Raiffeisen Bank International

Member of RBI Group

Third Quarter Report 2021

Overview

Raiffeisen Bank International (RBI)

Monetary values in € million	2021	2020	Change
Income statement	**1/1-30/9**	**1/1-30/9**	
Net interest income	2,445	2,476	(1.2)%
Net fee and commission income	1,470	1,272	15.6%
General administrative expenses	(2,185)	(2,136)	2.3%
Operating result	1,912	1,870	2.2%
Impairment losses on financial assets	(152)	(497)	(69.4)%
Profit/loss before tax	1,452	920	57.8%
Profit/loss after tax	1,155	679	70.0%
Consolidated profit/loss	1,055	599	76.2%
Statement of financial position	**30/9**	**31/12**	
Loans to banks	16,678	11,952	39.5%
Loans to customers	100,659	90,671	11.0%
Deposits from banks	39,143	29,121	34.4%
Deposits from customers	114,651	102,112	12.3%
Equity	15,432	14,288	8.0%
Total assets	190,610	165,959	14.9%
Key ratios	**1/1-30/9**	**1/1-30/9**	
Return on equity before tax	13.6%	9.1%	4.4 PP
Return on equity after tax	10.8%	6.7%	4.1 PP
Consolidated return on equity	11.1%	6.4%	4.7 PP
Cost/income ratio	53.3%	53.3%	0.0 PP
Cost/income ratio (incl. compulsory contributions)	57.9%	59.4%	(1.5) PP
Return on assets before tax	1.09%	0.77%	0.32 PP
Net interest margin (average interest-bearing assets)	1.96%	2.21%	(0.25) PP
Provisioning ratio (average loans to customers)	0.21%	0.72%	(0.51) PP
Bank-specific information	**30/9**	**31/12**	
NPE ratio	1.6%	1.9%	(0.2) PP
NPE coverage ratio	62.2%	61.5%	0.7 PP
Total risk-weighted assets (RWA)	88,862	78,864	12.7%
Common equity tier 1 ratio[1]	13.2%	13.6%	(0.5) PP
Tier 1 ratio[1]	15.0%	15.7%	(0.7) PP
Total capital ratio[1]	17.7%	18.4%	(0.7) PP
Stock data	**1/1-30/9**	**1/1-30/9**	
Earnings per share in €	3.00	1.66	80.1%
Closing price in € (30/9)	22.68	13.07	73.5%
High (closing prices) in €	22.72	22.92	(0.9)%
Low (closing prices) in €	16.17	11.25	43.7%
Number of shares in million (30/9)	328.94	328.94	0.0%
Market capitalization in € million (30/9)	7,460	4,299	73.5%
Resources	**30/9**	**31/12**	
Employees as at reporting date (full-time equivalents)	45,825	45,414	0.9%
Business outlets	1,797	1,857	(3.2)%
Customers in million	18.6	17.2	8.6%

1 Fully loaded - including result

From 1 January 2021, the income statement has been slightly adjusted (previous year's figures were adapted). Further details can be found in the notes under changes to the income statement. In this report RBI denotes the RBI Group. If RBI AG is used it denotes Raiffeisen Bank International AG. Adding and subtracting rounded amounts in tables and charts may lead to minor discrepancies. Changes in tables are not based on rounded amounts. The ratios referenced in this report are defined in the consolidated financial statements under key figures.

Content

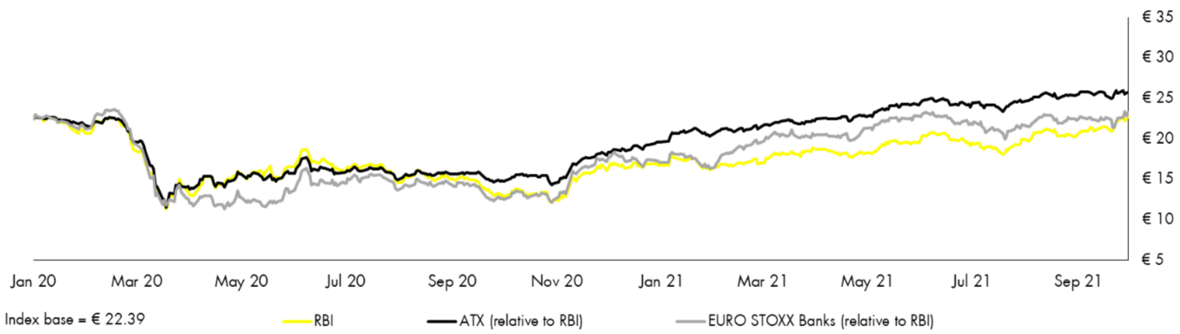
RBI in the capital markets

Performance of RBI stock

The Austrian stock index reached a new all-time high towards the end of the third quarter, thus continuing the positive trend seen during the year. International stock markets also continued their upward trend in the third quarter, some even achieving new all-time highs, however started to mostly trend slightly weaker towards the end of the quarter. This was mainly due to increasing shortages and delays in the delivery of important commodities and semiconductors, especially for industry, which led to production being cutback or even halted in the automobile industry despite having full order books. This was accompanied by declines in important early economic indicators, which indicated at least a temporary weakening of economic growth. The possible collapse of a large Chinese property development group was causing concern among global investors, albeit the majority of market participants still assume that the Chinese government will take measures in order to avoid a systemic crisis.

As a result of further economic recovery in the euro area and US, consumer prices started to rise significantly. Bond yield movements were accordingly volatile over the course of the quarter and following a temporary decline, they started to significantly rise again towards the end of the quarter alongside rising inflation rates. Bank share prices could benefit from the rise in bond yields.

Against this backdrop, RBI's share price was up 19 per cent in the third quarter of 2021, closing at € 22.68 on 30 September 2021. The Austrian stock index (ATX) gained 8 per cent over the same period and the EURO STOXX Banks index was up 7 per cent. The RBI share has been one of the top performers in the ATX during the current financial year.



Capital market communication

Following publication of the semi-annual results on 30 July 2021, RBI held a conference call with around 180 participants. Due to the ongoing restrictions in Austria on gatherings, the usual in-person meetings in Vienna, in which the results are discussed with members of the press, as well as investors and analysts, were conducted via conference calls or video conferences.

The webcasts and investor presentations can be found online under www.rbinternational.com → Investors → Presentations & Webcasts.

Roadshows and investor conferences also continued to be conducted online. In the third quarter of 2021, members of RBI's Management Board and IR team participated in 11 such events. In addition, analysts, equity and debt investors were offered personal meetings via telephone or video conference with the CEO/CRO and Investor Relations.

Recurring topics in the third quarter of 2021, were the impact of the COVID-19 pandemic on RBI business, further growth in the Group, the development of risk costs, as well as a possible additional dividend distribution for the 2020 financial year.

A total of 21 equity analysts and 22 debt analysts provided investment recommendations on RBI in the third quarter of 2021.

Benchmark issuance

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

Shareholder structure

The regional Raiffeisen banks continue to hold 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. The institutional investors are primarily from North America and Europe and increasingly from Asia and Australia. These include sovereign wealth funds and supranational organizations, which offer stability due to their preferred long-term investment strategies. RBI's shareholders also include a large number of Austrian private investors.

Stock data and details	
Share price (closing) on 30 September 2021	€ 22.68
High/low (closing share price) in the third quarter 2021	€ 22.72/€ 18.05
Earnings per share from 1 January to 30 September 2021	€ 3.00
Book value per share as at 30 September 2021	€ 39.03
Market capitalization as at 30 September 2021	€ 7.5 billion
Average daily trading volume (single count) in the third quarter 2021	345,798 shares
Number of shares issued as at 30 September 2021	328,939,621

Rating upgrade

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

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

Interim group management report

Market development

In light of the progress of vaccination programs, rising infection rates are no longer prompting widespread business closures. Most of the (service) sectors that were particularly hard hit by the restrictions proved to be drivers of upward economic momentum in the summer months. Many countries in Europe are expected to return to their pre-crisis macroeconomic levels by the end of 2021. Industrial supply chains are expected to remain disrupted well into 2022, posing an ongoing challenge for the industrial sector in particular. However, this should not have a significant adverse impact on the economy as a whole. Increased energy prices reduce consumers' purchasing power and tend to have a cooling effect on the economy, however the additional savings accumulated in 2020 and foreseeable rise in employment are opposing factors.

In the second quarter, GDP in the euro area grew by a robust 2.2 per cent quarter-on-quarter and is expected to also report strong growth in the third quarter. Economic output is expected to be around 5 per cent higher for the 2021 as a whole, than in the year prior. The recovery should be followed by a sustained upturn and above-average GDP growth is generally expected to continue in 2022 and 2023. Inflation has been climbing progressively over the course of 2021, pushing year-on-year inflation above the 3 per cent mark since September. The spike in consumer prices followed the sharp rise in energy prices and base effects, as discounts and tax cuts from 2020 were unwound during the year. One-off effects will also shape 2022, however will have a dampening effect on inflation. Consequently, inflation is expected to start falling considerably from January 2022 despite current elevated cost pressures and to fall further over the course of 2022.

The European Central Bank sees the current high inflation rate as temporary and is not signaling any intention to fundamentally realign its monetary policy. According to its current communication and new strategy, key interest rate hikes are only a distant prospect. Its next step is to recalibrate bond purchases. The assumption is that they will be gradually tapered as 2022 progresses instead of being abruptly and sharply reduced.

The Austrian economy experienced a much steeper decline in economic output over the last winter period (Q4 2020/Q1 2021) than the euro area as a whole. However, as a result of the easing of restrictions that were initiated in the spring, the decline was followed by a more pronounced increase in GDP than in the euro area in the second quarter of 2021, and probably the third quarter as well. The strong economic recovery in the summer months was largely driven by the hotel and restaurant industries. In contrast to Germany, however, the industrial sector also contributed to GDP growth. Nevertheless, due to the unfavorable starting conditions at the beginning of the year, GDP growth for 2021 as a whole is expected to be 4.5 per cent (2020: decline of 6.7 per cent), i.e. slightly lower than in the euro area. Despite this, the Austrian economy is expected to grow at a faster pace than the euro area in 2022, with GDP rising 4.5 per cent. Growth in 2021 should be driven mainly by very dynamic investment activity, while private consumption is expected to play a key role in 2022.

The countries of Central Europe (CE) recorded solid GDP growth in the second quarter, largely attributable to restrictions being lifted. In some countries in the region, however, the economic recovery slowed due to interrupted supply chains, which weighed particularly heavily on the industrial sector. The main drivers of continued growth should be foreign demand, private consumption and investment. Further economic stimulus is expected from EU programs (NGEU and SURE) as well as national fiscal policy. GDP in the CE region is expected to grow 5.1 per cent in 2021 and 5.0 per cent in 2022, which would make CE the fastest growing region in Central and Eastern Europe (CEE) in 2022. The political dispute between the EU and Hungary/Poland has not yet been resolved, but the delayed payout of subsidies is nevertheless unlikely to have a significant impact on the economy in the short term.

The Southeastern Europe (SEE) region is expected to have the highest GDP growth of the entire CEE region in 2021. Following the strong start to the year, the second quarter also proved dynamic, leading to upward revisions of the annual GDP forecasts. This is particularly true for Croatia, due not least to a tourist season that exceeded expectations. Romania, the region's largest economy, is forecast to grow at a robust rate of 7.5 per cent in 2021, and by 4.7 per cent in 2022. However, the current severity of the pandemic and political situation in parts of the region pose risk factors. The SEE region as a whole is forecast to post GDP growth of 6.8 per cent in 2021, followed by 4.4 per cent in the year following. Supportive factors include private consumption, foreign demand, investment (fueled by NGEU) and fiscal tailwinds (especially in Serbia). Although many countries in the region have comparatively low vaccination coverage rates, further widespread restrictions on economic activity are not the most likely scenario.

The economic recovery is also continuing in the Eastern Europe (EE) region, with expected growth of 3.6 per cent in 2021, and a projected rate of 1.5 per cent in 2022. In particular, the Russian economy has picked up steam again, with stronger economic growth in the second quarter of 2021, support from higher oil prices, strong retail sales, and fiscal stimulus in the fall. This should result in economic growth of 3.0 per cent for 2021, with upside risks to the 1.3 per cent forecast for 2022. As in Russia, private household demand increased significantly in Ukraine, while growth in the industrial sector was lower. GDP growth in Ukraine is expected to be around 3.5 per cent in 2021 and 3.7 per cent in 2022. Belarus's economic growth in 2021 was a positive surprise in light of EU economic sanctions, which will however pose a risk to growth momentum in 2022. In Eastern Europe, sharply rising food prices and other factors led to significant price increases as early as in the first half of the year, prompting central banks to raise interest rates to combat inflation. Inflation should moderate again in the coming year, meaning that the cycle of interest rate hikes in Eastern Europe will come to an end.

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

Region/country	2020	2021e	2022f	2023f
Czech Republic	(5.8)	3.7	4.4	3.0
Hungary	(5.2)	7.0	5.5	3.5
Poland	(2.7)	5.1	5.1	4.6
Slovakia	(4.8)	5.0	5.0	4.5
Slovenia	(5.5)	7.1	4.5	3.5
Central Europe	**(4.0)**	**5.1**	**5.0**	**4.1**
Albania	(4.0)	5.7	4.4	3.9
Bosnia and Herzegovina	(3.2)	5.8	3.8	3.6
Bulgaria	(4.2)	4.5	4.0	4.0
Croatia	(8.1)	7.0	4.4	4.0
Kosovo	(3.3)	8.2	4.7	4.0
Romania	(3.9)	7.5	4.7	4.5
Serbia	(0.9)	6.5	4.0	3.5
Southeastern Europe	**(4.1)**	**6.8**	**4.4**	**4.2**
Belarus	(0.9)	1.7	0.5	2.0
Russia	(3.0)	3.7	1.3	1.5
Ukraine	(4.0)	3.5	3.7	3.2
Eastern Europe	**(3.0)**	**3.6**	**1.5**	**1.7**
Austria	**(6.7)**	**4.5**	**4.5**	**2.2**
Euro area	**(6.5)**	**5.0**	**4.0**	**2.5**

Source: Raiffeisen Research – The above values are based on analysts' estimates (base scenario) from the end of October 2021; subsequent revisions may be made for prior years (e: estimate, f: forecast)

Significant events in the reporting period

Raiffeisenbank a.s. (Czech Republic) signs referral agreement with ING on re-contracting of Czech retail customers

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

First-time consolidation of Equa

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

Equa contributed € 16 million towards RBI's net interest income in the third quarter. At the same time, € 12 million was added to general administrative expenses and € 15 million in impairment losses on financial assets (mostly Stage 1). Customer loans totaled € 2,056 million at the end of the third quarter.

In 2022, Equa bank a.s. will be merged into Raiffeisenbank a.s., RBI's Czech subsidiary.

Serbian subisidiary, Raiffeisen banka a.d., signed agreement on acquisition of Crédit Agricole Srbija

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

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

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

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

Earnings and financial performance

After the pandemic-driven recession in the previous year, the current financial year is being marked by economic recovery. Consolidated profit increased by a substantial 76 per cent year-on-year to € 1,055 million. An expansion of business volumes allowed for net interest income, which had been impacted by key interest rate cuts and currency devaluations, to be largely stabilized. The recent rises in market interest rates in many Group countries has already resulted in an increase in net interest income over the last quarter. Net fee and commission income has also regained its pre-pandemic level with an increase of 16 per cent. The increase in consolidated profit was also due to significantly lower loan loss provisions, which at € 152 million were € 345 million below the previous year's period. Reversals of impairment on equity investments and lower expenses for governmental measures and compulsory contributions also had a positive impact on profit.

In addition to the low interest rate environment, the income statement continues to be impacted by currency movements due to the COVID-19 pandemic. Following strong devaluation pressure on numerous CEE currencies in the financial year 2020, the current financial year 2021 has seen a visible appreciation trend. Nevertheless, the average exchange rates of the Russian ruble and Ukrainian hryvnia were both 10 per cent, the Belarusian ruble 13 per cent and the US dollar 6 per cent, below the respective level of the prior year.

in € million	1/1-30/9/2021	1/1-30/9/2020[1]	Change	
Net interest income	2,445	2,476	(31)	(1.2)%
Dividend income	37	19	18	97.2%
Current income from investments in associates	34	44	(10)	(23.3)%
Net fee and commission income	1,470	1,272	198	15.6%
Net trading income and fair value result	29	95	(67)	(70.0)%
Net gains/losses from hedge accounting	(5)	7	(12)	–
Other net operating income	86	92	(6)	(6.6)%
Operating income	**4,096**	**4,006**	**91**	**2.3%**
Staff expenses	(1,188)	(1,175)	(13)	1.1%
Other administrative expenses	(697)	(674)	(23)	3.5%
Depreciation	(300)	(287)	(12)	4.3%
General administrative expenses	**(2,185)**	**(2,136)**	**(49)**	**2.3%**
Operating result	**1,912**	**1,870**	**42**	**2.2%**
Other result	(121)	(210)	89	(42.3)%
Governmental measures and compulsory contributions	(187)	(244)	57	(23.3)%
Impairment losses on financial assets	(152)	(497)	345	(69.4)%
Profit/loss before tax	**1,452**	**920**	**532**	**57.8%**
Income taxes	(297)	(240)	(57)	23.6%
Profit/loss after tax	**1,155**	**679**	**475**	**70.0%**
Profit attributable to non-controlling interests	(100)	(81)	(19)	23.8%
Consolidated profit/loss	**1,055**	**599**	**456**	**76.2%**

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

Operating income

Net interest income decreased € 31 million to € 2,445 million, due to the low interest rate environment in numerous markets in the Group and currency devaluations, especially in Russia, Belarus and Ukraine. Group average interest-bearing assets rose 11 per cent, mainly due to increases in short-term investments of excess liquidity. The net interest margin narrowed 25 basis points to 1.96 per cent.

Dividend income increased € 18 million to € 37 million, primarily in Hungary, the Czech Republic and Albania.

Despite currency devaluations in Eastern Europe, net fee and commission income increased € 198 million to € 1,470 million, primarily due to increased transactions during the reporting period in clearing, settlement and payment services and foreign exchange business, following COVID-19-related restrictions in the previous year. The largest increase was recorded at head office. There were further increases on a currency-adjusted basis in Russia, Hungary, Romania and the Czech Republic. Net fee income from asset management also rose, with the strongest (volume-related) increase at Raiffeisen Kapitalanlage-Gesellschaft.

Net trading income and fair value result decreased € 67 million to € 29 million. The decrease was mainly due to interest rate-related valuation losses on government bonds and foreign exchange derivatives in Russia, in the amount of € 47 million. There were also valuation losses at head office on currency derivatives and foreign currency positions, which were partly offset by interest rate-related valuation gains on own issues measured at fair value.

Other net operating income decreased € 6 million year-on-year, largely due to the release of a provision for litigation in Slovakia in the comparable period (€ 18 million). Derecognition of the AVAL brand in Ukraine resulted in a loss of € 8 million following a change in strategic focus. This was offset by a € 14 million improvement in the result from derecognition of loans, mainly at head office, in Romania and Serbia, and by € 4 million higher income from additional leasing services.

General administrative expenses

Despite currency depreciations, general administrative expenses were up 2 per cent year-on-year, or € 49 million, to € 2,185 million. Currency movements in the reporting period led to a € 48 million reduction, primarily as a result of the depreciation of the Belarusian ruble by 13 per cent and of both the Russian ruble and Ukrainian hryvnia by10 per cent (average exchange rate for the period). Staff expenses rose € 13 million to € 1,188 million, mainly due to increases at head office, in the Czech Republic and in Hungary. On a currency-adjusted basis, the increase in Russia would be 11 per cent. Other administrative expenses increased € 23 million to € 697 million. This increase was mainly driven by higher legal, advisory and consulting expenses (up € 17 million) at head office, in Poland and the Czech Republic. There were further increases in IT expenses (up € 10 million), mainly at head office and in the Czech Republic. Currency effects and, in various markets, lower office space expenses as a result of the COVID-19 pandemic also reduced expenses. Depreciation of tangible and intangible fixed assets increased 4 per cent, or € 12 million, to € 300 million, mainly due to the recognition of software assets at head office.

The number of business outlets fell 161 year-on-year to 1,797. The largest declines were in Ukraine (down 61), Romania (down 40) and Slovakia (down 18). The average headcount decreased by 739 full-time equivalents year-on-year to 45,873, primarily in the Ukraine (down 691) due to branch closures, as well as in Slovakia (down 210), Romania (down 147) and Russia (down 133). Conversely, the integration of Equa bank resulted in an increase of 508.

Other result

The other result amounted to minus € 121 million in the reporting period, compared to minus € 210 million in the comparable period. In the reporting period, good business performance and rising stock market prices of listed equity investments resulted in € 73 million in reversals of impairment losses on investments in associates valued at equity (UNIQA Insurance Group AG and LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG). This compared to impairment losses of € 109 million in the previous year's period due to the deteriorating economic outlook as a result of the pandemic. A goodwill impairment of € 27 million was also recognized in the previous year's period on Raiffeisen Kapitalanlage-Gesellschaft to reflect the revised medium-term plan due to the pandemic. The previous year's period also saw net modification losses of € 26 million due to the introduction of loan repayment moratoriums; these losses totaled € 7 million in the reporting period. Also impacting the other result in the reporting period, were allocations to credit-linked and portfolio-based provisions for litigation in the amount of € 172 million (up € 129 million) in Poland, Croatia and Romania. In Poland, provisions relating to mortgage loans denominated in or indexed to a foreign currency were allocated in the amount of € 145 million (up € 115 million) as a result of changes in the parameters of the model calculation.

Governmental measures and compulsory contributions

Expenses for governmental measures and compulsory contributions decreased € 57 million to € 187 million. Bank levies declined € 65 million to € 32 million. This reduction mainly related to the discontinuation of the special bank levy in Austria (previous year's period: € 41 million), which was introduced in 2016 and totaled € 163 million for RBI. This was booked in four tranches from 2017 to 2020. Furthermore, the bank levy in Slovakia was abolished (previous year's period: € 26 million). Deposit insurance fees increased € 9 million – predominantly in Slovakia, in Russia and at Raiffeisen Bausparkasse Österreich Gesellschaft m.b.H. – to € 80 million.

Impairment losses on financial assets

Impairment losses on financial assets in the amount of € 152 million were recognized in the reporting period, compared with € 497 million in the previous year's period. This includes risk costs related to COVID-19 – post-model adjustments and adjustments to macroeconomic data – in the amount of € 19 million in the reporting period (€ 42 million in net allocations of provisions relating to non-financial corporations and € 23 million in net releases of provisions relating to households) and € 201 million in the comparable period (€ 175 million relating to non-financial corporations and € 26 million to households).

In Stage 1 and Stage 2, net impairments of € 40 million were recognized in the reporting period (previous year's period: € 268 million), including a net € 62 million relating to loans to non-financial corporations, mainly in Austria (€ 32 million) and Belarus (€ 24 million). A net release of € 26 million was recognized for loans to households, mainly in the Czech Republic (€ 8 million) and in Croatia and Slovakia (€ 7 million each). For defaulted loans (Stage 3), net impairments of € 112 million were recognized in the reporting period (previous year's period: net € 222 million). Of this, € 101 million related to households, primarily in Russia (€ 37 million), in Romania as well as Bosnia and Herzegovina (€ 12 million each), and in Slovakia (€ 10 million). A net release of € 9 million related to other financial corporations.

The NPE ratio decreased 0.2 percentage points to 1.6 per cent due to an increase in deposits at central banks and higher lending volumes. The NPE coverage ratio rose 0.7 percentage points to 62.2 per cent.

Income taxes

Income taxes increased € 57 million to € 297 million, whereas the tax rate fell 5.7 percentage points to 20.4 per cent. This was mainly due to an improved earnings contribution from head office and valuations of investments in associates valued at equity.

Quarterly results

in € million	Q3/2020[1]	Q4/2020[1]	Q1/2021	Q2/2021	Q3/2021
Net interest income	770	765	767	804	875
Dividend income	4	3	5	27	5
Current income from investments in associates	22	(3)	16	6	12
Net fee and commission income	433	466	434	499	538
Net trading income and fair value result	33	(2)	5	27	(3)
Net gains/losses from hedge accounting	3	(8)	6	(7)	(3)
Other net operating income	21	25	28	27	31
Operating income	**1,286**	**1,247**	**1,259**	**1,382**	**1,455**
Staff expenses	(367)	(391)	(382)	(394)	(412)
Other administrative expenses	(221)	(276)	(213)	(243)	(241)
Depreciation	(97)	(110)	(97)	(98)	(105)
General administrative expenses	**(685)**	**(777)**	**(692)**	**(735)**	**(758)**
Operating result	**601**	**470**	**567**	**647**	**697**
Other result	(38)	5	(38)	(37)	(47)
Governmental measures and compulsory contributions	(24)	(28)	(130)	(31)	(26)
Impairment losses on financial assets	(185)	(133)	(79)	(31)	(42)
Profit/loss before tax	**354**	**314**	**321**	**549**	**582**
Income taxes	(95)	(84)	(78)	(118)	(101)
Profit/loss after tax	**259**	**230**	**243**	**430**	**481**
Profit attributable to non-controlling interests	(29)	(25)	(28)	(34)	(38)
Consolidated profit/loss	**230**	**205**	**216**	**396**	**443**

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

Development of the third quarter compared to the second quarter

Consolidated profit was up 12 per cent, or € 47 million, quarter-on-quarter. Much of the rise was attributable to an increase of € 73 million in operating income, mainly in net interest income and net fee and commission income. General administrative expenses increased € 23 million.

Net interest income was up € 71 million to € 875 million. The largest increase, of € 28 million, was reported in the Czech Republic, with the integration of Equa bank (up € 16 million), higher market interest rates and an increase in repo business responsible for the positive development. Russia reported a volume- as well as interest rate-related rise of € 22 million in net interest income. In Hungary, an increase in lending and market interest rates generated a € 6 million increase in net interest income. In Ukraine, net interest income also increased € 5 million due to volume and interest rate effects. In the third quarter, the net interest margin widened 7 basis points to 1.99 per cent due to rising interest rates in numerous countries in the Group. Dividend income decreased € 22 million to € 5 million, as the majority of payment dates fall in the second quarter due to the timing of the shareholder meetings at which the corresponding resolutions are passed.

Net fee and commission income rose 8 per cent, or € 39 million, to € 538 million. This was driven by higher volumes and a seasonal increase in revenues from clearing, settlement and payment services as well as from foreign exchange business in almost all countries, particularly Russia.

Net trading income and fair value result declined € 30 million, mainly at head office, and was the result of valuation effects of debt securities and equity instruments, as well as loans measured at fair value.

General administrative expenses were up € 23 million quarter-on-quarter to € 758 million. Staff expenses rose € 18 million to € 412 million, while depreciation increased € 7 million to € 105 million. The main increases were in the Czech Republic (€ 9 million), Hungary and Ukraine (€ 4 million each) for staff expenses, and in the Czech Republic (€ 3 million) and Ukraine (€ 2 million) for depreciation. The increases in the Czech Republic resulted primarily from the first-time consolidation of Equa bank.

The decrease in the other result was mainly due to lower reversals of impairment losses on investments in associates valued at equity. This amounted to € 8 million in the third quarter, compared with € 64 million in the previous quarter. Allocations to credit-linked and portfolio-based provisions for litigation were down € 30 million (Poland: down € 36 million).

Impairment losses on financial assets increased € 11 million compared to the previous quarter. The increase of € 37 million at head office related to provisions for non-financial corporations (Stages 2 and 3). In Belarus (down € 26 million), impairment losses of € 27 million were recorded in the second quarter due to the new EU sanctions.

Statement of financial position

Since the beginning of the year, total assets rose by nearly 15 per cent, or € 24,651 million, to € 190,610 million. Currency movements – marked upward trend in the reporting period, mainly due to the Russian ruble appreciating 8 per cent and US dollar appreciating 6 per cent – resulted in an increase of 2 per cent.

Assets

in € million	30/9/2021	31/12/2020	Change	
Loans to banks	16,678	11,952	4,726	39.5%
Loans to customers	100,659	90,671	9,989	11.0%
Securities	22,901	22,162	740	3.3%
Cash and other assets	50,371	41,174	9,197	22.3%
Total	**190,610**	**165,959**	**24,651**	**14.9%**

The increase in loans to banks mainly occurred in the Czech Republic (up € 3,935 million), due to higher volume in repurchase agreements with the Czech National Bank, and in Hungary (up € 1,105 million). The increase in Hungary was largely attributable to short-term deposits at the Hungarian National Bank.

The 11 per cent increase in customer loans – supported by the appreciation of several currencies (e.g. US dollar, Russian ruble) – mainly resulted from loans to non-financial corporations (up € 4,407 million to € 49,358 million, in the lending business and in short-term lending), and to households (up € 4,271 million to € 38,638 million, especially in mortgages and personal loans). The largest increases occurred in the Czech Republic (up € 2,916 million, including € 2,056 million from the integration of Equa bank), in Russia (up € 2,055 million), at head office (up € 1,799 million), and in Slovakia (up € 695 million).

Securities rose primarily in Romania (up € 373 million), mainly in government bonds denominated in local currency.

The significant increase in cash was attributable to the investment of liquidity – primarily deposits at national banks – at head office (up € 5,759 million), in Slovakia (up € 2,535 million) and in the Czech Republic (up € 1,079 million).

Equity and liabilities

in € million	30/9/2021	31/12/2020	Change	
Deposits from banks	39,143	29,121	10,022	34.4%
Deposits from customers	114,651	102,112	12,538	12.3%
Debt securities issued and other liabilities	21,384	20,438	947	4.6%
Equity	15,432	14,288	1,144	8.0%
Total	**190,610**	**165,959**	**24,651**	**14.9%**

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

The increase in deposits from customers was primarily driven by short-term deposits from households (up € 8,306 million to € 58,353 million) and non-financial corporations (up € 3,145 million to € 42,808 million). The largest increases in deposits were reported in the Czech Republic (up € 6,385 million, including € 5,341 million from households), Russia (up € 1,714 million), Ukraine (up € 773 million), Hungary (up € 680 million), and Slovakia (up € 577 million). Of the increase in the Czech Republic, € 2,665 million resulted from the integration of Equa bank and € 2,071 million from the acquisition of an ING portfolio.

The main contributions to the increase of € 876 million in debt securities came from Romania with € 327 million and the Czech Republic with € 291 million.

For information relating to funding, please refer to the risk report section of the interim consolidated financial statements.

Equity on the statement of financial position

Equity including capital attributable to non-controlling interests rose € 1,144 million from the start of the year to € 15,432 million.

In April 2021, the Annual General Meeting approved a dividend payment of € 0.48 per share for 2020. This amounted to a total dividend distribution of € 158 million. A dividend of € 47 million was distributed for additional tier 1 capital (AT1).

Total comprehensive income increased € 1,470 million to € 1,301 million and comprised profit after tax of € 1,155 million and other comprehensive income of € 146 million. Currency movements since the beginning of the year had a positive impact of € 269 million following a negative impact of € 1,051 million in the previous year. The 8 per cent appreciation of the Russian ruble led to a positive contribution of € 151 million, the 11 per cent appreciation of the Ukrainian hryvnia contributed € 55 million and the 3 per cent appreciation of the Czech koruna resulted in income of € 53 million. This was partly offset by a valuation loss of € 72 million from the hedge of net investments, primarily in Russian rubles.

Capital attributable to non-controlling interests rose € 147 million. This was primarily due to the proportion of total comprehensive income attributable to non-controlling interests of € 120 million and a capital increase of € 49 million in the Czech Republic. Dividend payments, in contrast, reduced the amount by € 38 million – mainly in Ukraine and Slovakia.

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

Common equity tier 1 (CET1) after deductions amounted to € 11,273 million, representing a € 511 million increase compared to the 2020 year-end figure. The main driver of the increase is the half-year profit. The proposed dividend for 2020 of € 0.48 per share was approved by the Annual General Meeting on 22 April 2021 and has already been paid. Following the ECB's decision not to extend its recommendation to limit dividend payments, the Management Board of RBI called an Extraordinary General Meeting to be held on 10 November 2021 to propose the payment of an additional dividend of € 0.75 per share for the financial year 2020. This proposal already resulted in a positive effect of 9 basis points on RBI's common equity tier 1 ratio in the third quarter. Tier 1 capital after deductions increased € 430 million to € 12,919 million. The increase was also mainly due to the half-year profit, as well as an increase in capital eligible for regulatory purposes and allocated to minority interests. Tier 2 capital rose

€ 334 million to € 2,435 million. This was due to a new issue of € 500 million and the reduced regulatory eligibility of outstanding issues (due to the regulatory amortization in the last five years of the maturity period). Total capital totaled € 15,298 million, representing an increase of € 708 million compared to the 2020 year-end figure.

Total risk-weighted assets (RWA) increased € 9,998 million from year-end 2020 to € 88,862 million. The main drivers for organic growth were new lending business as well as business developments at head office. Inorganic growth was driven by both rating downgrades in the credit business as well as by increases in market risk caused by an increase in the multiplier in the internal model. An increase in operational risk, largely attributable to the rise in internal and external loss data in the Advanced Measurement Approach (AMA model), also led to an increase in risk-weighted assets.

This resulted in a (fully loaded) CET1 ratio of 12.7 per cent (down 1.0 percentage points), a tier 1 ratio of 14.5 per cent (down 1.2 percentage points), and a total capital ratio of 17.2 per cent (down 1.2 percentage points). Including the third quarter results, the (fully loaded) capital ratios would be as follows: The CET1 ratio declined 0.5 percentage points to 13.2 per cent, the tier 1 ratio stood at 15.0 per cent (down 0.7 percentage points), and the total capital ratio reached 17.7 per cent (down 0.7 percentage points).

Risk management

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

Events after the reporting date

For further information on events after the reporting date, please refer to the interim consolidated financial statements.

Outlook

We now expect loan growth of around 11 per cent (excluding Equa bank) for 2021.

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

We remain committed to a cost/income ratio of around 55 per cent.

We expect the consolidated return on equity to improve further in 2022, and we target 11 per cent in the medium term.

We confirm our CET1 ratio target of around 13 per cent for the medium term.

Based on this target we intend to distribute between 20 and 50 per cent of consolidated profit.

Segment and country performance

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

Central Europe

in € million	1/1-30/9 2021	1/1-30/9 2020[1]	Change	Q3/2021	Q2/2021	Change
Net interest income	603	598	0.8%	227	192	18.1%
Dividend income	10	2	283.2%	0	9	(95.9)%
Current income from investments in associates	3	2	32.4%	0	1	–
Net fee and commission income	347	303	14.6%	121	119	1.4%
Net trading income and fair value result	11	6	82.1%	7	4	81.7%
Net gains/losses from hedge accounting	0	1	–	1	0	>500.0%
Other net operating income	24	45	(46.5)%	12	9	31.2%
Operating income	**997**	**957**	**4.1%**	**367**	**334**	**10.0%**
General administrative expenses	(559)	(522)	7.0%	(210)	(179)	17.4%
Operating result	**438**	**435**	**0.6%**	**158**	**155**	**1.6%**
Other result	(147)	(39)	273.1%	(39)	(80)	(51.3)%
Governmental measures and compulsory contributions	(51)	(69)	(26.0)%	(2)	(3)	(32.6)%
Impairment losses on financial assets	(17)	(120)	(85.8)%	(18)	9	–
Profit/loss before tax	**223**	**207**	**7.8%**	**99**	**81**	**21.2%**
Income taxes	(70)	(49)	43.3%	(23)	(29)	(19.8)%
Profit/loss after tax	**153**	**158**	**(3.2)%**	**76**	**53**	**43.6%**
Return on equity before tax	8.4%	8.2%	0.2 PP	11.1%	9.2%	1.9 PP
Return on equity after tax	5.8%	6.3%	(0.5) PP	8.5%	6.0%	2.6 PP
Net interest margin (average interest-bearing assets)	1.59%	1.92%	(0.33) PP	1.67%	1.51%	0.16 PP
Cost/income ratio	56.0%	54.5%	1.5 PP	57.1%	53.5%	3.6 PP

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

The main reason for the year-on-year decline in profit after tax was the negative development of the other result in Poland, where credit-linked and portfolio-based provisions for litigation had a negative impact of € 145 million on the other result (up € 115 million). In contrast, net fee and commission income was up € 44 million, mainly due to higher income in foreign exchange business and from clearing, settlement and payment services in Slovakia, the Czech Republic and Hungary. Other net operating income was down largely as a result of the release of a provision for litigation in Slovakia in the comparable period of the previous year (€ 18 million). General administrative expenses were up € 37 million, primarily in the Czech Republic (up € 25 million) due to the integration of Equa (€ 12 million) and increases in legal, advisory and consulting expenses as well as IT expenses. The decline in governmental measures and compulsory contributions was due to the abolition of the bank levy in Slovakia in July of the previous year. The lower risk costs (down € 103 million) were attributable to post-model adjustments and adjustments to macroeconomic data, which led to a net release of € 22 million (comparable period: new allocation of € 57 million), as well as rating improvements and releases due to repayments.

in € million	Poland 1/1-30/9 2021	Poland 1/1-30/9 2020[1]	Slovakia 1/1-30/9 2021	Slovakia 1/1-30/9 2020[1]
Net interest income	9	12	207	219
Dividend income	0	0	0	0
Current income from investments in associates	0	0	3	2
Net fee and commission income	2	2	126	108
Net trading income and fair value result	1	1	5	12
Net gains/losses from hedge accounting	0	0	0	0
Other net operating income	(4)	0	1	20
Operating income	**8**	**14**	**342**	**361**
General administrative expenses	(19)	(15)	(167)	(168)
Operating result	**(11)**	**(1)**	**175**	**193**
Other result	(145)	(30)	0	0
Governmental measures and compulsory contributions	(4)	(4)	(10)	(31)
Impairment losses on financial assets	(10)	(10)	(14)	(58)
Profit/loss before tax	**(170)**	**(44)**	**151**	**104**
Income taxes	0	0	(32)	(22)
Profit/loss after tax	**(170)**	**(44)**	**119**	**83**

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

in € million	Czech Republic 1/1-30/9 2021	Czech Republic 1/1-30/9 2020[1]	Hungary 1/1-30/9 2021	Hungary 1/1-30/9 2020[1]
Net interest income	256	256	130	111
Dividend income	3	0	7	2
Net fee and commission income	104	91	115	102
Net trading income and fair value result	7	(8)	(2)	2
Net gains/losses from hedge accounting	0	0	0	1
Other net operating income	17	16	7	4
Operating income	**387**	**355**	**256**	**222**
General administrative expenses	(223)	(198)	(149)	(140)
Operating result	**164**	**157**	**106**	**81**
Other result	2	(4)	(4)	(6)
Governmental measures and compulsory contributions	(16)	(14)	(21)	(20)
Impairment losses on financial assets	3	(41)	3	(13)
Profit/loss before tax	**154**	**99**	**84**	**43**
Income taxes	(30)	(17)	(8)	(10)
Profit/loss after tax	**124**	**82**	**77**	**33**

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

Southeastern Europe

in € million	1/1-30/9 2021	1/1-30/9 2020[1]	Change	Q3/2021	Q2/2021	Change
Net interest income	629	639	(1.5)%	213	208	2.2%
Dividend income	6	3	116.4%	2	5	(62.9)%
Net fee and commission income	327	280	16.8%	122	110	10.9%
Net trading income and fair value result	20	29	(30.0)%	6	9	(37.0)%
Net gains/losses from hedge accounting	0	0	-	0	0	7.7%
Other net operating income	11	4	187.0%	2	5	(69.6)%
Operating income	**994**	**955**	**4.1%**	**344**	**337**	**2.0%**
General administrative expenses	(490)	(494)	(0.8)%	(163)	(170)	(3.9)%
Operating result	**504**	**461**	**9.4%**	**181**	**168**	**8.0%**
Other result	(30)	(18)	72.9%	(15)	(12)	25.5%
Governmental measures and compulsory contributions	(34)	(45)	(24.6)%	(5)	(4)	11.0%
Impairment losses on financial assets	(24)	(133)	(81.8)%	7	(21)	-
Profit/loss before tax	**416**	**266**	**56.4%**	**168**	**130**	**28.8%**
Income taxes	(61)	(41)	47.9%	(22)	(23)	(3.5)%
Profit/loss after tax	**355**	**225**	**58.0%**	**146**	**107**	**35.7%**
Return on equity before tax	16.0%	10.7%	5.2 PP	19.4%	14.9%	4.5 PP
Return on equity after tax	13.6%	9.1%	4.6 PP	16.8%	12.3%	4.5 PP
Net interest margin (average interest-bearing assets)	2.96%	3.31%	(0.35) PP	2.91%	2.95%	(0.04) PP
Cost/income ratio	49.3%	51.7%	(2.4) PP	47.4%	50.3%	(2.9) PP

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

Profit after tax rose € 130 million, year-on-year, largely reflecting the strong decline in risk costs. At € 24 million, these were € 109 million lower than in the comparable period of the previous year, mainly as a result of developments in Bulgaria, Romania, Croatia and Albania. The drivers were lower post-model adjustments (€ 12 million versus € 50 million in the prior-year period), rating improvements, as well as releases due to repayments. The operating result was also up, mainly due to the 17 per cent, or € 47 million, increase in net fee and commission income, especially in Romania and Croatia as a result of increased transactions in clearing, settlement and payment services and foreign exchange business following COVID-19-induced restrictions in the comparable prior-year period. Expenses for governmental measures and compulsory contributions fell € 11 million, primarily for bank resolution funds, as a result of overpayments in previous periods in Bulgaria, and lower deposit insurance fees in Croatia. In contrast, the other result was lower due to increased allocations to credit-linked and portfolio-based provisions for litigation in Croatia and Romania (up € 13 million).

in € million	Albania 1/1-30/9 2021	Albania 1/1-30/9 2020[1]	Bosnia and Herzegovina 1/1-30/9 2021	Bosnia and Herzegovina 1/1-30/9 2020[1]	Bulgaria 1/1-30/9 2021	Bulgaria 1/1-30/9 2020[1]	Kosovo 1/1-30/9 2021	Kosovo 1/1-30/9 2020[1]
Net interest income	41	40	46	48	88	86	36	35
Dividend income	2	0	1	1	2	2	0	0
Net fee and commission income	12	10	36	30	44	37	11	7
Net trading income and fair value result	1	4	1	2	2	1	0	0
Other net operating income	(1)	0	2	0	1	0	1	1
Operating income	**55**	**54**	**85**	**80**	**138**	**127**	**48**	**43**
General administrative expenses	(29)	(29)	(36)	(38)	(67)	(65)	(22)	(22)
Operating result	**26**	**25**	**49**	**42**	**71**	**61**	**26**	**21**
Other result	0	0	(3)	0	0	0	0	0
Governmental measures and compulsory contributions	(4)	(4)	(4)	(4)	(6)	(15)	(1)	(1)
Impairment losses on financial assets	9	(8)	(3)	(15)	(7)	(33)	(2)	(7)
Profit/loss before tax	**31**	**13**	**39**	**23**	**58**	**13**	**23**	**13**
Income taxes	(4)	(2)	(3)	(3)	(6)	(1)	(3)	(1)
Profit/loss after tax	**27**	**11**	**36**	**20**	**52**	**12**	**20**	**12**

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

in € million	Croatia 1/1-30/9 2021	Croatia 1/1-30/9 2020[1]	Romania 1/1-30/9 2021	Romania 1/1-30/9 2020[1]	Serbia 1/1-30/9 2021	Serbia 1/1-30/9 2020[1]
Net interest income	83	87	272	279	64	64
Dividend income	0	0	0	0	0	0
Net fee and commission income	56	47	129	115	41	35
Net trading income and fair value result	5	1	7	16	3	5
Other net operating income	3	0	(2)	(5)	6	7
Operating income	**147**	**135**	**406**	**406**	**114**	**111**
General administrative expenses	(80)	(83)	(204)	(206)	(52)	(51)
Operating result	**67**	**52**	**202**	**200**	**62**	**60**
Other result	(18)	(9)	(10)	(8)	0	0
Governmental measures and compulsory contributions	(3)	(7)	(10)	(9)	(6)	(5)
Impairment losses on financial assets	2	(17)	(18)	(44)	(5)	(8)
Profit/loss before tax	**48**	**18**	**165**	**139**	**52**	**47**
Income taxes	(9)	(6)	(30)	(21)	(6)	(6)
Profit/loss after tax	**40**	**12**	**135**	**117**	**45**	**41**

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

Eastern Europe

in € million	1/1-30/9 2021	1/1-30/9 2020[1]	Change	Q3/2021	Q2/2021	Change
Net interest income	772	820	(5.9)%	284	254	11.7%
Dividend income	1	2	(66.1)%	0	0	(96.5)%
Current income from investments in associates	2	0	–	0	1	(14.7)%
Net fee and commission income	391	372	5.1%	150	135	11.1%
Net trading income and fair value result	(1)	50	–	2	(5)	–
Net gains/losses from hedge accounting	0	(1)	–	(2)	0	–
Other net operating income	(15)	(7)	107.2%	(7)	(9)	(27.9)%
Operating income	**1,149**	**1,236**	**(7.1)%**	**427**	**376**	**13.7%**
General administrative expenses	(441)	(450)	(2.0)%	(153)	(147)	4.1%
Operating result	**708**	**787**	**(10.0)%**	**274**	**228**	**19.9%**
Other result	(8)	(12)	(37.2)%	(1)	(1)	73.8%
Governmental measures and compulsory contributions	(36)	(32)	12.4%	(14)	(11)	19.8%
Impairment losses on financial assets	(64)	(124)	(48.0)%	(16)	(39)	(59.7)%
Profit/loss before tax	**600**	**619**	**(3.0)%**	**243**	**177**	**37.3%**
Income taxes	(133)	(130)	2.1%	(51)	(44)	16.3%
Profit/loss after tax	**467**	**489**	**(4.4)%**	**192**	**133**	**44.2%**
Return on equity before tax	31.6%	29.1%	2.5 PP	38.4%	27.7%	10.7 PP
Return on equity after tax	24.6%	23.0%	1.6 PP	30.4%	20.9%	9.5 PP
Net interest margin (average interest-bearing assets)	5.15%	5.41%	(0.27) PP	5.42%	5.03%	0.39 PP
Cost/income ratio	38.4%	36.4%	2.0 PP	35.9%	39.2%	(3.3) PP

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

As in the previous year, profit after tax was affected by currency volatility (the Belarusian ruble depreciated by 13 per cent year-on-year, while the Russian ruble and Ukrainian hryvnia both fell 10 per cent). In Russia, the decline in net interest income was entirely attributable to currency depreciation and lower volumes. In contrast, net fee and commission income increased due to higher volumes, primarily in customer resources distributed but not managed, as well as in clearing, settlement and payment services. The net trading income and fair value result also declined due to the valuation of derivatives and debt securities, predominantly in Russia. General administrative expenses were up on a local currency basis due to salary adjustments in Russia and Ukraine, as well as from higher advertising and communication expenses. Risk costs were € 59 million lower than in the comparable period of the previous year and included a net release of € 14 million relating to post-model adjustments and adjustments to macroeconomic data (prior-year period: new allocation of € 39 million). In contrast, Belarus posted impairment losses of € 29 million as a result of EU sanctions.

in € million	Belarus 1/1-30/9 2021	Belarus 1/1-30/9 2020[1]	Russia 1/1-30/9 2021	Russia 1/1-30/9 2020[1]	Ukraine 1/1-30/9 2021	Ukraine 1/1-30/9 2020[1]
Net interest income	59	64	532	571	181	185
Dividend income	0	0	0	2	1	0
Current income from investments in associates	0	0	2	0	0	0
Net fee and commission income	43	43	284	263	64	66
Net trading income and fair value result	7	9	(19)	29	11	12
Net gains/losses from hedge accounting	0	0	0	(1)	0	0
Other net operating income	2	(1)	(9)	(8)	(9)	2
Operating income	**110**	**116**	**790**	**856**	**248**	**264**
General administrative expenses	(45)	(48)	(279)	(291)	(116)	(111)
Operating result	**65**	**68**	**511**	**566**	**132**	**154**
Other result	0	0	(6)	(4)	(2)	(8)
Governmental measures and compulsory contributions	(2)	(3)	(28)	(24)	(6)	(5)
Impairment losses on financial assets	(28)	(15)	(40)	(96)	3	(12)
Profit/loss before tax	**35**	**49**	**438**	**441**	**128**	**128**
Income taxes	(15)	(14)	(94)	(94)	(24)	(23)
Profit/loss after tax	**20**	**36**	**344**	**348**	**103**	**105**

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

Group Corporates & Markets

in € million	1/1-30/9 2021	1/1-30/9 2020[1]	Change	Q3/2021	Q2/2021	Change
Net interest income	426	452	(5.7)%	143	151	(5.4)%
Dividend income	4	8	(53.9)%	1	1	(22.3)%
Current income from investments in associates	2	2	12.7%	0	1	-
Net fee and commission income	391	300	30.6%	139	133	4.4%
Net trading income and fair value result	43	82	(47.3)%	0	30	-
Net gains/losses from hedge accounting	0	0	51.5%	0	(1)	(66.1)%
Other net operating income	92	80	14.4%	28	32	(12.0)%
Operating income	**959**	**924**	**3.8%**	**310**	**346**	**(10.5)%**
General administrative expenses	(510)	(497)	2.6%	(172)	(174)	(1.3)%
Operating result	**449**	**427**	**5.1%**	**139**	**173**	**(19.6)%**
Other result	2	(7)	-	1	0	-
Governmental measures and compulsory contributions	(31)	(24)	31.3%	(6)	(8)	(20.4)%
Impairment losses on financial assets	(48)	(113)	(57.6)%	(15)	20	-
Profit/loss before tax	**372**	**283**	**31.5%**	**119**	**184**	**(35.7)%**
Income taxes	(81)	(59)	36.7%	(21)	(39)	(46.8)%
Profit/loss after tax	**291**	**224**	**30.1%**	**98**	**146**	**(32.7)%**
Return on equity before tax	15.8%	11.2%	4.7 PP	15.2%	20.1%	(4.9) PP
Return on equity after tax	12.4%	8.8%	3.6 PP	12.5%	15.9%	(3.3) PP
Net interest margin (average interest-bearing assets)	1.04%	1.11%	(0.08) PP	1.03%	1.13%	(0.09) PP
Cost/income ratio	53.2%	53.8%	(0.6) PP	55.3%	50.2%	5.1 PP

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

The year-on-year increase in profit after tax was mainly due to the € 65 million decrease in risk costs and the € 35 million rise in operating income. The decline in risk costs mainly reflected lower Stage 2 und Stage 3 loan loss provisions year-on-year at head office, while the main driver of the improvement in operating income was a significant rise in net fee and commission income. This income was predominantly generated in loan and guarantee business, clearing, settlement and payment services, investment banking at head office, as well as from higher income from investment fund management. The decline in net interest income was attributable to lower interest rates on US dollar and euro overnight deposits and derivatives held for hedging purposes.

Corporate Center

in € million	1/1-30/9 2021	1/1-30/9 2020[1]	Change	Q3/2021	Q2/2021	Change
Net interest income	(21)	(62)	(66.5)%	(4)	(12)	(70.8)%
Dividend income	643	401	60.2%	35	534	(93.4)%
Current income from investments in associates	27	40	(32.6)%	12	3	238.0%
Net fee and commission income	21	20	5.8%	9	3	146.7%
Net trading income and fair value result	(30)	(36)	(18.2)%	(13)	(12)	4.7%
Net gains/losses from hedge accounting	(1)	2	–	1	(2)	–
Other net operating income	83	79	5.1%	35	27	32.0%
Operating income	**722**	**443**	**62.9%**	**75**	**541**	**(86.2)%**
General administrative expenses	(292)	(279)	4.6%	(98)	(102)	(4.0)%
Operating result	**430**	**164**	**162.0%**	**(23)**	**439**	**–**
Other result	63	(151)	–	8	57	(86.8)%
Governmental measures and compulsory contributions	(35)	(74)	(52.8)%	1	(5)	–
Impairment losses on financial assets	(1)	(6)	(90.0)%	0	2	–
Profit/loss before tax	**458**	**(66)**	**–**	**(15)**	**493**	**–**
Income taxes	43	34	25.5%	18	10	74.3%
Profit/loss after tax	**501**	**(32)**	**–**	**3**	**504**	**(99.4)%**

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

The year-on-year increase in profit after tax was driven primarily by a € 241 million rise in intra-Group dividend income. The other result improved due to reversals of impairment on investments in associates valued at equity of € 73 million after impairment on investments in associates valued at equity of € 99 million and a € 27 million goodwill impairment relating to Raiffeisen Kapitalanlage-Gesellschaft were recognized in the previous year. The reduction in expenses for governmental measures and compulsory contributions was largely due to the final payment of the special bank levy in Austria in the previous year (€ 41 million).

Interim consolidated financial statements

(Condensed interim report as at 30 September 2021)

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's home market consists of Austria, where it does business as a leading commercial and investment bank, as well as Central and Eastern Europe (CEE). Subsidiary banks cover 13 markets in the region. The Group also contains many other financial service companies specializing in sectors such as leasing, clearing, settlement and payment services and asset management. In total, RBI's 45,825 employees serve about 18.6 million clients at 1,797 business outlets located mostly in CEE.

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

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

The condensed interim report as at 30 September 2021 was neither fully audited nor reviewed.

Statement of comprehensive income

Income statement

in € million	Notes	1/1-30/9/2021	1/1-30/9/2020[1]
Net interest income	[1]	2,445	2,476
Interest income according to effective interest method		2,829	2,992
Interest income other		481	470
Interest expenses		(865)	(986)
Dividend income	[2]	37	19
Current income from investments in associates	[3]	34	44
Net fee and commission income	[4]	1,470	1,272
Fee and commission income		2,121	1,855
Fee and commission expenses		(651)	(583)
Net trading income and fair value result	[5]	29	95
Net gains/losses from hedge accounting	[6]	(5)	7
Other net operating income	[7]	86	92
Operating income		**4,096**	**4,006**
Staff expenses		(1,188)	(1,175)
Other administrative expenses		(697)	(674)
Depreciation		(300)	(287)
General administrative expenses	**[8]**	**(2,185)**	**(2,136)**
Operating result		**1,912**	**1,870**
Other result	[9]	(121)	(210)
Governmental measures and compulsory contributions	[10]	(187)	(244)
Impairment losses on financial assets	[11]	(152)	(497)
Profit/loss before tax		**1,452**	**920**
Income taxes	[12]	(297)	(240)
Profit/loss after tax		**1,155**	**679**
Profit attributable to non-controlling interests		(100)	(81)
Consolidated profit/loss		**1,055**	**599**

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

Earnings per share

in € million	1/1-30/9/2021	1/1-30/9/2020
Consolidated profit/loss	1,055	599
Dividend claim on additional tier 1	(70)	(52)
Profit/loss attributable to ordinary shares	**985**	**547**
Average number of ordinary shares outstanding in million	329	329
Earnings per share in €	**3.00**	**1.66**

As there were no conversion rights or options outstanding, a dilution of earnings per share did not occur.

Other comprehensive income and total comprehensive income

in € million	Notes	1/1-30/9/2021	1/1-30/9/2020
Profit/loss after tax		**1,155**	**679**
Items which are not reclassified to profit or loss		**(8)**	**14**
Remeasurements of defined benefit plans	[28]	7	7
Fair value changes of equity instruments	[15]	4	(1)
Fair value changes due to changes in credit risk of financial liabilities	[25]	2	23
Share of other comprehensive income from companies valued at equity	[20]	(21)	(16)
Deferred taxes on items which are not reclassified to profit or loss	[22, 29]	0	0
Items that may be reclassified subsequently to profit or loss		**154**	**(862)**
Exchange differences		269	(1,051)
Hedge of net investments in foreign operations	[19, 27]	(72)	187
Adaptions to the cash flow hedge reserve	[19, 27]	(14)	(1)
Fair value changes of financial assets	[15]	(40)	5
Share of other comprehensive income from companies valued at equity	[20]	3	(1)
Deferred taxes on items which may be reclassified to profit or loss	[22, 29]	9	0
Other comprehensive income		**146**	**(849)**
Total comprehensive income		**1,301**	**(169)**
Profit attributable to non-controlling interests		(120)	(23)
hereof income statement		(100)	(81)
hereof other comprehensive income		(21)	57
Profit/loss attributable to owners of the parent		**1,180**	**(192)**

Statement of financial position

Assets in € million	Notes	30/9/2021	31/12/2020
Cash, cash balances at central banks and other demand deposits	[13]	43,133	33,660
Financial assets - amortized cost	[14]	132,329	116,596
Financial assets - fair value through other comprehensive income	[15, 32]	4,781	4,769
Non-trading financial assets - mandatorily fair value through profit/loss	[16, 32]	949	822
Financial assets - designated fair value through profit/loss	[17, 32]	290	457
Financial assets - held for trading	[18, 32]	3,915	4,400
Hedge accounting	[19]	333	563
Investments in subsidiaries and associates	[20]	972	1,002
Tangible fixed assets	[21]	1,663	1,684
Intangible fixed assets	[21]	885	763
Current tax assets	[22]	82	87
Deferred tax assets	[22]	145	121
Other assets	[23]	1,133	1,035
Total		**190,610**	**165,959**

Equity and liabilities in € million	Notes	30/9/2021	31/12/2020
Financial liabilities - amortized cost	[24]	165,269	141,735
Financial liabilities - designated fair value through profit/loss	[25, 32]	1,398	1,507
Financial liabilities - held for trading	[26, 32]	5,616	5,980
Hedge accounting	[27]	268	421
Provisions for liabilities and charges	[28]	1,251	1,061
Current tax liabilities	[29]	82	77
Deferred tax liabilities	[29]	47	37
Other liabilities	[30]	1,247	853
Equity	[31]	15,432	14,288
Consolidated equity		12,839	11,835
Non-controlling interests		968	820
Additional tier 1		1,626	1,633
Total		**190,610**	**165,959**

Statement of changes in equity

in € million	Subscribed capital	Capital reserves	Retained earnings	Cumulative other comprehensive income	Consolidated equity	Non-controlling interests	Additional tier 1	Total
Equity as at 1/1/2021	**1,002**	**4,992**	**9,234**	**(3,394)**	**11,835**	**820**	**1,633**	**14,288**
Capital increases/ decreases	0	0	0	0	0	49	0	49
Allocation dividend - AT1	0	0	(47)	0	(47)	0	47	0
Dividend payments	0	0	(158)	0	(158)	(38)	(47)	(243)
Own shares	0	0	0	0	0	0	(7)	(7)
Other changes	0	0	29	0	29	16	0	44
Total comprehensive income	0	0	1,055	125	1,180	120	0	1,301
Equity as at 30/9/2021	**1,002**	**4,992**	**10,113**	**(3,268)**	**12,839**	**968**	**1,626**	**15,432**

in € million	Subscribed capital	Capital reserves	Retained earnings	Cumulative other comprehensive income	Consolidated equity	Non-controlling interests	Additional tier 1	Total
Equity as at 1/1/2020	**1,002**	**4,992**	**8,443**	**(2,620)**	**11,817**	**811**	**1,137**	**13,765**
Capital increases/ decreases	0	0	0	0	0	0	497	497
Allocation dividend - AT1	0	0	(31)	0	(31)	0	31	0
Dividend payments	0	0	0	0	0	(53)	(31)	(84)
Own shares	0	0	0	0	0	0	(4)	(4)
Other changes	0	0	31	0	31	(1)	0	31
Total comprehensive income	0	0	599	(791)	(192)	23	0	(169)
Equity as at 30/9/2020	**1,002**	**4,992**	**9,042**	**(3,411)**	**11,626**	**781**	**1,630**	**14,036**

Statement of cash flows

in € million	Notes	1/1-30/9/2021	1/1-30/9/2020[1]
Cash, cash balances at central banks and other demand deposits as at 1/1	**[13]**	**33,660**	**24,289**
Operating activities:			
Profit/loss before tax		1,452	920
Adjustments for the reconciliation of profit/loss after tax to the cash flow from operating activities:			
Depreciation, amortization, impairment and reversal of impairment on non-financial assets	[8, 9]	300	317
Net provisioning for liabilities and charges and impairment losses on financial assets	[7, 11]	325	526
Gains/losses from the measurement and derecognition of assets and liabilities	[5, 9]	(43)	(120)
Income from investments in associates	[3]	(34)	(44)
Other adjustments (net)[2]		(2,314)	(2,147)
Subtotal		**(314)**	**(548)**
Changes in assets and liabilities arising from operating activities after corrections for non-cash positions:			
Financial assets - amortized cost	[14]	(10,212)	(5,116)
Financial assets - fair value through other comprehensive income	[15, 32]	1	(149)
Non-trading financial assets - mandatorily fair value through profit/loss	[16, 32]	(145)	93
Financial assets - designated fair value through profit/loss	[17, 32]	119	1,512
Financial assets - held for trading	[18, 32]	331	167
Other assets	[23]	(25)	217
Financial liabilities - amortized cost	[24]	18,659	15,808
Financial liabilities - designated fair value through profit/loss	[25, 32]	(86)	(172)
Financial liabilities - held for trading	[26, 32]	(169)	112
Provisions for liabilities and charges	[28]	(104)	(140)
Other liabilities	[30]	107	206
Interest received	[1]	3,110	3,336
Interest paid	[1]	(789)	(1,003)
Dividends received	[2]	169	75
Income taxes paid	[12]	(273)	(216)
Net cash from operating activities		**10,378**	**14,182**

1 Previous year figures adjusted due to the disclosure of cash outflows for leases in net cash from financing activities
2 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.

in € million		1/1-30/9/2021	1/1-30/9/2020[1]
Investing activities:			
Cash and cash equivalents from purchase and disposal of subsidiaries		203	(1)
Payments for purchase of:			
Investment securities and shares	[14, 15, 16, 17, 20]	(2,077)	(6,665)
Tangible and intangible fixed assets	[21]	(238)	(225)
Subsidiaries		(344)	0
Proceeds from sale of:			
Investment securities and shares	[14, 15, 16, 17, 20]	1,170	1,664
Tangible and intangible fixed assets	[21]	25	52
Net cash from investing activities		**(1,262)**	**(5,175)**
Financing activities:			
Capital increases		0	493
Capital decreases		(7)	0
Inflows subordinated financial liabilities	[24, 25]	435	496
Outflows subordinated financial liabilities	[24, 25]	0	(373)
Cash flows for leases		(48)	(72)
Dividend payments		(243)	(84)
Changes in non-controlling interests		49	0
Net cash from financing activities		**186**	**460**
Effect of exchange rate changes		170	(368)
Cash, cash balances at central banks and other demand deposits as at 30/9		**43,133**	**33,389**

1 Previous year figures adjusted due to the disclosure of cash outflows for leases in net cash from financing activities.

Segment reporting

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

This results in the following segments:

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

1/1-30/9/2021 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Net interest income	603	629	772	426
Dividend income	10	6	1	4
Current income from investments in associates	3	0	2	2
Net fee and commission income	347	327	391	391
Net trading income and fair value result	11	20	(1)	43
Net gains/losses from hedge accounting	0	0	0	0
Other net operating income	24	11	(15)	92
Operating income	**997**	**994**	**1,149**	**959**
General administrative expenses	(559)	(490)	(441)	(510)
Operating result	**438**	**504**	**708**	**449**
Other result	(147)	(30)	(8)	2
Governmental measures and compulsory contributions	(51)	(34)	(36)	(31)
Impairment losses on financial assets	(17)	(24)	(64)	(48)
Profit/loss before tax	**223**	**416**	**600**	**372**
Income taxes	(70)	(61)	(133)	(81)
Profit/loss after tax	**153**	**355**	**467**	**291**
Profit attributable to non-controlling interests	(60)	0	(35)	(9)
Profit/loss after deduction of non-controlling interests	**93**	**355**	**432**	**282**
Return on equity before tax	8.4%	16.0%	31.6%	15.8%
Return on equity after tax	5.8%	13.6%	24.6%	12.4%
Net interest margin (average interest-bearing assets)	1.59%	2.96%	5.15%	1.04%
Cost/income ratio	56.0%	49.3%	38.4%	53.2%
Loan/deposit ratio	81.2%	66.9%	76.9%	138.1%
Provisioning ratio (average loans to customers)	0.07%	0.19%	0.66%	0.18%
NPE ratio	1.7%	2.6%	1.9%	1.5%
NPE coverage ratio	58.3%	68.7%	66.7%	60.6%
Assets	57,319	32,336	23,163	60,747
Total risk-weighted assets (RWA)	23,133	17,394	16,015	30,296
Equity	3,609	3,376	2,465	1,508
Loans to customers	33,224	17,494	14,210	37,003
Deposits from customers	42,031	26,185	18,806	28,911
Business outlets	370	811	596	20
Employees as at reporting date (full-time equivalents)	9,843	13,781	17,103	3,281
Customers in million	3.6	5.3	7.9	1.9

1/1-30/9/2021 in € million	Corporate Center	Reconciliation	Total
Net interest income	(21)	36	2,445
Dividend income	643	(626)	37
Current income from investments in associates	27	0	34
Net fee and commission income	21	(8)	1,470
Net trading income and fair value result	(30)	(15)	29
Net gains/losses from hedge accounting	(1)	(4)	(5)
Other net operating income	83	(108)	86
Operating income	**722**	**(724)**	**4,096**
General administrative expenses	(292)	106	(2,185)
Operating result	**430**	**(618)**	**1,912**
Other result	63	(1)	(121)
Governmental measures and compulsory contributions	(35)	0	(187)
Impairment losses on financial assets	(1)	2	(152)
Profit/loss before tax	**458**	**(617)**	**1,452**
Income taxes	43	4	(297)
Profit/loss after tax	**501**	**(612)**	**1,155**
Profit attributable to non-controlling interests	0	4	(100)
Profit/loss after deduction of non-controlling interests	**501**	**(608)**	**1,055**
Return on equity before tax	–	–	13.6%
Return on equity after tax	–	–	10.8%
Net interest margin (average interest-bearing assets)	–	–	1.96%
Cost/income ratio	–	–	53.3%
Loan/deposit ratio	–	–	87.0%
Provisioning ratio (average loans to customers)	–	–	0.21%
NPE ratio	–	–	1.6%
NPE coverage ratio	–	–	62.2%
Assets	41,288	(24,243)	190,610
Total risk-weighted assets (RWA)	16,276	(14,253)	88,862
Equity	(178)	4,652	15,432
Loans to customers	355	(1,626)	100,659
Deposits from customers	1,686	(2,968)	114,651
Business outlets	–	–	1,797
Employees as at reporting date (full-time equivalents)	1,817	–	45,825
Customers in million	0.0	–	18.6

1/1-30/9/2020[1] in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Net interest income	598	639	820	452
Dividend income	2	3	2	8
Current income from investments in associates	2	0	0	2
Net fee and commission income	303	280	372	300
Net trading income and fair value result	6	29	50	82
Net gains/losses from hedge accounting	1	0	(1)	0
Other net operating income	45	4	(7)	80
Operating income	**957**	**955**	**1,236**	**924**
General administrative expenses	(522)	(494)	(450)	(497)
Operating result	**435**	**461**	**787**	**427**
Other result	(39)	(18)	(12)	(7)
Governmental measures and compulsory contributions	(69)	(45)	(32)	(24)
Impairment losses on financial assets	(120)	(133)	(124)	(113)
Profit/loss before tax	**207**	**266**	**619**	**283**
Income taxes	(49)	(41)	(130)	(59)
Profit/loss after tax	**158**	**225**	**489**	**224**
Profit attributable to non-controlling interests	(35)	0	(37)	(12)
Profit/loss after deduction of non-controlling interests	**123**	**225**	**452**	**212**
Return on equity before tax	8.2%	10.7%	29.1%	11.2%
Return on equity after tax	6.3%	9.1%	23.0%	8.8%
Net interest margin (average interest-bearing assets)	1.92%	3.31%	5.41%	1.11%
Cost/income ratio	54.5%	51.7%	36.4%	53.8%
Loan/deposit ratio	93.9%	68.3%	73.6%	126.3%
Provisioning ratio (average loans to customers)	0.54%	1.11%	1.26%	0.47%
NPE ratio	1.9%	2.7%	2.3%	1.7%
NPE coverage ratio	65.0%	71.0%	56.3%	60.0%
Assets	43,986	29,187	20,506	58,569
Total risk-weighted assets (RWA)	20,710	16,679	12,639	29,303
Equity	3,330	3,297	2,206	3,374
Loans to customers	29,571	16,140	11,598	33,186
Deposits from customers	32,995	23,513	15,962	28,274
Business outlets	376	880	681	21
Employees as at reporting date (full-time equivalents)	9,325	14,444	17,530	3,079
Customers in million	2.7	5.4	6.8	2.0

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

1/1-30/9/2020[1] in € million	Corporate Center	Reconciliation	Total
Net interest income	(62)	29	2,476
Dividend income	401	(398)	19
Current income from investments in associates	40	0	44
Net fee and commission income	20	(2)	1,272
Net trading income and fair value result	(36)	(36)	95
Net gains/losses from hedge accounting	2	5	7
Other net operating income	79	(108)	92
Operating income	**443**	**(510)**	**4,006**
General administrative expenses	(279)	106	(2,136)
Operating result	**164**	**(404)**	**1,870**
Other result	(151)	17	(210)
Governmental measures and compulsory contributions	(74)	0	(244)
Impairment losses on financial assets	(6)	(1)	(497)
Profit/loss before tax	**(66)**	**(388)**	**920**
Income taxes	34	5	(240)
Profit/loss after tax	**(32)**	**(384)**	**679**
Profit attributable to non-controlling interests	0	4	(80)
Profit/loss after deduction of non-controlling interests	**(32)**	**(379)**	**599**
Return on equity before tax	–	–	9.1%
Return on equity after tax	–	–	6.7%
Net interest margin (average interest-bearing assets)	–	–	2.21%
Cost/income ratio	–	–	53.3%
Loan/deposit ratio	–	–	90.4%
Provisioning ratio (average loans to customers)	–	–	0.72%
NPE ratio	–	–	1.9%
NPE coverage ratio	–	–	63.8%
Assets	38,772	(26,240)	164,779
Total risk-weighted assets (RWA)	13,541	(12,726)	80,146
Equity	7,462	(5,633)	14,036
Loans to customers	3,593	(2,377)	91,711
Deposits from customers	2,761	(3,704)	99,800
Business outlets	–	–	1,958
Employees as at reporting date (full-time equivalents)	1,693	–	46,071
Customers in million	0.0	–	16.8

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

Notes

Principles underlying the consolidated financial statements

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

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

Changes to the income statement

For the purpose of a transparent presentation of the regulatory induced levies, deposit insurance fees amounting to € 80 million (previous-year period: € 71 million), previously shown in other administrative expenses, are disclosed in the item governmental measures and compulsory contributions as of 1 January 2021. Other non-income related taxes totalling € 48 million (previous-year period: € 43 million), previously shown in other net operating income, are disclosed in the item other administrative expenses. In analogy with the non-substantial modification results, gains/losses from derecognition due to substantial modification of contract terms amounting to minus € 1 million (previous-year period: € 1 million), previously shown in other net operating income, are disclosed in the item other result. The figures of the previous-year period were adapted.

Critical accounting judgments and key sources of estimation uncertainty

If estimates or assessments are necessary for accounting and measurement under IAS/IFRS, they are made in accordance with the respective standards. They are based on past experience and other factors, such as planning and expectations or forecasts of future events that appear likely from the current perspective. This primarily affects impairment losses in the credit business, the fair value and impairment of financial instruments, deferred taxes, provisions for pensions and pension-related liabilities, provisions for litigations as well as the calculations used to determine the recoverability of goodwill and the intangible assets capitalized in the course of the initial consolidation. The actual amount recognized may differ from the estimated values.

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

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

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

At the reporting date the volume of long-term financial transactions out of the TLTRO III program of the ECB which was included under note (24) Financial liabilities – amortized cost under liabilities to banks amounted to about € 8,430 million. It increased € 2,756 million in comparison to the amount as at 31 December 2020.

The interest rate of TLTRO III depends on the development of a benchmark loan portfolio, while using two comparative periods. The TLTRO conditions foresee a reduction of the interest rate, if the banks reach certain lending thresholds. The achievement of the thresholds is ongoingly monitored. In RBI, interest for the reporting period is accrued over the total period in line with the effective interest method. At initial recognition the original effective interest rate is determined under consideration of the agreements in the contract and the judgement, if the criteria for the reduced interest rates will be fulfilled. For deriving the original effective interest rate RBI assumed at the date of initial recognition that the requirements for claiming the so-called COVID bonus for the Special

Interest Period I (SIRP I, from 24 June 2020 to 23 June 2021) will not be met and, consequently, insofar no interest accrual was considered in the year-end reporting.

At the very end of the observation period, due to the achievement of the bonus criteria in the reference period (March 2020 to March 2021) the estimated contractual cash flows were changed in course of the periodical reevaluation. The accrual of the bonus over the total term of the funding was adjusted accordingly, whereby part of the accrual relating to the previous periods was fully recognized in profit or loss in the current net interest income. The TLTRO III program was changed in January 2021 by the ECB to that effect that another Special Interest Period (SIRP II) was introduced, where banks have to pay a reduced negative interest rate (which means obtaining interest), if the banks reach certain lending thresholds until 31 December 2021. The observation period here is from 1 October 2020 until 31 December 2021, which means the reference period is not achieved at the reporting date, wherefor no interest accrual was considered in the result.

This results in negative interest from the TLTRO programs of approximately € 51.9 million reported in net interest income in the current financial year, including € 4.4 million due to the included accruals for the bonus relating to the previous year of the SIRP I interest period. Interest accruals for the SIRP II bonus are not yet included in the results.

Application of new and revised standards

Amendments to IFRS 9, IAS 39, IFRS 4 and IFRS 16 (Interest Rate Benchmark Reform – phase 2; effective date: 1 January 2021)

The current IBOR reform will replace existing reference rates (IBORs: Interbank Offered Rates) with alternative risk-free rates. IBORs are used to set interest rates on a wide range of financial products and contracts. Based on a recommendation of the FSB (Financial Stability Board), these interest rates were subjected to an extensive analysis and a reform of the relevant IBORs was initiated. For the Eurozone this implies, that the underlying calculation method of the EURIBOR has been reformed and that the EONIA (Euro Over Night Index Average) will be replaced by the newly developed €STR (Euro Short-Term Rate). Regarding the LIBOR interest rates, there will be a replacement of the existing interest rates by alternative interest rates. In this context, the USD LIBOR and the GBP LIBOR, among others, are replaced by the interest rates SOFR (Secured Overnight Financing Rate) and SONIA (Sterling Overnight Index Average). It is currently assumed that both EONIA and most LIBOR interest rates will no longer be available from 1 January 2022 onwards. Regarding USD LIBOR, interest rates on terms 1W and 2M will also be replaced on 1 January 2022, while all other terms are expected to be available until 30 June 2023. There is currently no fixed timeframe for the replacement of the reformed EURIBOR. It can be assumed that there will be no replacement in the immediate future.

The amendments of the Interest Rate Benchmark Reform – phase 2 address the impact on financial reporting of circumstances where a reference interest rate is repla ced by another reference interest rate. In this context, the amendments provide practical reliefs for modifications that are directly attributable to the IBOR reform and are carried out on an economically equivalent basis. Appropriate modifications can be recognized in the financial statements by adjusting the effective interest rate. In addition, the amendments also relate to hedge accounting. Based on these reliefs, adjustments relating to the IBOR reform do not result in the termination of the recognition of an existing hedging relationship in the financial statements. Hedging relationships as well as the corresponding documentations are rather changed to reflect the new conditions. The adjustments are applicable for reporting periods beginning on or after 1 January 2021.

Coordinated by Group Treasury, each affected Group unit has been preparing for the reform since 2020 in order to ensure a smooth transition to the new risk-free interest. This is carried out in specific local projects or is coordinated in the ongoing operations of the affected local departments, mostly treasury, risk management, customer management, accounting and legal.

Market developments and risks related to the IBOR reform will be carefully monitored continuously. So far, there have been no material effects on the financial and earnings position of the Group.

Amendments to IFRS 17 and IFRS 4 (Extension of the Temporary Exemption from Applying IFRS 9; effective date: 1 January 2021)

The amendments extend the period during which certain insurance companies are temporarily exempted from the application of IFRS 9 so that these entities can apply IAS 39 for annual periods beginning before 1 January 2023.

Amendments to IFRS 16 (Covid-19-Related Rental Concessions; effective date: 1 June 2020)

The amendments grant lessees an exemption from assessing whether rental concessions conceded due to the Covid-19 pandemic (e.g. rent-free periods or temporary rent reductions) constitute a lease modification. If the exemption is claimed, the rental concessions must be recognised as if no amendment to the lease contract is made. The amendments initially were applied to rental concessions that reduce rental fees payable on or before 30 June 2021. In the meantime, this period has been extended until 30 June 2022. The adoption into European law occurred on 9 October 2020. These reliefs are not applied in RBI as a lessee.

Apart from these changes there were no significant changes in the Group' s accounting policies compared to the Annual Report 2020.

Standards and interpretations not yet applicable

Information on this can be seen in the Annual Report 2020, chapter recognition and measurement principles.

Currencies

	2021		2020	
	As at	Average	As at	Average
Rates in units per €	**30/9**	**1/1-30/9**	**31/12**	**1/1-30/9**
Albanian lek (ALL)	121.490	122.797	123.710	123.996
Belarusian ruble (BYN)	2.905	3.065	3.205	2.717
Bosnian marka (BAM)	1.956	1.956	1.956	1.956
Bulgarian lev (BGN)	1.956	1.956	1.956	1.956
Croatian kuna (HRK)	7.489	7.529	7.552	7.528
Czech koruna (CZK)	25.495	25.794	26.242	26.369
Hungarian forint (HUF)	360.190	357.232	363.890	348.822
Polish zloty (PLN)	4.620	4.554	4.560	4.422
Romanian leu (RON)	4.948	4.912	4.868	4.828
Russian ruble (RUB)	84.339	88.718	91.467	80.558
Serbian dinar (RSD)	117.500	117.551	117.480	117.540
Ukrainian hryvnia (UAH)	30.773	32.922	34.756	29.942
US dollar (USD)	1.158	1.197	1.227	1.129

Consolidated group

	Fully consolidated	
Number of units	30/9/2021	31/12/2020
As at beginning of period	**209**	**209**
Included for the first time in the financial period	5	6
Merged in the financial period	(1)	(1)
Excluded in the financial period	(5)	(5)
As at end of period	**208**	**209**

Included units

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

Excluded units

Company, domicile (country)	Share	Excluded as of	Reason
Financial institutions			
Austria Leasing GmbH & Co. Immobilienverwaltung Projekt Hannover KG, Eschborn (DE)	100.0%	1/5	Materiality
Raiffeisen International Invest Holding GmbH, Vienna (AT)	100.0%	1/7	Materiality
RBI PE Handels- und Beteiligungs GmbH, Vienna (AT)	100.0%	1/7	Materiality
Financial holding companies			
RBI KI Beteiligungs GmbH, Vienna (AT)	100.0%	1/1	Merger
Other companies			
LLC "ARES Nedvizhimost", Moscow (RU)	50.0%	1/1	Materiality
Tatra Residence, a.s., Bratislava (SK)	78.8%	1/1	Materiality

Business combinations

The following table shows the total consideration transferred for the acquisition of Akcenta CZ a.s. (Akcenta), Equa bank a.s./Equa Sales & Distribution s.r.o. (Equa) and IMPULS-LEASING Slovakia s.r.o. (ILSK) and the assets and liabilities recognized at the acquisition date:

in € million	Akcenta 1/6/2021	Equa 1/7/2021	ILSK 17/8/2021	Total
Cash, cash balances at central banks and other demand deposits	108	92	6	206
Financial assets - amortized cost	2	2,945	182	3,128
Financial assets - fair value through other comprehensive income	0	0	0	0
Financial assets - held for trading	8	0	0	8
Hedge accounting	0	0	0	0
Investments in subsidiaries and associates	1	0	0	1
Tangible fixed assets	1	15	2	17
Intangible fixed assets	6	61	5	72
Current tax assets	0	0	0	0
Deferred tax assets	0	10	0	10
Other assets	0	2	4	7
Assets	**126**	**3,125**	**199**	**3,449**
Financial liabilities - amortized cost	103	2,811	179	3,092
Financial liabilities - designated fair value through profit/loss	0	0	0	0
Financial liabilities - held for trading	6	0	0	6
Hedge accounting	0	0	0	0
Provisions for liabilities and charges	1	5	0	6
Deferred tax liabilities	0	19	1	20
Other liabilities	5	13	3	20
Total identifiable net assets	**12**	**277**	**16**	**305**
Non-controlling interests	0	0	0	0
Net assets after non-controlling interests	**12**	**277**	**16**	**305**
Total consideration transferred	20	308	17	344
Goodwill	**7**	**31**	**1**	**39**

in € million	Akcenta 1/6/2021	Equa 1/7/2021	ILSK 17/8/2021	Total
Cost of aquisition	(20)	(308)	(17)	(344)
Liquid funds	108	92	6	206
Cash flow for the acquisition	**89**	**(216)**	**(10)**	**(138)**

Acquisition Akcenta CZ a.s., Prague

The formal closing for the takeover of a 100 per cent share of Akcenta CZ a.s. – 70 per cent share was taken over by Raiffeisen Bank International AG, Vienna, and 30 per cent share by Raiffeisenbank a.s., Prague – took place on 1 June 2021. Akcenta was included in the consolidated group as at 30 June 2021 for the first time. At the time of preparing these consolidated financial statements, the necessary market valuations and other calculations had not yet been finalized, so that the initial consolidation was based on the preliminary prepared opening balance according to IFRS 3.45. The final total consideration transferred depends on the certified equity in the closing balance of Akcenta.

Akcenta is a Czech foreign currency and payment services provider. Akcenta offers foreign currency, payment and trading services for small and medium-sized entities in the Czech Republic, Slovakia, Hungary, Poland, Romania and Germany. The company services about 43,000 customers, more than 20,000 of them in the Czech Republic. In 2020, the company carried out customer transactions with a total volume of almost € 7 billion. At the time of initial consolidation, total assets amounted to € 126 million. The equity was € 12 million. Akcenta will cooperate closely with the existing foreign currency and payment services business of RBI. This approach enables to utilize synergies while ensuring at the same time Akcenta´s flexibility and growth dynamic and increasing market share.

In the course of the preliminary purchase price allocation according to IFRS 3, Akcenta’s existing customer relationships were identified as a separately recognized intangible asset. The acquisition costs of the existing customer relationships amounted to € 4 million, the amortization period was set at seven years. Furthermore, in the course of the preliminary purchase price allocation Akcenta’s brand name was identified as separately recognized intangible asset. The acquisition costs of the brand totalled € 0.5 million. Additionally, in the course of the purchase price allocation a goodwill of € 7.2 million was recognized.

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

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

The acquisition of Equa (around 488,000 customers) is part of RBI's strategy to expand its presence in selected markets.

At the time of the completion of the consolidated financial statements for the third quarter of 2021, the necessary market assessments and other calculations had not yet been completed. The initial consolidation is therefore based on the preliminary opening balance prepared in accordance with IFRS 3.45. At the time of initial consolidation, the total assets amounted to € 3,125 million. Equity was € 277 million. Equa bank a.s. will be merged into the Czech subsidiary Raiffeisenbank a.s. in 2022. This allows synergies to be used and the share of the market to be increased.

In the course of the preliminary purchase price allocation in accordance with IFRS 3, the existing customer base (€ 7 million) and the core portfolio of customer deposits (€ 31 million) of Equa were identified as separately recognized intangible assets. The useful life was set at eight years and ten years, respectively. Furthermore, in the course of the preliminary purchase price allocation, the brand name of Equa was identified as a separately recognized intangible asset. The acquisition cost of the brand amounted to € 2 million. In addition, the purchase price allocation resulted in goodwill of € 31 million.

Acquisition IMPULS-LEASING Slovakia s.r.o

On 17 August 2021, the formal closing took place for the takeover of a 100 per cent share in ILSK, whereby 100 per cent of the shares were acquired from Tatra Leasing, s.r.o. ILSK was included in the consolidated financial statements for the first time as of 30 September 2021. The assets and liabilities were shown in the opening balance in accordance with IFRS 3.4 with their market values (purchase price method). The final total consideration transferred depends on the certified equity and the accrued interest in the closing balance of ILSK.

ILSK is a Slovak leasing company that is focused on the private customer business. The company services around 5,300 customers and is the number 6 in the Slovak market with a market share of around 5 per cent. At the time of initial consolidation, the total assets amounted to € 199 million. Equity was € 16 million. ILSK will be merged into Tatra Leasing in April 2022. This enables synergies to be used and the share of the market to be increased.

In the course of the purchase price allocation in accordance with IFRS 3, the existing customer base of ILSK was identified as a separately recognized intangible asset. The acquisition costs of the existing customer base amounted to € 4.4 million, the depreciation period was set at ten years. In addition, goodwill of € 0.6 million was recognized in the course of the purchase price allocation.

Notes to the income statement

(1) Net interest income

in € million	1/1-30/9/2021	1/1-30/9/2020
Interest income according to effective interest method	**2,829**	**2,992**
Financial assets - fair value through other comprehensive income	72	57
Financial assets - amortized cost	2,758	2,935
Interest income other	**481**	**470**
Financial assets - held for trading	63	248
Non-trading financial assets - mandatorily fair value through profit/loss	16	21
Financial assets - designated fair value through profit/loss	5	14
Derivatives – hedge accounting, interest rate risk	253	115
Other assets	6	6
Interest income on financial liabilities	137	67
Interest expenses	**(865)**	**(986)**
Financial liabilities - amortized cost	(521)	(635)
Financial liabilities - held for trading	(25)	(189)
Financial liabilities - designated fair value through profit/loss	(32)	(39)
Derivatives – hedge accounting, interest rate risk	(223)	(87)
Other liabilities	(5)	(5)
Interest expenses on financial assets	(58)	(31)
Total	**2,445**	**2,476**

in € million	1/1-30/9/2021	1/1-30/9/2020
Net interest income	2,445	2,476
Average interest-bearing assets	166,734	149,594
Net interest margin	**1.96%**	**2.21%**

(2) Dividend income

in € million	1/1-30/9/2021	1/1-30/9/2020
Financial assets - held for trading	0	0
Non-trading financial assets - mandatorily fair value through profit/loss	1	0
Financial assets - fair value through other comprehensive income	9	11
Investments in subsidiaries and associates	26	8
Total	**37**	**19**

(3) Current income from investments in associates

in € million	1/1-30/9/2021	1/1-30/9/2020
Current income from investments in associates	34	44

(4) Net fee and commission income

in € million	1/1-30/9/2021	1/1-30/9/2021[1]
Clearing, settlement and payment services	597	520
Loan and guarantee business	161	153
Securities	63	46
Asset management	186	158
Custody and fiduciary business	59	55
Customer resources distributed but not managed	51	30
Foreign exchange business	318	266
Other	34	44
Total	**1,470**	**1,272**

1 Previous year's figures adapted due to changed allocation

in € million	1/1-30/9/2021	1/1-30/9/2021[1]
Fee and commission income	**2,121**	**1,855**
Clearing, settlement and payment services	962	848
Clearing and settlement	226	207
Credit cards	110	89
Debit cards and other card payments	214	182
Other payment services	412	370
Loan and guarantee business	188	173
Securities	104	91
Asset management	295	255
Custody and fiduciary business	72	67
Customer resources distributed but not managed	77	52
Foreign exchange business	346	288
Other	78	81
Fee and commission expenses	**(651)**	**(583)**
Clearing, settlement and payment services	(365)	(328)
Clearing and settlement	(110)	(95)
Credit cards	(54)	(48)
Debit cards and other card payments	(81)	(82)
Other payment services	(121)	(104)
Loan and guarantee business	(27)	(20)
Securities	(40)	(45)
Asset management	(109)	(97)
Custody and fiduciary business	(12)	(12)
Customer resources distributed but not managed	(25)	(22)
Foreign exchange business	(28)	(22)
Other	(44)	(37)
Total	**1,470**	**1,272**

1 Previous year's figures adapted due to changed allocation

(5) Net trading income and fair value result

in € million	1/1-30/9/2021	1/1-30/9/2020
Net gains/losses on financial assets and liabilities - held for trading	**(31)**	**258**
Derivatives	(40)	382
Equity instruments	52	(126)
Debt securities	(17)	35
Loans and advances	8	4
Short positions	6	(4)
Deposits	(30)	(34)
Debt securities issued	(1)	0
Other financial liabilities	(8)	0
Net gains/losses on non-trading financial assets - mandatorily fair value through profit or loss	**(9)**	**0**
Equity instruments	0	0
Debt securities	0	(3)
Loans and advances	(9)	3
Net gain/losses on financial assets and liabilities - designated fair value through profit/loss	**25**	**0**
Debt securities	0	(4)
Deposits	1	(1)
Debt securities issued	25	5
Exchange differences, net	**43**	**(163)**
Total	**29**	**95**

Net trading income and fair value result decreased € 67 million to € 29 million. The decrease mainly resulted from interest rate-related valuation losses on government bonds and currency derivatives in Russia amounting to € 47 million. The head office also reported valuation losses in the area of foreign currency derivatives and foreign currency position, which were partially offset by interest rate-related valuation gains from own issues measured at fair value.

In total, losses of € 40 million were recognized on derivatives in the reporting period in net gains/losses on financial assets and liabilities – held for trading (prior-year period: € 382 million). Derivatives are particularly used to hedge interest rate and currency risks. These results are offset by opposing gains from currency translation net of € 43 million (prior-year period: loss of € 163 million) which are mainly caused by the exchange rate development of the Russian ruble.

In the reporting period, a gain of € 52 million was reported in equity instruments held for trading while the result was strongly negative in the prior- year period (COVID-19 pandemic). The equity instruments are mostly embedded in hedging relationships, for which reason positive changes of the equity instruments were offset by decreases in the derivative instruments.

(6) Net gains/losses from hedge accounting

in € million	1/1-30/9/2021	1/1-30/9/2020
Fair value changes of the hedging instruments	(20)	(99)
Fair value changes of the hedged items attributable to the hedged risk	7	106
Ineffectiveness of cash flow hedge recognized in profit or loss	8	1
Total	**(5)**	**7**

(7) Other net operating income

in € million	1/1-30/9/2021	1/1-30/9/2020[1]
Income	221	228
Expenses	(135)	(135)
Total	**86**	**92**

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

in € million	1/1-30/9/2021	1/1-30/9/2020[1]
Gains/losses on derecognition of not modified financial assets and liabilities - not measured at fair value through profit/loss	7	(3)
Gains/losses on derecognition of non-financial assets held for sale	0	1
Net income arising from non-banking activities	11	20
Net income from additional leasing services	15	12
Net rental income from investment property incl. operating lease (real estate)	35	38
Net expense from allocation and release of other provisions	(1)	14
Other operating income/expenses	21	13
Total	**86**	**92**

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

(8) General administrative expenses

in € million	1/1-30/9/2021	1/1-30/9/2020[1]
Staff expenses	(1,188)	(1,175)
Other administrative expenses	(697)	(674)
Depreciation of tangible and intangible fixed assets	(300)	(287)
Total	**(2,185)**	**(2,136)**

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

Staff expenses

in € million	1/1-30/9/2021	1/1-30/9/2020
Wages and salaries	(914)	(900)
Social security costs and staff-related taxes	(217)	(205)
Other voluntary social expenses	(30)	(30)
Sundry staff expenses	(27)	(39)
Total	**(1,188)**	**(1,175)**

Other administrative expenses

in € million	1/1-30/9/2021	1/1-30/9/2020[1]
Office space expenses	(67)	(73)
IT expenses	(235)	(225)
Legal, advisory and consulting expenses	(91)	(74)
Advertising, PR and promotional expenses	(77)	(71)
Communication expenses	(48)	(48)
Office supplies	(14)	(16)
Car expenses	(7)	(7)
Security expenses	(20)	(31)
Traveling expenses	(3)	(4)
Training expenses for staff	(8)	(9)
Other non-income related taxes	(48)	(43)
Sundry administrative expenses	(79)	(73)
Total	**(697)**	**(674)**
hereof expenses for short-term leases	(9)	(9)
hereof expenses for low-value assets	(4)	(3)

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

Depreciation of tangible and intangible fixed assets

in € million	1/1-30/9/2021	1/1-30/9/2020
Tangible fixed assets	(172)	(170)
hereof right-of-use assets	(61)	(62)
Intangible fixed assets	(128)	(117)
Total	**(300)**	**(287)**

(9) Other result

in € million	1/1-30/9/2021	1/1-30/9/2020[1]
Net modification gains/losses	**(7)**	**(26)**
Gains/losses from changes in present value of non-substantially modified contracts	(6)	(26)
Gains/losses from derecognition due to substantial modification of contract terms	(1)	1
Impairment or reversal of impairment on investments in subsidiaries and associates	**61**	**(111)**
Impairment on non-financial assets	**0**	**(29)**
Goodwill	0	(27)
Other	0	(3)
Result from non-current assets and disposal groups classified as held for sale and deconsolidation	**(2)**	**0**
Net income from non-current assets and disposal groups classified as held for sale	3	1
Result of deconsolidations	(5)	(1)
Tax expenses not attributable to the business activity	**0**	**0**
Credit-linked and portfolio-based provisions for litigation	**(172)**	**(44)**
Total	**(121)**	**(210)**

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

In the reporting period, reversals of impairment on investments in companies valued at equity of net € 73 million were recognized. The reversal of impairment on investments in UNIQA Insurance Group AG, Vienna (€ 43 million) was based on the positive development of the share price and the good business performance, and in LEIPNIK-LUNDENBURGER INVEST Beteiligungs GmbH, Vienna (€ 31 million) due to increasing share prices of listed participations.

Allocations to credit-linked and portfolio-based provisions for litigation amounting to € 172 million mainly resulted from pending legal proceedings in Poland (€ 145 million) in connection with mortgage loans denominated in foreign currencies or linked to a foreign currency. The increase in Poland of € 115 million was due to parameter changes in the model calculation.

(10) Governmental measures and compulsory contributions

in € million	1/1-30/9/2021	1/1-30/9/2020[1]
Governmental measures	**(32)**	**(97)**
Bank levies	(32)	(97)
Compulsory contributions	**(155)**	**(146)**
Resolution fund	(75)	(76)
Deposit insurance fees	(80)	(71)
Total	**(187)**	**(244)**

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

(11) Impairment losses on financial assets

in € million	1/1-30/9/2021	1/1-30/9/2020
Loans and advances	(154)	(484)
Debt securities	2	(7)
Loan commitments, financial guarantees and other commitments given	0	(6)
Total	**(152)**	**(497)**

(12) Income taxes

in € million	1/1-30/9/2021	1/1-30/9/2020
Current income taxes	(312)	(167)
Austria	(34)	(21)
Foreign	(278)	(146)
Deferred taxes	15	(73)
Total	**(297)**	**(240)**
Tax rate	20.4%	26.1%

Notes to the statement of financial position

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

in € million	30/9/2021	31/12/2020
Cash in hand	5,775	5,674
Balances at central banks	28,316	21,648
Other demand deposits at banks	9,042	6,338
Total	**43,133**	**33,660**

The increase in balances at central banks was primarily due to deposits made for liquidity management purposes. The minimum reserve, which is not freely available, amounted to € 265 million on the reporting date (31/12/2020: € 235 million).

(14) Financial assets - amortized cost

in € million	30/9/2021 Gross carrying amount	30/9/2021 Accumulated impairment	30/9/2021 Carrying amount	31/12/2020 Gross carrying amount	31/12/2020 Accumulated impairment	31/12/2020 Carrying amount
Debt securities	**15,449**	**(12)**	**15,437**	**14,383**	**(12)**	**14,371**
Central banks	363	0	363	1,213	0	1,213
General governments	11,877	(5)	11,872	10,566	(6)	10,559
Banks	2,040	0	2,040	1,761	0	1,761
Other financial corporations	554	(6)	549	597	(5)	592
Non-financial corporations	614	(1)	613	246	(1)	246
Loans and advances	**119,569**	**(2,676)**	**116,892**	**104,780**	**(2,555)**	**102,225**
Central banks	11,233	0	11,233	6,762	0	6,762
General governments	2,049	(2)	2,046	2,116	(4)	2,112
Banks	5,446	(3)	5,443	5,192	(4)	5,189
Other financial corporations	10,670	(90)	10,580	9,277	(73)	9,205
Non-financial corporations	50,675	(1,399)	49,277	46,170	(1,314)	44,856
Households	39,495	(1,182)	38,313	35,262	(1,161)	34,101
Total	**135,017**	**(2,688)**	**132,329**	**119,163**	**(2,567)**	**116,596**

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

in € million	30/9/2021 Gross carrying amount[1]	30/9/2021 Accumulated impairment	30/9/2021 Carrying amount	31/12/2020 Gross carrying amount[1]	31/12/2020 Accumulated impairment	31/12/2020 Carrying amount
Equity instruments	**151**	**–**	**151**	**157**	**–**	**157**
Banks	15	–	15	15	–	15
Other financial corporations	81	–	81	80	–	80
Non-financial corporations	55	–	55	62	–	62
Debt securities	**4,634**	**(4)**	**4,630**	**4,616**	**(4)**	**4,612**
General governments	3,456	(3)	3,453	3,205	(3)	3,202
Banks	897	0	897	917	0	917
Other financial corporations	108	0	108	303	0	303
Non-financial corporations	173	(1)	172	191	(1)	190
Total	**4,785**	**(4)**	**4,781**	**4,773**	**(4)**	**4,769**

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

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

in € million	30/9/2021	31/12/2020
Equity instruments	**1**	**1**
Other financial corporations	1	1
Non-financial corporations	0	0
Debt securities	**515**	**422**
General governments	312	275
Banks	12	18
Other financial corporations	182	115
Non-financial corporations	9	14
Loans and advances	**432**	**398**
General governments	2	2
Banks	2	2
Other financial corporations	34	34
Non-financial corporations	69	95
Households	326	266
Total	**949**	**822**

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

in € million	30/9/2021	31/12/2020
Debt securities	**290**	**457**
General governments	119	295
Banks	33	31
Other financial corporations	0	0
Non-financial corporations	139	131
Total	**290**	**457**

(18) Financial assets - held for trading

in € million	30/9/2021	31/12/2020
Derivatives	**1,875**	**2,102**
Interest rate contracts	1,135	1,342
Equity contracts	192	134
Foreign exchange rate and gold contracts	523	612
Credit contracts	18	11
Commodities	4	3
Other	4	0
Equity instruments	**331**	**227**
Banks	26	26
Other financial corporations	89	85
Non-financial corporations	215	116
Debt securities	**1,697**	**2,071**
General governments	1,230	1,568
Banks	239	260
Other financial corporations	124	109
Non-financial corporations	105	134
Loans and advances	**13**	**0**
Non-financial corporations	13	0
Total	**3,915**	**4,400**

(19) Hedge accounting

in € million	30/9/2021	31/12/2020
Positive fair values of derivatives in micro fair value hedge	**232**	**212**
Interest rate contracts	231	210
Foreign exchange rate and gold contracts	0	2
Positive fair values of derivatives in net investment hedge	**0**	**39**
Positive fair values of derivatives in portfolio hedge	**226**	**152**
Cash flow hedge	21	24
Fair value hedge	205	128
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk	**(125)**	**161**
Total	**333**	**563**

The decrease in the item fair value adjustments of the hedged items in portfolio hedge of interest rate risk is mainly due to interest rate and exchange rate-related valuation effects in the Czech Republic, Russia and at Raiffeisen Bausparkasse Österreich Gesellschaft m.b.H.

(20) Investments in subsidiaries and associates

in € million	30/9/2021	31/12/2020
Investments in affiliated companies	259	254
Investments in associates valued at equity	713	748
Total	**972**	**1,002**

(21) Tangible and intangible fixed assets

in € million	30/9/2021	31/12/2020
Tangible fixed assets	**1,663**	**1,684**
Land and buildings used by the group for own purpose	503	531
Office furniture, equipment and other tangible fixed assets	334	327
Investment property	306	290
Other leased assets (operating lease)	91	90
Right-of-use assets	429	447
Intangible fixed assets	**885**	**763**
Software	711	674
Goodwill	113	73
Brand	2	8
Customer relationships	18	1
Core deposits intangibles	31	0
Other intangible fixed assets	10	6
Total	**2,548**	**2,447**

(22) Tax assets

in € million	30/9/2021	31/12/2020
Current tax assets	82	87
Deferred tax assets	145	121
Temporary tax claims	132	108
Loss carry forwards	13	13
Total	**226**	**208**

(23) Other assets

in € million	30/9/2021	31/12/2020
Prepayments and other deferrals	451	419
Merchandise inventory and suspense accounts for services rendered not yet charged out	255	168
Non-current assets and disposal groups classified as held for sale	24	22
Other assets	402	425
Total	**1,133**	**1,035**

(24) Financial liabilities - amortized cost

in € million	30/9/2021	31/12/2020
Deposits from banks	**39,095**	**29,073**
Current accounts/overnight deposits	15,882	12,709
Deposits with agreed maturity	19,702	15,782
Repurchase agreements	3,512	583
Deposits from customers	**114,443**	**101,881**
Current accounts/overnight deposits	89,893	76,197
Deposits with agreed maturity	24,212	25,564
Repurchase agreements	339	121
Debt securities issued	**11,062**	**10,346**
Covered bonds	1,229	1,246
Other debt securities issued	9,833	9,100
hereof convertible compound financial instruments	1,225	910
hereof non-convertible	8,608	8,189
Other financial liabilities	**668**	**434**
Total	**165,269**	**141,735**
hereof subordinated financial liabilities	3,447	3,005
hereof lease liabilities	438	454

Deposits from banks and customers by asset classes:

in € million	30/9/2021	31/12/2020
Central banks	9,758	7,115
General governments	2,191	2,463
Banks	29,338	21,959
Other financial corporations	11,109	9,726
Non-financial corporations	42,791	39,645
Households	58,353	50,047
Total	**153,539**	**130,955**

(25) Financial liabilities - designated fair value through profit/loss

in € million	30/9/2021	31/12/2020
Deposits from banks	**47**	**48**
Deposits with agreed maturity	47	48
Deposits from customers	**208**	**231**
Deposits with agreed maturity	208	231
Debt securities issued	**1,143**	**1,228**
Hybrid contracts	1	3
Other debt securities issued	1,143	1,226
hereof convertible compound financial instruments	0	4
hereof non-convertible	1,143	1,221
Total	**1,398**	**1,507**
hereof subordinated financial liabilities	231	228

(26) Financial liabilities - held for trading

in € million	30/9/2021	31/12/2020
Derivatives	**1,641**	**2,057**
Interest rate contracts	979	1,128
Equity contracts	156	227
Foreign exchange rate and gold contracts	436	603
Credit contracts	22	18
Commodities	3	0
Other	46	80
Short positions	**307**	**501**
Equity instruments	11	97
Debt securities	296	404
Debt securities issued	**3,667**	**3,422**
Hybrid contracts	3,532	3,332
Other debt securities issued	135	90
hereof convertible compound financial instruments	135	90
Other financial liabilities	**1**	**0**
Total	**5,616**	**5,980**

(27) Hedge accounting

in € million	30/9/2021	31/12/2020
Negative fair values of derivatives in micro fair value hedge	**48**	**43**
Interest rate contracts	48	43
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	**41**	**9**
Negative fair values of derivatives in portfolio hedge	**443**	**344**
Cash flow hedge	16	7
Fair value hedge	426	338
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk	**(265)**	**24**
Total	**268**	**421**

The decrease in the item fair value adjustments of the hedged items in portfolio hedge of interest rate risk is mainly due to interest rate and exchange rate-related valuation effects in the Czech Republic and Hungary. Reversely, the negative fair values of the portfolio fair value hedge in these markets increased, mainly due to increased currency exchange developments primarily in the Czech Republic.

(28) Provisions for liabilities and charges

in € million	30/9/2021	31/12/2020
Provisions for off-balance sheet items	**179**	**176**
Other commitments and guarantees according to IFRS 9	178	174
Other commitments and guarantees according to IAS 37	2	1
Provisions for staff	**489**	**478**
Pensions and other post employment defined benefit obligations	196	204
Other long-term employee benefits	64	59
Bonus payments	154	153
Provisions for overdue vacations	72	58
Termination benefits	3	4
Other provisions	**582**	**407**
Pending legal issues and tax litigation	400	247
Restructuring	12	18
Onerous contracts	60	62
Other provisions	111	80
Total	**1,251**	**1,061**

The provisions for pending legal issues and tax litigation are mainly related to consumer protection proceedings in Poland, Croatia and Romania.

(29) Tax liabilities

in € million	30/9/2021	31/12/2020
Current tax liabilities	82	77
Deferred tax liabilities	47	37
Total	**129**	**114**

(30) Other liabilities

in € million	30/9/2021	31/12/2020
Liabilities from insurance activities	203	176
Deferred income and accrued expenses	561	440
Sundry liabilities	483	238
Total	**1,247**	**853**

(31) Equity

in € million	30/9/2021	31/12/2020
Consolidated equity	12,839	11,835
Subscribed capital	1,002	1,002
Capital reserves	4,992	4,992
Retained earnings	10,113	9,234
hereof consolidated profit/loss	1,055	804
Cumulative other comprehensive income	(3,268)	(3,394)
Non-controlling interests	968	820
Additional tier 1	1,626	1,633
Total	**15,432**	**14,288**

As at 30 September 2021, subscribed capital of RBI AG as defined by the articles of incorporation amounted to € 1,003 million. After deducting 322,204 own shares, the stated subscribed capital totaled € 1,002 million.

Notes to financial instruments

(32) Fair value of financial instruments

Fair value of financial instruments reported at fair value:

Assets	30/9/2021			31/12/2020		
in € million	Level I	Level II	Level III	Level I	Level II	Level III
Financial assets - held for trading	**1,637**	**2,265**	**13**	**1,852**	**2,548**	**0**
Derivatives	35	1,840	0	18	2,083	0
Equity instruments	330	0	0	227	0	0
Debt securities	1,271	426	0	1,607	464	0
Loans and advances	0	0	13	0	0	0
Non-trading financial assets - mandatorily fair value through profit/loss	**355**	**159**	**434**	**287**	**134**	**401**
Equity instruments	1	0	0	1	0	0
Debt securities	354	159	2	286	134	3
Loans and advances	0	0	432	0	0	398
Financial assets - designated fair value through profit/loss	**233**	**34**	**23**	**406**	**37**	**14**
Debt securities	233	34	23	406	37	14
Financial assets - fair value through other comprehensive income	**3,640**	**943**	**199**	**3,568**	**1,067**	**134**
Equity instruments	11	4	136	5	18	134
Debt securities	3,629	939	63	3,563	1,049	0
Hedge accounting	**0**	**458**	**0**	**0**	**403**	**0**

Liabilities	30/9/2021			31/12/2020		
in € million	Level I	Level II	Level III	Level I	Level II	Level III
Financial liabilities - held for trading	**311**	**5,304**	**0**	**495**	**5,485**	**0**
Derivatives	27	1,614	0	15	2,042	0
Short positions	284	23	0	481	21	0
Debt securities issued	0	3,667	0	0	3,422	0
Other financial liabilities	1	0	0	0	0	0
Financial liabilities - designated fair value through profit/loss	**0**	**1,398**	**0**	**0**	**1,507**	**0**
Deposits	0	255	0	0	278	0
Debt securities issued	0	1,143	0	0	1,228	0
Hedge accounting	**0**	**532**	**0**	**0**	**397**	**0**

Movements between Level I and Level II

An examination is carried out for each financial instrument to determine whether quoted market prices are available on an active market. For financial instruments classified as Level I, the fair value valuation is based directly on quoted prices for identical financial instruments on active markets. A financial instrument is assigned to Level I only in the case of ongoing pricing based on transactions that take place with adequate frequency and adequate volumes.

If a market value is used and the market cannot be considered as an active market in view of its restricted liquidity, the underlying financial instrument is assigned to Level II. Financial instruments for which no market prices are available are measured by using market data such as yield curves, credit spreads and implicit volatilities as reproducible, observable market parameters.

Securities with a volume of € 17 million were measured using the BVAL value (Bloomberg Evaluation), which is a derived price, instead of the BGN value (Bloomberg Generic Price). These securities were then reclassified from Level I to Level II. The shifts from Level II to Level I relate to bonds of € 50 million for which market values were available at the reporting date.

Movements in Level III of financial instruments at fair value

The following tables show the changes in the fair value of financial instruments whose fair value cannot be calculated based on observable market data and are therefore subject to a measurement model that is based on inputs that are not observable on a market. Financial instruments in this category have a value component which is unobservable directly or indirectly on the market and which has a material impact on the fair value. The total portfolio of Level III assets grew € 120 million net in the reporting period. This was mainly driven by net growth in holdings of municipal bonds in the measurement category of financial assets - fair value through other comprehensive income in the amount of € 64 million net. In addition, loans subject to mandatory fair value recognition posted net growth of € 33 million. A loan amounting to about € 12 million was classified as held for trading at the time of initial recognition. About € 14 million are based on exchange rate fluctuations.

Assets in € million	As at 1/1/2021	Change in consolidated group	Exchange differences	Additions	Disposals
Financial assets - held for trading	0	0	0	23	(10)
Non-trading financial assets - mandatorily fair value through profit/loss	401	0	(14)	99	(42)
Financial assets - designated fair value through profit/loss	14	0	(0)	4	0
Financial assets - fair value through other comprehensive income	134	(2)	(0)	4	(5)
Total	**549**	**(2)**	**(14)**	**130**	**(57)**

Assets in € million	Gains/loss in P/L	Gain/loss in other comprehensive income	Transfer to Level III	Transfer from Level III	As at 30/9/2021
Financial assets - held for trading	0	0	0	0	13
Non-trading financial assets - mandatorily fair value through profit/loss	(10)	0	0	0	434
Financial assets - designated fair value through profit/loss	5	0	0	0	23
Financial assets - fair value through other comprehensive income	0	0	68	0	199
Total	**(5)**	**0**	**68**	**0**	**669**

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

Liabilities in € million[1]	Gains/loss in P/L	Gain/loss in other comprehensive income	Transfer to Level III	Transfer from Level III	As at 30/9/2021
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 for the valuation of financial instruments in Level III

Assets 30/9/2021	Fair value in € million[1]	Valuation technique	Significant unobservable inputs	Range of unobservable inputs
Financial assets - held for trading	**13**			
Treasury bills, fixed coupon bonds	0	DCF method	All base rate of last auction (interest rate curve)	0.68% - 1.59%
Forward foreign exchange contracts	0	DCF method	Interest rate curve	10 - 30%
Loans	13	DCF method	Discount spread, credit spread range (CDS curves)	0.019% - 0.752%
Non-trading financial assets - mandatorily fair value through profit/loss	**434**			
Other interests	0	Simplified net present value method Expert opinion	–	–
Bonds, notes and other non fixed-interest securities	2	Net Asset Value Expert opinion	Haircuts Price	20 - 50% –
Loans	432	Retail: DCF method (incl. prepayment option, withdrawal option etc.) Non-Retail: DCF method/Financial option pricing (Black-Scholes (shifted) model; Hull-White model)	Discount spread (new business) Funding curves (for liquidity costs) Credit risk premium (CDS curves)	1.46 - 3.39% over all currencies -0.69 -1.42% over all currencies 0.08 - 5.6% (depending on the rating: from AA to B)
Financial assets - designated fair value through profit/loss	**23**			
Fixed coupon bonds	23	Net Asset Value Expert opinion	Price	–
Financial assets - fair value through other comprehensive income	**199**			
Other interests	36	Dividend discount model Simplified income approach DCF method	Credit spread Cash flow Discount rate Dividends Beta factor	–
Other interests	46	Adjusted net asset value	Adjusted equity	–
Other interests	54	Market comparable companies Transaction price Valuation report (expert judgement) Cost minus impairment	EV/Sales EV/EBIT P/E P/B	–
Municipal bonds	63	DCF method	Discount spread	–
Total	**669**			

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

Liabilities 30/9/2021	Fair value in € million[1]	Valuation technique	Significant unobservable inputs	Range of unobservable inputs
Financial liabilities - held for trading	**0**			
Forward foreign exchange contracts	0	DCF method	Interest rate curve	10 - 30%
Total	**0**			

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

Fair value of financial instruments not reported at fair value

The financial instruments in the following table are not managed on a fair value basis and are therefore not measured at fair value in the statement of financial position. For these instruments the fair value is calculated only for the purposes of providing information in the notes, and this has no impact on the consolidated statement of financial position or on the consolidated income statement.

30/9/2021 in € million	Level I	Level II	Level III	Fair value	Carrying amount	Difference
Assets						
Cash, cash balances at central banks and other demand deposits	**0**	**43,133**	**0**	**43,133**	**43,133**	**0**
Financial assets - amortized cost	**12,914**	**1,636**	**118,928**	**133,478**	**132,329**	**1,149**
Debt securities	12,914	1,636	946	15,496	15,437	59
Loans and advances	0	0	117,982	117,982	116,892	1,090
Liabilities						
Financial liabilities - amortized cost	**0**	**10,689**	**154,609**	**165,298**	**164,831**	**468**
Deposits from banks and customers[1]	0	0	153,147	153,147	153,100	47
Debt securities issued	0	10,689	794	11,484	11,062	421
Other financial liabilities	0	0	668	668	668	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

31/12/2020 in € million	Level I	Level II	Level III	Fair value	Carrying amount	Difference
Assets						
Cash, cash balances at central banks and other demand deposits	**0**	**33,660**	**0**	**33,660**	**33,660**	**0**
Financial assets - amortized cost	**12,516**	**1,461**	**105,529**	**119,505**	**116,596**	**2,909**
Debt securities	12,516	1,461	669	14,646	14,371	275
Loans and advances	0	0	104,859	104,859	102,225	2,634
Liabilities						
Financial liabilities - amortized cost	**0**	**10,232**	**131,523**	**141,755**	**141,281**	**473**
Deposits from banks and customers[1]	0	0	130,685	130,685	130,501	184
Debt securities issued	0	10,232	403	10,636	10,346	289
Other financial liabilities	0	0	434	434	434	0

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

(33) Loan commitments, financial guarantees and other commitments

in € million	30/9/2021	31/12/2020
Loan commitments given	38,594	34,803
Financial guarantees given	7,852	7,228
Other commitments given	4,177	3,656
Total	**50,623**	**45,687**
Provisions for off-balance sheet items according to IFRS 9	(178)	(174)

(34) Credit quality analysis

The credit quality analysis of financial assets is a point in time assessment of the probability of default of the assets. It should be noted that for financial assets in stages 1 and 2, due to the relative nature of 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. The following list provides a description of the grouping of assets by probability of default:

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

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

30/9/2021 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
Excellent	17,897	2,467	0	3	20,367
Strong	34,740	2,727	0	1	37,468
Good	37,982	6,208	0	9	44,199
Satisfactory	16,061	5,078	0	22	21,161
Substandard	1,007	2,398	0	6	3,412
Credit impaired	0	0	2,655	295	2,950
Not rated	5,107	328	12	15	5,461
Gross carrying amount	**112,794**	**19,205**	**2,667**	**350**	**135,017**
Accumulated impairment	(204)	(659)	(1,708)	(117)	(2,688)
Carrying amount	**112,590**	**18,546**	**959**	**233**	**132,329**

31/12/2020 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
Excellent	21,357	1,308	0	3	22,667
Strong	22,822	3,346	0	1	26,170
Good	33,331	7,661	0	6	40,998
Satisfactory	14,091	6,549	0	23	20,663
Substandard	747	1,931	0	13	2,691
Credit impaired	0	0	2,582	273	2,856
Not rated	2,635	467	16	2	3,119
Gross carrying amount	**94,983**	**21,262**	**2,598**	**321**	**119,163**
Accumulated impairment	(185)	(629)	(1,633)	(119)	(2,567)
Carrying amount	**94,797**	**20,633**	**964**	**202**	**116,596**

The category not rated includes financial assets for households for which no ratings are available. The rating is therefore based on qualitative factors. These are mainly a portfolio of mortgage loans to households in the Czech Republic.

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

30/9/2021 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
Excellent	938	0	0	0	938
Strong	2,422	23	0	0	2,444
Good	914	8	0	0	922
Satisfactory	268	28	0	0	296
Substandard	0	0	0	0	0
Credit impaired	0	0	0	0	0
Not rated	33	0	0	0	33
Gross carrying amount[1]	**4,575**	**59**	**0**	**0**	**4,634**
Accumulated impairment	(3)	(1)	0	0	(4)
Carrying amount	**4,572**	**58**	**0**	**0**	**4,630**

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

31/12/2020 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
Excellent	1,315	0	0	0	1,315
Strong	2,776	0	0	0	2,776
Good	234	11	0	0	245
Satisfactory	223	35	0	0	259
Substandard	0	0	0	0	0
Credit impaired	0	0	0	0	0
Not rated	22	0	0	0	22
Gross carrying amount[1]	**4,570**	**46**	**0**	**0**	**4,616**
Accumulated impairment	(3)	(1)	0	0	(4)
Carrying amount	**4,567**	**45**	**0**	**0**	**4,612**

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

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

30/9/2021 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Excellent	1,289	176	0	1,465
Strong	17,791	1,446	0	19,238
Good	18,581	2,708	0	21,289
Satisfactory	5,735	1,274	0	7,009
Substandard	142	311	0	453
Credit impaired	0	0	233	233
Not rated	844	93	1	937
Nominal amount	**44,382**	**6,008**	**234**	**50,623**
Provisions for off-balance sheet items according to IFRS 9	(49)	(65)	(63)	(178)
Nominal amount after provisions	**44,333**	**5,943**	**171**	**50,446**

31/12/2020 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Excellent	1,661	275	0	1,935
Strong	13,406	1,069	0	14,475
Good	17,333	3,762	0	21,094
Satisfactory	5,112	1,639	0	6,751
Substandard	205	317	0	521
Credit impaired	0	0	255	255
Not rated	531	122	0	654
Nominal amount	**38,248**	**7,183**	**255**	**45,687**
Provisions for off-balance sheet items according to IFRS 9	(45)	(59)	(71)	(174)
Nominal amount after provisions	**38,203**	**7,125**	**185**	**45,512**

The category not rated includes off-balance sheet commitments for households in the Czech Republic for which no ratings are available. The rating is therefore based on qualitative factors.

(35) Collateral and maximum exposure to credit risk

The following table contains details of the maximum exposure from financial assets not subject to impairment and the financial assets subject to impairment and reconciles these with the loans and advances not held for trading which are the basis of the collateral disclosures below:

30/9/2021	Maximum exposure to credit risk		
in € million	Not subject to impairment standards	Subject to impairment standards	hereof loans and advances non-trading as well as loan commitments, financial guarantees and other commitments
Financial assets - amortized cost	0	135,017	119,569
Financial assets - fair value through other comprehensive income[1]	0	4,634	0
Non-trading financial assets - mandatorily fair value through profit/loss	948	0	432
Financial assets - designated fair value through profit/loss	290	0	0
Financial assets - held for trading	3,585	0	0
On-balance	**4,823**	**139,651**	**120,001**
Loan commitments, financial guarantees and other commitments	0	50,623	50,623
Total	**4,823**	**190,274**	**170,624**

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

31/12/2020	Maximum exposure to credit risk		
in € million	Not subject to impairment standards	Subject to impairment standards	hereof loans and advances non-trading as well as loan commitments, financial guarantees and other commitments
Financial assets - amortized cost	0	119,163	104,780
Financial assets - fair value through other comprehensive income[1]	0	4,616	0
Non-trading financial assets - mandatorily fair value through profit/loss	821	0	398
Financial assets - designated fair value through profit/loss	457	0	0
Financial assets - held for trading	4,173	0	0
On-balance	**5,451**	**123,779**	**105,178**
Loan commitments, financial guarantees and other commitments	0	45,687	45,687
Total	**5,451**	**169,466**	**150,865**

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

RBI employs a range of policies to mitigate credit risk, the most common of which is the acceptance of collateral for loans and advances provided. The eligibility of collateral is defined on an RBI Group basis to ensure uniform standards of collateral evaluation. 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 moveable goods. Long-term financing is generally secured, while revolving credit facilities are generally unsecured. Debt securities are mainly unsecured, and derivatives can be secured by cash or master netting agreements. Collateral from the leasing business is also included in the following tables. Items shown in cash and cash equivalents are considered to have negligible credit risk. The Group directives regarding obtaining collateral were not significantly changed during the reporting period; however, they are updated on a yearly basis.

It should be noted that the collateral values shown in the tables are capped at the respective exposure. The following tables show non-trading loans and advances as well as loan commitments, financial guarantees and other commitments that are subject to impairment:

30/9/2021 in € million	**Maximum exposure to credit risk**	**Fair value of collateral**	**Credit risk exposure net of collateral**
Central banks	11,233	291	10,943
General governments	2,051	766	1,285
Banks	5,448	1,832	3,616
Other financial corporations	10,704	5,364	5,341
Non-financial corporations	50,744	23,371	27,373
Households	39,820	25,535	14,285
Loan commitments, financial guarantees and other commitments	50,623	7,697	42,927
Total	**170,624**	**64,855**	**105,770**

31/12/2020 in € million	**Maximum exposure to credit risk**	**Fair value of collateral**	**Credit risk exposure net of collateral**
Central banks	6,762	318	6,444
General governments	2,118	703	1,416
Banks	5,194	2,545	2,649
Other financial corporations	9,311	4,836	4,475
Non-financial corporations	46,265	20,471	25,793
Households	35,528	22,695	12,833
Loan commitments, financial guarantees and other commitments	45,687	6,805	38,882
Total	**150,865**	**58,373**	**92,492**

(36) Forward looking information

The most important macroeconomic assumptions for the key countries used in estimating expected credit losses at quarter-end are presented below (source: Raiffeisen Research, August 2021).

		Real GDP			Unemployment		
		2021	2022	2023	2021	2022	2023
Bulgaria	Optimistic	4.5%	5.4%	5.2%	3.8%	1.9%	2.5%
	Base	3.0%	4.0%	4.3%	5.0%	4.8%	4.5%
	Pessimistic	2.0%	1.3%	2.3%	6.7%	8.8%	7.3%
Croatia	Optimistic	5.8%	6.5%	5.2%	6.3%	4.7%	5.0%
	Base	5.1%	4.9%	4.0%	7.2%	6.8%	6.5%
	Pessimistic	3.7%	1.6%	1.7%	8.5%	9.8%	8.6%
Austria	Optimistic	3.9%	6.0%	2.9%	6.2%	4.8%	4.7%
	Base	3.5%	5.0%	2.2%	6.4%	5.3%	5.0%
	Pessimistic	2.6%	3.0%	0.7%	6.7%	6.0%	5.5%
Poland	Optimistic	4.9%	6.2%	5.1%	4.8%	2.7%	3.1%
	Base	4.5%	5.3%	4.5%	6.1%	5.7%	5.2%
	Pessimistic	3.7%	3.5%	3.2%	7.9%	9.8%	8.2%
Russia	Optimistic	3.1%	3.1%	2.8%	4.7%	4.0%	3.9%
	Base	2.3%	1.3%	1.5%	5.1%	5.0%	4.6%
	Pessimistic	1.1%	(1.4)%	0.0%	6.0%	7.1%	6.1%
Romania	Optimistic	8.3%	6.5%	5.8%	5.4%	4.6%	4.5%
	Base	7.5%	4.7%	4.5%	5.7%	5.4%	5.1%
	Pessimistic	6.0%	1.2%	2.0%	6.4%	7.0%	6.2%
Slovakia	Optimistic	5.7%	6.6%	5.6%	6.5%	4.2%	3.8%
	Base	5.0%	5.0%	4.5%	7.6%	6.9%	5.7%
	Pessimistic	3.6%	1.8%	2.2%	9.2%	10.6%	8.4%
Czech Republic	Optimistic	4.3%	5.7%	4.0%	3.4%	2.5%	2.7%
	Base	3.7%	4.4%	3.0%	3.9%	3.7%	3.6%
	Pessimistic	2.5%	1.6%	1.0%	4.7%	5.3%	4.8%
Hungary	Optimistic	6.6%	6.9%	5.0%	3.4%	2.3%	2.7%
	Base	6.0%	5.5%	4.0%	4.1%	3.9%	3.8%
	Pessimistic	4.8%	2.7%	2.0%	5.0%	6.1%	5.4%

		Long-term bond rate			Real estate prices		
		2021	2022	2023	2021	2022	2023
Bulgaria	Optimistic	(0.2)%	(0.4)%	0.0%	8.3%	10.6%	8.7%
	Base	0.1%	0.4%	0.6%	5.5%	4.0%	4.0%
	Pessimistic	1.0%	2.5%	2.1%	2.3%	(3.4)%	(1.3)%
Croatia	Optimistic	0.4%	0.1%	0.4%	7.6%	9.1%	5.9%
	Base	0.7%	0.8%	0.9%	5.8%	5.0%	3.0%
	Pessimistic	1.4%	2.6%	2.2%	3.8%	0.4%	(0.3)%
Austria	Optimistic	(0.3)%	(0.3)%	0.1%	9.7%	6.7%	5.2%
	Base	0.0%	0.4%	0.6%	9.0%	5.0%	4.0%
	Pessimistic	0.5%	1.6%	1.5%	8.2%	3.1%	2.7%
Poland	Optimistic	1.4%	1.4%	1.8%	10.6%	8.5%	5.8%
	Base	1.7%	2.0%	2.2%	9.5%	6.0%	4.0%
	Pessimistic	2.4%	3.7%	3.3%	8.7%	4.0%	2.6%
Russia	Optimistic	6.7%	6.3%	6.5%	12.8%	10.2%	7.0%
	Base	7.1%	7.3%	7.2%	11.0%	6.0%	4.0%
	Pessimistic	8.1%	9.7%	9.0%	8.3%	(0.3)%	(0.5)%
Romania	Optimistic	2.9%	2.5%	3.1%	5.4%	6.8%	5.8%
	Base	3.5%	3.8%	4.0%	4.0%	3.5%	3.5%
	Pessimistic	3.9%	4.9%	4.8%	2.4%	(0.1)%	0.9%
Slovakia	Optimistic	(0.1)%	0.0%	0.4%	18.0%	15.9%	9.9%
	Base	0.2%	0.7%	0.8%	15.0%	9.0%	5.0%
	Pessimistic	1.0%	2.5%	2.1%	11.7%	1.3%	(0.5)%
Czech Republic	Optimistic	1.6%	1.8%	2.4%	10.7%	8.7%	5.9%
	Base	1.9%	2.4%	2.8%	9.5%	6.0%	4.0%
	Pessimistic	2.6%	4.3%	4.1%	8.2%	3.0%	1.8%
Hungary	Optimistic	2.9%	2.5%	3.0%	6.3%	8.3%	7.1%
	Base	3.2%	3.3%	3.6%	4.5%	4.0%	4.0%
	Pessimistic	4.2%	5.5%	5.2%	3.1%	0.7%	1.6%

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.

Post-model adjustments

Post-model adjustments to expected credit loss allowance are adjustments which are used in circumstances where existing inputs, assumptions and model techniques do not capture all relevant risk factors. This may be due to transient circumstances or insufficient time to appropriately incorporate relevant new information into the rating. The emergence of new macroeconomic, microeconomic or political events, along with expected changes to parameters or models, or data that are not incorporated in current parameters, internal risk rating migrations or forward-looking information are examples of such circumstances. In general, post-model adjustments only constitute an interim solution at RBI. In order to reduce the potential for bias, post-model adjustments are of a temporary nature and in general valid for no longer than one to two years. All material adjustments are authorized by the Group Risk Committee (GRC). From an accounting point of view, all post-model adjustments are based on collective assessment, but do not necessarily result in shifts in expected credit losses between the stages.

Due to the complexity of the expected credit loss calculation and the dependent variables, the table below represents a best estimate of the post-model adjustments included in the stage 1 and stage 2 cumulative expected credit losses (on-balance and off-balance sheet items).

30/9/2021	Modelled ECL	Post-model adjustments						Total
in € million		COVID-19 related		Other		Total		
Central banks	0	0	0.0%	0	0.0%	0	0.0%	0
General governments	9	1	6.2%	0	0.0%	1	6.2%	9
Banks	1	0	1.1%	0	0.0%	0	1.1%	1
Other financial corporations	56	0	0.0%	0	0.0%	0	0.0%	56
Non-financial corporations	290	232	80.0%	4	1.5%	236	81.5%	526
Households	334	33	10.0%	21	6.4%	55	16.4%	389
Total	**690**	**266**	**38.5%**	**26**	**3.7%**	**291**	**42.3%**	**981**

31/12/2020	Modelled ECL	Post-model adjustments						Total
in € million		COVID-19 related		Other		Total		
Central banks	0	0	0.0%	0	0.0%	0	0.0%	0
General governments	10	2	16.6%	0	0.0%	2	16.6%	12
Banks	1	0	1.9%	0	0.0%	0	1.9%	1
Other financial corporations	46	0	0.0%	0	0.0%	0	0.0%	46
Non-financial corporations	209	203	97.1%	44	20.9%	246	118.1%	455
Households	334	56	16.8%	18	5.3%	74	22.0%	408
Total	**601**	**261**	**43.4%**	**61**	**10.2%**	**322**	**53.6%**	**922**

The COVID-19 pandemic necessitated post-model adjustments, as the ECL models do not fully capture the speed of the changes and the depth of the economic effects of the virus (e.g. the collapse in GDP in the second quarter of 2020 following the outbreak of the pandemic and the measures taken by governments to tackle it). COVID-19 related post-model adjustments reflected the collective impact on the sectors that were especially hard hit by the pandemic: tourism, hotels, further related industries as well as automotive, air travel, oil and gas, real estate and some consumer goods industries. The effects were due to demand shock, supply chain disruptions and crisis containment measures. The related post-model adjustments involve a qualitative assessment of exposures for the expected significant increase in credit risk and their subsequent transfer from stage 1 to stage 2. The criteria for the identification of such exposures were predominantly based on the above listed industries (for SMEs) and employment industries (for households) and further refined, where relevant, with information related to the application of the specific moratorium measures. As the adjustments to the expected credit losses are temporary and designed to adequately reflect the current risk situation of customers, it will take some time before a complete picture of the impact of COVID-19 and subsequent measures on individual customers emerges.

Other adjustments

An additional impairment of € 73 million for impacts in Russia and Belarus for expected credit losses in connection with sanctions is included in the modelled expected credit losses. Of this, € 44 million relate to Russia and € 29 million to Belarus. The provisions were built considering uncertainties caused by the sanctions and based on RBI's internal monitoring and control approaches. For year-end 2020 these risks were included in the column other post-model adjustments.

The full-year 2021 gross domestic product (GDP) growth numbers used in the calculation have been adjusted downwards due to the fact that GDP in the second quarter 2021 was particularly strong as a result of the catch-up effect from last year. This can be justified on the grounds that government countermeasures were not fully reflected in the GDP numbers last year and hence the dip and subsequent increase do not reflect a real boom compared to historic growth figures. The assumption made on that basis is that the probabilities of default (PDs) over this period have not been overly affected by GDP growth and hence it would be inappropriate to change the PDs to reflect the full calculated GDP changes.

(37) Credit risk volume by stages

Gross carrying amount of financial assets - amortized cost by counterparties and stages:

in € million	30/9/2021 Stage 1	Stage 2	Stage 3	POCI	31/12/2020 Stage 1	Stage 2	Stage 3	POCI
Central banks	11,592	4	0	0	7,972	4	0	0
General governments	13,172	752	1	0	11,916	764	2	0
Banks	7,304	179	4	0	6,829	122	3	0
Other financial corporations	9,674	1,429	100	22	8,346	1,431	88	10
Non-financial corporations	41,060	8,606	1,439	184	33,576	11,196	1,469	175
Households	29,992	8,235	1,123	144	26,343	7,746	1,037	136
Total	**112,794**	**19,205**	**2,667**	**350**	**94,983**	**21,262**	**2,598**	**321**

Accumulated impairment of financial assets - amortized cost by counterparties and stages:

in € million	30/9/2021 Stage 1	Stage 2	Stage 3	POCI	31/12/2020 Stage 1	Stage 2	Stage 3	POCI
Central banks	0	0	0	0	0	0	0	0
General governments	(4)	(2)	(1)	0	(6)	(3)	(2)	0
Banks	0	0	(3)	0	(1)	0	(3)	0
Other financial corporations	(8)	(42)	(42)	(5)	(6)	(36)	(32)	(4)
Non-financial corporations	(96)	(339)	(889)	(75)	(88)	(282)	(871)	(74)
Households	(96)	(276)	(773)	(38)	(85)	(309)	(725)	(42)
Total	**(204)**	**(659)**	**(1,708)**	**(117)**	**(185)**	**(629)**	**(1,633)**	**(119)**

ECL coverage ratio of financial assets - amortized cost by counterparties and stages:

	30/9/2021 Stage 1	Stage 2	Stage 3	POCI	31/12/2020 Stage 1	Stage 2	Stage 3	POCI
Central banks	0.0%	0.0%	–	–	0.0%	0.0%	100.0%	–
General governments	0.0%	0.3%	96.6%	0.0%	0.1%	0.4%	97.8%	0.0%
Banks	0.0%	0.1%	79.1%	–	0.0%	0.1%	98.8%	–
Other financial corporations	0.1%	2.9%	41.5%	21.4%	0.1%	2.5%	36.8%	41.8%
Non-financial corporations	0.2%	3.9%	61.8%	40.8%	0.3%	2.5%	59.3%	42.1%
Households	0.3%	3.4%	68.8%	26.0%	0.3%	4.0%	70.0%	30.6%
Total	**0.2%**	**3.4%**	**64.0%**	**33.5%**	**0.2%**	**3.0%**	**62.9%**	**37.2%**

Loan commitments, financial guarantees and other commitments by counterparties and stages:

30/9/2021	Nominal amount			Provisions for off-balance sheet items according to IFRS 9			ECL coverage ratio		
in € million	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Central banks	0	0	0	0	0	0	0.1%	–	–
General governments	363	1	0	0	0	0	0.0%	0.3%	–
Banks	2,361	80	0	0	0	0	0.0%	0.0%	–
Other financial corporations	5,684	294	8	(2)	(4)	(1)	0.0%	1.5%	13.5%
Non-financial corporations	31,453	4,808	211	(39)	(52)	(52)	0.1%	1.1%	24.5%
Households	4,520	823	14	(8)	(9)	(10)	0.2%	1.1%	71.4%
Total	**44,382**	**6,008**	**234**	**(49)**	**(65)**	**(63)**	**0.1%**	**1.1%**	**27.0%**

31/12/2020	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	377	2	0	0	0	0	0.0%	0.3%	–
Banks	1,994	108	0	0	0	0	0.0%	0.0%	–
Other financial corporations	4,991	264	11	(2)	(3)	(1)	0.0%	1.1%	9.4%
Non-financial corporations	27,257	5,742	232	(36)	(49)	(60)	0.1%	0.8%	26.0%
Households	3,629	1,068	12	(7)	(7)	(9)	0.2%	0.7%	75.3%
Total	**38,248**	**7,183**	**255**	**(45)**	**(59)**	**(71)**	**0.1%**	**0.8%**	**27.7%**

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

30/9/2021	Gross carrying amount		Impairment		ECL coverage ratio	
in € million	12-month ECL	Lifetime ECL	12-month ECL	Lifetime ECL	12-month ECL	Lifetime ECL
Movement from 12-month ECL to lifetime ECL	**(5,499)**	**5,499**	**(24)**	**215**	**0.4%**	**3.9%**
Central banks	0	0	0	0	-	-
General governments	(132)	132	(2)	2	1.8%	1.5%
Banks	(166)	166	0	0	0.0%	0.0%
Other financial corporations	(153)	153	0	1	0.1%	0.6%
Non-financial corporations	(1,369)	1,369	(12)	59	0.9%	4.3%
Households	(3,678)	3,678	(10)	153	0.3%	4.2%
Movement from lifetime ECL to 12-month ECL	**5,595**	**(5,595)**	**15**	**(115)**	**0.3%**	**2.1%**
Central banks	0	0	0	0	-	-
General governments	128	(128)	0	(1)	0.0%	0.9%
Banks	100	(100)	0	0	0.0%	0.1%
Other financial corporations	214	(214)	0	(2)	0.2%	0.8%
Non-financial corporations	2,732	(2,732)	7	(36)	0.3%	1.3%
Households	2,421	(2,421)	7	(76)	0.3%	3.1%

31/12/2020	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	**(11,302)**	**11,302**	**(41)**	**508**	**0.4%**	**4.5%**
Central banks	0	0	0	0	–	–
General governments	(77)	77	0	0	0.1%	0.6%
Banks	(100)	100	0	0	0.0%	0.1%
Other financial corporations	(462)	462	(2)	24	0.5%	5.3%
Non-financial corporations	(6,551)	6,551	(22)	227	0.3%	3.5%
Households	(4,113)	4,113	(17)	255	0.4%	6.2%
Movement from lifetime ECL to 12-month ECL	**3,309**	**(3,309)**	**9**	**(69)**	**0.3%**	**2.1%**
Central banks	0	0	0	0	–	–
General governments	251	(251)	1	(2)	0.3%	0.8%
Banks	16	(16)	0	0	0.0%	0.0%
Other financial corporations	155	(155)	0	0	0.0%	0.3%
Non-financial corporations	1,322	(1,322)	3	(16)	0.2%	1.2%
Households	1,565	(1,565)	5	(51)	0.3%	3.2%

(38) Development of impairments

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

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

in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1/1/2020	**184**	**343**	**1,798**	**2,325**
Increases due to origination and acquisition	72	44	50	166
Decreases due to derecognition	(22)	(38)	(206)	(266)
Changes due to change in credit risk (net)	(45)	268	348	570
Changes due to modifications without derecognition (net)	0	0	3	3
Decrease due to write-offs	0	(1)	(91)	(91)
Changes due to model/risk parameters	0	2	(3)	(2)
Change in consolidated group	0	0	0	0
Foreign exchange and other	(11)	(22)	(88)	(121)
As at 30/9/2020	**178**	**595**	**1,810**	**2,583**

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

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

in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1/1/2020	**44**	**30**	**87**	**161**
Increases due to origination and acquisition	24	12	7	42
Decreases due to derecognition	(9)	(5)	(16)	(30)
Changes due to change in credit risk (net)	(14)	32	(13)	6
Decrease due to write-offs	0	0	0	0
Changes due to model/risk parameters	0	0	0	0
Change in consolidated group	0	0	0	0
Foreign exchange and other	(4)	(3)	(3)	(11)
As at 30/9/2020	**41**	**65**	**61**	**167**

Impairments and provisions by asset classes:

30/9/2021 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
Loans and debt securities	**207**	**660**	**1,708**	**117**	**2,692**
Central banks	0	0	0	0	0
General governments	7	2	1	0	10
Banks	0	0	3	0	4
Other financial corporations	8	42	42	5	96
Non-financial corporations	96	340	889	75	1,400
Households	96	276	773	38	1,182
Cash, cash balances at central banks and other demand deposits	**0**	**0**	**1**	**0**	**1**
Loan commitments, financial guarantees and other commitments given	**49**	**65**	**63**	**0**	**178**
Total	**256**	**725**	**1,772**	**117**	**2,870**

31/12/2020 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
Loans and debt securities	**188**	**630**	**1,633**	**119**	**2,572**
Central banks	0	0	0	0	0
General governments	9	3	2	0	14
Banks	1	0	3	0	4
Other financial corporations	6	36	32	4	77
Non-financial corporations	88	283	871	74	1,316
Households	85	309	725	42	1,161
Cash, cash balances at central banks and other demand deposits	**0**	**0**	**0**	**0**	**0**
Loan commitments, financial guarantees and other commitments given	**45**	**59**	**71**	**0**	**174**
Total	**233**	**689**	**1,704**	**119**	**2,746**

(39) Modified assets

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

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

The development of the net modification effect from minus € 41 million to minus € 6 million is mainly due to the phasing out of COVID-19 measures in countries in which RBI operates. Because interest unpaid due to payment moratoriums permitted under the legislative measures is not allowed to result in compound interest, the gross carrying amount of the affected loans has been reduced from the end of March 2020, which led to net modification losses.

The share of modification losses relating to COVID-19 measures in the year 2020 amounted to minus € 29 million. In contrast, modification losses stemming from COVID-19 measures up to the third quarter of 2021 totaled less than € 0.1 million.

30/9/2021 in € million	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Net modifications gains/losses of financial assets	0	(5)	(2)	0	(6)
Amortized cost before the modification of financial assets	2,458	800	24	3	3,285
Gross carrying amount of modified assets as of 31/12, which moved to Stage 1 during the year	–	48	0	0	48

31/12/2020 in € million	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Net modifications gains/losses of financial assets	(26)	(13)	(2)	0	(41)
Amortized cost before the modification of financial assets	4,144	2,194	277	56	6,670
Gross carrying amount of modified assets as of 31/12, which moved to Stage 1 during the year	–	25	0	0	25

(40) Transferred assets

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

30/9/2021	Transferred assets			Associated liabilities		
in € million	Carrying amount	hereof securitizations	hereof repurchase agreements	Carrying amount	hereof securitizations	hereof repurchase agreements
Financial assets - held for trading	7	0	7	7	0	7
Financial assets - fair value through other comprehensive income	108	0	108	108	0	108
Financial assets - amortized cost	2,267	0	2,267	2,267	0	2,267
Total	**2,382**	**0**	**2,382**	**2,382**	**0**	**2,382**

31/12/2020	Transferred assets			Associated liabilities		
in € million	Carrying amount	hereof securitizations	hereof repurchase agreements	Carrying amount	hereof securitizations	hereof repurchase agreements
Financial assets - held for trading	8	0	8	8	0	8
Financial assets - fair value through other comprehensive income	155	0	155	153	0	153
Financial assets - amortized cost	126	0	126	122	0	122
Total	**289**	**0**	**289**	**283**	**0**	**283**

(41) Assets pledged as collateral and received financial assets

Significant restrictions regarding the access or use of assets:

in € million	30/9/2021 Pledged	30/9/2021 Otherwise restricted with liabilities	31/12/2020 Pledged	31/12/2020 Otherwise restricted with liabilities
Financial assets - held for trading	73	0	54	0
Non-trading financial assets - mandatorily fair value through profit/loss	16	0	16	0
Financial assets - designated fair value through profit/loss	0	0	47	0
Financial assets - fair value through other comprehensive income	695	4	436	3
Financial assets - amortized cost	18,607	821	13,976	855
Total	**19,392**	**824**	**14,528**	**858**

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

Securities and other financial assets accepted as collateral:

in € million	30/9/2021	31/12/2020
Securities and other financial assets accepted as collateral which can be sold or repledged	19,392	14,310
hereof which have been sold or repledged	3,376	2,086

(42) Derivative financial instruments

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

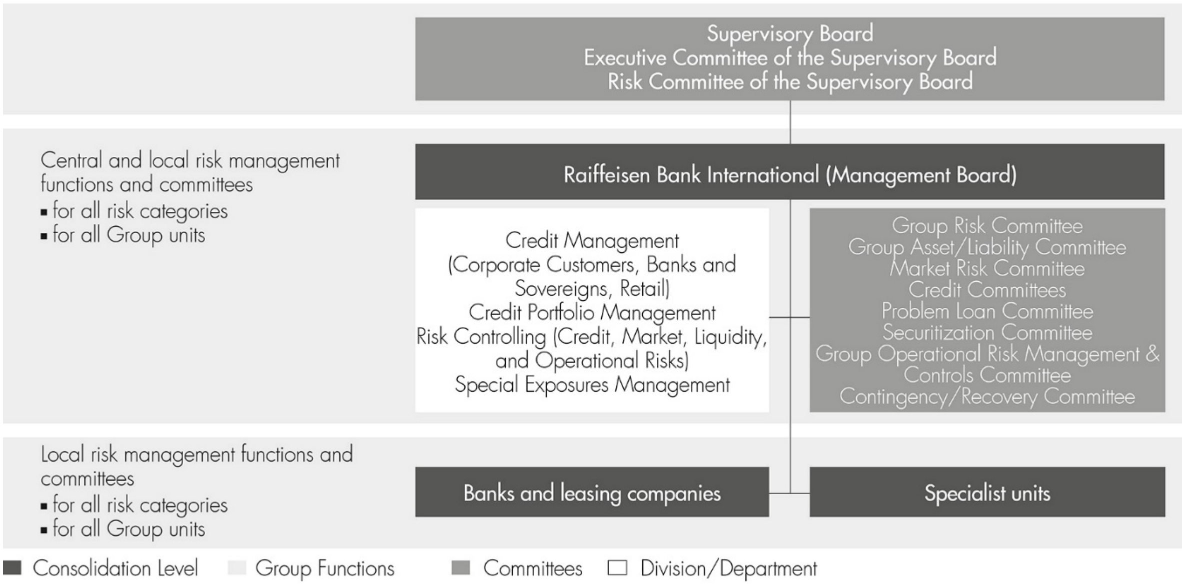
30/9/2021	Nominal amount	Fair value	
in € million		Assets	Liabilities
Trading book	**177,211**	**1,715**	**(1,593)**
Interest rate contracts	122,383	988	(939)
Equity contracts	4,410	192	(156)
Foreign exchange rate and gold contracts	47,974	510	(434)
Credit contracts	1,280	18	(16)
Commodities	75	4	(3)
Other	1,088	4	(46)
Banking book	**15,133**	**160**	**(48)**
Interest rate contracts	11,842	147	(40)
Foreign exchange rate and gold contracts	3,018	13	(2)
Credit contracts	274	0	(6)
Hedging instruments	**40,673**	**458**	**(532)**
Interest rate contracts	39,328	458	(491)
Foreign exchange rate and gold contracts	1,345	0	(41)
Total	**233,017**	**2,333**	**(2,173)**
OTC products	228,428	2,265	(2,081)
Products traded on stock exchange	1,872	41	(21)

31/12/2020	Nominal amount	Fair value	
in € million		Assets	Liabilities
Trading book	**165,077**	**1,845**	**(1,912)**
Interest rate contracts	115,381	1,117	(1,006)
Equity contracts	4,152	134	(227)
Foreign exchange rate and gold contracts	43,486	580	(589)
Credit contracts	793	10	(9)
Commodities	91	3	0
Other	1,174	0	(80)
Banking book	**21,995**	**257**	**(145)**
Interest rate contracts	16,023	225	(122)
Foreign exchange rate and gold contracts	5,591	31	(14)
Credit contracts	380	1	(9)
Hedging instruments	**37,410**	**403**	**(397)**
Interest rate contracts	35,675	362	(388)
Foreign exchange rate and gold contracts	1,735	41	(9)
Total	**224,481**	**2,505**	**(2,454)**
OTC products	220,432	2,462	(2,340)
Products traded on stock exchange	1,610	29	(16)

Risk report

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

The principles and organization of risk management are disclosed in the relevant sections of the 2020 Annual Report, pages 196 ff.



Economic perspective – economic capital approach

Economic capital constitutes a fundamental aspect of overall bank risk management. It defines the internal capital requirement for all material risk categories based on comparable models and thereby facilitates an aggregated view of the Group's risk profile. Economic capital is therefore an important instrument in Group risk management and is used for making risk-adjusted business decisions and in performance measurement. For this purpose, a business unit's profit is set in relation to the economic capital attributed to the unit (Return on risk-adjusted capital, RORAC).

Risk contribution of individual risk types to economic capital:

in € million	30/9/2021	Share	31/12/2020	Share
Credit risk corporate customers	1,685	25.2%	1,807	29.5%
Credit risk retail customers	1,442	21.5%	1,315	21.5%
Participation risk	712	10.6%	737	12.1%
Market risk	608	9.1%	557	9.1%
Credit risk sovereigns	561	8.4%	276	4.5%
Operational risk	521	7.8%	423	6.9%
FX risk capital position	381	5.7%	261	4.3%
Owned property risk	283	4.2%	260	4.2%
Credit risk banks	160	2.4%	169	2.8%
CVA risk	20	0.3%	21	0.3%
Liquidity risk	0	0.0%	0	0.0%
Risk buffer	319	4.8%	291	4.8%
Total	**6,693**	**100.0%**	**6,117**	**100.0%**

Regional allocation of economic capital according to Group unit domicile:

in € million	30/9/2021	Share	31/12/2020	Share
Austria	2,236	33.4%	2,452	40.1%
Southeastern Europe	1,691	25.3%	1,357	22.2%
Central Europe	1,588	23.7%	1,237	20.2%
Eastern Europe	1,177	17.6%	1,070	17.5%
Rest of World	0	0.0%	0	0.0%
Total	**6,693**	**100.0%**	**6,117**	**100.0%**

The Group uses a confidence level of 99.90 per cent to calculate economic capital. Since year-end 2020, the macroeconomic risk has been deducted directly from the internal capital.

(43) Credit risk

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

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

The following table shows the reconciliation of 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 used – if not explicitly stated otherwise – for referring to exposures in all subsequent tables in the risk report. The reasons for 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 classifications and presentation of exposure volumes. In the second quarter of 2021, the standardized approach for counterparty risk (SA-CCR) was adopted, which significantly reduced credit exposure from a risk perspective. In the past, gross exposure (exposure at default (EAD) before OTC netting and collateral) was part of the risk exposure. Due to implementing these changes, both the calculation of exposure at default (EAD) after OTC netting and the consideration of collateral are already conducted in the market risk system, consistent with the measurement of derivative counterparty risk, and are therefore no longer part of exposure at default (EAD).

in € million	30/9/2021	31/12/2020
Cash, cash balances at central banks and other demand deposits	37,358	27,986
Financial assets - amortized cost	134,990	119,163
Financial assets - fair value through other comprehensive income	4,634	4,616
Non-trading financial assets - mandatorily at fair value through profit / loss	948	822
Financial assets - designated fair value through profit/loss	290	457
Financial assets - held for trading	3,585	4,173
Hedge accounting	333	563
Current tax assets	82	87
Deferred tax assets	144	121
Other assets	878	866
Loan commitments given	38,594	34,803
Financial guarantees given	7,852	7,228
Other commitments given	4,177	3,656
Disclosure differences	(7,452)	(1,815)
Credit exposure[1]	**226,413**	**202,727**

1 Around € 5 billion of the disclosure differences are attributable to the implementation of SA-CCR.

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

Rating models in the non-retail asset classes – corporates, banks and sovereigns – are uniform in all Group units and rank creditworthiness according to 27 grades on a 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 database).

Credit exposure by asset classes (rating models):

in € million	30/9/2021	31/12/2020
Corporate customers	87,213	81,650
Banks	23,767	23,339
Sovereigns	60,586	48,739
Project finance	8,106	7,339
Retail customers	46,742	41,659
Total	**226,413**	**202,727**

Credit portfolio – Corporate customers

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

in € million		30/9/2021	Share	31/12/2020	Share
1	Minimal risk	1,822	2.1%	4,946	6.1%
2	Excellent credit standing	7,865	9.0%	7,037	8.6%
3	Very good credit standing	20,013	22.9%	16,792	20.6%
4	Good credit standing	21,280	24.4%	18,603	22.8%
5	Sound credit standing	16,868	19.3%	15,884	19.5%
6	Acceptable credit standing	11,478	13.2%	11,314	13.9%
7	Marginal credit standing	4,674	5.4%	4,091	5.0%
8	Weak credit standing/sub-standard	1,502	1.7%	1,167	1.4%
9	Very weak credit standing/doubtful	220	0.3%	240	0.3%
10	Default	1,317	1.5%	1,383	1.7%
NR	Not rated	174	0.2%	195	0.2%
Total		**87,213**	**100.0%**	**81,650**	**100.0%**

The increase in the credit exposure resulted mainly from credit financing and guarantees given. Rating grades 3 and 4 recorded the largest increase, primarily due to Russia (partially currency-related), Austria, Germany and Switzerland. The exposure in rating grade 2 also rose, caused by rating shifts from rating grades 1 and 3. The exposure decrease in rating grade 1 resulted – beside the rating downgrades to rating grade 2 – from lower swap business in Great Britain (down € 2,821 million). The increase in rating grade 5 was mainly due to higher credit exposure in Russia, Serbia and the Czech Republic, and rating upgrades from rating grade 6.

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

in € million		30/9/2021	Share	31/12/2020	Share
6.1	Excellent project risk profile – very low risk	4,612	56.9%	4,536	61.8%
6.2	Good project risk profile – low risk	2,413	29.8%	2,294	31.3%
6.3	Acceptable project risk profile – average risk	720	8.9%	178	2.4%
6.4	Poor project risk profile – high risk	17	0.2%	11	0.1%
6.5	Default	333	4.1%	314	4.3%
NR	Not rated	12	0.1%	6	0.1%
Total		**8,106**	**100.0%**	**7,339**	**100.0%**

The increase in project financing volumes of € 767 million was mainly due to an increase in credit and facility financing in the Czech Republic (mainly Equa bank rating grade 6.3), in Slovakia and Germany. Further it came to shifts from rating grade 6.2 to rating grade 6.3, predominantly in Hungary.

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

in € million	30/9/2021	Share	31/12/2020	Share
Western Europe	23,314	24.5%	22,294	25.1%
Central Europe	20,973	22.0%	19,764	22.2%
Austria	18,179	19.1%	17,873	20.1%
Eastern Europe	16,288	17.1%	13,160	14.8%
Southeastern Europe	13,509	14.2%	12,978	14.6%
Asia	1,635	1.7%	1,360	1.5%
Other	1,421	1.5%	1,559	1.8%
Total	**95,319**	**100.0%**	**88,990**	**100.0%**

The distribution of credit exposure by country of risk remained largely stable. The increase in Eastern Europe was mainly the result of the increase in credit and facility financing and in guarantees given in Ukraine and Russia (partially currency-related). In Western Europe, the credit exposure mainly increased in credit and facility financing in Germany, Luxembourg and France. In Central Europe, the credit exposure mostly rose in the Czech Republic and in Slovakia.

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

in € million	30/9/2021	Share	31/12/2020	Share
Manufacturing	24,694	25.9%	22,039	24.8%
Wholesale and retail trade	22,372	23.5%	19,879	22.3%
Real estate	11,853	12.4%	10,891	12.2%
Financial intermediation	8,236	8.6%	9,534	10.7%
Construction	5,585	5.9%	5,549	6.2%
Transport, storage and communication	3,795	4.0%	3,710	4.2%
Electricity, gas, steam and hot water supply	3,784	4.0%	3,635	4.1%
Freelance/technical services	2,430	2.5%	2,023	2.3%
Other industries	12,570	13.2%	11,730	13.2%
Total	**95,319**	**100.0%**	**88,990**	**100.0%**

Credit portfolio – Retail customers

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

in € million	30/9/2021	Share	31/12/2020	Share
Retail customers – private individuals	43,507	93.1%	38,583	92.6%
Retail customers – small and medium-sized entities	3,235	6.9%	3,077	7.4%
Total	**46,742**	**100.0%**	**41,659**	**100.0%**

Credit exposure to retail customers according to internal rating:

in € million		30/9/2021	Share	31/12/2020	Share
0.5	Minimal risk	11,542	24.7%	12,369	29.7%
1.0	Excellent credit standing	8,136	17.4%	6,855	16.5%
1.5	Very good credit standing	8,437	18.1%	5,898	14.2%
2.0	Good credit standing	6,457	13.8%	4,817	11.6%
2.5	Sound credit standing	3,855	8.2%	3,571	8.6%
3.0	Acceptable credit standing	1,837	3.9%	1,840	4.4%
3.5	Marginal credit standing	799	1.7%	893	2.1%
4.0	Weak credit standing/sub-standard	390	0.8%	436	1.0%
4.5	Very weak credit standing/doubtful	380	0.8%	470	1.1%
5.0	Default	1,394	3.0%	1,351	3.2%
NR	Not rated	3,514	7.5%	3,157	7.6%
Total		**46,742**	**100.0%**	**41,659**	**100.0%**

The increase in the credit exposure not rated is due to the acquisition of the portfolio of Equa bank. An integration into the existing rating systems is planned in 2022.

Credit exposure to retail customers by segments:

30/9/2021 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Retail customers – private individuals	21,324	10,335	5,767	6,081
Retail customers – small and medium-sized entities	1,657	1,270	307	0
Total	**22,981**	**11,605**	**6,075**	**6,081**
hereof non-performing exposure	640	500	230	30

31/12/2020 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Retail customers – private individuals	18,209	10,027	4,595	5,752
Retail customers – small and medium-sized entities	1,706	939	430	2
Total	**19,915**	**10,966**	**5,025**	**5,753**
hereof non-performing exposure	567	472	205	40

Breakdown of retail credit exposure by products:

in € million	30/9/2021	Share	31/12/2020	Share
Mortgage loans	28,056	60.0%	25,164	60.4%
Personal loans	10,675	22.8%	8,704	20.9%
Credit cards	3,542	7.6%	3,261	7.8%
SME financing	2,547	5.4%	2,518	6.0%
Overdraft	1,368	2.9%	1,526	3.7%
Car loans	554	1.2%	487	1.2%
Total	**46,742**	**100.0%**	**41,659**	**100.0%**

The credit exposure to retail customers increased 7 per cent in the first three quarters of 2021, mainly due to the acquisition of Equa bank and an increase in personal loans and mortgage loans in Russia (partially currency-related due to the appreciation of the Russian ruble) and Slovakia.

Credit portfolio – Banks

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

in € million		30/9/2021	Share	31/12/2020	Share
1	Minimal risk	3,641	15.3%	3,439	14.7%
2	Excellent credit standing	5,377	22.6%	3,076	13.2%
3	Very good credit standing	6,294	26.5%	7,692	33.0%
4	Good credit standing	7,327	30.8%	6,140	26.3%
5	Sound credit standing	451	1.9%	2,541	10.9%
6	Acceptable credit standing	379	1.6%	292	1.3%
7	Marginal credit standing	247	1.0%	139	0.6%
8	Weak credit standing/sub-standard	13	0.1%	12	0.1%
9	Very weak credit standing/doubtful	31	0.1%	1	0.0%
10	Default	3	0.0%	4	0.0%
NR	Not rated	6	0.0%	1	0.0%
Total		**23,767**	**100.0%**	**23,339**	**100.0%**

Although loans and advances to banks as well as repo transactions with banks rose, the credit exposure to banks remained largely stable, mainly due to the implementation of the SA-CCR. Rating grade 2 recorded the largest increase, primarily based on repo transactions in Ireland, France and the Netherlands as well as money market transactions in Austria. There were also shifts in rating grades 3 and 4, which were mostly due to repo and swap transactions in Great Britain, Germany and France. In addition, the rating upgrade of a customer from rating grade 5 to rating grade 4 led to an increase.

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

in € million	30/9/2021	Share	31/12/2020	Share
Repo	10,365	43.6%	8,625	37.0%
Loans and advances	5,628	23.7%	4,942	21.2%
Bonds	3,887	16.4%	3,914	16.8%
Money market	1,991	8.4%	1,865	8.0%
Derivatives	578	2.4%	2,631	11.3%
Other	1,318	5.5%	1,361	5.8%
Total	**23,767**	**100.0%**	**23,339**	**100.0%**

Credit portfolio – Sovereigns

Another asset class is formed by central governments, central banks, and regional municipalities as well as other public sector entities. The credit exposure to sovereigns includes local and regional governments. In the second quarter of 2021, a new sovereign rating model (approved by the ECB) was implemented, leading to a change in the rating distribution.

The table below provides a breakdown of the credit exposure to sovereigns (including central banks) by internal rating:

in € million		30/9/2021	Share	31/12/2020[1]	Share
1	Excellent credit standing	35,040	57.8%	32,835	67.4%
2	Very good credit standing	12,826	21.2%	10,344	21.2%
3	Good credit standing	6,945	11.5%	3,088	6.3%
4	Sound credit standing	3,461	5.7%	0	0.0%
5	Average credit standing	1,076	1.8%	662	1.4%
6	Mediocre credit standing	81	0.1%	1,806	3.7%
7	Weak credit standing	1,155	1.9%	0	0.0%
8	Very weak credit standing	0	0.0%	1	0.0%
9	Doubtful/high default risk	0	0.0%	0	0.0%
10	Default	1	0.0%	2	0.0%
NR	Not rated	0	0.0%	2	0.0%
Total		**60,586**	**100.0%**	**48,739**	**100.0%**

1 A more granular rating scale (with 27 grades) was implemented for the sovereign rating model in May 2021. The prior period was adjusted for the new master scale (PD bands). The change in the rating distribution from the model adjustment occurred in the reporting period.

The increase in the credit exposure to sovereigns was mainly due to deposits at local national banks and repo transactions. The sovereign ratings of Belarus and Ukraine went down from rating grade 6 to rating grade 7.

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

in € million	30/9/2021	Share	31/12/2020	Share
Loans and advances	30,819	50.9%	24,187	49.6%
Bonds	17,417	28.7%	16,809	34.5%
Repo	8,135	13.4%	4,207	8.6%
Money market	4,083	6.7%	3,423	7.0%
Derivatives	68	0.1%	42	0.1%
Other	65	0.1%	71	0.1%
Total	**60,586**	**100.0%**	**48,739**	**100.0%**

Loans and advances were the main driver for the increase in the credit exposure to sovereigns, primarily as a result of deposits at the Austrian, Slovak and Czech national banks. Repo transactions in the Czech Republic (€ 3,929 million) and bonds in Romania and Austria also increased, partly offset by a decline in Russia and Spain.

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

in € million	30/9/2021	Share	31/12/2020	Share
Ukraine	862	37.2%	1,073	43.4%
Albania	625	27.0%	635	25.7%
Bosnia and Herzegovina	446	19.3%	460	18.6%
Belarus	289	12.5%	207	8.4%
Other	91	4.0%	98	4.0%
Total	**2,313**	**100.0%**	**2,472**	**100.0%**

Non-performing exposure (NPE)

Since November 2019 RBI has been fully operating under the new default definition aligned with the CRR and the latest EBA requirements (EBA/GL/2016/07). The new default definition leads to changes in the IRB approach, forcing banks to adapt their models. These adjustments must be approved by the competent supervisory authorities before implementation (Delegated Regulation EU 529/2014). RBI is currently in the process of adjusting the models based on the new default definition. Due to the COVID-19 outbreak, RBI is also implementing the latest EBA guideline (EBA/GL/2020/02) on legislative and non-legislative moratoriums for loan payments applied in light of the COVID-19 crisis. This supported the Group units in providing the necessary relief measures to borrowers and contributed to the mitigation of the potential impact on the volumes of non-performing exposures with restructuring measures, defaulted and non-performing exposures and their impact on the income statement. This EBA guideline expired on 31 March 2021, since which time the standard forbearance and default approach has been applied in the Group.

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

	NPE		NPE ratio		NPE coverage ratio	
in € million	30/9/2021	31/12/2020	30/9/2021	31/12/2020	30/9/2021	31/12/2020
General governments	1	2	0.1%	0.1%	90.5%	91.6%
Banks	3	4	0.0%	0.0%	88.1%	76.7%
Other financial corporations	120	95	1.1%	0.8%	38.5%	38.1%
Non-financial corporations	1,591	1,627	3.1%	3.7%	60.9%	58.1%
Households	1,210	1,112	3.0%	3.1%	68.1%	69.0%
Loans and advances	**2,925**	**2,840**	**1.9%**	**2.1%**	**62.4%**	**61.7%**
Bonds	**9**	**11**	**0.0%**	**0.1%**	**–**	**–**
Total	**2,934**	**2,851**	**1.6%**	**1.9%**	**62.2%**	**61.5%**

At the end of the third quarter, the volume of the non-performing exposure increased € 83 million to € 2,934 million. The organic decrease amounted to € 11 million. The integration of Equa bank and IMPULS-LEASING resulted in an increase of € 51 million. Furthermore, the currency development had an increasing effect of € 43 million, particularly caused by the appreciation of the Ukrainian hryvnia, the Russian ruble and the US dollar. Despite the increase in the non-performing exposure, the NPE ratio sank 0.2 percentage points to 1.6 per cent, due to an increase in deposits at central banks and the higher credit exposure. The coverage ratio rose 0.7 percentage points to 62.2 per cent.

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

in € million	As at 1/1/2021	Change in consolidated group	Exchange rate	Additions	Disposals	As at 30/9/2021
General governments	2	0	0	0	(1)	1
Banks	4	0	0	0	0	3
Other financial corporations	95	0	1	25	(2)	120
Non-financial corporations	1,627	27	17	240	(322)	1,591
Households	1,112	24	25	344	(295)	1,210
Loans and advances (NPL)	**2,840**	**51**	**43**	**610**	**(620)**	**2,925**
Bonds	**11**	**0**	**0**	**0**	**(2)**	**9**
Total (NPE)	**2,851**	**51**	**43**	**610**	**(621)**	**2,934**

in € million	As at 1/1/2020	Change in consolidated group	Exchange rate	Additions	Disposals	As at 31/12/2020
General governments	2	0	0	2	(2)	2
Banks	4	0	0	0	0	4
Other financial corporations	56	0	(2)	46	(5)	95
Non-financial corporations	1,734	(3)	(64)	639	(678)	1,627
Households	1,141	0	(67)	467	(429)	1,112
Loans and advances (NPL)	**2,938**	**(3)**	**(133)**	**1,153**	**(1,115)**	**2,840**
Bonds	**11**	**0**	**0**	**0**	**(1)**	**11**
Total (NPE)	**2,949**	**(3)**	**(133)**	**1,154**	**(1,116)**	**2,851**

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

	NPE		NPE ratio		NPE coverage ratio	
in € million	**30/9/2021**	**31/12/2020**	**30/9/2021**	**31/12/2020**	**30/9/2021**	**31/12/2020**
Central Europe	972	858	1.7%	1.9%	58.3%	63.1%
Southeastern Europe	782	769	2.6%	2.8%	68.7%	70.8%
Eastern Europe	398	399	1.9%	2.1%	66.7%	57.0%
Group Corporates & Markets	782	821	1.5%	1.7%	60.6%	53.4%
Corporate Center	1	3	0.0%	0.0%	100.0%	21.4%
Total	**2,934**	**2,851**	**1.6%**	**1.9%**	**62.2%**	**61.5%**

At € 114 million, Central Europe was mainly responsible for the increase in the non-performing exposure to € 972 million, predominantly due to the Czech Republic (€ 78 million, of which Equa bank € 45 million) and Hungary (€ 49 million), mainly in the area of households and non-financial corporations. In contrast, the NPE ratio in relation to the total exposure fell slightly by 0.2 percentage points to 1.7 per cent, and the coverage ratio declined 4.8 percentage points to 58.3 per cent.

Southeastern Europe reported also a slight increase in the non-performing exposure by € 13 million to € 782 million. Bulgaria was mainly responsible for the increase in the area of non-financial corporations, this was counteracted by a decline in the area of non-financial corporations in Albania. The NPE ratio amounted to 2.6 per cent in the third quarter and the coverage ratio was 68.7 per cent.

The Group Corporates & Markets segment saw a € 39 million reduction (of which € 23 million due to sales and € 12 million to derecognition) in non-performing exposure to € 782 million. The NPE ratio decreased 0.2 percentage points to 1.5 per cent, the coverage ratio went up 7.2 percentage points to 60.6 per cent.

The Eastern Europe segment recorded a slight decrease in non-performing exposure of € 2 million to € 398 million, due to a decrease in non-performing exposure in Russia by € 8 million in the area of non-financial corporations. The NPE ratio based on total exposure decreased 0.3 percentage points to 1.9 per cent compared to the end of the year, the coverage ratio increased 9.7 percentage points to 66.7 per cent.

Non-performing exposure with restructuring measures:

	Refinancing		Instruments with modified time and modified conditions		Total	
in € million	**30/9/2021**	**31/12/2020**	**30/9/2021**	**31/12/2020**	**30/9/2021**	**31/12/2020**
General governments	0	0	1	2	1	2
Banks	0	0	0	0	0	0
Other financial corporations	0	0	76	40	76	40
Non-financial corporations	89	55	839	782	928	838
Households	12	8	310	276	322	284
Total	**101**	**64**	**1,226**	**1,099**	**1,327**	**1,163**

Non-performing exposure with restructuring measures by segments:

in € million	**30/9/2021**	**Share**	**31/12/2020**	**Share**
Central Europe	340	25.6%	229	19.7%
Southeastern Europe	273	20.6%	266	22.9%
Eastern Europe	190	14.3%	156	13.4%
Group Corporates & Markets	524	39.5%	512	44.0%
Total	**1,327**	**100.0%**	**1,163**	**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.

Breakdown of credit exposure across all asset classes by the country of risk, grouped by regions:

in € million	30/9/2021	Share	31/12/2020[1]	Share
Central Europe	**66,486**	**29.4%**	**54,122**	**26.7%**
Czech Republic	30,228	13.4%	22,382	11.0%
Slovakia	21,278	9.4%	18,069	8.9%
Hungary	10,205	4.5%	8,825	4.4%
Poland	4,294	1.9%	4,435	2.2%
Other	480	0.2%	411	0.2%
Austria	**50,180**	**22.2%**	**46,696**	**23.0%**
Western Europe	**39,887**	**17.6%**	**38,581**	**19.0%**
Germany	12,649	5.6%	10,968	5.4%
France	7,525	3.3%	5,902	2.9%
Great Britain	3,832	1.7%	8,063	4.0%
Switzerland	3,160	1.4%	2,611	1.3%
Luxembourg	2,052	0.9%	1,791	0.9%
Netherlands	2,026	0.9%	1,554	0.8%
Spain	2,007	0.9%	2,491	1.2%
Italy	1,515	0.7%	1,310	0.6%
Other	5,120	2.3%	3,890	1.9%
Southeastern Europe	**34,731**	**15.3%**	**32,972**	**16.3%**
Romania	13,227	5.8%	12,873	6.3%
Bulgaria	6,175	2.7%	5,552	2.7%
Croatia	5,911	2.6%	5,749	2.8%
Serbia	4,417	2.0%	3,876	1.9%
Bosnia and Herzegovina	2,266	1.0%	2,312	1.1%
Albania	1,640	0.7%	1,607	0.8%
Other	1,096	0.5%	1,003	0.5%
Eastern Europe	**27,487**	**12.1%**	**23,294**	**11.5%**
Russia	21,509	9.5%	18,092	8.9%
Ukraine	3,861	1.7%	3,165	1.6%
Belarus	1,828	0.8%	1,781	0.9%
Other	289	0.1%	257	0.1%
Asia	**2,737**	**1.2%**	**2,327**	**1.1%**
North America	**2,457**	**1.1%**	**2,278**	**1.1%**
Rest of World	**2,449**	**1.1%**	**2,457**	**1.2%**
Total	**226,413**	**100.0%**	**202,727**	**100.0%**

1 Previous-year figures were adapted due to changed allocation.

Central Europe reported the largest increase which was mainly due to higher deposits at the Slovak and Czech national banks, and to the acquisition of Equa bank and repo transactions in the Czech Republic (€ 3,982 million). In Austria, the credit exposure increased mainly due to higher deposits at the Austrian National Bank (€ 3,787 million) and state bonds. In France, the increase was caused by repo business and bonds. Reduced repo and swap business led to a reduction in the credit exposure in Great Britain. Russia reported an increase – also currency-related – in credit and facility financing and guarantees given as well as in repo transactions.

Group's credit exposure based on original customer's industry classification:

in € million	30/9/2021	Share	31/12/2020	Share
Banking and insurance	70,279	31.0%	60,676	29.9%
Private households	43,630	19.3%	38,702	19.1%
Other manufacturing	18,622	8.2%	17,017	8.4%
Public administration and defense and social insurance institutions	18,544	8.2%	17,561	8.7%
Wholesale trade and commission trade (except car trading)	16,864	7.4%	14,255	7.0%
Real estate activities	12,013	5.3%	11,065	5.5%
Construction	6,096	2.7%	5,980	2.9%
Retail trade except repair of motor vehicles	5,644	2.5%	5,560	2.7%
Electricity, gas, steam and hot water supply	3,845	1.7%	3,736	1.8%
Manufacture of basic metals	3,097	1.4%	2,435	1.2%
Other business activities	2,785	1.2%	2,334	1.2%
Manufacture of food products and beverages	2,636	1.2%	2,261	1.1%
Land transport, transport via pipelines	2,450	1.1%	2,254	1.1%
Other transport	1,918	0.8%	1,914	0.9%
Manufacture of machinery and equipment	1,806	0.8%	1,735	0.9%
Sale of motor vehicles	1,301	0.6%	1,210	0.6%
Extraction of crude petroleum and natural gas	1,104	0.5%	1,057	0.5%
Other industries	13,779	6.1%	12,975	6.4%
Total	**226,413**	**100.0%**	**202,727**	**100.0%**

(44) Market risk

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

Total VaR 99% in € million	VaR as at 30/9/2021	Average VaR	Minimum VaR	Maximum VaR	VaR as at 31/12/2020
Model ALL total VaR (99%, 20d)	174	147	120	196	122
Model IFRS P&L total VaR (99%, 1d)	10	10	7	13	12

The table below shows the risk ratios of the two models (ALL and IFRS P&L) by risk type. Capital positions held in foreign currencies and open foreign exchange positions, structural interest rate risks, and spread risks from bond books (often held as liquidity buffers) are the main drivers of the VaR result.

VaR Split	Model ALL total VaR (99%, 20d)		Model IFRS P&L total VaR (99%, 1d)	
in per cent	30/9/2021	31/12/2020	30/9/2021	31/12/2020
Currency risk	20.9%	16.2%	22.1%	40.8%
Interest rate risk	18.5%	20.3%	62.6%	45.5%
Credit spread risk	55.5%	50.2%	5.5%	3.7%
Basis risk	(0.1)%	1.8%	1.1%	1.5%
Share price risk	0.8%	2.0%	5.7%	4.8%
Vega risk	4.3%	9.4%	3.0%	3.6%

The total VaR (model ALL) fell slightly in the third quarter due to a relatively stable foreign currency and interest rate risk. The slightly lower credit spread risk resulted from a position reduction in the financial sector.

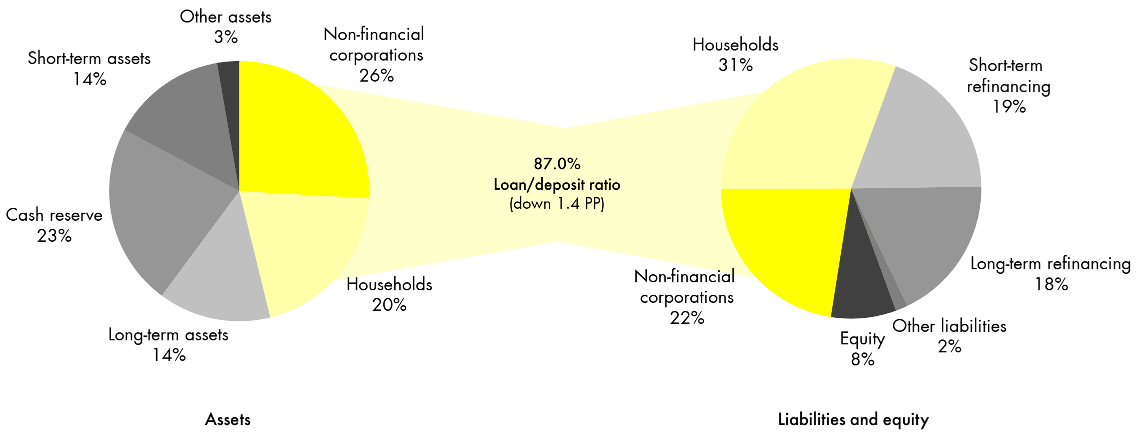
The slightly decreased P&L VaR (IFRS P&L model) is due to a stable foreign currency position and a slightly reduced credit spread risk caused by a position reduction in Russian government bonds. The slightly increased receiver position in Hungarian forints was offset by an increased payer position in Euro.

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.

(45) Liquidity management

Funding structure

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



Liquidity position

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

in € million	30/9/2021		31/12/2020	
Maturity	**1 month**	**1 year**	**1 month**	**1 year**
Liquidity gap	36,560	44,109	32,947	35,528
Liquidity ratio	160%	142%	167%	137%

Liquidity Coverage Ratio (LCR)

The short-term resilience of banks requires corresponding liquidity coverage in the form of a liquidity coverage ratio (LCR). They must ensure that they have an adequate stock of unencumbered high-quality liquid assets (HQLA) to meet potential liability run offs that might occur in a crisis, which can be converted into cash to meet 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 LCR limit is 100 per cent.

in € million	30/9/2021	31/12/2020
Average liquid assets	**39,562**	**36,392**
Net outflows	**24,737**	**22,159**
Inflows	18,088	13,756
Outflows	42,825	35,915
Liquidity Coverage Ratio in per cent	**160%**	**164%**

Both the average liquid assets and the net outflows rose slightly; overall, RBI recorded a stable LCR result.

Net Stable Funding Ratio

The NSFR is defined as the ratio of available stable funding to required stable funding. The new regulatory requirements came into force on 28 June 2021 and the regulatory limit of 100 per cent must be met. Available stable funding is defined as the portion of equity and debt which is expected to be a reliable source of funds over the time horizon of one year covered by the NSFR. A bank's required stable funding depends on the liquidity characteristics and residual maturities of the various assets and off-balance sheet positions. RBI targets a balanced funding position.

in € million	30/9/2021	31/12/2020
Required stable funding	115,199	111,623
Available stable funding	155,359	136,811
Net Stable Funding Ratio in per cent	**135%**	**123%**

Other disclosures

(46) Pending legal issues

Details regarding various court, government or arbitration proceedings in which RBI is involved can be seen in the Annual Report 2020, pages 228 ff.

Consumer protection

Poland

There are no new findings in connection with consumer mortgage loans in Poland, a decision of the Supreme Court is still pending. As at the end of September 2021, the total amount in dispute regarding certain contractual stipulations connected with consumer mortgage loans denominated in foreign currencies or indexed to a foreign currency was approximately PLN 1,650 million (€ 357 million). The resulting provision based on a statistical approach was increased to € 231million (2020: € 89 million). The main uncertainties to calculate the provisions stem from a potentially higher number of lawsuits and an increase of likelihood of losing court cases. A negative legal decision for the bank can lead to a significant increase in the provision.

Romania

In October 2017, the consumer protection authority (ANPC) issued an order for RBI's Romanian network bank Raiffeisen Bank S.A., Bucharest, to stop its alleged practice of not informing its customers about future changes in the interest rate charged to the customers. The order did not imply any monetary restitution or payment from Raiffeisen Bank S.A., Bucharest. However, the possibility of any monetary restitution claims instigated by customers cannot be excluded. RBI's Romanian network bank Raiffeisen Bank S.A., Bucharest, disputed this order and obtained a final stay of its enforcement pending a final solution. These proceedings are currently in the appeal phase, the first ruling on merits having been in favor of ANPC. Given current uncertainties, an exact quantification of the negative financial impact is not possible; however, the estimation of Raiffeisen Bank SA, Bucharest, based on the current known elements is that such impact may be in the worst-case scenario € 56 million. In this connection a provision of € 14 million was recognized.

In July 2014, ANPC issued a decision applicable to Raiffeisen Bank S.A., Bucharest, asking the bank to stop the practice of including the credit management commission in the interest margin when restructuring consumer loans. Although, provisions describing that method were included in the respective agreements, ANPC is of the opinion that those provisions were not clear enough. Initially, it was not clear how the ANPC decision should be implemented; however, after seeking external advice and after a dispute in court that was lost by Raiffeisen Bank S.A. in June 2020, it has now been decided that the bank started the implementation returning a portion of the interest rate to all consumers to whom such practice had been applied, at least for the period starting from July 2014 until either the point of time such borrowers entered into a new agreement on the interest rate or the point of time the Romanian network bank actually implements the court decision. This also applies to originally affected loans that have been repaid in the meantime. After having obtained an external expert opinion on the specific implementation of the court decision, the Romanian network bank reduced its estimate of the negative financial impact from an originally expected amount of € 17 million to € 3.5 million. In October 2020, ANPC asked Raiffeisen Bank S.A. to confirm how the court's decision is being implemented and an answer was provided by Raiffeisen Bank S.A. on the basis of the external opinion obtained. In September 2021, ANPC issued a new order which, among others, indicated that commissions should also be reimbursed. Raiffeisen Bank S.A. has disputed the order of the ANPC in court. Given current uncertainties, at this stage, an exact quantification of the negative financial impact is not possible, but it may be estimated at around € 17 million. In this connection a provision of € 9 million was recognized.

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

Banking business

In first quarter 2021 RBI learned about a claim filed against it by an Indonesian company in Jakarta already in November 2020. The amount of the alleged claim is approximately USD 129 million (€ 111 million) in material damages and USD 200 million (€ 173 million) in immaterial damages. An Indonesian law firm has been engaged and a court hearing is scheduled in front of the South Jakarta District Court.

In August 2019, RBI launched a claim for approximately € 44 million against a Cayman Islands incorporated parent company, several of its subsidiaries, and a former subsidiary (the Cayman Islands Defendants) in the Grand Court of the Cayman Islands, Financial Services Division (the CI Proceedings). In the CI Proceedings, RBI alleges that the Cayman Islands Defendants participated in transactions to defraud creditors and a fraudulent conspiracy to injure RBI, by dissipating assets so as to frustrate RBI's claims under a number of parent company guarantees. Furthermore, RBI alleges that said transfers were carried out at undervalue or without consideration between or among the Cayman Islands Defendants. In November 2019, some of the Cayman Islands Defendants filed a counterclaim in the amount of € 203 million against RBI in the course of the CI Proceedings. RBI considers that the counterclaim, which is based on documents that the Caymans Islands Defendants have refused to disclose to date, is entirely without merit. The CI Proceedings are on-going. In January 2021, RBI issued an arbitration claim for an amount of approximately € 87 million plus interest and costs against one of the Cayman Islands Defendants, now incorporated in the Marshall Islands, before the Vienna International Arbitral Centre (VIAC) (the VIAC Arbitration). The respondent to the VIAC Arbitration is liable to RBI under guarantees provided by said company to RBI.

In September 2020, Raiffeisen-Leasing Immobilienmanagement GmbH (RIM), a wholly owned subsidiary of Raiffeisen-Leasing Gesellschaft m.b.H., was served with a lawsuit filed in a court in Brescia, Italy, by an Italian company. The plaintiff is seeking approximately € 30 million in damages for an alleged breach of a shareholder agreement in connection with the joint development of a factory outlet center in Italy. The shareholder agreement between RIM and the plaintiff was concluded in 2011 upon the establishment of a joint project company. In 2012, however, it turned out that various conditions for the acquisition of the project could not be met. As a result, RIM decided not to proceed with the project and sold its share in the project company to the plaintiff. The plaintiff now alleges that RIM violated the original shareholder agreement by discontinuing the project. In June 2021, the court rendered a decision in which it rejected its jurisdiction in this case and ruled that the Regional Court Milan is the competent court granting the parties three months to resume the proceedings at the Regional Court Milan. RIM appealed this decision as the court did not decide on the applicability of the arbitration clause. In August 2021, the plaintiff filed for resumption of the proceedings against RIM at the Regional Court Milan despite of the pending appeal. The resumption is directed to the same claim as the pending legal action. The claim asserted against RIM and the potential risk therefore remain unchanged. An interruption of the proceedings at the Regional Court Milan until the decision in the appeal proceedings is expected.

In November 2020, the Austrian Chamber for Workers and Employees (Bundeskammer für Arbeiter und Angestellte) (BAK) filed an application for injunctive relief against Raiffeisen Bausparkasse Österreich Gesellschaft m.b.H. (RBSK), a 100 per cent subsidiary of RBI, with the commercial court in Vienna. RBSK had terminated long lasting building savings contracts (Bausparverträge) in an aggregate amount of approximately € 93 million. The minimum rate of interest on said overnight building savings deposits was between 1 per cent p.a. and 4.5 per cent p.a. BAK claims that RBSK did not have the right to terminate such contracts whereas RBSK is of the opinion that said contracts constitute a continuing obligation, which can – under Austrian law – be terminated by giving proper notice. In August 2021, RBSK received the court decision that the termination of the building savings contracts is considered unlawful. RBSK has appealed against this decision of the court of first instance.

(47) Related parties

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

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

30/9/2021 in € million	Companies with significant influence	Affiliated companies	Investments in associates valued at equity	Other interests
Selected financial assets	**121**	**499**	**1,190**	**828**
Equity instruments	0	261	713	151
Debt securities	18	0	178	14
Loans and advances	103	238	299	663
Selected financial liabilities	**2,302**	**122**	**4,263**	**1,164**
Deposits	2,302	122	4,263	1,164
Debt securities issued	0	0	0	0
Other items	**99**	**0**	**51**	**44**
Loan commitments, financial guarantees and other commitments given	81	0	18	33
Loan commitments, financial guarantees and other commitments received	18	0	33	10

31/12/2020 in € million	Companies with significant influence	Affiliated companies	Investments in associates valued at equity	Other interests
Selected financial assets	**23**	**470**	**1,133**	**591**
Equity instruments	0	254	748	157
Debt securities	14	0	162	14
Loans and advances	10	215	223	420
Selected financial liabilities	**2,339**	**121**	**4,941**	**465**
Deposits	2,339	120	4,941	465
Debt securities issued	0	1	0	0
Other items	**153**	**3**	**319**	**127**
Loan commitments, financial guarantees and other commitments given	135	3	291	127
Loan commitments, financial guarantees and other commitments received	18	0	29	0

1/1-30/9/2021 in € million	Companies with significant influence	Affiliated companies	Investments in associates valued at equity	Other interests
Interest income	9	2	8	4
Interest expenses	(12)	0	(16)	0
Dividend income	0	12	137	3
Fee and commission income	6	5	10	4
Fee and commission expenses	0	0	(8)	(12)

1/1-30/9/2020 in € million	Companies with significant influence	Affiliated companies	Investments in associates valued at equity	Other interests
Interest income	6	2	9	4
Interest expenses	(13)	(1)	(22)	(1)
Dividend income	0	6	0	11
Fee and commission income	5	4	10	4
Fee and commission expenses	(2)	0	(6)	(13)

(48) Average number of staff

Full-time equivalents	1/1-30/9/2021	1/1-30/9/2020
Salaried employees	45,244	45,990
Wage earners	629	622
Total	**45,873**	**46,612**

(49) Other agreements

Institutional Protection Scheme (IPS)

On 21 December 2020, Raiffeisen Bank International AG, the regional Raiffeisen banks, and the Raiffeisen banks submitted applications to the FMA and the ECB to set up a new institutional protection scheme (Raiffeisen-IPS) consisting of RBI and its Austrian subsidiary banks, all regional Raiffeisen banks and the Raiffeisen banks and to join a cooperative under the name of Österreichische Raiffeisen-Sicherheitseinrichtung eGen for the purpose of statutory deposit protection and investor compensation as defined by the ESAEG. Contractual or statutory liability agreements have been concluded to protect the participating institutions from each other, and particularly ensure their liquidity and solvency if required.

This new Raiffeisen IPS was legally approved by the ECB on 12 May 2021 and the FMA on 18 May 2021. In addition, this new IPS was recognized by the FMA as a deposit guarantee and investor compensation system in accordance with ESAEG on 28 May 2021. The institutions of the Raiffeisen Banking Group will therefore withdraw from the Austrian deposit insurance (ESA) at the end of November 2021 in accordance with the statutory provisions on the ESAEG.

The previously existing institutional protection schemes at federal and state level (B-IPS, L-IPS) were dissolved in accordance with the notification for the Raiffeisen-IPS in June 2021 and their special assets were transferred to the new Raiffeisen-IPS. The Österreichische Raiffeisen-Sicherheitseinrichtung eGen (ÖRS, formerly Sektorrisiko eGen) will be responsible for the early risk identification and reporting for the Raiffeisen-IPS and will particularly manage the funds for the IPS and the fund for the statutory deposit protection. The Raiffeisen-IPS is controlled by the overall risk council, which is made up of representatives of the RBI, the regional Raiffeisen banks and representatives of the Raiffeisen banks. In performing its tasks, it is supported, among other things, by regional risk councils at the level of the federal states.

Regulatory information

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

Based on an annually undertaken Supervisory Review and Evaluation Process (SREP), the ECB currently instructs RBI by way of an official notification to hold additional capital to cover risks which are not or not adequately covered under Pillar I.

The Pillar 2 requirement is calculated based on the bank's business model, risk management or capital situation, for example. The most recent official notification from the ECB specifies that the Pillar 2 requirement must be adhered to at the level of RBI (consolidated) and the level of RBI AG (unconsolidated). In addition, RBI is subject to the minimum requirements of the CRR and the combined buffer requirement. The combined buffer requirement for RBI currently contains a capital conservation buffer, a systemic risk buffer and a countercyclical buffer. As at 30 September 2021, the CET1 requirement (including the combined buffer requirement) is 10.4 per cent for RBI. A breach of the combined buffer requirement would induce measures such as constraints on dividend payments and coupon payments on certain capital instruments. The capital requirements applicable during the year were complied with, including an adequate buffer, on both a consolidated and individual basis.

As a rule, national supervisors are authorized to impose systemic risk buffers (up to 5 per cent) as well as additional capital add-ons for systemic banks (up to 3.5 per cent). In the event that systemic risk buffers as well as add-ons for systemic banks are imposed on a particular institution, only the higher of the two values is applicable. In September 2015, the Financial Market Stability Board (FMSB) of the FMA recommended a systemic risk buffer (SRB) for certain banks, including RBI. This came into force as of the beginning of 2016 through the FMA via the Capital Buffer Regulation (including subsequent amendments). The SRB for RBI was set to 2 per cent as of 2019.

The establishment of a countercyclical buffer is also the responsibility of the national supervisors and results in a weighted average at the level of RBI in order to curb excessive lending growth. This buffer was set at 0 per cent in Austria for the present time due to restrained lending growth. The buffer rates defined in other member states apply at the level of RBI (based on a weighted calculation of averages). Further expected regulatory changes and developments are monitored by and included and analyzed in scenario calculations undertaken by Group Regulatory Affairs on an ongoing basis. Potential effects are considered in planning and governance, insofar as the extent and implementation are foreseeable.

Total capital

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

in € million	30/9/2021	31/12/2020
Capital instruments and the related share premium accounts	5,994	5,974
Retained earnings	9,115	8,766
Accumulated other comprehensive income (and other reserves)	(3,666)	(3,788)
Minority interests (amount allowed in consolidated CET1)	487	421
Independently reviewed interim profits net of any foreseeable charge or dividend	413	0
Common equity tier 1 (CET1) capital before regulatory adjustments	**12,342**	**11,374**
Additional value adjustments (negative amount)	(72)	(58)
Deductions for new net provisioning	(98)	0
Intangible assets (net of related tax liability) (negative amount)	(659)	(585)
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3 are met) (negative amount)	(11)	(13)
Fair value reserves related to gains or losses on cash flow hedges	9	0
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	54	54
Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	(20)	0
Exposure amount of the following items which qualify for a risk weight of 1250%, where the institution opts for the deduction alternative	(4)	(11)
hereof: securitization positions (negative amount)	(4)	(11)
Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468	(269)	0
Total regulatory adjustments to common equity tier 1 (CET1)	**(1,070)**	**(612)**
Common equity tier 1 (CET1) capital	**11,273**	**10,762**
Capital instruments and the related share premium accounts	1,668	0
Amount of qualifying items referred to in Article 484 (4 and the related share premium accounts subject to phase out from AT1	0	88
Qualifying tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	28	1,639
Total regulatory adjustments to Additional Tier 1 (AT1) capital	**(50)**	**0**
Additional tier 1 (AT1) capital	**1,647**	**1,727**
Tier 1 capital (T1 = CET1 + AT1)	**12,919**	**12,489**
Capital instruments and the related share premium accounts	2,131	1,818
Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	17	29
Credit risk adjustments	287	254
Total regulatory adjustments to Tier 2 (T2) capital	**(56)**	**0**
Tier 2 (T2) capital	**2,379**	**2,101**
Total capital (TC = T1 + T2)	**15,298**	**14,590**
Total risk-weighted assets (RWA)	**88,862**	**78,864**

Total capital requirement and risk-weighted assets

in € million	30/9/2021		31/12/2020	
	Risk-weighted exposure	Capital requirement	Risk-weighted exposure	Capital requirement
Total risk-weighted assets (RWA)	**88,862**	**7,109**	**78,864**	**6,309**
Risk-weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	**73,620**	**5,890**	**65,094**	**5,208**
Standardized approach (SA)	**25,832**	**2,067**	**22,570**	**1,806**
Exposure classes excluding securitization positions	25,832	2,067	22,570	1,806
Central governments or central banks	1,101	88	1,255	100
Regional governments or local authorities	104	8	103	8
Public sector entities	48	4	45	4
Institutions	289	23	274	22
Corporates	6,514	521	4,845	388
Retail	5,764	461	4,908	393
Secured by mortgages on immovable property	6,726	538	6,178	494
Exposure in default	348	28	364	29
Items associated with particular high risk	288	23	145	12
Covered bonds	11	1	11	1
Collective investments undertakings (CIU)	84	7	19	1
Equity	1,790	143	1,804	144
Other items	2,764	221	2,620	210
Internal ratings based approach (IRB)	**47,788**	**3,823**	**42,524**	**3,402**
IRB approaches when neither own estimates of LGD nor conversion factors are used	**39,272**	**3,142**	**34,923**	**2,794**
Central governments or central banks	2,375	190	1,827	146
Institutions	2,384	191	2,092	167
Corporates - SME	4,096	328	3,753	300
Corporates - Specialized lending	3,397	272	3,063	245
Corporates - Other	27,020	2,162	24,189	1,935
IRB approaches when own estimates of LGD and/or conversion factors are used	**7,783**	**623**	**6,916**	**553**
Retail - Secured by real estate SME	230	18	196	16
Retail - Secured by real estate non-SME	3,304	264	2,781	222
Retail - Qualifying revolving	290	23	280	22
Retail - Other SME	431	34	517	41
Retail - Other non-SME	3,529	282	3,143	251
Equity	479	38	439	35
Simple risk weight approach	0	0	0	0
Other equity exposure	0	0	0	0
PD/LGD approach	0	0	0	0
Other non-credit obligation assets	254	20	247	20

in € million	30/9/2021		31/12/2020	
	Risk-weighted exposure	Capital requirement	Risk-weighted exposure	Capital requirement
Total risk exposure amount for settlement/delivery	**0**	**0**	**0**	**0**
Settlement/delivery risk in the non-trading book	0	0	0	0
Settlement/delivery risk in the trading book	0	0	0	0
Total risk exposure amount for position, foreign exchange and commodities risk	**5,632**	**451**	**5,007**	**401**
Risk exposure amount for position, foreign exchange and commodities risks under standardized approaches (SA)	**2,516**	**201**	**2,378**	**190**
Traded debt instruments	1,926	154	1,935	155
Equity	186	15	166	13
Particular approach for position risk in CIUs	1	0	1	0
Foreign exchange	399	32	268	21
Commodities	4	0	8	1
Risk exposure amount for position, foreign exchange and commodities risks under internal models (IM)	**3,116**	**249**	**2,629**	**210**
Total risk exposure amount for operational risk	**8,655**	**692**	**7,548**	**604**
OpR standardized (STA) /alternative standardized (ASA) approaches	3,567	285	3,439	275
OpR advanced measurement approaches (AMA)	5,089	407	4,109	329
Total risk exposure amount for credit valuation adjustments	**255**	**20**	**260**	**21**
Standardized method	255	20	260	21
Other risk exposure amounts	**699**	**56**	**954**	**76**
of which risk-weighted exposure amounts for credit risk: securitization positions (revised securitization framework)	699	56	954	76

Capital ratios[1]

in per cent	30/9/2021	31/12/2020
Common equity tier 1 ratio	12.7%	13.6%
Tier 1 ratio	14.5%	15.7%
Total capital ratio	17.2%	18.4%

1 Fully loaded

Leverage ratio

The leverage ratio is defined in Part 7 of the CRR and was not yet a mandatory quantitative requirement as at 30 September 2021. Until then it serves for information only.

in € million	30/9/2021	31/12/2020
Leverage exposure	221,813	193,910
Tier 1	12,919	12,489
Leverage ratio in per cent[1]	**5.8%**	**6.4%**

1 Fully loaded

Key figures

Alternative Performance Measures (APM)

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

For the purpose of the analysis and description of the performance and the financial position these ratios are commonly used within the financial industry. The special items used below to calculate some alternative performance measures arise from the nature of Group's business, i.e. that of a universal banking group. However, it is to mention that the definitions mostly vary between companies. Please find the definitions of these ratios below.

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

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

Cost/income ratio (including compulsory contributions) – In this second variant of determining the cost/income ratio, the general administrative expenses also takes into account the expenses from the item governmental measures and compulsory contributions (bank levies, resolution fund and deposit insurance fees).

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

Loan/deposit ratio indicates a bank's ability to refinance its loans by deposits rather than wholesale funding. It is calculated with loans to non-financial corporations and households in relation to deposits from non-financial corporations and households.

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

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

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

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

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

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

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

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

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

Provisioning ratio is an indicator for development of risk costs and provisioning policy of an enterprise. It is computed by dividing impairment or reversal of impairment on financial assets (customer loans) by average customer loans (categories: financial assets measured at amortized cost and financial assets at fair value through other comprehensive income).

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

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

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

Total capital specific key figures

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

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

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

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

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

List of abbreviations

BWG	Austrian Banking Act (Bankwesengesetz)
CE	Central Europe
CEE	Central and Eastern Europe
CET 1	Common Equity Tier 1
CRR	Capital Requirements Regulation
CDS	Credit Default Swap
DCF	Discounted Cash-Flow
EAD	Exposure at Default
EBA	European Banking Authority
ECL	Expected Credit Loss
EE	Eastern Europe
ECB	European Central Bank
ESAEG	Deposit Protection and Investor Compensation Act (Einlagensicherungs- und Anlegerentschädigungsgesetz)
FMA	Financial Market Authority
FMSB	Financial Market Stability Board
GDP	Gross Domestic Product
HQLA	High Quality Liquid Assets
IAS/IFRS	International Accounting Standards/International Financial Reporting Standards
IBOR	Interbank Offered Rate
IPS	Institutional Protection Scheme
IRB	Internal Ratings Based
ITS	Implementing Technical Standards
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
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
SRB	Systemic Risk Buffer
SREP	Supervisory Review and Evaluation Process
TLTRO	Targeted Longer-Term Refinancing Operations
VaR	Value-at-Risk

Events after the reporting date

Additional dividend of € 0.75 per share for 2020

Following the decision of the European Central Bank (ECB) not to extend its recommendation on the restriction of dividend distributions, the Management Board of RBI decided to convene an Extraordinary General Meeting on 10 November 2021, in order to propose an additional dividend in the amount of € 0.75 per share for the financial year 2020. This proposal has already had a positive impact on RBI's CET1 ratio of around 9 basis points in the third quarter.

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Financial calendar 2021/2022

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

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