in administrative court proceedings.

Moreover, the Polish Financial Ombudsman, acting on behalf of two borrowers, has initiated a civil proceeding against RBI AG alleging employment of unfair commercial practices towards consumers in respect of a case in which RBI AG – 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.

RBI AG has recognized provisions for the lawsuits filed in Poland. As lawsuits were filed by a number of customers, these provisions are based on a statistical approach that takes into account both statistical data, where relevant, and expert opinions. Possible decision scenarios have been estimated together with the expected loss rates per scenario. The expected impact is based on loans from customers who have filed or are expected to file a lawsuit against the bank. To calculate the financial impact per scenario, the claim amount is multiplied by the estimated financial outflow in the scenario and the probability that the bank will ultimately have to pay compensation to the customer. An appropriate discount rate is applied to outflows that are not expected to arise within one year. The financial impacts of the individual scenarios are weighted on the basis of expert opinions. The resulting total of provision on the liability side as well as deduction from the gross carrying amount of the loans on the assets side of the balance sheet has been increased to € 803 million (31/12/2021: € 364 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.

In connection with the recognition of provisions for this matter, there was a change in accounting policies in the financial year 2022 (§ 237 (1) 1 UGB). RBI AG has made this adjustment in order to provide the users of the financial statements with more relevant information on the effects of the CHF mortgage dispute on the financial position and performance. This approach, which is now applied, more appropriately reflects the value of CHF-indexed loans in the balance sheet, enables better comparability of financial statements across the financial sector and represents prevailing market practice in Poland. Due to the increasing number of court cases and predominantly unfavorable court rulings regarding the invalidity of the contract, RBI AG expects that it will not receive the full amount of contractual cash flows related to these financial instruments and has adjusted the expected cash flows and subsequently the carrying amount of the active loans. These changes are not related to credit risk.

As of the balance sheet date 31 December 2022, RBI AG reports provisions for litigation risks for repaid loans in connection with this matter in the amount of € 307 million (31/12/2021: € 364 million), which are included in the following table on other provisions in the item litigation risks. In addition, as of the balance sheet date 31 December 2022, an amount of € 496 million is recognized for the first time to reduce the carrying amount of the loans, as explained above.

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 AG's best estimate of the likely future cost. However, a number of risks and uncertainties remain and the cost could therefore differ from the RBI AG'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 recognized.

RBI AG has a total of around 29,000 Swiss franc loans outstanding with a total volume of approximately € 2 billion in addition to around 8,000 loans that have been repaid. These also include loans that are not expected to be the subject of litigation. The total amount of the provision for CHF loans in Poland represents RBI AG's best estimate of the future outflow of economic benefits. In calculating the CHF provision for lawsuits filed in Poland, it is nevertheless necessary to form an opinion on events that are inherently uncertain, such as official pronouncements, the number of future lawsuits, the probability of losing court cases and the impacts of court decisions that lead to negative scenarios.

The sensitivity of the uncertainties to a 10-percentage point change in a specific parameter while holding all other parameters constant is shown in the table below:

in € million	2022 10 percentage point increase	2022 10 percentage point decrease	2021 10 percentage point increase	2021 10 percentage point decrease
Change in the number of future lawsuits	85	(84)	36	(36)
Change in the probability of losing court cases	29[1]	(83)	47	(47)

1 The increase is limited to 3.4 percentage points as the overall probability of losing the court cases is 100 per cent.

Other provisions

in € thousand	31/12/2022	31/12/2021
Losses on bankbook interest rate derivatives	82,182.7	30,848.2
Guarantee loans	54,426.1	40,242.7
Litigation risks	308,664.6	368,148.8
Bonus payments	45,358.0	43,782.5
Anniversary payments and birthday payments	31,267.5	40,534.9
Overdue vacation	29,369.7	27,317.8
Restructuring costs	1,134.0	1,291.8
Supervisory Board fees	1,127.0	1,123.3
Operational risk/losses/other	46,851.0	18,022.8
Audit costs	1,162.3	688.2
Other expenses/outstanding invoices	42,814.6	27,703.0
Total	**644,357.5**	**599,704.0**

Tier 2 capital according to part two, title I, chapter 4 of regulation (EU) no. 575/2013

As at 31 December 2022, tier 2 capital amounts to € 2,696,099 thousand (31/12/2021: € 2,712,617 thousand).

Company tier 2 capital according to CRR:

in € thousand	31/12/2022	31/12/2021
6% RBI debt securities issued 2013-2023	9,141.4	335.3
RBI SUB.CALL.NTS 20-32	1,970.1	980.3
RBI NFS 19-30/S193T1	5,148.7	2,045.7
RBI SUB. BONDS 21-33	3,270.8	2,194.8
RBI NTS 22-32 S258/T1	4,476.8	0.0

In the reporting year, issuances of Tier 2 capital took place in the amount of € 5,000 thousand (31/12/2021: € 0 thousand), and covered bonds in the amount of €80,000 thousand were redeemed (31/12/2021: € 0 thousand). As a result, this line item had no impact on earnings for the financial year 2022 (31/12/2021: € 0 thousand).

Subordinated liabilities

List of subordinated loans (including tier 2 capital) that exceed 10 per cent of the total subordinated liabilities of € 2,696,099 thousand (i.e. that exceed € 269,610 thousand):

Name	ISIN	Nominal value in € thousand	Emission	Maturity date	Exchange	Interest rate	Call date	Subordination
Subordinated Notes 2023 Serie 45	XS0981632804	500,000	16/10/2013	16/10/2023	EUR	6,000%		Tier 2
Subordinated Notes 2030 Serie 193	XS2049823763	500,000	12/09/2019	12/03/2030	EUR	1,500%	12/03/2025	Tier 2
Subordinated Notes 2032 Serie 215	XS2189786226	500,000	18/06/2020	18/06/2032	EUR	2,875%	18/06/2027	Tier 2
Subordinated Notes 2033 Serie 231	XS2353473692	500,000	17/06/2021	17/06/2033	EUR	1,375%	17/03 /2028	Tier 2
Subordinated Notes 2032 Serie 258	XS2534786590	500,000	20/09/2022	20/12/2032	EUR	7,375%	20/09 /2027	Tier 2

Subordinated liabilities also include seven subordinated schuldschein loans with maturities of between 10 and 30 years, which are also denominated in EUR.

Claims by creditors for repayment of these liabilities are subordinated to other creditors and, in the event of bankruptcy or liquidation, may only be repaid after all non-subordinated creditors have been repaid.

No contractual regulations exist in relation to the aforementioned liabilities concerning any conversion or early termination.

Expenses for subordinated liabilities

The expenses for subordinated liabilities in the financial year amount to € 105,593 thousand (2021: € 113,533 thousand).

Additional tier 1 capital

No additional tier 1 capital was issued in 2022. With the AT1 capital placed to date in the volume of € 1,650,000 thousand (€ 650,000 thousand in 2017, € 500,000 thousand in 2018 and € 500,000 thousand in 2020), RBI AG has currently completed its planned AT1 issuance program. Additional tier 1 capital, including accrued interest, as of 31 December 2022 amounts to € 1,655,025 thousand (31/12/ 2021: € 1,654,264 thousand). The discount in the amount of € 5,826 thousand is carried as a deferred expense until the applicable first call date (15 December 2022, 15 June 2025, and 15 December 2026).

Assets and liabilities in foreign currency

in € thousand	31/12/2022	31/12/2021
Assets in foreign currency	17,634,244.3	20,500,926.3
Liabilities in foreign currency	14,814,848.5	14,985,628.8

Equity

Subscribed capital

As of 31 December 2022, the capital stock of RBI AG pursuant to its articles of association was unchanged at € 1,003,266 thousand. The nominal capital consists of 328,939,621 no-par-value shares (bearer shares). After deduction of 510,450 own shares, the stated subscribed capital totaled € 1,001,709 thousand.

Own shares

The Annual General Meeting held on 31 March 2022 authorized the Management Board pursuant to § 65 (1) 8, § 65 (1a) and § 65 (1b) of the AktG to purchase own shares and to retire them if appropriate without requiring any further prior resolutions to be passed by the Annual General Meeting, though without the approval of the purchase by the Supervisory Board can also be effected off-exchange under the exclusion of the shareholders' pro rata tender right. Own shares, whether already purchased or to be purchased, may not collectively exceed 10 per cent of the company's share capital. The authorization to purchase own shares expires 30 months after the date of the Annual General Meeting resolution, i.e. until 30 September 2024. The acquisition price for repurchasing the shares may be no lower than € 3.05 per share and no higher than 10 per cent above the average unweighted closing price over the ten trading days prior to exercising this authorization.

The Management Board was further authorized, pursuant to Section 65 (1b) of the Stock Corporation Act (Aktiengesetz – AktG), to decide, with the approval of the Supervisory Board, on the sale of own shares by means other than the stock exchange or a public tender, to the full or partial exclusion of shareholders' subscription rights, and to stipulate the terms of sale. Shareholders' subscription rights may only be ex-clouded if the own shares are used to pay for a contribution in kind, to acquire enterprises, businesses, operations or stakes in one or several companies in Austria or abroad. This authorization may be exercised in whole, in part or in several partial amounts for one or more purposes by the company, a subsidiary (Section 189a 7 UGB) or by third parties for the account of the company or a subsidiary and remains in force for five years from the date of this resolution, i.e. until 31 March 2027.

Since that time, no own shares were purchased on the basis of the replaced authorization from October 2020 nor on the basis of the current authorization from March 2022. However, in the course of the spin-off of the certificates and equity trading activities from Raiffeisen Centrobank AG, 188,246 shares of RBI AG were taken into treasury as of the reporting date 30 June 2022, as a result of which the total number of treasury shares now comes to 510,450 shares (2021: 322,204 shares).

The Annual General Meeting of 31 March 2022 also authorized the Management Board, under the provisions of Section 65 (1) 7 of the AktG, to purchase own shares for the purpose of securities trading, which may also be conducted off-market, during a period of 30 months from the date of the resolution (i.e. until 30 September 2024), provided that the trading portfolio of shares purchased for this purpose does not at the end of any given day exceed 5 per cent of the company's respective share capital. The consideration for each share to be acquired must not be less than half the closing price at the Vienna Stock Exchange on the last day of trading preceding the acquisition and must not exceed twice the closing price at the Vienna Stock Exchange on the last day of trading preceding the acquisition.

Authorized capital

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

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

Capital reserves

The committed capital reserves of € 4,334,286 (31/12/2021: € 4,334,286 thousand) remained unchanged over the entire financial year, while the uncommitted capital reserves declined to € 94,779 thousand (31/12/2021: € 97,066 thousand).

Retained earnings

Retained earnings consist of legal reserves of € 5,500 thousand (31/12/2021: € 5,500 thousand) and other free reserves amounting to € 1,680,918 thousand (31/12/2021: € 2,679,665 thousand). Of the other free reserves, an amount of € 403,914 thousand (31/12/2021: € 352,661 thousand) is allocated to the Raiffeisen-IPS. An amount of € 51,253 thousand (31/12/2021: € 28,783 thousand) was allocated to other reserves in the 2022 financial year as a reserve for the Raiffeisen institutional protection scheme (Raiffeisen-IPS) based on the agreement to establish an institutional protection scheme and a corresponding resolution by the Raiffeisen-IPS Joint Risk Council. The Raiffeisen-IPS reserve is not eligible for inclusion in the calculation of own funds pursuant to CRR. In addition, a release of free reserves in the amount of € 1,050,000 thousand was made in financial year 2022 (31/12/2021: allocation € 247,000).

Liability reserves

As at 31 December 2022, liability reserves stood unchanged at € 535,097 thousand (31/12/2021: € 535,097 thousand).

Additional notes

Notes on liability arrangements

In the government-promoted, subsidized forward private planning scheme, RBI AG has issued capital guarantee obligations in accordance with Section 108h (1) 3 of the Income Tax Act (EStG). In this context, the bank guarantees that in the event of transferring the capital into a perpetual annuity the payment amount available for this annuity is not less than the sum of the contributions made by the taxpayer plus the premiums credited to this taxpayer pursuant to Section 108g EStG. As at 31 December 2022, the volume of these guarantees was € 801,585 thousand (31/21/2021: € 780,503 thousand).

Raiffeisen-Kundengarantiegemeinschaft Austria (RKÖ)

RBI AG is a member of Raiffeisen-Kundengarantiegemeinschaft Austria (Raiffeisen Customer Guarantee Scheme Austria (RKÖ)). The members of this association have a contractual obligation to guarantee jointly the punctual fulfillment of the entirety of an insolvent association member's commitments arising from customer deposits and its own issues up to the limit of the sum of the individual capacities of the remaining association members. The individual capacity of an association member is measured on the basis of its freely available reserves subject to the pertinent provisions of the Austrian Banking Act (BWG).

In view of legal and regulatory changes and implementation of an institutional protection scheme, RKÖ and its member institutions decided in 2019 to discontinue the scheme for new transactions. Accordingly, the supplementary protection by RKÖ only applies to covered claims against members that arose before 1 October 2019. Customers' rights under the statutory deposit guarantee scheme are unaffected by this and remain in full force and effect.

Institutional Protection Scheme (R-IPS)

In March 2021, RBI AG, its Austrian subsidiary banks, the regional Raiffeisen banks and the local Raiffeisen banks concluded an agreement on a new institutional protection scheme (Raiffeisen-IPS) in accordance with Article 113 (7) CRR (Capital Requirements Regulation of the European Union). In this agreement, the participating institutions undertake to provide mutual protection and, in particular, to ensure each other's liquidity and solvency if required. This new Raiffeisen-IPS was recognized in May 2021 by the competent supervisory authorities ECB and FMA as an institutional protection scheme within the meaning of Article 113 (7) CRR with the associated rights and obligations of its participating institutions. Accordingly, among other things, claims

between Raiffeisen-IPS members may be assigned a risk weighting of zero per cent. Raiffeisen-IPS is subject to joint regulatory supervision. The capital adequacy requirements are one of the items that must be complied with on a consolidated basis.

The institutional protection scheme Raiffeisen-IPS was recognized by the FMA as a deposit guarantee and investor compensation system in accordance with the Deposit Guarantee and Investor Compensation Act (ESAEG), with Österreichische Raiffeisen-Sicherungseinrichtung eGen (ÖRS) as the entity providing the deposit guarantee, in May 2021. Since 29 November 2021, RBI AG and its Austrian subsidiary banks, regional Raiffeisen banks and the local Raiffeisen banks have belonged to ÖRS as a statutory protection scheme.

Raiffeisen-IPS is managed by the overall risk council, which is composed of representatives of RBI, the regional Raiffeisen banks and representatives of the local Raiffeisen banks. It is supported in the performance of its duties by, among others, provincial risk councils at the level of the federal states.

ÖRS is responsible for early risk identification and reporting tasks for Raiffeisen-IPS. ÖRS also manages the assets of Raiffeisen-IPS as a trustee.

Letters of comfort and other financial obligations

As at 31 December 2022, soft letters of comfort in the amount of € 133,673 thousand (31/12/2021: € 230,460 thousand) had been issued.

Open capital commitments on share capital in the amount of € 23,492 thousand (31/12/2021: € 5,600 thousand) exist vis-a-vis European Investment Fund S.A., Luxembourg.

Contingent liabilities recorded in statement of financial position of RBI AG of € 7,188,967 thousand were reported as at 31 December 2022 (31/12/2021: € 7,436,706 thousand). Of that amount, € 6,278,399 thousand (31/12/2021: € 5,940,323 thousand) was attributable to guarantees and € 910,568 thousand (31/12/2021: € 1,496,382 thousand) to letters of credit. Of the guarantees, an amount of € 738,389 relates to guarantees to affiliated companies.

As at 31 December 2022, € 19,434,120 thousand (31/12/2021: € 18,850,115 thousand) in credit risk was reported under liabilities in the statement of financial position. In the reporting year, € 11,312,946 thousand of that amount relates to irrevocable loan commitments not yet drawn down and € 8,121,174 thousand to revocable loan commitments.

Pending legal issues

RBI AG is involved in various legal, administrative or arbitration proceedings before various courts and authorities, both as a plaintiff and a defendant. The proceedings generally arise in the ordinary course of business in contractual, employment and other matters.

A provision is only recognized if there is a legal or constructive obligation as a result of a past event, payment is likely and the amount can be reliably estimated. A contingent liability that arises from a past event is disclosed unless payment is highly unlikely. A contingent asset that arises from a past event is reported if there is high probability of occurrence. In the following description, no amount is specified in those cases in which it would be severely detrimental to do so.

Banking business

RBI and its subsidiaries provide services for corporate customers that increase litigation risk at the operating level. The most important cases are as follows:

Following the insolvency of Alpine Holding GmbH (Alpine) in 2013, a number of lawsuits were filed by retail investors in Austria against RBI AG and another credit institution in connection with a bond which had been issued by Alpine in 2012 in an aggregate principal amount of € 100 million. The claims against RBI AG originally amounted to approximately € 10 million. In total, claims amounting to € 8 million were filed directly by individual investors or by means of class action associations. Due to some discontinued proceedings as well as claim limitations, the amount in dispute in the pending legal proceedings is currently around € 7 million. Among other things, the litigants claim that the banks acted as joint lead managers of the bond issue and were or at least should have been aware of the financial problems of Alpine at the time of the issue. Thus, they should have known that Alpine was not in a position to redeem the bonds as set out in the terms and conditions of the bonds. It is alleged that the capital market prospectus in relation to the bond issue was misleading and incomplete and that the joint lead managers, including RBI AG, which were also involved in the preparation of the prospectus, were aware of this.

In the first quarter of 2021, RBI AG 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 (€ 121 million) in material damages and USD 200 million (€ 188 million) in immaterial damages. RBI AG was served with the claim in May 2022. At the first hearing before the South Jakarta District Court, on 27 September 2022, the parties were ordered to participate in court-ordered mediation on a mandatory basis beginning 4 October 2022. The mediation process was inconclusively terminated and legal proceedings resumed.

In August 2019, RBI AG launched a claim for approximately € 44 million against a Cayman Islands incorporated company, several of its subsidiaries and one former subsidiary (the Cayman Islands Defendants) in the Grand Court of the Cayman Islands, Financial Services Division (the CI Proceedings). In the CI Proceedings, RBI AG alleges that the Cayman Islands Defendants participated in transactions to defraud creditors and a fraudulent conspiracy to injure RBI AG by dissipating assets so as to frustrate RBI AG's claims under a number of parent company guarantees. Furthermore, RBI AG alleges that said transfers were carried out at undervalue or without consideration between or among the Cayman Islands Defendants. RBI AG obtained an order against one of the Cayman Island Defendants in September 2019, placing restrictions on its ability to deal with its assets, pending determination of the CI Proceedings. RBI AG obtained a similar order against a further Cayman Island Defendant in May 2020 (together the Freezing Orders). In November 2019, some of the Cayman Islands Defendants filed a counterclaim in the amount of € 203 million against RBI AG in the course of the CI Proceedings. RBI AG considers that the counterclaim, which is based on documents that the Caymans Island Defendants have refused to disclose to date, is entirely without merit. In July 2021, RBI AG applied for permission to amend its claim in the CI Proceedings, to add an additional defendant and claim further damages and associated relief, bringing the total sums claimed by RBI AG in the CI Proceedings to approximately € 87 million plus interest and costs. That application has yet to be determined. In December 2021, the Cayman Islands Court of Appeal gave judgment on an appeal brought by two of the Cayman Island Defendants, against the Freezing Orders. The Court of Appeal has refused to dismiss the Freezing Orders, which will remain in place. The CI Proceedings are ongoing. In January 2021, RBI AG issued an arbitration claim for an amount of approximately € 87 million plus interest and costs against one of the Cayman Islands Defendants (who, at that time, was incorporated in the Marshall Islands) before the Vienna International Arbitral Centre (VIAC) (the VIAC Arbitration). The VIAC arbitration dealt with claims by RBI AG arising from guarantees issued by said company to RBI AG. In October 2022, the sole arbitrator issued an award ordering the Respondent to pay RBI AG (i) € 62 million and USD 19 million (€18 million) in respect of the nominal amounts due under the Guarantees, (ii) interest on such amounts at the rate of 5 per cent per annum, accruing on these amounts from 27 February 2018 until the date of payment, (iii) fees, costs and expenses incurred by RBI AG in connection with additional proceedings in various jurisdictions worldwide, (v) the costs of the VIAC arbitration.

In April 2018, a lawsuit was brought against Raiffeisen Bank Polska S.A. (RBPL), the former Polish subsidiary of RBI AG, by a former client claiming an amount of approximately PLN 203 million (€ 43 million). According to the plaintiff's complaint, RBPL blocked the client's current overdraft credit account for six calendar days in 2014 without formal justification. The plaintiff claimed that the blocking of the account resulted in losses and lost profits due to a periodic disruption of the client's financial liquidity, the inability to replace loan-based funding sources on the blocked account with financing streams originating from other sources, a reduction in inventory and merchant credits being made available and generally a resulting deterioration of the client's financial results and business reputation. RBPL contended that the blocking was legally justified and implemented upon available information. In the course of the sale of the core banking operations of RBPL to BGZ BNP Paribas S.A., the lawsuit against RBPL was transferred to BGZ BNP Paribas S.A. However, RBI AG must still bear any negative financial consequences in connection with the said proceeding. In February 2022, RBI AG was informed by the bank BGZ BNP Paribas S.A. that the claim had been dismissed in the first instance. The plaintiff has appealed against this decision.

Regulatory enforcement

RBI AG is subject to numerous national and international regulatory authorities.

In March 2018, an administrative fine of € 2.7 million (which was calculated by reference to the annual consolidated revenue of RBI AG and constitutes 0.06 per cent of the last available annual consolidated revenue) was imposed on RBI AG 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 AG 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 AG took the view that it had duly complied with all due diligence obligations regarding know-your-customer requirements and appealed against the fine notice in its entirety. The Federal Administrative Court (Bundesverwaltungsgericht) confirmed FMA's decision at first instance, against which RBI AG appealed to the Austrian Supreme Administrative Court (Verwaltungsgerichtshof). In December 2019, the Austrian Supreme Administrative Court revoked the decision of the lower administrative instances and referred the case back to the Federal Administrative Court. In the retrial on 6 May 2021, the Federal Administrative Court again confirmed FMA's decision but reduced the administrative fine to € 824 thousand and allowed another appeal before the Austrian Supreme Administrative Court. Said appeal was filed by RBI AG and the case is now again pending at the Austrian Supreme Administrative Court.

In September 2018, two administrative fines totaling PLN 55 million (€ 12 million) were imposed on RBPL in the course of administrative proceedings based on alleged non-performance of duties as the depositary and liquidator of certain investment funds. RBPL as custodian of investment funds assumed the role of liquidator of certain funds in spring 2018. According to the interpretation of the Polish Financial Supervision Authority – which is known by its Polish abbreviation, KNF – RBPL failed to comply with certain obligations in its function as depository bank and liquidator of the funds. In the course of the transactions related to the sale of the core banking operations of RBPL to BGZ BNP Paribas S.A., the responsibility for said administrative proceedings and related fines was assumed by RBI AG. RBI AG filed appeals against these fines in their entirety. In September 2019, in relation to the PLN 5 million (€ 1 million) fine regarding RBPL's duties as depositary bank, the Voivodship Administrative Court approved RBI's appeal and overturned the KNF's decision in its entirety. However, the KNF appealed the decision. In relation to the PLN 50 million (€ 11 million) fine regarding RBPL's function as liquidator, the Voivodship Administrative Court decided to dismiss the appeal and uphold the KNF decision in its entirety. RBI AG has appealed to the Supreme Administrative Court because it takes the view that RBPL has duly complied with all its duties.

In this context, several individual lawsuits and four class actions combining claims of holders of certificates of the above-mentioned investment funds in liquidation have been filed against RBI AG. The total amount in dispute as of 30 December 2022 is approximately PLN 69 million (€ 15 million). In addition, RBI AG was informed that an amendment to the statement of claim was submitted to the court, which could lead to an increase in the total amount in dispute by approximately PLN 91 million (€ 19 million). However, this amendment has not yet been served on RBI AG. The plaintiffs in the class actions demand that RBI AG's responsibility for the alleged improper performance of RBPL (whose legal successor is RBI AG) as the depositary bank be established. Such a determination would secure and facilitate the plaintiffs' financial claims in further lawsuits.

Additionally, RBI AG received a number of claim notices from BNP in connection with certain bank operations in respect of which BNP is the legal successor to RBPL. Said claim notices primarily relate to administrative proceedings conducted by the KNF in connection with alleged failures of RBPL/BNP in acting as a custodian of investment funds and could lead to cash penalties. Furthermore, claims in this context have been raised by investors to BNP, and as a mitigating measure RBI supports BNP in this regard.

In January 2023, RBI AG was notified by the FMA that investigations had been initiated into alleged non-compliance with legal requirements in connection with the know-your-customer principle. The FMA accused RBI AG of processing so-called "nested transactions" for three correspondent banks between 2017 and 2020 without taking sufficient measures to ensure that these transactions were not used for money laundering and terrorist financing purposes and, as a result, did not have appropriate measures and procedures in place to ensure compliance with the applicable due diligence requirements. Furthermore, according to the FMA's interpretation, RBI AG did not ensure that appropriate measures and procedures were in place to ensure compliance with the required due diligence obligations. The administrative proceedings have not yet been completed and could result in fines.

Tax litigation

In tax audits for the years 2001 to 2005 and 2006 to 2011, the interest in connection with hedging transactions for group equity (capital hedges) and IPO costs of RBI AG were classified as non-deductible. RBI AG lodged a complaint with the Federal Finance Court (BFG), which fully upheld the complaint in 2021, resulting in a tax refund to RBI AG in the amount of around € 14 million (including interest). The authority filed an extraordinary appeal against the judgment of the BFG with the Austrian Administrative Court. The Austrian Administrative Court confirmed the BFG's decision, but with respect to interest payments in connection with capital hedges, it referred the case back to the BFG to examine whether gains or expenses were realized in connection with the capital hedges.

Total capital according to CCR

in € thousand	31/12/2022	31/12/2021
Capital instruments and the related share premium accounts	5,414,618	5,414,618
Retained earnings	2,017,115	2,869,321
Accumulated other comprehensive income (and other reserves)	0	0
Minority interests (amount allowed in CET1)	0	0
Common equity tier 1 (CET1) capital before regulatory adjustments	**7,431,733**	**8,283,939**
Additional value adjustments (negative amount)	(54,015)	(43,904)
Intangible assets (net of related tax liability) (negative amount)	(22,099)	(33,953)
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)	(1,077)	(481)
Fair value reserves related to gains or losses on cash flow hedges	0	0
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	0	0
Exposure amount of the following items which qualify for a risk weight of 1250%, where the institution opts for the deduction alternative	0	0
hereof: securitization positions (negative amount)	0	0
Other regulatory adjustments	(38,846)	(15,523)
Total regulatory adjustments to common equity tier 1 (CET1)	**(116,037)**	**(93,861)**
Common equity tier 1 (CET1) capital	**7,315,696**	**8,190,078**
Capital instruments and the related share premium accounts	1,644,174	1,639,874
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 AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	0	0
Total regulatory adjustments to Additional Tier 1 (AT1) capital	**(33,000)**	**(50,000)**
Additional tier 1 (AT1) capital	**1,611,174**	**1,589,874**
Tier 1 capital (T1 = CET1 + AT1)	**8,926,870**	**9,779,951**
Capital instruments and the related share premium accounts	2,174,901	1,914,305
Qualifying own funds instruments included in T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	0	0
Credit risk adjustments	149,647	182,780
Tier 2 (T2) capital before regulatory adjustments	**2,324,548**	**2,097,084**
Total regulatory adjustments to Tier 2 (T2) capital	**(71,861)**	**(55,000)**
Tier 2 (T2) capital	**2,252,687**	**2,042,084**
Total capital (TC = T1 + T2)	**11,179,557**	**11,822,036**
Risk-weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amount)	**41,903,360**	**47,358,183**
Total risk-weighted assets (RWA)	**41,903,360**	**47,358,183**

A presentation of consolidated own funds in accordance with CRR can be found in the consolidated financial statements in the chapter "Capital management and total capital according to CRR/CRD IV and Austrian Banking Act (BWG)."

Own funds requirements and risk-weighted assets

in € thousand	31/12/2022		31/12/2021	
	Risk-weighted exposure	Capital requirement	Risk-weighted exposure	Capital requirement
Total risk-weighted assets (RWA)	**41,903,360**	**3,352,269**	**47,358,183**	**3,788,655**
Risk-weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	**35,802,082**	**2,864,167**	**41,042,783**	**3,283,423**
Standardized approach (SA)	**3,326,324**	**266,106**	**3,844,101**	**307,528**
Exposure classes excluding securitization positions	3,326,324	266,106	3,844,101	307,528
Central governments and central banks	0	0	0	0
Regional governments or local authorities	17,524	1,402	10,707	857
Public sector entities	0	0	0	0
Institutions	2,304	184	2,368	189
Corporates	5,511	441	66	5
Retail	240,257	19,221	112,672	9,014
Receivables secured by real estate	2,362,419	188,994	3,072,469	245,798
Exposure in default	20,530	1,642	27,952	2,236
Items associated with particular high risk	0	0	0	0
Covered bonds	0	0	0	0
Collective investments undertakings (CIU)	14	1	18,074	1,446
Participating interests	86,130	6,890	196,697	15,736
Other items	591,635	47,331	403,095	32,248
Internal ratings based approach (IRB)	**32,475,759**	**2,598,061**	**37,198,681**	**2,975,895**
IRB approaches when neither own estimates of LGD nor conversion factors are used	**18,587,936**	**1,487,035**	**21,669,447**	**1,733,556**
Central governments and central banks	71,565	5,725	64,511	5,161
Institutions	3,053,197	244,256	2,457,244	196,580
Corporates - SME	285,445	22,836	278,127	22,250
Corporates - Specialized lending	1,130,277	90,422	1,460,255	116,820
Corporates - Other	14,047,451	1,123,796	17,409,310	1,392,745
IRB approaches when neither own estimates of LGD nor conversion factors are used	**0**	**0**	**0**	**0**
Participating interests	13,859,991	1,108,799	15,497,394	1,239,792
Simple risk weight approach	0	0	0	0
Other equity exposure	0	0	0	0
PD/LGD approach	0	0	0	0

in € thousand	31/12/2022		31/12/2021	
	Risk-weighted exposure	Capital requirement	Risk-weighted exposure	Capital requirement
Risk exposure amount for settlement and delivery risk	**18,517**	**1,481**	**6,495**	**520**
Settlement/delivery risk in the non-trading book	0	0	6,441	515
Settlement/delivery risk in the trading book	18,517	1,481	54	4
Total risk exposure amount for position, foreign exchange and commodities risk	**2,249,908**	**179,993**	**3,150,561**	**252,045**
Risk exposure amount for position, foreign exchange and commodities risks under standardized approaches (SA)	**994,932**	**79,595**	**581,744**	**46,540**
Traded debt instruments	362,653	29,012	572,704	45,816
Participating interests	82,688	6,615	7,304	584
Particular approach for position risk in CIUs	780	62	352	28
Foreign exchange	545,993	43,679	0	0
Commodities	2,817	225	1,385	111
Risk exposure amount for position, foreign exchange and commodities risks under internal models (IM)	**1,254,976**	**100,398**	**2,568,817**	**205,505**
Total risk exposure amount for operational risk	**2,904,518**	**232,361**	**2,904,129**	**232,330**
OpR standardized (STA) /alternative standardized (ASA) approaches	2,904,518	232,361	2,904,129	232,330
OpR advanced measurement approaches (AMA)	0	0	0	0
Total risk exposure amount for credit valuation adjustments	**209,211**	**16,737**	**151,126**	**12,090**
Standardized method	209,211	16,737	151,126	12,090
Other risk exposure amounts	**719,124**	**57,530**	**103,089**	**8,247**
Of which: Risk-weighted exposure amounts for credit risk: securitization positions (revised securitization framework)	719,124	57,530	103,089	8,247

Equity ratios[1]

in per cent	31/12/2022	31/12/2021
Common equity tier 1	17.3%	17.3%
Tier 1 ratio	21.1%	20.7%
Total capital ratio	26.6%	25.0%

1 Fully loaded

Leverage ratio

in € thousand	31/12/2022	31/12/2021
Leverage exposure	92,902,358	91,087,536
Tier 1	8,926,870	9,779,951
Leverage ratio in per cent[1]	**9.5%**	**10.7%**

1 Fully loaded

Notes to the income statement

Income by geographic market in accordance with section 64 (1) 9 BWG

A regional allocation to segments according to the business outlets' registered offices results in the following distribution:

2022 in € thousand	Total	Austria	Rest of Europe	Asia
Interest receivable and similar income	1,187,115.6	1,147,541.4	38,303.7	1,270.5
hereof: from fixed-income securities	74,642.0	74,212.2	352.6	77.2
Income from variable-yield securities and participations	564,320.6	564,320.6	0.0	0.0
Commissions receivable	531,264.2	528,626.4	2,637.8	0.0
Net profit or net loss on financial operations	93,490.1	93,300.2	3,119.3	(2,929.5)
Other operating income	212,647.6	197,999.0	9,616.6	5,032.0

2021 in € thousand	Total	Austria	Rest of Europe	Asia
Interest receivable and similar income	688,163.1	655,741.2	31,119.1	1,302.8
hereof: from fixed-income securities	41,198.6	41,185.9	0.0	12.6
Income from variable-yield securities and participations	841,438.1	841,438.1	0.0	0.0
Commissions receivable	476,733.0	473,532.9	3,200.1	0.0
Net profit or net loss on financial operations	(186,492.8)	(190,895.7)	3,441.5	961.5
Other operating income	275,287.3	271,776.1	3,438.8	72.4

Negative interest rates

An expense, resulting from negative interest for loans and advances, was shown in an amount of € 34,495 thousand (2021: € 50,456 thousand) in the item interest receivable and similar income. This contrasted with income of € 140,410 thousand (2021: € 199,833 thousand) resulting from negative interest for liabilities, which was shown in the item interest payable and similar expenses.

Other operating income

Other operating income includes staff and administrative expenses passed on for services in the amount of € 157,242 thousand (2021: € 130,356 thousand), income from releases of provisions for impending losses from derivatives in the amount of € 6,714 thousand (2021: € 28,751 thousand), income from close-out fees for derivatives on the banking book in an amount of € 16,963 thousand (2021: € 16,832 thousand), as well as income from the release of other provisions in the amount of € 3,980 thousand (2021: € 917 thousand).

Staff expenses

Expenses for severance payments and benefits for occupational employee pension funds include € 10,688 thousand in proceeds for severance payments (2021: expenses of €3,769 thousand), which resulted from changes in actuarial parameters used to determine provisions.

Other administrative expenses

The auditor expenses for the financial year, broken down by service, are presented in the consolidated financial statements.

Sundry operating expenses

The sundry operating expenses increased € 298,410 thousand to € 655,486 thousand in 2022. This includes allocations for provisions for impending losses for banking book derivatives in an amount of € 62,582 thousand (2021: € 14,811 thousand), allocations for other provisions for liabilities and charges (see also the item "Provisions" in the statement of financial position and the section "Litigation risk for foreign currency loans in Poland") of € 462,000 thousand (2021: € 300,150 thousand), as well as expenses deriving from close-out fees for banking book derivatives in an amount of € 9,971 thousand (2021: € 26,553 thousand). Also included are expenses from staff and administrative costs passed on in the amount of € 57,944 thousand (2021: € 26,508 thousand)

Disposal and valuation of loans and advances and securities classified as current assets

Net income/expenses from the disposal and valuation of loans and advances and securities classified as current assets recorded a net expense - as in the previous year - of € 164,641 thousand (2021: minus € 91,290 thousand). This change derived, firstly, from a decrease in the net gain/loss on the valuation and disposal of marketable securities and banking book derivatives to minus € 60,546 thousand (2021: minus € 17,303 thousand) and from a decline in the net gain/loss on the valuation of loans and advances as well as guarantees to an amount of minus € 104,095 thousand (2021: minus € 73,987 thousand). The need for new loan loss provisions has grown as a result of the general economic situation in 2022. RBI AG recognized net provisioning for individual loan loss provisions of € 85,006 thousand. This represented a year-on-year increase of € 47,017 thousand. Despite the generally negative macroeconomic outlook and the ongoing war in Ukraine, lower additions to portfolio-based loan loss impairments were made in an amount of € 20,910 thousand (2021: minus € 50,567 thousand). This decrease is mainly attributable to the adjustment of portfolio-based loan loss provisions for foreign currency loans in Poland in the amount of € 39,332 thousand (see also the section on litigation risk for foreign currency loans in Poland and the change in accounting policies pursuant to Section 237 (1) 1 UGB in this context). On the other hand, new allocations for general political risks, the Russia sanctions and the Russian business managed from Vienna amount to minus € 22,862 thousand (2021: minus € 7,724 thousand). As part of the ongoing risk assessment, significant deteriorations in creditworthiness that have not yet resulted in default have been provisioned for a net amount of minus € 24,351 thousand (2021: minus € 6,542 thousand). In the course of the financial year under review, adjustments based on macroeconomic parameters amounting to minus € 22,778 thousand (2021: € 8,535 thousand) were made. For substantial as well as non-substantial contract modifications, adjustments to carrying amounts of minus € 1,820 thousand (2021: minus € 4,485 thousand) were realized in the financial year. Net income from extraordinary disposals of loan receivables amounts to minus € 2,311 thousand (2021: € 6,271 thousand).

In the financial year under review, losses were realized on shares in investment funds in an amount of € 162 thousand (2021: € 1 thousand). Income from distributions amounted to € 2 thousand (2021: € 8 thousand).

Disposal and valuation of securities evaluated as financial investments and of shares in affiliated companies and participating interests

The item net income/expenses from the disposal and valuation of securities evaluated as financial investments and of shares in affiliated companies and participating interests included reversals of write-downs in the amount of € 5,828 thousand, of which € 3,974 thousand was attributable to Posojilnica Bank eGen, Klagenfurt. Shares in affiliated companies and equity participations were written down by € 971,767 thousand in total, including AO Raiffeisenbank, Moscow in the amount of € 604,248 thousand, Raiffeisen Bank Aval JSC, Kiev, in the amount of € 253,048 thousand, RZB-BLS Holding GmbH, Vienna, in the amount of € 51,449 thousand and Raiffeisen Digital Bank AG, Vienna, in the amount of € 20,400 thousand (please also refer to the section "Reorganization result" for the disclosure of the additional reorganization-related impairment loss on the investment in Raiffeisen Digital Bank AG in the amount of € 39,222 thousand). In total, gains of € 17 thousand (2021: gains of € 3,704 thousand) were realized on the sale of shares in affiliated companies and participating interests in the financial year. A total of € 965,955 thousand in losses (2021: gains of € 186,003 thousand) from both the valuation and disposal of shares in affiliated companies and participating interests will be recognized.

In the financial year 2022, a net amount of € 9,823 thousand in losses was realized from the sale of securities held as financial assets, while € 9,134 thousand in price gains were realized in the comparable period of 2021.

Tax on profit or loss

The tax on profit or loss shows net positive income from taxes in the amount of € 5,531 thousand (2021: € 10,400 thousand) for the financial year 2022. The item includes income from current income taxes of € 5,859 thousand (2021: € 13,127 thousand), deferred tax income of € 504 thousand (2021: € 300 thousand) and taxes for previous years of € 258 thousand (2021 € 21,266 thousand). Furthermore, foreign withholding taxes are included in an amount of € 574 thousand (2021: € 24,294 thousand).

RBI AG is the group parent of a corporate group pursuant to Section 9 of the Corporation Tax Act (KStG). As of 31 December 2022, 54 companies (including the parent company) were members of the group of companies (31/12/2021: 52 companies) pursuant to Section 9 of the Corporation Tax Act (KStG). If a group company achieves a positive taxable result, the tax allocation to be paid for the tax-deductible profit share is 12.5 per cent and for the non-deductible profit share 25 per cent. In addition, the positive tax levy amounts to 12.5 per cent if a positive result of a group company reduces the balance on the record account (i.e. an off-book account that the group parent keeps for the group company for the purpose of keeping records of negative results of the group member and later offsetting them against positive results of the group member). In the event of negative results for tax purposes, the group member has a claim against the group parent amounting to 12.5 per cent of the negative result.

Reorganization result

The reported reorganization result of minus € 3,553 thousand is due to the spin-off of Raiffeisen Centrobank AG to RBI AG (see chapter "Spin-off of the certificates and equity trading activities from Raiffeisen Centrobank AG to RBI AG"). It comprises € 34,659 thousand (the "Confusio result") directly related to the acquired financial instruments and related derivatives, € 1,010 thousand carrying value of net assets acquired and a € 39,222 thousand impairment loss on investments due to the reorganization.

Branches on a consolidated basis

2022 in € thousand	Bratislava	Frankfurt	London	Beijing	Singapore	Warsaw
Domicile state	Slovakia	Germany	Great Britain	China	Singapore	Poland
Net interest income	1	0	(4)	1,168	77	37,950
Operating income	5,408	410	(127)	(1,765)	76	45,105
Profit on ordinary activities	3,728	(1,826)	(4,306)	(5,487)	(1,617)	(485,460)
Tax on profit or loss	(214)	(36)	(66)	(200)	0	0
Number of employees (average)	25.0	8.0	13.5	16.0	4.0	254.0
Public subsidies received	None	None	17	None	None	None

2021 in € thousand	Frankfurt	London	Beijing	Singapore	Warsaw
Domicile state	Germany	Great Britain	China	Singapore	Poland
Net interest income	0	(3)	1,290	13	31,119
Operating income	337	88	2,269	47	40,442
Profit on ordinary activities	(1,668)	(3,915)	(916)	(1,498)	(285,058)
Tax on profit or loss	(84)	(50)	0	0	0
Number of employees (average)	8.0	13.3	15.0	4.0	246.0
Public subsidies received	None	None	None	5	None

With regard to the business areas in which the branches operate, please refer to the chapter "Branches and representative offices" in the management report.

The branch in Slovakia, originally established in 2017 as a branch of Raiffeisen Centrobank AG, was acquired by RBI AG as part of the spin-off to include the certificates and equity trading activities of Raiffeisen Centrobank AG with entry in the commercial register on 1 December 2022.

Overall return on assets

The overall return on assets (net loss or profit after tax divided by the average total assets) in 2022 was -1.13 per cent (2021: 0.71 per cent).

Profit contribution from 2021

On 31 March 2022, the Annual General Meeting resolved not to pay out a dividend due to the escalation of the military Russia/Ukraine conflict at that time and to carry forward the remaining net profit for fiscal 2021 in the amount of € 379,999,596.87.

Prosposal for the appropriation of profits

Due to the ongoing war in Ukraine, the sanctions imposed in this context, associated effects and the economic environment the business activities of the RBI Group continue to be subject to considerable volatility and uncertainty. The Management Board and the Supervisory Board have therefore decided that a proposal will be made to the Annual General Meeting to carry forward the entirety of the retained earnings.

Despite the aforementioned circumstances, which make it reasonable from today's perspective to carry forward profits, the Management Board would like to offer shareholders the prospect of an appropriate share in the company's profit for the past financial year in the form of a dividend of probably up to EUR 0.80 per ordinary share entitled to dividend. The Management Board therefore intends, taking into account the development of the capital ratios, regulatory requirements and the ongoing strategic considerations, to examine the possibility of a subsequent dividend distribution from the retained balance-sheet profit carried forward for the financial year 2022 in the current financial year and would then, if necessary, submit the distribution of a dividend to a separate (extraordinary) shareholders' meeting for a resolution.

Other

The company did not conclude any significant transactions with related companies or persons at unfair market conditions.

In the financial year the company had an average of 3,445 employees (2021: 3,238).

Expenses for severance payments and pensions

in € thousand	Pension 2022	Pension 2021	Severance payments 2022	Severance payments 2021
Members of the managing board and senior staff	(2,744)	3,358	(1,134)	1,916
Employees	7,761	(2,483)	(3,702)	5,614
Total	**5,017**	**875**	**(4,836)**	**7,530**

The income from severance payments and pension expenses in the financial year resulted from changes in actuarial parameters used to determine provisions.

Management Board

Members of the Management Board	Original appointment	End of term
Johann Strobl, Chairman	22 September 2010[1]	28 February 2027
Andreas Gschwenter	1 July 2015	30 June 2023
Łukasz Januszewski	1 March 2018	28 February 2026
Peter Lennkh	1 October 2004	31 December 2025[2]
Hannes Mösenbacher	18 March 2017	28 February 2025
Andrii Stepanenko	1 March 2018	28 February 2026

1 Effective as of 10 October 2010
2 On 31 January 2023, Peter Lennkh announced his intention to step down from the Management Board in the course of 2023.

Supervisory Board

Members of the Supervisory Board	Original appointment	End of term
Erwin Hameseder, Chairman	8 July 2010[1]	Annual General Meeting 2025
Martin Schaller, 1st Deputy Chairman	4 June 2014	Annual General Meeting 2024
Heinrich Schaller, 2nd Deputy Chairman	20 June 2012	Annual General Meeting 2027
Klaus Buchleitner[2]	26 June 2013	31 March 2022
Peter Gauper	22 June 2017	Annual General Meeting 2027
Wilfried Hopfner[2]	22 June 2017	31 March 2022
Rudolf Könighofer	22 June 2017	Annual General Meeting 2027
Reinhard Mayr	20 October 2020	Annual General Meeting 2025
Heinz Konrad	20 October 2020	Annual General Meeting 2025
Eva Eberhartinger	22 June 2017	Annual General Meeting 2027
Michael Höllerer[3]	31 March 2022	Annual General Meeting 2027
Michael Alge[3]	31 March 2022	Annual General Meeting 2027
Andrea Gaal	21 June 2018	Annual General Meeting 2023
Birgit Noggler	22 June 2017	Annual General Meeting 2027
Rudolf Kortenhof[4]	10 October 2010	Until further notice
Peter Anzeletti-Reikl[4]	10 October 2010	Until further notice
Gebhard Muster[4]	22 June 2017	Until further notice
Helge Rechberger[4]	10 October 2010	Until further notice
Natalie Egger-Grunicke[4]	18 February 2016	Until further notice
Denise Simek[4]	1 October 2021	Until further notice

1 Effective as of 10 October 2010
2 Resigned as of the Annual General Meeting of 31 March 2022
3 Member of the Supervisory Board as of the Annual General Meeting of 31 March 2022
4 Delegated by the Staff Council

State Commissioners

- Alfred Lejsek, State Commissioner (since 1 January 2011)
- Matthias Kudweis, Deputy State Commissioner (since 1 April 2021)

Remuneration of members of the Management Board

The following remuneration was paid to the Management Board:

in € thousand	2022	2021
Fixed remunerations	4,906	4,737
Bonus (performance-based)	3,742	2,808
Payments to pension funds and reinsurance policies	412	375
Other remunerations	2,330	2,250
Total	**11,390**	**10,171**
hereof remuneration from affiliated companies (Supervisory Board remuneration)	2,145	2,065

The fixed remuneration shown in the table contains salaries and benefits in kind.

The performance-based components of the Management Board's remuneration cover bonus payments. The bonuses reported above are immediately payable bonus amounts for 2021 and deferred bonus amounts for previous years.

Bonus calculation is linked to the achievement of annually agreed objectives. These cover four or five categories and in addition to specific objectives, include financial objectives which are specifically adjusted to the respective function, such as profit after tax in a segment, return on risk adjusted capital (RORAC), total costs, risk-weighted assets, customer, employee and process/efficiency and infrastructure objectives, plus other objectives where applicable. The amount of the bonus depends on the consolidated profit and on the cost/income ratio, and the objectives are derived from the Group's target medium-term ROE. Payment is made according to the applicable regulations of the Austrian Banking Act (BWG) implemented in the internal regulations (see employee compensation plans in the section recognition and measurement principles).

Other remuneration covers remuneration for functions in the boards of affiliated subsidiaries, insurance policies and grants.

An amount of € 1,386 thousand (2021: € 1,319 thousand) was paid in pension benefits to former members of the Management Board and to their surviving dependants in the 2022 financial year. In addition to these amounts, short-term benefits and deferred bonus components as well as severance payments totaling € 978 thousand (2021: € 2,566 thousand) were paid to former members of the Management Board.

In addition to the amounts presented above, there are expenses of € 1,135 thousand (31/12/2021: € 1,574 thousand) as portions of the bonus provision, which relate to deferred bonus portions payable in cash and retained portions payable in instruments. In the case of the latter, valuation changes due to exchange rate fluctuations are also taken into account.

Remuneration of members of the Supervisory Board

in € thousand	2022	2021
Remunerations supervisory board	1,127	1,123

The Annual General Meeting held on 22 April 2021 approved a new remuneration model for the Supervisory Board, beginning on 23 April 2021 and for the following years. It was decided to distribute the remuneration as follows: Chairman € 120 thousand, Deputy Chairman € 95 thousand, members of the Supervisory Board € 60 thousand, plus attendance fees for the Chairman of the Audit Committee and the Risk Committee amounting to an additional € 17,5 thousand each.

In the 2022 financial year, no contracts subject to approval within the meaning of § 95 (5) 12 of the Austrian Stock Corporation Act (AktG) were concluded with members of the Supervisory Board.

Remuneration of members of the Advisory Council

in € thousand	2022	2021
Remuneration Advisory Council	188	185

The Annual General Meeting held on 21 June 2018 passed a resolution to grant remuneration to the Advisory Council members for their work. It was decided to distribute the remuneration as follows: Chairman € 25 thousand, Deputy Chairman € 20 thousand, each additional member € 15 thousand, plus attendance fees.

Amounts of loans and grants extended to members of the Management Board and Supervisory Board

The relationships of members of the Management Board and Supervisory Board to RBI AG are as follows:

in € thousand	2022	2021
Debt securities	657	1,622
Shares	2,581	4,934
Deposits	762	162
Loans	0	233

Of the amounts stated, bonds worth € 22 thousand (2021: € 837 thousand), shares worth € 1,576 thousand (2021: € 2,846 thousand) and deposits worth € 732 thousand (2021: € 134 thousand) are attributable to members of the Management Board. The remaining items are attributable to the Supervisory Board.

Events after the reporting date

There were no significant events after the reporting date.

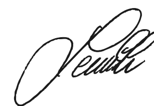
Vienna, 13 February 2023

The Management Board

Johann Strobl

Andreas Gschwenter

Łukasz Januszewski



Peter Lennkh

Hannes Mösenbacher

Andrii Stepanenko

Management report

Market development

Energy price shock ends COVID recovery

Although economic activity was still affected by pandemic restrictions at the beginning of 2022, the services sector in particular benefited from the normalization of the business environment as restrictions eased over the first few months. However, economic uncertainty increased abruptly from March following Russia's military invasion of Ukraine. Trade restrictions were imposed and, more importantly, energy and commodity prices shot up as the risk of an energy shortage increased. Consumer and business sentiment cooled noticeably in response. Soaring costs led to significant price increases for many consumer goods, driving up the inflation rate to its highest level since the 1970s and markedly reducing the purchasing power of private households. While the end of COVID restrictions initially put the economy on track for a buoyant recovery, the persistent energy price shock brought it all to an abrupt halt later in the year.

According to preliminary figures, the gross domestic product of the **euro area** increased by a 3.5 per cent in 2022. The strong growth resulted primarily from the significant increase in economic output in the first half of the year. However, economic momentum slowed significantly in the second half of the year. The labor market experienced rising employment and falling unemployment rates. Inflation trended strongly upward and doubled over the year, rising from 5.0 per cent at the end of 2021 to 10.6 per cent in October 2022. The pace of inflation did not begin to slow somewhat until the final months of 2022.

The **European Central Bank (ECB)** changed its monetary policy stance in 2022. At the beginning of the year, it initially viewed rising inflation rates as temporary and thus maintained its expansionary stance. It changed this position during the year and gradually began to normalize monetary policy. It ended net bond purchases in the middle of the year. In the second half of the year, it raised key interest rates at every meeting. The rate hikes were between 50 and 75 basis points each, resulting in a key interest rate of 2.50 per cent at the end of 2022. Conditions for existing longer-term refinancing transactions were also changed towards the end of the year, encouraging early repayment of outstanding loans and thus noticeably reducing the ECB's balance sheet. Money market rates trended strongly upward in 2022. Swap rates and yields on German government bonds also increased significantly but were extremely volatile. Yield curves inverted towards the end of the year.

The **Austrian economy** grew very rapidly in the first half of 2022 (high quarterly GDP growth). This was partly fueled by the hospitality and food service industry, whose large value-added gains should, however, be viewed against the backdrop of pent-up demand caused by the lockdown. The economy also benefited from the industrial sector, which provided support despite the adverse environment. Strong economic momentum in the first half of the year is the sole reason why GDP rose 4.7 per cent (preliminary) for the year as a whole, while it declined in the second half of the year. Private consumption proved to be a negative factor, whereas the industrial sector mostly supported the economy.

CEE: High inflation rates and significant interest rate hikes

CEE also recorded a significant increase in inflation in 2022, starting with high energy and food prices and spreading to the entire basket of goods. Inflationary pressures were already high in Central Europe before the pandemic given its tight labor markets; however, the expansion of inflation reached the Southeastern Europe region as well in 2022. Governments employed various tools such as tax cuts, price caps or cash transfers to cushion the impact of rising prices on households and businesses. Central banks in Central Europe and Romania started responding to price pressures back in 2021 by raising interest rates and then accelerating their rate hikes in 2022 as inflation increased. However, they approached the end of the rate hike cycles later in 2022, having raised key rates to levels not seen since the financial crisis. In Southeastern Europe, the central banks of Albania and Serbia also began hiking interest rates, albeit at a slower pace. In Ukraine, the key rate remained unchanged after a steep 1,500 basis point increase to 25 per cent in the second half of 2022. To support the economy and respond to disrupted monetary transmission channels, the central bank in Russia slashed the key rate to 7.5 per cent at the end of 2022 after raising it to 20 per cent (from 8.5 per cent) at the start of the war in Ukraine.

The first half of 2022 in **Central Europe (CE)** was characterized by a sustained economic recovery driven by dynamic consumption, reviving investment and an inventory build-up. This had a positive impact on the full-year 2022 GDP growth rate (3.9 per cent) despite the visible economic slowdown later in the year. The region's strongest growth was recorded in Slovenia (5.5 per cent), followed by Poland (4.6 per cent).

Supported by high tourism demand, the economies of **Southeastern Europe (SEE)** achieved solid economic momentum in the first half of 2022. The EU countries in the SEE region also benefited from investments made under the Next Generation EU program. Still, the SEE region, like the overall CEE region, experienced a slowdown in economic momentum in the second half of the year due to the ongoing war in Ukraine. GDP growth in the region thus declined to 4.4 per cent for 2022 as a whole (2021: 7.3 per cent), with Croatia recording the highest growth rate (6.3 per cent). Serbia brought up the rear at 2.4 per cent.

GDP in the **Eastern Europe (EE)** region is projected to decline 6.5 per cent in 2022. Although fighting in Ukraine is confined to the eastern part of the country and the economy has adapted to wartime conditions thanks to bold government policies, the Ukrainian economy likely contracted about 33 per cent year-on-year in 2022. In Russia, the effects of the war and sanctions have only begun to gradually appear in the economic data. All components of GDP are affected, but consumer demand, investment and imports were hit particularly hard. Russian GDP has thus likely declined around 3.5 per cent – much less than expected at the beginning of the year. Belarus has also been affected by the sanctions, which resulted in a significant recession of around 4 per cent year-on-year in 2022.

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

Region/country	2021	2022e	2023f	2024f
Czech Republic	3.5	2.5	0.9	3.3
Hungary	7.1	4.4	1.0	3.5
Poland	6.8	4.6	1.0	3.6
Slovakia	3.0	1.7	1.0	2.5
Slovenia	8.2	5.5	1.7	2.5
Central Europe	**5.9**	**3.9**	**1.0**	**3.4**
Albania	8.5	3.9	3.0	3.9
Bosnia and Herzegovina	7.4	4.0	1.5	3.0
Croatia	13.1	6.3	1.2	2.7
Kosovo	10.8	3.0	2.9	3.7
Romania	5.8	4.5	2.3	4.5
Serbia	7.5	2.4	1.9	3.0
Southeastern Europe	**7.3**	**4.4**	**2.1**	**3.9**
Belarus	2.3	(4.0)	0.0	1.0
Russia	4.7	(3.5)	(4.0)	0.9
Ukraine	3.4	(33.0)	1.8	7.5
Eastern Europe	**4.5**	**(6.5)**	**(3.6)**	**1.3**
Austria	**4.6**	**4.7**	**0.5**	**1.8**
Euro area	**5.3**	**3.5**	**0.3**	**2.0**

Source: Raiffeisen Research, as of early February 2023, (e: estimate, f: forecast); subsequent revisions may be made for prior years

Banking sector in Austria

In 2022, the Austrian banking sector built on the good results from 2021. The operating business was supported by increasing net interest income and positive performance in the commission business. Nevertheless, operating costs increased as well. Risk costs increased moderately again in 2022 after recent significant declines, which was also attributable to the overall economic outlook. The funding environment for the Austrian banking sector was challenging in 2022. Nevertheless, Austrian banks held their own in the primary market and successfully placed significantly larger volumes than in previous years, especially in the covered bond segment. Growth in the volume of loans granted in the household segment was stable year-on-year at around 5 per cent. However, since the implementing of the stricter lending standards for mortgage loans, which came into force in August, a noticeable decline in new business in this segment has been observed. Loan growth in the corporate segment was stronger, most recently reaching 11.3 per cent in October 2022. Despite a slight decline compared with year-end 2021, the banking sector's capitalization remained solid at 15.8 per cent (CET1 ratio) as of September 2022. The Austrian Financial Market Stability Board concluded in its September meeting that Austrian banks are less capitalized than their European peers and therefore recommended raising macroprudential buffer requirements for selected banks another 0.5 percentage points and gradually phasing in this increase over two years.

Development of the banking sector in CEE

Central banks and their monetary policies have been the driving force for banks' profitability in CE/SEE in 2022. Thanks to the high inertia of deposit rates, the rapid rise in key rates benefited net interest margins, thereby pushing up returns on equity for banks in the region to between 13 and 14 per cent on average. However, the impact of the war in Ukraine also resulted in higher inflation and a moderate increase in risk costs. Higher interest rates and inflationary pressures affected lending, making loans less affordable for households and shifting corporate demand for credit to short-term credit facilities. Eastern European markets were in a much more difficult situation since harsh sanctions led to losses among Russia's largest sovereign and private lenders and Ukrainian banks faced unprecedented levels of economic distress and operational risk, which significantly affected their performance.

Regulatory environment

ECB supervisory priorities

- Ensure that banks emerge from the pandemic healthy
  One of the ECB's priorities is to address the adverse impacts of the pandemic and ensure that the banking sector stays resilient. Banks should address deficiencies in their credit risk management frameworks in order to prevent possible asset quality deterioration. In this connection, banks are called upon to adequately monitor their exposures to vulnerable sectors and leveraged finance and to manage those exposures accordingly. Banks should also be prepared to cope with potential repricing in the financial markets.
- Ensure that banks address structural weaknesses
  To support the resilience and sustainability of their business models, banks should address persisting deficiencies in their strategies for digital transformation and governance. The ECB's supervisory activities in this regard focus on ensuring that banks have sound strategies and adequate rules. Banks should strengthen the effectiveness of their boards and their associated strategic steering capabilities in order to address the risks and challenges stemming from a constantly evolving operating environment.
- Ensure that banks tackle emerging risks
  The ECB focuses on vulnerabilities in connection with three areas: Climate-related and environmental risks, counterparty credit risk, and IT resilience. One of the main challenges for banks and supervisors in this connection will be addressing risks stemming from climate change and environmental degradation. Further, banks should have sound governance and risk management frameworks in order to adequately address larger exposures towards riskier and less transparent counterparties. It is also essential to increase resilience against cyber threats and to ensure adequate management of IT outsourcing.

Supervisory implications of the war in Ukraine

Following the outbreak of war in Ukraine, the ECB focused on liquidity and emergency liquidity assistance, credit risk, preparedness for sanctions, and business continuity (including operational preparedness and contingency plans). Liquidity was reported to the supervisory authorities additionally to the regular reporting cycles, including monitoring with the aid of special data templates.

The ECB examined banks' governance and internal control systems as these are crucial to their sanctions compliance. The ECB expected strong monitoring by internal control functions, assessing sanctions on an ongoing basis and analyzing compliance risk. Overall, banks need to ensure that their processes can mitigate legal and reputation risk.

With regard to credit risk, the ECB analyzed strategies and measures for maintaining business continuity. In addition, cyber risk should be adequately assessed and banks should be capable of detecting and averting cyber attacks.

New regulation in 2022

Finalization of Basel III (CRR III/CRD VI)

In October 2021, the European Commission published its proposal for the CRR III/CRD VI package (Basel IV) for the purpose of transposing the global standards on bank capital (the Basel III framework) into EU law. The regulatory package primarily aims to strengthen the resilience of the banking sector by making the calculation of capital requirements more transparent and comparable. Finalization of the Basel III requirements continued to be pursued in 2022. The requirements of the CRR III/CRD VI package are intended to enter into force on 1 January 2025.

RBI AG as a universal bank is affected by the proposed changes in various respects. The proposals are therefore continually evaluated and discussions between policymakers and banking associations closely followed so as to be able to respond accordingly. In order to prepare appropriately for implementation and reduce remaining uncertainties, the implications for capitalization and the bank's business are being actively investigated and the effects on the portfolio calculated taking the transition period into account.

Final revised guidelines on common procedures and methodologies for SREP (amendments to SREP)

On 18 March, the European Banking Authority (EBA) published its revised guidelines on common procedures and methodologies for the supervisory review and evaluation process (SREP) and supervisory stress testing. The revisions aim to incorporate the latest standards adopted under the Capital Requirements Directive (CRD V) and the Capital Requirements Regulation (CRR II) and drive convergence around best supervisory practices.

The ECB plans to expand its integrated approach by applying a risk-oriented approach to the analysis of individual risk factors. Consequently, the factors incorporated in the supervisory authority's overall assessment of a bank do not all have the same impact on the capital requirements. The new guidelines apply from 1 January 2023.

Capital Buffer Regulation (2022 amendment)

Building on a proposal of the Financial Market Stability Board (FMSB), the Austrian Financial Market Authority (FMA) has published a consultation paper proposing an increase in macroeconomic capital buffers. Based on that proposal, a 25 basis point increase in the buffer for O-SIIs is planned for the beginning of 2023, with a further 25 basis point increase to follow at the beginning of 2024.

The reason given for the increase is that, while pandemic-related uncertainty has receded, new uncertainty has been created by the Russian invasion of Ukraine, increased energy prices and high inflation.

Initiatives under the Digital Finance Package focused on consumer protection

The Digital Finance Strategy sets out the four main priorities for the digital transformation of the financial sector in the years ahead. Its main objectives and supporting legislation and initiatives are as follows:

- A Digital Single Market for financial services: The European Digital Identity (eID) is a suite of services proposed by the European Commission for mutual recognition of national electronic identity models across borders. The objective of the digital euro, meanwhile, is to preserve the role of public money as the anchor of the payments system in the digital age and to contribute to Europe's strategic autonomy and economic efficiency.
- A regulatory framework to facilitate innovation: The European Commission published a proposal for a regulation on artificial intelligence (AI) in 2021. It creates new requirements and obligations for the development, marketing and use of AI systems, following a risk-based approach.
- A European financial data space to promote data-driven innovation: The goal is to establish an open finance framework in line with the European Data Strategy by 2024. The main benefit for banks is stated to be that they earn revenue from a wide range of financial services by providing payment initiating functionality and customer data to third parties.
- Addressing the risks associated with digital transformation: The objectives of the Digital Operational Resilience Act (DORA) tackle the dependency of the financial sector on software and digital processes that makes information and communication technology (ICT) risks inherent in finance. Finally, the EU Markets in Crypto Assets (MiCA) regulation aims to regulate crypto assets not covered by existing EU financial services legislation.

The above legislation and initiatives will enter into force and affect the financial sector in the coming years.

Minimum requirement for own funds and eligible liabilities (MREL)

The Single Resolution Board (SRB) published the updated MREL policy on 8 June 2022. The multiple-point-of-entry (MPE) approach, which RBI AG employs as its resolution strategy, requires that each resolution entity can be resolved independently without causing shortfalls in other resolution groups.

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

The MREL planning is an integral part of the budgeting process for RBI AG and its subsidiary banks in the EU. The individual MREL levels in the resolution groups are closely monitored. RBI AG and several of its bank subsidiaries in the EU made issuances in order to fulfill their respective MREL requirements (binding interim targets from 1 January 2022). It is worth highlighting that RBI covered a significant portion of its MREL requirements in 2022 through the issuance of green bonds. This also served to prepare for what in most resolution groups will be increased informative interim targets, which are to be taken into account as of 1 January 2023 and compliance with which is to be understood as an expectation on the part of the resolution authorities.

The bank resolution changes under the CRR (CRR quick fix) may lead to a change from 2023 onwards in the calibration of the MREL for MPE banking groups.

Corporate Sustainability Reporting Directive (CSRD)

The EU Corporate Sustainability Reporting Directive (CSRD) was adopted by the EU Parliament in November 2022 and published in the Official Journal of the European Union in December 2022; it replaces the Non-Financial Reporting Directive (NFRD). The EU hopes that the directive will make business enterprises more publicly accountable by obliging them to regularly disclose information on their social and environmental impact. The CSRD introduces more detailed reporting obligations on the impacts of entities on the environment, human rights and social standards, based on criteria in line with EU climate targets. In addition to the reporting obligations being extended to additional entities, provision is also made for the development of European sustainability reporting standards.

The aim is to place financial and sustainability reporting on an equal footing and provide investors with comparable and reliable data. For large public-interest entities already subject to the requirements of the NFRD, the requirements of the CSRD will apply from 1 January 2024, with reporting beginning in 2025.

Business performance at Raiffeisen Bank International AG

Business development

RBI AG is one of Austria's leading corporate and investment banks. The Corporates business serves the top 1,000 companies in the country as well as many large international and multinational corporations. These clients benefit from RBI AG's extensive know-how and service portfolio in export financing, trade financing, cash management, Treasury and fixed-income.

Institutional Clients groups business with banks and other institutional customers. It originally developed out of Correspondent Banking and Trade Finance and today stands for an integrated client-centric approach to doing business with banks, national and supranational institutions, insurance companies, asset managers and other institutional customers. Its extensive product and service range includes, among others, clearing, settlement and payment services, custody and depositary banking services, capital market and securities transactions as well as loan financing and advisory services aimed at helping our clients achieve a more sustainable business orientation.

The Capital Markets business includes trading on own account and for third parties. RBI AG offers its customers individually tailored solutions for liquidity and balance-sheet management, and for managing interest rate and currency risks as well. Its particular strengths lie in interest rate, currency and credit products for the German-speaking countries (Austria, Germany and Switzerland) and CEE. Cash products, derivatives and structured products are also offered, as well as debt capital raising via bond issuance. A professional structuring team as well as strong sales and placement power ensure successful project execution.

The Treasury and Group Subsidiaries and Equity Investments businesses are internal control areas for the management of refinancing and the bank's investment portfolio.

Corporates

The Corporates business serves Austrian and international corporate customers. In addition to Austria's largest companies, the focus is on Western European corporate customers with business activities in CEE, large corporate customers from Central and Eastern Europe and internationally active commodities and trading companies.

The 2022 financial year was dominated by the outbreak of war in Ukraine and dealing with all the consequences of the war. Proactive communication as well as close and regular dialog with our customers was extremely important in order to best understand how this affected them and to provide them with the requisite support. We focused on providing competent advice and servicing in transaction banking and trade finance.

Despite the challenging geopolitical and economic developments, the Corporate Banking business managed from Vienna performed extremely well over the course of the past financial year. The extensive support for our corporate customers and strong credit demand, particularly at the start of the year, enabled us to increase the volume of business and assert our position as a relationship bank.

In addition to traditional lending business, RBI AG's outstanding product expertise resulted in a significant contribution being made in the financial year under review by structured project and acquisition financing and real estate financing. Income increased significantly year-on-year in the trade finance business, transaction banking and capital market products.

The deteriorating economic situation increased risk costs year-on-year. The Corporates business segment nevertheless achieved an excellent result that significantly exceeded that of the previous year.

Further progress was made in environmental, social and governance (ESG) activities. Demand for advisory services in the field of sustainability and sustainable financing solutions was still very high. The high level of interest in ESG was also reflected in the volume of ESG-compliant financing, which recorded further year-on-year growth.

The digital product range was also expanded to improve the customer experience. Among other things, "eTradeOn" – a trade finance solution that enables customers to quickly and easily request and manage bank guarantees – was launched on the myraiffeisen.com digital corporate banking platform.

An optimization of the lending process was launched to improve our internal workflows. One element introduced in this project was the lending orchestration layer, which will accelerate the completion of the corporate lending process and bring greater transparency into individual process steps for internal stakeholders and customers.

Institutional Clients

While the previous year was marked by the COVID-19 pandemic, 2022 got off to an encouraging start based on incipient growth trends in trade flows and our core markets' overall economies. However, the outbreak of war in Ukraine in February 2022 dominated the day-to-day activities of most relationship managers for institutional clients. In the ensuing months, they paid full attention to complying with all the ever-tightening sanctions and meeting all the information needs of customer relationships in both the West and the East. Most of the long-standing relationships between correspondent banks and Russian and Belarusian customers were terminated during this phase in order to safeguard business in RBI's core markets from a compliance, risk and operational perspective. The institutional client business in all other regions reported healthy growth across all product areas. Long-standing customer relationships were deepened through active cross-selling.

RBI AG once again proved itself to be a capable partner for complex issues in capital markets, securities services and clearing, settlement and payment services. The combination of increased prices, higher interest rates in some of our core markets and our customers' significant hedging needs in the capital markets led to exceptionally high total comprehensive income for 2022. RBI AG once again reinforced its central role for business in Central and Eastern Europe in this special year.

The institutional client's business has traditionally focused on the international distribution of capital- and liquidity-efficient products. The large contribution from clearing, settlement and payment services was increased even more this year despite a substantial reduction in correspondent banks due to price adjustments and positive interest rate dynamics. This once again underscores RBI AG's role as a bridge between West and East for banks, insurance companies and asset managers. Trade and export finance aimed at supporting our customers' trade flows showed a solid, slightly positive trend despite the difficult geopolitical situation. All capital market transactions such as new bond issues, linked securities and foreign currency sales increased year-on-year. The asset-based finance business grew significantly compared with the same period of the previous year.

All product areas of relevance to institutional clients remain focused on aligning the product range with current customer needs and improving settlement efficiency with the help of innovation and digitalization.

The past year clearly showed that RBI AG can tap regional growth potential and continue to play a pivotal role as a bridge between East and West.

Capital Markets

2022 experienced extreme volatility in all asset classes, partly due to the war in Ukraine and partly due to changes in the central banks' interest rate policies to combat inflation. Equity markets lost an average of 15 to 25 per cent, while credit spreads widened around 40 basis points. Short-term interest rates increased between 2.5 and 4 per cent in absolute terms over the year. Short-term FX volatility increased between 3 and 8 per cent in absolute terms.

Heightened volatility in the FX business led to significantly higher volumes and revenues in customer segments, market-making and positioning compared to the previous year. The successful consolidation of the FX market-making books (Czech koruna, Hungarian forint, Romanian leu and Croatian kuna) in Vienna leveraged synergies and expanded the service offering. We effectively ensured security of supply for our own Ukrainian subsidiary in banknote trading and supported Ukrainian refugees in converting cash in cooperation with the regional Raiffeisen banks and savings banks.

The loss of Russia-related business in money market trading and the securities refinancing business was offset by new customers and increased volumes. Russia-related positions in FX derivatives and securities refinancing business were successfully reduced. In general, the focus continued to be on the automation and digitalization of workflows, communication and trading. The securities proprietary trading and investment books closed out the year successfully thanks to defensive positioning. Due to the steep rise in interest rates and the associated demand for interest rate swaps and interest rate options, volume in EUR interest rate derivatives increased 60 per cent year-on-year, which enabled the EUR Derivatives Desk to achieve its best performance since its inception. The trend towards platform trading continued. The support provided by a dedicated derivatives pricing engine was extremely beneficial. For the first time in a year, issue swaps were carried out for all regional Raiffeisen banks that issued benchmark bonds.

CEE interest rate derivatives generated positive net income despite large interest rate hikes in the CEE region. The business was strongly driven by activities with the network banks.

The war in Ukraine led to significant market upheaval as a result of sanctions and countersanctions, leading to a complete standstill in trading in Russian ruble bonds and significant losses in value. However, the losses were more than offset by very successful trading in Ukrainian government bonds.

Eurobonds experienced their most difficult year since 1990 due to interest rate increases and spread widening. RBI AG bonds were additionally affected by the war. Despite these adverse circumstances, net income was positive in 2022.

Equity markets were hit hard by the war in Ukraine. This resulted not only in price corrections but also lower trading volumes and thus lower commission income. Trading in Russian shares also had to be terminated due to the sanctions. Unfortunately, primary market transactions also decreased drastically due to the uncertainty in the capital market, which negatively affected the equity capital markets business.

Customer business in the fixed-income segment was characterized by strong volatility, risk minimization and shorter durations. Nevertheless, 2022 was another strong year for primary market activities with institutional clients, especially in the core business with Austrian issuers. Secondary trading was again dominated by government bond activities, largely driven by institutional clients in the Asset Managers and Banks segment. Sales teams also generated extraordinary income from the purchase and sale of CEE/CIS bonds and thus also made a significant contribution to the positive net trading income.

The rise in interest rates in 2022 revived the retail market for fixed-income products. RBI AG therefore significantly increased the volume sold year-on-year. Network banks were particularly successful with foreign currency bonds (especially USD) in the first half of the year, while the regional Raiffeisen banks did well with inflation bonds in the second half of the year. One particularly noteworthy example is RLB NÖ-W's exclusive issue, which sold so well that the book had to be closed early (the maximum volume of € 50 million was reached).

RBI AG expanded its ESG-related product offering further. It sold more of its established ESG-linked derivatives and also introduced a sustainable deposit product. Like a green bond, the funds raised for this product are invested in a sustainable loan portfolio, albeit one with a shorter maturity. In addition, a short-term loan secured by CO_2 certificates was concluded for the first time.

In the data analytics area, a self-developed algorithm was connected to external pricing software so that RBI AG could trade non-standard swaps on digital platforms such as Bloomberg and Tradeweb. Since new issues are also frequently traded with longer durations and are therefore non-standard, this algorithm made it possible to price the associated new issue swaps more accurately and reliably, enabling RBI AG to win more business in this area.

Treasury

For medium to long-term refinancing, RBI AG uses long-term deposits and issuance. Issuance is mainly done under RBI AG's EUR 25,000,000,000 Debt Issuance Program, which enables bonds to be issued in different currencies, formats and structures.

In 2022, RBI AG once again increasingly used international large-volume bonds in various formats alongside long-term deposits in order to implement its funding plan. Two successful € 500 million mortgage covered bond issues in January and May were followed by a green € 500 million senior issue in August, a € 500 million subordinated issue and a € 500 million mortgage covered bond issue in September, and a € 500 million senior issue in October. RBI AG's remaining refinancing requirements were covered by small unsecured private placements.

The total volume of multi-year deposits and issuance taken up in 2022 amounted to approximately € 5,546 million and had a weighted maturity of approximately five years. At year-end 2022, the total volume of outstanding issued unsecured bonds excluding AT1 amounted to approximately € 9,380 million.

For optimum coverage of liquidity requirements, in RBI AG has since 2019 participated in long-term secured financing via the European System of Central Banks (ESCB), i.e. TLTRO III (Targeted Longer-Term Refinancing Operations) of the ECB (European Central Bank). In November 2022, RBI AG repaid an initial TLTRO III tranche of € 500 million ahead of schedule. The total volume of ESCB financing has thus declined to € 4,925 million. TLTRO III, the latest round of targeted longer-term refinancing operations conducted by the ECB, offered three-year secured financing on preferential terms (for details, see the remarks in the notes to the balance sheet).

Group Subsidiaries and Equity Investments

Following the sale of Raiffeisenbank Bulgaria in 2022, RBI AG has 12 subsidiary banks in CEE. The certificates business of the former Raiffeisen Centrobank AG, which is strategically relevant for the RBI Group, was transferred to RBI AG as of 1 December 2022, while the company, now named Raiffeisen Digital Bank, simultaneously commenced operations in order to expand and deepen our digital product and service range for customers.

The business operations of RBI AG and its bank subsidiaries are complemented by numerous additional Austrian and international subsidiaries in the strategic financial services sector as well as other participations, mostly in banking-related ancillary services.

RBI AG's participation strategy aims to safeguard and expand the strategic interests of RBI AG and to steadily increase the value of the overall portfolio. That is why RBI AG joined forces with Bayrische Landesbank and Landesbank Hessen-Thüringen in the financial year to invest in vc trade GmbH, a German company that operates a digital platform for trading schuldschein loans and other private debt instruments. Governance and administration of all participations is steered by RBI Group Subsidiaries and Equity Investments.

Significant write-ups were recognized at AO Raiffeisenbank in the amount of € 604.3 million, at Raiffeisen Bank Aval JSC in the amount of € 253.1 million, at Raiffeisen Digital Bank AG in the amount of € 59.6 million and at RZB-BLS Holding GmbH in the amount of € 51.4 million.

The direct impact of the war in Ukraine on the investees was limited since they have little to no direct exposure or business activities in the relevant regions. However, they were still subject to indirect associated macroeconomic effects that not only increased general uncertainty but also directly affected the earnings situation. The general increase in prices (including commodity and energy prices) resulted in cost increases. On the other hand, the rising interest rate environment had a positive impact on the earnings prospects of the financial institutions, which constitute the most significant part of the investment portfolio. In particular, the heightened uncertainty surrounding the determination of fair value was reflected in generally higher capitalization rates.

Retail

RBI AG's retail business consists exclusively of a portfolio of foreign currency retail mortgage loans at the Polish branch in Warsaw. As at 31 December 2022, the net carrying amount of the loan exposures (less impairments) totaled approximately € 2.5 billion, consisting of € 1.91 billion (2021: € 1.94 billion) in Swiss franc loans, € 0.4 billion (2020: € 0.5 billion) in euro loans and € 0.02 billion (2021: € 0.03 billion) in Polish zloty loans.

The branch does not currently engage in deposit gathering or new customer acquisition, focusing instead on servicing the foreign currency loans transferred to the branch until their final maturity and on providing services to the borrowers.

In 2022, as in previous years, the business environment was marked by the legal dispute between customers with Swiss franc-denominated residential mortgage loans and banks. An additional provision was recognized in the amount of € 803 million (2021: € 364 million) on account of this still-pending legal issue.

Among other factors, the impact of the war in Ukraine resulted in annual inflation of approximately 17% (at year-end 2022), increasing 3M WIBOR 400bp to 7.5%. High interest rates led to a sharp slowdown in consumer loan demand and a slump in real estate financing. The government implemented measures to improve the liquidity situation for borrowers, mainly by passing laws on loan moratoriums, which should provide considerable payment relief for customers. The costs of these measures are borne by the financial sector.

The COVID-19 pandemic no longer had a negative impact on economic development in PL in 2022.

Financial Performance Indicators

Statement of Financial Position

RBI AG's total assets were up € 9,605,603 thousand, or 11.6 per cent, to € 92,614,612 thousand in the 2022 financial year. The growth in total assets resulted in particular from the demerger of the Certificates and Equity Trading business division from Raiffeisen Centrobank AG as of the 30 June 2022 demerger date. On the assets side, in particular, balances at central banks increased and there was a rise in other loans and advances to credit institutions and in other assets due to positive fair values from interest rate derivatives in the trading book. On the liabilities side, the substantial increase in debt securities issued resulted from the acquisition of the Certificates and Equity Trading business from Raiffeisen Centrobank AG and from other liabilities due to the increase in negative fair values from interest rate derivatives in the trading book.

The growth of € 6,130,701 thousand in cash reserves and balances at central banks to € 19,634,735 thousand resulted mainly from an increased investment of surplus liquidity in the form of deposits at the Austrian National Bank.

Treasury bills and other bills eligible for refinancing with the central bank increased € 1,340,876 thousand to € 6,798,155 thousand.

Loans and advances to credit institutions increased € 2,558,322 thousand, or 23.4 per cent, to € 13,491,490 thousand, mainly due to a € 1,427,553 thousand increase in repo and lending business and a € 637,145 thousand rise in balances from money market transactions.

Loans and advances to customers decreased € 1,915,112 thousand, or 6.0 per cent, to € 29,863,730 thousand. This mainly related to a € 1,468,159 thousand decrease in purchases of loans and factoring transactions, while the volume of repo and lending business fell € 729,001 thousand. In addition, lending was up € 207,737 thousand as a result of increased business activity. Value adjustments to loans and advances to customers were up € 45,990 thousand year-on-year.

Bonds, notes and other fixed-interest securities increased € 1,150,835 thousand, or 31.6 per cent, year-on-year to € 4,793,367 thousand. The volume of shares and other variable-yield securities increased significantly relative to 2021, by 69.4 per cent; the carrying amount at year-end was € 859,072 thousand (2021: € 507,019 thousand).

Shares in affiliated companies decreased € 1,032,557 thousand to € 9,674,953 thousand. This mostly reflected the need to write down the value of affiliated companies, primarily due to the ongoing war in Ukraine and the imposed sanctions.

Other assets increased € 3,387,205 thousand year-on-year, with a carrying amount of € 6,551,745 thousand. This mainly relates to a significant increase of € 2,969,095 thousand in positive market values from derivative financial instruments in the trading book.

On the liabilities side, liabilities to credit institutions fell € 463,884 thousand, or 1.3 per cent, to € 35,300,134 thousand. Short-term giro and clearing business increased € 2,552,270 thousand, whereas short-term interbank money market transactions were down € 756,532 thousand. Long-term money market transactions also decreased € 2,261,212 thousand in the financial year. In connection with the ECB's Targeted Longer-Term Refinancing Operations (TLTRO III), the ECB increased the key interest rate underlying these financial instruments in several steps over the course of the year, resulting in a reduction of € 530,099 thousand in the 2022 financial year. Time deposits, on the other hand, increased € 537,306 thousand in the 2022 financial year. Liabilities to credit institutions represented a significant source of funding for RBI AG at 45 per cent of total assets.

Liabilities to customers were up € 635,753 thousand, or 2.8 per cent, to € 23,097,485 thousand, largely due to a € 2,531,952 thousand increase in long-term money market transactions and a € 2,439,824 thousand decrease in short-term giro and clearing business.

Securitized liabilities and additional capital according to CRR rose € 7,519,553 thousand, or 70.6 per cent, year-on-year to € 18,166,337 thousand. Funds raised through new issues totaled € 4,300,265 thousand in 2022 (2021: € 1,691,818 thousand). In contrast, retirements of securitized liabilities from scheduled and early repayments amounted to € 340,217 thousand in 2022 (2021: € 1,497,859 thousand). In addition, there was an increase of € 3,387,865 thousand in securitized liabilities from the Certificates and Equity Trading business division acquired from Raiffeisen Centrobank AG by way of demerger for absorption.

Other liabilities increased € 2,867,907 thousand year-on-year to € 5,380,247 thousand, which mainly reflected the increase in the negative market values arising from derivative financial instruments in the trading book, a decrease in liabilities from short positions in trading and an increase in other liabilities.

The provisions included provisions of € 51,038 thousand for severance payments (31/12/2021: € 75,611 thousand), provisions of € 61,150 thousand for pensions (31/12/2021: € 67,748 thousand), tax provisions of € 10,356 thousand (31/12/2021: € 7,509 thousand), and other provisions of € 644,358 thousand (31/12/2021: € 599,704 thousand). The decrease in provisions for severance payments and pensions mainly included utilization and a partial release for voluntary severance payments. The increase in other provisions was mainly due to a higher provision for impending losses for interest rate derivatives. Provisions for operational risk/losses/other also increased. In contrast, there was a decrease in the provision for litigation risks, the main item being the provision for litigation risks due to litigation concerning foreign currency loans in Poland.

Total risk exposure at year-end 2022 was € 41,827,251 thousand (2021: € 47,358,183 thousand). Of that amount, credit risk accounted for € 35,802,082 thousand (2021: € 41,042,783 thousand), market risk for € 2,173,799 thousand (2021: € 3,150,561 thousand), and operational risk for € 2,904,518 thousand (2021: € 2,904,129 thousand). Total risk exposure was up around € 5,503,932 thousand year-on-year.

Common equity tier I (CET1) capital was up to € 7,431,733 thousand at year-end 2022 (2021: € 8,283,939 thousand). Tier 1 capital amounted to € 8,926,870 thousand (2021: € 9,779,951 thousand). RBI AG issued no additional tier 1 capital in 2022. Tier 2 capital amounted to € 2,324,548 thousand (2021: € 2,097,084 thousand). All in all, total capital amounted to € 11,179,557 thousand, a year-on-year rise of € 642 thousand. The CET1 ratio remained unchanged relative to the previous year at 17.3 per cent. The tier 1 ratio was 21.1 per cent and improved 0.4 of a percentage point year-on-year. The total capital ratio was 26.6 per cent (2021: 25.0 per cent). All capital ratios were sufficiently above the respective requirements (including all buffer and Pillar 2 requirements). The committed capital reserves of € 4,334,286 thousand (31/12/2021: € 4,334,286 thousand) were unchanged in the financial year. The uncommitted capital reserves amount to € 94,779 thousand (2021: € 97,066 thousand).

The number of own shares related to the share incentive program (SIP) for key personnel in the company (Management Board and senior executives) and members of the management boards of associated bank subsidiaries where the own shares were acquired in the years 2005 to 2009 amounted to 322,204 shares at year-end 2022. With a nominal value of € 983 thousand, this represented 0.1 per cent of share capital. The share incentive programs expired in 2018, ending commitments to allot further own shares under the programs. On the demerger of the Certificates and Equity Trading business division from Raiffeisen Centrobank AG as of the 30 June 2022 demerger date, 188,246 own shares in RBI AG were acquired, as a result of which the total number of own shares is now 510,450 (2021: 322,204).

Retained earnings covered legal reserves of € 5,500 thousand (31/12/2021: € 5,500 thousand) and other free reserves of € 1,680,918 thousand (31/12/2021: €2,679,665 thousand). Of the other free reserves, an amount of € 403,914 thousand (31/12/2021: € 352,661 thousand) was earmarked for the Raiffeisen IPS. As a result of the agreement on the establishment of the institutional protection scheme and a corresponding decision of the Raiffeisen IPS Risk Council, a contribution of € 51,253 thousand (31/12/2021: € 28,783 thousand) was allocated to other reserves in 2022 as a reserve for the Raiffeisen IPS. The reserve for the Federal IPS is not eligible for inclusion in the calculation of own funds under the CRR.

In addition, free reserves of € 1,050,000 thousand were released in the 2022 financial year (31/12/2021: allocation of € 247,000). The liability reserve of € 535,097 thousand was unchanged at year-end 2022 (31/12/2021: € 535,097 thousand).

Earnings performance

In the 2022 financial year, Raiffeisen Bank International AG (RBI AG) reported an increase in net interest income of 18.5 per cent, or € 76,074 thousand, to € 486,461 thousand. The increase in net interest income is partly due to the increase in the volume of customer and interbank business and partly to the monetary policy reversal by central banks during the financial year with the gradual increase in the key rate, which was 2.5 percent at the end of 2022. Conditions for existing longer-term refinancing transactions were also changed towards the end of the year, creating an incentive for early repayment. In November 2022, RBI AG repaid an initial € 500 million tranche of the ECB's TLTRO III program ahead of schedule.

Income from securities and participating interests decreased € 277,118 thousand to € 564,321 thousand, mainly due to lower dividend income from affiliated companies in 2022. The income from participating interests shown was mainly from RS Beteiligungs GmbH, Vienna (€ 500,000 thousand).

The net amount of commissions payable and commissions receivable was up € 39,922 thousand to € 352,655 thousand. Much of the € 44,623 thousand increase relates to settlement and payment services due to price adjustments. In addition, net fee and commission income from the loan and guarantee business increased € 11,032 thousand, partly due to an increase in business volume and partly because commitment fees for undrawn revolving credit facility amounts are now recognized on a linear basis over the relevant term. Securities and custody business, on the other hand, decreased € 18,015 thousand, as the war in Ukraine led to upheavals on the capital market as a result of sanctions and countersanctions. The foreign currency, notes/coins and precious metals business also increased € 2,993 thousand in the financial year.

The net profit on financial operations increased € 279,983 thousand in the 2022 financial year, to a profit of € 93,490 thousand (2021: loss of € 186,493 thousand). This mainly reflected a € 205,327 thousand improvement in net trading income from currency-based derivative, foreign currency and notes/coins business due to the higher volatility resulting in significant year-on-year increases in volumes and income in the customer segments, market making and positioning. In banknote trading, security of supply was ensured for Raiffeisen Bank Aval JSC, Kiev, and Ukrainian refugees were supported with the conversion of cash in cooperation with the regional Raiffeisen banks and savings banks. Net trading income from interest-based derivative and securities transactions decreased € 103,212 thousand in the financial year due to the severe impact on stock markets of the war in Ukraine and also because trading in Russian equities had to cease due to the sanctions. The increase totaling € 207,681 thousand in net trading income from certificates and other business relates to the acquisition of the Certificates and Equity Trading business division from Raiffeisen Centrobank AG by way of demerger as of 30 June 2022.

Other operating income includes staff and administrative expenses passed on for services in the amount of € 157,242 thousand (2021: € 130,356 thousand), income from releases of provisions for impending losses from derivatives in the amount of € 6,714 thousand (2021: € 28,751 thousand), income from close-out fees for derivatives on the banking book in an amount of € 16,963 thousand (2021: € 16,832 thousand) and income from the release of other provisions in the amount of € 3,980 thousand (2021: € 917 thousand).

Operating income therefore totaled € 1,709,574 thousand, a 3.4 per cent increase year-on-year.

Total operating expenses were up 32.3 per cent year-on-year to € 1,541,478 thousand. Staff expenses increased € 24,580 thousand year-on-year, to € 420,295 thousand. Expenses for wages and salaries were higher year-on-year and reflected the increase in the number of employees, which was partly due to a number of employees being taken over from Raiffeisen Centrobank. Other administrative expenses increased € 53,751 thousand, or 13.5 per cent, to € 452,011 thousand. Other administrative expenses consisted mainly of IT expenses of € 161,453 thousand (2021: € 163,504 thousand), rent of € 35,460 thousand (2021: € 31,468 thousand), and consulting and audit fees of € 78,684 thousand (2021: € 72,709 thousand). Depreciation of tangible assets and intangible fixed assets showed a slight decrease of € 355 thousand to € 13,685 thousand (2021: € 14,040 thousand).

Other operating expenses increased € 298,410 thousand to € 655,486 thousand in 2022. This includes provisions for impending losses on banking book derivatives in the amount of € 62,582 thousand (2021: € 14,811 thousand), allocations of other provisions (see also the "Provisions" item and under the heading "Litigation risk for foreign currency loans in Poland") in the amount of € 462,000 thousand (2021: € 300,150 thousand) and expenses of € 9,971 thousand (2021: € 26,553 thousand) from close-out fees for banking book derivatives. Also included are expenses for staff and administrative expenses passed on for services in the amount of € 57,944 thousand (2021: € 26,508 thousand).

After deducting all operating expenses from operating income, RBI AG generated an operating result of € 168,096 thousand for the 2022 financial year. This represents a year-on-year decrease of 65.6 per cent, or € 320,165 thousand. As a consequence, the cost/income ratio (operating expenses divided by operating income) was 90.17 per cent (2021: 70.5 per cent).

Net income/expenses from the disposal and valuation of loans and advances and securities classified as current assets resulted in a net expense – as in the previous year – of € 164,641 thousand (2021: net expense of € 91,290 thousand). This development was due, firstly, to a decrease in valuation results and proceeds from disposals of securities held as current assets and banking book derivatives to minus € 60,546 thousand (2021: minus € 17,303 thousand) and, secondly, to a decrease in the valuation of loans and guarantees to minus € 104,095 thousand (2021: minus € 73,987 thousand). The provisioning requirement increased due to the general economic situation in 2022. With regard to individual loan loss provisions, RBI AG reported a net allocation to provisions of € 85,006 thousand, an increase of € 47,017 thousand compared to the previous year. Despite the negative general macroeconomic outlook and the ongoing war in Ukraine, portfolio-based loan loss provisions were lower in the financial year at € 20,910 thousand (2021: minus € 50,567 thousand). The decrease is mainly due to the adjustment of portfolio-based loan loss provisions for foreign currency loans in Poland in the amount of € 39,332 thousand (in this connection, see under the heading "Litigation risk for foreign currency loans in Poland" and the section on the change in accounting policies in accordance with Section 237 (1) 1 of the Austrian Commercial Code (UGB)). In the opposite direction, there were new allocations of € 22,862 thousand (2021: € 7,724 thousand) for general political risk, the Russia sanctions and the Russian business managed from Vienna. As part of ongoing risk assessment, net provisions of € 24,351 thousand were allocated for significant credit rating downgrades that have not yet led to default (2021: € 6,542 thousand). Adjustments due to macroeconomic parameters were made in the financial year in the amount of minus € 22,778 thousand (2021: € 8,535 thousand). Material and non-material

contractual amendments generated book losses of € 1,820 thousand (2021: € 4,485 thousand). Net income from exceptional disposals of loan receivables amounted to minus € 2,311 thousand in the financial year (2021: € 6,271 thousand).

Net income/expenses from the disposal and valuation of securities valued as financial investments and of shares in affiliated companies and equity participations included write-ups totaling € 5,828 thousand in the financial year, including € 3,974 thousand at Posojilnica Bank eGen, Klagenfurt. Shares in affiliated companies and equity participations were written down by a total of € 971,767 thousand in the financial year, including € 604,248 thousand at AO Raiffeisenbank, Moscow, € 253,048 thousand at Raiffeisen Bank Aval JSC, Kiev, € 51,449 thousand at RZB-BLS Holding Gmbh, Vienna, and € 20,400 thousand at Raiffeisen Digital Bank AG, Vienna (due to a reorganization, an additional € 39,222 thousand in write-downs at Raiffeisen Digital Bank AG are accounted for in net income from reorganization). Disposals of shares in affiliated companies and equity participations resulted in net income of € 17 thousand in the financial year (2021: € 3,704 thousand). In total, € 965,955 thousand in losses (2021: € 186,003 thousand in gains) were reported on the valuation and disposal of shares in affiliated companies and equity participations. As a result, the loss on ordinary activities for the year under review amounted to € 972,960 thousand (2021: profit of € 592,143 thousand).

The return on equity before tax (profit before tax divided by average equity in 2021) was minus 9.7 per cent in the financial year (2021: plus 5.8 per cent).

The net reorganisation loss of € 3,553 thousand relates to the demerger of Raiffeisen Centrobank AG for absorption in RBI AG (see the section on the absorption in RBI AG of the Certificates and Equity Trading business division of Raiffeisen Centrobank AG). It consists of a € 34,659 thousand gain directly connected with the acquired financial instruments and related derivatives (net absorption gain) plus the € 1,010 thousand carrying amount of the acquired net assets less a reorganisation-related write-down of € 39,222 thousand on the investment.

The income tax item shows net income of € 5,531 thousand for the 2022 financial year (2021: € 10,400 thousand). This includes income from current income taxes of € 5,859 thousand (2021: € 13,127 thousand), deferred tax income of € 504 thousand (2021: € 300 thousand) and tax expense for previous years of € 258 thousand (2021: income of € 21,266 thousand). Also included is foreign withholding tax in the amount of € 574 thousand (2021: € 24,294 thousand).

The return on equity after tax (net income after tax divided by average equity in 2022) was minus 9.9 per cent (2021: 5.7 per cent).

The loss after tax in 2022 was € 991,175 thousand (2021: profit after tax of € 579,477 thousand).

After movements in reserves of € 998,747 thousand and profit of € 380,000 thousand brought forward from the previous year, net profit in 2021 was € 387,571 thousand.

Capital, share, voting, and control rights

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

(1) As at 31 December 2022, the company's share capital amounted to € 1,003,265,844.05 and was divided into 328,939,621 voting common bearer shares. As at 31 December 2022, 510,450 (31 December 2021: 322,204) of those were own shares, and consequently 328,429,171 shares were outstanding at the reporting date.

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

(3) Raiffeisenlandesbank Niederösterreich-Wien AG holds directly and indirectly total around 22.6 per cent of the share capital of the company. By virtue of the syndicate agreement regarding RBI AG, the directly or indirectly held voting rights attached to a total of 193,449,778 shares, corresponding to a voting interest of around 58.81 per cent, are mutually attributable to the regional Raiffeisen banks and their direct and indirect subsidiaries pursuant to §§ 130 and 133 7 of the Austrian Stock Exchange Act (BörseG) as parties acting in concert as defined in § 1 6 of the Austrian Takeover Act (ÜbG). The remaining shares of RBI AG are held in free float, with no other direct or indirect shareholdings amounting to 10 per cent or more known to the Management Board.

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

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

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

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

conversion or subscription rights to convertible bond creditors may not exceed 10 per cent in total of the share capital of the company. The utilization of the authorized capital in the form of a capital increase in return for a contribution in kind is not covered by this restriction.

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

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

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

There have been no convertible bonds issued to date.

The Annual General Meeting held on 31 March 2022 authorized the Management Board pursuant to § 65 (1) 8, § 65 (1a) and § 65 (1b) of the AktG to purchase own shares and to retire them if appropriate without requiring any further prior resolutions to be passed by the Annual General Meeting, though with the approval of the purchase by the Supervisory Board can also be effected off-exchange under the exclusion of the shareholders' pro rata tender right. Own shares, whether already purchased or to be purchased, may not collectively exceed 10 per cent of the company's share capital. The authorization to purchase own shares expires 30 months after the date of the Annual General Meeting resolution, i.e. until 30 September 2024. The acquisition price for repurchasing the shares may be no lower than € 3.05 per share and no higher than 10 per cent above the average unweighted closing price over the 10 trading days prior to exercising this authorization. The authorization may be exercised in full or in part or also in several partial amounts, for one or more purposes – with the exception of securities trading – by the company, by a subsidiary (§ 189a 7 of the UGB) or by third parties for the account of the company or a subsidiary.

The Management Board was further authorized, pursuant to § 65 (1b) of the AktG, to decide, with the approval of the Supervisory Board, on the sale of own shares by means other than the stock exchange or a public tender, to the full or partial exclusion of shareholders' subscription rights, and to stipulate the terms of sale. Shareholders' subscription rights may only be excluded if the own shares are used to pay for a contribution in kind, to acquire enterprises, businesses, operations or stakes in one or several companies in Austria or abroad. Furthermore, shareholders' subscription rights may be excluded in the event that convertible bonds are issued in future, in order that (own) shares may be issued to such convertible bond creditors that have exercised their right of conversion into or subscription to shares in the company, and also in the event of a conversion obligation stipulated in the convertible bonds' issuance conditions in order to fulfil this conversion obligation. This authorization may be exercised in whole, in part or in several partial amounts for one or more purposes by the company, a subsidiary (§ 189a 7 UGB) or by third parties for the account of the company or a subsidiary and remains in force for five years from the date of this resolution, i.e. until 31 March 2027. This authorization replaces the authorization granted by the Annual General Meeting of 20 October 2020 pursuant to § 65 (1) 8 of the AktG to acquire and utilize own shares and refers also to the utilization of own shares already acquired by the company. Since that time, there were no own shares purchased on the basis of the replaced authorization from October 2020 nor on the basis of the current authorization from March 2022.

The Annual General Meeting of 31 March 2022 also authorized the Management Board, under the provisions of § 65 (1) 7 of the AktG, to purchase own shares for the purpose of securities trading, which may also be conducted off-market, during a peri-od of 30 months from the date of the resolution (i.e. until 30 September 2024), provided that the trading portfolio of shares purchased for this purpose does not at the end of any given day exceed 5 per cent of the company's respective share capital. The consideration for each share to be acquired must not be less than half the closing price at the Vienna Stock Exchange on the last day of trading preceding the acquisition and must not exceed twice the closing price at the Vienna Stock Exchange on the last day of trading preceding the acquisition. This authorization may be exercised in full or in part or also in several partial amounts by the company, by a subsidiary (§ 189a 7 UGB) or by third parties acting for the account of the company or a subsidiary. This authorization replaces the authorization to acquire treasury shares for the purpose of securities trading resolved at the Annual General Meeting on 20 October 2020. Since then, no treasury shares have been acquired either on the basis of the replaced authorization of October 2020 or on the basis of the now current authorization of March 2022.

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

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

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

Non-financial Performance Indicators

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

Research and Development

Due to the purpose of the company, RBI AG does not carry out any relevant research and development activities within the meaning of § 243 (3) Z 2 UGB.

Corporate Governance

The Corporate Governance Report is available on RBI's website (www.rbinternational.com → Investor Relations → Corporate Governance and Remuneration Policy).

Risk report

Active risk management is a core competency of RBI AG. In order to effectively identify, measure, and manage risks the bank continues to develop its comprehensive risk management system. Risk management is an integral part of overall bank management. In particular, in addition to legal and regulatory requirements, it takes into account the nature, scale, and complexity of the business activities and the resulting risks. The risk report describes the principles and organization of risk management and describes current risk exposure in all material risk categories.

Risk management principles

RBI AG has a system of risk principles and procedures in place for measuring and monitoring risk, which is aimed at controlling and managing the bank's risks. The risk policies and risk management principles are laid out by the Management Board of RBI AG. These are regularly reported and discussed in the Supervisory Board committees. The bank's risk principles include the following:

- Risk awareness
  A risk culture is promoted which consciously deals with the risks inherent in banking business, in particular through the transparent presentation of information and the use of suitable tools.
- Risk appetite
  Risk-taking is cautious and requires a pre-defined minimum return on the risk.
- Risk management
  State-of-the-art risk management and risk controlling technologies are used which are commensurate with the materiality of the risks; risk data and risk report technologies are also effectively combined.
- Regulatory requirements
  All provisions and requirements of the supervisory authorities relating to risk management are taken into account and complied with.
- Integrated risk management
  Credit, country, market, liquidity, participation and operational risks are managed as key risks on a bank-wide basis. For this purpose, these risks are measured, limited, aggregated, and compared to available risk coverage capital.
- Standardized methodologies
  Risk measurement and risk limitation methods are standardized in order to ensure a consistent and coherent approach to risk management. This forms the basis for consistent overall bank management across all countries and business lines in RBI AG.
- Continuous planning
  Risk strategies and risk capital are reviewed and approved in the course of the annual budgeting and planning process, whereby special attention is also paid to preventing risk concentrations.
- Independent control
  A clear personnel and organizational separation is maintained between business operations and all risk management or risk controlling activities.
- Ex ante and ex post control
  Risks are consistently measured within the scope of product selling and in risk-adjusted performance measurement. Thereby it is ensured that business in general is conducted only under risk-return considerations and that there are no incentives for taking high risks.
- New business areas
  New products and market launches are subject to a prior, specific risk analysis and risk assessment and are decided on by the relevant committees and bodies.

Organization of risk management

The Management Board of RBI AG ensures the proper organization and ongoing development of risk management. It decides which procedures are to be employed for identifying, measuring, and monitoring risks, and makes steering decisions according to the risk reports and analyses. The Management Board is supported in undertaking these tasks by independent risk management units and special committees.

RBI AG's risk management functions are performed on different levels. RBI AG develops and implements the relevant concepts as the parent credit institution and in cooperation with the subsidiaries of the Group. The central risk management units are responsible for the adequate and appropriate implementation of the risk management processes throughout the company. In addition, they implement the risk policy in the respective risk categories and manage RBI AG's activities within the approved risk

budget. ESG risks are implemented and managed within the framework of a project that spans business lines and includes all risk areas.

The central and independent risk controlling function under the Austrian Banking Act is performed by the Group Risk Controlling organizational area. Its responsibilities include developing the company-wide framework for overall bank risk management (integrating all risk types) and preparing independent reports on the risk profile for the Supervisory Board's Risk Committee, the Management Board and the heads of individual business units.

Risk committees

The Group Risk Committee is the most senior decision-making body for all of the Group's risk-related topic areas. It decides on the risk management methods and on the control concepts used for the overall Group and for key subdivisions, and is responsible for ongoing development and implementation of methods and parameters for risk quantification and for refining steering instruments. This also includes setting the risk appetite and the various risk budgets and limits at overall bank level as well as monitoring the current risk situation with respect to internal capital adequacy and the corresponding risk limits. It approves risk management and controlling activities (such as the allocation of risk capital) and advises the Management Board on these matters. The Group Risk Committee's scope of responsibility also includes resolution-related topics and decisions reflecting the respective SRB guidelines & requirements.

The Group Asset/Liability Committee assesses and manages the statement of financial position structure and liquidity risks and defines the standards for internal funds transfer pricing. In this context it plays an important role in planning long-term funding and the hedging of structural interest rate and foreign exchange risks. The Structural FX Committee is a sub-committee of the Group Asset/Liability Committee and manages the currency risk of the capital position.

The Market Risk Committee controls market risks arising from trading and banking book transactions and establishes corresponding limits and processes. In particular, it relies on profit and loss reports, the risks calculated and the limit utilization, as well as the results of scenario analyses and stress tests with respect to market risks.

The Credit Committees are staffed by front office and back office representatives, with the staff assignments depending on the type of customer (corporate customers, banks and sovereigns). The committees decide upon the specific lending criteria for the different customer segments and countries and make all credit decisions concerning those segments and countries in connection with the credit approval process (depending on rating and exposure size).

The Problem Loan Committee is the most important committee in the evaluation and decision-making process concerning problem loans. It primarily comprises decision-making authorities; its chairman is the Chief Risk Officer (CRO) of RBI AG. Further members with voting rights are those members of the Management Board responsible for the customer divisions, the Chief Financial Officer (CFO), and the relevant division and departmental managers from risk management and special exposures management.

The Securitization Committee is the decision-making committee for limit requests in relation to securitization positions within the specific decision-making authority framework. It develops proposals for modifications to the securitization strategy for the Management Board. In addition, the Securitization Committee offers a platform for exchanging information regarding securitization positions and market developments.

The Group Operational Risk Management & Controls Committee comprises representatives of the business areas (retail, market and corporate customers) and representatives from Compliance (including financial crime), Internal Control System, Operations, Security, IT Risk Management and Risk Controlling, under chairmanship of the CRO. This committee is responsible for managing operational risk (including conduct risk). It derives and sets the operational risk strategy based on the risk profile and the business strategy and also makes decisions regarding actions, controls and risk acceptance.

The Contingency/Recovery Committee is a decision-making body convened by the Management Board. The composition of the committee varies as circumstances require depending on the intensity and focus of the specific requirements pertaining to the situation (e.g. capital and/or liquidity). The core task of the committee is to maintain or recover financial stability in accordance with the Federal Act on the Recovery and Resolution of Banks (BaSAG) and the Banking Recovery and Resolution Directive (BRRD) in the event of a critical financial situation.

The Group Security Committee is responsible for the implementation of and compliance with the Security Policy and the IT Risk Management Policy within the Group. This includes, inter alia, approving the Security Policy and the IT Risk Management Policy, defining key performance indicators and key risk indicators, which must be reported on at Group level and in the local security committees, and defining and checking the risk appetite in relation to IT risk and security.

The Data Governance Board is the Group's higher-level decision-making body for all subject areas relating to data governance. This also includes in particular topics relating to data quality as well as to compliance with the BCBS 239 principles.

Quality assurance and internal audit

Quality assurance with respect to risk management refers to ensuring the integrity, soundness, and accuracy of processes, models, calculations, and data sources. This is to ensure that RBI AG adheres to all legal requirements and that it can achieve the highest standards in risk management operations.

Two very important functions in assuring independent oversight are performed by the divisions Audit and Compliance. Independent internal auditing is a legal requirement and a central pillar of the internal control system. Internal Audit periodically assesses all business processes and contributes considerably to securing and improving them. It sends its reports directly to the Management Board of RBI AG, which discusses them on a regular basis in its board meetings.

The Compliance Office is responsible for all issues concerning compliance with legal requirements in addition to and as an integral part of the internal control system. Thus, compliance with existing regulations in daily operations is monitored.

Moreover, an independent and objective audit, free of potential conflicts of interest, is carried out during the audit of the annual financial statements by the independent auditors.

Overall bank risk management

Maintaining an adequate level of capital is a core objective of the Company's risk management. Capital requirements are monitored regularly based on the risk level measured by internal models, and in choosing appropriate models the materiality of risks annually assessed is taken into account. This concept of overall bank risk management provides for meeting capital requirements from both a regulatory perspective (normative perspective) and from an economic point of view (economic perspective). Thus it covers the quantitative aspects of the internal capital adequacy assessment process (ICAAP) as legally required and as described in the ICAAP Directive published by the European Central Bank. RBI AG's overall ICAAP process is audited during the supervisory review process for the RBI credit institution group (RBI Kreditinstitutsgruppe) on an annual basis.

The Risk Appetite Framework (RAF) limits the Group's overall risk in line with the strategic business objectives and allocates the risk capital calculated to the different risk categories and business areas. The primary aim of the RAF is to limit risk, particularly in adverse scenarios and for major singular risks, in such a way as to guarantee compliance with regulatory minimum ratios. The Risk Appetite Framework is therefore closely linked with the ICAAP and the ILAAP (Internal Liquidity Adequacy Assessment Process) and sets concentration limits for the risk types identified as significant in the risk assessment. There is also a connection to the recovery plan as the risk capacity and risk tolerance limits in the RAF are aligned with the corresponding trigger monitoring limits. In addition, the risk appetite decided by the Management Board and the Group's risk strategy and its implementation are reported regularly to the Supervisory Board's Risk Committee.

Approach	Description of risk	Measurement technique	Confidence level
Economic perspective			
Economic capital	Risk that unexpected losses exceed the internal capital from an economic perspective	The unexpected loss for the risk horizon of one year (economic capital) may not exceed the present level of the common equity tier 1 capital)	99.90 per cent
Normative perspective			
Stress scenarios	Risk of falling below a sustainable tier 1 capital ratio over a full business cycle	Capital and earnings projection for a three-year planning period based on a severe macroeconomic downturn scenario	Around 95 per cent based on potential management decisions to reduce risk temprarily or raise additional equity capital

ESG risks

Environmental, Social and Governance (ESG) risks are considered cross-dimensional risks which affect all areas of risk management. As a result, ESG risk factors are continuously integrated into the management of risk types within the existing risk management framework (based on the internally developed materiality assessment). The ESG Risk Framework provides a detailed description of how the components are worked out, of how the ESG risk is managed, and of its impact on the four traditional pillars of risk management (definition & identification, measurement, risk control, and reporting & monitoring). Risk control takes particular account of strategic business decisions by RBI which specifically provide for further steps in contributing towards the promise undertaken in the Paris Agreement of limiting global warming to less than 2 degrees by 2050.

Economic perspective – economic capital approach

In this approach, risks are measured on the basis of 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 risk categories. In addition, a general buffer is held to cover risk types not explicitly quantified.

The following table shows the risk distribution of individual risk types to economic capital:

in € thousand	31/12/2022	Percentage	31/12/2021	Percentage
Participation risk	5,115,770	74.9%	4,158,262	69.6%
Credit risk corporate customers	623,513	9.1%	738,443	12.4%
Market risk	300,540	4.4%	336,838	5.6%
Operational risk	126,056	1.8%	113,490	1.9%
Credit risk sovereigns	119,363	1.7%	94,290	1.6%
Owned property risk	98,625	1.4%	79,406	1.3%
Credit risk banks	78,222	1.1%	104,611	1.8%
Credit risk retail customers	29,913	0.4%	50,831	0.9%
CVA risk	16,703	0.2%	11,835	0.2%
Risk buffer	325,435	4.8%	284,400	4.8%
Total	**6,834,139**	**100.0%**	**5,972,406**	**100.0%**

The economic capital increased year on year to € 6,834,139 thousand. For RBI AG, the participation risk is the most material risk type in terms of amount. The year-on-year increase was due to the downgrading of the rating for the equity participations in Russia.

RBI AG uses a confidence level of 99.90 per cent to calculate economic capital. In compliance with the ICAAP Directive published by the European Central Bank, the additional tier 1 (AT1) has no longer been used to calculate the internal capital since the end of 2021.

Economic capital is an important instrument in overall bank risk management and is used in allocating risk budgets. Economic capital limits are allocated to individual business areas during the annual budgeting process and are supplemented in day-to-day management by volume, sensitivity, and value-at-risk limits. At RBI AG, this is planned on a revolving basis for the upcoming three years and incorporates the future development of economic capital as well as available internal capital. Economic capital thus substantially influences plans for future lending activities and the overall limit for taking market risk.

Risk-adjusted performance measurement is also based on the indicator for economic capital. The profitability of a business unit is examined in relation to the amount of economic capital attributed to the unit in question (risk-adjusted profit in relation to risk-adjusted capital, RORAC), which yields a comparable performance indicator for all business units in the bank. That indicator is used in turn as a key figure in overall bank management and for future capital allocations to business units, and influences the remuneration paid to the Bank's executive management.

Normative perspective – stress scenarios

The analysis of the stress scenarios in the normative perspective of the ICAAP is intended to ensure that RBI AG has sufficiently high capital ratios at the end of the multi-year planning period, even in a severe macroeconomic downturn scenario. The analysis is based on a multi-year macroeconomic stress test where hypothetical market developments in a severe but realistic economic downturn scenario are simulated. The risk parameters considered include interest rates, foreign exchange rates and securities prices, as well as changes in default probabilities and rating migrations in the credit portfolio.

The integrated stress test focuses primarily on the capital ratios at the end of the multi-year observation period. These should not fall below a sustainable level, meaning that they should not require the bank to substantially increase capital or to significantly reduce its business activities. The current minimum amount of capital is therefore determined by the size of a potential economic downturn. The downturn scenario assumed incorporates recognition of the necessary loan loss provisions and potential pro-cyclical effects (which increase the minimum regulatory capital requirement) along with the impact of foreign exchange rate fluctuations and other valuation and earnings effects. Regulatory changes already known are taken into account for the planning period.

This perspective thus also complements traditional risk measurement methods based on the value-at-risk concept (which is in general based on historical data). Therefore, it can account for exceptional market situations that have not been observed in the past, and also permits estimation of the potential impact of such developments. The stress test also allows for analyzing risk concentrations (e.g. individual positions, industries, or geographical regions) and gives insight into profitability, liquidity situation, and solvency under extreme situations. Building on these analyses, RBI AG's risk management actively contributes to portfolio diversification, for example via limits for the total exposure to individual industry segments and countries and through ongoing updates to lending standards.

Credit risk

RBI AG's credit risk stems mainly from default risks that arise from business with retail and corporate customers, other banks and sovereign borrowers. It is by far the most important risk category for RBI AG, which is also indicated by internal and regulatory capital requirements. Credit risk is therefore analyzed and monitored both on an individual loan and customer basis as well as on a portfolio basis. Credit risk management and lending decisions are based on the respective credit risk policies, credit risk manuals, and the tools and processes which have been developed for this purpose. The internal control system for credit risks includes different types of monitoring measures, which are tightly integrated into the workflows to be monitored – from the customer's initial credit application, to the bank's credit approval, and finally to the repayment of the loan.

No lending transaction is performed in the non-retail segments before the limit application process has been completed. This process applies not only to new lending, but also to increases in existing limits, roll-overs, overdrafts, and to cases in which the borrower's risk profile is no longer the same as the profile that formed the basis for the original lending decision (e.g., with respect to the financial situation of the borrower, purpose or collateral). It also applies to the setting of counterparty limits in trading and new issuance operations, other credit limits, and to participations.

Credit decisions are made within the context of a competence authority hierarchy based on the size and type of the loan. Approval from the business and the credit risk management divisions is always required when making individual limit decisions or performing regular rating renewals. If the individual decision-making parties disagree, the potential transaction is decided upon by the next higher-ranking credit authority.

Credit exposure by asset classes (rating models):

in € thousand	31/12/2022	Percentage	31/12/2021	Percentage
Corporate customers	43,700,074	43.7%	45,719,230	49.4%
Project finance	2,382,088	2.4%	2,496,218	2.7%
Retail customers	3,572,301	3.6%	2,754,480	3.0%
Banks	21,757,362	21.7%	19,633,025	21.2%
Sovereigns	28,693,945	28.7%	22,022,522	23.8%
Total	**100,105,769**	**100.0%**	**92,625,475**	**100.0%**

Credit portfolio – Corporate customers

The internal rating models for corporate customers take into account qualitative parameters, various ratios from the statement of financial position, and profit ratios covering different aspects of customer creditworthiness for various industries and countries. In addition, the model for smaller corporates also includes an account behavior component.

The following table shows thd total credit exposure according to internal corporate ratings (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 € thousand		31/12/2022	Percentage	31/12/2021	Percentage
1	Minimal risk	2,316,588	5.3%	1,888,161	4.1%
2	Excellent credit standing	5,554,815	12.7%	6,939,130	15.2%
3	Very good credit standing	14,615,313	33.4%	15,230,180	33.3%
4	Good credit standing	11,481,652	26.3%	11,030,885	24.1%
5	Sound credit standing	6,139,146	14.0%	6,244,939	13.7%
6	Acceptable credit standing	1,814,903	4.2%	2,203,174	4.8%
7	Marginal credit standing	678,200	1.6%	941,371	2.1%
8	Weak credit standing/sub-standard	177,641	0.4%	368,000	0.8%
9	Very weak credit standing/doubtful	197,873	0.5%	34,216	0.1%
10	Default	722,432	1.7%	723,717	1.6%
NR	Not rated	1,511	0.0%	115,458	0.3%
Total		**43,700,074**	**100.0%**	**45,719,230**	**100.0%**

The total credit exposure for corporate customers increased € 2,019,156 thousand compared to year-end 2021 to € 43,700,074 thousand.

The decline for corporate customers was primarily due to a reduction in credit and facility financing in Austria, Germany, France, Great Britain, the Czech Republic and Belgium, and to the ending of repo transactions in Russia. The largest decline was recorded in rating grade 2 (down € 1,384,315 thousand), due to reduced credit and facility financing in Austria, Luxembourg, France and Belgium. In rating grade 3, the decline in Switzerland, France, the Czech Republic and Poland was partly offset by an increase in Austria and Luxembourg. The decline in rating grades 6 and 7 was primarily attributable to the ending of repo

transactions in Russia. In addition, loans and advances in Germany declined in rating grade 6. The increase in rating grade 9 was mainly the result of rating downgrades of Russian and Ukrainian customers from rating grades 4, 6 and 7.

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

in € thousand		31/12/2022	Percentage	31/12/2021	Percentage
6.1	Excellent project risk profile - very low risk	1,229,865	51.6%	1,538,431	61.6%
6.2	Good project risk profile - low risk	940,681	39.5%	787,863	31.6%
6.3	Acceptable project risk profile - average risk	79,463	3.3%	24,866	1.0%
6.4	Poor project risk profile - high risk	0	0.0%	0	0.0%
6.5	Default	132,080	5.5%	145,057	5.8%
NR	Not rated	0	0.0%	0	0.0%
Total		**2,382,088**	**100.0%**	**2,496,218**	**100.0%**

Credit exposure to loans reported under project financing showed a decline of € 114,130 thousand to € 2,382,088 thousand as at 31 December 2022. The decline in rating grade 6.1 resulted mainly from matured financing in the Czech Republic, Germany and Romania, and from rating shifts of German and Romanian customers into rating grade 6.2. In rating grade 6.2, there was also an increase in project and facility financing in Austria due to new financing. This increase was partly offset by the rating shift of an Italian customer into rating grade 6.3.

Credit portfolio – Retail customers

Credit exposure to retail customers according to internal rating:

in € thousand		31/12/2022	Percentage	31/12/2021	Percentage
0.5	Minimal risk	687,187	19.2%	1,682,426	61.1%
1.0	Excellent credit standing	616,399	17.3%	410,316	14.9%
1.5	Very good credit standing	246,033	6.9%	43,244	1.6%
2.0	Good credit standing	120,068	3.4%	90,153	3.3%
2.5	Sound credit standing	71,820	2.0%	52,978	1.9%
3.0	Acceptable credit standing	43,222	1.2%	72,113	2.6%
3.5	Marginal credit standing	30,910	0.9%	59,204	2.1%
4.0	Weak credit standing/sub-standard	15,134	0.4%	25,885	0.9%
4.5	Very weak credit standing/doubtful	20,223	0.6%	24,514	0.9%
5.0	Default	154,418	4.3%	168,795	6.1%
NR	Not rated	1,566,887	43.9%	124,852	4.5%
Total		**3,572,301**	**100.0%**	**2,754,480**	**100.0%**

Credit portfolio – Banks

The following table shows the total 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 € thousand		31/12/2022	Percentage	31/12/2021	Percentage
1	Minimal risk	4,111,731	18.9%	2,679,589	13.6%
2	Excellent credit standing	7,274,225	33.4%	5,627,260	28.7%
3	Very good credit standing	8,394,710	38.6%	4,584,284	23.3%
4	Good credit standing	770,109	3.5%	5,747,135	29.3%
5	Sound credit standing	140,397	0.6%	407,077	2.1%
6	Acceptable credit standing	709,926	3.3%	357,298	1.8%
7	Marginal credit standing	161,898	0.7%	221,740	1.1%
8	Weak credit standing/sub-standard	2,035	0.0%	5,598	0.0%
9	Very weak credit standing/doubtful	177,342	0.8%	0	0.0%
10	Default	14,868	0.1%	2,935	0.0%
NR	Not rated	123	0.0%	109	0.0%
Total		**21,757,362**	**100.0%**	**19,633,025**	**100.0%**

Total credit exposure to banks as at 31 December 2022 amounted to € 21,757,362 thousand, an increase of € 2,124,337 thousand compared to year-end 2021. The increase in rating grade 1 mainly resulted from increased bond business with international organizations and from increased repo transactions in Germany and France (rating improvements from rating grades 2 and 3). The credit exposure in rating grade 2 increased mainly due to the increase in credit financing in Austria and to an increase in

repo transactions in France and the Netherlands, partly caused by rating shifts from rating grade 3. This increase was partly offset by a decline in money market transactions in Austria. Rating grade 3 recorded the largest increase (€ 3,810,426 thousand) as a result of rating improvements of Spanish, French and Italian banks from rating grade 4 and as a result of increased repo transactions. In addition to the rating shifts to rating grade 3, the decline in rating grade 4 was attributable to the rating downgrade of Russian banks to rating grade 6.

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 € thousand		31/12/2022	Percentage	31/12/2021	Percentage
1	Excellent credit standing	25,323,328	88.3%	18,416,848	83.6%
2	Very good credit standing	2,125,793	7.4%	2,275,271	10.3%
3	Good credit standing	1,116,341	3.9%	1,056,822	4.8%
4	Sound credit standing	120,608	0.4%	220,946	1.0%
5	Average credit standing	365	0.0%	6,496	0.0%
6	Mediocre credit standing	501	0.0%	5,261	0.0%
7	Weak credit standing	6	0.0%	40,878	0.2%
8	Very weak credit standing	118	0.0%	0	0.0%
9	Doubtful/high default risk	236	0.0%	0	0.0%
10	Default	6,648	0.0%	0	0.0%
NR	Not rated	0	0.0%	0	0.0%
Total		**28,693,945**	**100.0%**	**22,022,522**	**100.0%**

Credit exposure to sovereigns increased € 6,671,423 thousand to € 28,693,945 thousand compared to year-end 2021, mainly due to money market transactions with the Austrian national bank.

Credit portfolio management

RBI AG's credit portfolio is managed, among other factors, on the basis of the portfolio strategy. This limits the exposure to different countries, industries and product types to avoid undesired risk concentrations. In addition, the long-term opportunities in the single markets are regularly analyzed. This enables future lending activities to be strategically repositioned at an early stage.

RBI AG's credit portfolio is broadly diversified by region and sector. The geographical breakdown of the loans on and off the statement of financial position reflects the broad diversification of the credit business in the European markets. These loans are broken down by region according to the borrower's country of risk as follows (countries with credit exposure greater than € 1 billion are shown separately):

in € thousand	31/12/2022	Percentage	31/12/2021	Percentage
Austria	47,082,483	47.0%	38,085,630	41.1%
Germany	10,224,710	10.2%	10,925,337	11.8%
France	6,679,377	6.7%	6,289,236	6.8%
Poland	3,478,141	3.5%	4,161,369	4.5%
Great Britain	3,440,816	3.4%	4,194,384	4.5%
Spain	3,133,711	3.1%	2,513,961	2.7%
Luxembourg	2,805,857	2.8%	2,323,548	2.5%
Switzerland	2,779,454	2.8%	3,645,642	3.9%
Netherlands	2,238,861	2.2%	1,621,759	1.8%
Italy	1,971,632	2.0%	1,548,497	1.7%
Far East	1,840,064	1.8%	1,847,500	2.0%
United States of America	1,337,870	1.3%	1,143,874	1.2%
Czech Republic	1,289,840	1.3%	1,570,753	1.7%
Belgium	827,248	0.8%	1,073,086	1.2%
Russia	616,743	0.6%	1,990,993	2.1%
Others	10,358,963	10.3%	9,689,905	10.5%
Total	**100,105,769**	**100.0%**	**92,625,475**	**100.0%**

RBI AG's loan portfolio grew € 7,480,294 thousand to € 100,105,769 thousand. In Austria, the € 8,996,853 thousand increase to € 47,082,483 thousand mainly resulted from money market and bond transactions, which were partly offset by a decline in credit financing. Germany recorded a decline of € 700,627 thousand primarily as a result of reduced credit financing and repo transactions. Credit financing and repo transactions in Great Britain also decreased € 753,568 thousand. The

€ 866,188 thousand decline to € 2,779,454 thousand in Switzerland was primarily attributable to credit financing, documentary credits and guarantees issued. Russia recorded a € 1,374,250 thousand decline, mainly due to reduced guarantees issued, repo transactions and facility financing. Repo transactions in particular were responsible for the positive development in the Netherlands.

Risk policies and the assessment of credit ratings at RBI AG also take account of the borrowers' industries. Banking and insurance represent the largest industry class in the credit portfolio. However, this is largely attributable to exposures to members of the Austrian Raiffeisen Group. Sovereigns mainly includes securities of the Republic of Austria as issuer.

Credit exposure broken down by industry classification:

in € thousand	31/12/2022	Percentage	31/12/2021	Percentage
Financial Intermediation	46,529,652	46.5%	38,629,795	41.7%
Manufacturing	13,776,882	13.8%	13,806,811	14.9%
Wholesale and retail trade; repair of motor vehicles, motorcyles and personal and household goods	8,551,650	8.5%	10,783,906	11.6%
Real estate, renting and business activities	7,869,158	7.9%	8,452,565	9.1%
Public administration and defence, compulsory social security	7,162,072	7.2%	6,844,129	7.4%
Private households	3,442,487	3.4%	2,623,383	2.8%
Electricity, gas and water supply	2,867,694	2.9%	2,107,620	2.3%
Construction	1,586,078	1.6%	1,547,661	1.7%
Education; health and social work; other community, social and personal service activities	1,328,836	1.3%	1,261,154	1.4%
Agriculture, hunting and forestry; fishing; mining and quarrying	919,467	0.9%	1,412,126	1.5%
Transport, storage and communication	817,733	0.8%	905,668	1.0%
Others	5,254,060	5.2%	4,250,656	4.6%
Total	**100,105,769**	**100.0%**	**92,625,475**	**100.0%**

The detailed credit portfolio analysis shows the breakdown by rating grade. 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. For retail asset classes, country-specific scorecards are developed based on uniform Group standards. Corresponding tools are used to produce and validate ratings (e.g. business valuation tools, rating and default databases).

Collateralization is one of the main strategies and an actively pursued measure for reducing potential credit risks. The value of collateral and the effects of other risk mitigation techniques are determined during the limit application process. The risk mitigation effect taken into account is the value that RBI AG expects to receive when it sells the collateral within a reasonable period. Types of eligible collateral are defined in the collateral list and relevant valuation guidelines. The collateral value is calculated according to uniform methods, including standardized calculation formulas based on market values, predefined minimum discounts, and expert assessments.

Credit default and workout process

The credit portfolio and individual borrowers are subject to constant monitoring. The main objectives of monitoring are to ensure that the borrower meets the terms and conditions of the contract and to keep track of the borrower's financial position. Such a review is conducted at least once annually in the non-retail asset classes (corporates, financial institutions, and sovereigns). This includes a rating review and the revaluation of financial and tangible collateral.

Problem loans (where debtors might run into material financial difficulties or a delayed payment is expected) need special treatment. In non-retail divisions, problem loan committees make decisions on problematic exposures. If restructuring is necessary, problem loans are assigned either to a designated specialist or to a restructuring unit (workout department). Involving employees of the workout departments at an early stage can help reduce losses from problem loans.

Credit default is assessed on the basis of quantitative and qualitative criteria. First, a borrower is considered to be in default if its contractual payments are more than 90 days overdue. Second, a borrower is considered to be in default if it meets the criteria of unlikely payment, which indicate that the customer is in significant financial difficulty and is unlikely to meet its payment obligations. A loan obligation is no longer classified as default if - after a period of at least three months (six months after a non-performing retail restructuring, and 12 months after a non-performing non-retail restructuring) – the customer has shown good payment discipline during this period and no further indications of a high probability of default have been identified.

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 € thousand	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
General governments	169,037	0	19.7%	0.0%	3.0%	-
Banks	4,931	2,926	0.0%	0.0%	58.3%	98.3%
Other financial corporations	155,584	107,906	1.6%	1.0%	29.3%	39.9%
Non-financial corporations	608,476	664,544	3.5%	3.5%	69.9%	62.2%
Households	119,046	128,902	5.5%	4.6%	84.7%	82.6%
Loans and advances	**1,057,075**	**904,278**	**1.7%**	**1.6%**	**54.9%**	**62.5%**
Bonds	**-**	**-**	**-**	**-**	**-**	**-**
Total	**1,057,075**	**904,278**	**1.5%**	**1.4%**	**54.9%**	**62.5%**

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

in € thousand	As at 1/1/2022	Additions due to merger	Allocation	Release[2]	Usage[1]	Reclassifications, exchange differences[3]	As at 31/12/2022
Individual loan loss provisions	**837,343**	**0**	**269,249**	**(199,494)**	**(55,371)**	**30,625**	**882,352**
Banks	2,879		356	(480)	15	103	2,873
Corporate customers	721,206		234,412	(162,326)	(52,958)	27,577	767,911
Retail customers	106,357		20,438	(25,714)	(3,250)	2,952	100,783
Sovereigns	0		4,187	(10)	822	0	4,999
Off-balance sheet obligations	6,902		9,856	(10,964)	0	(7)	5,787
Portfolio-based loan loss provisions	**271,970**	**18**	**518,039**	**(497,130)**	**(1,036)**	**2,130**	**293,991**
Banks	221	18	12,821	(3,510)		231	9,781
Corporate customers	168,106		311,879	(278,422)	(40)	(1,215)	200,308
Retail customers	70,064		14,400	(51,874)	(996)	3,516	35,110
Sovereigns	238		724	(809)	0	0	153
Off-balance sheet obligations	33,341		178,215	(162,515)	0	(402)	48,639
Total	**1,109,313**	**18**	**787,288**	**(696,624)**	**(56,407)**	**32,755**	**1,176,343**

1 This contains unwinding interest income from impaired customers and changes in internal interest exemptions
2 This contains changes in internal interest exemptions
3 This contains reclassifications of provisions and changes in customer categories

Country risk

Country risk includes transfer and convertibility risks as well as political risk and macroeconomic risk in a broader sense, which arises from cross-border transactions in foreign countries. Activities in core markets are given particular attention in this respect.

As part of an established approach across all RBI Group units, RBI AG's active country-risk management is ensured based on the country risk policy, which is set regularly and approved by the Management Board. This policy is part of the credit portfolio limit system and sets a strict limitation on cross-border risk exposure to individual countries. At the same time, the policy is designed to incentivize risk-taking within the RBI Group's core markets. The limit levels for individual countries are established using an internal model based on pillars such as the RBI Group's own capitalization, the internal sovereign rating, and the size and dynamics of the country and its banking sector.

Country risk is also reflected through the internal funds transfer pricing system in product pricing and in risk-adjusted performance measurement. In this way, the bank offers the business units an incentive to hedge country risks (e.g. by seeking insurance with export credit insurance organizations or guarantors in third countries). The insights gained from the country risk

analysis are not only used to limit total cross-border exposure, but also to manage the total credit exposure in each individual country (i.e. including the exposure that is funded by local deposits). RBI AG thus aligns its business activities with the expected economic development in different markets and enhances the broad diversification of its credit portfolio.

Counterparty credit risk

The default of a counterparty in a derivative, repurchase, securities lending, or borrowing transaction can lead to losses from reestablishing an equivalent contract. At RBI AG this risk is measured by the mark-to-market approach where a predefined add-on is added to the current positive fair value of the contract in order to account for potential future changes. For internal management purposes potential price changes, which affect the fair value of an instrument, are calculated specifically for different contract types based on historical market price changes.

For derivative contracts the standard limit approval process applies, where the same risk classification, limitation, and monitoring process is used as for traditional lending. Credit risk mitigation instruments such as netting agreements and collateralization represent an important strategy for reducing counterparty credit risk. In general, RBI AG strives to establish standardized ISDA master agreements with all major counterparties for derivative transactions in order to be able to perform close-out netting and credit support annexes (CSA) for full risk coverage for positive fair values on a daily basis.

Participation risk

The risks from listed and unlisted participations are also considered to be part of the banking book. They are reported separately under this risk category. Most of RBI AG's direct or indirect participations are fully consolidated in the consolidated financial statements and their risks are therefore captured in detail. Accordingly, the management, measurement and monitoring methods described for the other types of risk are used for the risks arising out of such participations.

The roots of participation risk and default risk are similar: a deterioration in the financial situation of a participation is normally followed by a rating downgrade (or default) of that unit. The calculation of the economic capital for participations is based on an extension of the credit risk approach according to Basel III.

RBI AG's participations are managed by RBI Group Subsidiaries & Equity Investments. It monitors the risks that arise from long-term participations in equity and is also responsible for the ensuing results. New investments are made only by RBI AG's Management Board on the basis of a separate due diligence.

Market risk

RBI AG defines market risk as the risk of possible losses arising from changes in market prices of trading and banking book positions. Market risk estimates are based on changes in exchange rates, interest rates, credit spreads, equity and commodity prices and other relevant market parameters (e.g. implied volatilities).

Market risks from the customer divisions are transferred to the Treasury division using the transfer price method. Treasury is responsible for managing structural market risks and for complying with the bank's overall limit. The Capital Markets division is responsible for proprietary trading, market making, and customer business in money market and capital market products.

Whereas in previous years the global COVID-19 situation required increased monitoring of market trends and position changes for RBI AG, the war in Ukraine provided the challenge for market risk management in 2022. At the end of February, soon after the outbreak, all limits for Russia, Ukraine and Belarus were largely reduced to zero and positions were actively reduced without suffering market distortions. Active risk management and daily monitoring with a focus on the Russian, Ukrainian and Belarusian markets and portfolios as well as on the neighboring affected markets are necessary in order to adapt to the changed conditions.

Organization of market risk management

RBI AG measures, monitors, and manages all market risks for the bank as a whole.

The Market Risk Committee is responsible for strategic market risk management issues. It is responsible for managing and controlling all market risks. The bank's overall limit is set by the Management Board on the basis of the risk-taking capacity and income budget. This limit is apportioned to sub-limits in coordination with business divisions according to strategy, business model and risk appetite.

The Market Risk Management department ensures that the business volume and product range comply with the defined and agreed strategy and risk appetite. It is responsible for developing and enhancing risk management processes, manuals, measurement techniques, risk management infrastructure and systems for all market risk categories and credit risks arising from market price changes in derivative transactions. Furthermore, Market Risk Management independently measures and reports all market risks on a daily basis.

All products in which open positions can be held are listed in the product catalog. New products are added to this list only after successfully completing the product approval process. Product applications are investigated thoroughly for any risks. They are approved only if the new products can be implemented in the bank's front- and back-office and risk management systems.

Limit system

RBI AG uses a comprehensive risk management approach for both the trading and the banking books (total-return approach). Market risk is therefore managed consistently in all trading and banking books. The following indicators are measured and limited on a daily basis in the market risk management system:

- Value-at-Risk (VaR) confidence level 99 per cent
  Value-at-Risk is the main market risk steering instrument in liquid markets and normal market situations. Two different methods of calculation are used, depending on the steering approach. The consistency between P&L and risk figures is in parallel necessary with the economic scope of RBI AG in order to ensure comprehensive control. For the overall portfolio including the banking book, a model is used that is based on a historical simulation and which is suitable for longer-term steering of the market risks from the banking books (ALL model, confidence level 99 per cent, risk horizon 20 days). The calculation is based on overlapping 20-day returns of the last seven years and is also used for allocating economic capital. For all market risks with a direct impact on the income statement, a model is used that provides a good forecast of short-term volatility (IFRS P&L model, confidence level 99 per cent, risk horizon 1 day). The Austrian Financial Market Authority has approved this approach as an internal model for calculating the total capital requirement for market risks for RBI AG's trading book. Both models calculate value-at-risk indicators for changes in the risk factors foreign currencies, interest rate trend, credit spreads, implicit volatility, stock indices and basis spreads.
- Sensitivities (to changes in exchange rates and interest rates, gamma, vega, equity and commodity prices)
  Sensitivity limits are to ensure that concentrations are avoided in normal market situations and are the main steering instrument under extreme market situations and in illiquid markets or in markets that are structurally difficult to measure.

- Stop loss
  Stop loss limits serve to strengthen the discipline of traders such that they do not allow losses to accumulate on their own proprietary positions but strictly limit them instead.

A comprehensive stress testing concept complements this multi-level limit system. It simulates potential present value changes of defined scenarios for the total portfolio. The results on market risk concentrations shown by these stress tests are reported to the Market Risk Committee and taken into account when setting limits. Stress test reports for individual portfolios are included in daily market risk reporting.

Value-at-Risk (VaR)

The following tables show the VaR (VaR ALL 99 per cent, 20 days and VaR IFRS P&L 99 per cent, one day) for the individual market risk categories in the trading books, while the overall risk is shown for the banking book. Structural equity positions, structural interest rate risks, especially in euro, and also spread risks from bond books maintained as a liquidity buffer dominate RBI AG's VaR.

Model IFRS-P&L trading book VaR (99%, 1d) in € thousand	VaR as of 31/12/2022	Average VaR	Minimum VaR	Maximum VaR	VaR as of 31/12/2021
Currency risk	386	597	209	1,831	4,209
Interest rate risk	707	1,572	579	4,125	1,578
Credit spread risk	2,331	1,582	754	4,238	1,670
Vega risk	91	199	78	685	137
Basis risk	1,402	1,358	404	4,752	533
Total	3,031	2,704	1,515	5,509	5,734

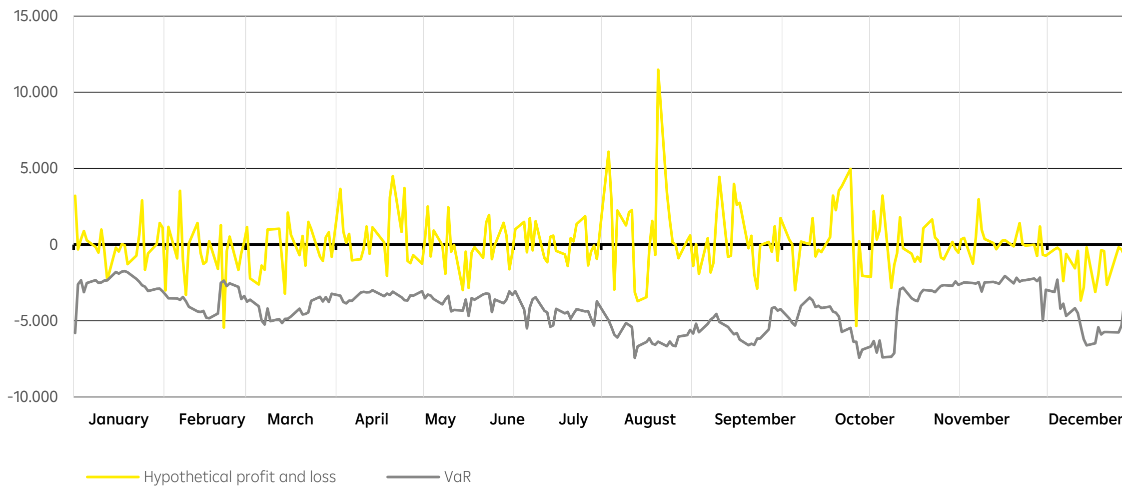
Model IFRS-P&L total VaR (99%, 1d) in € thousand	VaR as of 31/12/2022	Average VaR	Minimum VaR	Maximum VaR	VaR as of 31/12/2021
Currency risk	2,629	4,830	1,950	9,911	4,130
Interest rate risk	1,044	3,878	592	13,016	721
Credit spread risk	3,380	3,722	1,990	6,009	2,644
Vega risk	154	2,840	154	9,366	474
Basis risk	2,743	1,862	756	5,009	832
Total	5,557	10,766	3,803	19,734	6,482

Modell ALL VaR (99%, 20d) in € thousand	VaR as of 31/12/2022	Average VaR	Minimum VaR	Maximum VaR	VaR as of 31/12/2021
Ökonomisches Kapital ALL	49,648	56,465	33,905	92,851	66,307
Vega Risiko ALL	11,297	22,274	10,435	45,699	16,734
Gesamt ALL	**60,944**	**78,739**	**51,634**	**115,898**	**83,041**
Ökonomisches Kapital Bankbuch	46,090	52,043	26,664	89,205	50,263
Vega Risiko Bankbuch	10,991	21,077	10,173	45,661	16,435
Gesamt Bankbuch	**57,081**	**73,120**	**42,295**	**106,342**	**66,698**
Zinsrisiko im Bankbuch	24,067	45,017	14,672	105,219	50,324

Besides qualitative analysis of profitability, backtesting and statistical validation techniques are regularly used to monitor the risk measurement methods employed. If model weaknesses are identified, the methods are adjusted.

In the 2022 reporting year there was one hypothetical backtesting violation. The following chart compares VaR with the hypothetical profits and losses on a daily basis. VaR denotes the maximum loss that will not be exceeded with a 99 per cent confidence level within a day. It is compared to the respective theoretical gain or loss which would arise on the following day due to the actual market conditions at the time.

Value-at-Risk and theoretical market price changes of trading book



Interest rate risk in the trading book

The following table shows the largest present value changes in the trading book given a parallel one-basis-point interest rate increase (significant currencies shown separately). The trading book strategy remains largely unchanged.

31/12/2022 in € thousand	Total	< 3 m	> 3 to 6 m	> 6 to 12 m	> 1 to 2 y	> 2 to 3 y	> 3 to 5 y	> 5 to 7 y	> 7 to 10 y	> 10 to 15 y	> 15 to 20 y	>20y
CHF	4	5	0	0	(1)	1	0	0	0	0	0	0
CNY	5	0	0	5	0	0	0	0	0	0	0	0
CZK	(4)	(6)	1	9	10	4	0	(12)	(9)	(1)	0	0
EUR	(70)	1	6	7	19	2	(6)	(58)	(13)	(3)	(12)	(12)
GBP	1	1	0	(1)	1	0	0	0	0	0	0	0
HRK	(7)	0	0	0	1	0	(2)	(2)	0	(3)	0	0
HUF	(1)	4	0	(6)	(1)	1	1	(2)	4	0	0	0
NOK	1	0	0	0	1	0	0	0	0	0	0	0
PLN	(1)	0	(2)	1	(2)	(1)	7	(2)	(2)	0	0	0
RON	(6)	0	0	0	1	(4)	(4)	0	0	0	0	0
RUB	(4)	0	0	(1)	(2)	0	2	(1)	(1)	(1)	0	0
USD	(7)	(1)	2	(6)	(2)	(3)	(2)	5	(7)	5	6	(2)
Others	(2)	0	0	0	(1)	(1)	0	0	0	0	0	0

31/12/2021 in € thousand	Total	< 3 m	> 3 to 6 m	> 6 to 12 m	> 1 to 2 y	> 2 to 3 y	> 3 to 5 y	> 5 to 7 y	> 7 to 10 y	> 10 to 15 y	> 15 to 20 y	>20y
CHF	17	21	(4)	(2)	(1)	0	3	(1)	(1)	1	0	0
CNY	5	0	0	5	0	0	0	0	0	0	0	0
CZK	12	(7)	19	(8)	0	14	9	(6)	(7)	(1)	0	0
EUR	(184)	(11)	(4)	(7)	7	(16)	(15)	(41)	47	(20)	(25)	(99)
GBP	1	1	1	(1)	(2)	2	0	0	0	0	0	0
HRK	(1)	0	0	0	0	1	(2)	0	0	0	0	0
HUF	2	(2)	3	0	3	(2)	(1)	(2)	3	0	0	0
NOK	1	0	0	0	1	0	0	0	0	0	0	0
PLN	(1)	(2)	(9)	4	4	(1)	(1)	0	4	0	0	0
RON	0	0	(1)	0	(3)	2	3	1	(3)	0	0	0
RUB	(3)	2	0	3	(2)	0	(2)	(3)	(1)	0	0	0
USD	(23)	(4)	0	(1)	0	0	14	(19)	0	(3)	(4)	(6)
Others	(7)	1	(5)	6	(7)	0	(7)	71	(42)	24	28	105

Interest rate risk in the banking book

Different maturities and repricing schedules of assets and the corresponding liabilities (i.e. deposits and financing from money markets and capital markets) cause interest rate risk in RBI AG. This risk arises in particular from different interest rate sensitivities, rate adjustments, and other optionality of expected cash flows. Interest rate risk in the banking book is material for the euro and US dollar as major currencies.

This risk is mainly hedged by a combination of transactions on and off the statement of financial position where in particular interest rate swaps and – to a smaller extent – also interest rate forwards and interest rate options are used. Management of the statement of financial position is a core task of the Treasury division, which is supported by the Group Asset/Liability Committee. The latter uses scenarios and interest income simulations that ensure proper interest rate sensitivity in line with expected changes in market rates and the overall risk appetite.

Interest rate risk in the banking book is not only measured in a value-at-risk framework but also managed by the traditional tools of nominal and interest rate gap analyses. The following table shows the change in the present value of the banking book given a one-basis-point parallel interest rate increase. The main currencies are shown separately.

31/12/2022 in € thousand	Total	< 3 m	> 3 to 6 m	> 6 to 12 m	> 1 to 2 y	> 2 to 3 y	> 3 to 5 y	> 5 to 7 y	> 7 to 10 y	> 10 to 15 y	> 15 to 20 y	>20y
CHF	(94)	(52)	0	(1)	(2)	(2)	(1)	(10)	(8)	(10)	(7)	(1)
CNY	(2)	0	(1)	(1)	0	0	0	0	0	0	0	0
CZK	1	4	0	(3)	(16)	(2)	(4)	12	13	(2)	0	0
EUR	(564)	30	124	156	(77)	(165)	(617)	(247)	354	(55)	(54)	(13)
GBP	(10)	(1)	0	(1)	1	(2)	(7)	0	0	0	0	0
HUF	5	1	(2)	0	3	0	1	1	1	0	0	0
PLN	(22)	(2)	(5)	2	(4)	(3)	(9)	0	0	0	0	0
SGD	0	0	0	0	0	0	0	0	0	0	0	0
USD	122	23	101	11	8	(3)	0	2	2	(23)	0	0
Others	(3)	(1)	0	0	0	1	3	0	0	(2)	(3)	0

31/12/2021 in € thousand	Total	< 3 m	> 3 to 6 m	> 6 to 12 m	> 1 to 2 y	> 2 to 3 y	> 3 to 5 y	> 5 to 7 y	> 7 to 10 y	> 10 to 15 y	> 15 to 20 y	>20y
CHF	(128)	(55)	(1)	(4)	(10)	(7)	(8)	(7)	(17)	(11)	(5)	(2)
CNY	(3)	0	(1)	(2)	0	0	0	0	0	0	0	0
CZK	(14)	3	0	(1)	0	(13)	(6)	5	(3)	0	0	0
EUR	(2,478)	110	(14)	(236)	(517)	(436)	(618)	(412)	(343)	41	(43)	(9)
GBP	(24)	(3)	(1)	0	0	(1)	(16)	(2)	0	0	0	0
HUF	1	1	(2)	0	1	1	1	0	0	0	0	0
PLN	(11)	(1)	(6)	1	0	(1)	(3)	0	0	0	0	0
SGD	0	0	0	0	0	0	0	0	0	0	0	0
USD	(126)	9	(17)	1	4	(4)	(22)	(20)	(19)	(41)	(17)	0
Others	(13)	(1)	(1)	0	0	0	0	0	(1)	(4)	(5)	(1)

Credit spread risk

The market risk management framework uses time-dependent bond and CDS-spread curves as risk factors in order to measure credit spread risks. It captures all capital market instruments in the trading and banking book.

Liquidity management

Principles

Internal liquidity management is an important business process within general bank management, because it ensures the continuous availability of funds required to cover day-to-day demands.

Liquidity adequacy is ensured from both an economic and a regulatory perspective. In order to approach the economic perspective RBI AG established a governance framework comprising internal limits and steering measures which complies with the Principles for Sound Liquidity Risk Management and Supervision set out by the Basel Committee on Banking Supervision and the Kreditinstitute-Risikomanagement-Verordnung (KI-RMV) issued by the Austrian regulatory authority.

The regulatory component is addressed by compliance with reporting requirements under Basel III (Liquidity Coverage Ratio, Net Stable Funding Ratio and Additional Liquidity Monitoring Metrics) as well as by complying with the regulatory limits.

Liquidity risk management during the war in Ukraine

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

At the end of June 2022, liquidity risk indicators (LCR) even improved for RBI compared to pre-war levels. A further improvement in RBI AG's liquidity based on the LCR and NSFR surplus was recorded in the fourth quarter of 2022. The focus is now on the medium-term trend in the liquidity position. As a result, in order to meet the demand for customer loans with stable equity and liabilities, the development of the customer deposit base and stable, long-term financing continues.

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

Organization and responsibility

Responsibility for ensuring adequate levels of liquidity lies with the overall Management Board. The board members with functional responsibility are the Chief Financial Officer (Treasury) and the Chief Risk Officer (Risk Controlling). Accordingly, the processes regarding liquidity risk are essentially run by two areas within the bank: Firstly the Treasury unit, which takes on liquidity risk positions within the strategy, guidelines and parameters set by the responsible decision-making bodies. Secondly, they are monitored and supported by the independent Risk Controlling unit, which measures and models liquidity risk positions, sets limits and supervises compliance with them.

Besides the responsible units in the line functions, the Asset/Liability Management Committee (ALCO) acts as the decision-making body with respect to all matters affecting the management of the liquidity position and statement-of-financial-position structure of RBI AG, including the definition of strategies and policies for managing liquidity risks. The ALCO takes decisions and provides standard reports on liquidity risk to the respective Management Boards at least on a monthly basis.

Liquidity strategy

Treasury units are committed to achieving KPIs and to complying with risk-based principles. The current set of KPIs includes general targets (e.g. for return on risk-adjusted capital (RORAC) or coverage ratios), as well as specific Treasury targets for liquidity such as a minimum survival period in defined stress scenarios or minimum liquidity targets in regulatory indicators. While generating an adequate structural income from maturity transformation which reflects the liquidity and market risk positions taken by the bank, Treasury has to follow a prudent and sustainable risk policy when steering the balance sheet. Strategic goals comprise a reduction in parent funding within the group, the sustainable management of the depositor base and of credit growth as well as continuous compliance with regulatory requirements and the internal limit framework.

Liquidity Risk Framework

Regulatory and internal liquidity reports and ratios are generated and determined based on particular modelling assumptions. Whereas the regulatory reports are calculated on specifications given by authorities, the internal reports are modelled with assumptions from empirical observations.

RBI AG has a substantial database along with expertise in forecasting cash flows arising from all material on- and off-balance sheet positions. The modelling of liquidity inflows and outflows is carried out on a sufficient granular level, differentiating between product and customer segments, and, where applicable, currencies as well. Modelling of customer deposits includes assumptions concerning the retention times for deposits after maturity. The model assumptions are quite prudent, e.g. there is a "no rollover" assumption on funding from banks and all funding channels and the liquidity buffer are stressed simultaneously.

The cornerstones of the economic liquidity risk framework are the Going Concern (GC) and the Time to Wall (TTW) scenario. The Going Concern report shows the structural liquidity position. It covers all main risk drivers which could detrimentally affect RBI AG in a business-as-usual scenario. The Going Concern models are important input factors for the liquidity contribution to the internal funds transfer pricing model. On the other hand, the Time to Wall report shows the survival horizon for defined adverse scenarios and stress models (market, reputational and combined crisis) and determines the minimum level of the liquidity buffer (and/or the counter-balancing capacity) for each Group unit.

The liquidity scenarios are modelled using a Group-wide approach which considers local specifics where warranted due to influencing factors such as the market or the legal environment or certain business characteristics. When modelling cash inflows and outflows a distinction is at minimum made between products, customer segments and individual currencies (where applicable). For products without a contractual maturity, the distribution of cash inflows and outflows is calculated using a geometric Brownian motion which derives statistical forecasts for future daily balances from the observed, exponentially weighted historical volatility of the corresponding products.

The liquidity risk framework is continuously developed. The technical infrastructure is enhanced in numerous projects and data availability is improved in order to meet the new reporting and management requirements for this area of risk.

Risk appetite and liquidity limits

The liquidity position is monitored at the level of RBI AG and at the level of its branches and is restricted by means of a comprehensive limit system. Limits are defined both under a business-as-usual as well as under a stress perspective. In accordance with the defined risk appetite, each unit must demonstrate a survival horizon of several months (TTW) in a severe, combined stress scenario (reputational and market stress). This can be ensured either by a structurally positive liquidity profile or by a sufficiently high liquidity buffer. In a normal going-concern environment (GC), maturity transformation must be fully covered by the available liquidity buffer in the medium term. This means that the cumulative liquidity position over a period of up to one year must be positive. In the long term (one year or more), maturity transformation is permitted up to a certain level. For internal models, these limits are supplemented by limits for compliance with regulatory liquidity ratios, such as the liquidity coverage ratio (LCR). All limits must be complied with on a daily basis.

Liquidity monitoring

The bank uses a range of customized measurement tools and early warning indicators that provide board members and senior management with timely and forward-looking information. The limit framework ensures that the bank can continue to operate in a period of severe stress.

Monitoring of limits and reporting limit compliance is performed regularly and effectively. Any breach by Group units is reported to the Group ALCO and escalated. In such cases, appropriate steps are undertaken in consultation with the relevant unit or contentious matters are escalated to the next highest responsible body.

Liquidity stress test

Stress tests are conducted for RBI AG on a daily basis on Group level. The tests cover three scenarios (market, reputational and combined crisis), consider the effects of the scenarios for a period of several months and demonstrate that stress events can simultaneously result in a time-critical liquidity requirement in several currencies. The stress scenarios include the principal funding and market liquidity risks; all units of RBI AG are simultaneously subject to a severe combined crisis for all their major products. The results of the stress tests are reported to the Management Board and other members of management on a weekly basis; they also form a key component of the monthly ALCO meetings and are included in the bank's strategic planning and contingency planning.

A conservative approach is adopted when establishing outflow ratios based on historical data and expert opinions. The simulations assume a lack of access to the money or capital markets and simultaneously significant outflows of customer deposits. In this respect, the deposit concentration risk is also considered by assigning higher outflow ratios to large customers. Furthermore, stress assumptions are formulated for the drawdown of guarantees and credit obligations. In addition, the liquidity buffer positions are adapted by haircuts in order to cover the risk of disadvantageous market movements, and the potential outflows resulting from collateralized derivative transactions are estimated. The bank continuously monitors whether the stress assumptions are still appropriate or whether new risks need to be considered.

The time to wall concept has established itself as the main control instrument for day-to-day liquidity management and is therefore a central component of funding planning and budgeting. It is also fundamental to determining performance ratios relating to liquidity.

Liquidity buffer

As shown by the daily liquidity risk reports, the main Group units actively maintain and manage liquidity buffers, including high-quality liquid assets (HQLA) which are always sufficient to cover the net outflows expected in crisis scenarios. RBI AG has sizeable, unencumbered and liquid securities portfolios and favors securities eligible for Central Bank tender transactions in order to ensure sufficient liquidity in various currencies. The main Group units ensure the availability of liquidity buffers, test their ability to utilize central bank funds, constantly evaluate their collateral positions as regards their market value and encumbrance and examine the remaining counterbalancing capacity, including the funding potential and the salability of the assets.

Generally, a haircut is applied to all liquidity buffer positions. In the stressed liquidity report (time-to-wall), these haircuts include a market-risk specific haircut and a central bank haircut. While the market risk haircut represents the potential price volatility of the securities held as assets as part of the liquidity buffer, the central bank haircut represents an additional haircut for each individual relevant security that may be offered as collateral.

Intraday liquidity management

In compliance with regulatory requirements for intraday liquidity risk management, the available liquidity is calculated daily on the basis of the outflow assumptions of the regular liquidity stress report (time-to-wall) for RBI AG. In case of limit breaches, the intraday contingency and escalation process is triggered.

Contingency funding plan

Under difficult liquidity conditions, the units switch to a contingency process in which they follow predefined liquidity contingency plans. These contingency plans also constitute an element of the liquidity management framework and are mandatory for all significant Group units and thus also for RBI AG. The emergency management process is designed so that the Group can retain a strong liquidity position even in serious crisis situations.

Liquidity position

Funding is founded on a strong deposit base. Funding requirements are regularly updated to take account of balance sheet developments and to ensure that liquidity ratios are maintained in accordance with management requirements. The ability to procure funds is precisely monitored and evaluated by Treasury.

In the past year and to date, RBI AG's excess liquidity was significantly above all regulatory and internal limits (with a few exceptions in the area of internal sub-limits). The result of the internal time to wall stress test demonstrates that RBI AG would survive throughout the modelled stress phase of several months even without applying contingency measures.

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 the counterbalancing capacity to cash outflows (liquidity ratio) for selected maturities on a cumulative basis. Based on assumptions employing expert opinions, statistical analyses and country specifics, this calculation also incorporates estimates of the stability of the customer deposit base, outflows from off-balance sheet items and downward market movements in relation to positions which influence the liquidity counterbalancing capacity.

in € thousand	31/12/2022		31/12/2021	
Maturity	1 month	1 year	1 month	1 year
Liquidity gap	9,791,000	6,063,994	5,043,923	6,506,536
Liquidity ratio	120%	106%	112%	108%

Liquidity coverage ratio

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 (HQLA) to meet potential liability run offs that might occur in a crisis, which can be converted into cash to meet the liquidity needs for a minimum of 30 calendar days in a liquidity stress scenario.

The calculation of the expected cash inflows and outflows of funds and the HQLAs is based on regulatory guidelines.
The regulatory limit for the LCR is 100 per cent.

in € thousand	31/12/2022	31/12/2021
Average liquid assets	**26,465,842**	**20,935,411**
Net outflows	**17,341,910**	**15,877,268**
Inflows	9,032,834	8,458,309
Outflows	26,374,744	24,335,578
Liquidity Coverage Ratio	**153%**	**132%**

The increase in average liquid assets resulted from increased overnight central bank balances.

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 that 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 held and of off-balance sheet positions.
RBI AG targets a balanced funding position.

in € thousand	31/12/2022	31/12/2021
Required stable funding	41,960,579	42,705,800
Available stable funding	46,603,649	47,721,266
Net Stable Funding Ratio	**111%**	**112%**

The NSFR again remained stable in 2022.

Operational risk

Operational risk is defined as the risk of losses resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk. In this risk category internal risk drivers such as unauthorized activities, fraud or theft, conduct-related losses, modelling errors, execution and process errors, or business disruption and system failures are managed. External factors such as damage to physical assets or fraud are managed and controlled as well.

This risk category is analyzed and managed based on RBI AG's own historical loss data and the results of risk assessment. As with other risk types the principle of firewalling of risk management and risk controlling is also applied to operational risk at RBI AG. To this end, individuals are designated and trained as Operational Risk Managers for each division. Operational Risk Managers provide central Operational Risk Controlling with reports on risk assessments, loss events, indicators and measures. They are supported in their work by Dedicated Operational Risk Specialists (DORS).

Operational risk controlling units are responsible for reporting, implementing the framework, developing control measures and monitoring compliance with requirements. Within the framework of the annual risk management cycle, they also coordinate the participation of the relevant second line of defense departments (Financial Crime Management, Compliance, Vendor Management, Outsourcing Management, Insurance Management, Information Security, Physical Security, BCM, Internal Control System, IT Risk Management) and all first line of defense contacts (Operational Risk Managers).

Risk identification

Identifying and evaluating risks that might endanger the bank's existence (but the occurrence of which is highly improbable) and areas where losses are more likely to arise more frequently (but have only limited impact) are important aspects of operational risk management.

Operational risk assessment is executed in a structured manner according to risk categories such as business processes and event types. Moreover, risk assessment applies to new products as well. The impact of high probability/low impact events and low probability/high impact events is measured over a one-year and a ten-year horizon. Low probability/high impact events are quantified on the basis of scenarios. The internal risk profile, losses arising and external changes determine which cases are dealt with in detail. In addition, scenario analyses for focus topics such as ESG, model risks or cyber risks are specified via the Group.

Monitoring

In order to monitor operational risks, early warning indicators are used that allow prompt identification and minimization of losses.

Loss data is collected in a central database called ORCA (Operational Risk Controlling Application) in a structured manner according to the event type and the business line. In addition to the requirements for internal and external reporting, information on loss events is exchanged with international data pools to further develop operational risk management tools as well as to track measures and control effectiveness. Since 2010, RBI AG has been a participant in the ORX data pool (Operational Risk Data Exchange Association), whose data are currently used for internal benchmark purposes and analyses and as part of the operational risk model. The ORX data consortium is an association of banks and insurance groups for statistical purposes. The results of the analyses as well as events resulting from operational risks are reported in a comprehensive manner to the relevant Operational Risk Management Committee on a regular basis.

Quantification and mitigation

At the end of 2022, the equity requirement was calculated using the standardized approach, which was additionally adapted due to the retirement of the advanced measurement approach.

The economic capital is based on an internal model with the input factors from the external and internal loss events and the Group-wide scenarios. Risk-based management is carried out with the allocation on the basis of the input factors of the corresponding units and operating income for stabilization. The implementation of these high qualitative standards has already been rolled out in broad sections of the Group.

To reduce operational risk, business managers decide on preventive risk reduction actions such as risk mitigation or risk transfer. The progress and effectiveness of these actions is monitored by Risk Control. The former also define contingency plans and nominate responsible persons or departments for initiating the defined actions if losses in fact occur. In addition, several dedicated organizational units provide support to business units for preventing operational risks. An important role in connection with operational risk activities is taken on by Financial Crime Management. Financial Crime Management provides support for the prevention and identification of fraud. RBI AG also organizes regular extensive staff training programs and has a range of contingency plans and back-up systems in place.

Loss data per category of operational risk for RBI AG is distributed across the Basel risk categories as follows:

in € thousand	31/12/2022	Percentage	31/12/2021	Percentage
Clients, Products and Business Practices	512,051	99.1%	289,956	99.3%
External Fraud	1,808	0.3%	1,372	0.5%
Disasters and Public Safety	1,546	0.3%	0	0.0%
Excecution, Delivery and Process Management	1,136	0.2%	741	0.3%
Employment Practices and Workplace Safety	144	0.0%	0	0.0%
Technology and Infrastructure Failures	1	0.0%	5	0.0%
Total	**516,686**	**100.0%**	**292,074**	**100.0%**

Number of OpRisk events	31/12/2022	Percentage	31/12/2021	Percentage
External Fraud	4,670	88.7%	4,344	94.6%
Clients, Products and Business Practices	323	6.1%	102	2.2%
Excecution, Delivery and Process Management	214	4.1%	141	3.1%
Employment Practices and Workplace Safety	43	0.8%	0	0.0%
Disasters and Public Safety	12	0.2%	0	0.0%
Technology and Infrastructure Failures	2	0.0%	4	0.1%
Total	**5,264**	**100.0%**	**4,591**	**100.0%**

Internal control and risk management system with regard to the accounting process

Introduction

The establishment and definition of a suitable internal control and risk management system with regard to the accounting process is extremely significant for RBI AG. The Finance Services Banking department, which is part of Group Accounting and is located in the CFO unit under the CEO, prepares and coordinates the annual financial statements of RBI AG. The foreign branches deliver financial statements to the head office. They themselves are responsible for preparing the financial statements, taking into account the applicable UGB/BWG accounting manual of RBI AG.

The annual financial statements are prepared on the basis of the relevant Austrian laws, above all the Austrian Banking Act (BWG) and the Austrian Commercial Code (UGB), which deal with the preparation of annual financial statements.

RBI AG's general ledger is maintained in SAP S4 HANA. The GEBOS core banking system fulfills important sub-ledger functions such as credit and deposit processing, and clearing, settlement and payment services. Other sub-ledgers exist in addition to GEBOS, including in particular:

- Wall Street Systems and Murex (Treasury transactions)
- GEOS und GEOS Nostro (securities settlement and nostro securities management)
- Clearing, settlement and payment services
- Trade finance (guarantees and letters of credit)
- UBIX (stock exchange traded securities derivatives)
- ARTS/SE4 (Repo and lending business)
- SAP sub-ledgers (accounts receivable/accounts payable/fixed asset accounting)
- FineVare (loan loss provisioning)
- Cognos Controller for preparing the consolidated financial statements of RBI AG including branches

The accounting process can be described as follows:

- Day-to-day accounting
  Day-to-day accounting records of business transactions are mainly posted to the respective integrated subledgers. The relevant accounting data is directly and automatically transferred to the general ledger. In addition, individual postings are recorded directly in the SAP general ledger.
  The SAP general ledger has multi-GAAP functionality, meaning two equivalent general ledgers are maintained in parallel: one in accordance with UGB/BWG reporting standards and also a parallel ledger in accordance with IFRS. An operational chart of accounts exists for both of the general ledgers; depending on the respective content, all postings are effected either in both general ledgers simultaneously or only in one of the two. The parallelism of the entries and existence of the two parallel general ledgers removes the need for reconciliation from UGB/BWG to IFRS.

- Individual financial statements for RBI head office in accordance with UGB/BWG
  The SAP trial balance in accordance with UGB/BWG results from the posting data of the respective subsystems of the banking operations which is delivered via automated interfaces. In addition, supplementary ledger-specific closing entries are made directly in SAP. These are independent of the respective subsystems. The sum of all these entries gives the statement of financial position and the income statement pursuant to UGB/BWG for RBI's head office excluding branches.

- Individual financial statements of RBI AG
  In a final step, the financial statements of RBI AG in accordance with UGB/BWG are produced. These include head office and also the branches. Both the branch data and the closing data of head office are provided by automated transfer from SAP or in some cases by direct input into the IBM Cognos Controller consolidation system. The data are consolidated in this system, on the basis of which RBI AG's individual financial statements are prepared.

Control environment

In general, all Group-internal instructions can be retrieved from the Group Internal Law Database. With regard to accounting, mention should be made above all of the Group Accounts Manual, which contains a description of the following points in particular:

- Accounting rules for general and special transactions
- Measurement methods
- Required (quantitative) information in the notes

Further guidelines relate solely to RBI AG or only deal with functions within departments. The Corporate Directive Accounting Guidelines for example apply to the accounting system. These deal with the instruction process for the settlement of purchase invoices, cost refunds and the management of clearing accounts. Regulations in connection with bookkeeping and accounting within the framework of the separate financial statements according to the Austrian Commercial Code/Austrian Banking Act are set out in the UGB/BWG Accounting Manual.

Risk assessment

The assessment of the risk of incorrect financial reporting is based on various criteria taking into account appropriate escalation mechanisms. Valuations of complex financial instruments may lead to an increased risk of error. In addition, asset and liability items have to be valued for the preparation of the annual financial statements; in particular the assessment of the impairment of receivables, securities and participations, which are based on estimates of future developments, gives rise to a risk.

Control measures

The control measures encompass a wide range of reconciliation processes, notably the reconciliation between the general ledger in SAP and the sub-ledgers. Besides the four eyes principle, automation-aided controls and monitoring instruments dependent on risk levels are used, such as the reconciliation between accounting and balance sheet risk management. The duties assigned to individual positions are documented and updated on an ongoing basis. Particular emphasis is placed on effective deputizing arrangements to ensure that deadlines are not missed due to the absence of one person. The controls in the core processes are important for the financial statements process. These primarily involve measurement-related processes whose results have a significant influence on the financial statements (e.g. loan loss provisioning, derivatives, equity participations, personnel provisions, market risk).

The Audit Committee of the Supervisory Board considers the annual financial statements and the management report, which are also approved and adopted by the Supervisory Board in accordance with § 96(4) of the German Stock Corporation Act (AktG). They are published in the Wiener Zeitung and filed with the commercial register.

Information and communication

Information on the accounting treatment of the respective products is regularly exchanged with the specialist departments. For example, regular monthly meetings take place with the Capital Markets and Treasury departments, in which among other topics accounting for complex products is addressed. The Accounting team is also represented at regularly scheduled jour-fixe meetings during the product launch process in order to provide information on the technical aspects of accounting and their implications for product launches. Regular department events ensure that employees receive ongoing training on changes to accounting rules under UGB, BWG and IFRS.

As part of the reporting process, the Management Board receives monthly and quarterly reports analyzing the results of RBI AG. The Supervisory Board is also regularly informed about the results at its meetings.

External reports are for the most part prepared only for the consolidated results of RBI AG. The reporting cycle is quarterly: besides the consolidated financial statements, a semi-annual financial report and interim quarterly reports for the Group are published. In addition, reports have to be regularly provided to the banking supervisory authority.

Monitoring

Financial reporting is an important part of the ICS, in which the accounting processes are subject to additional monitoring and control, the results of which are presented to the Management Board and Supervisory Board. The Audit Committee is also responsible for monitoring the accounting process. The Management Board is responsible for ongoing company-wide monitoring. In accordance with the target operating model, three successive lines of defense are in place to meet the increased requirements for internal control systems.

The first line of defense is formed by the individual departments, where department heads are responsible for monitoring their business areas. Controls and plausibility checks are conducted on a regular basis within the departments, in accordance with the documented processes.

The second line of defense is provided by issue-specific specialist areas. These include, for example, Compliance, Data Quality Governance, Operational Risk Controlling or Security & Business Continuity Management. Their primary aim is to support the individual departments when carrying out control steps, to validate the actual controls and to introduce state-of-the-art practices within the organization.

Internal audits are the third line of defense in the monitoring process. Responsibility for auditing lies with Group Internal Audit at RBI AG. All internal auditing activities are subject to the Group Audit standards, which are based on the Austrian Financial Market Authority's minimum internal auditing requirements and international best practices. Group Audit's internal rules are additionally applicable (notably the Audit Charter). Group Audit regularly and independently verifies compliance with the internal rules within the RBI Group units. The head of Group Internal Audit reports directly to the Management Board.

Outlook

Economic outlook

A moderate economic upswing is anticipated to start no later than mid-2023 following the slight recession expected in many countries in the 2022/23 winter half-year. Industrial supply bottlenecks have already decreased significantly throughout 2022 and should no longer constitute a significant negative factor in 2023. Mandatory volume restrictions on gas consumption were avoided in the 2022/23 winter. Natural gas storage levels are likely to be lower at the beginning of the 2023/24 winter than they were in the year before. However, elevated prices should be sufficient to bring demand in line with the scarcer supply. Monthly inflation rates peaked towards the end of 2022 and should remain well above pre-pandemic levels on average over the year. 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. Energy supply disruptions continue to pose the greatest economic risk in 2023, although this risk has decreased somewhat due to the warmer temperatures and thus lower energy consumption in the 2022/23 winter season. All in all, 2023 is likely to be characterized by continued heightened geopolitical uncertainty and elevated energy prices.

Central Europe

At the turn of 2022/23, we expect a technical recession in Central Europe (CE) that will slow the growth rate for 2023 as a whole. As in 2022, there will likely be a stronger drag on consumer demand and increased volatility in financial markets, which will additionally weigh on the CE economy. Inflation should peak in the first quarter of 2023 but will remain historically high. This poses further challenges for governments and central banks and will curtail consumer demand. The biggest glimmer of hope in the CE region remains EU funds that are being disbursed in addition to funds from the previous EU budget and have been also approved for Hungary and Poland, even if their disbursement is still subject to certain conditions. The entire region is assumed to grow at 1.0 per cent in 2023 (2022: 3.9 per cent).

Southeastern Europe

The technical recession expected for the CE region will be less pronounced in service-oriented Southeastern Europe (SEE). However, negative effects will ripple out from the euro area economy. In some countries of the region, these will not least be felt through the volume of inflowing foreign remittances. Inflation, which remains high but is expected to be lower on average than in 2022, should continue to dampen consumer demand. GDP growth in the region is projected to drop to 2.1 per cent in 2023 (2022: 4.4 per cent). Transfers from the NGEU fund are a supportive factor for the region as a whole since cyclical effects spill over to non-EU countries. EU funds can also be used partially to address current challenges and thus support national energy security. EU's Economic and Investment Plan for the Western Balkans should continue supporting this region in particular.

Eastern Europe

Ukraine's war-torn economy will likely continue to suffer from war-related destruction in 2023. However, there is scope for a limited recovery (up 1.8 per cent) since economic activity has adapted somewhat to the wartime conditions and GDP plummeted in 2022. However, the downside risks predominate and depend on the further course of the war. The prospect of a protracted conflict implies a high key rate in 2023 along with high inflation. In Belarus, there appears little scope for an economic recovery in 2023, which is why economic output is forecast to merely stagnate despite the previous downturn coming to an end. Since the economy in Russia faces additional adverse effects from further sanctions, its economic output is projected to decline further (down 4 per cent) for 2023 as a whole, which means that Russian GDP would decrease somewhat more in 2023 than in the year before (down 3.5 per cent). Following the interest rate cuts at the end of 2022, monetary policy is expected to ease moderately in 2023. Additional EU sanctions (ban on Russian oil products and a ninth sanctions package), the EU and G7 price cap on Russian oil and lower global energy prices are likely to affect the foreign trade sector in 2023. Additional risks to economic growth arise from the speed with which the country adjusts itself to these new foreign trade restrictions. Nevertheless, depending on the progress of the "war economy", a smaller decline in GDP is also possible,

Austria

The Austrian economy is likely to experience a moderate recession in the winter half-year of 2022/23. The industrial sector and private consumption are likely to weigh on the economy in the winter half-year. However, from the middle of the year onwards,

the Austrian economy should trace a cyclical upward trend again, although it will probably not be particularly strong. While the industrial sector and investment are expected to serve as economic drivers again, private consumption will probably support the economy comparatively little in the later course of 2023. GDP is expected to grow only a marginal 0.5 per cent in 2023 as a whole due to the economic headwinds in the 2022/23 winter half-year. The labor market is projected to remain robust despite the economic downturn.

Banking sector in Austria

Regulatory decisions made in 2022 with regard to mortgage lending standards for households had an impact as early as in the second half of 2022 as loan growth slowed down in this segment. About 50 per cent of new loans originated in the household segment over the past five years carry variable rates; those households now face a significant increase in interest payments. This means asset quality may deteriorate somewhat in the coming months. Credit growth may also slow down in the corporate segment following a sharp rise in growth rates in this segment in 2022, especially for short-term loans. The grim macroeconomic environment will also likely affect bank balance sheets in the year ahead. Risk costs for 2023 are therefore expected to increase moderately. Moreover, the Austrian banking industry is one of the sectors with the deepest financial links to Russia and continued drawing over 50 per cent of its net profit from the CE/SEE region through its subsidiaries in 2022.

CEE banking sector

Bank profitability in core CE/SEE markets is expected to decline as the widening of net interest margins due to higher interest rates fades while deposit rates catch up and issuance of expensive MREL bonds increases. Defaults also seem likely to increase given the recession risks and pressures on real household incomes. In addition, the banking sector will share in the cost of supporting borrowers (payment holidays, regulatory interest rate caps) and contribute to fiscal consolidation (windfall taxes). The uncertain economic outlook makes banks more cautious about granting new loans, while growth incentives are further dulled by regulators tightening macroprudential measures (additional capital buffers, etc.). However, support from European funds means that selective expansion is still possible (in the ESG domain and elsewhere).

RBI AG’s outlook for 2023

The 2023 outlook calls for a continuation of the gradual rise in interest rates in EUR, our main working currency. In USD, we also expect slightly higher interest rates for 2023 followed by slightly lower rates in subsequent years. The 2023 outlook also anticipates weak economic growth of 1 per cent in the eurozone and slightly higher growth of 1.5 per cent in Austria. Beginning in 2024, we expect the economy to improve. Furthermore, for 2023 and beyond, we expect to see inflation fall back from its peak in 2022.

We expect net interest income to decline. In 2022, deposit margins benefited from the rapid rise in EUR and USD interest rates. In line with market developments, deposit rates are expected to be adjusted in 2023, thereby reducing this positive effect. Furthermore, RBI AG's higher risk premium on new issuance has a negative impact on net interest income. Average customer lending volumes are expected to remain stable.

In the area of net fee and commission income, declines are expected for 2023 following the extraordinarily high income in Russia-related cross-border payments and FOREX volumes in 2022. With the exception of Russia, earnings are expected to show positive growth in core markets and products.

In terms of operating expenses, we are forecasting an inflation-driven increase in staff expenses. Other administrative expenses are expected to grow in line with the average inflation rate over 2022 and 2023 (projected).

Based on the macroeconomic assumptions and forecasts embedded in the risk models, loan loss provisions are expected to remain stable in 2023.

All transactions are closely monitored for Russia-related sanctions and compliance risk, and it is currently assumed that the volume of Russia-related cross-border business will decline.

Due to the current uncertainty surrounding foreign currency loans in Poland, the amount of provisions to cover them is susceptible to significant fluctuation depending on the number of new lawsuits and the outcome of court decisions.

Statement of the board of Management pursuant to Art. 82 (4) Z3 Austrian Stock Exchange Act

We confirm to the best of our knowledge that the financial statement give a true and fair view of the assets, liabilities, financial positions and profit or loss of the company as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Vienna, 13 February 2023 / The Management Board

Johann Strobl

Chief Executive Officer responsible for Active Credit Management, Chairman's Office, Group Accounting, Group Communications, Group ESG & Sustainability Management, Group Executive Office, Group Finance Data, Analytics & Operations, Group Finance Task Force, Group Financial Reporting & Steering, Group Internal Audit, Group Investor Relations, Group Marketing, Group People & Organisational Innovation, Group Strategy, Group Subsidiaries & Equity Investments, Group Tax Management, Group Treasury, Legal Services and Sector Marketing

Andreas Gschwenter

Member of the Management Board responsible for Customer Data Services, Group Core IT, Group Data, Group Efficiency Management, Group IT Delivery, Group Procurement, Outsourcing & Real Estate Management, Group Security, Resilience & Portfolio Governance and Head Office Operations

Łukasz Januszewski

Member of the Management Board responsible for Certificates & Equity Trading, Group Asset Management (via RCM), Group Capital Markets Corporates & Retail Sales, Group Capital Markets Trading & Institutional Sales, Group Investment Banking, Group Investor Services, Group MIB Business Management & IC Experience, Institutional Clients and Raiffeisen Research

Peter Lennkh

Member of the Management Board responsible for Corporate Customers, Corporate Finance, Group Corporate Business Strategy & Steering, International Leasing Steering & Product Management and Trade Finance & Transaction Banking

Hannes Mösenbacher

Member of the Management Board responsible for Financial Institutions, Country & Portfolio Risk Management, Group Advanced Analytics, Group Compliance, Group Corporate Credit Management, Group Regulatory Affairs & Data Governance, Group Risk Controlling, Group Special Exposures Management, International Retail Risk Management, RCB Retail Risk Management and Sector Risk Controlling Services

Andrii Stepanenko

Member of the Management Board responsible for Payments & Daily Banking, Retail Customer Growth, Retail Products and Retail Strategy & Digital Transformation

Independent Auditor’s Report

Report on the Audit of the Annual Financial Statements

Opinion

We have audited the annual financial statements of Raiffeisen Bank International AG, Vienna, which comprise the statement of financial position as at 31 December 2022, the income statement, and the notes to the financial statements.

In our opinion, the accompanying financial statements comply with legal requirements and give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance for the year then ended in accordance with Austrian Generally Accepted Accounting Principles and the Austrian Banking Act.

Basis for Opinion

We conducted our audit in accordance with the Regulation (EU) No. 537/2014 and the Austrian Standards on Auditing. Those standards require the application of the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with laws and regulations applicable in Austria and we have fulfilled our other professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained until the date of our opinion is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have identified the following key audit matters:

1. Recoverability of loans and advances to customers
2. Recoverability of shares in affiliated undertakings
3. Adequacy of provision for foreign currency loans in the branch in Poland

1. Recoverability of loans and advances to customers

Description and Issue

Loans and advances to customers are reported with an amount of EUR 29,9 billion after deduction of valuation allowances. They mostly are loans and advances to Austrian and international non-financial corporations and to a lower extent retail customers in the Polish branch.

The Management Board describes the process for monitoring credit risk and the procedure for determining credit losses in the section “Recognition and Measurement Principles” of the notes to the financial statements and in the “Credit Risk” section of the Risk Report in the Management Report.

Calculations of credit losses for defaulted loans to corporates are based on the expected recoveries. These are determined by the assessment of the economic situation and development of the respective customer, the valuation of collateral, and the estimate of the amount and timing of the recoveries derived from these.

Specific loan loss provisions for retail customers in the branch in Poland and expected credit losses for loans and advances for which no default has been identified are based on models with statistical assumptions such as rating-based probability of default, which are used to estimate the expected credit loss. The Bank uses the methods of IFRS 9 to determine expected credit losses (12 months expected credit loss or, in the case of a significant increase in credit risk since initial recognition – lifetime expected credit loss).

Post model adjustments and other adjustments are made when input parameter, assumptions and modeling do not cover all relevant risks. Adjustments are made for example for macroeconomic, microeconomic and political events.

The calculation of the expected credit losses on loans and advances to customers is an estimate that is based on assumptions about future developments to a considerable extent. The expected credit loss depends on the selection of the data, the key assumptions, statistical and mathematical models and the correct execution of the calculation steps. We have therefore identified the recoverability of loans to customers as a key audit matter.

Our response

In testing expected credit losses for loans and advances to customers, we performed the following significant audit procedures:

- We assessed the methodologies used to determine expected credit losses and their compliance with the Austrian Generally Accepted Accounting Principles and those of the Banking Act.
- We analyzed the documentation of the processes of monitoring loans and risk provisioning, and critically assessed whether these processes are suitable for identifying loan losses and adequately reflecting the recoverability of exposures. We also assessed the processes and tested key controls regarding their design and implementation, including the relevant IT systems, and tested their effectiveness on a sample basis.
- By performing analytical audit procedures, we examined changes of loans and advances in terms of quality, type of care, rating and level allocation throughout the year and in comparison with the previous year.
- We tested individual exposures selected on the basis of a sample determined according to selected risk criteria: For defaulted loans, we assessed the Bank's estimates of the amount and timing of recoveries, taking into account collateral, and examined whether the assumptions used in the calculation were appropriate and derived from internal or external evidence. For non-defaulted loans, we examined whether indicators of default exist.
- In order to assess the appropriateness of the expected credit losses for non-defaulted loans, we examined the plausibility of assumptions and the statistical/mathematical appropriateness of the models used, as well as the proper application of the models, with the assistance of specialists. In particular, we examined the assumptions in connection with forward-looking information and post-model adjustments. Furthermore, we examined the appropriateness of the assumptions “probability of default”, “loss given default” and the staging model, taking into account the results of the bank's internal validations, and reperformed selected calculation steps. In addition, internal IT specialists tested the effectiveness of key automated controls of the IT systems relevant for these calculations.
- Finally, we assessed whether the disclosures in the notes to the financial statements regarding the calculation of expected credit losses and the significant assumptions and estimation uncertainties are appropriate.

2. Recoverability of shares in affiliated undertakings

Description and Issue

Shares in affiliated undertakings represent a significant balance sheet item at Raiffeisen Bank International AG with a total amount of approximately EUR 9.7 billion. The Bank holds interests, mostly through holding companies, in particular in domestic and foreign credit institutions as well as in finance and project companies.

The Management Board describes the management process and the procedures for impairment testing for shares in affiliated undertakings in the section “Recognition and Measurement Principles” in the notes as well as in the section “Participation risk” of the Risk Report in the management report.

The Bank reviews whether there are triggers for permanent impairments or whether a reversal of a previous impairment, limited to the original cost, is required.

Internal and external valuations are used to determine the recoverable amount. The valuations are primarily based on assumptions and estimates regarding future business development and resulting returns to owners, especially in the form of dividends. These are usually based on the budgeted figures approved by the corporate bodies of the respective companies. The discount rates used are derived from the financial and capital markets.

The parameter used in these calculations are based on assumptions that are subject to a high degree of uncertainty. Minor changes in these assumptions may lead to significantly different results. Due to the sensitivity of the valuation results and the high degree of discretion in the assumptions, we have identified the valuation of shares of affiliated undertakings as a key audit matter.

Our response

In auditing the valuation of shares in affiliated undertakings, we performed the following key audit procedures:

- We analyzed the documentation of the processes for monitoring and valuation of shares in affiliated undertakings and critically assessed whether these processes are suitable for identifying necessary impairments or reversals of impairments and appropriately reflecting the recoverability of the shares.
- We reviewed the valuation models used, and – based on risk-based samples - the key planning assumptions and the valuation parameter with the involvement of our valuation specialists. This included the understanding of the valuation models. We evaluated the planning and valuation parameters for selected valuations, based on external market data and historical data. We assessed the appropriateness of the interest rate parameters by comparing them with market- and industry-specific benchmarks and compared the cash flows used in the valuation model with the approved plans. The mathematical correctness of the valuations was verified on a sample basis and the valuation was checked for plausibility in our own developed valuation model.
- Finally, we assessed whether the disclosures in the notes to the financial statements on the determination of an impairment of shares in affiliated undertakings are appropriate.

3. Adequacy of provision for foreign currency loans in the branch in Poland

Description and Issue

As at 31 December 2022, the Bank has recorded a "provision" [partly a provision, partly a deduction from carrying value] in connection with foreign currency loans in the branch in Poland in the amount of EUR 803 million.

The Management Board describes the legal risks, the procedure for determining the "provision" and related uncertainties in the chapter "Litigation risk for foreign currency loans in Poland" of the notes to the financial statements.

Due to the lack of clear answers by the competent courts, including the supreme courts, and the necessary assumptions about the future behavior of borrowers and former borrowers, there are considerable estimation uncertainties and scope for judgement in determining the amount of the "provision". Thus, we have determined the adequacy of the "provision" for foreign currency loans of the branch in Poland to be a key audit matter.

Our Response

In particular, we performed the following audit procedures in testing the adequacy of the "provision":

- We assessed the Bank's processes and controls for determining the "provision", including the key controls applied, and their suitability for ensuring the determination of an appropriate "provision".
- We verified the plausibility and critically assessed the Bank's method for determining the "provision", including the derivation of the underlying assumptions and their appropriateness.
- We verified the mathematical accuracy of the Bank's calculations.
- We obtained information on the pending lawsuits from the lawyers involved, critically assessed this information, and reconciled the list of lawsuits in the lawyers' letters with the bank's data on a sample basis.
- We have reviewed the current Polish case law with regard to foreign currency loans and have assessed its consideration for the calculation of the provision.
- We reviewed the disclosure of the risks in the notes to the financial statements for appropriateness.

Other Information

The legal representatives are responsible for the other information. The other information comprises all information in the Annual Financial Report, except for the consolidated financial statements, the group management report, the annual financial statements, the management report and the related auditor's reports. The Annual Financial Report is expected to be available to us after the date of the auditor's report.

Our audit opinion on the financial statements does not cover this other information, and we will not express any form of assurance conclusion thereon. With regard to the information in the management report, we refer to the section "Report on the management report".

In connection with our audit of the financial statements, our responsibility is to read the other information mentioned above, when it becomes available, and assess whether it is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears misleading.

Responsibilities of Management and the Audit Committee for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view of the financial position of the Company as of December 31, 2022, and of its financial performance for the year then ended in accordance with Austrian Generally Accepted Accounting Principles and the Austrian Banking Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with EU rules and Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Regulation (EU) 537/2014 and with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that give a true and fair view.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Management Report

Pursuant to Austrian Commercial Code, the management report is to be audited as to whether it is consistent with the financial statements and whether it has been prepared in accordance with the applicable legal requirements.

Management is responsible for the preparation of the management report in accordance with the Austrian Commercial Code.

We conducted our audit in accordance with laws and regulations applicable with respect to the management report.

Opinion

In our opinion, the management report attached is prepared in accordance with the applicable legal requirements, the disclosures pursuant to section 243a UGB are appropriate, and it is consistent with the financial statements.

Statement

Based on the findings during the audit of the financial statements and due to the thus obtained understanding concerning the Company and its circumstances no material misstatements in the management report came to our attention.

Additional Information in Accordance with Article 10 of EU Regulation (EU) 537/2014

We were elected as auditor of the Company at the annual general shareholders' meeting on 22 April 2021 for the fiscal year ending on 31 December 2022 and mandated by the chairman of the Supervisory Board on 28 August 2021. Furthermore, we were elected as auditor at the annual general shareholders' meeting on 31 March 2022 for the subsequent fiscal year and mandated by the chairman of the Supervisory Board on 31 March 2022. We are the auditor of the Company since the financial year ending 31 December 2021.

We confirm that the audit opinion in the section "Report on the Financial Statements" is consistent with the additional report to the audit committee referred to in article 11 of the EU regulation.

We declare that no prohibited non-audit services (article 5 par. 1 of the EU regulation) were provided by us and that we remained independent from the Company in conducting the audit.

Engagement Partner

The engagement partner responsible for the audit is Peter Bitzyk.

Vienna

13 February 2023

Deloitte Audit Wirtschaftsprüfungs GmbH

Peter Bitzyk

Certified Public Accountant

Publication or sharing with third parties of the financial statements together with our auditors' opinion is only allowed if the financial statements and the management report are identical with the audited version. This audit opinion is only applicable to the German and complete financial statements with the management report. Section 281 para 2 UGB applies to alternated versions.

This translation is for convenience purposes only.
Only the German original is legally valid and binding.