Raiffeisen Bank International

Semi-Annual Financial Report as at 30 June 2023

Overview

Raiffeisen Bank International (RBI)			
Monetary values in € million	**2023**	**2022**	**Change**
Income statement	**1/1-30/6**	**1/1-30/6**	
Net interest income	2,749	2,199	25.0 %
Net fee and commission income	1,698	1,565	8.4 %
General administrative expenses	(1,995)	(1,649)	21.0 %
Operating result	2,661	2,500	6.4 %
Impairment losses on financial assets	(259)	(561)	(53.9)%
Profit/loss before tax	1,715	1,590	7.8 %
Profit/loss after tax	1,327	1,751	(24.2)%
Consolidated profit/loss	1,235	1,712	(27.9)%
Statement of financial position	**30/6**	**31/12**	
Loans to banks	17,358	15,716	10.4 %
Loans to customers	101,806	103,230	(1.4)%
Deposits from banks	33,681	33,641	0.1 %
Deposits from customers	120,553	125,099	(3.6)%
Equity	19,329	18,764	3.0 %
Total assets	206,123	207,057	(0.5)%
Key figures	**1/1-30/6**	**1/1-30/6**	
Return on equity before tax	18.5 %	20.3 %	(1.8) PP
Return on equity after tax	14.3 %	22.4 %	(8.1) PP
Consolidated return on equity	14.9 %	25.5 %	(10.6) PP
Cost/income ratio	42.9 %	39.7 %	3.1 PP
Return on assets before tax	1.63 %	1.58 %	0.05 PP
Net interest margin (average interest-bearing assets)	2.74 %	2.37 %	0.37 PP
Provisioning ratio (average loans to customers)	0.37 %	0.86 %	(0.49) PP
Bank-specific information	**30/6**	**31/12**	
NPE ratio	1.5 %	1.6 %	(0.1) PP
NPE coverage ratio	57.6 %	59.0 %	(1.4) PP
Total risk-weighted assets (RWA)	99,207	97,680	1.6 %
Common equity tier 1 ratio[1]	15.9 %	16.0 %	(0.1 PP)
Tier 1 ratio[1]	17.6 %	17.7 %	(0.1 PP)
Total capital ratio[1]	20.0 %	20.2 %	(0.2 PP)
Stock data	**1/1-30/6**	**1/1-30/6**	
Earnings per share in €	3.59	5.07	(29.1)%
Closing price in € (30/6)	14.52	10.34	40.4 %
High (closing prices) in €	14.60	28.42	(48.6)%
Low (closing prices) in €	13.44	10.20	31.8 %
Number of shares in million (30/6)	328.94	328.94	0.0 %
Market capitalization in € million (30/6)	4,776	3,401	40.4 %
Resources	**30/6**	**31/12**	
Employees as at reporting date (full-time equivalents)	44,559	44,414	0.3 %
Business outlets	1,570	1,664	(5.6)%
Customers in million	17.8	17.6	1.2 %

1 Transitional – including profit

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

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

Content

RBI in the capital markets 4
Interim group management report 7
Market development 7
Significant events in the reporting period 9
Earnings and financial performance 10
Statement of financial position 14
Total capital pursuant to the CRR/Austrian Banking Act (BWG) 16
Risk management 16
Outlook 16
Segment and country analysis 17
Central Europe 17
Southeastern Europe 19
Eastern Europe 21
Group Corporates & Markets 22
Corporate Center 23
Interim consolidated financial statements 24
Company 24
Statement of comprehensive income 25
Statement of financial position 26
Statement of changes in equity 27
Statement of cash flows 28
Segment reporting 29
Notes 34
Notes to the income statement 40
Financial assets measured at amortized cost 46
Financial assets measured at fair value 52
Other assets and liabilities and equity 60
Notes to financial instruments 62
Risk report 73
Other disclosures 86
Regulatory information 92
Events after the reporting date 96
Key figures 97
List of abbreviations 99
Statement of all legal representatives 100
Report on the Review of the condensed Interim Consolidated Financial Statements 101
Publication details 103

RBI in the capital markets

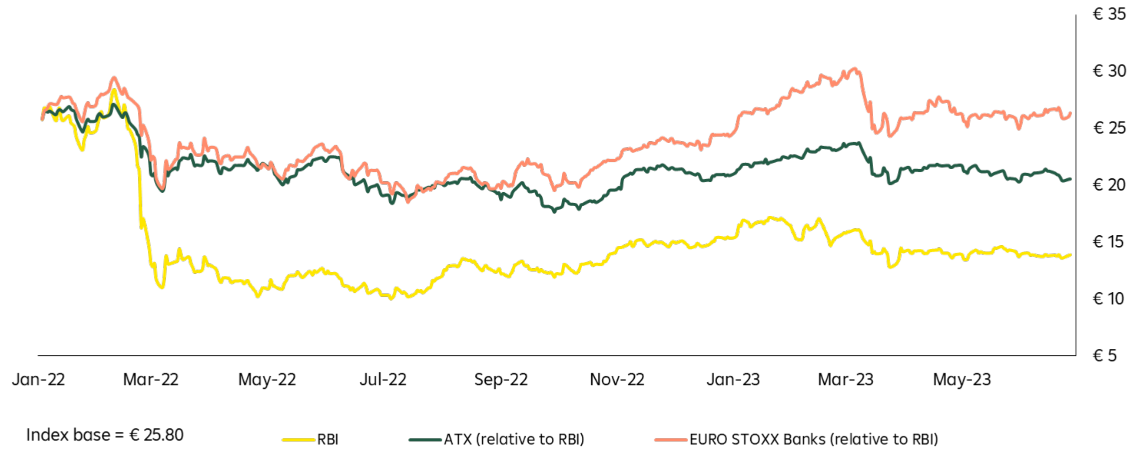
Performance of RBI stock

Most of the European stock markets recorded only small gains in the second quarter. The continued broad decline in inflation rates had a positive impact. However, since inflation still remained well above the target range in absolute terms, the ECB raised its benchmark rate by 25 basis points on three separate occasions between April and July, bringing it to 4.25 per cent, and did not exclude further rate hikes in future months as long as the inflation rate remains elevated. The economic outlook for the current year remained muted or, in cases such as Germany, deteriorated somewhat. These factors counteracted major price gains. In the United States, the Federal Reserve is keeping open all options, too, amid a visible decline in inflation but still above its target range after raising rates another 25 basis points twice to 5.50 per cent in May and July. As a result, US stocks significantly outperformed their European counterparts toward the end of the quarter. The turmoil that temporarily roiled the banking sector as some American banks experienced difficulties ceased to play a significant role in the financial markets in the second quarter.

The euro traded within a relatively narrow range against the US dollar in the second quarter of the year; volatility for European sovereign bonds was also low.

RBI's share price started the second quarter of 2023 at € 14.16. At the end of the quarter, it was trading at € 14.52, having gained 3 per cent in the second quarter. Despite the very good first-quarter result, the still-unresolved situation regarding RBI's Russian business weighed on share price performance. The Austrian stock index (ATX) lost a slight 2 per cent in the second quarter, while the European bank index (Euro Stoxx Banks) gained 5 per cent.

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



Capital market communication

On 5 May 2023, RBI published its first-quarter financial results. The RBI Management Board took this opportunity to hold a web conference with more than 280 participants. The Management Board explained the financials, discussing the situation in Russia and Ukraine and its potential impact on RBI in detail, and fielded additional questions from participants in the subsequent Q&A session.

RBI's investor relations activities aim to provide maximum transparency for capital market players through flexible and innovative information sessions. Investor Relations managers and other RBI representatives participated in roadshows and conferences in Budapest, Genoa, Lausanne, Madrid, Milan, Paris, Stockholm and Zürs in the second quarter. These activities were supplemented by a host of virtual events conducted via conference calls and web conferences. In addition, Investor Relations gave analysts and equity and debt investors the opportunity to individually talk to the CEO, CRO and Investor Relations by telephone or video conference. The discussions held with investors and analysts in the second quarter continued to focus on the situation in Ukraine and developments in Russia as well as their potential impact on RBI. Other topics included the impact of inflation and interest rate hikes on RBI's net interest income and credit portfolio, for example.

A total of 20 equity analysts and 22 debt analysts (as at 30 June 2023) regularly provide investment recommendations on RBI.

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

New issues

In January, RBI issued its first benchmark bond of the year, a senior preferred bond worth € 1.0 billion. The issue met with tremendous interest as demand rose to three times the supply within only a few hours. Since the issue was heavily oversubscribed, the final spread fell from the initial price guidance of 230 basis points over mid-swaps to 195 basis points over mid-swaps. The order book was high-quality and highly granular with more than 170 investors located in a large number of countries, primarily in Western Europe. The issue has a 4-year term, an annual coupon of 4.75 per cent and an A2 rating from Moody's.

In March, RBI issued a mortgage-backed benchmark bond with a nominal value of € 500 million, a term of 3 years and a coupon of 3.875 per cent. With an initial price guidance of 40 basis points over mid-swaps, this transaction experienced strong demand with an order book of € 1.4 billion and a final spread of 34 basis points over mid-swaps. The broad investor base came primarily from Germany, Austria and Scandinavia.

In May, RBI issued a mortgage-backed bond for a nominal value of € 500 million as its third issue of 2023. The 4-year bond matures in 2027, has a yearly coupon of 3.375 per cent and was priced at 45 basis points over the mid-swap rate at the time of issue.

RBI rating

In order to ensure an accurate assessment, RBI maintains regular contact with rating agency analysts and informs them about current developments in its business. RBI continues to be rated by Moody's Investors Service and Standard & Poor's. The rating assigned by Moody's was upgraded by one notch from A2 to A1 in July 2023 and the outlook was adjusted to stable. The other ratings remained unchanged. Standard & Poor's reaffirmed its rating for RBI at the end of May 2023, citing RBI's solid capital base on its own and as part of the Raiffeisen Banking Group, and, in its assessment, emphasized RBI's good business performance and improved risk resilience despite the war in Ukraine. It only lowered the rating of the regulatory AT1 instruments one notch to BB.

Rating	Moody's Investors Service	Standard & Poor's
Long-term rating	A1	A-
Outlook	stable	negative
Short-term rating	P-1	A-2
Subordinated (Tier 2)	Baa2	BBB
Additional Tier 1	Ba2(hyb)	BB
Public-sector covered bonds	Aa1	–
Mortgage covered bonds	Aa2 (review for uprade)	–

Shareholder structure

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

Stock data and details

Share price (closing) on 30 June 2023	€ 14.52
Share price high/low (closing) in the second quarter 2023	€ 14.60/€ 13.44
Earnings per share from 1 January to 30 June 2023	€ 3.59
Book value per share as at 30 June 2023	€ 50.24
Market capitalization as at 30 June 2023	€ 4,776 million
Average daily trading volume (single count) in the second quarter 2023	256,086 shares
Free float as at 30 June 2023	approximately 41.2%
ISIN	AT0000606306
Ticker symbols	RBI (Vienna Stock Exchange)
	RBI AV (Bloomberg)
	RBIV.VI (Reuters)
Market segment	Prime Market
Number of shares issued as at 30 June 2023	328,939,621

Finance calendar 2023/2024

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

Interim group management report

Market development

In many countries, the economy performed somewhat better in the 2022/23 winter half-year than initially forecast. Predicted recessions were often avoided or turned out to be very mild. Although an economic upturn is expected starting in the middle of 2023, it is likely to be very modest. Also, economic risks have recently increased, judging from weak economic indicators. Monthly inflation peaked in late autumn and at the end of 2022 in many cases but should remain well above pre-pandemic levels on average over 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 eurozone or the CE/SEE countries. Downside risks to the economy from energy supply disruptions remain but have diminished noticeably. The possibility of (global) monetary tightening overshooting its target poses downside risks to the economy as well. Another potential source of risk is that individual sectors of the financial system are struggling to cope with higher interest rates that will be in place for an extended period of time.

The **euro area** recorded a mild stagnation in the first quarter of 2023. Inflation declined in the first half of 2023 but remained very high nonetheless, averaging 7 per cent year-on-year. Survey indicators signal a continued decline in production in the industrial sector in 2023. Activity in the services sector, on the other hand, should pick up. Overall, GDP is expected to increase only slightly in 2023 and recover at a subdued pace in 2024. Inflation will very likely continue to ease but still remain above the central bank target of 2 per cent year-on-year at the end of 2023 and in 2024.

The **European Central Bank (ECB)** continued hiking key interest rates in 2023. The pace of key rate increases was reduced from an initial 75 basis points (bp) per meeting to 50 bp and, most recently, 25 bp. The ECB will likely have brought key interest rates to their final level by autumn 2023 at the latest and subsequently leave them unchanged for several quarters. It should continue shrinking its balance sheet in 2023 and 2024. First, long-term refinancing operations are maturing. Second, the ECB is reducing its accumulated bond holdings by no longer reinvesting the full amount of maturing bonds.

The **Austrian economy** managed to avoid a recession in the 2022/23 winter half-year, with economic output stagnating overall in the fourth quarter of 2022 and the first quarter of 2023. GDP growth rates are expected to return to positive territory (compared with the previous quarter) starting in the second half of 2023. However, the forecast upturn is likely to be very modest and is also subject to downside risks given the downward trend observed in key leading indicators in recent months. The story is much the same for the projected GDP growth of 0.9 per cent for 2023 as a whole (2024: 1.4 per cent), which is likely to be largely driven by net exports. Private consumption, in contrast, is not expected to provide a significant economic stimulus on a full-year basis until 2024.

In **Central Europe (CE)**, the winter half-year saw technical recessions in the Czech Republic and Hungary as the industrial sectors suffered from high energy prices and the weakness of German industry. Looking ahead, declining inflation rates, solid investment (supported by EU funds in the case of the Czech Republic and Slovakia) and an improvement in foreign trade should favor a slight recovery in the second half of the year. Nevertheless, the weak start to the year is weighing on GDP growth in 2023 as a whole, which is expected to be just 0.5 per cent. Starting in 2024, the ongoing investment cycle is expected to help the region's economic growth approach the potential growth rate again as external and consumer demand continues to recover.

Southeastern Europe (SEE) fared comparatively well this past winter because the region is generally less dependent on industry and energy imports. Since the region is one of the main beneficiaries of NGEU and other EU funds, investment is likely to remain high for the foreseeable future. In addition, the 2023 tourism season got off to a good start, benefiting tourism-oriented countries in the region, while remittances showed strong momentum, benefiting countries with large diasporas. Taken together, these factors should produce higher growth rates of 2.5 per cent and 3.3 per cent in 2023 and 2024, respectively, compared with the euro area and CEE countries.

Eastern Europe (EE): As the war in Ukraine continues, the economic damage to the country increases, as do the costs of future reconstruction. Nevertheless, 2023 got off to a better start than expected since the economy adapted well to wartime conditions thanks to the government's decisive policies, supportive household consumption, the industry and trade recovery, and substantial foreign aid. As a result, the ongoing economic upswing gained momentum, with real GDP forecast to increase 3.5 per cent in 2023. In contrast, GDP growth in 2024 is expected to be 5.4 per cent, which is lower than previously assumed.

The Russian economy is proving more resilient to the sanctions and self-inflicted isolation in foreign trade than originally assumed. Private consumption and public spending were recently key economic pillars. All in all, despite the sanctions, mobilization, hostile investment environment and economic isolation, the Russian economy is likely to record positive GDP growth in 2023 (forecast: 1.5 per cent). Belarus is similarly isolated, so its economy will stagnate this year as the support from the IT sector weakens and the BYN devaluation discourages consumption. In 2024, the country is expected to record subdued GDP growth of one per cent.

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

Region/country	2021	2022e	2023f	2024f
Czech Republic	3.5	2.4	0.5	2.9
Hungary	7.1	4.6	0.0	3.0
Poland	6.9	5.1	0.5	2.7
Slovakia	4.9	1.7	1.0	1.6
Central Europe	**6.1**	**4.2**	**0.5**	**2.7**
Albania	8.9	4.9	4.1	4.3
Bosnia and Herzegovina	7.4	4.0	1.5	3.0
Croatia	13.1	6.2	2.5	2.7
Kosovo	10.8	3.5	4.9	4.0
Romania	5.8	4.7	2.5	3.5
Serbia	7.5	2.4	1.9	3.0
Southeastern Europe	**7.3**	**4.6**	**2.5**	**3.3**
Belarus	2.3	(4.7)	0.0	1.0
Russia	5.6	(2.1)	1.5	0.5
Ukraine	3.4	(29.1)	3.5	5.4
Eastern Europe	**5.3**	**(4.7)**	**1.6**	**0.9**
Austria	**4.6**	**4.9**	**0.9**	**1.4**
Euro area	**5.3**	**3.5**	**0.8**	**1.5**

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

Significant events in the reporting period

Business activity in Russia

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

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

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

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

Earnings and financial performance

At € 1,235 million, consolidated profit was at the previous-year level excluding the proceeds from the disposals of the Bulgarian group units realized in the previous-year period (€ 453 million). The devaluations of the average exchange rates of the Ukrainian hryvnia (down 25 per cent) and the Russian ruble (down 5 per cent) had a negative effect on consolidated profit.

Core revenues (net interest income and fee and commission income) were up € 682 million or 18 per cent to € 4,446 million. Net interest income increased € 550 million to € 2,749 million, above all as a result of higher interest rates and strong loan growth in numerous countries of the group. The € 83 million increase in net interest income in Russia was mainly due to lower interest rates for customer deposits. The interest margin reached 2.74 per cent in the reporting period versus 2.37 per cent in the comparable period. The rise of € 132 million in net fee and commission income was largely attributable to Russia (€ 90 million), in particular as a result of increased transactions in clearing, settlement and payment services and securities business due to the geopolitical situation. General administrative expenses rose € 346 million to € 1,995 million, primarily as a result of increases in Russia and at head office. Risk costs of € 259 million, which were well below the previous-year figure (€ 561 million) continued to be dominated by the Eastern Europe region (€ 273 million, with Russia and Ukraine accounting for € 188 million and € 79 million respectively). Expenses for credit-linked, portfolio-based litigation and annulment in Poland amounted to € 424 million (up € 322 million) and had a negative impact.

Total assets fell some € 1 billion or 0.5 per cent to € 206 billion from the start of the year. Currency effects were responsible for a 1.4 per cent fall. While the Russian ruble and US dollar depreciated 23 per cent and 2 per cent respectively, the Hungarian forint and Czech koruna appreciated 7 per cent and 2 per cent respectively. On a currency-adjusted basis, loan growth overall was low. Since the start of the Russian war of aggression against Ukraine, loan volumes have fallen considerably. The decrease in the first half of 2023 - driven by the devaluation of the Russian ruble – was € 1.9 billion. The € 4.6 billion decline in deposits from customers was largely due to a reduction in deposits of corporate customers and fewer money market transactions at head office.

Comparison of results with the previous-year period

in € million	1/1-30/6/2023	1/1-30/6/2022	Change	
Net interest income	2,749	2,199	550	25.0 %
Dividend income	17	29	(12)	(40.2)%
Current income from investments in associates	51	34	17	49.6 %
Net fee and commission income	1,698	1,565	132	8.4 %
Net trading income and fair value result	116	316	(200)	(63.2)%
Net gains/losses from hedge accounting	(17)	(36)	19	(52.3)%
Sundry operating income	43	42	1	1.6 %
Operating income	**4,656**	**4,150**	**506**	**12.2 %**
Staff expenses	(1,169)	(894)	(275)	30.7 %
Other administrative expenses	(600)	(531)	(69)	13.0 %
Depreciation	(227)	(225)	(2)	1.0 %
General administrative expenses	**(1,995)**	**(1,649)**	**(346)**	**21.0 %**
Operating result	**2,661**	**2,500**	**160**	**6.4 %**
Other result	(450)	(108)	(343)	318.1 %
Governmental measures and compulsory contributions	(237)	(241)	4	(1.6)%
Impairment losses on financial assets	(259)	(561)	302	(53.9)%
Profit/loss before tax	**1,715**	**1,590**	**124**	**7.8 %**
Income taxes	(388)	(292)	(96)	32.9 %
Profit/loss after tax from continuing operations	**1,327**	**1,299**	**28**	**2.2 %**
Gains/losses from discontinued operations	0	453	(453)	–
Profit/loss after tax	**1,327**	**1,751**	**(425)**	**(24.2)%**
Profit attributable to non-controlling interests	(92)	(40)	(53)	132.7 %
Consolidated profit/loss	**1,235**	**1,712**	**(477)**	**(27.9)%**

Operating income

Net interest income was up € 550 million to € 2,749 million. The increases of € 101 million in Hungary, € 64 million in Romania, € 46 million at head office and € 40 million in Slovakia were driven by strong loan growth and rising interest rates. In Serbia, net interest income rose € 69 million as a result of the integration of Crédit Agricole Srbija AD and higher interest rates on loans for retail and corporate customers. In Ukraine, higher interest income from government certificates of deposit, from money market transactions and from government bonds led to an increase of € 37 million in net interest income. In Russia, despite a largely currency-related decline of 48 per cent in loan volume, net interest income was up € 83 million due to a significant fall in interest expenses as a result of lower interest rates for customer deposits.

The group's average interest-bearing assets increased 8 per cent year-on-year. The net interest margin improved 37 basis points to 2.74 per cent, which in addition to Eastern Europe, was attributable to a rise of 204 basis points in Serbia, 161 basis points in Albania and 146 basis points in Hungary.

Net fee and commission income increased despite currency devaluations in Eastern Europe and continued to be driven by the geopolitical situation. Clearing, settlement and payment services recorded growth of € 178 million due to increased transactions with both corporate and retail customers in Russia and at head office. Net income from securities business was also up € 54 million, increasing the most in Russia as a result of more transactions and higher volumes. However, the result from foreign exchange business was down € 104 million, primarily in spot foreign exchange business in Russia and at head office. This was due to decreased volumes caused by the introduction of transaction limits as well as lower margins in retail and corporate customer business. Overall, net fee and commission income increased € 132 million to € 1,698 million. Russia reported the strongest growth, while there were also increases in Ukraine, Belarus, Serbia and Hungary on a currency-adjusted basis.

Net trading income and fair value result declined € 200 million to € 116 million. The year-on-year decline was mainly due to the market turmoil in Russia and the increase in the Group's own credit spread as a result of the Russian war of aggression against Ukraine in the comparable period of 2022. Net investment hedges (hedges of local currency equity holdings in subsidiaries) using forward foreign exchange contracts resulted in large positive valuation effects at head office due to the large interest rate differential, particularly between the euro and the Russian ruble, in the first half of the previous year. The year-on-year decrease in the valuation result ensuing from this effect was € 99 million. In addition, in the certificates business, large valuation gains were recorded on certificate issues measured at fair value, mainly due to the sharp increase in the Group's own credit spread, in the previous year. This year, in contrast, the Group's own spreads decreased about 25 basis points. As a consequence, the valuation result decreased € 79 million year-on-year to minus € 29 million. Without these two effects, net trading income at head office increased € 9 million to € 103 million, mainly due to increased net trading income relating to interest rate derivatives. Trading activities in Russia resulted in a € 16 million increase in net trading income to € 90 million. This mainly related to improved net income from foreign currency remeasurement and from trading activity with foreign currency derivatives and customer business with foreign currencies. The valuation losses in connection with foreign currency positions increased € 25 million, primarily in Hungary and Belarus. Investments in venture capital funds measured at fair value showed valuation losses of € 3 million in the first half of the year; in the previous year, valuation gains of € 25 million were reported.

General administrative expenses

General administrative expenses were up 21 per cent or € 346 million year-on-year to € 1,995 million. Staff expenses increased € 275 million to € 1,169 million, above all in Russia (up € 199 million) as a result of higher salaries and social security costs, provisions for one-off payments and an increase in the headcount. The main drivers of the increase of € 69 million in other administrative expenses were higher legal, advisory and consulting expenses (up € 35 million) as well as increased IT expenses at head office (up € 5 million). There were further increases in other administrative expenses in Hungary (up € 13 million) and Poland (up € 11 million). Depreciation and amortization of tangible and intangible fixed assets increased 1 per cent or € 2 million to € 227 million. The cost/income ratio increased year-on-year from 39.7 per cent to 42.9 per cent.

The number of business outlets fell 137 year-on-year to 1,570. The largest decline resulted from the war in Ukraine (down 61), also in the Czech Republic (down 23), Serbia (down 20) and Belarus (down 14). The average headcount decreased 281 full-time equivalents year-on-year to 44,139, mainly due to the war in Ukraine (down 1,251). Russia (up 331), Czech Republic (up 318) and Romania (up 208) reported increases.

Other result

Other result amounted to minus € 450 million in the reporting period after minus € 108 million in the previous-year period. Expenses for credit-linked and portfolio-based litigation provisions and annulments of loan agreements had a negative effect of € 429 million (previous-year period: € 104 million). These mainly related to mortgage loans in Poland denominated in foreign currencies or linked to a foreign currency. The expense of € 424 million resulted from an update of input factors (significant increase in expected legal cases) and from losses on annulments of loan agreements. Furthermore, the measurement of shares in associated companies led to a minus of € 8 million in the reporting period, which mainly related to the shares in a Russian insurance company. In the previous-year period, reversals of impairment of € 13 million were recognized on shares in associates.

Impairment losses on financial assets

In the reporting period, impairment losses on financial assets were significantly lower at € 259 million than the comparable period of € 561 million. Impairment losses continue to dominate in Eastern Europe due to the ongoing Russian war of aggression in Ukraine and the resulting risk factors (geopolitical, sanction and macroeconomic risk). Risk costs in Eastern Europe totaled € 273 million compared to € 489 million in the previous-year period. € 188 million (previous-year period: € 266 million) related to Russia and € 79 million (previous-year period: € 201 million) to Ukraine.

In Stage 1 and Stage 2, impairment losses of € 206 million net were recognized in the reporting period (previous-year period: € 434 million). € 143 million net was allocated for loans to non-financial corporations, € 40 million net for loans to governments and € 21 million for loans to other financial corporations. However, there was a slight release for households. In Russia, allocations to Stage 1 and Stage 2 totaled € 134 million (primarily non-financial corporations), € 61 million in Ukraine (primarily governments and non-financial corporations) and € 18 million in Slovakia (mainly households). Most of the countries in Southeastern Europe reported net releases, above all Croatia (€ 12 million) and Romania (€ 7 million) mainly of impairments for households. For defaulted loans (Stage 3), impairments of € 53 million net were recognized in the reporting period (previous-year period: € 127 million net). € 57 million related to households, mainly in Russia (€ 48 million) and Slovakia (€ 11 million). In contrast, € 10 million were released for loans to other financial corporations.

The NPE ratio remained virtually unchanged year-on-year at 1.5 per cent. The NPE coverage ratio was 57.6 per cent as of the reporting date compared to 60.7 per cent in the previous-year period.

Income taxes

Income taxes were up € 96 million to € 388 million. This was mainly due to the increase in profit, especially in Eastern Europe (up € 47 million) and Southeastern Europe (up € 40 million). In Central Europe (up € 13 million), the increase in profit and to a lesser extent the introduction of a special tax (windfall tax) in the Czech Republic were also responsible for the increase. The effective tax rate of 22.6 per cent in the reporting period was below the current Austrian corporate tax rate of 24 per cent, which had been 25 per cent in previous years. In the previous-year period, the effective tax rate was 18.3 per cent, which mainly reflected a high trading result due to market turmoil in Russia and changes in the Group's own credit spread at head office and the corresponding use of loss carryforwards.

Gains/losses from discontinued operations

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

Comparison of results with the previous quarter

Quarterly results

in € million	Q2/2022	Q3/2022	Q4/2022	Q1/2023	Q2/2023	Change	
Net interest income	1,214	1,392	1,462	1,385	1,364	(21)	(1.5)%
Dividend income	24	11	24	11	7	(4)	(37.7)%
Current income from investments in associates	16	21	8	30	21	(9)	(30.2)%
Net fee and commission income	882	1,117	1,196	966	732	(234)	(24.2)%
Net trading income and fair value result	132	155	192	86	30	(56)	(65.4)%
Net gains/losses from hedge accounting	(16)	15	(20)	(10)	(7)	2	(22.8)%
Other net operating income	15	(12)	(1)	(9)	51	60	–
Operating income	**2,269**	**2,700**	**2,861**	**2,459**	**2,197**	**(262)**	**(10.6)%**
Staff expenses	(464)	(538)	(578)	(562)	(606)	(44)	7.9 %
Other administrative expenses	(277)	(273)	(278)	(277)	(323)	(46)	16.8 %
Depreciation	(116)	(114)	(123)	(111)	(116)	(4)	3.8 %
General administrative expenses	**(857)**	**(925)**	**(978)**	**(950)**	**(1,045)**	**(95)**	**10.0 %**
Operating result	**1,412**	**1,775**	**1,882**	**1,509**	**1,152**	**(357)**	**(23.6)%**
Other result	(6)	(118)	(442)	(96)	(354)	(258)	268.9 %
Governmental measures and compulsory contributions	(82)	(44)	(52)	(236)	(2)	234	(99.3)%
Impairment losses on financial assets	(242)	(160)	(228)	(301)	42	342	–
Profit/loss before tax	**1,082**	**1,453**	**1,160**	**877**	**838**	**(39)**	**(4.4)%**
Income taxes	(223)	(297)	(270)	(176)	(211)	(35)	20.0 %
Profit/loss after tax from continuing operations	**859**	**1,156**	**890**	**700**	**627**	**(74)**	**(10.5)%**
Gains/losses from discontinued operations	435	0	0	0	0	0	–
Profit/loss after tax	**1,294**	**1,156**	**890**	**700**	**627**	**(74)**	**(10.5)%**
Profit attributable to non-controlling interests	(24)	(67)	(64)	(43)	(49)	(6)	13.1 %
Consolidated profit/loss	**1,270**	**1,089**	**826**	**657**	**578**	**(79)**	**(12.1)%**

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

Net interest income was down € 21 million year-on-year to € 1,364 million. This is largely due to a € 55 million decline in net interest income in Russia as a result of the devaluation of the Russian ruble and currency-related declines in lending volumes. In many of the Group's countries, however, higher market interest rates caused net interest income to rise. Net interest income rose € 8 million in Slovakia, € 7 million in Serbia and € 6 million in the Czech Republic. At Raiffeisen Bausparkasse Gesellschaft m.b.H., interest rate adjustments on variable-rate loan agreements led to an increase in net interest income of € 7 million. At head office, in contrast, net interest income declined € 21 million due to higher interest expenses as a consequence of increased market interest rates. The net interest margin remained virtually unchanged, decreasing only one basis point to 2.74 per cent.

Net fee and commission income decreased 24 per cent, or € 234 million, to € 732 million, mainly driven by lower income from foreign exchange business in Russia. This decline of € 98 million was due to lower volumes caused by the introduction of transaction limits, lower margins as well as currency devaluation. Net income from clearing, settlement and payment services also decreased € 61 million as a result of a decline in transactions, particularly in Russia. Net income from the securities business also fell € 59 million in Russia.

Net trading income and fair value result shrank € 56 million to € 30 million. Around half of the decrease occurred at head office, where net trading income fell € 27 million to minus € 4 million. An increase in currency-related valuation losses were offset to a minor extent by interest rate-induced valuation gains. In addition, risk premiums for RBI in the certificates business declined approximately 20 basis points in the second quarter, resulting in higher negative valuation effects of € 14 million. Currency-related valuation effects decreased € 16 million in total, particularly in Hungary, Romania and Albania. Investments in venture capital funds were associated with valuation losses of € 5 million in the second quarter.

Other net operating income came in at € 51 million in the second quarter, well above the first-quarter level of minus € 9 million. Net income arising from non-banking activities (up € 8 million) and net income from insurance contracts (up € 10 million), mainly concentrated in Croatia, had a positive impact in the second quarter. A total of € 20 million was allocated to other provisions in the first quarter, with € 17 million going toward pending legal issues in Russia. Also, the sale of debt instruments yielded losses of € 13 million in the first quarter, mainly in Belarus.

General administrative expenses were up € 95 million quarter-on-quarter to € 1,045 million. Staff expenses increased € 44 million to € 606 million, other administrative expenses rose € 46 million to € 323 million, and depreciation increased € 4 million to € 116 million. The main drivers of the increase in the second quarter were the increases in other administrative expenses (up

€ 36 million) and staff expenses (up € 31 million) at head office. The primary reasons were higher consulting expenses and salary adjustments under collective bargaining agreements as well as larger allocations to provisions for overdue vacations.

At minus € 354 million, the other result recorded a significant decline of € 258 million. This was mainly driven by expenses for credit-linked, portfolio-based litigation provisions and loan annulments, which totaled € 344 million in the second quarter of 2023 after € 85 million in the first quarter of 2023. This mainly related to the mortgage loan portfolio in Poland. The expense of € 338 million booked in Poland in the second quarter (up € 252 million) resulted from an update of input factors in the model calculation – particularly due to the significant increase in expected legal issues – and from losses related to annulments of loan contracts.

Governmental measures and mandatory levies were € 2 million in the second quarter, compared to € 236 million in the first quarter, because they each have to be posted in their entirety in the first quarter in accordance with the underlying provisions (IFRIC 21).

In the first quarter, impairment losses on financial assets amounted to € 301 million. In the second quarter, however, a net release of € 42 million was recognized. The Eastern Europe region continued to be primarily responsible for the development, which reported risk costs of € 306 million in the first quarter, primarily due to additional sanctions imposed on customers in Russia. In the second quarter, there was a net release of € 33 million, mainly relating to loan loss provisions for non-financial corporations in Russia following repayments by sanctioned customers.

Statement of financial position

Total assets have decreased slightly by around € 1 billion or 0.5 per cent since the beginning of the year, although effects of currency development were responsible for a decline of 1.4 per cent. The devaluation of the Russian ruble (down 23 per cent), the Belarusian ruble (down 14 per cent), the Ukrainian hryvnia (down 3 per cent) and the US dollar (down 2 per cent) was set against the revaluation of the Hungarian forint (up 7 per cent) and the Czech koruna (up 2 per cent).

A significant increase in securities investments – especially in government bonds – was recorded in the first half of 2023, together with higher securities trading volumes at head office, in the Czech Republic, Hungary, Romania and Slovakia. Growth in customer loans has been flat across the group in the current financial year, although notable increases have been recorded in some core markets including Romania, Slovakia and the Czech Republic.

Assets

in € million	30/6/2022[1]	30/9/2022[1]	31/12/2022	31/3/2023	30/6/2023	Change year-to-date	
Loans to banks	17,000	17,699	15,716	17,442	17,358	1,642	10.4 %
Loans to customers	107,700	109,066	103,230	105,336	101,806	(1,423)	(1.4)%
hereof non-financial corporations	52,132	52,758	48,829	48,939	48,296	(534)	(1.1)%
hereof households	41,541	42,010	40,867	40,806	40,525	(343)	(0.8)%
Securities	23,512	23,885	23,711	26,281	28,236	4,525	19.1 %
Cash and other assets	65,979	69,188	64,401	61,919	58,723	(5,678)	(8.8)%
Total	**214,192**	**219,837**	**207,057**	**210,977**	**206,123**	**(934)**	**(0.5)%**

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

The increase in loans to banks largely stemmed from a higher volume of repo transactions in the Czech Republic and Russia, as well as a rise in short-term deposits in the interbank business in Russia.

The loan volume in Russia has been scaled back significantly since Russia launched its attack on Ukraine, posting a further decline totaling € 1,902 million in the first half of 2023 – especially due to a reduction in mortgage loans and unsecured loans to households, as well as working capital financing and fixed-term loans to non-financial corporations – which was amplified by the devaluation of the Russian ruble. The decrease of € 590 million at head office was primarily due to a lower volume of money market transactions and loan repayments, which contrasted with a rise in repo transactions. The Czech Republic posted an increase of € 585 million, especially in mortgage loans, personal loans and project finance, supported by the appreciation of the Czech koruna. On a currency-adjusted basis, the increase amounted to 2 per cent. Growth in Slovakia totaled € 250 million or 2 per cent, compared to an increase of € 303 million or 4 per cent in Romania, mainly in loans to non-financial corporations.

The increase in securities was primarily attributable to investments – especially in government bonds – at head office (up € 1,460 million), in the Czech Republic (up € 1,432 million), Hungary (up € 712 million), Romania (up € 487 million) and Slovakia (up € 389 million).

The decline in cash balances by € 5,300 million largely stemmed from a reduction in central bank balances at head office, which was partially offset by an increase in repo transactions (overall decline of € 2,588 million). Russia recorded a € 2,264 million decline in cash balances, mainly relating to interbank placements that are due on call. The positive market values of derivatives reported under other assets, primarily interest rate derivatives at head office, declined € 635 million due to valuation and volume-related changes.

Equity and liabilities

in € million	30/6/2022[1]	30/9/2022[1]	31/12/2022	31/3/2023	30/6/2023	Change year-to-date	
Deposits from banks	37,293	40,769	33,641	35,005	33,681	40	0.1 %
Deposits from customers	131,283	129,786	125,099	124,776	120,553	(4,546)	(3.6)%
hereof non-financial corporations	54,019	53,502	50,042	49,850	45,827	(4,215)	(8.4)%
hereof households	60,806	60,108	58,876	59,234	58,427	(449)	(0.8)%
Debt securities issued and other liabilities	27,568	29,893	29,554	31,971	32,561	3,007	10.2 %
Equity	18,048	19,388	18,764	19,225	19,329	565	3.0 %
Total	**214,192**	**219,837**	**207,057**	**210,977**	**206,123**	**(934)**	**(0.5)%**

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

The decline in deposits from customers since the beginning of the year is largely attributable to lower deposits from corporate customers and reduced money-market business at head office (€ 4,550 million). Customer deposits in Russia, especially short and long-term deposits from households and non-financial corporations, reduced due to currency effects (down € 2,448 million), although an increase of around 8 per cent was recorded in local currency. In the Czech Republic, deposits from customers rose € 2,045 million or 9 per cent, mainly resulting from repo transactions with governments and short-term deposits, primarily from households. On a currency-adjusted basis, the increase was 7 per cent.

Debt securities issued rose € 3,620 million. In the reporting period, a € 1.0 billion senior preferred note and two mortgage-backed notes, each with a nominal value of € 500 million, were issued by head office, while MREL-eligible notes were issued in the Czech Republic (€ 300 million) and in Slovakia (€ 500 million), including covered bonds in the latter case. The negative market values of derivatives reported under other liabilities, primarily interest rate derivatives at head office, declined € 713 million due to valuation and volume-related changes.

Liquidity and funding

With its strong liquidity position and proven processes for managing liquidity risk, RBI is demonstrating its high ability to adapt in the current crisis caused by Russia's attack on Ukraine. The liquidity coverage ratio was 186 per cent as at 30 June 2023 (31 December 2022: 202 per cent) compared to a regulatory limit of 100 per cent, while the net stable funding ratio (NSFR) was 139 per cent (31 December 2022: 135 per cent).

Group funding is derived from a strong base of customer deposits – primarily retail business in Central and Eastern Europe – and is supplemented by wholesale funding, mainly through RBI AG and the subsidiary banks. In addition to funding from the regional Raiffeisen banks, financing loans from third parties and interbank loans with third-party banks are also used. The loan/deposit ratio amounted to 85.2 per cent as at 30 June 2023 (31 December 2022: 82.4 per cent).

Equity on the statement of financial position

Equity including capital attributable to non-controlling interests rose € 565 million to € 19,329 million year-to-date.

Total comprehensive income of € 625 million comprised profit after tax of € 1,327 million and other comprehensive income of minus € 702 million. The currency movements had a negative impact of minus € 829 million on other comprehensive income. The 23 per cent devaluation of the Russian ruble resulted in a negative contribution of € 856 million, the devaluation of the Belarusian ruble by 14 per cent contributed € 62 million to the negative result of the currency movements. This was partly offset by positive contributions from the Hungarian forint (7 per cent appreciation) of € 68 million and the Czech koruna (2 per cent appreciation) of € 41 million.

There were also positive effects from fair value changes of equity instruments and financial assets of € 59 million and adaptations to the cash flow hedge reserve of € 48 million.

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

Common equity tier 1 (CET1) after deductions amounted to € 15,819 million, representing an increase of € 176 million compared to the 2022 year-end figure. The main driver for the increase was the inclusion of the result for the period after deducting any dividends. This contrasted with negative foreign exchange effects.

Tier 1 capital after deductions rose € 182 million to € 17,501 million, primarily as a result of the effects in CET1. Tier 2 capital decreased slightly by € 30 million to € 2,353 million due to the regulatory maturing of outstanding instruments. Total capital amounted to € 19,854 million, representing an increase of € 152 million compared to the year-end 2022.

Total risk-weighted assets (RWA) increased by € 1,527 million to € 99,207 million compared to 2022 year-end. The main drivers for the increase in credit risk were organic growth and inorganic effects, mainly due to higher risk weighting of government debt securities, provided that these are denominated and funded in the domestic currency of another member state (Article 500a CRR). In contrast, RWAs declined due to currency devaluation, which impacted both credit and market risk.

Including the result for the period, the following ratios resulted: CET1 ratio (transitional) of 15.9 per cent, a tier 1 ratio (transitional) of 17.6 per cent and a total capital ratio (transitional) of 20.0 per cent. 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 19.9 per cent (total capital ratio).

Risk management

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

Outlook

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

In 2023, net interest income is expected between € 3.8 and € 4.0 billion (between € 5.3 and € 5.4 billion) and net fee and commission income around € 1.8 billion (between € 3.2 and € 3.4 billion).

We expect customer loan growth to increase by around 2 per cent (~0 per cent).

We expect general administrative expenses around € 3.1 billion (around € 4.0 billion), resulting in a cost/income ratio between 51 and 53 per cent (43 and 45 per cent).

The provisioning ratio – before use of overlays – is expected to be around 45 basis points (up to 60 basis points).

The consolidated return on equity is expected to be around 10 per cent (around 17 per cent) in 2023.

At year-end 2023 we expect a CET1 ratio above 13.5 per cent* (above 16 per cent).

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

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

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

Segment and country analysis

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

Central Europe

in € million	1/1-30/6/2023	1/1-30/6/2022	Change	Q2/2023	Q1/2023	Change
Net interest income	753	624	20.8 %	386	367	5.3 %
Dividend income	6	3	135.5 %	4	2	89.4 %
Current income from investments in associates	2	2	(24.0)%	2	(1)	–
Net fee and commission income	288	279	3.5 %	147	141	4.4 %
Net trading income and fair value result	(23)	(11)	111.1 %	(14)	(8)	71.5 %
Net gains/losses from hedge accounting	(4)	1	–	(1)	(3)	(76.3)%
Other net operating income	18	8	121.7 %	13	5	145.7 %
Operating income	**1,041**	**906**	**15.0 %**	**538**	**503**	**6.8 %**
General administrative expenses	(486)	(437)	11.4 %	(250)	(236)	6.0 %
Operating result	**555**	**469**	**18.3 %**	**288**	**267**	**7.6 %**
Other result	(433)	(97)	346.5 %	(347)	(86)	305.1 %
Governmental measures and compulsory contributions	(128)	(105)	22.0 %	(7)	(121)	(94.6)%
Impairment losses on financial assets	(38)	(54)	(29.6)%	(26)	(12)	111.7 %
Profit/loss before tax	**(44)**	**213**	**–**	**(92)**	**48**	**–**
Income taxes	(78)	(65)	19.7 %	(39)	(38)	2.8 %
Profit/loss after tax	**(122)**	**148**	**–**	**(132)**	**9**	**–**
Return on equity before tax	–	11.1 %	–	–	4.5 %	–
Return on equity after tax	–	7.7 %	–	–	0.9 %	–
Net interest margin (average interest-bearing assets)	2.36 %	2.17 %	0.19 PP	2.42 %	2.32 %	0.10 PP
Cost/income ratio	46.7 %	48.2 %	(1.5) PP	46.5 %	46.9 %	(0.4) PP

The year-on-year decrease in profit after tax mainly reflected an increase of € 322 million in expenses for credit-linked, portfolio-based litigation and for loan agreement annulments in Poland. This rise resulted from parameter adjustments in the model calculation as a consequence of a significant increase in expected litigation, losses from loan agreement annulments and from additionally created overlays. The increase of € 135 million in operating income was largely attributable to the positive trend in net interest income related to higher market interest rates and loan volumes in Hungary (up € 101 million) and Slovakia (up € 40 million). The Czech Republic reported a decrease of € 13 million, as rising interest expenses for customer deposits for households and for newly issued MREL-eligible debt securities clearly exceeded the increase in interest income from repo business and customer loans. General administrative expenses increased € 50 million, notably in Hungary (up € 23 million) due to higher expenses for staff and transaction taxes and in Slovakia (up € 13 million). The main reason for the rise of € 23 million in expenses for governmental measures and compulsory contributions was the adaptation of the special bank levy introduced in the previous year in Hungary (up € 29 million). Declines in the Czech Republic and Slovakia resulting from improved general conditions were responsible for the reduction in risk costs. The increase in income taxes was attributable to the improved result in Slovakia and the newly introduced tax on windfall profits in the Czech Republic.

in € million	Poland 1/1-30/6/2023	Poland 1/1-30/6/2022	Slovakia 1/1-30/6/2023	Slovakia 1/1-30/6/2022
Net interest income	8	6	190	150
Dividend income	0	0	0	0
Current income from investments in associates	0	0	2	2
Net fee and commission income	0	1	94	92
Net trading income and fair value result	1	0	6	1
Net gains/losses from hedge accounting	0	0	0	0
Other net operating income	0	(9)	1	1
Operating income	**8**	**(2)**	**293**	**247**
General administrative expenses	(31)	(17)	(131)	(118)
Operating result	**(23)**	**(19)**	**162**	**129**
Other result	(424)	(102)	0	1
Governmental measures and compulsory contributions	(2)	(3)	(7)	(11)
Impairment losses on financial assets	11	12	(27)	(30)
Profit/loss before tax	**(438)**	**(112)**	**128**	**88**
Income taxes	0	0	(29)	(21)
Profit/loss after tax	**(438)**	**(112)**	**99**	**67**

in € million	Czech Republic 1/1-30/6/2023	Czech Republic 1/1-30/6/2022	Hungary 1/1-30/6/2023	Hungary 1/1-30/6/2022
Net interest income	312	325	245	143
Dividend income	2	0	4	3
Net fee and commission income	95	95	98	90
Net trading income and fair value result	(3)	(12)	(26)	1
Net gains/losses from hedge accounting	(3)	0	(1)	1
Other net operating income	14	14	3	1
Operating income	**417**	**422**	**323**	**239**
General administrative expenses	(196)	(197)	(129)	(105)
Operating result	**222**	**225**	**194**	**133**
Other result	(1)	10	(8)	(5)
Governmental measures and compulsory contributions	(23)	(22)	(95)	(69)
Impairment losses on financial assets	(19)	(29)	(4)	(6)
Profit/loss before tax	**179**	**184**	**87**	**53**
Income taxes	(39)	(33)	(10)	(11)
Profit/loss after tax	**139**	**151**	**77**	**43**

Southeastern Europe

in € million	1/1-30/6/2023	1/1-30/6/2022	Change	Q2/2023	Q1/2023	Change
Net interest income	617	416	48.4 %	318	299	6.4 %
Dividend income	1	3	(73.7)%	1	0	84.9 %
Net fee and commission income	215	213	0.9 %	110	105	5.2 %
Net trading income and fair value result	5	(10)	–	(4)	9	–
Net gains/losses from hedge accounting	0	0	0.4 %	0	0	(20.5)%
Other net operating income	5	22	(79.2)%	3	2	81.3 %
Operating income	**843**	**645**	**30.8 %**	**428**	**415**	**3.1 %**
General administrative expenses	(352)	(310)	13.3 %	(177)	(175)	1.3 %
Operating result	**492**	**334**	**47.1 %**	**251**	**241**	**4.4 %**
Other result	(6)	(3)	107.5 %	(6)	0	–
Governmental measures and compulsory contributions	(24)	(30)	(19.9)%	(4)	(20)	(79.4)%
Impairment losses on financial assets	40	(25)	–	40	0	>500.0%
Profit/loss before tax	**501**	**276**	**81.8 %**	**280**	**221**	**27.0 %**
Income taxes	(83)	(42)	96.2 %	(49)	(33)	46.5 %
Profit/loss after tax from continuing operations	**419**	**234**	**79.2 %**	**231**	**187**	**23.6 %**
Gains/losses from discontinued operations	0	46	–	0	0	–
Profit/loss after tax	**419**	**279**	**50.0 %**	**231**	**187**	**23.6 %**
Return on equity before tax	32.0 %	17.0 %	15.0 PP	35.8 %	28.4 %	7.4 PP
Return on equity after tax	26.7 %	17.2 %	9.6 PP	29.6 %	24.1 %	5.4 PP
Net interest margin (average interest-bearing assets)	4.16 %	3.20 %	0.97 PP	4.25 %	4.07 %	0.18 PP
Cost/income ratio	41.7 %	48.1 %	(6.4)%	41.3 %	42.1 %	(0.7)%

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

The increase in profit after tax from continuing operations was mainly attributable to significantly higher net interest income. The main drivers for the growth in net interest income were higher interest rates and higher loan volumes. Net interest income rose € 201 million or 48 per cent. Serbia accounted for € 69 million, primarily as a result of higher interest income from loans to non-financial corporations and households and additionally from the acquisition made in April 2022. Strong growth in net interest income was also reported in Romania (€ 64 million or 29 per cent) and in Croatia (€ 31 million or 56 per cent). Net trading income and fair value result improved from minus € 10 million in the previous-year period to plus € 5 million due to gains, or lower losses, on loans and debt securities recognized at fair value in Croatia and Romania. Other net operating income was down € 17 million from the previous-year period, mainly as a result of allocations (€ 6 million in the current year) and releases of other provisions (€ 10 million in the previous-year period, largely in connection with litigation in Romania). General administrative expenses increased in all countries in the segment, with the largest increases resulting from staff expenses at € 24 million. In Romania, higher headcounts and performance-related increases were responsible for the rise of € 11 million. The increase of € 6 million in Serbia reflected higher staff numbers. Other administrative expenses were up € 12 million primarily as a result of higher office space, IT and communication expenses. Risk costs improved markedly after a net release of € 40 million in the reporting period compared to the net increase of € 25 million in the previous-year period. This positive trend was evident in nearly all of the segment's countries. Croatia and Romania reported the biggest declines in risk costs – above all for loans to households. The rise in income taxes by € 40 million to € 83 million mainly reflected higher earnings.

in € million	Albania 1/1-30/6/2023	Albania 1/1-30/6/2022	Bosnia and Herzegovina 1/1-30/6/2023	Bosnia and Herzegovina 1/1-30/6/2022	Kosovo 1/1-30/6/2023	Kosovo 1/1-30/6/2022
Net interest income	52	31	40	30	31	25
Dividend income	0	1	0	2	0	0
Net fee and commission income	9	9	26	26	8	8
Net trading income and fair value result	(5)	1	1	1	1	0
Other net operating income	0	0	(2)	1	2	2
Operating income	**57**	**42**	**66**	**59**	**43**	**35**
General administrative expenses	(24)	(21)	(29)	(27)	(18)	(16)
Operating result	**33**	**21**	**37**	**33**	**24**	**19**
Other result	0	0	0	0	0	0
Governmental measures and compulsory contributions	(4)	(3)	(3)	(3)	(1)	(1)
Impairment losses on financial assets	11	4	0	(9)	(2)	(2)
Profit/loss before tax	**40**	**22**	**34**	**21**	**21**	**16**
Income taxes	(6)	(3)	(3)	(2)	(2)	(2)
Profit/loss after tax	**34**	**19**	**31**	**19**	**19**	**14**

in € million	Croatia 1/1-30/6/2023	Croatia 1/1-30/6/2022	Romania 1/1-30/6/2023	Romania 1/1-30/6/2022	Serbia 1/1-30/6/2023	Serbia 1/1-30/6/2022
Net interest income	85	54	283	219	125	56
Dividend income	0	0	1	0	0	0
Net fee and commission income	35	42	85	89	51	39
Net trading income and fair value result	(6)	(4)	7	(11)	7	3
Other net operating income	2	7	(1)	9	2	4
Operating income	**117**	**100**	**375**	**306**	**186**	**103**
General administrative expenses	(60)	(60)	(161)	(139)	(59)	(48)
Operating result	**57**	**39**	**214**	**167**	**127**	**55**
Other result	(5)	(1)	(1)	(2)	0	0
Governmental measures and compulsory contributions	0	(4)	(10)	(14)	(6)	(5)
Impairment losses on financial assets	23	(7)	18	(6)	(9)	(5)
Profit/loss before tax	**75**	**27**	**220**	**144**	**112**	**46**
Income taxes	(14)	(5)	(41)	(24)	(17)	(6)
Profit/loss after tax	**61**	**22**	**179**	**120**	**95**	**40**

Eastern Europe

in € million	1/1-30/6/2023	1/1-30/6/2022	Change	Q2/2023	Q1/2023	Change
Net interest income	945	838	12.8 %	441	504	(12.4)%
Dividend income	0	0	(70.9)%	0	0	–
Current income from investments in associates	2	2	(12.5)%	1	1	(47.9)%
Net fee and commission income	872	752	15.9 %	323	549	(41.2)%
Net trading income and fair value result	125	130	(3.6)%	59	66	(9.6)%
Net gains/losses from hedge accounting	(2)	(18)	(89.4)%	(1)	(1)	37.0 %
Other net operating income	(31)	(3)	>500.0%	3	(33)	–
Operating income	**1,911**	**1,700**	**12.4 %**	**826**	**1,085**	**(23.9)%**
General administrative expenses	(565)	(388)	45.9 %	(285)	(280)	1.8 %
Operating result	**1,345**	**1,312**	**2.5 %**	**540**	**805**	**(32.9)%**
Other result	(4)	(5)	(14.7)%	1	(5)	–
Governmental measures and compulsory contributions	(30)	(32)	(6.0)%	(14)	(16)	(14.7)%
Impairment losses on financial assets	(273)	(489)	(44.2)%	33	(306)	–
Profit/loss before tax	**1,038**	**786**	**32.0 %**	**560**	**478**	**17.1 %**
Income taxes	(217)	(170)	27.4 %	(117)	(100)	17.7 %
Profit/loss after tax	**821**	**616**	**33.3 %**	**443**	**378**	**17.0 %**
Return on equity before tax	53.5 %	52.0 %	1.4 PP	57.7 %	50.9 %	6.8 PP
Return on equity after tax	42.3 %	40.8 %	1.5 PP	45.6 %	40.3 %	5.3 PP
Net interest margin (average interest-bearing assets)	6.29 %	5.89 %	0.40 PP	6.16 %	6.39 %	(0.23) PP
Cost/income ratio	29.6 %	22.8 %	6.8 PP	34.6 %	25.8 %	8.7 PP

Net interest income was up € 107 million to € 945 million. Despite a 48 per cent decline in loan volumes, net interest income in Russia increased € 83 million as a result of a reduction in interest expenses due to lower rates for customer deposits. In Ukraine, higher interest income from sovereign certificates of deposits, money-market business and sovereign bonds led to a rise of € 37 million in net interest income. Net fee and commission income was up despite currency devaluations and remained driven by the geopolitical situation. It rose sharply especially in Russia as a result of an increase in transactions in clearing, settlement and payment services, which led to a rise of € 95 million. Net income from securities business also rose € 52 million and net fee and commission income increased € 54 million due to income in connection with foreign exchange control activities. In contrast, the result from foreign exchange business was down € 79 million due to lower volumes and margins. General administrative expenses increased, reflecting higher salaries and social security costs, provisions for one-off payments and a higher headcount. Risk costs in the reporting period amounted to € 273 million (previous-year period: € 489 million), of which € 188 million were recognized in Russia and € 79 million in Ukraine. The allocations for Stage 1 and Stage 2 totaled € 134 million (primarily non-financial corporations) in Russia and € 61 million (mainly governments and non-financial corporations) in Ukraine. In the previous-year period, additional allocations were made to take account of the deterioration in economic conditions. The year-on-year increase in income taxes primarily reflected significantly improved results, notably in Russia and Ukraine.

In Russia, business continued to be run down: since the beginning of the war against Ukraine, the loan volume in local currency has been reduced by 35 per cent. As a further measure, payment services were limited. This limitation was already reflected in net fee and commission income, which fell by 47 per cent to € 264 million in the second quarter, after € 496 million in the first quarter.

in € million	Belarus 1/1-30/6/2023	Belarus 1/1-30/6/2022	Russia 1/1-30/6/2023	Russia 1/1-30/6/2022	Ukraine 1/1-30/6/2023	Ukraine 1/1-30/6/2022
Net interest income	47	59	698	615	200	163
Dividend income	0	0	0	0	0	0
Current income from investments in associates	0	0	2	2	0	0
Net fee and commission income	68	54	760	670	44	28
Net trading income and fair value result	15	25	90	74	20	31
Net gains/losses from hedge accounting	0	0	(2)	(18)	0	0
Other net operating income	(12)	(2)	(17)	(2)	(2)	1
Operating income	**118**	**136**	**1,531**	**1,341**	**262**	**223**
General administrative expenses	(37)	(34)	(446)	(258)	(82)	(96)
Operating result	**81**	**102**	**1,085**	**1,083**	**179**	**127**
Other result	0	0	(6)	0	2	(5)
Governmental measures and compulsory contributions	(1)	(2)	(24)	(25)	(5)	(5)
Impairment losses on financial assets	(6)	(22)	(188)	(266)	(79)	(201)
Profit/loss before tax	**74**	**78**	**867**	**791**	**97**	**(83)**
Income taxes	(18)	(22)	(182)	(161)	(18)	13
Profit/loss after tax	**56**	**56**	**685**	**630**	**80**	**(70)**

Group Corporates & Markets

in € million	1/1-30/6/2023	1/1-30/6/2022	Change	Q2/2023	Q1/2023	Change
Net interest income	464	314	47.6 %	238	226	5.6 %
Dividend income	2	8	(70.1)%	0	2	(82.5)%
Current income from investments in associates	7	0	>500.0%	3	4	(18.8)%
Net fee and commission income	287	305	(6.0)%	129	158	(18.3)%
Net trading income and fair value result	94	39	138.7 %	37	57	(35.7)%
Net gains/losses from hedge accounting	(7)	(1)	>500.0%	(3)	(4)	(31.7)%
Other net operating income	64	54	17.7 %	34	29	17.0 %
Operating income	**910**	**720**	**26.4 %**	**439**	**472**	**(6.9)%**
General administrative expenses	(417)	(369)	13.0 %	(218)	(199)	9.5 %
Operating result	**493**	**351**	**40.6 %**	**221**	**272**	**(18.9)%**
Other result	2	1	229.2 %	0	1	(80.6)%
Governmental measures and compulsory contributions	(26)	(28)	(5.9)%	(1)	(25)	(96.3)%
Impairment losses on financial assets	9	10	(15.3)%	(6)	15	–
Profit/loss before tax	**478**	**334**	**43.0 %**	**214**	**263**	**(18.7)%**
Income taxes	(109)	(78)	40.8 %	(52)	(58)	(10.5)%
Profit/loss after tax	**368**	**256**	**43.7 %**	**162**	**206**	**(21.0)%**
Return on equity before tax	25.0 %	17.2 %	7.8 PP	22.5 %	27.8 %	(5.3) PP
Return on equity after tax	19.3 %	13.2 %	6.1 PP	17.0 %	21.7 %	(4.7) PP
Net interest margin (average interest-bearing assets)	1.46 %	1.06 %	0.39 PP	1.46 %	1.43 %	0.04 PP
Cost/income ratio	45.8 %	51.3 %	(5.5) PP	49.7 %	42.2 %	7.4 PP

The year-on-year increase in profit after tax was driven mainly by the rise of € 150 million in net interest income and the improvement of € 55 million in net trading income and fair value result. The rise in net interest income was mostly due to higher interest income from customer deposits (cash management, money market deposits) at head office. The € 55 million increase in net trading income and fair value result originated from head office, and was primarily attributable to a rise in net trading income in connection with interest rate derivatives. In contrast, general administrative expenses were up, mainly due to increased other administrative expenses (in particular IT, communications and travel expenses) and higher personnel expenses (mainly due to increased salaries and social security contributions) at head office. The net release of impairment losses on financial assets in the reporting period reflected above all the release of provisions for special risk factors due to the reduction in Russian cross-border exposure and the sanction risk portfolio at head office. In the previous year's period, the net release of risk provisions mainly related to households in connection with building society loans.

Corporate Center

in € million	1/1-30/6/2023	1/1-30/6/2022	Change	Q2/2023	Q1/2023	Change
Net interest income	(34)	(21)	63.6 %	(21)	(14)	54.4 %
Dividend income	427	182	134.8 %	322	105	206.4 %
Current income from investments in associates	41	30	36.5 %	15	26	(41.9)%
Net fee and commission income	38	27	40.9 %	24	14	77.9 %
Net trading income and fair value result	(93)	131	–	(50)	(43)	17.5 %
Net gains/losses from hedge accounting	(3)	(2)	110.3 %	(1)	(2)	(40.7)%
Other net operating income	68	39	74.4 %	44	24	81.5 %
Operating income	**443**	**386**	**14.9 %**	**333**	**110**	**201.6 %**
General administrative expenses	(255)	(217)	17.4 %	(160)	(95)	67.6 %
Operating result	**188**	**168**	**11.8 %**	**173**	**15**	**>500.0%**
Other result	(11)	13	–	(4)	(7)	(39.6)%
Governmental measures and compulsory contributions	(29)	(47)	(37.5)%	24	(53)	–
Impairment losses on financial assets	9	(16)	–	(1)	11	–
Profit/loss before tax	**157**	**118**	**33.0 %**	**191**	**(34)**	**–**
Income taxes	104	66	57.7 %	47	57	(17.9)%
Profit/loss after tax from continuing operations	**261**	**184**	**41.8 %**	**238**	**23**	**>500.0%**
Profit/loss after tax from discontinued operations	0	398	–	0	0	–
Profit/loss after tax	**261**	**582**	**(55.1)%**	**238**	**23**	**>500.0%**

Dividend income – largely higher intra-group dividends – resulted in an increase of € 245 million. In the previous-year reporting period, a loss was reported in the other result due to the derecognition of intangible assets of € 27 million at head office. The expense for governmental measures and compulsory contributions fell € 18 million to € 29 million due to lower contributions to the resolution fund and lower bank levies at head office. The impairment losses on financial assets represented net releases of € 9 million at head office (previous year's period: net allocation of € 16 million).

In contrast to these positive effects, net trading income and fair value result was down € 223 million. This fall was largely due to hedging of capital positions of subsidiaries held in local currencies by currency derivatives (net investment hedge). At head office, the large interest rate differential above all between euro and Russian ruble in the first six months of the previous year had a very positive effect on valuations. The reduction in the valuation result from that effect amounted to € 99 million compared to the previous-year period. In addition, the certificate business at head office generated high valuation gains above all due to the steep rise in own credit spreads from certificate issues measured at fair value in the previous year. In contrast, risk spreads declined some 25 basis points in the current year. As a result, the valuation result was down € 79 million year-on-year.

The increase of € 38 million in general administrative expenses was due to higher staff expenses resulting from increased salaries and higher social security costs as well as higher consulting expenses at head office.

Other result in the reporting period amounted to minus € 11 million (previous-year period: € 13 million). The measurement of shares in associated companies led to a minus of € 8 million in the reporting period after reversals of € 13 million in the comparable previous-year period compared to impairment losses on subsidiaries of € 12 million.

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

Interim consolidated financial statements

(Condensed interim report as at 30 June 2023)

Company

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

RBI regards Austria, where it is a leading corporate and investment bank, as well as Central and Eastern Europe (CEE) as its home market. 12 markets in the region are covered by subsidiary banks, the Group also comprises numerous other financial services providers, for instance in the field of leasing, asset management, factoring and M&A. RBI not only offers Austrian and international companies a broad range of products in corporate and investment banking, but also a comprehensive coverage in CEE. Through an extensive branch network, local companies of all sizes as well as private customers are supplied with high quality financial products. RBI maintains representative offices and service branches in selected Asian and Western European locations to support its business activities. In total, RBI's around 45,000 employees serve 17.8 million clients at around 1,600 business outlets located mostly in CEE.

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

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

The condensed interim consolidated financial statements as at 30 June 2023 was reviewed by the certified auditor Deloitte Audit Wirtschaftsprüfungs GmbH.

Statement of comprehensive income

Income statement

in € million	Notes	1/1-30/6/2023	1/1-30/6/2022
Net interest income	[1]	2,749	2,199
Interest income according to effective interest method		4,026	2,833
Interest income other		1,031	313
Interest expenses		(2,308)	(947)
Dividend income	[2]	17	29
Current income from investments in associates	[3]	51	34
Net fee and commission income	[4]	1,698	1,565
Fee and commission income		2,174	2,022
Fee and commission expenses		(477)	(457)
Net trading income and fair value result	[5]	116	316
Net gains/losses from hedge accounting	[5]	(17)	(36)
Other net operating income	[6]	43	42
Operating income		**4,656**	**4,150**
Staff expenses		(1,169)	(894)
Other administrative expenses		(600)	(531)
Depreciation		(227)	(225)
General administrative expenses	**[7]**	**(1,995)**	**(1,649)**
Operating result		**2,661**	**2,500**
Other result	[8]	(450)	(108)
Governmental measures and compulsory contributions	[9]	(237)	(241)
Impairment losses on financial assets	[10]	(259)	(561)
Profit/loss before tax		**1,715**	**1,590**
Income taxes	[11]	(388)	(292)
Profit/loss after tax from continuing operations		**1,327**	**1,299**
Gains/losses from discontinued operations		0	453
Profit/loss after tax		**1,327**	**1,751**
Profit attributable to non-controlling interests	[28]	(92)	(40)
Consolidated profit/loss		**1,235**	**1,712**

Other comprehensive income and total comprehensive income

in € million	Notes	1/1-30/6/2023	1/1-30/6/2022[1]
Profit/loss after tax		**1,327**	**1,751**
Items which are not reclassified to profit or loss		**20**	**(2)**
Remeasurements of defined benefit plans	[26]	9	14
Fair value changes of equity instruments	[16]	19	(51)
Fair value changes due to changes in credit risk of financial liabilities	[18]	(3)	27
Share of other comprehensive income from companies valued at equity	[23]	(2)	7
Deferred taxes on items which are not reclassified to profit or loss	[11]	(4)	1
Items that may be reclassified subsequently to profit or loss		**(722)**	**904**
Exchange differences		(829)	1,324
Hedge of net investments in foreign operations	[21]	1	(92)
Adaptations to the cash flow hedge reserve	[21]	48	(114)
Fair value changes of financial assets	[16]	40	(139)
Share of other comprehensive income from companies valued at equity	[23]	31	(123)
Deferred taxes on items which may be reclassified to profit or loss	[11]	(14)	49
Other comprehensive income		**(702)**	**903**
Total comprehensive income		**625**	**2,654**
Profit attributable to non-controlling interests	[28]	(94)	(36)
hereof income statement	[28]	(92)	(40)
hereof other comprehensive income		(2)	3
Profit/loss attributable to owners of the parent		**531**	**2,618**

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

Earnings per share

in € million	1/1-30/6/2023	1/1-30/6/2022
Consolidated profit/loss	1,235	1,712
Dividend claim on additional tier 1	(54)	(46)
Profit/loss attributable to ordinary shares	**1,180**	**1,666**
Average number of ordinary shares outstanding in million	328	329
Earnings per share in €	**3.59**	**5.07**

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

Statement of financial position

Assets

in € million	Notes	30/6/2023	31/12/2022
Cash, balances at central banks and other demand deposits	[12]	48,383	53,683
Financial assets - amortized cost	[13]	141,359	137,431
Financial assets - fair value through other comprehensive income	[16, 22]	2,996	3,203
Non-trading financial assets - mandatorily fair value through profit/loss	[17, 22]	870	757
Financial assets - designated fair value through profit/loss	[18, 22]	84	84
Financial assets - held for trading	[19, 22]	6,664	6,411
Hedge accounting	[21]	1,465	1,608
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk	[21]	(771)	(947)
Investments in subsidiaries and associates	[23]	789	713
Tangible fixed assets	[24]	1,665	1,684
Intangible fixed assets	[24]	915	903
Current tax assets	[11]	87	100
Deferred tax assets	[11]	307	269
Other assets	[25]	1,308	1,159
Total		**206,123**	**207,057**

Equity and liabilities

in € million	Notes	30/6/2023	31/12/2022
Financial liabilities - amortized cost	[14]	173,049	175,142
Financial liabilities - designated fair value through profit/loss	[18, 22]	1,132	950
Financial liabilities - held for trading	[20, 22]	8,557	8,453
Hedge accounting	[21]	1,771	2,054
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk	[21]	(967)	(1,217)
Provisions for liabilities and charges	[26]	1,558	1,479
Current tax liabilities	[11]	144	181
Deferred tax liabilities	[11]	35	36
Other liabilities	[27]	1,516	1,215
Equity	[28]	19,329	18,764
Consolidated equity		16,525	16,027
Non-controlling interests		1,197	1,127
Additional tier 1		1,607	1,610
Total		**206,123**	**207,057**

Statement of changes in equity

in € million	Subscribed capital	Capital reserves	Retained earnings	Cumulative other comprehensive income	Consolidated equity	Non-controlling interests	Additional tier 1	Total
Equity as at 31/12/2022	**1,002**	**4,990**	**13,637**	**(3,601)**	**16,027**	**1,127**	**1,610**	**18,764**
Impact of adopting IFRS 17	0	0	(143)	157	15	0	0	14
Equity as at 1/1/2023	**1,002**	**4,990**	**13,494**	**(3,444)**	**16,042**	**1,126**	**1,610**	**18,779**
Capital increases/ decreases	0	0	0	0	0	0	0	0
Allocation dividend - AT1	0	0	(54)	0	(54)	0	54	0
Dividend payments	0	0	0	0	0	(24)	(54)	(79)
Own shares	0	0	0	0	0	0	(3)	(3)
Other changes	0	0	7	0	7	0	0	7
Total comprehensive income	0	0	1,235	(704)	531	94	0	625
Equity as at 30/6/2023	**1,002**	**4,989**	**14,682**	**(4,148)**	**16,525**	**1,197**	**1,607**	**19,329**
Equity as at 1/1/2022	**1,002**	**4,992**	**10,121**	**(3,272)**	**12,843**	**1,010**	**1,622**	**15,475**
Capital increases/ decreases	0	0	0	0	0	0	0	0
Allocation dividend - AT1	0	0	(46)	0	(46)	0	46	0
Dividend payments	0	0	0	0	0	(26)	(46)	(72)
Own shares	0	0	0	0	0	0	(11)	(11)
Other changes	0	0	2	4	6	(4)	0	2
Total comprehensive income[1]	0	0	1,712	906	2,618	36	0	2,654
Equity as at 30/6/2022	**1,002**	**4,992**	**11,789**	**(2,363)**	**15,420**	**1,017**	**1,611**	**18,048**

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

Statement of cash flows

in € million	Notes	1/1-30/6/2023	1/1-30/6/2022
Cash, balances at central banks and other demand deposits as at 1/1	**[12]**	**53,683**	**38,557**
Operating activities:			
Profit/loss before tax		1,715	1,590
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]	233	227
Net provisioning for liabilities and charges and impairment losses on financial assets	[6, 10, 26]	690	663
Gains/losses from the measurement and derecognition of assets and liabilities	[5, 8]	197	(385)
Current income from investments in associates	[3]	(51)	(34)
Other adjustments (net)[1]		(2,666)	(1,600)
Subtotal		**118**	**461**
Changes in assets and liabilities arising from operating activities after corrections for non-cash positions:			
Financial assets - amortized cost	[13]	(3,463)	(968)
Financial assets - fair value through other comprehensive income	[16, 22]	327	564
Non-trading financial assets - mandatorily fair value through profit/loss	[17, 22]	27	140
Financial assets - designated fair value through profit/loss	[18, 22]	2	70
Financial assets - held for trading	[19, 22]	(1,459)	682
Other assets	[25]	(65)	(350)
Financial liabilities - amortized cost	[14]	687	12,634
Financial liabilities - designated fair value through profit/loss	[18, 22]	165	(71)
Financial liabilities - held for trading	[20, 22]	741	42
Provisions for liabilities and charges	[26]	(308)	(99)
Other liabilities	[27]	50	846
Interest received	[1]	4,479	2,983
Interest paid	[1]	(1,727)	(903)
Dividends received	[2]	46	66
Income taxes paid	[11]	(513)	(225)
Net cash from operating activities		**(894)**	**15,872**
Investing activities:			
Cash and cash equivalents from changes in scope of consolidation due to materiality		(6)	(7)
Payments for purchase of:			
Investment securities and shares	[13, 15, 17, 23]	(5,008)	(2,764)
Tangible and intangible fixed assets	[24]	(268)	(187)
Subsidiaries		0	198
Proceeds from sale of:			
Investment securities and shares	[13, 15, 17, 23]	1,406	635
Tangible and intangible fixed assets	[24]	40	100
Subsidiaries[2]	[8]	0	32
Net cash from investing activities		**(3,836)**	**(1,994)**
Financing activities:			
Capital decreases		(3)	(11)
Inflows subordinated financial liabilities	[14, 18]	0	0
Outflows subordinated financial liabilities	[14, 18]	(4)	(176)
Dividend payments		(77)	(72)
Cash flows for leases		(32)	(35)
Inflows from changes in non-controlling interests		0	0
Net cash from financing activities		**(117)**	**(294)**
Effect of exchange rate changes		(453)	1,410
Cash, balances at central banks and other demand deposits as at 30/6	**[12]**	**48,383**	**53,551**

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

2 Previous-year figures adapted

Segment reporting

As a rule, internal management reporting at RBI is based on the current organizational structure. This matrix structure means that each member of the Management Board is responsible both for individual countries and for specific business activities. A cash generating unit (CGU) within the Group is a country. The presentation of the countries includes all operating units of RBI in the respective countries (in addition to subsidiary banks, e.g. also leasing companies). Accordingly, the RBI management bodies – Management Board and Supervisory Board – make key decisions that determine the resources allocated to any given segment based on its financial strength and profitability, which is why these reporting criteria are a material component in the decision-making process. The segments are also presented accordingly in compliance with IFRS 8. The reconciliation contains mainly the amounts resulting from the elimination of intra-group results and consolidation between the segments.

This results in the following segments:

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

1/1-30/6/2023 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Net interest income	753	617	945	464
Dividend income	6	1	0	2
Current income from investments in associates	2	0	2	7
Net fee and commission income	288	215	872	287
Net trading income and fair value result	(23)	5	125	94
Net gains/losses from hedge accounting	(4)	0	(2)	(7)
Other net operating income	18	5	(31)	64
Operating income	**1,041**	**843**	**1,911**	**910**
General administrative expenses	(486)	(352)	(565)	(417)
Operating result	**555**	**492**	**1,345**	**493**
Other result	(433)	(6)	(4)	2
Governmental measures and compulsory contributions	(128)	(24)	(30)	(26)
Impairment losses on financial assets	(38)	40	(273)	9
Profit/loss before tax	**(44)**	**501**	**1,038**	**478**
Income taxes	(78)	(83)	(217)	(109)
Profit/loss after tax	**(122)**	**419**	**821**	**368**
Profit attributable to non-controlling interests	(57)	0	(32)	(4)
Profit/loss after deduction of non-controlling interests	**(179)**	**419**	**789**	**364**
Return on equity before tax	–	32.0 %	53.5 %	25.0 %
Return on equity after tax	–	26.7 %	42.3 %	19.3 %
Net interest margin (average interest-bearing assets)	2.36 %	4.16 %	6.29 %	1.46 %
Cost/income ratio	46.7 %	41.7 %	29.6 %	45.8 %
Loan/deposit ratio	85.7 %	71.7 %	40.5 %	174.7 %
Provisioning ratio (average loans to customers)	0.18 %	(0.44)%	4.06 %	(0.05)%
NPE ratio	1.3 %	1.9 %	2.3 %	1.6 %
NPE coverage ratio	58.1 %	67.2 %	68.3 %	43.0 %
Assets	65,558	32,606	30,161	63,751
Total risk-weighted assets (RWA)	26,339	17,298	21,192	29,352
Equity	4,509	3,604	4,958	4,230
Loans to customers	38,139	18,485	9,076	36,657
Deposits from customers	47,644	25,726	23,140	27,027
Business outlets	339	706	502	23
Employees as at reporting date (full-time equivalents)	9,713	12,600	16,699	3,440
Customers in million	3.9	5.0	7.1	1.9

1/1-30/6/2023 in € million	Corporate Center	Reconciliation	Total
Net interest income	(34)	4	2,749
Dividend income	427	(420)	17
Current income from investments in associates	41	0	51
Net fee and commission income	38	(2)	1,698
Net trading income and fair value result	(93)	7	116
Net gains/losses from hedge accounting	(3)	(1)	(17)
Other net operating income	68	(81)	43
Operating income	**443**	**(492)**	**4,656**
General administrative expenses	(255)	80	(1,995)
Operating result	**188**	**(412)**	**2,661**
Other result	(11)	3	(450)
Governmental measures and compulsory contributions	(29)	0	(237)
Impairment losses on financial assets	9	(5)	(259)
Profit/loss before tax	**157**	**(415)**	**1,715**
Income taxes	104	(5)	(388)
Profit/loss after tax	**261**	**(420)**	**1,327**
Profit attributable to non-controlling interests	0	1	(92)
Profit/loss after deduction of non-controlling interests	**261**	**(419)**	**1,235**

Return on equity before tax	–	–	18.5 %
Return on equity after tax	–	–	14.3 %
Net interest margin (average interest-bearing assets)	–	–	2.74 %
Cost/income ratio	–	–	42.9 %
Loan/deposit ratio	–	–	85.2 %
Provisioning ratio (average loans to customers)	–	–	0.37 %
NPE ratio	–	–	1.5 %
NPE coverage ratio	–	–	57.6 %
Assets	39,879	(25,832)	206,123
Total risk-weighted assets (RWA)	15,502	(10,475)	99,207
Equity	8,682	(6,653)	19,329
Loans to customers	1,011	(1,562)	101,806
Deposits from customers	1,149	(4,134)	120,553
Business outlets	–	–	1,570
Employees as at reporting date (full-time equivalents)	2,107	–	44,559
Customers in million	0.0	–	17.8

1/1-30/6/2022 in € million	Central Europe	Southeastern Europe	Eastern Europe[1]	Group Corporates & Markets
Net interest income	624	416	838	314
Dividend income	3	3	0	8
Current income from investments in associates	2	0	2	0
Net fee and commission income	279	213	752	305
Net trading income and fair value result	(11)	(10)	130	39
Net gains/losses from hedge accounting	1	0	(18)	(1)
Other net operating income	8	22	(3)	54
Operating income	**906**	**645**	**1,700**	**720**
General administrative expenses	(437)	(310)	(388)	(369)
Operating result	**469**	**334**	**1,312**	**351**
Other result	(97)	(3)	(5)	1
Governmental measures and compulsory contributions	(105)	(30)	(32)	(28)
Impairment losses on financial assets	(54)	(25)	(489)	10
Profit/loss before tax	**213**	**276**	**786**	**334**
Income taxes	(65)	(42)	(170)	(78)
Profit/loss after tax from continuing operations	**148**	**234**	**616**	**256**
Gains/losses from discontinued operations	0	46	0	0
Profit/loss after tax	**148**	**279**	**616**	**256**
Profit attributable to non-controlling interests	(51)	0	15	(4)
Profit/loss after deduction of non-controlling interests	**97**	**279**	**631**	**253**
Return on equity before tax	11.1 %	17.0 %	52.0 %	17.2 %
Return on equity after tax	7.7 %	17.2 %	40.8 %	13.2 %
Net interest margin (average interest-bearing assets)	2.17 %	3.20 %	5.89 %	1.06 %
Cost/income ratio	48.2 %	48.1 %	22.8 %	51.3 %
Loan/deposit ratio	87.0 %	71.7 %	48.5 %	143.5 %
Provisioning ratio (average loans to customers)	0.29 %	0.31 %	5.06 %	(0.05)%
NPE ratio	1.6 %	2.3 %	1.6 %	1.5 %
NPE coverage ratio	60.8 %	68.2 %	59.7 %	55.7 %
Assets	59,163	29,683	43,084	67,912
Total risk-weighted assets (RWA)	25,223	16,849	34,824	31,211
Equity	3,848	2,966	4,165	3,982
Loans to customers	36,329	17,138	16,746	38,410
Deposits from customers	43,539	23,818	35,228	31,598
Business outlets	364	738	582	23
Employees as at reporting date (full-time equivalents)	9,669	12,340	17,071	3,355
Customers in million	3.7	4.9	6.8	1.9

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

1/1-30/6/2022 in € million	Corporate Center	Reconciliation	Total[1]
Net interest income	(21)	29	2,199
Dividend income	182	(167)	29
Current income from investments in associates	30	0	34
Net fee and commission income	27	(10)	1,565
Net trading income and fair value result	131	37	316
Net gains/losses from hedge accounting	(2)	(17)	(36)
Other net operating income	39	(78)	42
Operating income	**386**	**(206)**	**4,150**
General administrative expenses	(217)	72	(1,649)
Operating result	**168**	**(134)**	**2,500**
Other result	13	(16)	(108)
Governmental measures and compulsory contributions	(47)	0	(241)
Impairment losses on financial assets	(16)	14	(561)
Profit/loss before tax	**118**	**(137)**	**1,590**
Income taxes	66	(3)	(292)
Profit/loss after tax from continuing operations	**184**	**(139)**	**1,299**
Gains/losses from discontinued operations	398	10	453
Profit/loss after tax	**582**	**(129)**	**1,751**
Profit attributable to non-controlling interests	0	1	(40)
Profit/loss after deduction of non-controlling interests	**582**	**(129)**	**1,712**
Return on equity before tax	–	–	20.3 %
Return on equity after tax	–	–	22.4 %
Net interest margin (average interest-bearing assets)	–	–	2.37 %
Cost/income ratio	–	–	39.7 %
Loan/deposit ratio	–	–	81.6 %
Provisioning ratio (average loans to customers)	–	–	0.86 %
NPE ratio	–	–	1.6 %
NPE coverage ratio	–	–	60.7 %
Assets	45,182	(30,832)	214,192
Total risk-weighted assets (RWA)	17,028	(16,110)	109,025
Equity	7,612	(4,525)	18,048
Loans to customers	800	(1,724)	107,700
Deposits from customers	172	(3,073)	131,283
Business outlets	–	–	1,707
Employees as at reporting date (full-time equivalents)	1,903	–	44,338
Customers in million	0.0	–	17.2

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

Notes

Principles underlying the consolidated financial statements

The condensed interim consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and the international accounting standards adopted by the EU on the basis of IAS Regulation (EC) 1606/2002 including the applicable interpretations of the International Financial Reporting Interpretations Committee (IFRIC/SIC). For the preparation of the interim consolidated financial statements, the same accounting policies are applied as described in detail in the annual consolidated financial statements as at 31 December 2022. Furthermore, the interim consolidated financial statements also consider the requirements in accordance with IAS 34 regarding the form and content of interim financial reporting. Information on cyclical expenses and income is addressed in the interim group management report.

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

Key sources of estimation uncertainty and critical accounting judgments

If estimates or assessments are necessary for accounting and measuring under IAS/IFRS rules, they are made in accordance with the respective standards. They are based on past experiences and other factors, such as planning and expectations or forecasts of future events that appear likely, based on current judgement. The estimates and underlying assumptions are reviewed on an ongoing basis. Alterations to estimates that affect only one period will be considered only in that period. If the following reporting periods are also affected, the alterations will be taken into consideration in the current and following periods. The critical assumptions, estimates and accounting judgments primarily affect impairment losses in the credit business, the fair value and impairment of financial instruments, deferred taxes, provisions for pensions and pension-related liabilities, provisions for litigation as well as the calculations used to determine the recoverability of goodwill and the intangible assets capitalized in the course of the initial consolidation. In addition, impairment tests for investments in associates are subject to assumptions and estimates. The actual amount recognized may differ from the estimated values.

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

Application of new and revised standards

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

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

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

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

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

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

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

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

IFRS 17 covers recognition and measurement, presentation and disclosure of insurance contracts. The aim of IFRS 17 consists of provision of relevant information by the financial statement preparing companies and thus a credible presentation of insurance contracts. This information should be the basis for users of financial statements to accurately evaluate the impact of insurance contracts on the financial position, financial performance and cash flows of companies. On adopting IFRS 17, RBI's equity increased by € 14 million as at 1 January 2023.

Standards and interpretations not yet applicable

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

Amendment to IAS 7 and IFRS 7 (Supplier Finance Arrangements; Effective from 1 January 2023)

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

Amendment to IAS 12 (International Tax Reform - Pillar 2 Model Rules)

This amendment is intended to create a temporary exception for the recognition of deferred taxes if they arise from income taxes in connection with the Pillar 2 model rules. It also introduces targeted disclosure requirements to help investors better understand the impact in terms of supplementary taxes on the company resulting from the reform, in particular before the country-specific legislation implementing the minimum taxation comes into force.

Adjustment of previous-year figures according to IAS 8

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

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

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

in € million	30/6/2022	Adjustment	30/6/2022 (adjusted)
Financial assets - amortized cost	**141,916**	**(185)**	**141,731**
Bonds to general governments	14,088	(185)	13,903
Financial assets - fair value through other comprehensive income	**3,669**	**177**	**3,846**
Bonds to general governments	2,491	177	2,668
Total assets	**214,200**	**(8)**	**214,192**

in € million	30/6/2022	Adjustment	30/6/2022 (adjusted)
Equity	**18,056**	**(8)**	**18,048**
Cumulative other comprehensive income	-2,357	(5)	-2,365
Non-controlling interests	1,019	(3)	1,019
Total equity and liabilities	**214,200**	**(8)**	**214,192**

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

Currencies

	2023		2022	
	As at	Average	As at	Average
Rates in units per €	30/6	1/1-30/6	31/12	1/1-30/6
Albanian lek (ALL)	106.440	112.326	114.230	120.797
Belarusian ruble (BYN)	3.310	3.075	2.916	2.903
Bosnian marka (BAM)	1.956	1.956	1.956	1.956
Bulgarian lev (BGN)	-	-	1.956	1.956
Croatian kuna (HRK)	-	-	7.535	7.546
Polish zloty (PLN)	4.439	4.618	4.681	4.639
Romanian leu (RON)	4.964	4.943	4.950	4.947
Russian ruble (RUB)	95.659	84.206	77.789	79.982
Serbian dinar (RSD)	117.230	117.296	117.322	117.597
Czech koruna (CZK)	23.742	23.697	24.116	24.666
Ukrainian hryvnia (UAH)	40.001	39.549	38.951	31.628
Hungarian forint (HUF)	371.930	380.789	400.870	376.831
US dollar (USD)	1.087	1.079	1.067	1.092

In the context of the geopolitical situation, RBI is exposed to increased risks related to foreign currency translations. The ECB stopped publishing an official EUR/RUB exchange rate, and an actual and factually achievable exchange rate (e.g. provided by Refinitiv or Electronic Broking Service (EBS): off-shore rate) established itself in addition to the theoretical, official exchange rate (rate determined by the Russian central bank on the basis of data from the Moscow Stock Exchange: on-shore rate). RBI is exposed to these risks particularly in the translation of monetary items denominated in a foreign currency and in the translation of fully consolidated foreign business operations. RBI uses the off-shore rate for both the translation of monetary items outside of Russia and the translation of the fully consolidated foreign business operation in Russia. As at 30 June 2023, the EUR/RUB exchange rate used by RBI (off-shore rate) was 95.66 and that of the Russian central bank (on-shore rate) was 95.11. For the Belarusian ruble and the Ukrainian hryvnia, the rates published by the respective central bank continued to be considered suitable rates by RBI.

In connection with similar circumstances, the IFRIC explicitly pointed out in its meeting on September 2018 (IFRIC Update 09-18) that companies in such a market environment must examine on an ongoing basis whether the exchange rate used represents the correct rate in accordance with IAS 21. Further information on underlying estimations and assumptions made by RBI can be found in the Annual Report 2022.

Consolidated group

	Fully consolidated	
Number of units	**30/6/2023**	**31/12/2022**
As at beginning of period	**192**	**204**
Included for the first time in the financial period	7	7
Merged in the financial period	(1)	(4)
Excluded in the financial period	(3)	(15)
As at end of period	**195**	**192**

Included units

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

Excluded units

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

Consequences and analysis of the armed conflict between Russia and Ukraine

Going Concern

The RBI Board of Management has prepared the consolidated financial statements as at 30 June 2023 on a going concern basis as they do not intend to liquidate RBI and based on current available information this is considered a realistic intention.

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

The RBI Board of Management has concluded that there are no material uncertainties that could cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval (31 July 2023) of the interim report to be issued.

Control event

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

In assessing control, RBI's examination includes if it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee according to the requirements of IFRS 10. If voting rights are relevant, RBI has control over an entity in which it directly or indirectly holds more than 50 per cent of the voting rights, except when there are indicators that another investee has the ability to determine unilaterally the relevant activities of the entity. RBI assesses evidence of control in cases in which it does not hold the majority of voting rights but has the ability to unilaterally govern the relevant activities of the entity. This ability may occur in cases in which RBI has the ability to control the relevant activities due to the extent and distribution of voting rights of the investees. If facts and circumstances indicate that there are changes to one or more elements of control, a reassessment whether control over the investee still exists is done.

When examining the facts and circumstances RBI carefully considered whether there have been changes that may significantly limit its ability to exercise the rights or governance provisions with respect to a subsidiary due to the war or the sanctions imposed. RBI has concluded that no changes are necessary in the assessment of control and that control was not lost over the subsidiaries in the affected areas.

Western countries, however, have imposed strong sanctions on Russian entities, the Russian central bank, and the Russian government. At the same time, Russia has imposed restrictions on capital flows to so-called unfriendly countries. Both hamper the servicing of international debt, profit distributions and free accountability of capital shares.

Concentration risk

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

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

in € million	30/6/2023 Russia	Ukraine	Belarus	Total	31/12/2022 Russia	Ukraine	Belarus	Total
Financial assets - amortized cost	14,875	2,974	865	18,714	15,937	3,041	1,174	20,153
Financial assets - fair value through other comprehensive income	3	95	1	98	2	119	131	253
Non-trading financial assets - mandatorily fair value through profit/loss	3	0	0	3	2	0	0	2
Financial assets - designated fair value through profit/loss	0	0	0	0	0	0	0	0
Financial assets - held for trading	181	162	4	347	304	164	5	473
On-balance	**15,062**	**3,231**	**869**	**19,162**	**16,245**	**3,325**	**1,310**	**20,880**
Loan commitments, financial guarantees and other commitments	2,599	789	405	3,793	3,294	770	369	4,433
Total	**17,661**	**4,020**	**1,274**	**22,956**	**19,539**	**4,095**	**1,679**	**25,313**

in € million	30/6/2023 Russia	Ukraine	Belarus	Total	31/12/2022 Russia	Ukraine	Belarus	Total
Derivatives	160	6	0	166	244	8	0	252
Central banks	657	791	0	1,448	732	774	0	1,506
General governments	170	861	138	1,169	212	655	262	1,130
Banks	6,800	294	19	7,112	5,758	260	320	6,337
Other financial corporations	179	24	1	204	642	52	1	694
Non-financial corporations	4,137	1,135	493	5,765	4,799	1,433	467	6,699
Households	2,959	121	219	3,299	3,859	142	260	4,261
On-balance	**15,062**	**3,231**	**869**	**19,162**	**16,245**	**3,325**	**1,310**	**20,880**
Loan commitments, financial guarantees and other commitments	2,599	789	405	3,793	3,294	770	369	4,433
Total	**17,661**	**4,020**	**1,274**	**22,956**	**19,539**	**4,095**	**1,679**	**25,313**

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. Real estate that is available for physical verification was gradually revalued and was included into IFRS and credit risk calculation, using conservative valuation scenarios.

Impairment test for tangible fixed assets

Due to the war between Russia and the Ukraine, tangible and intangible fixed assets in both countries were examined for indicators that could lead to an impairment in accordance with IAS 36. In Ukraine, the tangible fixed assets located in the occupied territories were written off to zero in the previous year. All other tangible fixed assets were assessed individually and adjusted if damage occurred. This resulted in impairments of less than € 1 million in the first half of 2023 (previous year: € 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 below € 1 million (previous year: € 0 million). The impairment test for intangible fixed assets did not result in any impairment losses for the first half of 2023 or the comparable period.

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

Notes to the income statement

(1) Net interest income

in € million	1/1-30/6/2023	1/1-30/6/2022[1]
Interest income according to effective interest method	**4,026**	**2,833**
Financial assets - fair value through other comprehensive income	65	49
Financial assets - amortized cost	3,960	2,784
Interest income other	**1,031**	**313**
Financial assets - held for trading	147	43
Non-trading financial assets - mandatorily fair value through profit/loss	15	17
Financial assets - designated fair value through profit/loss	2	3
Derivatives – hedge accounting, interest rate risk	218	84
Other assets	647	72
Interest income on financial liabilities	1	95
Interest expenses	**(2,308)**	**(947)**
Financial liabilities - amortized cost	(1,705)	(733)
Financial liabilities - held for trading	(169)	(35)
Financial liabilities - designated fair value through profit/loss	(18)	(19)
Derivatives – hedge accounting, interest rate risk	(403)	(112)
Other liabilities	(8)	(5)
Interest expenses on financial assets	(5)	(42)
Total	**2,749**	**2,199**

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

in € million	1/1-30/6/2023	1/1-30/6/2022
Net interest income	2,749	2,199
Average interest-bearing assets	200,338	185,536
Net interest margin	**2.74 %**	**2.37 %**

Net interest income includes interest income of € 230 million (previous-year period: € 111 million) from marked-to-market financial assets and interest expenses of € 187 million (previous-year period: € 55 million) from marked-to-market financial liabilities.

Net interest income increased € 550 million to € 2,749 million. The increases of € 101 million in Hungary, € 64 million in Romania, € 46 million at head office and € 40 million in Slovakia related to strong loan growth and rising interest rates. Net interest income in Serbia increased € 69 million, due to the integration of Crédit Agricole Srbija AD and higher interest income from loans both to retail and to corporate customers. In Ukraine, higher interest income from government certificates of deposit, from money market business and from government bonds made for a € 37 million increase in net interest income. Net interest income in Russia increased € 83 million despite a 48 per cent currency-related decline in lending volumes, caused by a significant reduction in interest expenses due to lower interest rates for customer deposits. The net interest margin improved 37 basis points to 2.74 per cent, which in addition to Eastern Europe was attributable to a 204 basis point increase in Serbia, 161 basis points in Albania and a 146 basis point increase in Hungary.

(2) Dividend income

in € million	1/1-30/6/2023	1/1-30/6/2022
Financial assets - held for trading	1	1
Non-trading financial assets - mandatorily fair value through profit/loss	1	6
Financial assets - fair value through other comprehensive income	5	7
Investments in subsidiaries and associates	10	16
Total	**17**	**29**

(3) Current income from investments in associates

in € million	1/1-30/6/2023	1/1-30/6/2022
Current income from investments in associates	51	34

(4) Net fee and commission income

in € million	1/1-30/6/2023	1/1-30/6/2022
Clearing, settlement and payment services	619	441
Loan and guarantee business	113	132
Securities	94	39
Asset management	124	128
Custody and fiduciary business	41	51
Customer resources distributed but not managed	28	35
Foreign exchange business	608	712
Other	71	26
Total	**1,698**	**1,565**

Net fee and commission income increased despite currency devaluation in Eastern Europe and was driven as before by the geopolitical situation. Clearing, settlement and payment services recorded growth of € 178 million due to increased transactions with both corporate and retail customers in Russia and at head office. Net income from securities business also increased by € 54 million due to increased transactions and higher volumes with the strongest growth in Russia. In contrast, the foreign exchange business decreased € 104 million, primarily in the spot foreign exchange business in Russia and at head office. This development was due to lower volumes due to the introduction of transaction limits and lower margins in retail and corporate customer business. Consequently, net fee and commission income increased € 132 million to € 1,698 million. Russia reported the highest increase, Ukraine, Serbia, Belarus and Hungary also increased on a currency-adjusted basis.

Net fee and commission income from financial assets and financial liabilities that are not measured at fair value through profit or loss amounted to € 927 million (previous-year period: € 1,012 million).

1/1-30/6/2023 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets	Corporate Center	Reconciliation	Total
Fee and commission income	**392**	**303**	**1,046**	**439**	**67**	**(73)**	**2,174**
Clearing, settlement and payment services	180	182	396	116	47	(55)	866
Clearing and settlement	22	21	265	0	12	(8)	312
Credit cards	28	23	11	22	3	0	88
Debit cards and other card payments	28	53	66	0	16	(15)	149
Other payment services	102	84	54	93	16	(32)	317
Loan and guarantee business	30	19	20	59	7	(3)	132
Securities	21	3	63	50	7	(10)	134
Asset management	11	13	9	164	0	0	198
Custody and fiduciary business	6	3	25	16	2	(2)	50
Customer resources distributed but not managed	16	12	20	0	0	0	48
Foreign exchange business	114	65	431	29	4	(2)	641
Other	13	7	82	6	0	(2)	106
Fee and commission expenses	**(103)**	**(88)**	**(174)**	**(153)**	**(29)**	**71**	**(477)**
Total	**288**	**215**	**872**	**287**	**38**	**(2)**	**1,698**

1/1-30/6/2022 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets	Corporate Center	Reconciliation	Total
Fee and commission income	**368**	**294**	**899**	**488**	**28**	**(54)**	**2,022**
Clearing, settlement and payment services	156	172	272	86	28	(34)	680
Clearing and settlement	22	19	143	0	13	(10)	188
Credit cards	21	22	11	23	0	0	76
Debit cards and other card payments	22	46	71	0	13	(13)	139
Other payment services	91	85	47	63	2	(12)	278
Loan and guarantee business	32	17	23	78	0	(4)	147
Securities	20	2	10	54	0	(10)	76
Asset management	12	14	7	171	0	0	205
Custody and fiduciary business	6	2	21	33	0	(3)	59
Customer resources distributed but not managed	15	13	26	0	0	0	53
Foreign exchange business	111	67	508	56	0	(2)	739
Other	16	7	33	9	0	(1)	63
Fee and commission expenses	**(89)**	**(81)**	**(147)**	**(183)**	**(1)**	**44**	**(457)**
Total	**279**	**213**	**752**	**305**	**27**	**(10)**	**1,565**

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

in € million	1/1-30/6/2023	1/1-30/6/2022
Net gains/losses on financial assets and liabilities - held for trading	**(196)**	**376**
Derivatives	(66)	354
Equity instruments	29	(69)
Debt securities	40	(103)
Loans and advances	14	25
Short positions	1	3
Deposits	17	192
Debt securities issued	(224)	(1)
Other financial liabilities	(6)	(24)
Net gains/losses on non-trading financial assets - mandatorily fair value through profit or loss	**24**	**(10)**
Equity instruments	0	0
Debt securities	(6)	1
Loans and advances	30	(11)
Net gains/losses on financial assets and liabilities - designated fair value through profit/loss	**0**	**53**
Debt securities	1	(4)
Deposits	(3)	4
Debt securities issued	2	54
Exchange differences, net	**288**	**(103)**
Total	**116**	**316**

Net trading income and fair value result decreased € 200 million to € 116 million. The decrease was mainly driven by the market turmoil in Russia and the increase in the own credit spreads following the Russian war against Ukraine in 2022.

Due to hedging of subsidiaries' capital positions held in local currencies by means of forward exchange contracts (net investment hedge) and high interest rate differential especially between the euro and the Russian ruble in the first half of the previous year, strong valuation gains were recorded at head office. The decline in the valuation result from this effect amounted to € 99 million compared to the previous-year period. In addition, the certificate business booked at head office generated high valuation gains due to the increased own credit spreads from certificate issues measured at fair value last year. However, in the current period the risk spreads decreased approximately 25 basis points. Hence, the valuation result declined € 79 million to minus € 29 million. Without both effects, the net trading income increased € 9 million to € 103 million at head office, which was mainly due to higher trading results in the area of interest rate derivatives.

The trading activities in Russia resulted in an increase in trading result of € 16 million to € 90 million. This was mainly due to an improved result from foreign currency valuation and trading activities in foreign currency derivatives and customer transactions in foreign currencies.

A moderate increase in foreign exchange related valuation losses amounting to € 25 million were recorded predominately in Hungary and Belarus.

The valuation of investments in venture capital funds measured at fair value also recorded valuation gains of € 25 million in the first half-year 2022, whereas in the current period losses of € 3 million were recorded.

in € million	1/1-30/6/2023	1/1-30/6/2022
Fair value changes of the hedging instruments	134	41
Fair value changes of the hedged items attributable to the hedged risk	(151)	(77)
Ineffectiveness of cash flow hedge recognized in profit or loss	0	0
Total	**(17)**	**(36)**

(6) Other net operating income

in € million	1/1-30/6/2023	1/1-30/6/2022
Gains/losses on derecognition of not modified financial assets and liabilities - not measured at fair value through profit/loss	**(12)**	**(9)**
Debt securities	(10)	(13)
Loans and advances	(3)	1
Debt securities issued	2	3
Other financial liabilities	0	0
Gains/losses on derecognition of non-financial assets held for sale	**2**	**(24)**
Investment property	0	0
Intangible fixed assets	0	(27)
Other assets	2	3
Net income arising from non-banking activities	**11**	**3**
Sales revenues from non-banking activities	66	61
Expenses from non-banking activities	(55)	(58)
Net income from additional leasing services	**12**	**11**
Revenues from additional leasing services	26	21
Expenses from additional leasing services	(15)	(9)
Net income from insurance contracts	**6**	**6**
Net rental income from investment property incl. operating lease (real estate)	**30**	**25**
Net rental income from investment property	10	8
Income from rental real estate	10	8
Expenses from rental real estate	(1)	(2)
Income from other operating lease	15	14
Expenses from other operating lease	(3)	(3)
Net expense from allocation and release of other provisions	**(24)**	**10**
Other operating income/expenses	**17**	**20**
Total	**43**	**42**
Other operating income	193	205
Other operating expenses	(151)	(163)

In the reporting period, € 24 million were allocated for other provisions, of which € 16 million were accounted for pending legal issues in Russia. In the previous-year period, a loss of € 27 million was recognized for the premature derecognition of intangible fixed assets at head office.

(7) General administrative expenses

in € million	1/1-30/6/2023	1/1-30/6/2022
Staff expenses	(1,169)	(894)
Other administrative expenses	(600)	(531)
Depreciation of tangible and intangible fixed assets	(227)	(225)
Total	**(1,995)**	**(1,649)**

Staff expenses

in € million	1/1-30/6/2023	1/1-30/6/2022
Wages and salaries	(898)	(683)
Social security costs and staff-related taxes	(225)	(167)
Other voluntary social expenses	(27)	(26)
Expenses for defined contribution pension plans	(7)	(7)
Expenses/income from defined benefit pension plans	0	(6)
Expenses for post-employment benefits	(6)	(5)
Expenses for other long-term employee benefits excl. deferred bonus program	(2)	3
Staff expenses under deferred bonus program	(3)	(3)
Termination benefits	(1)	(1)
Total	**(1,169)**	**(894)**

Staff expenses rose € 275 million to € 1,169 million, mainly in Russia (up € 199 million) due to higher salaries and social security costs, provisions for one-off payments and an increase in the workforce.

Other administrative expenses

in € million	1/1-30/6/2023	1/1-30/6/2022
Office space expenses	(56)	(49)
IT expenses	(180)	(177)
Legal, advisory and consulting expenses	(114)	(79)
Advertising, PR and promotional expenses	(52)	(51)
Communication expenses	(41)	(35)
Office supplies	(10)	(9)
Car expenses	(6)	(5)
Security expenses	(14)	(13)
Traveling expenses	(8)	(4)
Training expenses for staff	(8)	(5)
Other non-income related taxes	(41)	(36)
Sundry administrative expenses	(70)	(67)
Total	**(600)**	**(531)**
hereof expenses for short-term leases	(8)	(7)
hereof expenses for leases of low-value assets	(2)	(2)

The main drivers of the € 69 million rise in other administrative expenses were higher legal, advisory and consulting expenses (up € 35 million) and increased IT expenses at head office (up € 5 million). Other administrative expenses also increased in Hungary (up € 13 million) and in Poland (up € 11 million).

Depreciation of tangible and intangible fixed assets

in € million	1/1-30/6/2023	1/1-30/6/2022
Tangible fixed assets	(117)	(115)
hereof right-of-use assets	(41)	(41)
Intangible fixed assets	(110)	(109)
Total	**(227)**	**(225)**

(8) Other result

in € million	1/1-30/6/2023	1/1-30/6/2022
Net modification gains/losses	**(7)**	**(10)**
Gains/losses from changes in present value of non-substantially modified contracts	(7)	(9)
Gains/losses from derecognition due to substantial modification of contract terms	0	0
Impairment or reversal of impairment on investments in subsidiaries and associates	**(9)**	**1**
Impairment on non-financial assets	**(6)**	**(2)**
Goodwill	0	0
Other	(6)	(2)
Result from non-current assets and disposal groups classified as held for sale and deconsolidation	**0**	**7**
Net income from non-current assets and disposal groups classified as held for sale	0	1
Result of deconsolidations	0	6
Expenses for credit-linked, portfolio-based litigations and annulments	**(429)**	**(104)**
Total	**(450)**	**(108)**

In the reporting period, expenses for credit-linked and portfolio-based litigation provisions and annulments of € 429 million mainly resulted from pending and expected legal proceedings in Poland totaling € 424 million (previous-year period: € 102 million) in connection with mortgage loans denominated in foreign currencies or linked to a foreign currency. The expense posted in Poland amounting to € 424 million resulted from an update of input factors in the model calculation (significant increase in the number of expected legal cases) and losses related to annulments of loan agreements.

(9) Governmental measures and compulsory contributions

in € million	1/1-30/6/2023	1/1-30/6/2022
Governmental measures	**(94)**	**(77)**
Bank levies	(94)	(77)
Compulsory contributions	**(144)**	**(165)**
Resolution fund	(74)	(89)
Deposit insurance fees	(70)	(75)
Other compulsory contributions	0	0
Total	**(237)**	**(241)**

(10) Impairment losses on financial assets

in € million	1/1-30/6/2023	1/1-30/6/2022[1]
Loans and advances	(216)	(373)
Debt securities	(64)	(113)
Loan commitments, financial guarantees and other commitments given	21	(75)
Total	**(259)**	**(561)**
hereof financial assets - fair value through other comprehensive income	(1)	(10)
hereof financial assets - amortized cost	(278)	(476)

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

The risk costs, which were significantly below the previous-year level related to Eastern Europe segment at € 273 million, of which € 188 million was attributable to Russia (previous-year period: € 266 million) and € 79 million to Ukraine (previous-year period: € 201 million). In Russia, Stage 1 and Stage 2 allocations amounted to € 134 million, in particular for sanctioned non-financial corporations, while Stage 3 (default) provided € 53 million, primarily for households. In Ukraine, € 61 million were allocated to Stage 1 and 2, primarily for governments and non-financial corporations and € 18 million to Stage 3, mainly for defaulted loans to non-financial corporations.

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

(11) Taxes

in € million	1/1-30/6/2023	1/1-30/6/2022
Current income taxes	(476)	(250)
Austria	(11)	(9)
Foreign	(465)	(241)
Deferred taxes	89	(42)
Total	**(388)**	**(292)**
Effective tax rate	22.6 %	18.3 %

Income taxes increased € 96 million to € 388 million. This was mainly due to the significant increase in profit, particularly in the Eastern Europe segment (up € 47 million) and in the Southeastern Europe segment (up € 40 million). In Central Europe segment (up € 13 million) also the increase in profit and to a smaller extent the introduction of a special tax (windfall tax) in the Czech Republic was responsible for the increase. At 22.6 per cent, the effective tax rate was more than 4 percentage points higher than in the comparable period. This was mainly due to the market turmoil in Russia and the increase in the own credit spreads as a result of the Russian war of aggression against Ukraine in the comparable period, which led to a high trading result and thus to a higher profit contribution from head office in the previous year, which was offset by corresponding loss carry forwards.

Tax assets

in € million	30/6/2023	31/12/2022
Current tax assets	87	100
Deferred tax assets	307	269
Tax claims from temporary differences	288	249
Loss carry forwards	20	20
Total	**394**	**369**

Tax liabilities

in € million	30/6/2023	31/12/2022
Current tax liabilities	144	181
Deferred tax liabilities	35	36
Total	**179**	**217**

Financial assets measured at amortized cost

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

in € million	30/6/2023	31/12/2022
Cash in hand	5,096	5,095
Balances at central banks	27,510	32,984
Other demand deposits at banks	15,777	15,604
Total	**48,383**	**53,683**

The item cash, balances at central banks and other demand deposits at banks decreased € 5,300 million. This decrease resulted from balances at central banks (down € 5,474 million), mainly from head office at € 4,465 million. This item also includes the minimum reserve, which is not freely available, and which amounted to € 68 million on the reporting date (previous year: € 20 million). The item other demand deposits at banks showed an increase of € 173 million.

Under the item cash in hand, Ukraine, Russia, and Belarus reported a total of € 2,804 million, and Russia accounted for the largest portion.

On the reporting date, Ukraine, Russia, and Belarus reported cash and cash equivalents of € 1,592 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 € million	30/6/2023 Gross carrying amount	Accumulated impairment	Carrying amount	31/12/2022 Gross carrying amount	Accumulated impairment	Carrying amount
Debt securities	**22,931**	**(218)**	**22,713**	**19,117**	**(157)**	**18,960**
Central banks	4	0	4	4	0	4
General governments	18,291	(84)	18,207	14,627	(46)	14,581
Banks	2,733	(1)	2,731	2,668	(1)	2,667
Other financial corporations	1,079	(73)	1,006	988	(52)	936
Non-financial corporations	824	(60)	764	830	(58)	771
Loans and advances	**121,573**	**(2,927)**	**118,646**	**121,443**	**(2,973)**	**118,471**
Central banks	9,344	0	9,344	8,814	0	8,814
General governments	2,077	(7)	2,070	2,149	(7)	2,143
Banks	8,026	(14)	8,012	6,913	(13)	6,901
Other financial corporations	11,051	(160)	10,890	11,508	(148)	11,360
Non-financial corporations	49,800	(1,586)	48,214	50,358	(1,609)	48,749
Households	41,275	(1,159)	40,116	41,701	(1,196)	40,505
Total	**144,504**	**(3,144)**	**141,359**	**140,561**	**(3,130)**	**137,431**

The carrying amount of the item financial assets – amortized cost increased € 3,929 million compared to year-end 2022.

The increase in debt securities of € 3,753 million resulted predominantly from purchases of government bonds (up € 3,626 million), mainly in the Czech Republic (up € 1,431 million), in Slovakia (up € 420 million) and Romania (up € 411 million).

The lending business showed a small increase of € 176 million. The increase in the short-term business of € 1,100 million came mainly from the Czech Republic (up € 965 million), driven by repo business with the central bank. The increase in loans to non-financial corporations (down € 536 million), notably in Romania (up € 317 million) and the Czech Republic (up € 237 million), was contrasted by a decrease at head office (down € 331 million). Loans to households decreased € 389 million. The decrease in Eastern Europe was partly offset by increases in almost all other countries of the Group, especially in the Czech Republic (up € 315 million), in Austria (Raiffeisen Bausparkasse Gesellschaft m.b.H., up € 175 million) and in Croatia (up € 126 million).

The reduction of the lending volumes in Russia (down € 989 million), primarily loans to households (down € 899 million) and loans to non-financial corporations (down € 620 million) was additionally amplified by the devaluation of the Russian ruble. On the other hand, the short-term business in Russia increased (up € 530 million) due to higher volumes in repo business and short-term deposits.

In addition, there are financial assets – amortized cost of € 457 million in Russia from payments by issuers of local debt instruments that cannot currently be passed on to foreign investors due to existing US and EU sanctions and are therefore deposited with the Russian Deposit Insurance Agency. They are not available for general use by head office.

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

Gross carrying amount

in € million	30/6/2023 Stage 1	Stage 2	Stage 3	POCI	31/12/2022 Stage 1	Stage 2	Stage 3	POCI
Central banks	9,267	82	0	0	8,680	138	0	0
General governments	19,204	987	177	0	15,653	954	169	0
Banks	9,642	1,112	5	0	9,236	342	4	0
Other financial corporations	9,670	2,285	70	104	10,010	2,311	75	100
Non-financial corporations	38,753	10,422	1,206	244	38,774	10,802	1,477	135
Households	30,407	9,704	1,034	129	33,385	7,135	1,047	134
hereof mortgage	20,570	7,180	374	85	22,770	5,463	385	90
Total	**116,943**	**24,593**	**2,491**	**477**	**115,737**	**21,681**	**2,772**	**370**

Accumulated impairments

in € million	30/6/2023 Stage 1	Stage 2	Stage 3	POCI	31/12/2022 Stage 1	Stage 2	Stage 3	POCI
Central banks	0	0	0	0	0	0	0	0
General governments	(5)	(80)	(5)	0	(5)	(42)	(5)	0
Banks	(1)	(11)	(3)	0	(1)	(9)	(4)	0
Other financial corporations	(11)	(162)	(37)	(22)	(15)	(136)	(34)	(15)
Non-financial corporations	(164)	(598)	(822)	(63)	(165)	(495)	(941)	(66)
Households	(136)	(331)	(659)	(34)	(145)	(327)	(688)	(36)
hereof mortgage	(29)	(122)	(180)	(20)	(35)	(140)	(201)	(23)
Total	**(317)**	**(1,182)**	**(1,526)**	**(119)**	**(332)**	**(1,010)**	**(1,671)**	**(117)**

ECL coverage ratio

	30/6/2023 Stage 1	Stage 2	Stage 3	POCI	31/12/2022 Stage 1	Stage 2	Stage 3	POCI
Central banks	0.0 %	0.0 %	-	-	0.0 %	0.0 %	-	-
General governments	0.0 %	8.1 %	3.0 %	0.9 %	0.0 %	4.4 %	3.0 %	0.0 %
Banks	0.0 %	1.0 %	69.0 %	-	0.0 %	2.6 %	81.9 %	-
Other financial corporations	0.1 %	7.1 %	53.6 %	21.3 %	0.2 %	5.9 %	44.7 %	15.0 %
Non-financial corporations	0.4 %	5.7 %	68.1 %	26.0 %	0.4 %	4.6 %	63.7 %	48.7 %
Households	0.4 %	3.4 %	63.7 %	26.1 %	0.4 %	4.6 %	65.7 %	26.9 %
hereof mortgage	0.1 %	1.7 %	48.1 %	24.0 %	0.2 %	2.6 %	52.2 %	25.5 %
Total	**0.3 %**	**4.8 %**	**61.3 %**	**25.0 %**	**0.3 %**	**4.7 %**	**60.3 %**	**31.7 %**

Development of impairments

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

in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
As at 1/1/2023	**333**	**1,026**	**1,673**	**117**	**3,150**
Increases due to origination and acquisition	143	74	6	0	222
Decreases due to derecognition	(40)	(92)	(171)	(7)	(310)
Changes due to change in credit risk (net)	(101)	225	158	9	291
Changes due to modifications without derecognition (net)	0	0	2	0	2
Decrease due to write-offs	0	(2)	(99)	(2)	(103)
Change in consolidated group	0	4	1	(4)	1
Foreign exchange and other	(16)	(23)	(41)	6	(75)
As at 30/6/2023	**318**	**1,212**	**1,529**	**119**	**3,177**
hereof fair value through other comprehensive income	1	14	1	0	16
hereof other demand deposits at banks	0	15	1	0	17

in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
As at 1/1/2022	**196**	**687**	**1,567**	**118**	**2,569**
Increases due to origination and acquisition	60	40	10	0	110
Decreases due to derecognition	(23)	(83)	(195)	(34)	(334)
Changes due to change in credit risk (net)	58	304	280	19	662
Changes due to modifications without derecognition (net)	0	(1)	0	0	0
Decrease due to write-offs	0	(1)	(42)	(1)	(43)
Change in consolidated group	3	3	(2)	0	4
Foreign exchange and other	0	66	116	(3)	179
As at 30/6/2022	**295**	**1,016**	**1,735**	**100**	**3,146**
hereof fair value through other comprehensive income	(1)	(1)	0	0	(2)
hereof other demand deposits at banks	0	0	4	0	4

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

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

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

The following table shows the connection between the rating categories and stages according to IFRS 9. It should be noted that for financial assets in Stage 1 and Stage 2, due to the relative nature of a significant increase in credit risk, it is not necessarily the case that Stage 2 assets have a lower credit rating than Stage 1 assets, although this is normally the case.

30/6/2023 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
Excellent	20,390	192	0	0	20,582
Strong	34,307	3,390	0	1	37,698
Good	37,724	9,699	0	7	47,430
Satisfactory	19,125	7,086	0	15	26,227
Substandard	2,162	3,855	0	12	6,030
Credit impaired	0	0	2,426	419	2,845
Not rated	3,235	370	65	22	3,693
Gross carrying amount	**116,943**	**24,593**	**2,491**	**477**	**144,504**
Accumulated impairment	(317)	(1,182)	(1,526)	(119)	(3,144)
Carrying amount	**116,627**	**23,410**	**965**	**357**	**141,359**

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

The category not rated 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) Financial liabilities - amortized cost

in € million	30/6/2023	31/12/2022
Deposits from banks	**33,662**	**33,612**
Current accounts/overnight deposits	15,276	13,552
Deposits with agreed maturity	11,701	17,590
Repurchase agreements	6,685	2,470
Deposits from customers	**120,464**	**125,017**
Current accounts/overnight deposits	85,376	93,686
Deposits with agreed maturity	33,921	31,214
Repurchase agreements	1,167	117
Debt securities issued	**17,576**	**14,559**
Covered bonds	3,735	2,494
Hybrid contracts	499	483
Other debt securities issued	13,342	11,583
hereof convertible compound financial instruments	1,778	1,348
hereof non-convertible	11,565	10,235
Other financial liabilities	**1,347**	**1,955**
Total	**173,049**	**175,142**
hereof subordinated financial liabilities	2,648	2,614
hereof lease liabilities	383	394

Within the item deposits from banks, current accounts/overnight deposits increased € 1,648 million at head office. This contrasted with a decline in deposits with agreed maturity, including particularly € 5,957 million at head office and € 406 million in Slovakia. In both cases, the decrease was mainly due to the early repayment of TLTRO instruments. In the current year, a volume of € 4,300 million at head office and a volume of € 440 million in Slovakia was amortized. Less the repayments in the half of 2023, the group holds a volume of € 450 million maturing December 2023, € 2,400 million maturing March 2024, € 425 million maturing June 2024 and € 37 million maturing December 2024. At reporting date, RBI intends to repay early € 200 million of the tranche maturing March 2024 and € 425 million of the tranche maturing June 2024. In any case, early repayments are subject to the liquidity position and the regulatory benefit, therefore plans for early repayments at reporting date may be subject to change. As at the reporting date, the carrying amount of longer-term financing transactions from the ECB's TLTRO III program included under deposits from banks amounted to € 3,318 million. For further information on the applied accounting method for TLTRO instruments, please refer to the Annual Report 2022. Most of the increase in sale and repurchase agreements was recorded at head office (up € 3,833 million).

Current accounts/overnight deposits from customers decreased group-wide (down € 8,310 million). A contrasting trend was evident in deposits with agreed maturity, which increased € 2,707 million across the Group. This development was offset by declines at head office (down € 2,108 million) and in Russia (down € 700 million).

Covered bonds rose € 946 million at head office and € 447 million in Slovakia. Issuances at head office (up € 686 million), in Slovakia (up € 320 million) and in Croatia (up € 300 million) were the main driver for the increase in non-convertible debt securities. Other financial liabilities decreased particularly sharply in Russia due to pending transactions and amounts to be disbursed.

Deposits from banks and customers by asset classes:

in € million	30/6/2023	31/12/2022
Central banks	4,135	8,915
General governments	4,150	2,892
Banks	29,526	24,697
Other financial corporations	12,061	13,208
Non-financial corporations	45,827	50,041
Households	58,426	58,876
Total	**154,126**	**158,629**

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

30/6/2023 in € million	Level I	Level II	Level III	Fair value	Carrying amount	Difference
Assets						
Cash, balances at central banks and other demand deposits	**0**	**48,383**	**0**	**48,383**	**48,383**	**0**
Financial assets - amortized cost	**18,257**	**2,136**	**116,758**	**137,150**	**141,359**	**(4,209)**
Debt securities	18,257	2,136	1,775	22,167	22,713	(546)
Loans and advances	0	0	114,983	114,983	118,646	(3,663)
Equity and liabilities						
Financial liabilities - amortized cost	**561**	**14,544**	**155,807**	**170,912**	**172,665**	**(1,753)**
Deposits from banks and customers[1]	0	0	153,067	153,067	153,742	(676)
Debt securities issued	561	14,544	1,393	16,499	17,576	(1,077)
Other financial liabilities	0	0	1,347	1,347	1,347	0

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

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

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

Financial assets measured at fair value

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

30/6/2023 in € million	Gross carrying amount	Accumulated impairment	Cumulative other comprehensive income	Carrying amount
Equity instruments	**183**	**–**	**–**	**183**
Banks	0	–	–	0
Other financial corporations	101	–	–	101
Non-financial corporations	82	–	–	82
Debt securities	**2,900**	**(16)**	**(70)**	**2,813**
General governments	2,062	(13)	(58)	1,990
Banks	709	(1)	(9)	698
Other financial corporations	3	0	0	3
Non-financial corporations	127	(2)	(3)	122
Total	**3,083**	**(16)**	**(70)**	**2,996**

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

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

30/6/2023 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
Excellent	385	0	0	0	385
Strong	1,364	8	0	0	1,372
Good	781	237	0	0	1,018
Satisfactory	0	4	0	0	5
Substandard	0	101	0	0	101
Credit impaired	0	0	6	0	6
Not rated	13	0	0	0	13
Gross carrying amount	**2,544**	**351**	**6**	**0**	**2,900**
Accumulated impairment	(1)	(14)	(1)	0	(16)
Cumulative other comprehensive income	(76)	6	0	0	(70)
Carrying amount	**2,466**	**342**	**5**	**0**	**2,813**

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

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

in € million	30/6/2023	31/12/2022
Equity instruments	**7**	**6**
Other financial corporations	6	6
Non-financial corporations	0	0
Debt securities	**346**	**276**
General governments	130	69
Banks	25	12
Other financial corporations	175	182
Non-financial corporations	16	12
Loans and advances	**518**	**475**
General governments	1	1
Banks	2	2
Other financial corporations	24	30
Non-financial corporations	82	80
Households	409	362
Total	**870**	**757**

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

Financial assets - designated fair value through profit/loss

in € million	30/6/2023	31/12/2022
Debt securities	**84**	**84**
General governments	48	43
Banks	24	26
Non-financial corporations	12	15
Total	**84**	**84**

Financial liabilities - designated fair value through profit/loss

in € million	30/6/2023	31/12/2022
Deposits from banks	**19**	**29**
Deposits with agreed maturity	19	29
Deposits from customers	**89**	**82**
Deposits with agreed maturity	89	82
Debt securities issued	**1,024**	**839**
Hybrid contracts	1	1
Other debt securities issued	1,023	838
hereof non-convertible	1,023	838
Total	**1,132**	**950**
hereof subordinated financial liabilities	92	89

(19) Financial assets – held for trading

in € million	30/6/2023	31/12/2022
Derivatives	**4,392**	**5,059**
Interest rate contracts	3,350	3,912
Equity contracts	171	35
Foreign exchange rate and gold contracts	821	1,075
Credit contracts	19	11
Commodities	1	3
Other	29	23
Equity instruments	**365**	**287**
Banks	35	37
Other financial corporations	112	100
Non-financial corporations	217	149
Debt securities	**1,907**	**1,064**
Central banks	65	0
General governments	1,492	719
Banks	243	211
Other financial corporations	39	63
Non-financial corporations	68	71
Loans and advances	**0**	**0**
Non-financial corporations	0	0
Total	**6,664**	**6,411**

Within the item financial assets – held for trading, the securities pledged as collateral, which the recipient is entitled to sell or pledge, amounted to € 114 million (previous year: € 41 million).

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

Derivative financial instruments

30/6/2023	Nominal amount	Fair value	
in € million		Assets	Equity and liabilities
Trading book	**193,068**	**4,081**	**(3,920)**
Interest rate contracts	135,177	3,116	(3,263)
Equity contracts	5,469	171	(2)
Foreign exchange rate and gold contracts	49,389	745	(635)
Credit contracts	1,958	19	(14)
Commodities	23	1	0
Other	1,051	29	(5)
Banking book	**21,826**	**310**	**(202)**
Interest rate contracts	15,440	234	(123)
Foreign exchange rate and gold contracts	6,366	76	(71)
Credit contracts	20	0	(8)
Total	**214,893**	**4,392**	**(4,122)**
OTC products	209,798	4,339	(4,073)
Products traded on stock exchange	5,096	53	(49)

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

(20) Financial liabilities - held for trading

in € million	30/6/2023	31/12/2022
Derivatives	**4,122**	**4,802**
Interest rate contracts	3,386	3,896
Equity contracts	2	2
Foreign exchange rate and gold contracts	707	877
Credit contracts	22	12
Other	5	16
Short positions	**457**	**91**
Equity instruments	5	7
Debt securities	452	83
Debt securities issued	**3,977**	**3,560**
Certificates of deposits	0	172
Hybrid contracts	3,977	3,388
Other financial liabilities	**1**	**1**
Total	**8,557**	**8,453**

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

in € million	30/6/2023	31/12/2022
Positive fair values of derivatives in micro fair value hedge	**537**	**611**
Interest rate contracts	537	611
Positive fair values of derivatives in micro cash flow hedge	**1**	**1**
Interest rate contracts	1	1
Positive fair values of derivatives in net investment hedge	**0**	**4**
Positive fair values of derivatives in portfolio hedge	**927**	**991**
Cash flow hedge	157	100
Fair value hedge	769	891
Total	**1,465**	**1,608**

in € million	30/6/2023	31/12/2022
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk	(771)	(947)
Total	**(771)**	**(947)**

The positive fair values of hedging instruments in micro fair value hedges decreased € 74 million to € 537 million. Despite higher hedged volumes in Hungary and to a lesser extent at head office, the decline was caused by year-on-year fall in interest rates (swap rates), especially in Hungary.

The positive fair values of hedging instruments in portfolio fair value hedges decreased € 65 million to € 927 million. This reduction was primarily volume driven at Raiffeisen Bausparkasse Gesellschaft m.b.H. This volume-triggered decline compensated the effect of increased euro interest rates (swap rates) in the short-term and medium range.

The negative fair value adjustments of the hedged items in portfolio hedge of interest rate risk on the asset side recorded an opposing trend and decreased € 176 million to minus € 771 million. The decrease mainly resulted from Russia (down € 81 million) following the managed reduction of the loan portfolio, from Czech Republic (down € 47 million) and from Raiffeisen Bausparkasse Gesellschaft m.b.H. (down € 31 million).

in € million	30/6/2023	31/12/2022
Negative fair values of derivatives in micro fair value hedge	**554**	**605**
Interest rate contracts	554	605
Negative fair values of derivatives in micro cash flow hedge	**1**	**1**
Interest rate contracts	1	1
Negative fair values of derivatives in net investment hedge	**21**	**34**
Negative fair values of derivatives in portfolio hedge	**1,195**	**1,414**
Cash flow hedge	66	87
Fair value hedge	1,129	1,328
Total	**1,771**	**2,054**

in € million	30/6/2023	31/12/2022
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk	(967)	(1,217)
Total	**(967)**	**(1,217)**

The negative fair values of hedging instruments in micro fair value hedges decreased € 51 million to € 554 million. The decrease was primarily attributable to micro fair value hedges at head office (down € 45 million) and resulted from an increase in euro interest rates (swap rates) compared to year-end 2022, despite a volume-related decrease in hedged interest rate positions.

The negative fair values of hedging instruments in portfolio fair value hedges decreased € 219 million to € 1,195 million and primarily related to the Czech Republic and Hungary. Volume-related increases in both countries were more than offset by a fall in interest rates (swap rates) in the current year.

On the contrary, the negative fair value adjustments of the hedged items in portfolio hedge of interest rate risk on the liability side decreased € 250 million to minus € 967 million. This change was mainly attributable to the fair value development of hedged liabilities in portfolio hedges in the Czech Republic and Hungary.

30/6/2023	Nominal amount	Fair value	
in € million		Assets	Equity and liabilities
Hedging instruments	**59,370**	**1,465**	**(1,771)**
Interest rate contracts	57,440	1,465	(1,749)
Foreign exchange rate and gold contracts	1,930	0	(21)
Total	**59,370**	**1,465**	**(1,771)**

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

(22) Notes to fair value of financial instruments

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

Assets	30/6/2023			31/12/2022		
in € million	Level I	Level II	Level III	Level I	Level II	Level III
Financial assets - held for trading	**1,846**	**4,803**	**15**	**1,010**	**5,371**	**29**
Derivatives	3	4,389	0	3	5,057	0
Equity instruments	348	17	1	271	16	0
Debt securities	1,495	398	14	736	299	29
Loans and advances	0	0	0	0	0	0
Non-trading financial assets - mandatorily fair value through profit/loss	**217**	**83**	**570**	**150**	**80**	**527**
Equity instruments	1	6	0	1	5	0
Debt securities	216	77	52	149	74	52
Loans and advances	0	0	518	0	0	475
Financial assets - designated fair value through profit/loss	**52**	**32**	**0**	**48**	**36**	**0**
Debt securities	52	32	0	48	36	0
Financial assets - fair value through other comprehensive income	**2,172**	**567**	**257**	**2,441**	**536**	**225**
Equity instruments	19	2	162	17	2	150
Debt securities	2,153	565	95	2,424	535	75
Hedge accounting	**0**	**1,465**	**0**	**0**	**1,608**	**0**

Equity and liabilities	30/6/2023			31/12/2022		
in € million	Level I	Level II	Level III	Level I	Level II	Level III
Financial liabilities - held for trading	**454**	**8,103**	**0**	**93**	**8,360**	**0**
Derivatives	6	4,117	0	6	4,796	0
Short positions	448	9	0	86	5	0
Debt securities issued	0	3,977	0	0	3,560	0
Financial liabilities - designated fair value through profit/loss	**0**	**1,132**	**0**	**0**	**950**	**0**
Deposits	0	108	0	0	111	0
Debt securities issued	0	1,024	0	0	839	0
Hedge accounting	**0**	**1,771**	**0**	**0**	**2,054**	**0**

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

As at 30 June 2023, only derived prices were available for financial instruments amounting to € 11 million. For example, the BVAL value (Bloomberg Evaluation) was used instead of the BGN value (Bloomberg Generic Price). Consequently, these bonds were reclassified from Level I to Level II. The shifts from Level II to Level I related to bonds totaling € 6 million, for which market values were available at the reporting date.

Movements of financial instruments at fair value in Level III

The total portfolio of Level III assets saw a net increase of € 61 million in the reporting period. Financial instruments mandatorily recognized at fair value and classified as financial assets in the category - fair value through other comprehensive income increased by € 75 million net, on the one hand, mainly due to additions and realized profits from loans in Hungary and Austria, on the other hand, due to additional debt securities in Romania. The volume of government bonds in the measurement category financial assets - held for trading decreased by € 14 million net. The reason for this decrease were disposals in Albania and Russia and currency fluctuations. Out of the € 61 million, net increase of around € 5 million was based on exchange rate fluctuations.

Assets in € million	As at 1/1/2023	Change in consolidated group	Exchange differences	Additions	Disposals
Financial assets - held for trading	29	0	(4)	17	(23)
Non-trading financial assets - mandatorily fair value through profit/loss	527	0	10	33	(30)
Financial assets - designated fair value through profit/loss	0	0	0	0	0
Financial assets - fair value through other comprehensive income	225	0	(1)	27	0
Total	**781**	**0**	**5**	**77**	**(53)**

Assets in € million	Gains/loss in P/L	Gain/loss in other comprehensive income	Transfer to Level III	Transfer from Level III	As at 30/6/2023
Financial assets - held for trading	(4)	0	0	0	15
Non-trading financial assets - mandatorily fair value through profit/loss	29	0	0	0	570
Financial assets - designated fair value through profit/loss	0	0	0	0	0
Financial assets - fair value through other comprehensive income	0	6	0	0	257
Total	**26**	**6**	**0**	**0**	**842**

Equity and liabilities in € million[1]	As at 1/1/2023	Change in consolidated group	Exchange differences	Additions	Disposals
Financial liabilities - held for trading	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**

Equity and liabilities in € million[1]	Gains/loss in P/L	Gain/loss in other comprehensive income	Transfer to Level III	Transfer from Level III	As at 30/6/2023
Financial liabilities - held for trading	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**

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

Qualitative information on the valuation of financial instruments in Level III

Assets 30/6/2023	Fair value in € million[1]	Valuation technique	Significant unobservable inputs	Range of unobservable inputs
Financial assets - held for trading	**15**			
Supplementary capital	1	Indicative prices	Indications	–
Treasury bills, fixed coupon bonds	14	DCF method	Credit spread	0.95 - 43.93%
Forward foreign exchange contracts	0	DCF method	Interest rate	10 - 30%
Non-trading financial assets - mandatorily fair value through profit/loss	**570**			
Other interests	0	Simplified net present value method Expert opinion	–	–
Bonds, notes and other fixed-interest securities	52	Net asset value Financing auction/transaction costs Market price indication	(Auction-) Price	
Loans	518	Retail: DCF method (Black Scholes, prepayment option, withdrawal option etc.) Non-Retail: DCF method/ Financial option pricing Black Scholes (shifted), Hull-White trinominal tree	Discount spread (new business) Funding curves (liquidity costs) Credit risk premium (CDS curves)	1.05 - 3.95% over all currencies 0.00 - 5.34% over all currencies 0.18 - 12.14% (depending on the rating: from AA to CCC)
Financial assets - designated fair value through profit/loss	**0**			
Fixed coupon bonds	0	Net assets	Price	–
Financial assets - fair value through other comprehensive income	**257**			
Other interests	44	Dividend discount model Simplified income approach DCF method	Credit spread Cash flow Discount rate Dividends Beta factor	–
Other interests	59	Adjusted net asset value	Adjusted equity	–
Other interests	58	Market comparable companies Transaction price Purchase price Cost approach Valuation report (expert judgement) Cost minus impairment	EV/Sales EV/EBIT P/E P/B	–
Treasury bills, municipal bonds	95	DCF method	Interest rate	–
Total	**842**			

Equity and liabilities 30/6/2023	Fair value in € million[1]	Valuation technique	Significant unobservable inputs	Range of unobservable inputs
Financial liabilities - held for trading	**0**			
Forward foreign exchange contracts	0	DCF method	Interest rate	10 - 50%
Total	**0**			

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

Other assets and liabilities and equity

(23) Investments in subsidiaries and associates

in € million	30/6/2023	31/12/2022
Investments in affiliated companies	206	193
Investments in associates valued at equity	583	520
Total	**789**	**713**

(24) Tangible and intangible fixed assets

in € million	30/6/2023	31/12/2022
Tangible fixed assets	**1,665**	**1,684**
Land and buildings used by the group for own purpose	466	494
Office furniture, equipment and other tangible fixed assets	326	332
Investment property	400	389
Other leased assets (operating lease)	103	95
Right-of-use assets	370	374
Intangible fixed assets	**915**	**903**
Software	785	767
Goodwill	44	44
Brand	2	2
Customer relationships	11	13
Core deposits intangibles	58	60
Other intangible fixed assets	16	17
Total	**2,580**	**2,587**

(25) Other assets

in € million	30/6/2023	31/12/2022
Prepayments and other deferrals	344	350
Merchandise inventory and suspense accounts for services rendered not yet charged out	227	148
Other assets	738	662
Total	**1,308**	**1,159**

(26) Provisions

in € million	30/6/2023	31/12/2022
Provisions for off-balance sheet items	**215**	**245**
Other commitments and guarantees given according to IFRS 9	210	236
Other commitments and guarantees given according to IAS 37	5	10
Provisions for staff	**396**	**495**
Pensions and other post employment defined benefit obligations	169	176
Other long-term employee benefits	44	44
Bonus payments	181	272
Termination benefits	3	4
Other provisions	**946**	**739**
Pending legal issues and tax litigation	584	448
Restructuring	5	7
Onerous contracts	58	57
Other provisions	299	226
Total	**1,558**	**1,479**

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

(27) Other liabilities

in € million	30/6/2023	31/12/2022
Provisions for overdue vacations	85	72
Liabilities from insurance activities	268	271
Deferred income and accrued expenses	503	509
Sundry liabilities	660	363
Total	**1,516**	**1,215**

The increase in sundry liabilities was mainly due to transactions related to clearing, settlement and payment services that had not been settled at the reporting date, especially at head office and in Russia, as well as from a special bank levy of € 50 million in Hungary which was booked for the full year.

(28) Equity and non-controlling interests

in € million	30/6/2023	31/12/2022
Consolidated equity	16,525	16,027
Subscribed capital	1,002	1,002
Capital reserves	4,989	4,990
Retained earnings	14,682	13,637
hereof consolidated profit/loss	1,235	3,627
Cumulative other comprehensive income	(4,148)	(3,601)
Non-controlling interests	1,197	1,127
Additional tier 1	1,607	1,610
Total	**19,329**	**18,764**

As at 30 June 2023, the subscribed capital of RBI AG as defined by the articles of incorporation amounted to € 1,003 million and the subscribed capital consisted of 328,939,621 non-par bearer shares. After deduction of own shares of 518,155 the stated subscribed capital totaled € 1,002 million.

Notes to financial instruments

(29) Loan commitments, financial guarantees and other commitments

in € million	30/6/2023	31/12/2022
Loan commitments given	36,855	37,193
Financial guarantees given	9,036	9,370
Other commitments given	5,115	4,580
Total	**51,006**	**51,143**
Provisions for off-balance sheet items according to IFRS 9	(210)	(236)

In addition to the provisions for off-balance sheet risks according to IFRS 9 presented, provisions of € 5 million were recognized for other commitments given in accordance with IAS 37 (previous year: € 10 million).

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

30/6/2023	Nominal amount			Provisions for off-balance sheet items according to IFRS 9			ECL coverage ratio		
in € million	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Central banks	0	0	0	0	0	0	0.1 %	-	-
General governments	322	3	33	0	0	0	0.0 %	0.0 %	0.0 %
Banks	2,120	336	0	0	(1)	0	0.0 %	0.4 %	-
Other financial corporations	5,563	1,022	21	(5)	(5)	(1)	0.1 %	0.5 %	3.0 %
Non-financial corporations	28,359	6,507	106	(40)	(90)	(34)	0.1 %	1.4 %	32.0 %
Households	5,491	1,107	16	(14)	(9)	(11)	0.2 %	0.9 %	71.4 %
Total	**41,856**	**8,976**	**175**	**(59)**	**(106)**	**(45)**	**0.1 %**	**1.2 %**	**26.0 %**

31/12/2022	Nominal amount			Provisions for off-balance sheet items according to IFRS 9			ECL coverage ratio		
in € million	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Central banks	0	0	0	0	0	0	0.1 %	-	-
General governments	317	6	41	0	0	0	0.0 %	2.7 %	0.0 %
Banks	1,967	307	10	0	(5)	(1)	0.0 %	1.5 %	10.0 %
Other financial corporations	5,350	1,235	7	(5)	(6)	(1)	0.1 %	0.5 %	18.1 %
Non-financial corporations	27,874	6,878	152	(45)	(94)	(43)	0.2 %	1.4 %	28.0 %
Households	5,939	1,043	16	(14)	(10)	(12)	0.2 %	0.9 %	72.3 %
Total	**41,447**	**9,470**	**227**	**(64)**	**(115)**	**(56)**	**0.2 %**	**1.2 %**	**24.9 %**

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

in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1/1/2023	**64**	**115**	**56**	**236**
Increases due to origination and acquisition	22	23	3	48
Decreases due to derecognition	(9)	(29)	(6)	(44)
Changes due to change in credit risk (net)	(16)	0	(6)	(22)
Foreign exchange and other	(2)	(4)	(1)	(7)
As at 30/6/2023	**59**	**106**	**45**	**210**

in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1/1/2022	**43**	**84**	**58**	**185**
Increases due to origination and acquisition	21	14	2	36
Decreases due to derecognition	(6)	(9)	(5)	(20)
Changes due to change in credit risk (net)	(2)	61	(2)	57
Foreign exchange and other	0	30	3	33
As at 30/6/2022	**56**	**180**	**56**	**291**

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

30/6/2023 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Excellent	897	173	0	1,070
Strong	15,840	2,491	0	18,331
Good	17,954	4,103	0	22,057
Satisfactory	5,024	1,747	0	6,772
Substandard	115	417	0	531
Credit impaired	0	0	173	173
Not rated	2,026	45	1	2,072
Nominal amount	**41,856**	**8,976**	**175**	**51,006**
Provisions for off-balance sheet items according to IFRS 9	(59)	(106)	(45)	(210)
Nominal amount after provisions	**41,797**	**8,870**	**129**	**50,796**

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

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

(30) Forward-looking information

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

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

		Real GDP			Unemployment		
		2023	2024	2025	2023	2024	2025
Croatia	Upside scenario	3.1 %	4.8 %	3.8 %	6.4 %	6.2 %	6.3 %
	Base	1.6 %	2.5 %	3.0 %	6.8 %	6.7 %	6.5 %
	Downside scenario	(0.9)%	(1.2)%	1.8 %	7.8 %	8.2 %	7.0 %
Ukraine	Upside scenario	3.7 %	10.4 %	7.5 %	11.9 %	9.9 %	9.0 %
	Base	1.8 %	7.5 %	6.5 %	12.0 %	10.0 %	9.0 %
	Downside scenario	(1.3)%	2.9 %	5.0 %	12.3 %	10.4 %	9.1 %
Belarus	Upside scenario	1.5 %	3.3 %	2.8 %	3.9 %	3.9 %	4.0 %
	Base	0.0 %	1.0 %	2.0 %	4.0 %	4.0 %	4.0 %
	Downside scenario	(2.2)%	(2.3)%	0.9 %	4.2 %	4.3 %	4.1 %
Austria	Upside scenario	1.7 %	3.0 %	2.0 %	5.0 %	4.8 %	4.8 %
	Base	0.9 %	1.8 %	1.6 %	5.1 %	4.9 %	4.8 %
	Downside scenario	(0.5)%	(0.3)%	0.9 %	5.2 %	6.0 %	5.8 %
Poland	Upside scenario	1.7 %	4.5 %	4.1 %	4.7 %	5.1 %	5.7 %
	Base	0.5 %	2.7 %	3.5 %	5.1 %	5.8 %	5.9 %
	Downside scenario	(0.7)%	0.9 %	2.9 %	6.4 %	7.8 %	6.6 %
Russia	Upside scenario	1.9 %	2.6 %	1.6 %	3.8 %	3.8 %	3.9 %
	Base	0.5 %	0.5 %	0.9 %	4.0 %	4.0 %	4.0 %
	Downside scenario	(1.5)%	(2.5)%	(0.1)%	4.5 %	4.7 %	4.2 %
Romania	Upside scenario	4.3 %	6.0 %	4.7 %	5.4 %	4.8 %	4.4 %
	Base	3.0 %	4.0 %	4.0 %	5.5 %	5.0 %	4.5 %
	Downside scenario	1.0 %	1.1 %	3.0 %	5.9 %	5.6 %	4.7 %
Slovakia	Upside scenario	2.2 %	4.2 %	3.1 %	5.8 %	5.3 %	5.5 %
	Base	1.0 %	2.4 %	2.5 %	6.3 %	6.0 %	5.7 %
	Downside scenario	(1.0)%	(0.6)%	1.5 %	7.5 %	7.8 %	6.3 %
Czech Republic	Upside scenario	1.9 %	4.8 %	3.4 %	3.5 %	3.5 %	3.4 %
	Base	0.9 %	3.3 %	2.9 %	3.7 %	3.8 %	3.5 %
	Downside scenario	(0.8)%	0.7 %	2.0 %	4.2 %	4.5 %	3.7 %
Hungary	Upside scenario	1.1 %	4.6 %	4.5 %	3.9 %	3.7 %	3.8 %
	Base	0.0 %	3.0 %	4.0 %	4.1 %	4.0 %	3.9 %
	Downside scenario	(1.8)%	0.2 %	3.1 %	4.8 %	5.0 %	4.2 %

		Long-term bond rate			Real estate prices		
		2023	2024	2025	2023	2024	2025
Croatia	Upside scenario	2.6 %	1.8 %	2.6 %	4.7 %	7.2 %	4.8 %
	Base	3.8 %	3.6 %	3.2 %	2.0 %	3.2 %	3.5 %
	Downside scenario	5.9 %	6.7 %	4.3 %	(4.4)%	(6.4)%	0.3 %
Ukraine	Upside scenario	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
	Base	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
	Downside scenario	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Belarus	Upside scenario	0.0 %	0.0 %	0.0 %	7.0 %	8.0 %	4.0 %
	Base	0.0 %	0.0 %	0.0 %	3.0 %	2.0 %	2.0 %
	Downside scenario	0.0 %	0.0 %	0.0 %	(3.0)%	(7.1)%	(1.0)%
Austria	Upside scenario	2.0 %	1.2 %	2.0 %	(3.7)%	(3.1)%	1.6 %
	Base	3.0 %	2.8 %	2.5 %	(5.0)%	(5.0)%	1.0 %
	Downside scenario	4.3 %	4.6 %	3.1 %	(8.0)%	(9.5)%	(0.5)%
Poland	Upside scenario	5.0 %	3.5 %	4.3 %	(1.1)%	6.8 %	3.9 %
	Base	6.4 %	5.6 %	5.0 %	(3.0)%	4.0 %	3.0 %
	Downside scenario	8.9 %	9.3 %	6.3 %	(7.5)%	(2.8)%	0.7 %
Russia	Upside scenario	10.0 %	9.1 %	9.3 %	(0.9)%	3.2 %	3.1 %
	Base	10.9 %	10.4 %	9.7 %	(5.0)%	(3.0)%	1.0 %
	Downside scenario	13.1 %	13.8 %	10.8 %	(11.2)%	(12.3)%	(2.1)%
Romania	Upside scenario	6.2 %	4.9 %	5.1 %	2.1 %	6.7 %	4.6 %
	Base	7.5 %	6.7 %	5.7 %	0.0 %	3.5 %	3.5 %
	Downside scenario	9.1 %	9.1 %	6.5 %	(5.1)%	(4.2)%	0.9 %
Slovakia	Upside scenario	2.7 %	1.9 %	2.6 %	3.8 %	8.7 %	4.9 %
	Base	3.7 %	3.5 %	3.1 %	0.0 %	3.0 %	3.0 %
	Downside scenario	5.5 %	6.2 %	4.0 %	(9.1)%	(10.7)%	(1.6)%
Czech Republic	Upside scenario	3.9 %	2.5 %	2.9 %	(2.0)%	7.7 %	4.2 %
	Base	4.9 %	4.0 %	3.4 %	(4.5)%	4.0 %	3.0 %
	Downside scenario	6.7 %	6.7 %	4.3 %	(10.5)%	(5.0)%	0.0 %
Hungary	Upside scenario	7.1 %	5.6 %	6.7 %	(0.8)%	7.2 %	5.1 %
	Base	8.4 %	7.5 %	7.3 %	(4.0)%	2.5 %	3.5 %
	Downside scenario	10.7 %	11.0 %	8.5 %	(11.6)%	(8.9)%	(0.3)%

		Consumer price index			Short-term interest rate		
		2023	2024	2025	2023	2024	2025
Croatia	Upside scenario	7.5 %	4.7 %	2.6 %	2.6 %	2.5 %	2.8 %
	Base	6.6 %	3.4 %	2.2 %	3.4 %	3.6 %	3.2 %
	Downside scenario	5.4 %	1.7 %	1.6 %	4.3 %	5.1 %	3.6 %
Ukraine	Upside scenario	20.3 %	18.6 %	11.9 %	22.0 %	17.8 %	14.3 %
	Base	16.5 %	12.9 %	10.0 %	24.0 %	20.8 %	15.4 %
	Downside scenario	11.5 %	5.3 %	7.5 %	27.9 %	26.7 %	17.3 %
Belarus	Upside scenario	26.2 %	31.7 %	16.9 %	0.0 %	0.0 %	0.0 %
	Base	12.4 %	11.0 %	10.0 %	0.0 %	0.0 %	0.0 %
	Downside scenario	11.2 %	9.3 %	9.4 %	0.0 %	0.0 %	0.0 %
Austria	Upside scenario	7.6 %	4.3 %	2.8 %	2.6 %	2.5 %	2.8 %
	Base	7.0 %	3.5 %	2.5 %	3.4 %	3.6 %	3.2 %
	Downside scenario	6.3 %	2.4 %	2.1 %	4.3 %	5.1 %	3.6 %
Poland	Upside scenario	15.4 %	9.6 %	4.3 %	5.4 %	4.1 %	3.4 %
	Base	13.4 %	6.6 %	3.3 %	7.0 %	6.5 %	4.2 %
	Downside scenario	11.4 %	3.6 %	2.3 %	9.8 %	10.7 %	5.6 %
Russia	Upside scenario	3.4 %	2.0 %	2.8 %	6.6 %	5.9 %	6.8 %
	Base	5.9 %	4.0 %	4.0 %	7.7 %	7.6 %	7.3 %
	Downside scenario	7.8 %	6.8 %	4.9 %	10.9 %	12.3 %	8.9 %
Romania	Upside scenario	11.7 %	7.0 %	4.0 %	5.4 %	4.2 %	4.0 %
	Base	10.4 %	5.1 %	3.4 %	7.0 %	6.5 %	4.8 %
	Downside scenario	8.7 %	2.6 %	2.6 %	9.0 %	9.5 %	5.8 %
Slovakia	Upside scenario	11.1 %	5.8 %	4.5 %	2.6 %	2.5 %	2.8 %
	Base	9.8 %	3.9 %	3.8 %	3.4 %	3.6 %	3.2 %
	Downside scenario	8.1 %	1.4 %	3.0 %	4.3 %	5.1 %	3.6 %
Czech Republic	Upside scenario	12.4 %	5.3 %	2.9 %	6.3 %	4.2 %	3.2 %
	Base	11.3 %	3.7 %	2.4 %	6.9 %	5.2 %	3.5 %
	Downside scenario	9.8 %	1.5 %	1.7 %	7.6 %	6.2 %	3.9 %
Hungary	Upside scenario	20.2 %	8.5 %	5.7 %	14.7 %	7.1 %	5.2 %
	Base	19.0 %	6.7 %	5.1 %	15.1 %	7.7 %	5.4 %
	Downside scenario	17.4 %	4.3 %	4.3 %	17.3 %	11.0 %	6.5 %

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

Overlays and other risk factors

In situations where the existing input parameters, assumptions and modelling do not cover all relevant risk factors, post-model adjustments and specific risk factors are the most important types of overlays. This is generally the case if there are temporary circumstances, time restrictions to adequately incorporate relevant new information into the rating and if individual loans within a loan portfolio develop differently than originally expected. In view of the given circumstances, in particular the war in Ukraine and the economic dislocations it has caused, it is necessary to reflect additional risks in the impairments. All of these adjustments are approved locally by the subsidiaries and centrally by the Group Risk Committee (GRC). There are portfolio-specific adjustments due to the war and associated sanctions, which are presented in the category geopolitical risk. The only very minor COVID-19 specific adjustments are presented in the category macroeconomic risk.

For the central models in the corporate segment, the additional risk was considered using the risk factors, while in the local retail segment the risks were applied on top of the models. For retail exposures, post-model adjustments are the main types of overlays applied for the calculation of the expected credit losses. Generally, post-model adjustments are only a temporary solution to avoid potential distortions. They are temporary and typically not valid for more than one to two years. The overlays are shown in the table below and split according to the relevant categories. In contrast to post-model adjustments, the other risk factors have a somewhat longer time horizon, an example being if sanctions risk endures for longer or if adjustments are made in the PMA models while ECL overlays are applied to the other risk factors.

30/6/2023 in € million	Modeled ECL	Other special risk factors		Post-model adjustments		Total
		Macroeconomic risk	Geopolitical risk	Macroeconomic risk	Geopolitical risk	
Central banks	0	0	0	0	0	0
General governments	88	1	10	0	0	99
Banks	6	0	24	0	0	30
Other financial corporations	184	0	0	0	0	184
Non-financial corporations	134	264	480	11	3	892
Households	417	0	0	65	7	490
Total	**829**	**265**	**514**	**76**	**10**	**1,694**

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

The overlays and other risk factors resulted in additional Stage 1 and Stage 2 provisions of € 865 million (previous year: € 729 million). Of this amount, € 524 million (previous year: € 463 million) related to geopolitical risk, € 331 million (previous year: € 251 million) to macroeconomic risk (spill-over effects and other) and € 10 million (previous year: € 16 million) to COVID-19.

Other special risk factors

For corporate customers, additional impairments were recognized in the amount of € 264 million (previous year: € 260 million) for macroeconomic effects (€ 255 million for spill-over effects; previous year: € 251 million) and € 10 million (previous year: € 10 million) for COVID-19. These risks are not included in the country-specific branch matrix. Macroeconomic risk, so called spill-over effects, comprises expected downgrades of corporate clients due to circumstances such as higher energy prices, inflation, supply chain disruptions and due to lower revenues and higher costs because of the higher energy costs. Additional impairments in the amount of € 514 million (previous year: € 403 million) were recognized for EU and US sanctions against Russia and Belarus (€ 430 million) and for the effects of the war in Ukraine (€ 51 million). These impairments were recognized in response to the outbreak of war, the sanctions imposed and the uncertainties that have ensued, and based on RBI's internal monitoring and control policies. The exposures were also transferred to Stage 2 for other special risk factors that represent a significant increase in credit risk. Recognition of additional provisions in the amount of € 51 million (previous year: € 38 million) in Ukraine resulted from the modelling of the ongoing destruction of the country's energy infrastructure, ensuing blackouts and an extension of loan maturities.

Post-model adjustments

During the last several quarters the retail customers were severely exposed to increasing inflationary pressure, which impacted their ability to cover their loans obligations. As part of the IFRS 9 framework, there are PD and LGD macro models at country and product level, which serve the need to address these high risks stemming from the macroeconomic environment. However, for certain countries and portfolios where the macroeconomic models either lag behind the key macroeconomic variables (inflation, interest rates, unemployment, etc.) or are not part of the model, post-model adjustments are made for identified high risk customer group. The latter involve a qualitative assessment of exposures for the expected significant increase in credit risk and their subsequent transfer from Stage 1 to Stage 2 as well as in particular cases increase of the PD and/or LGD estimates respectively. The criteria for identifying such credit exposures were based on information from the loan application and historical payment behavior and were subsequently refined using stressed macroeconomic variables. The post-model adjustments are reversed either after the risks have materialized by transferring the affected receivables to Stage 3 or if the expected risks do not materialize.

The post-model adjustments for households taken in the previous year related to COVID-19 were almost completely reversed in the reporting year (except for a residual amount of € 1 million).

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 € 11 million (previous year: € 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 Stage 1 and Stage 2 (weighted by 25 per cent optimistic, 50 per cent baseline and 25 per cent pessimistic scenarios), and then each scenario weighted by 100 per cent on its own. The optimistic and pessimistic scenarios do not reflect extreme cases in the sample space of the 25 per cent optimistic and pessimistic scenarios, but rather an economically plausible proxy. This means that these scenarios are at around 25 per cent and 75 per cent respectively on the distribution curve. In general, IFRS 9 specific estimates of risk parameters take historical default information into account and particularly the current economic environment (point in time) without forward-looking information. The effects of the estimates based on macroeconomic forecasts are shown in the forward-looking component. This information is provided for illustrative purposes.

30/6/2023	Accumulated impairment (Stage 1 and 2)		
in € million	Simulated scenario	Point in time component	Forward-looking component
100% Optimistic	1,534	1,480	53
100% Base	1,656	1,480	176
100% Pessimistic	1,917	1,480	437
Weighted average (25/50/25%)	**1,694**	**1,480**	**214**

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

Overall, the macroeconomic scenarios are currently worse than the long-term average, leading to an increase of the provisions of € 214 million for the first half of 2023.

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

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

	Accumulated impairment (Stage 1 and 2)	
in € million	30/6/2023	31/12/2022
Accumulated impairment if 100% in Stage 1	624	613
Weighted average (25/50/25%)	1,694	1,535
Additional amounts in Stage 2 due to staging	1,070	921

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

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

	Accumulated impairment (Stage 1 and 2)	
in € million	30/6/2023	31/12/2022
Accumulated impairment if 100% in Stage 2	2,272	2,232
Weighted average (25/50/25%)	1,694	1,535
Additional amounts in Stage 2	578	697

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

	Accumulated impairment (Stage 3)	
in € million	30/6/2023	31/12/2022
Pessimistic scenario	1,877	2,038
Weighted average	1,573	1,729
Increase in provisions due to pessimistic scenario	304	310

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

30/6/2023	Gross carrying amount		Impairment		ECL coverage ratio	
in € million	12-month ECL	Lifetime ECL	12-month ECL	Lifetime ECL	12-month ECL	Lifetime ECL
Movement from 12-month ECL to lifetime ECL	**(9,109)**	**9,109**	**(93)**	**483**	**1.0 %**	**5.3 %**
Central banks	(9)	9	0	0	0.0 %	0.0 %
General governments	(286)	286	(37)	43	12.8 %	14.9 %
Banks	(1,048)	1,048	0	2	0.0 %	0.2 %
Other financial corporations	(707)	707	(3)	29	0.5 %	4.1 %
Non-financial corporations	(2,650)	2,650	(25)	240	0.9 %	9.0 %
Households	(4,410)	4,410	(28)	170	0.6 %	3.9 %
Movement from lifetime ECL to 12-month ECL	**3,735**	**(3,735)**	**19**	**(111)**	**0.5 %**	**3.0 %**
Central banks	0	0	0	0	-	-
General governments	64	(64)	0	0	0.1 %	0.3 %
Banks	63	(63)	3	(3)	5.4 %	5.4 %
Other financial corporations	132	(132)	0	(6)	0.1 %	4.5 %
Non-financial corporations	1,543	(1,543)	9	(42)	0.6 %	2.7 %
Households	1,932	(1,932)	6	(59)	0.3 %	3.1 %

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 € 390 million (previous year: € 360 million). The decrease in expected credit losses arising from the measurement of the loss allowance moving from lifetime losses to twelve-month expected credit losses was € 92 million (previous year: € 144 million).

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

(31) Collateral and maximum exposure to credit risk

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

30/6/2023	Maximum exposure to credit risk		
in € million	Not subject to impairment standards	Subject to impairment standards	hereof loans and advances non-trading as well as loan commitments, financial guarantees and other commitments
Financial assets - amortized cost	0	144,504	121,573
Financial assets - fair value through other comprehensive income[1]	0	2,900	0
Non-trading financial assets - mandatorily fair value through profit/loss	864	0	518
Financial assets - designated fair value through profit/loss	84	0	0
Financial assets - held for trading	6,299	0	0
On-balance	**7,247**	**147,404**	**122,091**
Loan commitments, financial guarantees and other commitments	0	51,006	51,006
Total	**7,247**	**198,410**	**173,097**

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

31/12/2022	Maximum exposure to credit risk		
in € million	Not subject to impairment standards	Subject to impairment standards	hereof loans and advances non-trading as well as loan commitments, financial guarantees and other commitments
Financial assets - amortized cost	0	140,561	121,443
Financial assets - fair value through other comprehensive income[1]	0	3,160	0
Non-trading financial assets - mandatorily fair value through profit/loss	751	0	475
Financial assets - designated fair value through profit/loss	84	0	0
Financial assets - held for trading	6,124	0	0
On-balance	**6,958**	**143,720**	**121,918**
Loan commitments, financial guarantees and other commitments	0	51,143	51,143
Total	**6,958**	**194,864**	**173,061**

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

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

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

30/6/2023 in € million	Maximum exposure to credit risk	Fair value of collateral	Credit risk exposure net of collateral
Central banks	9,344	7,871	1,474
General governments	2,078	937	1,140
Banks	8,028	5,059	2,969
Other financial corporations	11,075	4,577	6,498
Non-financial corporations	49,882	22,183	27,699
Households	41,684	27,937	13,747
Loan commitments, financial guarantees and other commitments	51,006	6,553	44,453
Total	**173,097**	**75,116**	**97,981**

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

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

(32) Transferred assets

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

30/6/2023	Transferred assets			Associated liabilities		
in € million	Carrying amount	hereof securitizations	hereof repurchase agreements	Carrying amount	hereof securitizations	hereof repurchase agreements
Financial assets - held for trading	49	0	49	49	0	49
Financial assets - fair value through other comprehensive income	0	0	0	0	0	0
Financial assets - amortized cost	6,667	92	6,575	6,402	67	6,335
Total	**6,716**	**92**	**6,624**	**6,451**	**67**	**6,384**

31/12/2022	Transferred assets			Associated liabilities		
in € million	Carrying amount	hereof securitizations	hereof repurchase agreements	Carrying amount	hereof securitizations	hereof repurchase agreements
Financial assets - held for trading	0	0	0	0	0	0
Financial assets - fair value through other comprehensive income	0	0	0	0	0	0
Financial assets - amortized cost	877	0	877	804	0	804
Total	**877**	**0**	**877**	**804**	**0**	**804**

(33) Assets pledged as collateral and received financial assets

Significant restrictions regarding the access or use of assets:

in € million	30/6/2023 Pledged	30/6/2023 Otherwise restricted with liabilities	31/12/2022 Pledged	31/12/2022 Otherwise restricted with liabilities
Financial assets - held for trading	49	0	41	0
Non-trading financial assets - mandatorily fair value through profit/loss	14	0	15	0
Financial assets - designated fair value through profit/loss	0	0	0	0
Financial assets - fair value through other comprehensive income	422	57	389	0
Financial assets - amortized cost	22,306	1,338	20,151	2,182
Total	**22,792**	**1,395**	**20,596**	**2,182**

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

Securities and other financial assets accepted as collateral:

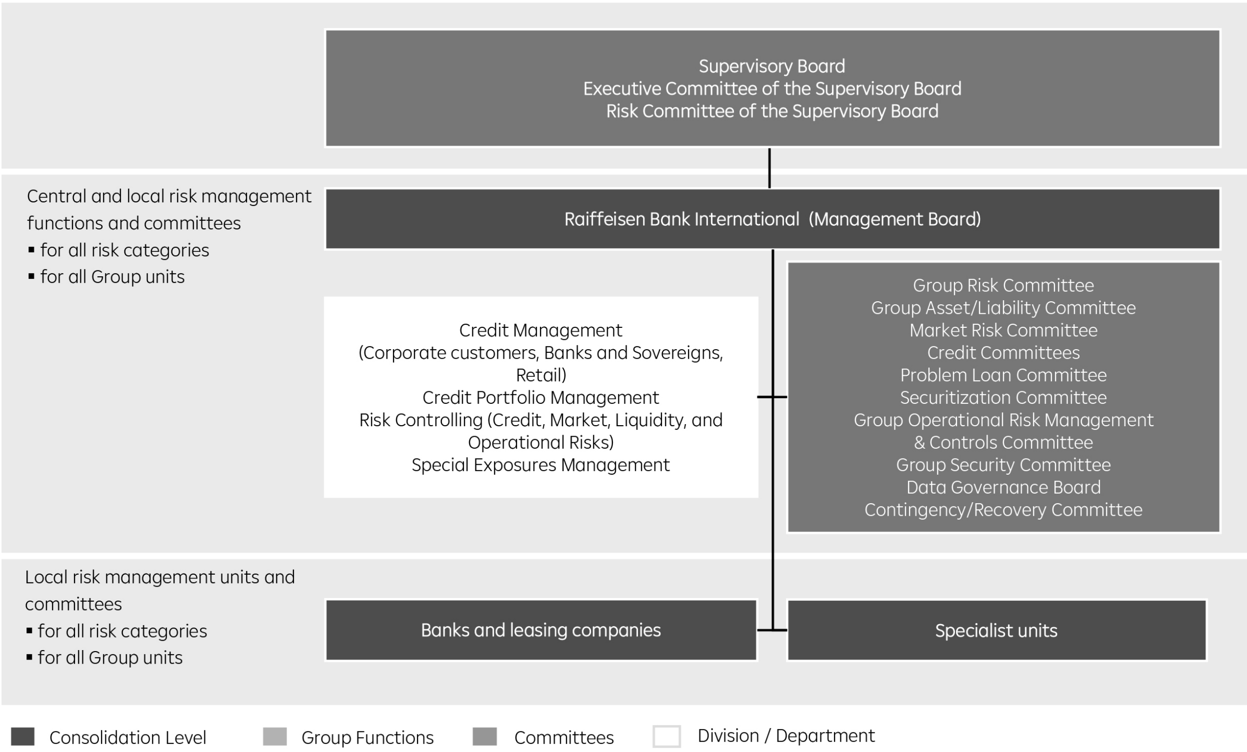
in € million	30/6/2023	31/12/2022
Securities and other financial assets accepted as collateral which can be sold or repledged	22,763	19,763
hereof which have been sold or repledged	4,680	3,179

Risk report

Active risk management is a core competency of RBI. In order to effectively identify, measure, and manage risks the Group continues to develop its comprehensive risk management system. Risk management is an integral part of overall bank management. Particularly, in addition to legal and regulatory requirements, it considers the nature, scale, and complexity of the Group's business activities and the resulting risks. The project to implement and manage ESG risks is designed to be cross-divisional with the involvement of all risk areas.

The figures below refer to the regulatory scope of consolidation pursuant to CRR, which differs slightly from the scope of consolidation pursuant to IFRS. In terms of risk, the companies in the IFRS scope of consolidation that are not included therein are covered by the participation risk.

The principles and organization of risk management are disclosed in the relevant chapter of the Annual Report 2022, pages 193 ff.



Economic perspective – economic capital approach

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

The Group uses a confidence level of 99.90 per cent to calculate economic capital. The economic capital increased to € 8,917 million compared to year-end 2022. The main driver was the increase in credit risk exposure to the public sector, which was mainly attributable to rating downgrades in Slovakia, Hungary and the Czech Republic. This increase was partly offset by a decline in credit risk exposure to retail and corporate customers. In the regional distribution of economic capital, the Eastern Europe segment (Russia, Ukraine, Belarus) was reduced compared to year-end 2022. In contrast, economic capital for Austria and Central Europe increased.

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

Risk contribution of individual risk types to economic capital:

in € million	30/6/2023	Share	31/12/2022	Share
Credit risk retail customers	1,523	17.1 %	1,610	18.7 %
Credit risk corporate customers	1,468	16.5 %	1,653	19.1 %
FX risk capital position	1,114	12.5 %	1,312	15.2 %
Market risk	1,022	11.5 %	929	10.8 %
Credit risk sovereigns	1,021	11.4 %	595	6.9 %
Operational risk	848	9.5 %	799	9.3 %
Participation risk	699	7.8 %	646	7.5 %
Credit risk banks	399	4.5 %	348	4.0 %
Owned property risk	326	3.7 %	306	3.5 %
Liquidity risk	49	0.5 %	0	0.0 %
CVA risk	24	0.3 %	22	0.3 %
Risk buffer	425	4.8 %	411	4.8 %
Total	**8,917**	**100.0 %**	**8,632**	**100.0 %**

Regional allocation of economic capital by Group unit domicile:

in € million	30/6/2023	Share	31/12/2022	Share
Eastern Europe	2,542	28.5 %	2,634	30.5 %
Austria	2,401	26.9 %	2,208	25.6 %
Central Europe	2,095	23.5 %	1,952	22.6 %
Southeastern Europe	1,879	21.1 %	1,839	21.3 %
Total	**8,917**	**100.0 %**	**8,632**	**100.0 %**

(34) Credit risk

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

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

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

in € million	30/6/2023	31/12/2022
Cash, balances at central banks and other demand deposits	43,287	48,587
Financial assets - amortized cost	144,506	140,561
Financial assets - fair value through other comprehensive income	2,900	3,160
Non-trading financial assets - mandatorily fair value through profit/loss	864	751
Financial assets - designated fair value through profit/loss	84	84
Financial assets - held for trading	6,299	6,124
Hedge accounting	694	661
Current tax assets	87	100
Deferred tax assets	307	269
Other assets	1,079	912
Loan commitments given	36,855	37,193
Financial guarantees given	9,036	9,370
Other commitments given	5,115	4,580
Reconciliation difference	(6,865)	(6,399)
Credit exposure	**244,249**	**245,953**

Around € 3.9 billion of the reconciliation difference was attributable to the SA-CCR-Netting.

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

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

Credit exposure by asset classes (rating models):

in € million	30/6/2023	31/12/2022
Corporate customers	88,309	90,300
Project finance	9,571	9,268
Retail customers	49,414	50,412
Banks	34,044	32,156
Sovereigns	62,911	63,816
Total	**244,249**	**245,953**

Credit portfolio – Corporate customers

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

in € million		Lower PD bound in %	Upper PD bound in %	30/6/2023	Share	31/12/2022	Share
1	Minimal risk	> 0.0000%	≤ 0.0300%	2,236	2.5 %	2,716	3.0 %
2	Excellent credit standing	> 0.0300%	≤ 0.0751%	6,746	7.6 %	7,374	8.2 %
3	Very good credit standing	> 0.0751%	≤ 0.1878%	21,430	24.3 %	21,867	24.2 %
4	Good credit standing	> 0.1878%	≤ 0.4694%	22,201	25.1 %	21,709	24.0 %
5	Sound credit standing	> 0.4694%	≤ 1.1735%	16,343	18.5 %	16,627	18.4 %
6	Acceptable credit standing	> 1.1735%	≤ 2.9338%	11,235	12.7 %	11,000	12.2 %
7	Marginal credit standing	> 2.9338%	≤ 7.3344%	3,571	4.0 %	3,677	4.1 %
8	Weak credit standing/sub-standard	> 7.3344%	≤ 18.3360%	1,705	1.9 %	2,070	2.3 %
9	Very weak credit standing/doubtful	> 18.3360%	< 100%	1,434	1.6 %	1,706	1.9 %
10	Default	100%	100%	1,303	1.5 %	1,427	1.6 %
NR	Not rated			105	0.1 %	128	0.1 %
Total				**88,309**	**100.0 %**	**90,300**	**100.0 %**

The credit exposure to corporate customers decreased € 1,991 million to € 88,309 million compared to year-end. The largest decreases were recorded in Russia, Ireland, Germany, France and in Ukraine, which were partly offset by an increase in the Czech Republic, Hungary and Romania. In Russia, exposure volumes have been reduced since the beginning of the Russian war in Ukraine, which was enhanced by the devaluation of the Russian ruble.

The largest decline was recorded in rating grade 2 due to reduced credit exposures in Slovakia (partly due to rating downgrades to rating grade 3 and 4), Ireland and Luxembourg. In addition to the rating downgrades of individual Austrian customers, the decline in rating grade 1 resulted from reduced exposure in Ireland. The decrease in rating class 3 was due to the rating shifts of individual customers to rating grade 4 in Germany, Hungary and Russia. In addition, there was an increase in the exposure in rating grade 4 in Great Britain.

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

in € million		30/6/2023	Share	31/12/2022	Share
6.1	Excellent project risk profile – very low risk	5,356	56.0 %	4,857	52.4 %
6.2	Good project risk profile – low risk	3,408	35.6 %	3,617	39.0 %
6.3	Acceptable project risk profile – average risk	489	5.1 %	423	4.6 %
6.4	Poor project risk profile – high risk	88	0.9 %	94	1.0 %
6.5	Default	229	2.4 %	264	2.8 %
NR	Not rated	0	0.0 %	13	0.1 %
Total		**9,571**	**100.0 %**	**9,268**	**100.0 %**

The € 303 million increase in project finance was mainly attributable to an increase in credit and facility financing in the Czech Republic, Germany and Slovakia.

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

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

in € million	30/6/2023	Share	31/12/2022	Share
Central Europe	26,800	27.4 %	25,596	25.7 %
Western Europe	24,007	24.5 %	25,093	25.2 %
Austria	19,116	19.5 %	19,125	19.2 %
Southeastern Europe	14,981	15.3 %	14,464	14.5 %
Eastern Europe	9,203	9.4 %	11,625	11.7 %
Asia	1,874	1.9 %	1,918	1.9 %
Other	1,900	1.9 %	1,748	1.8 %
Total	**97,880**	**100.0 %**	**99,569**	**100.0 %**

Credit exposure in Eastern Europe fell mainly due to a decline in credit financing and guarantees given in Russia, which was enhanced by the devaluation of the Russian ruble. In addition, credit financing decreased in Ukraine. The decrease in Western Europe was primarily attributable to the decline in credit financing in Ireland, France, Germany and Luxembourg. The increase in Central Europe essentially resulted from the increase in credit and facility financing in the Czech Republic, Hungary and Slovakia. In Southeastern Europe, the rise was due to an increase in credit financing in Romania and Croatia.

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

in € million	30/6/2023	Share	31/12/2022	Share
Manufacturing	23,597	24.1 %	24,711	24.8 %
Wholesale and retail trade	20,536	21.0 %	20,800	20.9 %
Real estate	13,300	13.6 %	12,943	13.0 %
Financial intermediation	9,493	9.7 %	9,191	9.2 %
Construction	6,073	6.2 %	6,156	6.2 %
Electricity, gas, steam and hot water supply	5,959	6.1 %	5,580	5.6 %
Transport, storage and communication	3,592	3.7 %	3,743	3.8 %
Freelance/technical services	2,775	2.8 %	2,870	2.9 %
Other industries	12,555	12.8 %	13,574	13.6 %
Total	**97,880**	**100.0 %**	**99,569**	**100.0 %**

Credit portfolio – Retail customers

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

in € million	30/6/2023	Share	31/12/2022	Share
Retail customers – private individuals	46,217	93.5 %	47,338	93.9 %
Retail customers – small and medium-sized entities	3,197	6.5 %	3,074	6.1 %
Total	**49,414**	**100.0 %**	**50,412**	**100.0 %**

Credit exposure to retail customers by internal rating:

in € million		Lower PD bound in %	Upper PD bound in %	30/6/2023	Share	31/12/2022	Share
0.5	Minimal risk	> 0.00%	≤ 0.17%	9,669	19.6 %	11,488	22.8 %
1.0	Excellent credit standing	> 0.17%	≤ 0.35%	8,546	17.3 %	9,574	19.0 %
1.5	Very good credit standing	> 0.35%	≤ 0.69%	8,517	17.2 %	8,851	17.6 %
2.0	Good credit standing	> 0.69%	≤ 1.37%	6,752	13.7 %	6,210	12.3 %
2.5	Sound credit standing	> 1.37%	≤ 2.70%	4,725	9.6 %	3,919	7.8 %
3.0	Acceptable credit standing	> 2.70%	≤ 5.26%	2,739	5.5 %	2,403	4.8 %
3.5	Marginal credit standing	> 5.26%	≤ 10.00%	1,371	2.8 %	1,189	2.4 %
4.0	Weak credit standing/sub-standard	> 10.00%	≤ 18.18%	669	1.4 %	535	1.1 %
4.5	Very weak credit standing/doubtful	> 18.18%	< 100%	841	1.7 %	652	1.3 %
5.0	Default	100%	100%	1,269	2.6 %	1,286	2.6 %
NR	Not rated			4,317	8.7 %	4,305	8.5 %
Total				**49,414**	**100.0 %**	**50,412**	**100.0 %**

The not rated credit exposure mainly includes credit card limits in Austria and retail customers in Serbia, who so far haven't received internal ratings due to the acquisition.

Credit exposure to retail customers by segments:

30/6/2023 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Retail customers – private individuals	22,600	9,904	4,746	8,967
Retail customers – small and medium-sized entities	1,846	1,183	168	0
Total	**24,446**	**11,087**	**4,914**	**8,967**
hereof non-performing exposure	562	398	264	48

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

In the first half-year of 2023, credit exposure to retail customers decreased by € 999 million. The largest decline of € 1,107 million was recorded in Eastern Europe and was primarily attributable to reduced loan volumes in Russia (mainly due to the development of the Russian ruble).

Retail credit exposure by products:

in € million	30/6/2023	Share	31/12/2022	Share
Mortgage loans	29,128	58.9 %	29,990	59.5 %
Personal loans	10,888	22.0 %	10,993	21.8 %
Credit cards	5,127	10.4 %	5,215	10.3 %
SME financing	2,397	4.9 %	2,370	4.7 %
Overdraft	1,216	2.5 %	1,204	2.4 %
Car loans	659	1.3 %	640	1.3 %
Total	**49,414**	**100.0 %**	**50,412**	**100.0 %**

Credit portfolio – Banks

The following table shows the credit exposure by internal rating for banks (excluding central banks). Due to the small number of customers (or observable defaults), the default probabilities of individual rating grades in this asset class are calculated based on a combination of internal and external data. In May 2023, the rating model for credit institutions was adjusted in accordance to the EBA guidelines after approval of ECB.

in € million		Lower PD bound in %	Upper PD bound in %	30/6/2023	Share	31/12/2022	Share
1	Minimal risk	> 0.0000%	≤ 0.0300%	3,445	10.1 %	7,233	22.5 %
2	Excellent credit standing	> 0.0300%	≤ 0.0751%	3,810	11.2 %	9,373	29.1 %
3	Very good credit standing	> 0.0751%	≤ 0.1878%	19,135	56.2 %	10,270	31.9 %
4	Good credit standing	> 0.1878%	≤ 0.4694%	2,647	7.8 %	499	1.6 %
5	Sound credit standing	> 0.4694%	≤ 1.1735%	245	0.7 %	127	0.4 %
6	Acceptable credit standing	> 1.1735%	≤ 2.9338%	4,188	12.3 %	3,780	11.8 %
7	Marginal credit standing	> 2.9338%	≤ 7.3344%	81	0.2 %	435	1.4 %
8	Weak credit standing/sub-standard	> 7.3344%	≤ 18.3360%	11	0.0 %	35	0.1 %
9	Very weak credit standing/doubtful	> 18.3360%	< 100%	472	1.4 %	385	1.2 %
10	Default	100%	100%	7	0.0 %	16	0.0 %
NR	Not rated			2	0.0 %	4	0.0 %
Total				**34,044**	**100.0 %**	**32,156**	**100.0 %**

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

Rating grade 3 recorded the largest rise due to increased loans and advances as well as increased money market and repo transactions in China (rating downgrade from rating grade 2), Austria, Spain, the Netherlands, the USA, Great Britain and Germany. The increase in rating grade 4 was mainly attributable to the rating downgrade of an Italian bank from rating grade 3. Rating grade 1 recorded a decrease in loans and advances and repo transactions with American and Austrian banks. The decrease in rating grade 7 resulted mainly from reduced volumes of loans and advances in Russia.

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

in € million	30/6/2023	Share	31/12/2022	Share
Repo	15,227	44.7 %	12,049	37.5 %
Loans and advances	9,563	28.1 %	12,124	37.7 %
Bonds	5,124	15.1 %	4,950	15.4 %
Money market	2,582	7.6 %	1,515	4.7 %
Derivatives	550	1.6 %	534	1.7 %
Other	997	2.9 %	984	3.1 %
Total	**34,044**	**100.0 %**	**32,156**	**100.0 %**

Credit portfolio – Sovereigns

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

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

in € million		Lower PD bound in %	Upper PD bound in %	30/6/2023	Share	31/12/2022	Share
1	Minimal risk	> 0.0000%	≤ 0.0300%	31,019	49.3 %	36,204	56.7 %
2	Excellent credit standing	> 0.0300%	≤ 0.0751%	7,022	11.2 %	12,860	20.2 %
3	Very good credit standing	> 0.0751%	≤ 0.1878%	16,312	25.9 %	6,398	10.0 %
4	Good credit standing	> 0.1878%	≤ 0.4694%	4,269	6.8 %	4,433	6.9 %
5	Sound credit standing	> 0.4694%	≤ 1.1735%	572	0.9 %	545	0.9 %
6	Acceptable credit standing	> 1.1735%	≤ 2.9338%	1,596	2.5 %	1,220	1.9 %
7	Marginal credit standing	> 2.9338%	≤ 7.3344%	11	0.0 %	24	0.0 %
8	Weak credit standing/sub-standard	> 7.3344%	≤ 18.3360%	0	0.0 %	0	0.0 %
9	Very weak credit standing/doubtful	> 18.3360%	< 100%	1,827	2.9 %	1,768	2.8 %
10	Default	100%	100%	280	0.4 %	362	0.6 %
NR	Not rated			2	0.0 %	2	0.0 %
Total				**62,911**	**100.0 %**	**63,816**	**100.0 %**

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

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

in € million	30/6/2023	Share	31/12/2022	Share
Money market	24,251	38.5 %	26,803	42.0 %
Bonds	21,461	34.1 %	17,662	27.7 %
Loans and advances	8,948	14.2 %	12,135	19.0 %
Repo	7,813	12.4 %	6,663	10.4 %
Derivatives	96	0.2 %	162	0.3 %
Other	343	0.5 %	391	0.6 %
Total	**62,911**	**100.0 %**	**63,816**	**100.0 %**

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

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

in € million	30/6/2023	Share	31/12/2022	Share
Russia	1,638	38.2 %	1,239	31.6 %
Ukraine	1,616	37.7 %	1,312	33.5 %
Albania	528	12.3 %	527	13.5 %
Belarus	328	7.7 %	603	15.4 %
Bosnia and Herzegovina	96	2.2 %	186	4.7 %
Other	83	1.9 %	53	1.3 %
Total	**4,289**	**100.0 %**	**3,921**	**100.0 %**

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

Non-performing exposures (NPE)

Since November 2019 RBI has fully applied the new definition of default of the CRR and also the corresponding requirements of the EBA (EBA/GL/2016/07).

Non-performing exposures pursuant to the applicable definition contained in the Implementing Technical Standard (ITS) on Supervisory Reporting (Forbearance and non-performing exposures) issued by the EBA:

	NPE		NPE ratio		NPE coverage ratio	
in € million	**30/6/2023**	**31/12/2022**	**30/6/2023**	**31/12/2022**	**30/6/2023**	**31/12/2022**
General governments	177	169	8.5 %	7.9 %	3.0 %	3.0 %
Banks	4	6	0.0 %	0.0 %	83.6 %	63.1 %
Other financial corporations	162	163	1.5 %	1.4 %	36.9 %	29.8 %
Non-financial corporations	1,462	1,619	2.9 %	3.2 %	61.2 %	62.8 %
Households	1,109	1,133	2.7 %	2.7 %	64.6 %	66.2 %
Loans and advances	**2,914**	**3,090**	**1.8 %**	**1.8 %**	**57.7 %**	**59.1 %**
Bonds	**6**	**3**	**0.0 %**	**0.0 %**	**19.3 %**	**0.0 %**
Total	**2,920**	**3,093**	**1.5 %**	**1.6 %**	**57.6 %**	**59.0 %**

In the first half-year, the volume of non-performing exposures declined € 172 million to € 2,920 million. In organic terms, this was a decrease of € 115 million, the currency trend contributed € 57 million, particularly as a result of the devaluation of the Russian ruble. A decrease of € 276 million resulted from derecognitions and sales, this contrasted with new defaults of loans to households and non-financial corporations. The NPE ratio fell 0.1 percentage points to 1.5 per cent compared to year-end. The coverage ratio fell 1.4 percentage points to 57.6 per cent.

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

in € million	As at 1/1/2023	Change in consolidated group	Currency	Additions	Disposals	As at 30/6/2023
General governments	169	0	0	9	(1)	177
Banks	6	0	0	3	(5)	4
Other financial corporations	163	0	(1)	4	(5)	162
Non-financial corporations	1,619	0	(24)	168	(301)	1,462
Households	1,133	0	(33)	288	(279)	1,109
Loans and advances (NPL)	**3,090**	**0**	**(57)**	**472**	**(590)**	**2,914**
Bonds	**3**	**0**	**0**	**0**	**3**	**6**
Total (NPE)	**3,093**	**0**	**(57)**	**472**	**(587)**	**2,920**

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

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

	NPE		NPE ratio		NPE coverage ratio	
in € million	**30/6/2023**	**31/12/2022**	**30/6/2023**	**31/12/2022**	**30/6/2023**	**31/12/2022**
Central Europe	836	831	1.3 %	1.4 %	58.1 %	59.7 %
Southeastern Europe	573	591	1.9 %	2.0 %	67.2 %	70.2 %
Eastern Europe	638	708	2.3 %	2.3 %	68.3 %	65.1 %
Group Corporates & Markets	872	962	1.6 %	1.8 %	43.0 %	47.1 %
Corporate Center	0	0	0.0 %	0.0 %	100.0 %	100.0 %
Total	**2,920**	**3,093**	**1.5 %**	**1.6 %**	**57.6 %**	**59.0 %**

Falling € 90 million to € 872 million, the Group Corporate & Markets segment was the main contributor to the decrease in non-performing exposure, mainly due to derecognitions and sales of non-performing loans in the amount of € 102 million. The NPE ratio fell 0.2 percentage points to 1.6 per cent. The coverage ratio fell 4.2 percentage points to 43.0 per cent.

Non-performing exposure in the Eastern Europe segment recorded a reduction of € 70 million to € 638 million. This was mainly due to devaluation of the Russian ruble in the amount of € 60 million, but also due to derecognitions and sales of non-performing loans in the amount of € 62 million, mainly in Russia with € 46 million. The NPE ratio in relation to total exposure remained unchanged at 2.3 per cent compared to year-end. The coverage ratio rose 3.2 percentage points to 68.3 per cent.

Non-performing exposure in the Southeastern Europe segment decreased € 17 million to € 573 million, mainly due to sales and derecognitions of non-performing loans in the amount of € 76 million, mainly in Romania with € 59 million. The NPE ratio declined 0.1 percentage points to 1.9 per cent, the coverage ratio sank 3.0 percentage points to 67.2 per cent.

The Central Europe segment reported a € 5 million increase in non-performing exposure to € 836 million, mainly due to slight increases in Slovakia and the Czech Republic totaling € 26 million, whereas Hungary reported a € 19 million reduction in non-performing exposure. The NPE ratio in relation to the total exposure remained nearly unchanged at 1.3 per cent compared to year-end. The coverage ratio fell 1.5 percentage points to 58.1 per cent.

Non-performing exposure with restructuring measures:

	Refinancing		Instruments with modified maturities and conditions		Total	
in € million	30/6/2023	31/12/2022	30/6/2023	31/12/2022	30/6/2023	31/12/2022
General governments	0	0	0	0	0	0
Banks	0	0	0	0	0	0
Other financial corporations	56	60	43	38	99	98
Non-financial corporations	81	81	778	886	859	967
Households	7	8	272	273	279	281
Total	**145**	**149**	**1,092**	**1,197**	**1,237**	**1,346**

Non-performing exposure with restructuring measures by segments:

in € million	30/6/2023	Share	31/12/2022	Share
Central Europe	271	21.9 %	259	19.2 %
Southeastern Europe	147	11.9 %	182	13.5 %
Eastern Europe	348	28.1 %	350	26.0 %
Group Corporates & Markets	470	38.0 %	555	41.2 %
Total	**1,237**	**100.0 %**	**1,346**	**100.0 %**

Concentration risk

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

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

in € million	30/6/2023	Share	31/12/2022	Share
Central Europe	**76,033**	**31.1 %**	**71,413**	**29.0 %**
Czech Republic	35,037	14.3 %	31,738	12.9 %
Slovakia	24,372	10.0 %	24,085	9.8 %
Hungary	12,528	5.1 %	11,169	4.5 %
Poland	3,579	1.5 %	3,922	1.6 %
Other	517	0.2 %	498	0.2 %
Austria	**53,076**	**21.7 %**	**56,770**	**23.1 %**
Western Europe	**43,936**	**18.0 %**	**41,789**	**17.0 %**
Germany	11,886	4.9 %	11,929	4.9 %
France	7,377	3.0 %	7,756	3.2 %
Spain	4,557	1.9 %	3,265	1.3 %
Great Britain	4,293	1.8 %	3,713	1.5 %
Switzerland	3,038	1.2 %	3,143	1.3 %
Netherlands	2,868	1.2 %	2,458	1.0 %
Luxembourg	2,788	1.1 %	2,939	1.2 %
Italy	2,466	1.0 %	2,151	0.9 %
Other	4,663	1.9 %	4,434	1.8 %
Southeastern Europe	**36,197**	**14.8 %**	**35,464**	**14.4 %**
Romania	16,857	6.9 %	16,352	6.6 %
Croatia	7,429	3.0 %	7,298	3.0 %
Serbia	6,363	2.6 %	6,467	2.6 %
Bosnia and Herzegovina	2,120	0.9 %	2,125	0.9 %
Albania	1,904	0.8 %	1,788	0.7 %
Other	1,524	0.6 %	1,434	0.6 %
Eastern Europe	**22,667**	**9.3 %**	**25,552**	**10.4 %**
Russia	16,522	6.8 %	19,195	7.8 %
Ukraine	4,051	1.7 %	4,018	1.6 %
Belarus	1,509	0.6 %	1,805	0.7 %
Other	586	0.2 %	534	0.2 %
Asia	**5,592**	**2.3 %**	**6,345**	**2.6 %**
North America	**3,204**	**1.3 %**	**4,497**	**1.8 %**
Rest of World	**3,545**	**1.5 %**	**4,124**	**1.7 %**
Total	**244,249**	**100.0 %**	**245,953**	**100.0 %**

Austria recorded the largest decline due to lower money market transactions and lower deposits at the Austrian national bank. In Eastern Europe, loans and advances decreased in Russia, Belarus and Ukraine, guarantees given decreased in Russia, and consumer and mortgage loans declined in Russia (partly currency-related). The declined exposure in North America and Asia was due to receivables from banks in the USA and China. In Central Europe, bond portfolios increased in the Czech Republic, Hungary and Slovakia. In addition, repo transactions and loans and advances increased in Hungary. Western Europe recorded an increase due to higher repo transactions in Spain, Great Britain, France, the Netherlands and Italy.

The Group's credit exposure based on industry classification:

in € million	30/6/2023	Share	31/12/2022	Share
Banking and insurance	78,224	32.0 %	80,890	32.9 %
Private households	46,245	18.9 %	45,142	18.4 %
Public administration and defense and social insurance institutions	22,540	9.2 %	18,739	7.6 %
Other manufacturing	18,060	7.4 %	19,140	7.8 %
Wholesale trade and commission trade (except car trading)	15,054	6.2 %	15,403	6.3 %
Real estate activities	13,455	5.5 %	13,120	5.3 %
Construction	6,734	2.8 %	6,805	2.8 %
Electricity, gas, steam and hot water supply	6,061	2.5 %	5,737	2.3 %
Retail trade and repair of consumer goods	5,593	2.3 %	5,758	2.3 %
Land transport, transport via pipelines	3,222	1.3 %	3,328	1.4 %
Manufacture of food products and beverages	2,816	1.2 %	2,803	1.1 %
Manufacture of basic metals	2,619	1.1 %	2,877	1.2 %
Land transport, transport via pipelines	2,516	1.0 %	2,577	1.0 %
Manufacture of machinery and equipment	1,871	0.8 %	1,846	0.8 %
Other transport	1,657	0.7 %	1,770	0.7 %
Sale of motor vehicles	1,492	0.6 %	1,348	0.5 %
Extraction of crude petroleum and natural gas	845	0.3 %	1,033	0.4 %
Other industries	15,246	6.2 %	17,636	7.2 %
Total	**244,249**	**100.0 %**	**245,953**	**100.0 %**

(35) Market risk

Market risk management is based on a dual management approach. For the overall portfolio including the banking book, the model used is based on a historical simulation and is suitable for the longer-term management of market risk in the banking books (ALL model). For all market risks with a direct impact on the income statement, a model is used that forecasts short-term volatility well (IFRS-P&L model). This model approach has been approved by the Austrian Financial Market Authority as an internal model for measuring the capital requirement for market risks in the trading book of the head office. Both models calculate value-at-risk figures for changes in the risk factors foreign currencies, interest rate development, credit spreads, implied volatility, equity indices and basis spreads. The tables below present an overview of the risk indicators under both models (ALL and IFRS-P&L) and the development by risk type for the first half-year 2023.

Model IFRS-P&L total VaR (99%, 1d) in € million	VaR as at 30/6/2023	Average VaR	Minimum VaR	Maximum VaR	VaR as at 31/12/2022
Currency risk	7	7	2	14	13
Interest rate risk	5	5	2	8	4
Credit spread risk	4	4	3	7	6
Share price risk	1	1	1	1	1
Vega risk	1	1	1	3	1
Basis risk	9	7	4	20	30
Total	13	14	10	28	35

Model ALL total VaR (99%, 20d) in € million	VaR as at 30/6/2023	Average VaR	Minimum VaR	Maximum VaR	VaR as at 31/12/2022
Economic capital ALL	530	508	460	610	565
Vega risk ALL	15	17	10	33	16
Total ALL	**545**	**525**	**472**	**626**	**581**
Total ALL (Risk categories)					
Currency risk	519	524	472	625	560
Interest rate risk	230	186	96	262	169
Credit spread risk	40	39	31	43	36
Banking book (99%, 20d)					
Interest rate risk in the banking book	202	155	68	232	120

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

Both the total VaR (Model ALL) and the P&L VaR (Model IFRS-P&L) increased within the second quarter compared to first quarter, but are still lower than year-end results. This decrease was primarily due to the reduction in the Russian ruble positions. The decrease in the P&L VaR (Model IFRS-P&L) was also due to the reduction in the Russian ruble position including the basis risk of the reference curves in Russian ruble. On the other hand, the increase in the second quarter is attributed to the increased interest rate position, mainly in Czech koruna.

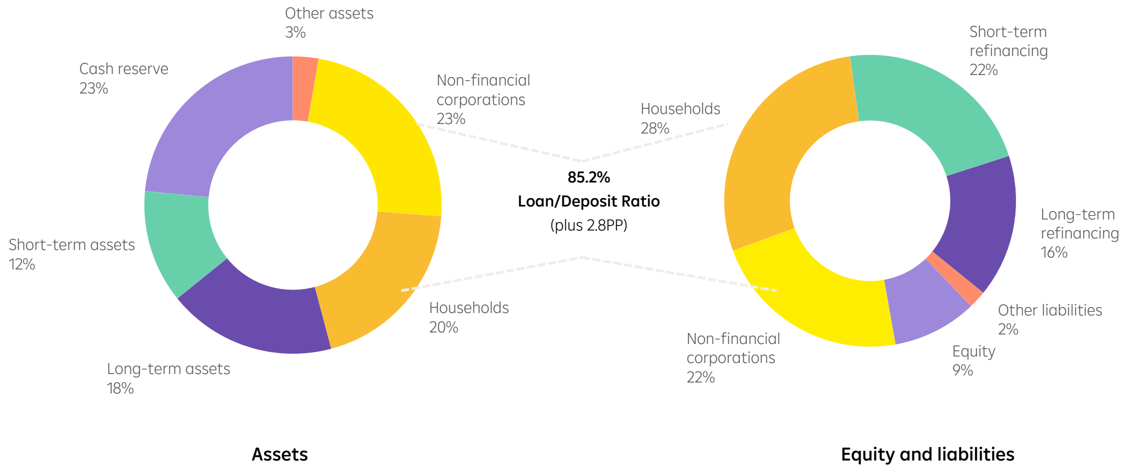
Market risk management is based on daily monitoring of market movements and position changes for the head office and Group units. In addition, developments on the local markets are updated daily and risk management is actively managed in order to be able to react quickly to changes.

(36) Liquidity management

With its strong liquidity position and proven processes for managing liquidity risk, RBI is demonstrating its high level of adaptability in the current crisis caused by war in Ukraine and the continuous intense media coverage. The ILAAP framework and RBI's governance again proved to be solid and functional also in times of crisis. The daily monitoring of the liquidity position via dynamic dashboards showed that infrastructure and monitoring are effective and support fast responses in times of crisis.

Funding structure

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



Liquidity position

The going-concern report shows the structural liquidity position. It covers all material risk drivers which might affect the Group in a business-as-usual scenario. The results of the going-concern scenario are shown in the following table. It illustrates excess liquidity and the ratio of expected cash inflows plus counterbalancing capacity to cash outflows (liquidity ratio) for selected maturities on a cumulative basis. The capital flows are based on assumptions employing expert opinions, statistical analyses and country specifics. This calculation also includes estimates of the stability of the customer deposit base, outflows from off-balance-sheet positions and downward market movements in relation to positions which influence the liquidity counterbalancing capacity.

in € million	30/6/2023		31/12/2022	
Maturity	1 month	1 year	1 month	1 year
Liquidity gap	44,340	49,703	47,281	46,094
Liquidity ratio	176 %	139 %	179 %	136 %

Liquidity Coverage Ratio (LCR)

The liquidity coverage ratio (LCR) requires the short-term resilience of banks by ensuring that they have an adequate stock of unencumbered high-quality liquid assets (HQLAs) to meet potential liability run offs that might occur in a crisis, which can be converted into cash to meet liquidity needs for a minimum of 30 calendar days in a liquidity stress scenario.

The calculation of expected inflows and outflows of funds and the HQLAs is based on regulatory guidelines. The regulatory limit for LCR is 100 per cent.

in € million	30/6/2023	31/12/2022
Average liquid assets	39,327	43,954
Net outflows	21,191	21,712
Inflows	21,053	21,475
Outflows	42,244	43,188
Liquidity Coverage Ratio	**186 %**	**202 %**

The decline of LCR in the first half-year 2023 was mainly due to the repayment of TLTRO instruments (largely at head office) and the continued controlled reduction of business in Russia.

Net Stable Funding Ratio (NSFR)

The NSFR is defined as the ratio of available stable funding to required stable funding. Available stable funding is defined as the portion of equity and debt which is expected to be a reliable source of funds over the time horizon of one year covered by the NSFR. A bank's required stable funding depends on the liquidity characteristics and residual maturities of the various assets and off-balance-sheet positions. The RBI Group targets a balanced funding position. The required stable funding and available stable funding are based on regulatory provisions. The regulatory NSFR limit is 100 per cent.

in € million	30/6/2023	31/12/2022
Required stable funding	116,627	119,608
Available stable funding	162,404	161,545
Net Stable Funding Ratio	**139 %**	**135 %**

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

Other disclosures

(37) Pending legal issues

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

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

Consumer protection

Croatia

In Croatia, following litigation initiated by a Croatian consumer association against Raiffeisenbank Austria, d.d., Zagreb (RBHR), and other Croatian banks, two contractual clauses used in consumer loan agreements between 2003/2004 and 2008 were declared null and void: an interest change clause and a CHF index clause. The decision on the interest adjustment clause cannot be challenged any more. The decision on the nullity of the CHF index clause which was confirmed by the Croatian Supreme Court also passed control of the Croatian Constitutional Court. RBHR is exploring the possibility to challenge this decision, and submitted an application before the European Court for Human Rights in August 2021. The issue of CHF-indexed loans which were converted under the Croatian Conversion Act into EUR-indexed loans was pending before the Court of Justice of the European Union (CJEU) for preliminary ruling. In May 2022, CJEU published a preliminary ruling but like the Croatian Supreme Court, CJEU did not answer whether consumers of converted loans are entitled to any additional compensation (besides the positive effects of the conversion performed under provisions of the Croatian Consumers Credit Act 2015). Therefore, the issue whether consumers are entitled to additional compensation (notwithstanding conversion) remained for domestic courts to judge, primarily for the Croatian Supreme Court. Based on the decisions already rendered on the nullity of the interest change clause and/or the CHF index clause, a number of borrowers have already raised claims against RBHR. In its session in December 2022, the Croatian Supreme Court adopted the view that consumers are entitled to additional compensation only in the amount of default interest on overpayments (if any) made until the conversion of CHF-indexed loans into EUR-indexed loans in 2015. However, 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 context, a provision of € 67 million (previous year: € 62 million) was taken into account.

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 June 2023, the total amount in dispute was approximately PLN 4,210 million (€ 948 million).

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

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

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

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

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

RBI has recognized a provision for the lawsuits filed in Poland. As lawsuits have been filed by a number of customers, the provision is based on a statistical approach that takes into account both statistical data, where relevant, and expert opinions. In this chapter, the term provision includes provisions according to IFRS 9 as well as provisions according to IAS 37. Possible decision scenarios have been estimated together with the expected loss rates per scenario. The expected impact is based on loans from customers who have filed or are expected to file a lawsuit against the bank. To calculate the financial impact per scenario, the claim amount is multiplied by the estimated financial outflow in the scenario and the probability that the bank will ultimately have to pay compensation to the customer. An appropriate discount rate is applied to outflows that are not expected to arise within one year. The financial impacts of the individual scenarios are weighted on the basis of expert opinions. The resulting provision has been increased to € 1,199 million (previous year: € 803 million). The main uncertainties associated with the calculation of the provision relate to a potentially higher number of claims and an increase in the probability of losing the court cases.

When calculating the CHF provision for lawsuits filed in Poland, it is necessary to form a view on matters that are inherently uncertain, such as regulatory pronouncements, the number of future complaints, the extent to which they will be upheld and the impact of legal decisions that may be relevant to claims received. The total amount provided for CHF loans in Poland represents RBI Group's best estimate of the likely future cost. However, a number of risks and uncertainties remain and the cost could therefore differ from the Group's estimates and the assumptions underpinning them and result in a further provision being required. As a result, a negative legal decision for the bank can lead to a significant increase in the provision. RBI has around 29,000 Swiss franc loans outstanding with a total volume of around € 1,9 billion, further 8,000 loans were repaid. These also include loans that are not expected to be the subject of litigation. Further these include non-performing loans originally granted in CHF but meanwhile converted into PLN. The total amount of the provision for CHF loans in Poland represents RBI's best estimate of the future outflow of economic benefits. 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.

Romania

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

Furthermore, RBRO, is involved in a number of lawsuits, some of them class actions, as well as administrative proceedings pursued by ANPC, in particular in connection with consumer loans and current account contracts. The proceedings are mainly based on the allegation that certain contractual provisions and practices applied by RBRO violate consumer protection laws and regulations. Such proceedings may result in administrative fines, the invalidation of clauses in agreements, the retroactive change in payment schedules and the reimbursement of certain fees or parts of interest payments charged to customers in the past.

Banking business

In the first quarter of 2021, RBI learned about a claim already filed against it in Jakarta by an Indonesian company in November 2020. The amount of the alleged claim is approximately USD 129 million (€ 119 million) in material damages and USD 200 million (€ 184 million) in immaterial damages. The claim was served upon RBI in May 2022. On 27 June 2023, the South Jakarta District Court (Pengadilan Negeri Jakarta Selatan), held that RBI has committed an unlawful act against the Indonesian company and ordered RBI to pay damages in the amount of USD 119 million (€ 110 million). RBI filed an appeal with the High Court of Jakarta (Pengadilan Tinggi Jakarta). In view of the facts of the case and the legal situation, RBI is still of the opinion that the claims are neither valid nor enforceable and therefore filed an appeal against the judgment with the High Court of Jakarta (Pengadilan Tinggi Jakarta).

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 (€ 46 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 filed an appeal against this decision, but failed to pay court handling fees so that the court of second instance dismissed the appeal on formal grounds; the decision of the court of first instance thus has become final and non-appealable.

Regulatory enforcement

Following an audit review by the Romanian Court of Auditors regarding the activity of Aedificium Banca pentru Locuinte S.A. (formerly Raiffeisen Banca pentru Locuinte S.A.), (RBL), a building society and subsidiary of Raiffeisen Bank S.A., Bucharest, the Romanian Court of Auditors claimed that several deficiencies were identified and that conditions for payment by RBL of state premiums on savings had not been met. Should RBL not succeed in reclaiming said amounts from its customers or providing satisfactory documentation, RBL would be held liable for the payment of such funds. RBL initiated court proceedings to contest the findings of the Romanian Court of Auditors and won on the merits regarding the most significant alleged deficiencies. The case was appealed at the Romanian High Court of Cassation and Justice. In November 2020, the Romanian High Court of Cassation and Justice overturned the previous court decision and confirmed the view of the Romanian Court of Auditors. Upon the application of RBL, the Romanian High Court of Cassation and Justice requested the Constitutional Court to decide whether the Court of Auditors was, in principle, entitled to scrutinize RBL. The proceeding is still pending and could – depending on its outcome – enable RBL to file an extraordinary recourse against the decision of the Romanian High Court of Cassation and Justice. At the end of June 2022, RBL took advantage of a legal provision allowing entities to pay debts towards the state (principal - respectively the state premiums) and be exonerated from payment of accessories (penalty interest). RBL has paid the principal of € 23 million and requested to be exonerated to pay accessories of € 30 million. In July 2022, the Ministry of Development, Public Works and Administration (Ministry) rejected RBL's request for exoneration. RBL has disputed this decision in court. In December 2022, the Ministry has issued a title and asked RBL to pay also the penalties within 30 days. RBL disputed the payment request both at the ministry level and in court, and also filed a motion in court, to ask for a suspension of the payment request, given that RBL considers that the amnesty should have been granted and therefore, RBL should be exonerated from payment of penalties. The suspension was granted by the court. The Ministry has filed a recourse against this decision. If the recourse of the Ministry is not successful, the suspension is valid until a decision will be made by the court in the dispute against the payment request itself. In May 2023, RBL obtained a decision by the court that the amnesty should have been granted and that the Ministry should grant it. However, the Ministry can file a recourse against this decision.

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

In September 2018, two administrative fines totaling PLN 55 million (€ 12 million) were imposed on RBPL in the course of administrative proceedings based on alleged non-performance of duties as the depositary and liquidator of certain investment funds. RBPL as custodian of investment funds assumed the role of liquidator of certain funds in February 2018. According to the interpretation of the Polish Financial Supervision Authority – which is known by its Polish abbreviation, KNF – RBPL failed to comply with certain obligations in its function as depository bank and liquidator of the funds. In the course of the transactions related to the sale of the core banking operations of RBPL to Bank BGZ BNP Paribas S.A., the responsibility for said administrative proceedings and related fines was assumed by RBI. RBI filed appeals against these fines in their entirety. In September 2019, in relation to the PLN 5 million (€ 1 million) fine regarding RBPL's duties as depositary bank, the Voivodship Administrative Court considered RBI's appeal and overturned the KNF'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 April 2023, the Supreme Administrative Court decided to refer the case regarding the PLN 5 million (€ 1 million) fine back to the Voivodship Administrative Court for reconsideration. Furthermore, the Supreme Administrative Court dismissed RBI's appeal in cassation in connection with the PLN 50 million (€ 11 million) fine which is now final. Both fines have already been paid.

In this context, several individual lawsuits and four class actions, aggregating claims of holders of certificates in the above-mentioned investment funds currently in liquidation, were filed against RBI, whereby the total amount in dispute as at 30 June 2023 equals approximately PLN 72 million (€ 16 million). Additionally, RBI was informed that a modification of a statement of claim had been submitted to the court which could result in an increase of the total amount in dispute by approximately PLN 91 million (€ 21 million). However, such modification has not yet been served upon RBI. The plaintiffs of the class actions demand the confirmation of RBI's responsibility for the alleged improper performance of RBPL (in respect of which RBI is the legal successor) as custodian bank. Such confirmation would secure and facilitate their financial claims in further lawsuits. Due to RBI's legal assessment, no provision has been recognized.

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

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

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

(38) Related parties

The main companies exercising a significant influence are Raiffeisenlandesbank Niederösterreich-Wien AG, Vienna, as the largest single shareholder, its parent company, Raiffeisen-Holding Niederösterreich-Wien registrierte Genossenschaft mit beschränkter Haftung, Vienna, and their fully consolidated subsidiaries. The amounts shown under affiliated companies relate to affiliated companies that are not consolidated due to immateriality.

Transactions with related parties (companies and individuals) are limited to banking business transactions that are carried out at fair market conditions. Moreover, members of the Management Board hold shares in RBI AG. Detailed information regarding this is published on the homepage of Raiffeisen Bank International.

30/6/2023 in € million	Companies with significant influence	Affiliated companies	Investments in associates valued at equity	Other interests
Selected financial assets	**68**	**435**	**1,011**	**923**
Equity instruments	0	206	583	182
Debt securities	38	0	109	70
Loans and advances	31	229	320	670
Selected financial liabilities	**2,424**	**115**	**4,854**	**1,375**
Deposits	2,424	115	4,852	1,375
Debt securities issued	0	0	2	0
Other items	**122**	**2**	**536**	**123**
Loan commitments, financial guarantees and other commitments given	70	2	517	118
Loan commitments, financial guarantees and other commitments received	52	0	18	5
Nominal amount of derivatives	107	0	91	1,194
Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions on non-performing exposures	0	(1)	0	0

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

1/1-30/6/2023 in € million	Companies with significant influence	Affiliated companies	Investments in associates valued at equity	Other interests
Interest income	2	5	7	3
Interest expenses	(29)	(1)	(51)	(29)
Dividend income	0	7	29	0
Fee and commission income	2	9	5	5
Fee and commission expenses	(3)	0	(6)	(12)
Increase/decrease in impairment, fair value changes due to credit risk and provisions for non-performing exposures	0	(1)	2	0

1/1-30/6/2022 in € million	Companies with significant influence	Affiliated companies	Investments in associates valued at equity	Other interests
Interest income	6	3	7	12
Interest expenses	(7)	0	(11)	(4)
Dividend income	0	6	38	2
Fee and commission income	4	7	6	3
Fee and commission expenses	(2)	0	(6)	(10)
Increase/decrease in impairment, fair value changes due to credit risk and provisions for non-performing exposures	0	(15)	(1)	0

(39) Employees

Full-time equivalents	1/1-30/6/2023	1/1-30/6/2022
Average number of staff	44,139	44,420
hereof salaried employees	43,520	43,868
hereof wage earners	619	552
Full-time equivalents	**30/6/2023**	**30/6/2022**
Employees as at reporting date	44,559	44,338
hereof Austria	4,702	4,564
hereof foreign	39,857	39,774

Regulatory information

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

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

In addition, based on the Supervisory Review and Evaluation Process (SREP) carried out annually, ECB currently requires RBI to hold additional capital to cover those risks that are not or not adequately covered under Pillar 1. The so-called Pillar 2 Capital Requirement (P2R) of 2.58 per cent is calculated based on the bank's business model, risk management or individual capital situation, for example. Based on ECB's final decision, this requirement must be complied with only at the consolidated level of RBI. In addition, the ECB expects the Pillar 2 Guidance (P2G) of 1.25 per cent to also be adhered to at the consolidated level.

In principle, national supervisors can implement the systemic risk buffer (up to 3 per cent), the capital buffer for systemically important institutions (up to 3 per cent) and the countercyclical capital buffer (up to 2.5 per cent). The Financial Market Stability Board (FMSB), which is responsible in Austria, has recommended that the Austrian Financial Market Authority (FMA) prescribes a systemic risk buffer (SRB) for certain banks, including RBI. A capital buffer was also recommended for certain systemically important banks (O-SII), including RBI. Both buffers were put into force by the FMA via the Capital Buffer Regulation (Kapitalpuffer-Verordnung). For RBI, the SRB was set at 1 per cent and the O-SII at 1.25 per cent. Furthermore a capital conservation buffer of 2.5 per cent must be adhered to.

The determination of the countercyclical capital buffer is also the responsibility of national supervisors and results in a weighted average at RBI level based on the country distribution of the business. This buffer was set at 0 per cent in Austria. At its 36th meeting on 25 April 2023, the FMSB recommended that the countercyclical capital buffer be maintained further at 0 per cent. In addition, those buffer rates that have been set in other member states are included at RBI level and included in the capital requirements based on a weighted average calculation. In RBI, the countercyclical capital buffer amounts to 0.58 per cent.

In total, there is a requirement for the CET1 ratio (including the combined capital buffer requirement) of 11.28 per cent for RBI as at 30 June 2023 and considering P2G, this means a ratio of 12.53 per cent to be adhered to.

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

Total capital

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

in € million	30/6/2023	31/12/2022
Capital instruments and the related share premium accounts	5,991	5,991
Retained earnings	13,801	10,482
Accumulated other comprehensive income (and other reserves)	(4,574)	(3,974)
Minority interests (amount allowed in consolidated CET1)	681	607
Independently reviewed interim profits net of any foreseeable charge or dividend	715	3,337
Common equity tier 1 (CET1) capital before regulatory adjustments	**16,614**	**16,442**
Additional value adjustments (negative amount)	(72)	(93)
Deductions for new net provisioning	0	0
Intangible assets (net of related tax liability) (negative amount)	(606)	(605)
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	(19)	(23)
Fair value reserves related to gains or losses on cash flow hedges	14	51
Negative amounts resulting from the calculation of expected loss amounts	0	0
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	(2)	(4)
Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	(20)	(20)
Exposure amount of the following items which qualify for a risk weight of 1250%, where the institution opts for the deduction alternative	(43)	(30)
hereof: securitization positions (negative amount)	(43)	(30)
Other regulatory adjustments	(45)	(74)
Total regulatory adjustments to common equity tier 1 (CET1)	**(794)**	**(799)**
Common equity tier 1 (CET1) capital	**15,819**	**15,643**
Capital instruments and the related share premium accounts	1,675	1,675
Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	0	0
Qualifying tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	40	34
Total regulatory adjustments to Additional Tier 1 (AT1) capital	**(33)**	**(33)**
Additional tier 1 (AT1) capital	**1,681**	**1,676**
Tier 1 capital (T1 = CET1 + AT1)	**17,501**	**17,319**
Capital instruments and the related share premium accounts	2,298	2,362
Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	35	51
Credit risk adjustments	293	282
Total regulatory adjustments to Tier 2 (T2) capital	**(273)**	**(312)**
Tier 2 (T2) capital	**2,353**	**2,383**
Total capital (TC = T1 + T2)	**19,854**	**19,702**
Total risk-weighted assets (RWA)	**99,207**	**97,680**

Total capital requirement and risk-weighted assets

in € million	30/6/2023		31/12/2022	
	Risk-weighted exposure	Capital requirement	Risk-weighted exposure	Capital requirement
Total risk-weighted assets (RWA)	**99,207**	**7,937**	**97,680**	**7,814**
Risk-weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	**76,793**	**6,143**	**76,208**	**6,097**
Standardized approach (SA)	**27,965**	**2,237**	**29,196**	**2,336**
Exposure classes excluding securitization positions	27,965	2,237	29,196	2,336
Central governments or central banks	2,667	213	2,666	213
Regional governments or local authorities	122	10	128	10
Public sector entities	17	1	16	1
Multilateral development banks	148	12	0	0
Institutions	178	14	241	19
Corporates	6,973	558	7,274	582
Retail	5,906	472	6,823	546
Secured by mortgages on immovable property	6,118	489	6,461	517
Exposure in default	560	45	635	51
Items associated with particular high risk	201	16	233	19
Covered bonds	4	0	4	0
Collective investments undertakings (CIU)	84	7	66	5
Equity interests	1,612	129	1,537	123
Other items	3,375	270	3,112	249
Internal ratings based approach (IRB)	**48,828**	**3,906**	**47,012**	**3,761**
IRB approaches when neither own estimates of LGD nor conversion factors are used	**39,720**	**3,178**	**38,960**	**3,117**
Central governments or central banks	3,928	314	2,657	213
Institutions	3,715	297	3,111	249
Corporates - SME	2,880	230	3,375	270
Corporates - Specialized lending	4,021	322	3,827	306
Corporates - Other	25,176	2,014	25,991	2,079
IRB approaches when own estimates of LGD and/or conversion factors are used	**8,238**	**659**	**7,302**	**584**
Retail - Secured by real estate SME	99	8	72	6
Retail - Secured by real estate non-SME	3,075	246	3,057	245
Retail - Qualifying revolving	623	50	423	34
Retail - Other SME	474	38	376	30
Retail - Other non-SME	3,967	317	3,374	270
Equity interests	578	46	409	33
Simple risk weight approach	0	0	0	0
Other equity exposure	0	0	0	0
PD/LGD approach	0	0	0	0
Other non-credit obligation assets	292	23	341	27

in € million	30/6/2023 Risk-weighted exposure	30/6/2023 Capital requirement	31/12/2022 Risk-weighted exposure	31/12/2022 Capital requirement
Total risk exposure amount for settlement/delivery	**38**	**3**	**19**	**1**
Settlement/delivery risk in the non-trading book	0	0	0	0
Settlement/delivery risk in the trading book	38	3	19	1
Total risk exposure amount for position, foreign exchange and commodities risk	**7,968**	**637**	**6,889**	**551**
Risk exposure amount for position, foreign exchange and commodities risks under standardized approaches (SA)	**6,325**	**506**	**5,634**	**451**
Traded debt instruments	991	79	962	77
Equity interests	86	7	74	6
Particular approach for position risk in CIUs	2	0	1	0
Foreign exchange	5,230	418	4,591	367
Commodities	16	1	6	0
Risk exposure amount for position, foreign exchange and commodities risks under internal models (IM)	**1,642**	**131**	**1,255**	**100**
Total risk exposure amount for operational risk	**12,404**	**992**	**12,667**	**1,013**
OpR standardized (STA) /alternative standardized (ASA) approaches	12,404	992	12,667	1,013
OpR advanced measurement approaches (AMA)	0	0	0	0
Total risk exposure amount for credit valuation adjustments	**296**	**24**	**280**	**22**
Standardized method	296	24	280	22
Other risk exposure amounts	**1,708**	**137**	**1,618**	**129**
of which risk-weighted exposure amounts for credit risk: securitization positions (revised securitization framework)	1,708	137	1,618	129

Regulatory capital ratios

in per cent	30/6/2023	31/12/2022
Common equity tier 1 ratio (transitional)	15.9 %	16.0 %
Common equity tier 1 ratio (fully loaded)	15.6 %	15.6 %
Tier 1 ratio (transitional)	17.6 %	17.7 %
Tier 1 ratio (fully loaded)	17.3 %	17.3 %
Total capital ratio (transitional)	20.0 %	20.2 %
Total capital ratio (fully loaded)	19.9 %	20.0 %

Leverage ratio

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

in € million	30/6/2023	31/12/2022
Leverage exposure	235,798	235,640
Tier 1	17,501	17,319
Leverage ratio in per cent (transitional)	**7.4 %**	**7.3 %**
Leverage ratio in per cent (fully loaded)	**7.3 %**	**7.1 %**

Events after the reporting date

Introduction of one-off special tax in Russia

On 21 July 2023, the Lower House of the Russian Parliament (Duma) adopted the introduction of one-off special tax (windfall tax) in Russia; the Upper House of the Russian Parliament and the President are expected to sign it in the third quarter of 2023. The new law is expected to come into force on 1 January 2024. The tax base is calculated as the difference between the average value of taxable profits for 2021 and 2022 and the average value of taxable profits for 2018 and 2019. The tax rate will be 10 per cent. Although certain terms and aspects of the windfall tax law are unclear and subject to interpretation it is expected that in case companies transfer 50 per cent of the windfall tax in the form of a voluntary security payment to the Russian Federal Budget in the fourth quarter of 2023, then they may actually reduce the effective tax rate of windfall tax to 5 per cent. RBI expects an additional tax of up to € 100 million (at 10 per cent tax rate) or € 50 million (if voluntary security payment mechanics will be approached).

Key figures

Alternative Performance Measures (APM)

The Group uses alternative performance measures in its financial reporting, not defined by IFRS or CRR regulations, to describe RBI Group's financial position and performance. These should not be viewed in isolation but treated as supplementary information.

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

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

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

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

Loan/deposit ratio is used to assess a bank's liquidity. It is calculated with loans to non-financial corporations and households in relation to deposits from non-financial corporations and households.

Net interest margin is used for external comparison with other banks as well as an internal profitability measurement of products and segments. It is calculated with net interest income set in relation to average interest-bearing assets (total assets less investments in subsidiaries and associates, tangible fixed assets, intangible fixed assets, tax assets and other assets).

NPE – Non-performing exposure. It contains all non-performing loans and debt securities according to the applicable definition of the EBA document Implementing Technical Standards (ITS) on Supervisory Reporting (Forbearance and non-performing exposures).

NPL – Non-performing loans. It contains all non-performing loans according to the applicable definition of the EBA document Implementing Technical Standards (ITS) on Supervisory Reporting (Forbearance and non-performing exposures).

NPE ratio is an economic ratio to demonstrate the proportion of non-performing loans and debt securities in relation to the entire loan portfolio of customers and banks, and debt securities. The ratio reflects the quality of the loan portfolio of the bank and provides an indicator for the performance of the bank's credit risk management.

NPL ratio is an economic ratio to demonstrate the proportion of non-performing loans in relation to the entire loan portfolio to customers and banks. The ratio reflects the quality of the loan portfolio of the bank and provides an indicator for the performance of the bank's credit risk management.

NPE coverage ratio describes to which extent non-performing loans and debt securities have been covered by impairments (Stage 3) thus expressing the ability of a bank to absorb losses from its NPE. It is calculated with impairment losses on loans to customers and banks and on debt securities set in relation to non-performing loans to customers and banks and debt securities.

NPL coverage ratio describes to which extent non-performing loans have been covered by impairments (Stage 3) thus expressing the ability of a bank to absorb losses from its NPL. It is calculated with impairment losses on loans to customers and banks set in relation to non-performing loans to customers and banks.

Operating result is used to describe the operative performance of a bank for the reporting period. It consists of operating income less general administrative expenses.

Operating income – They are primarily income components of the ongoing business operations (before impairment). It comprises net interest income, dividend income, current income from investments in associates, net fee and commission income, net trading income and fair value result, net gains/losses from hedge accounting and other net operating income.

Provisioning ratio is an indicator for development of risk costs and provisioning policy of an enterprise. It is computed by dividing impairment or reversal of impairment on financial assets (customer loans) by average customer loans.

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

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

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

Total capital specific key figures

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

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

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

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

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

List of abbreviations

BP	Basis points
BWG	Austrian Banking Act (Bankwesengesetz)
CDS	Credit Default Swap
CE	Central Europe
CEE	Central and Eastern Europe
CET 1	Common Equity Tier 1
CoE	Cost of Equity
CRR	Capital Requirements Regulation
DCF	Discounted Cash-Flow
EAD	Exposure at Default
EBA	European Banking Authority
ECL	Expected Credit Losses
EE	Eastern Europe
ECB	European Central Bank
ESAEG	Deposit Protection and Investor Compensation Act (Einlagensicherungs- und Anlegerentschädigungsgesetz)
ESG	Environmental, Social and Governance
FMA	Financial Market Authority
FMSB	Financial Market Stability Board
GDP	Gross Domestic Product
HQLA	High Quality Liquid Assets
IAS/IFRS	International Accounting Standards/International Financial Reporting Standards
IBOR	Interbank Offered Rate
IPS	Institutional Protection Scheme
IRB	Internal Ratings Based
ITS	Implementing Technical Standards
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
MREL	Minimum Requirement for Own Funds and Eligible Liabilities
NPE	Non-Performing Exposure
NPL	Non-Performing Loans
NSFR	Net Stable Funding Ratio
OTC	Over The Counter
PD	Past Due
PEPP	Pandemic Emergency Purchase Programme
POCI	Purchased or Originated Credit Impaired
RBI	Raiffeisen Bank International Group
RBI AG	Raiffeisen Bank International Aktiengesellschaft
RWA	Risk-Weighted Assets
RORAC	Return on Risk Adjusted Capital
SA	Standardized Approach
SA-CCR	Standardized Approach to Counterparty Credit Risk
SEE	Southeastern Europe
SICR	Significant Increase in Credit Risk
SIRP	Special Interest Rate Period
SRB	Systemic Risk Buffer
SREP	Supervisory Review and Evaluation Process
TLTRO	Targeted Longer-Term Refinancing Operations
UNEP FI	UN Environment Programme Finance Initiative
VaR	Value-at-Risk
WACC	Weighted Average Cost of Capital

Statement of all legal representatives

We confirm to the best of our knowledge that the condensed interim 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 semi-annual group management report gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the condensed interim financial statements, of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions.

Electronically signed by:

Vienna, 31 July 2023

The Management Board

Johann Strobl m.p.	Andreas Gschwenter m.p.
Łukasz Januszewski m.p.	Peter Lennkh m.p.
Hannes Mösenbacher m.p.	Andrii Stepanenko m.p.

Report on the Review of the condensed Interim Consolidated Financial Statements

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of Raiffeisen Bank International AG, Vienna, for the period from 1 January 2023 to 30 June 2023. These condensed interim consolidated financial statements comprise the statement of financial position as of 30 June 2023, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the period from 1 January 2023 to 30 June 2023 and the condensed notes, summarizing the significant accounting policies and other explanatory notes.

Management is responsible for the preparation of the condensed interim consolidated financial statements in accordance with International Financial Reporting Standards (IFRS's) for Interim Reporting as adopted by the EU.

Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review procedures.

Our liability towards the Company and towards third parties is limited in accordance with § 125 par 3 Austrian Stock Exchange Act in connection with § 275 par 2 of the Austrian Commercial Code (UGB) and § 62a Austrian Banking Act (BWG).

Scope of review

We conducted our review in accordance with Austrian Standards for Chartered Accountants, in particular in compliance with KFS/PG 11 "Principles of Engagements to Review Financial Statements", and with the International Standard on Review Engagements (ISRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

A review of interim financial statements includes primarily of making inquiries, primarily of company personnel responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Austrian Standards on Auditing and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review procedures, nothing came to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects in accordance with International Financial Reporting Standards (IFRS's) for Interim Reporting as adopted by the EU.

Statement on the interim group management report

We have read the accompanying interim group management report and evaluated whether it does not contain any apparent inconsistencies with the condensed interim consolidated financial statements. Based on our evaluation, the interim group management report does not contain any apparent inconsistencies with the condensed interim consolidated financial statements.

Vienna, 31. July 2023

Deloitte Audit Wirtschaftsprüfungs GmbH

Dr. Peter Bitzyk

Wirtschaftsprüfer

(Austrian Chartered Accountant)

Note: This report is a translation of the original report in German, which is solely valid. The condensed interim consolidated finan-cial statements and the interim group management report together with our review report may be published or transmitted only as agreed by us.

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

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

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

Raiffeisen Bank International