Semi-Annual Financial Report as at 30 June 2022

Raiffeisen Bank International

Member of RBI Group

Overview

Raiffeisen Bank International (RBI)

Monetary values in € million	2022	2021	Change
Income statement	**1/1-30/6**	**1/1-30/6**	
Net interest income	2,199	1,509	45.8%
Net fee and commission income	1,565	903	73.3%
General administrative expenses	(1,649)	(1,386)	19.0%
Operating result	2,500	1,163	114.9%
Impairment losses on financial assets	(561)	(100)	459.0%
Profit/loss before tax	1,590	834	90.7%
Profit/loss after tax	1,751	674	160.0%
Consolidated profit/loss	1,712	612	179.8%
Statement of financial position	**30/6**	**31/12**	
Loans to banks	17,000	16,630	2.2%
Loans to customers	107,700	100,832	6.8%
Deposits from banks	37,293	34,607	7.8%
Deposits from customers	131,283	115,153	14.0%
Equity	18,056	15,475	16.7%
Total assets	214,200	192,101	11.5%
Key ratios	**1/1-30/6**	**1/1-30/6**	
Return on equity before tax	20.3%	11.7%	8.6 PP
Return on equity after tax	22.4%	9.5%	12.9 PP
Consolidated return on equity	25.5%	9.6%	16.0 PP
Cost/income ratio	39.7%	54.4%	(14.6) PP
Return on assets before tax	1.58%	0.97%	0.61 PP
Net interest margin (average interest-bearing assets)	2.37%	1.91%	0.46 PP
Provisioning ratio (average loans to customers)	0.86%	0.22%	0.64 PP
Bank-specific information	**30/6**	**31/12**	
NPE ratio	1.6%	1.6%	0.0 PP
NPE coverage ratio	60.7%	62.5%	(1.8) PP
Total risk-weighted assets (RWA)	109,025	89,928	21.2%
Common equity tier 1 ratio[1]	13.4%	13.1%	0.3 PP
Tier 1 ratio[1]	14.9%	15.0%	0.0 PP
Total capital ratio[1]	16.7%	17.6%	(0.8) PP
Stock data	**1/1-30/6**	**1/1-30/6**	
Earnings per share in €	5.07	1.72	194.5%
Closing price in € (30/6)	10.34	19.10	(45.9)%
High (closing prices) in €	28.42	20.74	37.0%
Low (closing prices) in €	10.20	16.17	(36.9)%
Number of shares in million (30/6)	328.94	328.94	0.0%
Market capitalization in € million (30/6)	3,401	6,283	(45.9)%
Resources	**30/6**	**31/12**	
Employees as at reporting date (full-time equivalents)	44,338	46,185	(4.0)%
Business outlets	1,707	1,771	(3.6)%
Customers in million	17.2	19.0	(9.5)%

1 transitional – including profit; subject to ECB approval of the regulatory deconsolidation of the Bulgarian Group units

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

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

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

Content

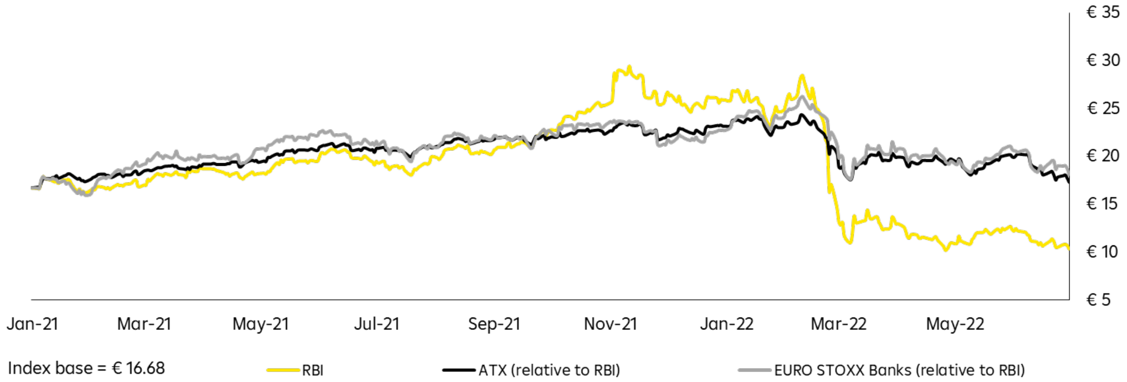
RBI in the capital markets

Performance of RBI stock

The stock markets remained very volatile in the second quarter and were weaker across the board. Negative factors included sharply rising inflation rates, thus significantly higher yields in bond markets and additional sanctions against Russia due to the ongoing war in Ukraine. This was also associated with an oil and gas shortage and further increase in oil and gas prices. As China imposed large-scale lockdowns due to new COVID infections, supply chains for raw materials and intermediate products experienced problems in almost all areas of industry. In addition to continuing supply problems, this also contributed to significant price increases. The US central bank responded to rising inflation in the second quarter by once again vigorously raising interest rates, increasing them 0.5 percentage points in May and another 0.75 percentage points in June. Despite similarly high inflation rates in the euro area, the ECB is still lagging behind with its own measures and has so far left it at a first interest step in July. This means that the long phase of historically low financing costs for companies is likely over for now. Technology shares therefore numbered among the biggest losers. However, the general combination of high inflation and rising interest rates increased fears of a renewed recession across the board.

RBI's share price started the second quarter at € 12.95 and marked its all-quarter peak of € 12.97 in April. At the end of the quarter, it was trading at € 10.34, having lost 20 per cent in the second quarter. Developments in Russia and Ukraine are still weighing on the stock's performance. All strategic options regarding the future of Raiffeisenbank Russia are being assessed, including a carefully managed exit from Raiffeisenbank Russia. The Austrian stock index (ATX) lost 13 per cent in the second quarter, while the European bank index (Euro Stoxx Banks) fell 12 per cent.

Price performance since 1 January 2021 compared to ATX and Euro Stoxx Banks



Capital market communication

On 4 May 2022, RBI published its first-quarter financial results and held a web conference on them. The Management Board explained the financials, discussing the situation in Russia and Ukraine and its potential impact on RBI in detail, and fielded additional questions from approximately 600 participants in the subsequent Q&A session.

RBI's investor relations activities aim to provide maximum transparency for capital market players through flexible and innovative information sessions. As social distancing rules were dramatically eased or completely eliminated, it once again became possible to personally attend roadshows and conferences, including in London, Zürs, Vienna, Paris, Lausanne, New York, Miami and Rome, in order to vigorously participate in face-to-face exchanges of views and ideas. IR managers and members of the Management Board of RBI attended 14 of these events in the second quarter. Virtual events in the form of web conferences continued as well. In addition, Investor Relations gave analysts and equity and debt investors the opportunity to individually talk to the CEO, CRO and Investor Relations by telephone or video conference.

The main topics that investors and analysts discussed in the second quarter were the situation in Ukraine and developments in Russia as well as their potential impact on RBI.

A total of 21 equity analysts and 22 debt analysts (as at 30 June 2022) regularly provide investment recommendations on RBI.

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

New issues

RBI launched the second benchmark issue of the year for a nominal value of € 500 million in May 2022. The preceding virtual investor roadshow was well received by the market and resulted in demand that was around double the intended issue volume. The issue has a maturity of 5 years and was issued at a price of 23 basis points over the mid-swap rate.

RBI Rating

In order to ensure an accurate assessment, RBI maintains regular contact with rating agency analysts and informs them about current developments in its business. At the beginning of March, Standard & Poor's Financial Services announced that RBI's ratings were affirmed at A-/negative/A-2, and Moody's Investors Service affirmed RBI's ratings at A2/stable/P-1. The rating remains unchanged from the first quarter.

Rating	Moody’s Investors Service	Standard & Poor’s
Long-term rating	A2	A-
Outlook	stable	negative
Short-term rating	P-1	A-2
Subordinated (Tier 2)	Baa2	BBB
Additional Tier 1	Ba2(hyb)	BB+
Public-sector covered bonds	-	Aa1
Mortgage covered bonds	-	Aa1

Shareholder structure

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

Stock data and details

Share price (closing) on 30 June 2022	€ 10.34
High/low (closing share price) in the second quarter 2022	€ 12.97/€ 10.20
Earnings per share from 1 January to 30 June 2022	€ 5.07
Book value per share as at 30 June 2022	€ 46.90
Market capitalization as at 30 June 2022	€ 3.4 billion
Average daily trading volume (single count) in the second quarter 2022	1,146,556 shares
Free float as at 30 June 2022	approximately 41.2%
ISIN	AT0000606306
Ticker symbols	RBI (Vienna Stock Exchange)
	RBI AV (Bloomberg)
	RBIV.VI (Reuters)
Market segment	Prime Market
Number of shares issued as at 30 June 2022	328,939,621

Financial calendar 2022 / 2023

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

Interim group management report

Market development

Due to its ties with Russia, Europe is particularly feeling the effects of the sanctions imposed on Russia in response to the war in Ukraine. The US and China, on the other hand, are less affected due to their relatively weaker economic ties with Russia. A global economic crisis (deep recession) is therefore not expected, even though the Fed's monetary tightening ought to have a worldwide cooling effect. However, larger cyclical effects are assumed for the European countries due to their energy dependency. Since the spring, Europe has experienced volume restrictions on gas purchased from Russia. In addition, natural gas has increased significantly in price. The base scenario assumes that this situation will continue for an extended period of time. This is expected to impact the industrial sector in particular, partly through price effects, and result in a recession in this sector. In the negative scenario, which assumes a prolonged and complete interruption of Russian gas supplies, Europe is almost inevitably headed for a general economic recession with visibly negative GDP growth rates for all of 2023. Due to various impact channels such as intra-European value chains, the effects would be severe even in countries with very little direct dependence on Russian gas. Large increases in food and energy prices have sent European inflation rates soaring until recently. Inflation is expected to remain clearly elevated in 2023 and, even after a certain normalization of commodity price dynamics, there will be no return to previous-year rates in the medium term.

After accelerating slightly at the start of the year, economic growth in the **euro area** is likely to slow noticeably in subsequent quarters, with GDP growth rates expected to bottom out in the winter of 2022/23. The industrial sector will probably slip into recession, while private consumption is expected to be still positive but subdued due to significant real wage losses caused by inflation. Slightly supportive in this regard is the increased savings of private households in recent quarters. Economic growth is forecast to reach 2.5 per cent in 2022, which is down from 2021 (5.3 per cent). The full-year growth rate for the coming year reflects expectations of an economically difficult winter half-year more clearly than the full-year growth rate for this year (2023 GDP forecast: 1 per cent). Euro area inflation in 2022 will be largely determined by the war in Ukraine and its impact on energy and food prices. Inflation is not expected to resume a moderate downward trend until the fourth quarter of 2022. However, it is not expected to ease rapidly in 2023, either. Annual inflation is forecast to average 4 per cent (2022: 7.5 per cent) and so will likely remain clearly elevated next year. Lower contributions to inflation from food and energy should be offset by stubbornly high inflationary pressures driven by the core rate. Market prices will likely rise rapidly if Russian gas supplies are interrupted completely. However, since most household energy prices are regulated, the ultimate impact on consumer prices will largely depend on any measures taken by national governments. These measures, however, will make even higher inflation rates likely over an extended period.

The **European Central Bank (ECB)** signaled at the beginning of the year that monetary policy would start to normalize in 2022. Inflation rates that overshot the ECB's expectations by a wide margin prompted the central bank to propose normalizing monetary policy more quickly around mid-year. Net bond purchases ended at the beginning of July, followed by an initial 50 basis point increase in key interest rates in the same month. The ECB very clearly held out the prospect of further rate hikes or a longer cycle of rate hikes. Unlike the US Federal Reserve, the ECB is merely aiming to keep key interest rates in neutral territory. However, it can be expected that the deposit and main refinancing rate in the euro area will also reach a restrictive level in 2023. The ECB is also expected to start reducing inflows from redemptions of securities purchased under the bond purchase programs as of mid-2023. Given the high inflation rates, a return to negative interest rates is highly unlikely, even in a recession scenario.

After GDP declined in the final quarter of the previous year as a result of lockdowns, the **Austrian economy** experienced very strong momentum in the first quarter of this year, even relative to the overall euro area. Contrary to the general trend across Europe, the rapid economic pace at the beginning of the year necessitated an upward revision of the GDP forecast for the current year. The expected full-year GDP growth rate of 4.0 per cent for 2022 is now significantly higher than the forecast for the euro area (2.5 per cent). However, the outlook for the rest of the year has not changed in the base scenario and thus remains challenging. The second half of 2022 and particularly the coming winter half-year should therefore be characterized by a recession in the industrial sector. However, the overall economy should be able to avoid a recession thanks to assumed positive momentum in consumer services (especially hospitality/food service). The weak 2022/23 winter half-year is a drag on full-year 2023 GDP growth, which is reflected in the cautious growth forecast for the entire year of 2023 (1.5 per cent).

The first quarter of 2022 was characterized by a continued solid recovery of the economies in **Central Europe (CE)**, driven by vibrant consumption and recovering investment. This has had a positive impact on the full-year 2022 GDP growth rate (3.6 per cent) even though an economic slowdown began to take shape in the second quarter and will continue in the second half of the year. Since economic momentum is expected to slow further, GDP is forecast to grow only 1.3 per cent in 2023. Central Europe's economies are particularly susceptible to a deeper downturn given the tremendous importance of the industrial sector in the region. Slovakia and the Czech Republic are more vulnerable due to their strong links with the German economy, while Hungary is additionally exposed to the risk of an interruption in energy supplies from Russia.

The economies of **Southeastern Europe (SEE)** also recorded continued positive economic momentum in the first quarter of 2022, supported by consumer demand. The EU countries in the SEE region also benefit from investments made under the Next Generation EU program. However, like the entire CEE region, they are expected to start experiencing a slowdown in the second quarter due to the ongoing war in Ukraine. An interruption in energy supplies from Russia is a risk for the SEE region as well. There are few other vulnerabilities (such as the large size of the industrial sector in the CE economy), making weaker growth in Western Europe the second most important risk factor. Tourism could be negatively affected in some countries to a certain extent, but this should be more than offset by the sector's broad recovery in the summer season. Southeastern European countries (except for Romania) are less vulnerable than Central Europe in the current environment since services drive their economic growth more than the industrial sector. This vulnerability should also be limited by relatively low dependence on energy imports in some countries (Romania, Albania, Serbia). Thus, while growth in the region is expected to slow significantly to 3.5 per cent in 2022 (2021: 6.6 per cent), the full-year GDP growth rate for 2023 is forecast to be 3.1 per cent, down only slightly from 2022.

As the war in **Ukraine** continues, the economic damage to the country grows even as the future reconstruction costs rise. Although the fighting is confined to the eastern part of the country and the economy has adapted to wartime conditions thanks to bold government policies, the Ukrainian economy is still expected to contract more than 30 per cent year-on-year in 2022. An upswing is expected next year, depending on the further progress of the conflict, while large amounts of public and private funding will be needed to rebuild Ukraine after the war. In **Russia**, the effects of the war and sanctions are only gradually appearing in the economic data. All components of GDP will be affected, but consumer demand, investment and imports will be hit particularly hard. GDP is thus expected to decline around 8 per cent in the current year. Elements of sanctions that have already been adopted (and that also affect exports) will not come into full effect until 2023. As a result, the recession in the Russian economy is likely to continue next year (down 2.3 per cent). The sanctions will also affect **Belarus**, which is headed for a noticeable recession this year (down 4 per cent), followed by stagnation in 2023. Domestic demand and the IT sector proved to be pillars of the economy in the first half of 2022, but their positive momentum is likely to weaken as well. In addition, the economy is mainly supported by trade and relations with Russia, which limits the impact on selected sectors of the economy.

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

Region/country	2020	2021	2022e	2023f
Czech Republic	(5.8)	3.3	2.5	0.9
Hungary	(5.2)	7.1	2.5	2.0
Poland	(2.2)	5.9	4.6	1.0
Slovakia	(4.4)	3.0	2.0	2.0
Central Europe	**(3.7)**	**5.4**	**3.6**	**1.3**
Albania	(3.5)	8.5	3.5	3.6
Bosnia and Herzegovina	(3.1)	7.1	3.2	2.7
Bulgaria	(4.4)	4.2	2.0	3.7
Croatia	(8.1)	10.2	3.9	3.0
Kosovo	(5.3)	10.5	3.7	3.9
Romania	(3.7)	5.9	3.8	3.0
Serbia	(0.9)	7.5	3.3	3.0
Southeastern Europe	**(4.0)**	**6.6**	**3.5**	**3.1**
Belarus	(0.9)	2.3	(4.0)	0.0
Russia	(3.0)	4.6	(8.0)	(2.3)
Ukraine	(3.8)	3.4	(33.0)	9.0
Eastern Europe	**(3.0)**	**4.4**	**(9.5)**	**(1.5)**
Austria	**(6.7)**	**4.8**	**4.0**	**1.5**
Euro area	**(6.5)**	**5.3**	**2.5**	**1.0**

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

Significant events in the reporting period

RBI assesses strategic options for the future of Raiffeisenbank Russia

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

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

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

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

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

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

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

Acquisition of Crédit Agricole Srbija AD

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

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

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

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

RBI's ratings confirmed by S&P and Moody's

At the beginning of March, Standard & Poor's Financial Services announced that it had confirmed its ratings of A-/negative/A-2 for RBI, while Moody's Investors Service confirmed its ratings of A2/stable/P-1 for RBI. The rating agencies underscored the solid position of RBI and the Raiffeisen Banking Group, while highlighting the robust measures in place for mitigating risk.

Earnings and financial performance

The ongoing war in Ukraine and the further tightening of sanctions against Russia continued to have a significant impact not only on the money and capital markets, but also on trade and the economy, including to a particular extent on energy supplies. A strong appreciation of the Russian ruble by around one-third since the beginning of the year was reflected in significant increases in items on the statement of financial position, in particular other demand deposits at banks and financial assets at amortized cost. The strength of the US dollar in response to interest rate hikes by the Federal Reserve also contributed in part to the balance sheet growth. In part significant increases in base rates in numerous CE and SEE countries due to strong inflationary pressure resulted in an increase in interest margins in those countries and had a positive impact on earnings performance. Risk costs, on the other hand, showed strong year-on-year growth, although from a very low base. Russia and Ukraine were again the main drivers here.

In total, consolidated profit increased a substantial 180 per cent year-on-year to € 1,712 million. The sale of the Bulgarian subsidiary bank contributed a total of € 453 million to earnings. Net interest income went up by 46 per cent due to strong customer loan growth and the rising interest rates. Net fee and commission income (up 73 per cent), showed a continuous volume-driven upward trend as in the preceding quarters, but was also influenced by the current geopolitical situation and measures taken by the Russian central bank relating to foreign exchange controls and associated mandatory currency conversion. The net trading income and fair value result of € 316 million mainly resulted from foreign currency positions in Russian ruble and from changes in the Group's own credit spread in the certificates business. Risk costs amounted to € 561 million in the reporting period, of which Russia accounted for € 266 million and Ukraine for € 201 million. The € 47 million expense booked in the first half-year for the newly introduced bank levy in Hungary related to the full year.

Total assets, at € 214 billion, were more than 11 per cent higher than at the year-end. Currency effects were responsible for an increase of more than 4 per cent. Customer loans increased 7 per cent, with the increase in Russia due in its entirety to currency effects. Customer deposits increased 14 per cent, mainly in Russia.

Comparison of results with the previous-year period

in € million	1/1-30/6/2022	1/1-30/6/2021[1]	Change	
Net interest income	2,199	1,509	691	45.8%
Dividend income	29	30	(1)	(4.0)%
Current income from investments in associates	34	21	12	57.7%
Net fee and commission income	1,565	903	662	73.3%
Net trading income and fair value result	316	32	284	>500.0%
Net gains/losses from hedge accounting	(36)	(1)	(35)	>500.0%
Other net operating income	42	54	(12)	(22.8)%
Operating income	**4,150**	**2,550**	**1,600**	**62.8%**
Staff expenses	(894)	(753)	(141)	18.7%
Other administrative expenses	(531)	(445)	(86)	19.2%
Depreciation	(225)	(188)	(37)	19.4%
General administrative expenses	**(1,649)**	**(1,386)**	**(263)**	**19.0%**
Operating result	**2,500**	**1,163**	**1,337**	**114.9%**
Other result	(108)	(74)	(33)	45.1%
Governmental measures and compulsory contributions	(241)	(155)	(86)	55.7%
Impairment losses on financial assets	(561)	(100)	(461)	459.0%
Profit/loss before tax	**1,590**	**834**	**756**	**90.7%**
Income taxes	(292)	(193)	(99)	51.1%
Profit/loss after tax from continuing operations	**1,299**	**641**	**658**	**102.6%**
Gains/losses from discontinued operations	453	33	420	>500.0%
Profit/loss after tax	**1,751**	**674**	**1,078**	**160.0%**
Profit attributable to non-controlling interests	(40)	(62)	22	(36.0)%
Consolidated profit/loss	**1,712**	**612**	**1,100**	**179.8%**

1 Previous-year figures adapted due to changed allocation (IFRS 5 discontinued operations). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

Operating income

Net interest income was up € 691 million to € 2,199 million. This was mainly due to rising interest rates in numerous Group countries and to strong loan growth. The largest increase, of € 279 million, was recorded in Russia due to higher interest rates compared to the previous-year period, the appreciation of the Russian ruble, higher lending volumes to retail and corporate customers and higher interest income from repo business. In the Czech Republic, in addition to the integration of Equa bank, higher interest income from repo, corporate customer and retail customer business resulted in a € 174 million increase in net interest income. The increases of € 62 million in Hungary, € 39 million in Romania and € 34 million at head office are likewise both interest-rate and volume-related. In Ukraine, higher lending volumes with corporate customers led to a € 49 million increase in net interest income. The € 22 million increase in Belarus is due to more favorable refinancing in an easing liquidity environment. In Serbia, net interest income increased € 14 million, primarily due to the integration of Crédit Agricole Srbija AD.

Group average interest-bearing assets rose 18 per cent year-on-year, mainly as a result of the strong loan growth. The net interest margin improved 46 basis points to 2.37 per cent, due to increases of 1 percentage point each in Hungary and Czech Republic in addition to Eastern Europe.

The strong rise in net fee and commission income was attributable to increased activity from both corporate and retail customers in the foreign currency business, primarily in the spot foreign exchange business in Russia. This development was due to both the geopolitical situation and the measures taken by the Russian central bank to restrict foreign exchange. Clearing, settlement and payment services also recorded growth due to increased transactions with corporate customers. Loan and guarantee business developed positively too, with the strongest growth at head office. Supported by currency appreciations in Eastern Europe, net fee and commission income consequently increased € 662 million to € 1,565 million. Russia and head office recorded the largest growth here. There were likewise increases on a currency-adjusted basis in Belarus, the Czech Republic and Hungary.

Net trading income and fair value result increased € 284 million year-on-year to € 316 million. The increase mainly resulted from hedging capital positions held by subsidiary banks in local currencies of € 90 million. The capital positions were hedged at head office by means of forward exchange transactions (net investment hedge) in which the valuation portion of the forward component (forward points) was reported in consolidated profit/loss, while the valuation portion resulting from the change in the closing rate of the foreign currency was recognized in other comprehensive income. These positive valuation effects resulted above all from the large interest rate differential between the euro and the Russian ruble in the first quarter and the Russian ruble forward foreign exchange contracts entered into in consequence. Russia also recorded an increase in positive valuation effects from foreign currency positions compared with the previous-year period due to the strong appreciation of the Russian ruble in the second quarter of 2022. The increased valuation result from foreign currencies in Russia was partly offset by higher valuation losses from hedged interest rate risks of € 75 million compared with the previous-year period. This resulted from the high volatility of interest rates set by the Russian central bank in the first half of 2022. In addition, the increase in the Group's own credit spread in the certificates business resulted in a year-on-year increase of € 63 million in valuation gains on certificate issues measured at fair value. The valuation of investments in venture capital funds measured at fair value resulted in a € 20 million increase in valuation gains.

General administrative expenses

General administrative expenses increased 19 per cent year-on-year, or € 263 million, to € 1,649 million. Significantly higher core revenues (up 56 per cent) made for a significant year-on-year improvement in the cost/income ratio, from 54.4 per cent to 39.7 per cent. Staff expenses rose € 141 million to € 894 million, mainly due to increases in Russia, in the Czech Republic, in Ukraine and at head office. In addition to the increase in the average headcount, these increases mainly resulted from higher salaries and social security costs in Russia, from the integration of Equa bank in the Czech Republic and from higher current salary payments in Ukraine and at head office. The main drivers of the € 86 million increase in other administrative expenses were higher IT expenses (up € 31 million), primarily in the Czech Republic, in Russia and at head office, and higher legal, advisory and consulting expenses (up € 18 million) in the Czech Republic, at head office and in Poland. There were further increases in other expense items, primarily sundry administrative expenses (up € 15 million), office space expenses (up € 7 million) and non-income-related taxes (up € 5 million). Depreciation and amortization of tangible and intangible fixed assets increased 19 per cent, or € 37 million, to € 225 million, mainly due to the integration of Equa bank in the Czech Republic and higher software inventories at head office.

The number of business outlets fell 81 year-on-year to 1,707. The largest declines were in Bulgaria (down 136 due to the sale), Belarus (down 10) as well as Slovakia and Romania (down 9), while Serbia (up 75) and the Czech Republic (up 28) recorded increases in business outlets due to acquisitions. Average headcount decreased 785 full-time equivalents year-on-year to 44,420, mainly due to the sale of Raiffeisenbank (Bulgaria) EAD and its subsidiary Raiffeisen Leasing Bulgaria EOOD (down 2,500). Further decreases in the average headcount were primarily recorded in Romania (down 101), while Serbia (up 824), Russia (up 723) and head office (up 188) recorded the largest increases.

Other result

The other result came to minus € 108 million in the reporting period, compared to minus € 74 million in the comparable period. On the expense side, credit-linked and portfolio-based provisions for litigation were allocated in the amount of € 104 million, although these remained below the previous year's figure of € 118 million, and mainly related to mortgage loans in Poland denominated in foreign currencies or indexed to a foreign currency. In addition, net releases of impairment losses on investments in associates valued at equity were recognized in the amount of € 13 million in the reporting period, compared to € 65 million in the previous year's period. The deteriorating economic environment, the trend in the prices of goods and the negative impacts of the war in Ukraine on business in local markets were the main reasons for the impairment losses of € 36 million on the investment in LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG and of € 10 million on the investment in Raiffeisen Informatik GmbH & Co KG. Economic repercussions of the war in Ukraine also affected the business activities of UNIQA Insurance Group AG, resulting in a negative valuation effect of € 38 million. A negative effect of € 98 million in other comprehensive income in equity was set against a reversal of impairment of € 59 million in the income statement.

Governmental measures and compulsory contributions

Governmental measures and compulsory contributions increased € 86 million to € 241 million. Bank levies increased € 51 million. This was due mainly to the introduction of a special bank levy in Hungary, which was booked in the amount of € 47 million in the first half of 2022 for the full year. Contributions to the resolution fund increased € 14 million, mostly at head office and in the Czech Republic. The € 21 million increase in deposit insurance fees mainly related to Russia, Romania, Croatia and the Czech Republic. The increases in the Czech Republic resulted from the integration of Equa bank.

Impairment losses on financial assets

The impacts of the dispute between Russia and Ukraine, and in particular the outbreak of war in February, were reflected in significantly higher risk costs in Eastern Europe. Impairment losses in Eastern Europe amounted to € 489 million in the reporting period (previous year's period: € 48 million) due to the deteriorated economic environment, rating downgrades of customers, countries and governments, and in Russia additionally due to the consequences of several EU and US sanctions packages. The first half of 2022 brought impairment losses of € 266 million in Russia (previous year's period: € 22 million); in Ukraine these amounted to € 201 million after a small net release in the previous year's period. Group-wide, impairment losses on financial assets amounted to € 561 million, compared to a very moderate € 100 million due to better economic conditions in the previous year's period.

In Stage 1 and Stage 2, net impairments of € 434 million were recognized in the reporting period (previous year's period: € 35 million). A net amount of € 165 million related to loans to non-financial corporations, a net € 72 million to loans to households, a net € 58 million to loans to other financial corporations and a net € 50 million to loans to governments; € 75 million related to off-balance sheet risks. The amount recognized in Stage 1 and Stage 2 was € 210 million in Russia and € 159 million in Ukraine. For defaulted loans (Stage 3), impairments were recognized in a net amount of € 127 million in the reporting period (previous year's period: net € 65 million), of which € 72 million related to loans to other financial corporations and € 59 million to loans to households, € 45 million of which related to Russia.

At 1.6 per cent, the NPE ratio was unchanged both relative to the year-end and year-on-year. The NPE coverage ratio was 60.7 per cent at the reporting date, compared to 62.5 per cent at the end of the year and slightly above the comparable figure of 60.3 per cent for the previous year.

Income taxes

Income taxes increased to € 292 million due to higher earnings. However, the tax rate of 18 per cent (comparable period: 23 per cent) was significantly below the current Austrian corporate income tax rate of 25 per cent. This was mainly due to the tax situation at head office (loss carry forwards) and a larger share of profit before tax accounted for by lower-tax countries.

Gains/losses from discontinued operations

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

Comparison of results with the previous quarter

Quarterly results

in € million	Q2/2021[1]	Q3/2021[1]	Q4/2021	Q1/2022	Q2/2022
Net interest income	773	843	976	986	1,214
Dividend income	25	4	7	5	24
Current income from investments in associates	6	12	12	18	16
Net fee and commission income	483	521	561	683	882
Net trading income and fair value result	28	(4)	24	184	132
Net gains/losses from hedge accounting	(7)	(3)	1	(20)	(16)
Other net operating income	26	29	36	27	15
Operating income	**1,335**	**1,402**	**1,618**	**1,881**	**2,269**
Staff expenses	(383)	(401)	(425)	(430)	(464)
Other administrative expenses	(237)	(234)	(313)	(254)	(277)
Depreciation	(95)	(101)	(118)	(109)	(116)
General administrative expenses	**(714)**	**(736)**	**(856)**	**(792)**	**(857)**
Operating result	**620**	**666**	**763**	**1,089**	**1,412**
Other result	(37)	(46)	(175)	(102)	(6)
Governmental measures and compulsory contributions	(31)	(26)	(32)	(159)	(82)
Impairment losses on financial assets	(24)	(44)	(150)	(319)	(242)
Profit/loss before tax	**528**	**550**	**406**	**508**	**1,082**
Income taxes	(116)	(98)	(77)	(69)	(223)
Profit/loss after tax from continuing operations	**412**	**452**	**329**	**440**	**859**
Gains/losses from discontinued operations	19	29	24	18	435
Profit/loss after tax	**430**	**481**	**353**	**458**	**1,294**
Profit attributable to non-controlling interests	(34)	(38)	(36)	(16)	(24)
Consolidated profit/loss	**396**	**443**	**317**	**442**	**1,270**

1 Adaption of prior quarters' figures due to changed allocation (IFRS 5 discontinued operations). Further information can be found in the notes, chapter principles of underlying the consolidated statements under changes to the income statement.

Development of the second quarter of 2022 compared to the first quarter of 2022

Net interest income increased € 228 million to € 1,214 million. The increase in Russia of € 172 million was mainly due to currency developments. In Ukraine, war-related increases in interest rates were responsible for the € 13 million increase in net interest income. Rising interest rates and volumes also caused net interest income to rise € 10 million in Romania and € 9 million in Hungary. In Serbia, net interest income rose € 11 million, primarily due to the integration of Crédit Agricole Srbija AD.

The encouraging net interest income trend in many of the Group's countries led to an increase in the net interest margin of 35 basis points to 2.56 per cent.

Net fee and commission income increased 29 per cent, or € 199 million, to € 882 million. This was mainly driven by extraordinarily high income from the foreign exchange business, particularly from the spot foreign exchange business in Russia. The increase was due to higher volumes and margins as well as currency appreciation. Likewise, clearing, settlement and payment services recorded a volume-driven increase, particularly in Russia, Serbia, Romania and Belarus.

Net trading income and fair value result decreased € 51 million. The decrease mainly resulted from hedging capital positions held by subsidiary banks in local currencies of € 87 million. The capital positions were hedged at head office by means of forward exchange transactions (net investment hedge) in which the valuation portion of the forward component (forward points) was reported in consolidated profit/loss, while the valuation portion resulting from the change in the closing rate of the foreign currency was recognized in other comprehensive income. The valuation result decreased largely as a result of the large interest rate differential between the euro and the Russian ruble in the first quarter but also due to interest rate increases in the markets served by other subsidiary banks (Czech Republic, Hungary and Romania). In addition, valuation gains decreased € 87 million due to a steep increase in own credit spreads in the certificates business in the first quarter. The valuation losses were offset by valuation gains of € 89 million from foreign currency positions in Russia due to the rapid appreciation of the Russian ruble in the second quarter. Interest rate-induced valuations and other valuations increased € 33 million quarter-on-quarter.

General administrative expenses increased € 65 million quarter-on-quarter to € 857 million. Staff expenses rose € 34 million to € 464 million, while other administrative expenses rose € 23 million to € 277 million and depreciation increased € 8 million to € 116 million. The main drivers of the increases were higher staff expenses in Russia (up € 33 million), mainly due to currency effects and larger bonus provisions, higher legal, advisory and consulting expenses (up € 13 million), mainly at head office, higher sundry administrative expenses (up € 10 million) and the integration of Crédit Agricole Srbija AD.

The other result increased from minus € 102 million in the previous quarter to minus € 6 million. This was primarily driven by the valuation of shares in participations valued at equity. The negative effects on economic data and commodity prices caused by the outbreak of the war in the first quarter and the direct effects in local markets were the main reasons for the impairment losses of € 33 million, principally on investments in LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG (€ 26 million). Impairment losses totaling € 19 million were recognized in the second quarter, but were offset by releases of impairment losses of € 66 million, primarily on investments in UNIQA Insurance Group AG (UNIQA). The valuation of the shares in UNIQA resulted in a negative effect of € 23 million in the second quarter, so a negative effect in other comprehensive income in equity of € 82 million was offset by a release of impairment losses of € 65 million in the income statement. The result of deconsolidations was positive in the second quarter at € 10 million, mainly due to the sale of a Czech real estate company; in the previous quarter, deconsolidations resulted in a loss of € 4 million.

Governmental measures and compulsory contributions were € 82 million in the second quarter, compared to € 159 million in the first quarter, because they each have to be posted in their entirety in the first quarter in accordance with the underlying provisions (IFRIC 21). An additional € 47 million (up € 30 million) was already booked for the full year due to the introduction of a special bank levy in Hungary in the second quarter of 2022.

Impairment losses on financial assets were € 77 million lower in the second quarter at € 242 million, after impairment losses on financial assets of € 319 million were recognized in the first quarter, mainly due to the consequences of war breaking out in February. Impairment losses for the Eastern Europe region of € 316 million in the first quarter and € 174 million in the second quarter were caused by rating downgrades of customers, sovereigns and governments as well as macroeconomic parameters and, in Russia, by several EU and US sanctions packages as well. In the second quarter, provisions were made for possible rating downgrades of corporate customers in connection with a gas supply shock.

Statement of financial position

Total assets increased around 18 per cent year-on-year – viewed over twelve months – and almost 12 per cent compared to the end of the year. In the latter case, currency movements were responsible for an increase of more than 4 per cent. The appreciation of the Russian ruble by almost 34 per cent and of the US dollar by more than 8 per cent stood against a depreciation of the Hungarian forint by more than 7 per cent. Last year, demand for credit – supported by the economic upturn – grew considerably in almost all markets, especially from the second quarter onward. Demand then lost momentum again in the fourth quarter as the economy weakened. Slight growth was recorded in the first quarter of 2022 and significant growth in the second quarter, supported in part by the appreciation of some currencies, particularly the Russian ruble and the US dollar.

Assets

in € million	30/6/2022	31/12/2021	Change		31/3/2022	31/12/2021	30/9/2021	30/6/2021	31/3/2021
Loans to banks	17,000	16,630	370	2.2%	13,314	16,630	16,678	15,983	13,644
Loans to customers	107,700	100,832	6,868	6.8%	101,966	100,832	100,659	94,052	91,861
hereof non-financial corporations	52,132	50,156	1,976	3.9%	51,097	50,156	49,358	46,830	46,202
hereof households	41,541	38,078	3,463	9.1%	38,348	38,078	38,638	35,998	34,783
Securities	23,520	22,902	618	2.7%	22,831	22,902	22,901	23,155	23,015
Cash and other assets	65,979	51,736	14,243	27.5%	54,513	51,736	50,371	48,510	47,632
Total	**214,200**	**192,101**	**22,099**	**11.5%**	**192,624**	**192,101**	**190,610**	**181,700**	**176,152**

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

Customer loans increased significantly from the end of the year, especially in lending to households and non-financial corporations. The largest increases overall occurred in the Czech Republic, where loan growth stood at € 1,362 million, or 9 per cent; in Romania, at € 998 million, or 15 per cent; and in Slovakia, at € 861 million, or 7 per cent. The largest absolute increase was registered in Russia at € 2,058 million, but this was exclusively currency-related; lending declined in local currency terms. New business in Russia was largely abandoned due to the armed conflict with Ukraine and the resulting sanctions against Russia. In Serbia, credit volume increased – both organically and as a result of the acquisition of Crédit Agricole Srbija AD – by € 1,236 million, or 63 per cent, with the acquisition responsible for € 1,004 million. All other countries except those in Eastern Europe also showed encouraging loan growth.

The increase in cash (up € 14,993 million) was mainly attributable to deposits at national banks and other demand deposits at banks, especially in Russia (up € 12,044 million) and at head office (up € 8,153 million), which in this case also includes repo transactions. There were notable outflows in Hungary, Slovakia and Romania. The significantly higher positive fair values of interest rate and foreign exchange derivatives reported under other assets (up € 3,146 million), mainly at head office, resulted primarily from valuation effects and exchange rate fluctuations as well as a larger hedged volume. The sale of the Bulgarian group units resulted in a disposal of assets reported under other assets (in accordance with IFRS 5) of € 5,794 million and also includes the purchase price receivable of € 1,009 million.

Equity and liabilities

in € million	30/6/2022	31/12/2021	Change		31/3/2022	31/12/2021	30/9/2021	30/6/2021	31/3/2021
Deposits from banks	37,293	34,607	2,685	7.8%	34,575	34,607	39,143	36,730	37,242
Deposits from customers	131,283	115,153	16,130	14.0%	113,652	115,153	114,651	108,808	104,211
hereof non-financial corporations	54,019	44,523	9,496	21.3%	44,311	44,523	42,808	41,164	41,174
hereof households	60,806	56,690	4,116	7.3%	55,016	56,690	58,353	55,184	52,007
Debt securities issued and other liabilities	27,568	26,865	703	2.6%	28,585	26,865	21,384	21,269	20,124
Equity	18,056	15,475	2,581	16.7%	15,812	15,475	15,432	14,892	14,576
Total	**214,200**	**192,101**	**22,099**	**11.5%**	**192,624**	**192,101**	**190,610**	**181,700**	**176,152**

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

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

The large increase in deposits from customers stemmed mainly from deposits from non-financial corporations and households, particularly in Russia (up € 14,663 million, including € 11,185 million for non-financial corporations), primarily in the short-term segment. In contrast, there were outflows among deposits from non-financial corporations at head office, in Hungary and in the Czech Republic. The € 2,036 million increase in deposits from other financial corporations – mainly short-term deposits – was recorded primarily at head office and in Russia.

Debt securities issued and other liabilities increased € 703 million on a net basis. The negative fair values of derivatives included in this item increased € 3,437 million, especially for interest rate and foreign currency derivatives at head office, due to valuation effects and exchange rate fluctuations as well as larger hedged amounts. Other liabilities increased € 1,634 million and other financial liabilities rose € 969 million especially in clearing accounts in the payment transfer business. The sale of the Bulgarian Group units resulted in a disposal of liabilities reported under other liabilities (in accordance with IFRS 5) amounting to € 5,209 million.

For information relating to funding, please refer to note (46) Liquidity management in the risk report section of the consolidated financial statements.

Equity on the statement of financial position

Equity including capital attributable to non-controlling interests rose € 2,581 million from the start of the year to € 18,056 million.

Total comprehensive income of € 2,662 million comprised profit after tax of € 1,751 million and other comprehensive income of € 911 million. Currency movements since the beginning of the year had a positive impact of € 1,324 million, which was largely attributable to the Russian ruble appreciating 34 per cent. This was partly offset by a valuation loss of € 92 million from the hedge of net investments, also primarily in Russian ruble.

In addition, changes especially in the fair value of financial assets of € 183 million, other comprehensive income of companies valued at equity of € 116 million and the adjustment to the cash flow hedge reserve of € 114 million, which was concentrated in Russia, had a negative impact on other comprehensive income.

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

Common equity tier 1 (CET1) after deductions amounted to € 14,620 million, representing an increase of € 2,808 million compared to the 2021 year-end figure. The main drivers of the increase were the inclusion of interim profit after deducting any dividends and positive foreign exchange effects.

Tier 1 capital after deductions increased € 2,833 million to € 16,292 million, primarily as a result of the effects in CET1.

Tier 2 capital decreased € 411 million to € 1,992 million due to the reduction in the eligible IRB surplus and the regulatory maturing of outstanding tier 2 instruments. Total capital amounted to € 18,254 million, representing an increase of € 2,447 million compared to the 2021 year-end figure.

Total risk-weighted assets (RWA) increased € 19,096 million overall from the end of 2021 to € 109,025 million. This increase was mainly driven by the gain of € 4,942 million due to foreign currency effects, credit rating downgrades for Russia, Belarus and Ukraine resulting in an impact of around € 8,205 million, the inflow and placement of liquidity in Russia as well as the increase in operational risk of € 2,031 million, mainly due to the recognition of additional provisions for the CHF portfolio in Poland and the resulting impact in the advanced measurement approach (AMA model). Market risk also increased € 1,161 million, mainly due to a new calculation methodology in the structural open foreign exchange position.

This resulted in a (transitional) CET1 ratio of 13.4 per cent (up 0.3 percentage points), an unchanged (transitional) tier 1 ratio of 14.9 per cent and a (transitional) total capital ratio of 16.7 per cent (down 0.8 percentage points).

The capital ratios based on the full application of all CRR criteria (fully loaded) are 13.2 per cent (CET1 ratio), 14.8 per cent (tier 1 ratio) and 16.6 per cent (total capital ratio).

Risk management

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

Outlook

2022 Guidance

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

In 2022, net interest income is expected in a range of € 4.3 to € 4.7 billion and net fee and commission income of at least € 2.7 billion.

Excluding Russia and Belarus, net interest income and net fee and commission income are expected to improve by around 20 and 10 per cent, respectively in 2022.

We expect stable loan volumes for the second half of 2022, with selected growth still coming from Central and Southeastern Europe.

We expect OPEX in the range of € 3.3 to € 3.5 billion, including M&A integration costs, leading to an expected cost/income ratio of around 45 per cent.

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

Consolidated return on equity is expected to be at least 15 per cent in 2022.

In 2022, we expect the CET1 ratio to remain above our 13 per cent target.

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

Segment and country analysis

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

Central Europe

in € million	1/1-30/6/2022	1/1-30/6/2021	Change	Q2/2022	Q1/2022	Change
Net interest income	624	376	65.8%	316	307	3.0%
Dividend income	3	9	(71.5)%	3	0	>500.0%
Current income from investments in associates	2	3	(19.9)%	2	1	70.9%
Net fee and commission income	279	227	22.9%	139	139	0.3%
Net trading income and fair value result	(11)	3	–	(10)	(1)	>500.0%
Net gains/losses from hedge accounting	1	(1)	–	3	(1)	–
Other net operating income	8	12	(33.0)%	1	7	(91.9)%
Operating income	**906**	**629**	**43.9%**	**453**	**453**	**0.1%**
General administrative expenses	(437)	(349)	25.2%	(221)	(215)	2.9%
Operating result	**469**	**281**	**67.2%**	**232**	**237**	**(2.5)%**
Other result	(97)	(108)	(10.6)%	(44)	(53)	(16.2)%
Governmental measures and compulsory contributions	(105)	(49)	115.3%	(46)	(59)	(21.7)%
Impairment losses on financial assets	(54)	1	–	(30)	(24)	24.8%
Profit/loss before tax	**213**	**124**	**71.5%**	**111**	**102**	**9.3%**
Income taxes	(65)	(47)	39.0%	(37)	(28)	31.8%
Profit/loss after tax	**148**	**77**	**91.2%**	**74**	**74**	**0.7%**
Return on equity before tax	11.1%	7.1%	4.0 PP	11.5%	10.6%	1.0 PP
Return on equity after tax	7.7%	4.4%	3.3 PP	7.7%	7.6%	0.1 PP
Net interest margin (average interest-bearing assets)	2.17%	1.56%	0.61 PP	2.23%	2.13%	0.10 PP
Cost/income ratio	48.2%	55.4%	(7.2) PP	48.9%	47.6%	1.3 PP

The year-on-year rise in profit after tax was driven mainly by the positive development in net interest income (up € 247 million), above all in the Czech Republic and Hungary, resulting from higher market interest rates and the positive trend in corporate and retail customer business. In the Czech Republic, the integration of Equa bank also contributed to the increase. Net fee and commission income also rose € 52 million, boosted by higher income above all in foreign exchange business and clearing, settlement and payment services in the Czech Republic, Hungary and Slovakia. General administrative expenses were up € 88 million, notably in the Czech Republic (up € 65 million) due to the integration of Equa bank. The expenses for credit-linked and portfolio-based provisions for litigation of € 102 million in Poland in the other result reflected parameter adjustments in the model calculation. The increase in expenses relating to governmental measures and compulsory contributions was due to the introduction of a special bank levy in Hungary, for which € 47 million was recognized in the first half of 2022 for the full year. Risk costs of € 54 million mainly reflected allocations in the Czech Republic and Slovakia for retail and corporate customers caused by changed economic conditions and the integration of Equa bank.

in € million	Poland 1/1-30/6/2022	Poland 1/1-30/6/2021	Slovakia 1/1-30/6/2022	Slovakia 1/1-30/6/2021
Net interest income	6	6	150	138
Dividend income	0	0	0	0
Current income from investments in associates	0	0	2	3
Net fee and commission income	1	1	92	82
Net trading income and fair value result	0	1	1	4
Net gains/losses from hedge accounting	0	0	0	0
Other net operating income	(9)	(5)	1	1
Operating income	**(2)**	**3**	**247**	**228**
General administrative expenses	(17)	(13)	(118)	(109)
Operating result	**(19)**	**(10)**	**129**	**119**
Other result	(102)	(105)	1	0
Governmental measures and compulsory contributions	(3)	(2)	(11)	(10)
Impairment losses on financial assets	12	(4)	(30)	(5)
Profit/loss before tax	**(112)**	**(122)**	**88**	**104**
Income taxes	0	0	(21)	(23)
Profit/loss after tax	**(112)**	**(122)**	**67**	**81**

in € million	Czech Republic 1/1-30/6/2022	Czech Republic 1/1-30/6/2021	Hungary 1/1-30/6/2022	Hungary 1/1-30/6/2021
Net interest income	325	151	143	81
Dividend income	0	2	3	7
Net fee and commission income	95	69	90	75
Net trading income and fair value result	(12)	1	1	(3)
Net gains/losses from hedge accounting	0	0	1	(1)
Other net operating income	14	10	1	4
Operating income	**422**	**234**	**239**	**162**
General administrative expenses	(197)	(132)	(105)	(95)
Operating result	**225**	**102**	**133**	**68**
Other result	10	(1)	(5)	(3)
Governmental measures and compulsory contributions	(22)	(16)	(69)	(20)
Impairment losses on financial assets	(29)	14	(6)	(5)
Profit/loss before tax	**184**	**100**	**53**	**40**
Income taxes	(33)	(19)	(11)	(5)
Profit/loss after tax	**151**	**80**	**43**	**36**

Southeastern Europe

in € million	1/1-30/6/2022	1/1-30/6/2021[1]	Change	Q2/2022	Q1/2022	Change
Net interest income	416	358	16.2%	220	196	11.9%
Dividend income	3	3	22.8%	3	0	>500.0%
Net fee and commission income	213	177	20.1%	116	97	19.0%
Net trading income and fair value result	(10)	13	–	(7)	(3)	93.3%
Net gains/losses from hedge accounting	0	0	27.8%	0	0	(18.9)%
Other net operating income	22	9	143.9%	13	9	47.3%
Operating income	**645**	**560**	**15.0%**	**345**	**299**	**15.4%**
General administrative expenses	(310)	(282)	9.9%	(163)	(148)	10.2%
Operating result	**334**	**278**	**20.2%**	**183**	**152**	**20.5%**
Other result	(3)	(15)	(80.9)%	(2)	(1)	13.1%
Governmental measures and compulsory contributions	(30)	(23)	29.2%	(8)	(22)	(61.8)%
Impairment losses on financial assets	(25)	(22)	16.7%	(10)	(16)	(39.9)%
Profit/loss before tax	**276**	**217**	**26.8%**	**163**	**113**	**45.1%**
Income taxes	(42)	(36)	18.2%	(25)	(17)	47.6%
Profit/loss after tax from continuing operations	**234**	**182**	**28.5%**	**138**	**96**	**44.6%**
Gains/losses from discontinued operations	46	27	66.7%	30	15	96.1%
Profit/loss after tax	**279**	**209**	**33.5%**	**168**	**111**	**51.8%**
Return on equity before tax	17.0%	12.4%	4.6 PP	20.1%	13.3%	6.8 PP
Return on equity after tax	17.2%	11.9%	5.2 PP	20.7%	13.1%	7.6 PP
Net interest margin (average interest-bearing assets)	3.20%	3.10%	0.09 PP	3.37%	3.08%	0.30 PP
Cost/income ratio	48.1%	50.4%	(2.3) PP	47.1%	49.3%	(2.2) PP

1 Previous-year figures adapted due to changed allocation (IFRS 5 discontinued operations). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

In the Southeastern Europe segment, the following changes were reported: As of 1 April 2022, Crédit Agricole Srbija AD (acquisition) was consolidated for the first time, which affects the comparability of periods. The sale of the Bulgarian subsidiary bank was successfully closed and deconsolidation took effect as of 30 June 2022. As in the comparable period, current income in the first half of 2022 was recognized under gains/losses from discontinued operations. The result of deconsolidations of € 398 million was allocated to the Corporate Center segment in the reporting period.

The increase in profit after tax from continuing operations was driven by a significant improvement in core revenues. Net interest income was up € 58 million, mostly in Romania (up € 39 million), as a result of higher market interest rates and loan volume growth, and in Serbia (up € 14 million), which reflected both organic and acquisition-related growth. Increased transaction volumes in clearing, settlement and payment services and foreign exchange business were responsible for the growth in net fee and commission income. In the case of general administrative expenses, almost all countries reported an increase both in staff and other administrative expenses. The principal drivers were regular salary increases as well as higher IT expenses, legal, advisory and consulting expenses, and advertising expenses. Despite rising € 4 million to € 25 million, risk costs remained at a moderate level.

in € million	Albania		Bosnia and Herzegovina		Kosovo		Croatia	
	1/1-30/6/2022	1/1-30/6/2021	1/1-30/6/2022	1/1-30/6/2021	1/1-30/6/2022	1/1-30/6/2021	1/1-30/6/2022	1/1-30/6/2021
Net interest income	31	26	30	30	25	24	54	56
Dividend income	1	2	2	0	0	0	0	0
Net fee and commission income	9	7	26	22	8	6	42	33
Net trading income and fair value result	1	1	1	1	0	0	(4)	3
Other net operating income	0	(1)	1	1	2	1	7	2
Operating income	**42**	**36**	**59**	**55**	**35**	**31**	**100**	**94**
General administrative expenses	(21)	(19)	(27)	(24)	(16)	(14)	(60)	(52)
Operating result	**21**	**18**	**33**	**31**	**19**	**16**	**39**	**43**
Other result	0	0	0	(3)	0	0	(1)	(10)
Governmental measures and compulsory contributions	(3)	(3)	(3)	(3)	(1)	(1)	(4)	(3)
Impairment losses on financial assets	4	6	(9)	(7)	(2)	(2)	(7)	(2)
Profit/loss before tax	**22**	**20**	**21**	**19**	**16**	**13**	**27**	**28**
Income taxes	(3)	(3)	(2)	(2)	(2)	(2)	(5)	(5)
Profit/loss after tax	**19**	**17**	**19**	**17**	**14**	**12**	**22**	**23**

in € million	Romania		Serbia		Bulgaria - discontinued operation	
	1/1-30/6/2022	1/1-30/6/2021	1/1-30/6/2022	1/1-30/6/2021	1/1-30/6/2022	1/1-30/6/2021
Net interest income	219	180	56	42	63	58
Dividend income	0	0	0	0	1	2
Net fee and commission income	89	82	39	26	33	28
Net trading income and fair value result	(11)	6	3	2	1	1
Other net operating income	9	0	4	5	0	0
Operating income	**306**	**269**	**103**	**75**	**99**	**90**
General administrative expenses	(139)	(140)	(48)	(34)	(47)	(44)
Operating result	**167**	**129**	**55**	**41**	**52**	**45**
Other result	(2)	(3)	0	0	0	0
Governmental measures and compulsory contributions	(14)	(10)	(5)	(4)	(8)	(6)
Impairment losses on financial assets	(6)	(14)	(5)	(3)	6	(9)
Profit/loss before tax	**144**	**102**	**46**	**35**	**50**	**30**
Income taxes	(24)	(20)	(6)	(4)	(4)	(3)
Profit/loss after tax	**120**	**82**	**40**	**31**	**46**	**27**

Eastern Europe

in € million	1/1-30/6/2022	1/1-30/6/2021	Change	Q2/2022	Q1/2022	Change
Net interest income	838	488	71.8%	513	325	57.8%
Dividend income	0	1	(79.1)%	0	0	–
Current income from investments in associates	2	1	26.5%	1	1	(21.0)%
Net fee and commission income	752	241	211.9%	466	286	62.6%
Net trading income and fair value result	130	(3)	–	120	10	>500.0%
Net gains/losses from hedge accounting	(18)	2	–	(3)	(15)	(76.3)%
Other net operating income	(3)	(8)	(61.8)%	(2)	(1)	74.1%
Operating income	**1,700**	**722**	**135.5%**	**1,094**	**606**	**80.4%**
General administrative expenses	(388)	(288)	34.8%	(212)	(176)	20.2%
Operating result	**1,312**	**434**	**202.3%**	**882**	**430**	**105.0%**
Other result	(5)	(7)	(25.2)%	(4)	(1)	424.2%
Governmental measures and compulsory contributions	(32)	(22)	43.1%	(18)	(14)	29.0%
Impairment losses on financial assets	(489)	(48)	>500.0%	(174)	(316)	(45.1)%
Profit/loss before tax	**786**	**357**	**120.3%**	**686**	**100**	**>500.0%**
Income taxes	(170)	(82)	107.9%	(148)	(22)	>500.0%
Profit/loss after tax	**616**	**275**	**124.0%**	**539**	**77**	**>500.0%**
Return on equity before tax	52.0%	27.9%	24.1 PP	90.8%	16.3%	74.6 PP
Return on equity after tax	40.8%	21.5%	19.2 PP	71.3%	12.6%	58.6 PP
Net interest margin (average interest-bearing assets)	5.89%	4.99%	0.90 PP	6.32%	5.67%	0.65 PP
Cost/income ratio	22.8%	39.8%	(17.0) PP	19.3%	29.0%	(9.7) PP

Net interest income was up € 350 million to € 838 million. In Russia, an upturn in interest rates and the appreciation of the Russian ruble together with loan volume growth in retail and corporate customer business and a rise in interest income from repo business led to the increase. In Ukraine, higher corporate customer loan volumes resulted in an improvement. The increase in net fee and commission income in Russia – supported by currency appreciation in Eastern Europe – was also above-average as a result of stronger volumes in foreign currency business, primarily in spot transactions. This was largely due to the geopolitical situation and the foreign exchange controls imposed by the Russian central bank. Positive valuation effects from foreign currency positions led to a rise in net trading income and fair value result, mostly in Russia. General administrative expenses were up as a consequence of the rise in salaries and social security costs in Russia and Ukraine as well as higher IT expenses in Russia and charitable expenses in Ukraine. Risk costs rose € 441 million to € 489 million due to the war in Ukraine and the related deterioration in the economic conditions. As a consequence, risk costs of € 266 million were recognized in Russia in the first half of 2022; in Ukraine and Belarus, these amounted to € 201 million and € 22 million respectively. The allocations for Stage 1 and Stage 2 totaled € 210 million in Russia and € 159 million in Ukraine.

	Belarus		Russia		Ukraine	
in € million	1/1-30/6/2022	1/1-30/6/2021	1/1-30/6/2022	1/1-30/6/2021	1/1-30/6/2022	1/1-30/6/2021
Net interest income	59	37	615	336	163	115
Dividend income	0	0	0	0	0	1
Current income from investments in associates	0	0	2	1	0	0
Net fee and commission income	54	28	670	174	28	39
Net trading income and fair value result	25	4	74	(14)	31	7
Net gains/losses from hedge accounting	0	0	(18)	2	0	0
Other net operating income	(2)	2	(2)	(3)	1	(8)
Operating income	**136**	**71**	**1,341**	**497**	**223**	**154**
General administrative expenses	(34)	(30)	(258)	(185)	(96)	(73)
Operating result	**102**	**42**	**1,083**	**311**	**127**	**81**
Other result	0	0	0	(5)	(5)	(1)
Governmental measures and compulsory contributions	(2)	(2)	(25)	(17)	(5)	(4)
Impairment losses on financial assets	(22)	(28)	(266)	(22)	(201)	1
Profit/loss before tax	**78**	**12**	**791**	**267**	**(83)**	**78**
Income taxes	(22)	(9)	(161)	(58)	13	(15)
Profit/loss after tax	**56**	**3**	**630**	**209**	**(70)**	**62**

Group Corporates & Markets

in € million	1/1-30/6/2022	1/1-30/6/2021	Change	Q2/2022	Q1/2022	Change
Net interest income	314	283	11.0%	166	148	11.8%
Dividend income	8	3	184.7%	8	0	>500.0%
Current income from investments in associates	0	2	(98.6)%	0	0	–
Net fee and commission income	305	252	21.1%	155	150	3.3%
Net trading income and fair value result	39	44	(9.7)%	15	24	(35.6)%
Net gains/losses from hedge accounting	(1)	1	–	5	(5)	–
Other net operating income	54	64	(15.6)%	25	29	(15.8)%
Operating income	**720**	**648**	**11.0%**	**374**	**346**	**7.9%**
General administrative expenses	(369)	(338)	9.1%	(189)	(180)	5.4%
Operating result	**351**	**310**	**13.2%**	**184**	**167**	**10.6%**
Other result	1	2	(65.7)%	(1)	1	–
Governmental measures and compulsory contributions	(28)	(25)	10.3%	(11)	(17)	(38.0)%
Impairment losses on financial assets	10	(33)	–	(29)	39	–
Profit/loss before tax	**334**	**253**	**32.0%**	**144**	**190**	**(23.9)%**
Income taxes	(78)	(60)	29.5%	(28)	(50)	(43.4)%
Profit/loss after tax	**256**	**193**	**32.7%**	**116**	**140**	**(17.0)%**
Return on equity before tax	17.2%	13.8%	3.4 PP	14.9%	19.8%	(4.9) PP
Return on equity after tax	13.2%	10.5%	2.7 PP	12.0%	14.6%	(2.6) PP
Net interest margin (average interest-bearing assets)	1.06%	1.05%	0.02 PP	1.11%	1.05%	0.06 PP
Cost/income ratio	51.3%	52.2%	(0.9) PP	50.7%	51.9%	(1.2) PP

The year-on-year increase in profit after tax was primarily due to the rise of € 84 million in core revenues and a reduction of € 44 million in risk costs. The main driver of the improvement in core revenues was a significant increase in net fee and commission income from foreign exchange business, loan and guarantee business, clearing, settlement and payment services, investment banking at head office, and higher income from investment fund management at Raiffeisen Kapitalanlage-Gesellschaft. The increase in net interest income mainly reflected loan growth and slightly higher interest margins at head office. In the reporting period, a net release of impairments of € 10 million on financial assets was recognized compared to a net allocation of € 33 million in the prior-year period. The decrease in risk costs was mainly attributable to releases of loan loss provisions for non-financial corporations at head office.

Corporate Center

in € million	1/1-30/6/2022	1/1-30/6/2021	Change	Q2/2022	Q1/2022	Change
Net interest income	(21)	(17)	22.3%	(17)	(4)	382.5%
Dividend income	182	607	(70.0)%	137	45	206.4%
Current income from investments in associates	30	15	95.8%	14	16	(15.1)%
Net fee and commission income	27	12	118.7%	11	16	(28.1)%
Net trading income and fair value result	131	(17)	–	35	96	(63.4)%
Net gains/losses from hedge accounting	(2)	(2)	(20.1)%	0	(1)	(92.8)%
Other net operating income	39	48	(18.5)%	23	16	46.6%
Operating income	**386**	**647**	**(40.4)%**	**203**	**183**	**10.9%**
General administrative expenses	(217)	(194)	11.9%	(114)	(104)	9.5%
Operating result	**168**	**453**	**(62.8)%**	**89**	**79**	**12.6%**
Other result	13	56	(77.6)%	46	(34)	–
Governmental measures and compulsory contributions	(47)	(36)	31.4%	1	(48)	–
Impairment losses on financial assets	(16)	0	>500.0%	0	(16)	–
Profit/loss before tax	**118**	**473**	**(75.0)%**	**137**	**(19)**	**–**
Income taxes	66	25	161.7%	20	46	(57.2)%
Profit/loss after tax from continuing operations	**184**	**498**	**(63.0)%**	**157**	**28**	**469.7%**
Gains/losses from discontinued operations	398	0	–	398	0	–
Profit/loss after tax	**582**	**498**	**16.8%**	**554**	**28**	**>500.0%**

The year-on-year improvement in profit after tax was driven primarily by the gain of € 398 million due to the deconsolidation of the sold Bulgarian subsidiary bank and the increase of € 147 million in net trading income and fair value result. The increase reflected positive valuation effects of foreign currency positions hedged by currency derivatives, above all in connection with the Hungarian forint, and valuation results from securitizations and derivatives at head office. In contrast, intra-group dividend income was down € 425 million. The other result decreased as a result of releases of impairment losses on investments in associates valued at equity of € 13 million versus € 65 million in the prior-year period. The deteriorating economic conditions, the direction of commodity prices and the negative impact of the war in Ukraine on business in the local markets were the main reasons for the impairments of € 36 million on the shares in LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG and € 10 million on the shares in Raiffeisen Informatik GmbH & Co KG. The operations of UNIQA Insurance Group AG were also affected by the economic fallout from the war in Ukraine, which was reflected in a negative effect in the the valuation of € 38 million. A negative effect of € 98 million in the other comprehensive income in the equity was partly offset by a release of impairment losses of € 59 million in the income statement. Expenses for governmental measures and compulsory contributions rose due to the increase of € 8 million in contributions to the resolution fund at head office.

Interim consolidated financial statements

(Condensed interim report as at 30 June 2022)

Company

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

RBI regards Austria, where it is a leading corporate and investment bank, as well as Central and Eastern Europe (CEE) as its home market. 12 markets in the region are covered by subsidiary banks, the Group also comprises numerous other financial services providers, for instance in the field of leasing, asset management, factoring and M&A. RBI not only offers Austrian and international companies a broad range of products in corporate and investment banking, but also a comprehensive coverage in CEE. Through an extensive branch network, local companies of all sizes as well as private customers are supplied with high-quality financial products. RBI maintains representative offices and service branches in selected Asian and Western European locations to support its business activities. In total, RBI's more than 44,000 employees serve 17.2 million clients in more than 1,700 business outlets located mostly in CEE.

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

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

The condensed interim report as at 30 June 2022 was reviewed by the certified auditor Deloitte Audit Wirtschaftsprüfungs GmbH.

Statement of comprehensive income

Income statement

in € million	Notes	1/1-30/6/2022	1/1-30/6/2021[1]
Net interest income	[1]	2,199	1,509
Interest income according to effective interest method		2,833	1,746
Interest income other		313	302
Interest expenses		(947)	(540)
Dividend income	[2]	29	30
Current income from investments in associates	[3]	34	21
Net fee and commission income	[4]	1,565	903
Fee and commission income		2,022	1,292
Fee and commission expenses		(457)	(389)
Net trading income and fair value result	[5]	316	32
Net gains/losses from hedge accounting	[6]	(36)	(1)
Other net operating income	[7]	42	54
Operating income		**4,150**	**2,550**
Staff expenses		(894)	(753)
Other administrative expenses		(531)	(445)
Depreciation		(225)	(188)
General administrative expenses	**[8]**	**(1,649)**	**(1,386)**
Operating result		**2,500**	**1,163**
Other result	[9]	(108)	(74)
Governmental measures and compulsory contributions	[10]	(241)	(155)
Impairment losses on financial assets	[11]	(561)	(100)
Profit/loss before tax		**1,590**	**834**
Income taxes	[12]	(292)	(193)
Profit/loss after tax from continuing operations		**1,299**	**641**
Gains/losses from discontinued operations	[23]	453	33
Profit/loss after tax		**1,751**	**674**
Profit attributable to non-controlling interests	[32]	(40)	(62)
Consolidated profit/loss		**1,712**	**612**

1 Previous-year figures adapted due to changed allocation (IFRS 5 discontinued operations). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

Other comprehensive income and total comprehensive income

in € million	Notes	1/1-30/6/2022	1/1-30/6/2021[1]
Profit/loss after tax		**1,751**	**674**
Items which are not reclassified to profit or loss		**(2)**	**7**
Remeasurements of defined benefit plans	[29]	14	7
Fair value changes of equity instruments	[15]	(51)	3
Fair value changes due to changes in credit risk of financial liabilities	[26]	27	(1)
Share of other comprehensive income from companies valued at equity	[20]	7	(2)
Deferred taxes on items which are not reclassified to profit or loss	[22, 30]	1	0
Items that may be reclassified subsequently to profit or loss		**912**	**100**
Exchange differences		1,324	193
Hedge of net investments in foreign operations	[19, 28]	(92)	(56)
Adaptions to the cash flow hedge reserve	[19, 28]	(114)	(5)
Fair value changes of financial assets	[15]	(131)	(19)
Share of other comprehensive income from companies valued at equity	[20]	(123)	(16)
Deferred taxes on items which may be reclassified to profit or loss	[22, 30]	49	4
Other comprehensive income		**911**	**107**
Total comprehensive income		**2,662**	**781**
Profit attributable to non-controlling interests	[32]	(39)	(77)
hereof income statement	[32]	(40)	(62)
hereof other comprehensive income		1	(15)
Profit/loss attributable to owners of the parent		**2,623**	**704**

1 Previous-year figures adapted due to changed allocation.

Earnings per share

in € million	1/1-30/6/2022	1/1-30/6/2021
Consolidated profit/loss	1,712	612
Dividend claim on additional tier 1	(46)	(46)
Profit/loss attributable to ordinary shares	**1,666**	**566**
Average number of ordinary shares outstanding in million	329	329
Earnings per share in €	**5.07**	**1.72**
Earnings per share from continuing operations in €	**3.69**	**1.62**

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

Statement of financial position

Assets

Assets in € million	Notes	30/6/2022	31/12/2021
Cash, cash balances at central banks and other demand deposits	[13]	53,551	38,557
Financial assets - amortized cost	[14]	141,916	132,645
Financial assets - fair value through other comprehensive income	[15, 33]	3,669	4,660
Non-trading financial assets - mandatorily fair value through profit/loss	[16, 33]	782	966
Financial assets - designated fair value through profit/loss	[17, 33]	192	264
Financial assets - held for trading	[18, 33]	7,514	4,112
Hedge accounting	[19]	(20)	352
Investments in subsidiaries and associates	[20]	848	968
Tangible fixed assets	[21]	1,719	1,640
Intangible fixed assets	[21]	929	933
Current tax assets	[22]	80	73
Deferred tax assets	[22]	149	152
Non-current assets and disposal groups classified as held for sale	[23]	25	5,531
Other assets	[24]	2,847	1,248
Total		**214,200**	**192,101**

Equity and liabilities

Equity and liabilities in € million	Notes	30/6/2022	31/12/2021
Financial liabilities - amortized cost	[25]	182,054	161,700
Financial liabilities - designated fair value through profit/loss	[26, 33]	1,164	1,323
Financial liabilities - held for trading	[27, 33]	8,355	5,873
Hedge accounting	[28]	875	292
Provisions for liabilities and charges	[29]	1,244	1,454
Current tax liabilities	[30]	125	87
Deferred tax liabilities	[30]	52	46
Liabilities included in disposal groups classified as held for sale	[23]	0	4,829
Other liabilities	[31]	2,275	1,021
Equity	[32]	18,056	15,475
Consolidated equity		15,426	12,843
Non-controlling interests		1,019	1,010
Additional tier 1		1,611	1,622
Total		**214,200**	**192,101**

Statement of changes in equity

in € million	Subscribed capital	Capital reserves	Retained earnings	Cumulative other comprehensive income	Consolidated equity	Non-controlling interests	Additional tier 1	Total
Equity as at 1/1/2022	**1,002**	**4,992**	**10,121**	**(3,272)**	**12,843**	**1,010**	**1,622**	**15,475**
Capital increases/ decreases	0	0	0	0	0	0	0	0
Allocation dividend - AT1	0	0	(46)	0	(46)	0	46	0
Dividend payments	0	0	0	0	0	(26)	(46)	(72)
Own shares	0	0	0	0	0	0	(11)	(11)
Other changes	0	0	2	4	6	(4)	0	2
Total comprehensive income	0	0	1,712	911	2,623	39	0	2,662
Equity as at 30/6/2022	**1,002**	**4,992**	**11,789**	**(2,357)**	**15,426**	**1,019**	**1,611**	**18,056**

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	48	0	48
Allocation dividend - AT1	0	0	(46)	0	(46)	0	46	0
Dividend payments	0	0	(158)	0	(158)	(37)	(46)	(240)
Own shares	0	0	0	0	0	0	(8)	(8)
Other changes	0	0	7	0	7	18	0	24
Total comprehensive income	0	0	612	92	704	77	0	781
Equity as at 30/6/2021	**1,002**	**4,992**	**9,649**	**(3,301)**	**12,342**	**926**	**1,625**	**14,892**

Statement of cash flows

in € million	Notes	1/1-30/6/2022	1/1-30/6/2021
Cash, cash balances at central banks and other demand deposits as at 1/1	**[13]**	**38,557**	**33,660**
Operating activities:			
Profit/loss before tax		1,590	870
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]	227	196
Net provisioning for liabilities and charges and impairment losses on financial assets	[7, 11, 29]	663	228
Gains/losses from the measurement and derecognition of assets and liabilities	[5, 9]	(385)	20
Current income from investments in associates	[3]	(34)	(21)
Other adjustments (net)[1]		(1,568)	(1,492)
Subtotal		**493**	**(200)**
Changes in assets and liabilities arising from operating activities after corrections for non-cash positions:			
Financial assets - amortized cost	[14]	(968)	(6,560)
Financial assets - fair value through other comprehensive income	[15, 33]	564	(508)
Non-trading financial assets - mandatorily fair value through profit/loss	[16, 33]	140	(50)
Financial assets - designated fair value through profit/loss	[17, 33]	70	122
Financial assets - held for trading	[18, 33]	682	327
Other assets	[24]	(350)	(47)
Financial liabilities - amortized cost	[25]	12,634	14,135
Financial liabilities - designated fair value through profit/loss	[26, 33]	(71)	(57)
Financial liabilities - held for trading	[27, 33]	42	(229)
Provisions for liabilities and charges	[29]	(99)	(126)
Other liabilities	[31]	846	185
Interest received	[1]	2,983	1,970
Interest paid	[1]	(903)	(496)
Dividends received	[2, 48]	66	165
Income taxes paid	[12]	(225)	(172)
Net cash from operating activities		**15,904**	**8,458**
Investing activities:			
Cash and cash equivalents from changes in scope of consolidation due to materiality		(7)	106
Payments for purchase of:			
Investment securities and shares	[14, 20]	(2,764)	(1,800)
Tangible and intangible fixed assets	[21]	(187)	(147)
Subsidiaries		198	(19)
Proceeds from sale of:			
Investment securities and shares	[14, 20]	635	1,075
Tangible and intangible fixed assets	[21]	100	17
Subsidiaries	[9]	0	0
Net cash from investing activities		**(2,026)**	**(768)**
Financing activities:			
Capital decreases		(11)	(8)
Inflows subordinated financial liabilities	[25, 26]	0	411
Outflows subordinated financial liabilities	[25, 26]	(176)	0
Dividend payments		(72)	(221)
Cash flows for leases		(35)	(29)
Inflows from changes in non-controlling interests		0	48
Net cash from financing activities		**(294)**	**201**
Effect of exchange rate changes		1,410	35
Cash, cash balances at central banks and other demand deposits as at 30/6	**[13]**	**53,551**	**41,586**

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

Segment reporting

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

This results in the following segments:

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

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

1/1-30/6/2022 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Net interest income	624	416	838	314
Dividend income	3	3	0	8
Current income from investments in associates	2	0	2	0
Net fee and commission income	279	213	752	305
Net trading income and fair value result	(11)	(10)	130	39
Net gains/losses from hedge accounting	1	0	(18)	(1)
Other net operating income	8	22	(3)	54
Operating income	**906**	**645**	**1,700**	**720**
General administrative expenses	(437)	(310)	(388)	(369)
Operating result	**469**	**334**	**1,312**	**351**
Other result	(97)	(3)	(5)	1
Governmental measures and compulsory contributions	(105)	(30)	(32)	(28)
Impairment losses on financial assets	(54)	(25)	(489)	10
Profit/loss before tax	**213**	**276**	**786**	**334**
Income taxes	(65)	(42)	(170)	(78)
Profit/loss after tax from continuing operations	**148**	**234**	**616**	**256**
Gains/losses from discontinued operations	0	46	0	0
Profit/loss after tax	**148**	**279**	**616**	**256**
Profit attributable to non-controlling interests	(51)	0	15	(4)
Profit/loss after deduction of non-controlling interests	**97**	**279**	**631**	**253**
Return on equity before tax	11.1%	17.0%	52.0%	17.2%
Return on equity after tax	7.7%	17.2%	40.8%	13.2%
Net interest margin (average interest-bearing assets)	2.17%	3.20%	5.89%	1.06%
Cost/income ratio	48.2%	48.1%	22.8%	51.3%
Loan/deposit ratio	87.0%	71.7%	48.5%	143.5%
Provisioning ratio (average loans to customers)	0.29%	0.31%	5.06%	(0.05)%
NPE ratio	1.6%	2.3%	1.6%	1.5%
NPE coverage ratio	60.8%	68.2%	59.7%	55.7%
Assets	59,163	29,683	43,092	67,912
Total risk-weighted assets (RWA)	25,223	16,849	34,824	31,211
Equity	3,848	2,966	4,173	3,982
Loans to customers	36,329	17,138	16,746	38,410
Deposits from customers	43,539	23,818	35,228	31,598
Business outlets	364	738	582	23
Employees as at reporting date (full-time equivalents)	9,669	12,340	17,071	3,355
Customers in million	3.7	4.9	6.8	1.9

1/1-30/6/2022 in € million	Corporate Center	Reconciliation	Total
Net interest income	(21)	29	2,199
Dividend income	182	(167)	29
Current income from investments in associates	30	0	34
Net fee and commission income	27	(10)	1,565
Net trading income and fair value result	131	37	316
Net gains/losses from hedge accounting	(2)	(17)	(36)
Other net operating income	39	(78)	42
Operating income	**386**	**(206)**	**4,150**
General administrative expenses	(217)	72	(1,649)
Operating result	**168**	**(134)**	**2,500**
Other result	13	(16)	(108)
Governmental measures and compulsory contributions	(47)	0	(241)
Impairment losses on financial assets	(16)	14	(561)
Profit/loss before tax	**118**	**(137)**	**1,590**
Income taxes	66	(3)	(292)
Profit/loss after tax from continuing operations	**184**	**(139)**	**1,299**
Gains/losses from discontinued operations	398	10	453
Profit/loss after tax	**582**	**(129)**	**1,751**
Profit attributable to non-controlling interests	0	1	(40)
Profit/loss after deduction of non-controlling interests	**582**	**(129)**	**1,712**
Return on equity before tax	–	–	20.3%
Return on equity after tax	–	–	22.4%
Net interest margin (average interest-bearing assets)	–	–	2.37%
Cost/income ratio	–	–	39.7%
Loan/deposit ratio	–	–	81.6%
Provisioning ratio (average loans to customers)	–	–	0.86%
NPE ratio	–	–	1.6%
NPE coverage ratio	–	–	60.7%
Assets	45,182	(30,832)	214,200
Total risk-weighted assets (RWA)	17,028	(16,110)	109,025
Equity	7,612	(4,525)	18,056
Loans to customers	800	(1,724)	107,700
Deposits from customers	172	(3,073)	131,283
Business outlets	–	–	1,707
Employees as at reporting date (full-time equivalents)	1,903	0	44,338
Customers in million	0.0	0.0	17.2

1/1-30/6/2021[1] in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Net interest income	376	358	488	283
Dividend income	9	3	1	3
Current income from investments in associates	3	0	1	2
Net fee and commission income	227	177	241	252
Net trading income and fair value result	3	13	(3)	44
Net gains/losses from hedge accounting	(1)	0	2	1
Other net operating income	12	9	(8)	64
Operating income	**629**	**560**	**722**	**648**
General administrative expenses	(349)	(282)	(288)	(338)
Operating result	**281**	**278**	**434**	**310**
Other result	(108)	(15)	(7)	2
Governmental measures and compulsory contributions	(49)	(23)	(22)	(25)
Impairment losses on financial assets	1	(22)	(48)	(33)
Profit/loss before tax	**124**	**217**	**357**	**253**
Income taxes	(47)	(36)	(82)	(60)
Profit/loss after tax from continuing operations	**77**	**182**	**275**	**193**
Gains/losses from discontinued operations	0	27	0	0
Profit/loss after tax	**77**	**209**	**275**	**193**
Profit attributable to non-controlling interests	(37)	0	(20)	(5)
Profit/loss after deduction of non-controlling interests	**41**	**209**	**255**	**188**
Return on equity before tax	7.1%	12.4%	27.9%	13.8%
Return on equity after tax	4.4%	11.9%	21.5%	10.5%
Net interest margin (average interest-bearing assets)	1.56%	3.10%	4.99%	1.05%
Cost/income ratio	55.4%	50.4%	39.8%	52.2%
Loan/deposit ratio	79.7%	64.8%	74.4%	134.7%
Provisioning ratio (average loans to customers)	(0.01)%	0.32%	0.78%	0.19%
NPE ratio	1.8%	2.7%	2.0%	1.6%
NPE coverage ratio	56.8%	68.3%	60.6%	56.5%
Assets	54,079	31,131	22,271	56,739
Total risk-weighted assets (RWA)	20,983	16,710	14,853	30,582
Equity	3,656	3,413	2,368	3,633
Loans to customers	30,258	16,750	12,986	34,911
Deposits from customers	39,054	25,166	17,697	28,516
Business outlets	352	818	598	20
Employees as at reporting date (full-time equivalents)	9,238	13,754	16,966	3,216
Customers in million	3.0	5.3	7.5	1.9

1 Previous-year figures adapted due to changed allocation (IFRS 5 discontinued operations). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

1/1-30/6/2021[1] in € million	Corporate Center	Reconciliation	Total
Net interest income	(17)	21	1,509
Dividend income	607	(593)	30
Current income from investments in associates	15	0	21
Net fee and commission income	12	(6)	903
Net trading income and fair value result	(17)	(9)	32
Net gains/losses from hedge accounting	(2)	(1)	(1)
Other net operating income	48	(70)	54
Operating income	**647**	**(658)**	**2,550**
General administrative expenses	(194)	65	(1,386)
Operating result	**453**	**(592)**	**1,163**
Other result	56	(1)	(74)
Governmental measures and compulsory contributions	(36)	0	(155)
Impairment losses on financial assets	0	3	(100)
Profit/loss before tax	**473**	**(590)**	**834**
Income taxes	25	6	(193)
Profit/loss after tax from continuing operations	**498**	**(584)**	**641**
Gains/losses from discontinued operations	0	6	33
Profit/loss after tax	**498**	**(579)**	**674**
Profit attributable to non-controlling interests	0	0	(62)
Profit/loss after deduction of non-controlling interests	**498**	**(579)**	**612**
Return on equity before tax	–	–	11.7%
Return on equity after tax	–	–	9.5%
Net interest margin (average interest-bearing assets)	–	–	1.91%
Cost/income ratio	–	–	54.4%
Loan/deposit ratio	–	–	86.0%
Provisioning ratio (average loans to customers)	–	–	0.22%
NPE ratio	–	–	1.7%
NPE coverage ratio	–	–	60.3%
Assets	41,772	(24,292)	181,700
Total risk-weighted assets (RWA)	16,967	(15,140)	84,955
Equity	7,326	(5,503)	14,892
Loans to customers	777	(1,631)	94,052
Deposits from customers	1,330	(2,954)	108,808
Business outlets	–	–	1,788
Employees as at reporting date (full-time equivalents)	1,794	0	44,968
Customers in million	0.0	0.0	17.7

1 Previous-year figures adapted due to changed allocation (IFRS 5 discontinued operations). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

Notes

Principles underlying the consolidated financial statements

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

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

Changes to the income statement

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

Changes in accounting policy

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

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

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

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

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

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

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

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

in € million	30/6/2021	Adjustment	30/6/2021 (restated)
Financial assets - amortized cost	**124,763**	**(171)**	**124,592**
Loans and advances to households	35,685	(171)	35,514
Total assets	**181,700**	**(171)**	**181,529**

in € million	30/6/2021	Adjustment	30/6/2021 (restated)
Provisions for liabilities and charges	**1,157**	**(171)**	**986**
Pending legal issues and tax litigation	348	(171)	177
Total equity and liabilities	**166,807**	**(171)**	**166,636**

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

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

ECB Targeted Longer-Term Refinancing Operations (TLTRO III)

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

The previous periods were not adjusted in the individual notes due to immateriality. If the previous year's period had been adjusted, the net interest income and in further consequence the profit before tax as at 30 June 2022 would have increased € 19 million to € 1,528 million and € 853 million, respectively. The carrying amount of financial liabilities measured at amortized cost would have been decreased € 19 million to € 157,151 million as at 30 June 2022 due to the adjustment. This adjustment would have had no effect on the net interest income, on the consolidated profit and the liabilities as at 31 December 2021, as the accounting policy approach had already been changed at that time.

At the reporting date, the carrying amount of longer-term financial transactions under the ECB's TLTRO III program which was included under note (25) Financial liabilities – amortized cost under liabilities to banks amounted to € 8,416 million. In the financial year, negative interest from the TLTRO III programs amounting to € 21 million were recognized in the item (1) Net interest income.

Key sources of estimation uncertainty and critical accounting judgments

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

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

Going Concern

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

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

The RBI Board of Management has concluded that there are no material uncertainties that could cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval (1 August 2022) of the half-year report to be issued.

Application of new and revised standards

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

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

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

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

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

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

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

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

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

Standards and interpretations not yet applicable

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

Currencies

Rates in units per €	2022 As at 30/6	2022 Average 1/1-30/6	2021 As at 31/12	2021 Average 1/1-30/6
Albanian lek (ALL)	119.130	120.797	120.760	123.259
Belarusian ruble (BYN)	2.663	2.903	2.883	3.113
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)	7.531	7.546	7.516	7.545
Polish zloty (PLN)	4.690	4.639	4.597	4.547
Romanian leu (RON)	4.946	4.947	4.949	4.902
Russian ruble (RUB)	56.342	79.982	85.300	89.910
Serbian dinar (RSD)	117.406	117.597	117.582	117.574
Czech koruna (CZK)	24.739	24.666	24.858	25.918
Ukrainian hryvnia (UAH)	30.778	31.628	30.923	33.525
Hungarian forint (HUF)	397.040	376.831	369.190	358.019
US dollar (USD)	1.039	1.092	1.133	1.206

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

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

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

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

For this purpose, as with the translation of foreign currency transactions, the determination of suitable exchange rates is necessary. Usually, the exchange rate used for this purpose is the one that would be applied when converting dividends from the foreign business operation or for any capital repatriations. Due to the government restrictions introduced in Russia, RBI assumes that inflows from foreign business operations in Russia could not be converted at the official exchange rate of the Russian central bank or that of the Moscow Stock Exchange as at the balance sheet date, rather, the actual and factually achievable rate would be applied. In transactions with international banks, the off-shore rate is usually used for this purpose; accordingly, the foreign business operation in Russia was translated at this rate on the balance sheet date. As at 30 June 2022, the EUR/RUB exchange rate used by RBI (off-shore rate) was 56.34 and that of the Russian stock exchange (MOEX, on-shore rate) was 54.79. In any case, due to the small difference between the rates, a conversion at the official rate in Russia would not have led to any material differences compared to the effects from the rate used. For the Belarusian ruble and the Ukrainian hryvnia, the rates published by the respective central bank continued to be considered suitable rates by RBI. However, due to the small size of the foreign operations in these countries (see chapter risk report), RBI is only exposed to a limited risk regarding foreign currency translation.

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

Consolidated group

	Fully consolidated	
Number of units	**30/6/2022**	**31/12/2021**
As at beginning of period	**204**	**209**
Included for the first time in the financial period	2	6
Merged in the financial period	(3)	(1)
Excluded in the financial period	(10)	(10)
As at end of period	**193**	**204**

Included units

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

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

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

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

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

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

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

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

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

in € million	1/4-30/6/2022
Net interest income	12
Operating result	8
Profit/loss after tax	**6**

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

Excluded units

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

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

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

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

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

Consequences and analysis of the armed conflict between Russia and Ukraine on the half-year financial statements

Control event

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

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

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

Concentration risk

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

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

	30/6/2022				31/12/2021			
in € million	**Russia**	**Ukraine**	**Belarus**	**Total**	**Russia**	**Ukraine**	**Belarus**	**Total**
Financial assets - amortized cost	21,196	3,228	1,850	26,274	15,895	2,759	1,518	20,172
Financial assets - fair value through other comprehensive income	112	0	91	203	531	225	38	793
Non-trading financial assets - mandatorily fair value through profit/loss	12	0	0	12	183	0	0	183
Financial assets - designated fair value through profit/loss	2	0	0	2	23	0	0	23
Financial assets - held for trading	594	93	14	701	247	91	19	356
On-balance	**21,916**	**3,321**	**1,955**	**27,192**	**16,879**	**3,075**	**1,574**	**21,528**
Loan commitments, financial guarantees and other commitments	13,421	947	364	14,732	10,080	1,115	441	11,636
Total	**35,337**	**4,268**	**2,319**	**41,924**	**26,959**	**4,190**	**2,014**	**33,163**

	30/6/2022				31/12/2021			
in € million	Russia	Ukraine	Belarus	Total	Russia	Ukraine	Belarus	Total
Derivatives	395	13	2	409	86	3	2	91
Central banks	943	575	225	1,742	1,248	284	104	1,636
General governments	1,080	458	659	2,197	1,460	479	176	2,115
Banks	5,304	179	120	5,603	2,041	74	243	2,358
Other financial corporations	636	15	1	651	625	32	0	657
Non-financial corporations	7,756	1,841	623	10,221	7,289	1,903	723	9,915
Households	5,802	241	325	6,369	4,131	299	325	4,755
On-balance	**21,916**	**3,321**	**1,955**	**27,192**	**16,879**	**3,075**	**1,574**	**21,528**
Loan commitments, financial guarantees and other commitments	13,421	947	364	14,732	10,080	1,115	441	11,636
Total	**35,337**	**4,268**	**2,319**	**41,924**	**26,959**	**4,190**	**2,014**	**33,163**

Valuation of collateral in Ukraine

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

Rating downgrade of Russia

Since the beginning of Russia's war against Ukraine, Russia's access to the global financial system has been steadily deteriorating. Western countries have added unprecedented sanctions on Russian entities, including its central bank and the government. At the same time, Russia has introduced restrictions to capital flows to so-called unfriendly states. Both impeded both the ability and willingness to service international debts. According to available information, holders of Russian sovereign bonds in foreign currency did not receive coupon payments by Monday 27 June 2022, which were due on Sunday 26 June. In response to this, RBI set the internal rating of Russian sovereign bonds to the lowest level possible (SOV 10), however consistent with the regulatory guidelines and internal credit risk management the external non-payment event in this case is not considered a default as the instruments held by RBI are still paying the original expected contractual cash flows. As the situation is regularly changing the decision on non-default is subject to regular review.

Reassessment of the business model in Ukraine

Significant changes in Ukraine's political and economic environment entailed a review of Ukraine's government bond business model. Originally, they were assigned to the hold and sell business model. During the review of the business model, it was determined that the conditions of IFRS 9 B4.4.1-B4.4.3 are met and that the corresponding government bonds have to be reclassified from the fair value through other comprehensive income measurement category to the amortized cost measurement category. The main reason for this was that the financial instruments were no longer able to fulfill their original main purpose of liquidity management due to the given circumstances. As a result, the Ukrainian subsidiary bank stopped making acquisitions in this area.

Impairment test for tangible fixed assets

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

In Ukraine, the tangible fixed assets located in the occupied territories were completely written off to zero. All other tangible fixed assets were assessed individually and adjusted accordingly if damage occurred. This resulted in impairments of around € 6 million.

In Russia, the impairment tests did not result in any impairments on the tangible fixed assets.

Impairment test for companies valued at equity

Based on the most recent impairment test of LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft and UNIQA Insurance Group AG an impairment was recognized in the first half year 2022 of € 36 million and € 38 million, respectively. This was due to the deteriorated economic environment, the negative development of commodity prices and the negative impact of the war in Ukraine on business in the local markets.

Cash generating units	30/6/2022 LLI	OeKB	UNIQA	31/12/2021 LLI	OeKB	UNIQA
Average discount interest rate (after tax)	6.6% WACC	7.5% CoE	9.0% CoE	6.0% WACC	6.7% CoE	8.4% CoE
Planning period	5 years	3 years	5 years	5 years	3 years	5 years

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

In order to examine how a change in parameters essential for determining the cost of capital affects the value of equity, these parameters were varied in the course of the sensitivity analysis carried out. Finally changes in the valuation of these companies can lead to an adjustment in the carrying amount. In the event of a downward scenario (increase in the cost of capital), the further decline in value would lead to an impairment of the carrying amount. A reduction in the discount rate (e.g. by 20 or 50 basis points) would lead to an increase in value and result in a write-up of the carrying amount to the calculated value in use. Possible write-ups must be made to the increased recoverable amount, but up to a maximum of the amount that would have resulted without prior impairment.

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

Notes to the income statement

(1) Net interest income

in € million	1/1-30/6/2022	1/1-30/6/2021[1]
Interest income according to effective interest method	**2,833**	**1,746**
Financial assets - fair value through other comprehensive income	43	47
Financial assets - amortized cost	2,790	1,699
Interest income other	**313**	**302**
Financial assets - held for trading	43	58
Non-trading financial assets - mandatorily fair value through profit/loss	17	10
Financial assets - designated fair value through profit/loss	3	4
Derivatives – hedge accounting, interest rate risk	84	140
Other assets	72	4
Interest income on financial liabilities	95	87
Interest expenses	**(947)**	**(540)**
Financial liabilities - amortized cost	(733)	(332)
Financial liabilities - held for trading	(35)	(31)
Financial liabilities - designated fair value through profit/loss	(19)	(22)
Derivatives – hedge accounting, interest rate risk	(112)	(114)
Other liabilities	(5)	(4)
Interest expenses on financial assets	(42)	(36)
Total	**2,199**	**1,509**

1 Previous-year figures adapted due to changed allocation (IFRS 5 discontinued operations). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

in € million	1/1-30/6/2022	1/1-30/6/2021[1]
Net interest income	2,199	1,509
Average interest-bearing assets	185,536	157,605
Net interest margin	**2.37%**	**1.91%**

1 Previous-year figures adapted due to changed allocation (IFRS 5 discontinued operations). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

Net interest income includes interest income of € 104 million (previous year's period: € 118 million) from marked-to-market financial assets and interest expenses of € 55 million (previous year's period: € 53 million) from marked-to-market financial liabilities.

Net interest income was up € 691 million to € 2,199 million. This was mainly due to rising interest rates in numerous Group countries and to strong loan growth. The largest increase, of € 279 million, was recorded in Russia due to higher interest rates, the appreciation of the Russian ruble, higher lending volumes to retail and corporate customers and higher interest income from repo business. In the Czech Republic, in addition to the integration of Equa bank, higher interest income from repo, corporate customer and retail customer business resulted in a € 174 million increase in net interest income. The increases of € 62 million in Hungary, € 39 million in Romania and € 34 million at head office are likewise both interest-rate and volume-related. In Ukraine, higher lending volumes with corporate customers led to a € 49 million increase in net interest income. The € 22 million increase in Belarus is due to more favorable refinancing in an easing liquidity environment. In Serbia, net interest income increased € 14 million, primarily due to the integration of Crédit Agricole Srbija AD. Group average interest-bearing assets rose 18 per cent year-on-year, mainly due to the high lending growth. The net interest margin improved 46 basis points to 2.37 per cent, due to increases of 1 percentage point each in Hungary and Czech Republic in addition to Eastern Europe.

(2) Dividend income

in € million	1/1-30/6/2022	1/1-30/6/2021[1]
Financial assets - held for trading	1	0
Non-trading financial assets - mandatorily fair value through profit/loss	6	0
Financial assets - fair value through other comprehensive income	7	8
Investments in subsidiaries and associates	16	21
Total	**29**	**30**

1 Previous-year figures adapted due to changed allocation (IFRS 5 discontinued operations). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

(3) Current income from investments in associates

in € million	1/1-30/6/2022	1/1-30/6/2021
Current income from investments in associates	34	21

(4) Net fee and commission income

in € million	1/1-30/6/2022	1/1-30/6/2021[1]
Clearing, settlement and payment services	441	351
Loan and guarantee business	132	110
Securities	39	42
Asset management	128	121
Custody and fiduciary business	51	40
Customer resources distributed but not managed	35	27
Foreign exchange business	712	191
Other	26	22
Total	**1,565**	**903**

1 Previous-year figures adapted due to changed allocation (IFRS 5 discontinued operations). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement. Additionally, reclassifications within net fee and commission income were done due to a different mapping of income components in Romania, particularly from asset management to clearing, settlement and payment services as well as loan and guarantee business.

The strong increase in net fee and commission income was attributable to increased activity from both corporate and retail customers in foreign exchange business, primarily from spot foreign exchange business in Russia. This development was due to both the geopolitical situation and the measures taken by the Russian central bank to restrict foreign exchange. Clearing, settlement and payment services also recorded growth due to increased transactions with corporate customers. Loan and guarantee business developed positively too, with the strongest increase at head office. Supported by currency appreciations in Eastern Europe, net fee and commission income consequently increased € 662 million to € 1,565 million. Russia and head office recorded the largest growth here. There were likewise increases on a currency-adjusted basis in Belarus, the Czech Republic and Hungary.

Net fee and commission income includes income and expenses of € 1,012 million (previous year's period: € 772 million) relating to financial assets and financial liabilities that are not measured at fair value through profit or loss.

in € million	1/1-30/6/2022	1/1-30/6/2021[1]
Fee and commission income	**2,022**	**1,292**
Clearing, settlement and payment services	680	559
Clearing and settlement	188	141
Credit cards	76	60
Debit cards and other card payments	139	125
Other payment services	278	232
Loan and guarantee business	147	127
Securities	76	70
Asset management	205	192
Custody and fiduciary business	59	46
Customer resources distributed but not managed	53	44
Foreign exchange business	739	204
Other	63	51
Fee and commission expenses	**(457)**	**(389)**
Clearing, settlement and payment services	(239)	(208)
Clearing and settlement	(65)	(67)
Credit cards	(45)	(29)
Debit cards and other card payments	(62)	(51)
Other payment services	(67)	(61)
Loan and guarantee business	(15)	(17)
Securities	(37)	(28)
Asset management	(76)	(71)
Custody and fiduciary business	(8)	(7)
Customer resources distributed but not managed	(18)	(17)
Foreign exchange business	(26)	(13)
Other	(37)	(28)
Total	**1,565**	**903**

1 Previous-year figures adapted due to changed allocation (IFRS 5 discontinued operations). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement. Additionally, reclassifications within net fee and commission income were done due to a different mapping of income components in Romania, particularly from asset management to clearing, settlement and payment services as well as loan and guarantee business.

(5) Net trading income and fair value result

in € million	1/1-30/6/2022	1/1-30/6/2021[1]
Net gains/losses on financial assets and liabilities - held for trading	**376**	**(90)**
Derivatives	354	(71)
Equity instruments	(69)	42
Debt securities	(103)	(16)
Loans and advances	25	4
Short positions	3	5
Deposits	192	(49)
Debt securities issued	(1)	(1)
Other financial liabilities	(24)	(4)
Net gains/losses on non-trading financial assets - mandatorily fair value through profit or loss	**(10)**	**4**
Equity instruments	0	0
Debt securities	1	2
Loans and advances	(11)	2
Net gain/losses on financial assets and liabilities - designated fair value through profit/loss	**53**	**19**
Debt securities	(4)	0
Deposits	4	0
Debt securities issued	54	18
Exchange differences, net	**(103)**	**100**
Total	**316**	**32**

1 Previous-year figures adapted due to changed allocation (IFRS 5 discontinued operations). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

Net trading income and fair value result increased € 284 million to € 316 million. The increase was mainly due to the hedging of capital positions held in local currencies by the subsidiary banks amounting to € 90 million. The capital positions were hedged at head office by means of forward exchange contracts (net investment hedge), whereby the valuation portion from the forward points component was included in consolidated profit and that from the change in the closing rate of the respective foreign currency was recognized in other comprehensive income. In particular, the high interest rate differential between the euro and the Russian ruble in the first quarter and the consequent closed forward exchange contracts in Russian rubles led to these positive valuation effects. Russia also recorded an increase in positive valuation effects from foreign currency positions of € 164 million year-on-year due to the strong appreciation of the Russian ruble in the second quarter of 2022. The increased valuation result from foreign currencies in Russia was partially offset by higher valuation losses from hedged interest rate risks of € 75 million year-on-year due to the strong volatility of interest rates set by the Russian central bank in the first half of 2022. In addition, due to the increase in own credit spreads, the certificate business generated higher valuation gains of € 63 million year-on-year from certificate issues measured at fair value. The valuation of investments in venture capital funds measured at fair value resulted in an increase in valuation gains of € 20 million.

(6) Net gains/losses from hedge accounting

in € million	1/1-30/6/2022	1/1-30/6/2021[1]
Fair value changes of the hedging instruments	41	63
Fair value changes of the hedged items attributable to the hedged risk	(77)	(65)
Ineffectiveness of cash flow hedge recognized in profit or loss	0	1
Total	**(36)**	**(1)**

1 Previous-year figures adapted due to changed allocation (IFRS 5 discontinued operations). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

(7) Other net operating income

in € million	1/1-30/6/2022	1/1-30/6/2021[1]
Gains/losses on derecognition of not modified financial assets and liabilities - not measured at fair value through profit/loss	**(9)**	**9**
Debt securities	(13)	5
Loans and advances	1	5
Deposits	0	0
Debt securities issued	3	(1)
Other financial liabilities	0	0
Gains/losses on derecognition of non-financial assets held for sale	**(24)**	**(5)**
Investment property	0	1
Intangible fixed assets	(27)	(8)
Other assets	3	2
Net income arising from non-banking activities	**3**	**8**
Sales revenues from non-banking activities	61	34
Expenses from non-banking activities	(58)	(26)
Net income from additional leasing services	**11**	**10**
Revenues from additional leasing services	21	20
Expenses from additional leasing services	(9)	(10)
Net income from insurance contracts	**6**	**(1)**
Net rental income from investment property incl. operating lease (real estate)	**25**	**23**
Net rental income from investment property	8	7
Income from rental real estate	8	8
Expenses from rental real estate	(2)	(2)
Income from other operating lease	14	13
Expenses from other operating lease	(3)	(3)
Net expense from allocation and release of other provisions	**10**	**0**
Other operating income/expenses	**20**	**11**
Total	**42**	**54**
Other operating income	205	149
Other operating expenses	(163)	(95)

1 Previous-year figures adapted due to changed allocation (IFRS 5 discontinued operations). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

(8) General administrative expenses

in € million	1/1-30/6/2022	1/1-30/6/2021[1]
Staff expenses	(894)	(753)
Other administrative expenses	(531)	(445)
Depreciation of tangible and intangible fixed assets	(225)	(188)
Total	**(1,649)**	**(1,386)**

1 Previous-year figures adapted due to changed allocation (IFRS 5 discontinued operations). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

Staff expenses

in € million	1/1-30/6/2022	1/1-30/6/2021[1]
Wages and salaries	(683)	(577)
Social security costs and staff-related taxes	(167)	(139)
Other voluntary social expenses	(26)	(20)
Expenses for defined contribution pension plans	(7)	(8)
Expenses/income from defined benefit pension plans	(6)	(1)
Expenses for post-employment benefits	(5)	(3)
Expenses for other long-term employee benefits excl. deferred bonus program	3	(2)
Staff expenses under deferred bonus programm	(3)	(3)
Termination benefits	(1)	0
Total	**(894)**	**(753)**

1 Previous-year figures adapted due to changed allocation (IFRS 5 discontinued operations). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

Staff expenses rose € 141 million to € 894 million, mainly due to increases in Russia, in the Czech Republic, in Ukraine and at head office. In addition to the increase in the average number of employees, the increases resulted primarily from higher salaries and social security costs in Russia, from the integration of Equa bank in the Czech Republic and from the increase in current salary payments in Ukraine and at head office.

Other administrative expenses

in € million	1/1-30/6/2022	1/1-30/6/2021[1]
Office space expenses	(49)	(42)
IT expenses	(177)	(146)
Legal, advisory and consulting expenses	(79)	(61)
Advertising, PR and promotional expenses	(51)	(48)
Communication expenses	(35)	(32)
Office supplies	(9)	(9)
Car expenses	(5)	(4)
Security expenses	(13)	(14)
Traveling expenses	(4)	(1)
Training expenses for staff	(5)	(5)
Other non-income related taxes	(36)	(31)
Sundry administrative expenses	(67)	(52)
Total	**(531)**	**(445)**
hereof expenses for short-term leases	(7)	(6)
hereof expenses for low-value assets	(2)	(2)

1 Previous-year figures adapted due to changed allocation (IFRS 5 discontinued operations). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

In addition to higher IT expenses (up € 31 million), primarily in the Czech Republic, in Russia and at head office, the main drivers of the € 86 million increase in other administrative expenses were higher legal, advisory and consulting expenses (up € 18 million) in the Czech Republic, at head office and in Poland. Further increases were recorded in other expense items, mainly in sundry administrative expenses (up € 15 million), in office space expenses (up € 7 million) and in non-income related taxes (up € 5 million).

Depreciation of tangible and intangible fixed assets

in € million	1/1-30/6/2022	1/1-30/6/2021[1]
Tangible fixed assets	(115)	(109)
hereof right-of-use assets	(41)	(38)
Intangible fixed assets	(109)	(80)
Total	**(225)**	**(188)**

1 Previous-year figures adapted due to changed allocation (IFRS 5 discontinued operations). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

Depreciation of tangible and intangible fixed assets increased 19 per cent, or € 37 million, to € 225 million, mainly due to the integration of Equa bank in the Czech Republic and higher software inventories at head office.

(9) Other result

in € million	1/1-30/6/2022	1/1-30/6/2021[1]
Net modification gains/losses	**(10)**	**(5)**
Gains/losses from changes in present value of non-substantially modified contracts	(9)	(4)
Gains/losses from derecognition due to substantial modification of contract terms	0	(1)
Impairment or reversal of impairment on investments in subsidiaries and associates	**1**	**54**
Impairment on non-financial assets	**(2)**	**(1)**
Goodwill	0	0
Other	(2)	(1)
Result from non-current assets and disposal groups classified as held for sale and deconsolidation	**7**	**(5)**
Net income from non-current assets and disposal groups classified as held for sale	1	0
Result of deconsolidations	6	(5)
Tax expenses not attributable to the business activity	**0**	**0**
Credit-linked and portfolio-based provisions for litigation	**(104)**	**(118)**
Total	**(108)**	**(74)**

1 Previous-year figures adapted due to changed allocation (IFRS 5 discontinued operations). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

The item impairment or reversal of impairment on investments in subsidiaries and associates amounting to € 1 million (previous year's period: € 54 million) comprises impairment on investments in companies valued at equity of plus € 13 million (previous year's period: € 65 million) and impairment on investments in subsidiaries of € 12 million (previous year's period: € 11 million). The impairment on investments in LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG, Vienna, of € 36 million and Raiffeisen Informatik GmbH & Co KG of € 10 million was based on the deteriorating economic conditions, in particular also due to the war in Ukraine, and the development of commodity prices and on the direct impact from the war in Ukraine for the business in the local markets. The business activities of UNIQA Insurance AG, Vienna, were also affected by the economic consequences of the war, which had a negative effect on the valuation of € 38 million. A negative effect of € 98 million in other comprehensive income in equity was offset by a reversal of impairment of € 59 million in the income statement.

Allocations to credit-linked and portfolio-based provisions for litigation of € 104 million mainly resulted from pending and expected legal proceedings in Poland amounting to € 102 million (previous year's period: € 105 million) in connection with mortgage loans denominated in foreign currencies or linked to a foreign currency. The expense posted in Poland in the reporting period resulted from parameter adjustments in the model calculation.

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

(10) Governmental measures and compulsory contributions

in € million	1/1-30/6/2022	1/1-30/6/2021[1]
Governmental measures	**(77)**	**(26)**
Bank levies	(77)	(26)
Compulsory contributions	**(165)**	**(129)**
Resolution fund	(89)	(75)
Deposit insurance fees	(75)	(54)
Total	**(241)**	**(155)**

1 Previous-year figures adapted due to changed allocation (IFRS 5 discontinued operations). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

Governmental measures and compulsory contributions increased € 86 million to € 241 million. Bank levies increased € 51 million. This was due mainly to the introduction of a special bank levy in Hungary, which was booked in the amount of € 47 million in the first half of 2022 for the full year. Contributions to resolution fund increased € 14 million, mostly at head office and in the Czech Republic. The € 21 million increase in deposit insurance fees mainly related to Russia, Romania, Croatia and the Czech Republic. The increases in the Czech Republic resulted from the integration of Equa bank.

(11) Impairment losses on financial assets

in € million	1/1-30/6/2022	1/1-30/6/2021[1]
Loans and advances	(373)	(100)
Debt securities	(113)	1
Loan commitments, financial guarantees and other commitments given	(75)	(2)
Total	**(561)**	**(100)**
hereof financial assets - fair value through other comprehensive income	(6)	0
hereof financial assets - amortized cost	(480)	(99)

1 Previous-year figures adapted due to changed allocation (IFRS 5 discontinued operations). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

The increase in risk costs came primarily from the Eastern Europe segment. The main reasons for this were the poorer macroeconomic data caused by the war in Ukraine, rating downgrades of customers, of countries and governments, and in Russia additionally the economic consequences of several EU and US sanction packages. In the reporting period, a total of € 489 million (previous year's period: € 48 million) was allocated to Eastern Europe, thereof € 266 million for Russia and € 201 million for Ukraine. In the second quarter of 2022, provisions were made for possible rating downgrades of corporate customers in connection with a gas supply shock.

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

(12) Income taxes

in € million	1/1-30/6/2022	1/1-30/6/2021[1]
Current income taxes	(250)	(176)
Austria	(9)	(32)
Foreign	(241)	(143)
Deferred taxes	(42)	(17)
Total	**(292)**	**(193)**
Tax rate	18.3%	23.2%

1 Previous-year figures adapted due to changed allocation (IFRS 5 discontinued operations). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

The income taxes rose year-on-year due to profit increase. However, the tax rate amounting to 18 per cent (previous year's period: 23 per cent) was well below the current valid Austrian corporate income tax of 25 per cent. Main drivers were the tax situation of head office (tax loss carry forwards) and a higher share in profit before tax of countries with lower income tax rates.

Notes to the statement of financial position

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

in € million	30/6/2022	31/12/2021
Cash in hand	6,986	6,095
Balances at central banks	28,233	25,746
Other demand deposits at banks	18,331	6,716
Total	**53,551**	**38,557**

The increase in other demand deposits at banks and cash deposits was mainly due to higher short-term transactions in Russia (currency-related). As at the reporting date, the minimum reserve that is not freely available and reported under the item balances at central banks amounted to € 261 million (previous year: € 266 million).

There are also cash and cash equivalents of € 889 million in Russia, Belarus and Ukraine, which are currently subject to legal restrictions and are therefore not available for general use by head office.

(14) Financial assets – amortized cost

	30/6/2022			31/12/2021		
in € million	Gross carrying amount	Accumulated impairment	Carrying amount	Gross carrying amount	Accumulated impairment	Carrying amount
Debt securities	**17,800**	**(136)**	**17,664**	**15,625**	**(8)**	**15,617**
Central banks	4	0	4	4	0	4
General governments	14,153	(65)	14,088	12,097	(3)	12,094
Banks	2,109	(1)	2,108	2,199	0	2,199
Other financial corporations	773	(57)	715	631	(5)	626
Non-financial corporations	762	(13)	749	695	(1)	695
Loans and advances	**127,255**	**(3,003)**	**124,252**	**119,587**	**(2,559)**	**117,028**
Central banks	10,580	(2)	10,578	12,005	0	12,005
General governments	2,160	(1)	2,159	1,385	(1)	1,384
Banks	6,431	(10)	6,421	4,627	(4)	4,623
Other financial corporations	11,971	(137)	11,835	11,271	(92)	11,180
Non-financial corporations	53,634	(1,573)	52,061	51,451	(1,357)	50,094
Households	42,479[1]	(1,281)	41,198	38,847	(1,105)	37,742
Total	**145,055**	**(3,140)**	**141,916**	**135,212**	**(2,567)**	**132,645**

1 Out of this amount, € 379 million relates to credit-linked and portfolio-based provisions for litigation in connection with foreign currency (CHF) mortgage loans in Poland. Further information can be found in the notes, chapter principles underlying the consolidated financial statements under changes in accounting policy.

The carrying amount of the item financial assets – amortized cost increased € 9,271 million compared to year-end 2021. In the reporting period, the Bulgarian Group units were sold, with € 4,347 million being already reclassified at year-end 2021 from the item financial assets – amortized cost to item (23) Non-current assets and disposal groups classified as held for sale.

The increase of € 7,224 million in lending business was mainly due to loans to non-financial corporations (plus € 3,456 million). Due to currency effects, the largest increase was recorded in Russia (plus € 1,671 million), mainly in mortgage and consumer loans, with a decline in local currency. The increase in Serbia of € 710 million resulted mainly from the acquisition of Crédit Agricole Srbija AD (€ 685 million). Growth in loans to households was recorded in local currency in all markets, with the exception of Eastern Europe. Loans to non-financial corporations increased € 1,968 million, especially in Romania (plus € 778 million) and the Czech Republic (plus € 456 million), while growth in Serbia of € 456 million resulted mainly from the acquisition of Crédit Agricole Srbija AD. In short-term business (plus € 1,800 million, mainly from repo transactions), a decline of € 1,032 million in the Czech Republic was offset by an increase of € 2,919 million in Russia.

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

in € million	30/6/2022 Gross carrying amount	Accumulated impairment	Carrying amount	31/12/2021 Gross carrying amount	Accumulated impairment	Carrying amount
Equity instruments	**200**	**-**	**200**	**151**	**-**	**151**
Banks	46	-	46	3	-	3
Other financial corporations	93	-	93	81	-	81
Non-financial corporations	61	-	61	66	-	66
Debt securities	**3,470**	**(2)**	**3,468**	**4,511**	**(2)**	**4,509**
General governments	2,492	(1)	2,491	3,401	(1)	3,400
Banks	801	0	801	870	0	870
Other financial corporations	43	0	43	80	0	80
Non-financial corporations	134	(1)	133	160	0	159
Total	**3,671**	**(2)**	**3,669**	**4,662**	**(2)**	**4,660**

As at 1 April 2022, Ukrainian state bonds of € 213 million were reclassified from financial assets – fair value through other comprehensive income to financial assets – amortized cost amounting to € 210 million. The effective interest rate of the reclassified portfolio at the time of reclassification was 13.5 per cent and an interest income of € 7 million was recognized.

The fair value of the affected portfolio was € 177 million, without reclassification a valuation loss of € 8 million would have occurred. Further details can be found in the chapter consequences and analysis of the armed conflicts between Russia and Ukraine on the half-year financial statements.

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

in € million	30/6/2022	31/12/2021
Equity instruments	**1**	**1**
Other financial corporations	1	1
Non-financial corporations	0	0
Debt securities	**333**	**543**
General governments	94	324
Banks	22	12
Other financial corporations	205	195
Non-financial corporations	11	12
Loans and advances	**448**	**422**
General governments	1	1
Banks	2	2
Other financial corporations	32	33
Non-financial corporations	70	50
Households	343	337
Total	**782**	**966**

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

in € million	30/6/2022	31/12/2021
Debt securities	**192**	**264**
General governments	43	108
Banks	27	31
Non-financial corporations	122	124
Total	**192**	**264**

(18) Financial assets – held for trading

in € million	30/6/2022	31/12/2021
Derivatives	**5,651**	**2,132**
Interest rate contracts	3,649	1,267
Equity contracts	157	184
Foreign exchange rate and gold contracts	1,821	652
Credit contracts	4	21
Commodities	3	2
Other	16	6
Equity instruments	**312**	**369**
Banks	46	31
Other financial corporations	96	99
Non-financial corporations	169	240
Debt securities	**1,551**	**1,598**
Central banks	0	95
General governments	1,176	1,069
Banks	166	223
Other financial corporations	90	107
Non-financial corporations	119	104
Loans and advances	**0**	**12**
Non-financial corporations	0	12
Total	**7,514**	**4,112**

The increase of € 3,402 million to € 7,514 million was mainly due to valuation effects and exchange rate fluctuations in derivatives as well as higher hedging volumes, particularly for interest rate and foreign exchange derivatives at head office.

(19) Hedge accounting

in € million	30/6/2022	31/12/2021
Positive fair values of derivatives in micro fair value hedge	**151**	**215**
Interest rate contracts	151	215
Positive fair values of derivatives in micro cash flow hedge	**1**	**0**
Interest rate contracts	1	0
Positive fair values of derivatives in net investment hedge	**9**	**2**
Positive fair values of derivatives in portfolio hedge	**776**	**413**
Cash flow hedge	58	25
Fair value hedge	718	387
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk	**(958)**	**(279)**
Total	**(20)**	**352**

The carrying amount of the item fair value adjustments of the hedged items in portfolio hedge of interest rate risk decreased € 679 million compared to year-end to minus € 958 million. This development was primarily due to the termination of portfolio hedge relationships on a large scale in Russia (minus € 296 million) and to valuation losses on loans in portfolio hedges at Raiffeisen Bausparkasse Gesellschaft m.b.H (minus € 318 million) in case of fixed-interest loans due to higher interest rates.

Conversely, positive fair values of hedging instruments in portfolio fair value hedges increased € 363 million. In the euro area as well as in the Czech Republic and Hungary, interest rates rose significantly in some cases in the first half of 2022. As a result, the fair values of the derivatives in portfolio hedging relationships at Raiffeisen Bausparkasse Österreich Gesellschaft m.b.H. increased € 246 million, in the Czech Republic € 136 million and in Hungary € 78 million. In Russia, there was a decrease of € 75 million. This was mainly due to terminations of hedge accounting relationships in March 2022. Interest rates in Russia in the first half of 2022 were only slightly above the level of the end of 2021.

The fair value adjustments of the hedged interest rate risk from micro fair value hedges are reported in the respective statement of financial position items of the underlying transactions and are not included in the above table.

(20) Investments in subsidiaries and associates

in € million	30/6/2022	31/12/2021
Investments in affiliated companies	217	251
Investments in associates valued at equity	631	716
Total	**848**	**968**

(21) Tangible and intangible fixed assets

in € million	30/6/2022	31/12/2021
Tangible fixed assets	**1,719**	**1,640**
Land and buildings used by the group for own purpose	546	507
Office furniture, equipment and other tangible fixed assets	346	331
Investment property	313	307
Other leased assets (operating lease)	90	89
Right-of-use assets	423	406
Intangible fixed assets	**929**	**933**
Software	726	741
Goodwill	113	101
Brand	2	2
Customer relationships	17	19
Core deposits intangibles	62	60
Other intangible fixed assets	9	10
Total	**2,648**	**2,572**

(22) Tax assets

in € million	30/6/2022	31/12/2021[1]
Current tax assets	80	73
Deferred tax assets	149	152
Tax claims from temporary differences	136	139
Loss carry forwards	13	13
Total	**229**	**225**

1 Previous-year figures adapted due to changed allocation

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

in € million	30/6/2022	31/12/2021
Non-current assets from discontinued operations	0	5,491
Non-current assets and disposal groups classified as held for sale	25	39
Total	**25**	**5,531**

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

in € million	30/6/2022	31/12/2021
Liabilities included from discontinued operations	0	4,829
Total	**0**	**4,829**

(24) Other assets

in € million	30/6/2022	31/12/2021
Prepayments and other deferrals	479	515
Merchandise inventory and suspense accounts for services rendered not yet charged out	292	227
Other assets	2,076	506
Total	**2,847**	**1,248**

Other assets mainly included the outstanding purchase price receivable from the sale of the Bulgarian Group units to KBC Bank (€ 1,009 million). The further increase in other assets resulted mainly from transactions in the context of payment transactions that had not yet been settled at the reporting date, especially in Russia in connection with transactions in foreign currencies.

(25) Financial liabilities – amortized cost

in € million	30/6/2022	31/12/2021
Deposits from banks	**37,247**	**34,560**
Current accounts/overnight deposits	16,606	13,772
Deposits with agreed maturity	15,771	19,147
Repurchase agreements	4,869	1,641
Deposits from customers	**131,143**	**114,988**
Current accounts/overnight deposits	99,146	87,614
Deposits with agreed maturity	31,292	27,327
Repurchase agreements	705	48
Debt securities issued	**11,842**	**11,299**
Covered bonds	2,060	1,222
Hybrid contracts	75	0
Other debt securities issued	9,708	10,078
hereof convertible compound financial instruments	1,137	1,231
hereof non-convertible	8,570	8,846
Other financial liabilities	**1,822**	**853**
Total	**182,054**	**161,700**
hereof subordinated financial liabilities	2,695	2,934
hereof lease liabilities	439	415

The overall change in deposits from banks was mainly attributable to head office. Compared to year-end, deposits with an agreed maturity decreased € 3,439 million, while current accounts/overnight deposits increased € 2,776 million, continuing the trend from the previous quarter. Repurchase agreements (repos) developed particularly strongly with an increase of € 3,200 million.

The significant increase in deposits from customers came largely from Russia. In the current accounts/overnight deposits, the business volume increased € 4,193 million on the one hand, and on the other hand, exchange rate effects of € 8,113 million reinforced this development, which resulted in a total increase of € 12,306 million. In detail, deposits from non-financial corporations in Russia rose particularly sharply. The total change in this area amounted to € 10,263 million, with the volume increasing by € 5,615 million and the exchange rate effect additionally boosting the overall development by € 4,648 million. A contrasting picture emerged in Russia in terms of deposits from households. There were reductions in volume (minus € 1,727 million), which, however, were more than compensated for by the strong exchange rate effect (plus € 3,155 million), which led to an overall increase of € 1,428 million. Russia was also the main driver of development in terms of deposits with agreed maturity. Here, the total contribution from Russia amounted to € 2,358 million, with the volume-related part amounting to € 770 million and the exchange rate having an effect of € 1,587 million. As in the areas mentioned above, Russia was also the main driver of other financial liabilities. The volume here increased € 410 million as at the reporting date due to pending transfers from customers, the exchange rate effect amounted to € 338 million (total increase from Russia: € 748 million).

Deposits from banks and customers by asset classes:

in € million	30/6/2022	31/12/2021
Central banks	9,545	9,534
General governments	3,287	2,785
Banks	27,701	25,025
Other financial corporations	13,033	11,000
Non-financial corporations	54,017	44,513
Households	60,806	56,690
Total	**168,390**	**149,548**

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

in € million	30/6/2022	31/12/2021
Deposits from banks	**46**	**48**
Deposits with agreed maturity	46	48
Deposits from customers	**140**	**165**
Deposits with agreed maturity	140	165
Debt securities issued	**978**	**1,110**
Hybrid contracts	1	1
Other debt securities issued	977	1,109
hereof non-convertible	977	1,109
Total	**1,164**	**1,323**
hereof subordinated financial liabilities	222	232

(27) Financial liabilities – held for trading

in € million	30/6/2022	31/12/2021
Derivatives	**4,748**	**1,894**
Interest rate contracts	2,980	1,115
Equity contracts	246	138
Foreign exchange rate and gold contracts	1,495	569
Credit contracts	7	27
Commodities	1	1
Other	19	45
Short positions	**182**	**250**
Equity instruments	1	6
Debt securities	181	243
Debt securities issued	**3,425**	**3,729**
Hybrid contracts	3,425	3,729
Other financial liabilities	**1**	**0**
Total	**8,355**	**5,873**

The increase of € 2,482 million to € 8,355 million was mainly due to valuation effects and exchange rate fluctuations in derivatives as well as higher hedging volumes, particularly for interest rate and foreign exchange derivatives at head office.

(28) Hedge accounting

in € million	30/6/2022	31/12/2021
Negative fair values of derivatives in micro fair value hedge	**499**	**69**
Interest rate contracts	499	69
Negative fair values of derivatives in micro cash flow hedge	**1**	**0**
Interest rate contracts	1	0
Negative fair values of derivatives in net investment hedge	**39**	**29**
Negative fair values of derivatives in portfolio hedge	**1,378**	**730**
Cash flow hedge	74	43
Fair value hedge	1,304	686
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk	**(1,041)**	**(536)**
Total	**875**	**292**

Negative fair values of derivative financial instruments in micro hedge relationships increased € 430 million to € 499 million. The increase was largely due to the micro fair value hedges at head office (plus € 378 million) and in Slovakia (plus € 43 million) and resulted mainly from an increase in interest rates in the euro zone. Partly significant interest rate increases as well as exchange rate effects were the reasons for the increase of € 648 million, to € 1,378 million, in negative fair values of derivative financial instruments from portfolio hedges in the Czech Republic (plus € 309 million) and Hungary (plus € 229 million).

There were countervailing effects in the item fair value adjustments of the hedged items in portfolio hedge of interest rate risk which decreased € 505 million to minus € 1,041 million. This was mainly due to the fair value development of the hedged liabilities in portfolio hedges in the Czech Republic (minus € 266 million) and Hungary (minus € 197 million) due to increased interest rates, especially for hedged customer deposits in local currencies.

The fair value adjustments of the hedged interest rate risk from micro fair value hedges are reported in the respective statement of financial position items of the underlying transactions and are not included in the above table.

(29) Provisions for liabilities and charges

in € million	30/6/2022	31/12/2021
Provisions for off-balance sheet items	**298**	**188**
Other commitments and guarantees according to IFRS 9	291	185
Other commitments and guarantees according to IAS 37	7	3
Provisions for staff	**483**	**491**
Pensions and other post employment defined benefit obligations	193	195
Other long-term employee benefits	53	57
Bonus payments	149	171
Provisions for overdue vacations	85	64
Termination benefits	3	3
Other provisions	**462**	**776**
Pending legal issues and tax litigation	275	551
Restructuring	11	17
Onerous contracts	61	59
Other provisions	114	149
Total	**1,244**	**1,454**

Provisions for liabilities and charges decreased € 211 million to € 1,244 million. This decrease is largely due to the change in accounting policy regarding recognition of the impact of litigation in connection with foreign currency (CHF) mortgage loans. As of now, these risks in accordance with IFRS 9 B5.4.6 have been recognized as a deduction from the gross carrying amount of the loan agreements. Prepaid loans continue to be recognized in accordance with IAS 37. Further details can be found in the chapter principles underlying the consolidated financial statements. This change led to a decrease in provisions of € 379 million in Poland. In Croatia, on the other hand, there was a slight increase of € 2 million to € 57 million in connection with Swiss franc loans. Provisions at Raiffeisen Bank S.A. due to pending proceedings with the consumer protection authority in Romania decreased € 9 million to € 18 million compared to year-end 2021. Regarding the procedure following an audit of Aedificium Banca pentru Locuinte S.A. by the Romanian Court of Auditors, a decision was taken which led to a payment of € 23 million.

(30) Tax liabilities

in € million	30/6/2022	31/12/2021
Current tax liabilities	125	87
Deferred tax liabilities	52	46
Total	**177**	**132**

(31) Other liabilities

in € million	30/6/2022	31/12/2021
Liabilities from insurance activities	260	208
Deferred income and accrued expenses	536	509
Sundry liabilities	1,478	304
Total	**2,275**	**1,021**

The increase in other liabilities stemmed mainly from transactions in the context of payment transactions that had not yet been settled as at the reporting date, especially at head office and in Russia (mainly transactions in foreign currencies) as well as in the Czech Republic, and in Hungary due to a special bank levy of € 47 million which was booked for the full year in the first half 2022.

(32) Equity

in € million	30/6/2022	31/12/2021
Consolidated equity	15,426	12,843
Subscribed capital	1,002	1,002
Capital reserves	4,992	4,992
Retained earnings	11,789	10,121
hereof consolidated profit/loss	1,712	1,372
Cumulative other comprehensive income	(2,357)	(3,272)
Non-controlling interests	1,019	1,010
Additional tier 1	1,611	1,622
Total	**18,056**	**15,475**

As at 30 June 2022, the subscribed capital of RBI AG as defined by the articles of incorporation amounted to € 1,003 million and the subscribed capital consisted of 328,939,621 non-par bearer shares. After deduction of own shares of 322,204 the stated subscribed capital totaled € 1,002 million.

Notes to financial instruments

(33) Fair value of financial instruments

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

Assets in € million	30/6/2022 Level I	 Level II	 Level III	31/12/2021 Level I	 Level II	 Level III
Financial assets - held for trading	**1,506**	**5,913**	**94**	**1,574**	**2,526**	**13**
Derivatives	37	5,601	13	18	2,114	0
Equity instruments	299	12	0	369	0	0
Debt securities	1,169	300	82	1,186	412	0
Loans and advances	0	0	0	0	0	12
Non-trading financial assets - mandatorily fair value through profit/loss	**178**	**103**	**501**	**367**	**149**	**450**
Equity instruments	1	0	0	1	0	0
Debt securities	177	103	53	366	148	29
Loans and advances	0	0	448	0	0	422
Financial assets - designated fair value through profit/loss	**154**	**37**	**0**	**230**	**33**	**0**
Debt securities	154	37	0	230	33	0
Financial assets - fair value through other comprehensive income	**2,988**	**419**	**262**	**3,694**	**765**	**201**
Equity instruments	11	0	190	11	0	140
Debt securities	2,977	419	73	3,683	765	61
Hedge accounting	**0**	**938**	**0**	**0**	**630**	**0**

Liabilities in € million	30/6/2022 Level I	 Level II	 Level III	31/12/2021 Level I	 Level II	 Level III
Financial liabilities - held for trading	**182**	**8,173**	**0**	**243**	**5,630**	**0**
Derivatives	20	4,727	0	11	1,884	0
Short positions	161	20	0	232	17	0
Debt securities issued	0	3,425	0	0	3,729	0
Financial liabilities - designated fair value through profit/loss	**0**	**1,164**	**0**	**0**	**1,323**	**0**
Deposits	0	186	0	0	213	0
Debt securities issued	0	978	0	0	1,110	0
Hedge accounting	**0**	**1,916**	**0**	**0**	**828**	**0**

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

As at 30 June 2022, only derived prices were available for financial instruments (mainly bonds) amounting to € 61 million. For example, the BVAL value (Bloomberg Evaluation) was used instead of the BGN value (Bloomberg Generic Price). Consequently, these securities were reclassified from Level I to Level II. The transfers from Level II to Level I relate to bonds amounting to € 31 million, for which market values are available as at the reporting date.

Movements in Level III of financial instruments at fair value

The total portfolio of Level III assets saw a net increase of € 194 million in the reporting period. Essentially, the volume of government bonds in the measurement categories financial assets – held for trading and financial assets - fair value through other comprehensive income increased € 143 million net. The reason for this increase was on the one hand, the disappearance of the active market in Ukraine due to the ongoing war and on the other hand, there were additions in Hungary, Austria and Slovakia. Additionally, financial instruments mandatorily recognized at fair value saw a net increase of € 51 million. Around € 10 million was based on exchange rate fluctuations.

Assets in € million	As at 1/1/2022	Change in consolidated group	Exchange differences	Additions	Disposals
Financial assets - held for trading	13	0	2	8	(24)
Non-trading financial assets - mandatorily fair value through profit/loss	450	0	7	75	(43)
Financial assets - designated fair value through profit/loss	0	0	0	0	0
Financial assets - fair value through other comprehensive income	201	0	1	87	(11)
Total	**664**	**0**	**10**	**170**	**(78)**

Assets in € million	Gains/loss in P/L	Gain/loss in other comprehensive income	Transfer to Level III	Transfer from Level III	As at 30/6/2022
Financial assets - held for trading	(8)	0	104	0	94
Non-trading financial assets - mandatorily fair value through profit/loss	12	0	0	0	501
Financial assets - designated fair value through profit/loss	0	0	0	0	0
Financial assets - fair value through other comprehensive income	0	(15)	0	0	262
Total	**4**	**(15)**	**104**	**0**	**858**

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

Liabilities in € million[1]	Gains/loss in P/L	Gain/loss in other comprehensive income	Transfer to Level III	Transfer from Level III	As at 30/6/2022
Financial liabilities - held for trading	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**

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

Qualitative information on the valuation of financial instruments in Level III

Assets 30/6/2022	Fair value in € million[1]	Valuation technique	Significant unobservable inputs	Range of unobservable inputs
Financial assets - held for trading	**94**			
Subordinated capital	0	Price (expert opinion)	Price	-
Treasury bills, fixed coupon bonds	82	DCF method	Interest rate curve	-
Forward foreign exchange contracts	13	DCF method	Interest rate curve	10 - 50%
Non-trading financial assets - mandatorily fair value through profit/loss	**501**			
Other interests	0	Simplified net present value method Expert opinion	–	–
Bonds, notes and other non fixed-interest securities	53	Net asset value Expert opinion	Haircuts (Auction) Price	20 - 50% -
Loans	448	Retail: DCF method (incl. prepayment option, withdrawal option etc.) Non Retail: DCF method/Financial option pricing (Black-Scholes (shifted) model; Hull-White model)	Discount spread (new business) Funding curves (for liquidity costs) Credit risk premium (CDS curves)	1.60 - 3.51% over all currencies -0.29 -3.33% over all currencies 0.13- 10.47% (depending on the rating: from A to CCC)
Financial assets - designated fair value through profit/loss	**0**			
Fixed coupon bonds	0	Net asset value Expert opinion	Price	–
Financial assets - fair value through other comprehensive income	**262**			
Other interests	85	Dividend discount model Simplified income approach DCF method	Credit spread Cash flow Discount rate Dividends Beta factor	–
Other interests	49	Adjusted net asset value	Adjusted equity	–
Other interests	55	Market comparable companies Transaction price Valuation report (expert judgement) Cost minus impairment	EV/Sales EV/EBIT P/E P/B	–
Treasury bills, municipal bonds	73	DCF method	Interest rate curve	–
Total	**858**			

Liabilities 30/6/2022	Fair value in € million[1]	Valuation technique	Significant unobservable inputs	Range of unobservable inputs
Financial liabilities - held for trading	**0**			
Forward foreign exchange contracts	0	DCF method	Interest rate curve	10 - 50%
Total	**0**			

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

Fair value of financial instruments not reported at fair value

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

30/6/2022 in € million	Level I	Level II	Level III	Fair value	Carrying amount	Difference
Assets						
Cash, cash balances at central banks and other demand deposits	**0**	**53,551**	**0**	**53,551**	**53,551**	**0**
Financial assets - amortized cost	**14,260**	**1,239**	**121,485**	**136,984**	**141,916**	**(4,932)**
Debt securities	14,260	1,239	1,233	16,732	17,664	(932)
Loans and advances	0	0	120,252	120,252	124,252	(4,000)
Liabilities						
Financial liabilities - amortized cost	**113**	**10,751**	**170,184**	**181,048**	**181,615**	**(567)**
Deposits from banks and customers[1]	0	0	167,612	167,612	167,951	(339)
Debt securities issued	113	10,751	750	11,614	11,842	(228)
Other financial liabilities	0	0	1,822	1,822	1,822	0

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

31/12/2021 in € million	Level I	Level II	Level III	Fair value	Carrying amount	Difference
Assets						
Cash, cash balances at central banks and other demand deposits	**0**	**38,557**	**0**	**38,557**	**38,557**	**0**
Financial assets - amortized cost	**12,684**	**1,788**	**120,195**	**134,667**	**132,645**	**2,022**
Debt securities	12,684	1,788	1,052	15,524	15,617	(93)
Loans and advances	0	0	119,143	119,143	117,028	2,115
Liabilities						
Financial liabilities - amortized cost	**132**	**10,689**	**150,827**	**161,648**	**161,285**	**362**
Deposits from banks and customers[1]	0	0	149,147	149,147	149,133	14
Debt securities issued	132	10,689	826	11,647	11,299	348
Other financial liabilities	0	0	853	853	853	0

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

(34) Loan commitments, financial guarantees and other commitments

in € million	30/6/2022	31/12/2021
Loan commitments given	45,370	42,601
Financial guarantees given	10,645	8,900
Other commitments given	4,766	4,548
Total	**60,782**	**56,050**
Provisions for off-balance sheet items according to IFRS 9	(291)	(185)

The nominal amount of loan commitments given increased in Russia (plus € 3,043 million) due to exchange rate effects. Locally, the volume declined (minus € 748 million). Further increases were recorded at Raiffeisen Bausparkasse Österreich Gesellschaft m.b.H. (plus € 455 million) due to increased demand for fixed-interest loans. This was offset by a reduction of € 1,064 million due to the sale of the Bulgarian Group units. Financial guarantees given increased mainly at head office (plus € 1,079 million).

The increase in provisions for off-balance sheet risks in accordance with IFRS 9 was mainly attributable to Russia amounting to € 93 million. This amount included exchange rate effects of € 41 million. The volume-related increase of € 52 million was largely due to allocations to provisions for non-financial corporations, where a deterioration in creditworthiness triggered a transfer to Stage 2 and thus higher loan loss provisions. In addition to the provisions for off-balance sheet risks presented in accordance with IFRS 9, provisions of € 7 million were recognized for other commitments made in accordance with IAS 37 (previous year: € 2 million).

(35) Credit quality analysis

The credit quality analysis of financial assets is a point-in-time assessment of the probability of default of the assets. It should be noted that for financial assets in Stages 1 and 2, due to the relative nature of a significant increase in credit risk, it is not necessarily the case that Stage 2 assets have a lower credit rating than Stage 1 assets, although this is normally the case.

Grouping of assets by probability of default:

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

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

30/6/2022 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
Excellent	18,874	1,600	0	0	20,474
Strong	38,329	2,355	0	1	40,686
Good	37,666	6,777	0	9	44,452
Satisfactory	15,107	7,833	0	18	22,958
Substandard	4,851	5,152	0	9	10,013
Credit impaired	0	0	2,688	295	2,983
Not rated	3,031	361	84	15	3,491
Gross carrying amount	**117,858**	**24,079**	**2,771**	**348**	**145,055**
Accumulated impairment	(294)	(1,015)	(1,730)	(100)	(3,140)
Carrying amount	**117,563**	**23,064**	**1,041**	**248**	**141,916**

31/12/2021 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
Excellent	18,157	1,904	0	2	20,063
Strong	36,668	3,586	0	1	40,255
Good	37,293	6,917	0	10	44,220
Satisfactory	16,028	5,317	0	18	21,364
Substandard	1,250	2,094	0	8	3,351
Credit impaired	0	0	2,432	277	2,709
Not rated	2,928	260	41	20	3,250
Gross carrying amount	**112,323**	**20,079**	**2,473**	**336**	**135,212**
Accumulated impairment	(195)	(687)	(1,567)	(118)	(2,567)
Carrying amount	**112,128**	**19,392**	**906**	**218**	**132,645**

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

30/6/2022 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
Excellent	730	0	0	0	730
Strong	1,981	0	0	0	1,981
Good	674	10	0	0	683
Satisfactory	5	57	0	0	62
Substandard	11	3	0	0	14
Credit impaired	0	0	0	0	0
Not rated	0	0	0	0	0
Gross carrying amount[1]	**3,400**	**70**	**0**	**0**	**3,470**
Accumulated impairment	(1)	(1)	0	0	(2)
Carrying amount	**3,399**	**69**	**0**	**0**	**3,468**

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

31/12/2021 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
Excellent	1,197	0	0	0	1,197
Strong	2,082	21	0	0	2,103
Good	914	2	0	0	916
Satisfactory	231	27	0	0	259
Substandard	0	0	0	0	0
Credit impaired	0	0	0	0	0
Not rated	36	0	0	0	36
Gross carrying amount[1]	**4,461**	**50**	**0**	**0**	**4,511**
Accumulated impairment	(1)	0	0	0	(2)
Carrying amount	**4,460**	**50**	**0**	**0**	**4,509**

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

The category not rated includes financial assets for some retail customers for whom no ratings are available. The rating is therefore based on qualitative factors.

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

30/6/2022 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Excellent	2,456	169	0	2,625
Strong	19,737	1,619	0	21,356
Good	17,086	2,329	0	19,416
Satisfactory	4,141	1,586	0	5,726
Substandard	5,607	5,210	0	10,817
Credit impaired	0	0	217	217
Not rated	527	95	1	624
Nominal amount	**49,555**	**11,008**	**218**	**60,782**
Provisions for off-balance sheet items according to IFRS 9	(57)	(179)	(56)	(291)
Nominal amount after provisions	**49,498**	**10,829**	**163**	**60,490**

31/12/2021 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Excellent	1,503	178	0	1,681
Strong	20,312	1,729	0	22,041
Good	20,778	2,383	0	23,161
Satisfactory	6,267	1,486	0	7,753
Substandard	212	290	0	501
Credit impaired	0	0	211	211
Not rated	616	84	1	702
Nominal amount	**49,688**	**6,149**	**213**	**56,050**
Provisions for off-balance sheet items according to IFRS 9	(43)	(84)	(58)	(185)
Nominal amount after provisions	**49,645**	**6,065**	**154**	**55,864**

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

(36) Collateral and maximum exposure to credit risk

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

30/6/2022		Maximum exposure to credit risk	
in € million	Not subject to impairment standards	Subject to impairment standards	hereof loans and advances non-trading as well as loan commitments, financial guarantees and other commitments
Financial assets - amortized cost	0	145,055	127,255
Financial assets - fair value through other comprehensive income[1]	0	3,470	0
Non-trading financial assets - mandatorily fair value through profit/loss	781	0	448
Financial assets - designated fair value through profit/loss	192	0	0
Financial assets - held for trading	7,202	0	0
On-balance	**8,174**	**148,526**	**127,703**
Loan commitments, financial guarantees and other commitments	0	60,782	60,782
Total	**8,174**	**209,307**	**188,485**

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

31/12/2021		Maximum exposure to credit risk	
in € million	Not subject to impairment standards	Subject to impairment standards	hereof loans and advances non-trading as well as loan commitments, financial guarantees and other commitments
Financial assets - amortized cost	0	135,212	119,587
Financial assets - fair value through other comprehensive income[1]	0	4,511	0
Non-trading financial assets - mandatorily fair value through profit/loss	965	0	422
Financial assets - designated fair value through profit/loss	264	0	0
Financial assets - held for trading	3,743	0	0
On-balance	**4,972**	**139,723**	**120,008**
Loan commitments, financial guarantees and other commitments	0	56,050	56,050
Total	**4,972**	**195,772**	**176,058**

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

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

The following table shows non-trading loans and advances as well as loan commitments, financial guarantees and other commitments that are subject to impairment:

30/6/2022 in € million	Maximum exposure to credit risk	Fair value of collateral	Credit risk exposure net of collateral
Central banks	10,580	6,364	4,216
General governments	2,161	775	1,386
Banks	6,433	4,665	1,768
Other financial corporations	12,004	4,509	7,495
Non-financial corporations	53,704	24,825	28,879
Households	42,822	27,337	15,484
Loan commitments, financial guarantees and other commitments	60,782	10,099	50,683
Total	**188,485**	**78,574**	**109,911**

31/12/2021 in € million	Maximum exposure to credit risk	Fair value of collateral[1]	Credit risk exposure net of collateral
Central banks	12,005	7,198	11,688
General governments	1,386	740	646
Banks	4,629	1,658	2,971
Other financial corporations	11,304	5,093	6,268
Non-financial corporations	51,500	23,355	28,145
Households	39,183	25,411	13,772
Loan commitments, financial guarantees and other commitments	56,050	9,024	47,026
Total	**176,058**	**72,480**	**110,516**

1 Previous-year figures were adapted.

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

(37) Forward-looking information

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

		Real GDP			Unemployment		
		2022	2023	2024	2022	2023	2024
Croatia	Upside Scenario	4.9%	5.8%	4.6%	5.2%	3.9%	5.2%
	Base	3.5%	3.7%	3.9%	6.9%	6.5%	6.1%
	Downside Scenario	0.6%	(0.6)%	2.5%	8.6%	9.1%	7.0%
Ukraine	Upside Scenario	(30.9)%	12.1%	4.0%	17.5%	11.3%	9.8%
	Base	(33.0)%	9.0%	3.0%	18.0%	12.0%	10.0%
	Downside Scenario	(37.3)%	2.5%	0.8%	18.5%	12.7%	10.2%
Belarus	Upside Scenario	(2.6)%	2.1%	1.7%	5.2%	3.5%	3.8%
	Base	(4.0)%	0.0%	1.0%	5.5%	4.0%	4.0%
	Downside Scenario	(6.9)%	(4.4)%	(0.5)%	5.8%	4.5%	4.2%
Austria	Upside Scenario	3.5%	2.7%	2.0%	5.2%	5.5%	5.3%
	Base	2.7%	1.5%	1.6%	5.5%	6.0%	5.5%
	Downside Scenario	1.1%	(1.0)%	0.8%	5.8%	6.5%	5.7%
Poland	Upside Scenario	4.4%	2.8%	3.6%	3.0%	1.7%	4.3%
	Base	3.7%	1.8%	3.3%	5.2%	5.0%	5.4%
	Downside Scenario	2.3%	(0.3)%	2.6%	7.4%	8.2%	6.5%
Russia	Upside Scenario	(6.7)%	0.0%	1.6%	7.8%	6.4%	5.6%
	Base	(8.0)%	(2.3)%	0.9%	8.5%	7.5%	6.0%
	Downside Scenario	(10.8)%	(5.0)%	(0.5)%	9.2%	8.6%	6.4%
Romania	Upside Scenario	5.1%	5.0%	5.0%	5.0%	4.3%	4.4%
	Base	3.8%	3.0%	4.3%	5.6%	5.2%	4.7%
	Downside Scenario	1.1%	(1.1)%	2.9%	6.2%	6.1%	5.0%
Slovakia	Upside Scenario	3.2%	3.8%	3.1%	4.5%	4.0%	5.2%
	Base	2.0%	2.0%	2.5%	6.5%	6.3%	6.2%
	Downside Scenario	(0.4)%	(1.6)%	1.3%	8.5%	9.2%	7.2%
Czech Republic	Upside Scenario	3.8%	2.4%	3.8%	2.6%	2.5%	2.8%
	Base	2.8%	0.9%	3.3%	3.3%	3.7%	3.2%
	Downside Scenario	0.7%	(2.3)%	2.2%	4.1%	4.7%	3.9%
Hungary	Upside Scenario	3.6%	3.6%	4.0%	3.2%	2.8%	3.6%
	Base	2.5%	2.0%	3.5%	4.3%	4.4%	4.1%
	Downside Scenario	0.3%	(1.3)%	2.4%	5.4%	6.0%	4.6%

		Long-term bond rate			Real estate prices		
		2022	2023	2024	2022	2023	2024
Croatia	Upside Scenario	1.8%	1.8%	2.7%	8.8%	9.7%	4.9%
	Base	2.6%	2.9%	3.1%	5.0%	4.0%	3.0%
	Downside Scenario	4.7%	6.2%	4.2%	1.4%	(1.4)%	1.2%
Ukraine	Upside Scenario	-	-	-	8.8%	13.2%	4.4%
	Base	-	-	-	0.0%	0.0%	0.0%
	Downside Scenario	-	-	-	(8.4)%	(12.5)%	(4.2)%
Belarus	Upside Scenario	-	-	-	28.7%	18.1%	6.4%
	Base	-	-	-	20.0%	5.0%	2.0%
	Downside Scenario	-	-	-	11.7%	(7.5)%	(2.2)%
Austria	Upside Scenario	(0.2)%	0.0%	0.8%	9.7%	4.6%	2.9%
	Base	0.5%	0.9%	1.1%	8.0%	2.0%	2.0%
	Downside Scenario	2.4%	3.8%	2.1%	6.3%	(0.5)%	1.2%
Poland	Upside Scenario	4.2%	4.0%	3.8%	8.5%	7.8%	5.3%
	Base	5.1%	5.4%	4.2%	6.0%	4.0%	4.0%
	Downside Scenario	7.7%	9.2%	5.5%	3.6%	0.4%	2.8%
Russia	Upside Scenario	9.3%	8.4%	8.6%	4.6%	14.2%	7.4%
	Base	9.8%	9.2%	8.9%	(4.2)%	1.0%	3.0%
	Downside Scenario	11.4%	11.5%	9.6%	(12.6)%	(11.5)%	(1.2)%
Romania	Upside Scenario	6.8%	7.1%	7.0%	6.6%	8.1%	5.0%
	Base	7.6%	8.2%	7.4%	3.5%	3.5%	3.5%
	Downside Scenario	9.8%	11.6%	8.5%	0.6%	(0.9)%	2.0%
Slovakia	Upside Scenario	0.0%	(0.1)%	0.6%	9.1%	10.7%	5.6%
	Base	0.7%	0.8%	0.9%	4.0%	3.0%	3.0%
	Downside Scenario	2.6%	3.7%	1.9%	(0.9)%	(4.3)%	0.6%
Czech Republic	Upside Scenario	2.9%	2.6%	3.1%	9.4%	9.0%	5.7%
	Base	3.5%	3.5%	3.4%	6.0%	4.0%	4.0%
	Downside Scenario	5.3%	6.2%	4.3%	2.8%	(0.8)%	2.4%
Hungary	Upside Scenario	5.9%	6.2%	6.9%	8.2%	10.3%	6.1%
	Base	6.7%	7.4%	7.3%	4.0%	4.0%	4.0%
	Downside Scenario	9.1%	10.9%	8.4%	0.0%	(2.0)%	2.0%

		Consumer price index		
		2022	2023	2024
Croatia	Upside Scenario	8.6%	4.7%	2.5%
	Base	7.5%	3.1%	2.0%
	Downside Scenario	6.2%	1.2%	1.4%
Ukraine	Upside Scenario	15.6%	14.4%	9.4%
	Base	16.9%	16.3%	10.0%
	Downside Scenario	23.7%	26.6%	13.4%
Belarus	Upside Scenario	16.3%	20.7%	14.4%
	Base	17.5%	22.5%	15.0%
	Downside Scenario	26.9%	36.6%	19.7%
Austria	Upside Scenario	7.0%	4.2%	2.8%
	Base	6.5%	3.5%	2.6%
	Downside Scenario	5.9%	2.7%	2.3%
Poland	Upside Scenario	13.1%	13.4%	4.7%
	Base	11.6%	11.1%	3.9%
	Downside Scenario	9.8%	8.4%	3.0%
Russia	Upside Scenario	16.7%	8.9%	3.4%
	Base	18.0%	10.8%	4.0%
	Downside Scenario	21.4%	16.0%	5.7%
Romania	Upside Scenario	14.1%	11.2%	6.0%
	Base	12.7%	9.1%	5.3%
	Downside Scenario	10.0%	4.9%	3.9%
Slovakia	Upside Scenario	13.0%	7.9%	3.3%
	Base	7.7%	4.9%	2.4%
	Downside Scenario	5.4%	1.4%	1.2%
Czech Republic	Upside Scenario	14.3%	7.5%	3.0%
	Base	12.6%	6.0%	2.6%
	Downside Scenario	11.5%	4.3%	2.0%
Hungary	Upside Scenario	11.2%	9.1%	4.7%
	Base	9.5%	6.5%	3.8%
	Downside Scenario	7.5%	3.5%	2.8%

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

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

Overlays and other risk factors

In situations where the existing input parameters, assumptions and modelling do not cover all relevant risk factors, post-model adjustments and additional risk factors are the most important types of overlays. This is generally the case if there are temporary circumstances, time restrictions to adequately incorporate relevant new information into the rating or re-segmentation of the portfolio and if individual loans within a loan portfolio develop differently than originally expected. Due to the given situation, such as the pandemic and the war in Ukraine, it is necessary to reflect additional risks in the impairments. Due to these developments, ECL models will be re-evaluated and recalibrated throughout the year. All these adjustments are approved by the Group Risk Committee (GRC). There are portfolio-specific adjustments due to the war and the sanctions which are presented in the category others and COVID-19 related adjustments.

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

30/6/2022	Modeled ECL	Other special risk factors		Post-model adjustments		Total
in € million		COVID-19 related	Other	COVID-19 related	Other	
Central banks	2	0	0	0	0	2
General governments	67	0	0	0	0	67
Banks	16	0	0	0	0	16
Other financial corporations	122	0	0	0	0	122
Non-financial corporations	221	64	516	14	5	820
Households	455	0	0	14	52	520
Total	**882**	**64**	**516**	**28**	**57**	**1,547**

31/12/2021	Modeled ECL	Other special risk factors		Post-model adjustments		Total
in € million		COVID-19 related	Other	COVID-19 related	Other	
Central banks	0	0	0	0	0	0
General governments	5	0	0	0	0	5
Banks	1	0	0	0	0	1
Other financial corporations	61	0	0	0	0	61
Non-financial corporations	156	253	115	19	0	542
Households	339	0	0	36	26	402
Total	**562**	**253**	**115**	**55**	**26**	**1,011**

The overlays and other risk factors resulted in additional Stage 1 and 2 provisions of € 665 million (previous year: € 449 million), of which € 573 million (previous year: € 141 million) relate to other risk factors and € 92 million (previous year: € 308 million) are attributable to COVID-19.

Other risk factors

The other special risk factors represent an additional impairment of € 516 million (previous year: € 115 million) for sanctions, geopolitical risks and other effects as inflation, supply chain problems or a potential gas shock. Of this, € 196 million are attributable to EU and US sanctions for Russia with € 161 million (previous year: € 61 million) and Belarus with € 35 million (previous year: € 28 million). The impairments made in the previous year for the geopolitical risk in Ukraine increased to € 134 million (previous year: € 25 million) due to the expected consequences of the war. A further € 182 million are attributed to macro-economic spill-over effects including increased energy prices, inflation and supply chain squeezes. A further € 4 million relate to the agricultural portfolio in Romania due to the dry period in spring 2021. The impairments were recognized considering the outbreak of the war, the sanctions, and the resulting uncertainties as well as on the basis of RBI's internal monitoring and control approaches.

The modelled expected credit losses are already based on a Scenario with GDP drop of 33 per cent in Ukraine combined with rating downgrades reflecting current situation. For corporate customers, additional expected credit loss effects have been built into the modelled expected credit losses. The additional credit losses in Ukraine of € 134 million result from the modelling of a prolonged war and a prolonged macroeconomic downturn, as well as damage to infrastructure, production facilities and livelihoods in and around the occupied territories, as well as the non-repayability of loans within the loan terms.

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

For corporate customers, COVID-19 related effects were additionally integrated in the modeled expected credit losses using credit loss effects by means of an industry matrix, country specifics or, if necessary, by means of other special risk factors.

Post-model adjustments

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

In the previous year, the gradual reduction of the COVID-19 related post-model adjustments for households has been started, and this is expected to be completed by the end of 2022 depending on moratorium expiration and other country specifics. The accounts will either naturally default by this time or no longer be considered as increased credit risk, and the adjustment has been/will be reversed.

The impact of the war on Ukraine's retail portfolio

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

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

In the medium term, post-model adjustments should fall after the end of the general imposed deferral of payment in June with associated resumption of standard information flow on payments and days past due information leading to the expected effect that certain share of customers will default and the remaining part will repay according to the normal process such that post-model adjustments can be reversed in the medium-term.

Sensitivity analysis

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

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

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

30/6/2022	Accumulated impairment (Stage 1 and 2)		
in € million	Simulated scenario	Point-in-time component	Forward-looking component
100% Optimistic	1,404	1,386	18
100% Base	1,517	1,386	132
100% Pessimistic	1,750	1,386	364
Weighted average (25/50/25%)	**1,547**	**1,386**	**161**

31/12/2021	Accumulated impairment (Stage 1 and 2)		
in € million	Simulated scenario	Point-in-time component	Forward-looking component
100% Optimistic	927	1,051	(124)
100% Base	991	1,051	(60)
100% Pessimistic	1,135	1,051	84
Weighted average (25/50/25%)	**1,011**	**1,051**	**(40)**

Overall macroeconomic scenarios are currently worse than the long-term average, so that the forward-looking component results in an increase of € 161 million.

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

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

	Accumulated impairment (Stage 1 and 2)	
in € million	30/6/2022	31/12/2021
Accumulated impairment if 100% in Stage 1	642	427
Weighted average (25/50/25%)	1,547	1,011
Additional amounts in Stage 2 due to staging	905	584

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

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

	Accumulated impairment (Stage 1 and 2)	
in € million	30/6/2022	31/12/2021
Accumulated impairment if 100% in Stage 2	2,166	1,701
Weighted average (25/50/25%)	1,547	1,011
Additional amounts in Stage 2	619	691

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

	Accumulated impairment (Stage 3)	
in € million	30/6/2022	31/12/2021
Pessimistic scenario	2,076	1,980
Weighted average	1,786	1,625
Increase in provisions due to pessimistic scenario	291	355

(38) Credit risk volume by stages

RBI's credit portfolio is well diversified in terms of type of customer, geographical region and industry. Single name concentrations are also actively managed (based on the concept of groups of connected customers) by limits and regular reporting. As a consequence, portfolio granularity is high. The following tables show the financial assets - amortized cost, by counterparty. This reveals the bank's focus on non-financial corporations and households.

Gross carrying amount

	30/6/2022				31/12/2021			
in € million	Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI
Central banks	10,297	287	0	0	11,901	108	0	0
General governments	14,249	2,026	38	0	12,959	523	0	0
Banks	8,249	287	4	0	6,692	129	4	0
Other financial corporations	10,630	1,878	172	64	9,809	1,979	92	22
Non-financial corporations	41,601	11,190	1,465	139	42,142	8,464	1,367	173
Households	32,832	8,411	1,092	144	28,821	8,876	1,009	141
hereof mortgage	21,311	6,383	401	97	19,112	7,123	413	101
Total	**117,858**	**24,079**	**2,771**	**348**	**112,323**	**20,079**	**2,473**	**336**

Accumulated impairment

	30/6/2022				31/12/2021			
in € million	Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI
Central banks	(1)	(1)	0	0	0	0	0	0
General governments	(2)	(63)	0	0	(2)	(2)	0	0
Banks	(1)	(7)	(4)	0	0	0	(4)	0
Other financial corporations	(7)	(105)	(72)	(9)	(5)	(46)	(36)	(8)
Non-financial corporations	(165)	(467)	(895)	(60)	(93)	(351)	(838)	(76)
Households	(119)	(371)	(759)	(31)	(94)	(288)	(689)	(34)
hereof mortgage	(31)	(183)	(225)	(25)	(22)	(178)	(237)	(24)
Total	**(294)**	**(1,015)**	**(1,730)**	**(100)**	**(195)**	**(687)**	**(1,567)**	**(118)**

ECL coverage ratio

	30/6/2022				31/12/2021			
	Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI
Central banks	0.0%	0.5%	-	-	0.0%	0.0%	-	-
General governments	0.0%	3.1%	0.1%	0.0%	0.0%	0.3%	87.8%	0.0%
Banks	0.0%	2.5%	92.8%	-	0.0%	0.0%	82.8%	-
Other financial corporations	0.1%	5.6%	42.0%	13.8%	0.1%	2.3%	39.4%	38.2%
Non-financial corporations	0.4%	4.2%	61.1%	42.8%	0.2%	4.1%	61.3%	43.8%
Households	0.4%	4.4%	69.5%	21.9%	0.3%	3.2%	68.3%	23.8%
hereof mortgage	0.1%	2.9%	56.2%	25.6%	0.1%	2.5%	57.3%	24.2%
Total	**0.2%**	**4.2%**	**62.4%**	**28.8%**	**0.2%**	**3.4%**	**63.4%**	**35.1%**

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

30/6/2022 in € million	Nominal amount Stage 1	Stage 2	Stage 3	Provisions for off-balance sheet items according to IFRS 9 Stage 1	Stage 2	Stage 3	ECL Coverage Ratio Stage 1	Stage 2	Stage 3
Central banks	0	0	0	0	0	0	0.0%	–	–
General governments	491	23	0	0	0	0	0.0%	0.8%	–
Banks	2,431	226	10	0	(8)	(5)	0.0%	3.5%	50.0%
Other financial corporations	6,756	535	14	(4)	(6)	(1)	0.1%	1.0%	8.7%
Non-financial corporations	34,671	8,943	177	(39)	(149)	(37)	0.1%	1.7%	20.7%
Households	5,206	1,282	17	(14)	(16)	(13)	0.3%	1.3%	73.5%
Total	**49,555**	**11,008**	**218**	**(57)**	**(179)**	**(56)**	**0.1%**	**1.6%**	**25.5%**

31/12/2021 in € million	Nominal amount Stage 1	Stage 2	Stage 3	Provisions for off-balance sheet items according to IFRS 9 Stage 1	Stage 2	Stage 3	ECL Coverage Ratio Stage 1	Stage 2	Stage 3
Central banks	0	0	0	0	0	0	0.0%	–	–
General governments	433	65	0	0	0	0	0.0%	0.0%	–
Banks	2,203	95	0	0	0	0	0.0%	0.0%	–
Other financial corporations	6,111	727	8	(2)	(7)	(1)	0.0%	1.0%	13.7%
Non-financial corporations	36,388	4,271	189	(31)	(66)	(48)	0.1%	1.6%	25.2%
Households	4,552	991	16	(9)	(11)	(10)	0.2%	1.1%	61.0%
Total	**49,688**	**6,149**	**213**	**(43)**	**(84)**	**(58)**	**0.1%**	**1.4%**	**27.4%**

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

30/6/2022 in € million	Gross carrying amount 12-month ECL	Lifetime ECL	Impairment 12-month ECL	Lifetime ECL	ECL Coverage Ratio 12-month ECL	Lifetime ECL
Movement from 12-month ECL to lifetime ECL	**(10,855)**	**10,855**	**(35)**	**395**	**0.3%**	**3.6%**
Central banks	(50)	50	0	0	0.0%	0.0%
General governments	(1,374)	1,374	(2)	46	0.1%	3.3%
Banks	(140)	140	0	5	0.0%	3.4%
Other financial corporations	(446)	446	(3)	36	0.6%	8.0%
Non-financial corporations	(5,505)	5,505	(16)	137	0.3%	2.5%
Households	(3,339)	3,339	(14)	172	0.4%	5.1%
Movement from lifetime ECL to 12-month ECL	**7,375**	**(7,375)**	**17**	**(161)**	**0.2%**	**2.2%**
Central banks	0	0	0	0	-	-
General governments	213	(213)	0	0	0.0%	0.2%
Banks	35	(35)	0	0	0.0%	0.0%
Other financial corporations	517	(517)	1	(9)	0.1%	1.8%
Non-financial corporations	2,914	(2,914)	10	(67)	0.3%	2.3%
Households	3,695	(3,695)	7	(85)	0.2%	2.3%

The increase in expected credit losses arising from the movement of twelve-month expected credit losses to lifetime losses amounted to € 360 million (previous year: € 258 million). The decrease in expected credit losses arising from the movement of lifetime losses to twelve-month expected credit losses was € 144 million (previous year: € 120 million).

31/12/2021 in € million	Gross carrying amount 12-month ECL	 Lifetime ECL	Impairment 12-month ECL	 Lifetime ECL	ECL Coverage Ratio 12-month ECL	 Lifetime ECL
Movement from 12-month ECL to lifetime ECL	**(7,519)**	**7,519**	**(32)**	**290**	**0.4%**	**3.9%**
Central banks	0	0	0	0	-	-
General governments	(282)	282	(3)	2	1.0%	0.5%
Banks	(120)	120	0	0	0.0%	0.0%
Other financial corporations	(412)	412	(1)	8	0.2%	1.9%
Non-financial corporations	(2,322)	2,322	(17)	92	0.7%	3.9%
Households	(4,384)	4,384	(12)	189	0.3%	4.3%
Movement from lifetime ECL to 12-month ECL	**6,398**	**(6,398)**	**18**	**(138)**	**0.3%**	**2.2%**
Central banks	0	0	0	0	-	-
General governments	56	(56)	0	(1)	0.0%	2.2%
Banks	61	(61)	0	0	0.0%	0.2%
Other financial corporations	360	(360)	0	(6)	0.1%	1.7%
Non-financial corporations	3,174	(3,174)	9	(48)	0.3%	1.5%
Households	2,747	(2,747)	9	(82)	0.3%	3.0%

(39) Development of impairments

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

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

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	52	37	24	0	113
Decreases due to derecognition	(19)	(37)	(113)	(14)	(183)
Changes due to change in credit risk (net)	(27)	31	178	5	188
Changes due to modifications without derecognition (net)	0	0	0	0	0
Decrease due to write-offs	0	0	(56)	(3)	(59)
Change in consolidated group	0	0	0	0	0
Foreign exchange and other	3	3	4	3	13
As at 30/6/2021	**197**	**664**	**1,672**	**110**	**2,643**

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

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

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	22	9	3	33
Decreases due to derecognition	(6)	(6)	(7)	(19)
Changes due to change in credit risk (net)	(12)	(1)	(1)	(15)
Foreign exchange and other	1	1	1	3
As at 30/6/2021	**50**	**61**	**66**	**177**

(40) Modified assets

Changes in contractual cash flows of financial assets are examined according to both qualitative and qualitative criteria to determine whether the modifications are substantial or non-substantial.

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

The change in the non-substantial net modification effect of minus € 11 million to minus € 9 million was mainly due to the ending of COVID-19 measures in countries in which RBI operates. The fact that unpaid interest from legally prescribed moratoriums was not allowed to generate compound interest resulted in reductions in the gross carrying amount of the loans concerned, which caused net modification losses.

30/6/2022 in € million	Stage 1	Stage 2	Stage 3	POCI	Total
Net modifications gains/losses of financial assets	(4)	(1)	(4)	(1)	(9)
Amortized cost before the modification of financial assets	3,840	836	(14)	9	4,671
Gross carrying amount of modified assets as at 31/12, which moved to Stage 1 during the year	–	33	0	0	33

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

(41) Transferred assets

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

30/6/2022	Transferred assets			Associated liabilities		
in € million	Carrying amount	hereof securitizations	hereof repurchase agreements	Carrying amount	hereof securitizations	hereof repurchase agreements
Financial assets - held for trading	1	0	1	1	0	1
Financial assets - fair value through other comprehensive income	156	0	156	158	0	158
Financial assets - amortized cost	1,152	0	1,152	1,150	0	1,150
Total	**1,309**	**0**	**1,309**	**1,309**	**0**	**1,309**

31/12/2021	Transferred assets			Associated liabilities		
in € million	Carrying amount	hereof securitizations	hereof repurchase agreements	Carrying amount	hereof securitizations	hereof repurchase agreements
Financial assets - held for trading	39	0	39	39	0	39
Financial assets - fair value through other comprehensive income	36	0	36	36	0	36
Financial assets - amortized cost	904	0	904	904	0	904
Total	**979**	**0**	**979**	**979**	**0**	**979**

(42) Assets pledged as collateral and significantly restricted

Significant restrictions regarding the access or use of assets:

	30/6/2022		31/12/2021	
in € million	Pledged	Otherwise restricted with liabilities	Pledged	Otherwise restricted with liabilities
Financial assets - held for trading	20	0	141	0
Non-trading financial assets - mandatorily fair value through profit/loss	16	0	15	0
Financial assets - designated fair value through profit/loss	0	0	0	0
Financial assets - fair value through other comprehensive income	810	0	603	0
Financial assets - amortized cost	18,996	1,972	18,232	1,000
Total	**19,841**	**1,972**	**18,990**	**1,000**

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

Securities and other financial assets accepted as collateral:

in € million	30/6/2022	31/12/2021
Securities and other financial assets accepted as collateral which can be sold or repledged	19,252	17,517
hereof which have been sold or repledged	3,413	2,068

(43) Derivative financial instruments

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

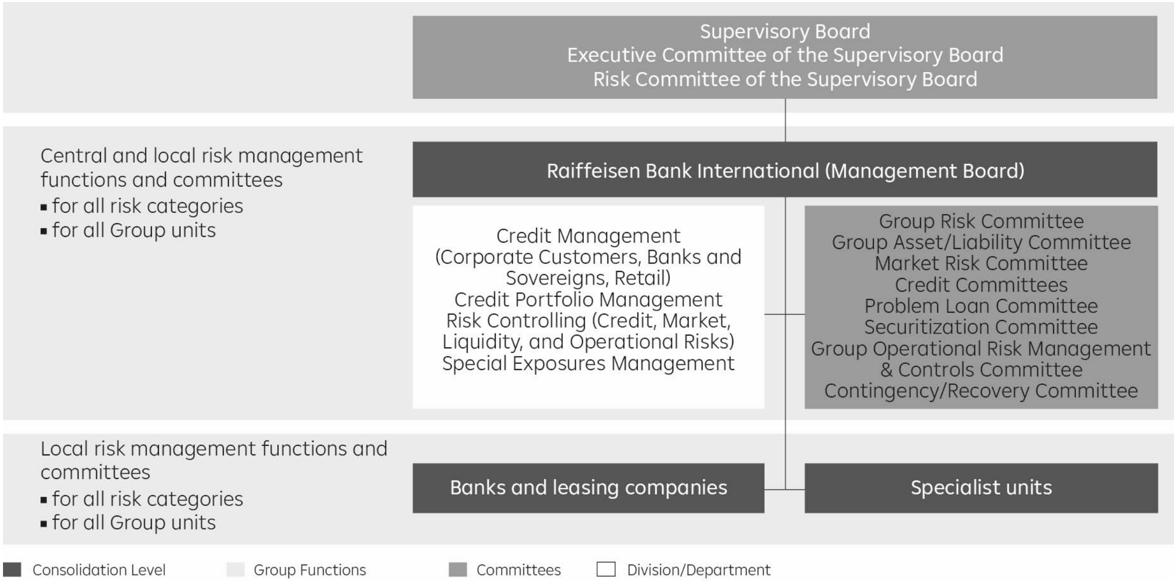
30/6/2022	Nominal amount	Fair value	
in € million		Assets	Equity and liabilities
Trading book	**210,629**	**4,649**	**(4,333)**
Interest rate contracts	155,011	2,814	(2,630)
Equity contracts	4,327	157	(246)
Foreign exchange rate and gold contracts	49,043	1,654	(1,430)
Credit contracts	1,188	4	(7)
Commodities	48	3	(1)
Other	1,011	16	(19)
Banking book	**28,094**	**1,002**	**(415)**
Interest rate contracts	19,177	835	(350)
Foreign exchange rate and gold contracts	8,916	167	(65)
Credit contracts	0	0	0
Hedging instruments	**44,341**	**938**	**(1,916)**
Interest rate contracts	42,491	929	(1,878)
Foreign exchange rate and gold contracts	1,850	9	(39)
Total	**283,064**	**6,589**	**(6,664)**
OTC products	275,584	6,393	(6,600)
Products traded on stock exchange	5,233	172	(37)

31/12/2021	Nominal amount	Fair value	
in € million		Assets	Equity and liabilities
Trading book	**190,896**	**1,935**	**(1,823)**
Interest rate contracts	133,273	1,085	(1,050)
Equity contracts	4,241	183	(138)
Foreign exchange rate and gold contracts	50,743	637	(566)
Credit contracts	1,476	21	(22)
Commodities	70	3	(1)
Other	1,093	6	(45)
Banking book	**16,483**	**197**	**(71)**
Interest rate contracts	12,123	182	(64)
Foreign exchange rate and gold contracts	3,876	15	(2)
Credit contracts	484	0	(4)
Hedging instruments	**43,280**	**630**	**(828)**
Interest rate contracts	41,560	628	(799)
Foreign exchange rate and gold contracts	1,720	3	(29)
Total	**250,660**	**2,763**	**(2,722)**
OTC products	245,361	2,703	(2,641)
Products traded on stock exchange	2,176	29	(9)

Risk report

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

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



Economic perspective – economic capital approach

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

The Group uses a confidence level of 99.90 per cent to calculate economic capital. In compliance with the ICAAP Directive published by the European Central Bank, additional tier 1 (AT1) has no longer been used to calculate the internal capital from 2021. In the first half-year of 2022, the economic capital recorded a strong increase compared to year-end 2021, mainly driven by effects resulting from the military conflict in Ukraine and the sanctions against Russia and Belarus. Specifically, this includes rating downgrades in the countries concerned and higher market volatility. In addition, the operational risk increased due to higher losses on foreign currency loans in Poland.

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

Risk contribution of individual risk types to economic capital:

in € million	30/6/2022	Share	31/12/2021	Share
Credit risk corporate customers	2,049	23.3%	1,820	27.2%
Credit risk retail customers	1,555	17.7%	1,459	21.8%
FX risk capital position	1,199	13.6%	286	4.3%
Operational risk	833	9.5%	597	8.9%
Market risk	712	8.1%	507	7.6%
Participation risk	707	8.0%	718	10.7%
Credit risk banks	507	5.8%	155	2.3%
Credit risk sovereigns	449	5.1%	533	8.0%
Owned property risk	321	3.7%	287	4.3%
CVA risk	35	0.4%	21	0.3%
Liquidity risk	1	0.0%	0	0.0%
Risk buffer	418	4.8%	319	4.8%
Total	**8,786**	**100.0%**	**6,702**	**100.0%**

Regional allocation of economic capital by Group unit domicile:

in € million	30/6/2022	Share	31/12/2021	Share
Austria	2,388	27.2%	2,357	35.2%
Eastern Europe	2,961	33.7%	1,198	17.9%
Central Europe	1,779	20.2%	1,530	22.8%
Southeastern Europe	1,659	18.9%	1,617	24.1%
Rest of World	0	0.0%	0	0.0%
Total	**8,786**	**100.0%**	**6,702**	**100.0%**

(44) Credit risk

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

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

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

in € million	30/6/2022	31/12/2021
Cash, cash balances at central banks and other demand deposits	46,565	33,147
Financial assets - amortized cost	145,055	139,668
Financial assets - fair value through other comprehensive income	3,470	4,709
Non-trading financial assets - mandatorily at fair value through profit / loss	781	978
Financial assets - designated fair value through profit/loss	192	264
Financial assets - held for trading	7,202	3,759
Hedge accounting	(20)	352
Current tax assets	80	73
Deferred tax assets	149	152
Other assets	981	1,034
Loan commitments given	45,370	42,601
Financial guarantees given	10,645	8,900
Other commitments given	4,766	4,548
Reconcilation difference	(14,020)	(8,003)
Credit exposure	**251,216**	**232,183**

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

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

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

Credit exposure by asset classes (rating models):

in € million	30/6/2022	31/12/2021
Corporate customers	96,071	95,080
Project finance	9,295	8,359
Banks	33,947	20,864
Sovereigns	61,416	59,849
Retail customers	50,487	48,031
Total	**251,216**	**232,183**

Credit portfolio – Corporate customers

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

in € million		30/6/2022	Share	31/12/2021	Share
1	Minimal risk	2,225	2.3%	2,030	2.1%
2	Excellent credit standing	7,461	7.8%	8,634	9.1%
3	Very good credit standing	22,293	23.2%	22,974	24.2%
4	Good credit standing	23,169	24.1%	22,532	23.7%
5	Sound credit standing	17,742	18.5%	18,430	19.4%
6	Acceptable credit standing	12,017	12.5%	12,572	13.2%
7	Marginal credit standing	4,261	4.4%	4,821	5.1%
8	Weak credit standing/sub-standard	3,067	3.2%	1,411	1.5%
9	Very weak credit standing/doubtful	2,132	2.2%	168	0.2%
10	Default	1,431	1.5%	1,267	1.3%
NR	Not rated	272	0.3%	240	0.3%
Total		**96,071**	**100.0%**	**95,080**	**100.0%**

The credit exposure to corporate customers increased € 991 million to € 96,071 million compared to year-end. The largest increases were recorded in Serbia (acquisition of Crédit Agricole Srbija AD), Austria, Romania, and the Czech Republic. These were offset by the sale of the Bulgarian Group units (minus € 2,526 million). In Russia, among other things, the sanctions led to a volume-related decline, which was largely offset by the appreciation of the Russian ruble.

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

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

in € million		30/6/2022	Share	31/12/2021	Share
6.1	Excellent project risk profile – very low risk	5,578	60.0%	4,807	57.5%
6.2	Good project risk profile – low risk	2,899	31.2%	2,539	30.4%
6.3	Acceptable project risk profile – average risk	402	4.3%	666	8.0%
6.4	Poor project risk profile – high risk	113	1.2%	16	0.2%
6.5	Default	291	3.1%	325	3.9%
NR	Not rated	12	0.1%	6	0.1%
Total		**9,295**	**100.0%**	**8,359**	**100.0%**

The € 936 million increase in project finance was mainly attributable to an increase in rating grades 6.1 and 6.2 in the Czech Republic, Germany, Austria, Russia (currency-related due to the appreciation of the Russian ruble) and Slovakia. This increase was partly offset by a decline in rating grade 6.3 in the Czech Republic, which was primarily attributable to rating upgrades.

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	30/6/2022	Share	31/12/2021	Share
Western Europe	25,714	24.4%	26,168	25.3%
Central Europe	24,613	23.4%	23,215	22.4%
Austria	19,575	18.6%	18,623	18.0%
Eastern Europe	18,104	17.2%	17,759	17.2%
Southeastern Europe	13,673	13.0%	14,388	13.9%
Asia	1,790	1.7%	1,667	1.6%
Other	1,897	1.8%	1,618	1.6%
Total	**105,366**	**100.0%**	**103,439**	**100.0%**

The increase in Central Europe was primarily attributable to the increase in credit financing and guarantees issued in the Czech Republic and Slovakia. The increase in Austria essentially resulted from the increase in credit financing and guarantees issued. At € 2,650 million, the sale of the Bulgarian Group units reduced the credit exposure in Southeastern Europe and was partly offset by the acquisition of Crédit Agricole Srbija AD and by increases in credit and facility financing in Serbia and Romania. Credit exposure in Western Europe fell mainly due to a decline in facility financing and guarantees issued in France and Switzerland, and by a decline in customer loans in Belgium and Great Britain.

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

in € million	30/6/2022	Share	31/12/2021	Share
Manufacturing	26,599	25.2%	26,270	25.4%
Wholesale and retail trade	23,093	21.9%	24,175	23.4%
Real estate	13,601	12.9%	12,852	12.4%
Financial intermediation	8,940	8.5%	8,814	8.5%
Construction	6,288	6.0%	5,863	5.7%
Electricity, gas, steam and hot water supply	4,983	4.7%	4,726	4.6%
Transport, storage and communication	4,188	4.0%	4,122	4.0%
Freelance/technical services	2,957	2.8%	2,481	2.4%
Other industries	14,716	14.0%	14,136	13.7%
Total	**105,366**	**100.0%**	**103,439**	**100.0%**

Credit portfolio – Retail customers

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

in € million	30/6/2022	Share	31/12/2021	Share
Retail customers – private individuals	47,417	93.9%	44,683	93.0%
Retail customers – small and medium-sized entities	3,071	6.1%	3,348	7.0%
Total	**50,487**	**100.0%**	**48,031**	**100.0%**

Credit exposure to retail customers by internal rating:

in € million		30/6/2022	Share	31/12/2021	Share
0.5	Minimal risk	11,833	23.4%	12,192	25.4%
1.0	Excellent credit standing	9,765	19.3%	8,577	17.9%
1.5	Very good credit standing	8,941	17.7%	8,449	17.6%
2.0	Good credit standing	6,484	12.8%	6,275	13.1%
2.5	Sound credit standing	3,953	7.8%	3,660	7.6%
3.0	Acceptable credit standing	1,922	3.8%	2,189	4.6%
3.5	Marginal credit standing	849	1.7%	840	1.7%
4.0	Weak credit standing/sub-standard	372	0.7%	359	0.7%
4.5	Very weak credit standing/doubtful	434	0.9%	397	0.8%
5.0	Default	1,350	2.7%	1,318	2.7%
NR	Not rated	4,584	9.1%	3,776	7.9%
Total		**50,487**	**100.0%**	**48,031**	**100.0%**

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

Credit exposure to retail customers by segments:

30/6/2022 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Retail customers – private individuals	22,426	9,751	8,204	7,036
Retail customers – small and medium-sized entities	1,745	1,033	293	0
Total	**24,170**	**10,784**	**8,497**	**7,036**
hereof non-performing exposure	560	415	341	38

31/12/2021 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Retail customers – private individuals	22,043	10,510	5,953	6,177
Retail customers – small and medium-sized entities	1,748	1,296	304	0
Total	**23,791**	**11,806**	**6,257**	**6,177**
hereof non-performing exposure	598	487	194	32

In the first half-year of 2022, credit exposure to retail customers grew 5.1 per cent, with the largest increase being in Eastern Europe and due to the development of the Russian ruble. Central Europe recorded growth of € 379 million, due to the increase in mortgage and consumer loans in the Czech Republic and Slovakia. The decline in Southeastern Europe was due to the sale of the Bulgarian Group units (down € 2,205 million) and was partly offset by the acquisition of Crédit Agricole Srbija AD (€ 756 million).

Retail credit exposure by products:

in € million	30/6/2022	Share	31/12/2021	Share
Mortgage loans	30,381	60.2%	28,886	60.1%
Personal loans	11,544	22.9%	10,879	22.6%
Credit cards	4,236	8.4%	3,708	7.7%
SME financing	2,445	4.8%	2,622	5.5%
Overdraft	1,280	2.5%	1,364	2.8%
Car loans	601	1.2%	572	1.2%
Total	**50,487**	**100.0%**	**48,031**	**100.0%**

Credit portfolio – Banks

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

in € million		30/6/2022	Share	31/12/2021	Share
1	Minimal risk	10,522	31.0%	3,668	17.6%
2	Excellent credit standing	4,819	14.2%	4,385	21.0%
3	Very good credit standing	12,841	37.8%	6,193	29.7%
4	Good credit standing	1,047	3.1%	5,649	27.1%
5	Sound credit standing	138	0.4%	418	2.0%
6	Acceptable credit standing	237	0.7%	433	2.1%
7	Marginal credit standing	3,710	10.9%	91	0.4%
8	Weak credit standing/sub-standard	38	0.1%	23	0.1%
9	Very weak credit standing/doubtful	578	1.7%	0	0.0%
10	Default	16	0.0%	3	0.0%
NR	Not rated	1	0.0%	0	0.0%
Total		**33,947**	**100.0%**	**20,864**	**100.0%**

Credit exposure to banks increased primarily due to the increase in loans and advances in rating grade 1 and to repo transactions in rating grade 3 in China, the USA, France, Germany and Luxembourg. In addition, rating grade 4 recorded a decline in repo transactions mainly in France and Spain, also due to rating upgrades of individual customers to rating grade 3. The increase in rating grade 7 was mainly attributable to the rating downgrade of a Russian customer from rating grade 2.

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

in € million	30/6/2022	Share	31/12/2021	Share
Loans and advances	13,954	41.1%	5,201	24.9%
Repo	12,749	37.6%	8,467	40.6%
Bonds	3,859	11.4%	4,052	19.4%
Money market	1,490	4.4%	1,153	5.5%
Derivatives	621	1.8%	612	2.9%
Other	1,275	3.8%	1,378	6.6%
Total	**33,947**	**100.0%**	**20,864**	**100.0%**

Credit portfolio – Sovereigns

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

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

in € million		30/6/2022	Share	31/12/2021	Share
1	Excellent credit standing	33,887	55.2%	30,797	51.5%
2	Very good credit standing	11,116	18.1%	15,392	25.7%
3	Good credit standing	6,213	10.1%	7,391	12.3%
4	Sound credit standing	3,626	5.9%	3,811	6.4%
5	Average credit standing	587	1.0%	1,183	2.0%
6	Mediocre credit standing	357	0.6%	75	0.1%
7	Weak credit standing	2,841	4.6%	1,198	2.0%
8	Very weak credit standing	20	0.0%	0	0.0%
9	Doubtful/high default risk	1,737	2.8%	0	0.0%
10	Default	1,030	1.7%	1	0.0%
NR	Not rated	3	0.0%	0	0.0%
Total		**61,416**	**100.0%**	**59,849**	**100.0%**

Since the beginning of Russia's war with Ukraine, Russia's access to the global financial system has continuously deteriorated. For example, Western countries have imposed unprecedented sanctions against Russian companies, the Russian central bank and the Russian government. At the same time, Russia has introduced restrictions on capital flows to so-called unfriendly countries. Both have hampered the ability and also the willingness to service international debts. Based on the available information, holders of Russian foreign-currency sovereign bonds had not received any payments by Monday, 27 June 2022 (maturity Sunday, 26 June 2022). This resulted in RBI setting the internal rating for Russian sovereign bonds at the lowest possible level (SOV 10). In accordance with the regulatory guidelines and those of internal credit risk management, the external failure to service bonds is not deemed to constitute default as the instruments held by RBI still generate the originally expected contractual cash flows. The decision on non-default is being regularly reviewed due to the constantly changing situation.

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

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

in € million	30/6/2022	Share	31/12/2021	Share
Loans and advances	30,592	49.8%	28,111	47.0%
Bonds	18,234	29.7%	17,909	29.9%
Repo	6,472	10.5%	8,091	13.5%
Money market	5,834	9.5%	5,574	9.3%
Derivatives	142	0.2%	97	0.2%
Other	140	0.2%	67	0.1%
Total	**61,416**	**100.0%**	**59,849**	**100.0%**

The increase in loans and advances to sovereigns was primarily attributable to deposits at the Austrian national bank; this was partly offset by a decline from the sale of the Bulgarian Group units and by a reduction in deposits at the Slovakian and Romanian national banks. Repo transactions declined in the Czech Republic.

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

in € million	30/6/2022	Share	31/12/2021	Share
Russia	3,861	58.7%	0	0.0%
Ukraine	1,196	18.2%	843	34.3%
Albania	563	8.6%	720	29.3%
Belarus	541	8.2%	336	13.7%
Bosnia and Herzegovina	331	5.0%	465	18.9%
Other	82	1.3%	94	3.8%
Total	**6,574**	**100.0%**	**2,458**	**100.0%**

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

Non-performing exposures (NPE)

Since November 2019 RBI has fully applied the new definition of default of the CRR and also the corresponding requirements of the EBA (EBA/GL/2016/07). The new definition of default results in changes in the IRB approach, especially for the corporate rating models. These adjustments were approved by the competent supervisory authorities before implementation. Due to the COVID-19 outbreak, RBI also implemented the EBA guideline (EBA/GL/2020/02) on legislative and non-legislative moratoriums for loan payments applied in light of the COVID-19 crisis, which was valid until 31 March 2021. This aimed to support the Group units in providing the necessary relief measures to borrowers and mitigate the potential impact on the volumes of non-performing exposures with restructuring measures, forborne and defaulted/non-performing exposures, as well as their impact on the income statement.

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

	NPE		NPE ratio		NPE coverage ratio	
in € million	30/6/2022	31/12/2021	30/6/2022	31/12/2021	30/6/2022	31/12/2021
General governments	38	1	1.8%	0.1%	0.1%	96.0%
Banks	6	3	0.0%	0.0%	59.8%	>100%
Other financial corporations	224	113	1.9%	1.0%	36.4%	39.7%
Non-financial corporations	1,615	1,574	3.0%	2.9%	59.7%	59.8%
Households	1,184	1,131	2.8%	2.8%	68.2%	68.3%
Loans and advances	**3,067**	**2,822**	**1.8%**	**1.8%**	**60.7%**	**62.5%**
Bonds	**0**	**0**	**0.0%**	**0.0%**	**–**	**–**
Total	**3,067**	**2,823**	**1.6%**	**1.6%**	**60.7%**	**62.5%**

In the first half-year of 2022, the volume of non-performing exposures rose € 245 million to € 3,067 million. The organic increase was € 114 million, with the currency trend contributing € 208 million, particularly as a result of the appreciation of the Russian ruble and the US dollar. This was offset by the sale of the Bulgarian Group units amounting to € 105 million. At 1.6 per cent, the NPE ratio remained unchanged compared to the year-end. The coverage ratio fell 1.8 percentage points to 60.7 per cent.

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

in € million	As at 1/1/2022	Change in consolidated group	Exchange rate	Additions	Disposals	As at 30/6/2022
General governments	1	(1)	0	38	0	38
Banks	3	0	0	2	0	6
Other financial corporations	113	0	1	152	(41)	224
Non-financial corporations	1,574	(40)	67	303	(289)	1,615
Households	1,131	(36)	140	387	(437)	1,184
Loans and advances (NPL)	**2,822**	**(78)**	**208**	**883**	**(768)**	**3,067**
Bonds	**0**	**0**	**0**	**0**	**0**	**0**
Total (NPE)	**2,823**	**(78)**	**208**	**882**	**(768)**	**3,067**

in € million	As at 1/1/2021	Change in consolidated group	Exchange rate	Additions	Disposals	As at 31/12/2021
General governments	2	0	0	0	(1)	1
Banks	4	0	0	0	(1)	3
Other financial corporations	95	0	2	25	(9)	113
Non-financial corporations	1,627	26	34	364	(476)	1,574
Households	1,112	17	27	515	(538)	1,131
Loans and advances (NPL)	**2,840**	**42**	**62**	**903**	**(1,025)**	**2,822**
Bonds	**11**	**0**	**0**	**0**	**(10)**	**0**
Total (NPE)	**2,851**	**42**	**62**	**903**	**(1,035)**	**2,823**

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

	NPE		NPE ratio		NPE coverage ratio	
in € million	30/6/2022	31/12/2021	30/6/2022	31/12/2021	30/6/2022	31/12/2021
Central Europe	908	916	1.6%	1.6%	60.8%	60.5%
Southeastern Europe	641	756	2.3%	2.4%	68.2%	69.3%
Eastern Europe	660	350	1.6%	1.5%	59.7%	66.9%
Group Corporates & Markets	858	801	1.5%	1.5%	55.7%	56.4%
Corporate Center	0	0	0.0%	0.0%	100.0%	100.0%
Total	**3,067**	**2,823**	**1.6%**	**1.6%**	**60.7%**	**62.5%**

Rising € 311 million to € 660 million, the Eastern Europe segment was the main contributor to the increase in non-performing exposure, with Russia accounting for € 196 million and Ukraine € 104 million. The appreciation of the Russian ruble accounted for € 171 million of the increase, with sales and derecognitions of non-performing loans in Russia resulting in a reduction of € 62 million. The NPE ratio in relation to total exposure remained unchanged compared to the year-end at 1.6 per cent, and the coverage ratio sank 7.2 percentage points to 59.7 per cent.

Non-performing exposure in the Group Corporates and Markets segment increased € 57 million compared to the year-end, influenced by the appreciation of the US dollar amounting to € 31 million. The NPE ratio remained unchanged at 1.5 per cent compared to the year-end, while the coverage ratio fell 0.8 percentage points to 55.7 per cent.

Southeastern Europe segment reported a € 115 million reduction in non-performing exposure to € 641 million. The reduction was mainly attributable to the sale of the Bulgarian Group units in a total amount of € 105 million, but also to sales and derecognitions of non-performing loans amounting to € 53 million. The NPE ratio decreased 0.1 percentage points to 2.3 per cent, and the coverage ratio fell 1.1 percentage points to 68.2 per cent.

The Central Europe segment reported with € 908 million only a slight decrease in non-performing exposure. At 1.6 per cent, the NPE ratio in relation to total exposure remained unchanged, and the coverage ratio rose 0.3 percentage points to 60.8 per cent.

Non-performing exposure with restructuring measures:

	Refinancing		Instruments with modified time and modified conditions		Total	
in € million	30/6/2022	31/12/2021	30/6/2022	31/12/2021	30/6/2022	31/12/2021
General governments	0	0	0	1	0	1
Banks	0	0	0	0	0	0
Other financial corporations	69	8	55	60	124	69
Non-financial corporations	107	215	764	804	872	1,019
Households	10	11	277	297	287	308
Total	**187**	**235**	**1,096**	**1,162**	**1,283**	**1,397**

Non-performing exposure with restructuring measures by segments:

in € million	30/6/2022	Share	31/12/2021	Share
Central Europe	281	21.9%	328	23.5%
Southeastern Europe	194	15.1%	261	18.7%
Eastern Europe	212	16.5%	179	12.8%
Group Corporates & Markets	596	46.5%	628	45.0%
Total	**1,283**	**100.0%**	**1,397**	**100.0%**

Concentration risk

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

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

in € million	30/6/2022	Share	31/12/2021	Share
Central Europe	**68,555**	**27.3%**	**69,380**	**29.9%**
Czech Republic	30,776	12.3%	31,130	13.4%
Slovakia	22,428	8.9%	22,228	9.6%
Hungary	10,571	4.2%	10,841	4.7%
Poland	4,250	1.7%	4,610	2.0%
Other	529	0.2%	572	0.2%
Austria	**52,984**	**21.1%**	**46,936**	**20.2%**
Western Europe	**45,672**	**18.2%**	**41,056**	**17.7%**
Germany	13,799	5.5%	12,356	5.3%
France	8,219	3.3%	6,784	2.9%
Great Britain	4,296	1.7%	4,413	1.9%
Luxembourg	3,891	1.5%	2,395	1.0%
Switzerland	3,776	1.5%	4,211	1.8%
Spain	3,112	1.2%	2,654	1.1%
Netherlands	2,494	1.0%	1,795	0.8%
Italy	1,571	0.6%	1,693	0.7%
Other	4,515	1.8%	4,755	2.0%
Southeastern Europe	**33,135**	**13.2%**	**36,906**	**15.9%**
Romania	14,912	5.9%	14,459	6.2%
Croatia	6,534	2.6%	6,368	2.7%
Serbia	6,092	2.4%	4,490	1.9%
Bosnia and Herzegovina	2,265	0.9%	2,293	1.0%
Albania	1,724	0.7%	1,798	0.8%
Bulgaria	489	0.2%	6,413	2.8%
Other	1,119	0.4%	1,085	0.5%
Eastern Europe	**36,789**	**14.6%**	**29,826**	**12.8%**
Russia	29,502	11.7%	23,339	10.1%
Ukraine	4,540	1.8%	4,253	1.8%
Belarus	2,013	0.8%	1,906	0.8%
Other	734	0.3%	328	0.1%
Asia	**5,955**	**2.4%**	**2,450**	**1.1%**
North America	**5,524**	**2.2%**	**2,992**	**1.3%**
Rest of World	**2,603**	**1.0%**	**2,636**	**1.1%**
Total	**251,216**	**100.0%**	**232,183**	**100.0%**

Eastern Europe recorded the largest increase due to the appreciation of the Russian ruble. In Austria, the increase was attributable to higher deposits at the Austrian national bank as well as to credit financing. In Western Europe, repo transactions increased in France and the Netherlands, and loans and advances increased in Germany and Luxembourg. The increased exposure in Asia and North America was attributable to loans to banks in China and the USA. The sale of the Bulgarian Group units led to a reduction in Southeastern Europe, which was partly offset by the acquisition of Crédit Agricole Srbija AD.

The Group's credit exposure based on industry classification:

in € million	30/6/2022	Share	31/12/2021	Share
Banking and insurance	80,062	31.9%	66,636	28.7%
Private households	47,568	18.9%	44,857	19.3%
Other manufacturing	20,305	8.1%	19,954	8.6%
Public administration and defense and social insurance institutions	19,561	7.8%	18,788	8.1%
Wholesale trade and commission trade (except car trading)	16,849	6.7%	18,135	7.8%
Real estate activities	13,753	5.5%	13,017	5.6%
Construction	6,873	2.7%	6,404	2.8%
Retail trade except repair of motor vehicles	6,276	2.5%	6,144	2.6%
Electricity, gas, steam and hot water supply	5,148	2.0%	4,852	2.1%
Manufacture of basic metals	3,384	1.3%	3,240	1.4%
Other business activities	3,384	1.3%	2,881	1.2%
Manufacture of food products and beverages	2,805	1.1%	2,925	1.3%
Land transport, transport via pipelines	2,635	1.0%	2,599	1.1%
Other transport	2,126	0.8%	2,115	0.9%
Manufacture of machinery and equipment	1,897	0.8%	1,875	0.8%
Extraction of crude petroleum and natural gas	1,669	0.7%	1,389	0.6%
Sale of motor vehicles	1,301	0.5%	1,346	0.6%
Other industries	15,620	6.2%	15,024	6.5%
Total	**251,216**	**100.0%**	**232,183**	**100.0%**

(45) Market risk

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

Total VaR (99%, 1d) in € million	VaR as at 30/6/2022	Average VaR	Minimum VaR	Maximum VaR	VaR as at 31/12/2021[1]
Model ALL total VaR (99%, 20d)	454	285	137	497	168
Model IFRS-P&L total VaR (99%, 1d)	26	17	4	48	6

1 Adaptation of previous year figures

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

VaR split	Model ALL total VaR (99%, 20d)		Model IFRS-P&L total VaR (99%, 1d)	
in per cent	30/6/2022	31/12/2021	30/6/2022	31/12/2021
Currency risk	57.5%	16.6%	1.7%	48.5%
Interest rate risk	14.7%	17.3%	21.0%	7.0%
Credit spread risk	19.6%	60.5%	3.0%	25.0%
Basis risk	2.0%	(0.6)%	59.2%	5.1%
Share price risk	0.8%	0.6%	1.9%	6.5%
Vega risk	5.4%	5.6%	13.3%	8.0%

The total VaR (model ALL) rose in the second quarter due to the war in Ukraine. The largest changes were recorded in the structural foreign currency position. Exchange rate volatility also increased, notably for the Russian ruble, the Belarusian ruble and the Ukrainian hryvnia, which affected both the structural foreign currency position and also the open currency position.

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

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

(46) Liquidity management

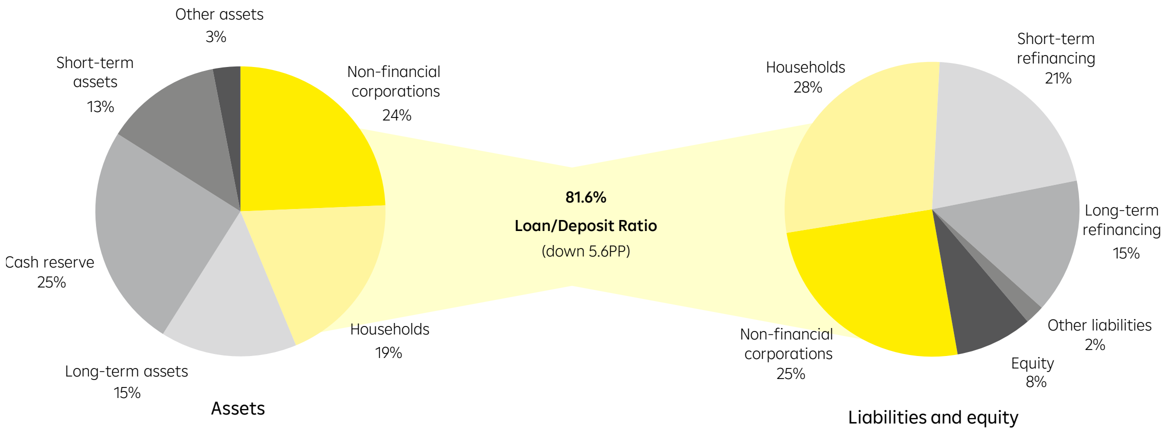
In as early as November 2021, a working group was established at RBI's head office in order to assess the geopolitical tensions between Russia and Ukraine and their potential impact on RBI. In weekly meetings, this working group developed stress tests and preparatory measures for various scenarios (including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

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

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

Funding structure

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



Liquidity position

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

in € million	30/6/2022		31/12/2021	
Maturity	1 month	1 year	1 month	1 year
Liquidity gap	44,032	44,062	37,048	44,996
Liquidity ratio	166%	134%	172%	142%

Liquidity coverage ratio (LCR)

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

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

in € million	30/6/2022	31/12/2021
Average liquid assets	43,081	39,282
Net outflows	20,258	25,664
Inflows	27,635	15,525
Outflows	47,892	41,189
Liquidity Coverage Ratio in per cent	**213%**	**153%**

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

Net Stable Funding Ratio (NSFR)

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

in € million	30/6/2022	31/12/2021
Required stable funding	131,153	119,079
Available stable funding	165,093	159,006
Net Stable Funding Ratio in per cent	**126%**	**134%**

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

Other disclosures

(47) Pending legal issues

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

Consumer protection

Croatia

In Croatia, following litigation initiated by a Croatian consumer association against Raiffeisenbank Austria, d.d., Croatia (RBHR) and other Croatian banks, two contractual clauses used in consumer loan agreements between 2003/2004 and 2008 were declared null and void: an interest change clause and a CHF index clause. The decision on the interest adjustment clause cannot be challenged anymore. The decision on the nullity of the CHF index clause which was confirmed by the Croatian Supreme Court also passed control of the Croatian Constitutional Court. RBHR is exploring the possibility to challenge this decision and, in August 2021, submitted an application before the European Court for Human Rights. The issue of CHF-indexed loans which were converted under the Croatian Conversion Act into EUR-indexed loans was pending before the European Court of Justice (ECJ) for preliminary ruling. In May 2022 ECJ published a preliminary ruling but like the Croatian Supreme Court in the sample dispute, ECJ did not answer whether consumers of converted loans are entitled to any additional compensation (besides the positive effects of the conversion performed under provisions of the Consumers credit Act 2015). Therefore, the issue whether consumers are entitled to additional compensation (notwithstanding conversion) remains for domestic courts to judge, primarily for the Croatian Supreme Court. However, based on the decisions already rendered on the nullity of the interest change clause and/or the CHF index clause, a number of borrowers have already raised claims against RBHR. Given current legal uncertainties relating to the statute of limitations, the validity of the CHF index clause/conversion performed, the further course of action, the final outcome of the request for preliminary ruling and the number of borrowers raising such claims, final quantification of the financial impact and the possible damage is not possible at this point of time. In this connection, the provision recognized on a portfolio basis was increased to € 57 million (previous year: € 56 million).

Poland

There are no new findings in connection with consumer mortgage loans in Poland, a decision of the Supreme Court is still pending. As at the end of June 2022, the total amount in dispute regarding certain contractual stipulations connected with consumer mortgage loans denominated in foreign currencies or indexed to a foreign currency was approximately PLN 2,615 million (€ 578 million). The resulting provision based on a statistical approach was increased to € 497 million (previous year: € 364 million). The main uncertainties to calculate the provisions stem from a potentially higher number of lawsuits and an increase of likelihood of losing court cases. A negative legal decision for the bank can lead to a significant increase in the provision.

Romania

In October 2017, the consumer protection authority (ANPC) issued an order for RBI's Romanian network bank Raiffeisen Bank S.A., Bucharest, to stop its alleged practice of not informing its customers about future changes in the interest rate charged to the customers. The order did not expressly provide any direct monetary restitution or payment from Raiffeisen Bank S.A., Bucharest. RBI's Romanian network bank Raiffeisen Bank S.A., Bucharest, disputed this order in court but finally lost. The decision has not yet been rendered in writing. In this connection, a provision of € 18 million (previous year: € 27 million) has been recognized. In accordance with an external legal opinion, the bank shall have to issue new repayment schedules and repay certain amounts to affected customers. Given current uncertainties as to the implementation of the order (in the absence of the actual court decision), an exact quantification of the negative financial impact resulting from repayments to customers is still not possible at this point of time. However, based on the external legal opinion, the most likely estimation of is€ 18 million. Based on a worst-case scenario, such impact may increase up to € 67 million.

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

Banking business

In the first quarter of 2021 RBI learned about a claim already filed against it in Jakarta by an Indonesian company in November 2020. The amount of the alleged claim is approximately USD 129 million (€ 124 million) in material damages and USD 200 million (€ 193 million) in immaterial damages. The claim was served upon RBI in May 2022. A first court hearing is scheduled before the South Jakarta District Court for September 2022.

In April 2018, a lawsuit was brought against Raiffeisen Bank Polska S.A. (RBPL), the former Polish subsidiary of RBI, by a former client claiming an amount of approximately PLN 203 million (€ 45 million). According to the plaintiff's complaint, RBPL blocked the client's current overdraft credit account for six calendar days in 2014 without formal justification. The plaintiff claimed that the blocking of the account resulted in losses and lost profits due to a periodic disruption of the client's financial liquidity, the inability to replace loan-based funding sources with financing streams originating from other sources on the blocked account, a reduction in inventory and merchant credits being made available and generally a resulting deterioration of the client's financial results and business reputation. RBPL contended that the blocking was legally justified and implemented upon available information. In the course of the sale of the core banking operations of RBPL to BGZ BNP Paribas S.A., the lawsuit against RBPL was transferred to BGZ BNP Paribas S.A. However, RBI must still bear any negative financial consequences in connection with the said proceeding. In February 2022, RBI was informed by BGZ BNP Paribas S.A. that the plaintiff's claim was dismissed in the court of first instance (but may still be open to appeal).

In February 2020, Raiffeisen-Leasing GmbH (RL) was served with a lawsuit in Austria for an amount of approximately € 43 million. The plaintiff claims damages alleging that RL breached its obligations under a real estate development agreement. In its judgement of 29 April 2022, the commercial court (Handelsgericht) of Vienna dismissed the lawsuit and ordered the plaintiff to pay costs. The plaintiff has the right to appeal against the judgement. According to the assessment of RL and its lawyers, an appeal would be very unlikely to succeed, in particular given the fact that a similar claim of the plaintiff was rejected by the Austrian Supreme Court (Oberster Gerichtshof) in a previous legal dispute. In that case, two applications for legal aid filed by the plaintiff were already rejected by the Commercial Court of Vienna because of malicious abuse of the law.

In September 2020, Raiffeisen-Leasing Immobilienmanagement GmbH (RIM), a wholly owned subsidiary of Raiffeisen-Leasing Gesellschaft m.b.H., was served with a lawsuit filed in a court in Brescia, Italy, by an Italian company. The plaintiff is seeking approximately € 30 million in damages for an alleged breach of a shareholder agreement in connection with the joint development of a factory outlet center in Italy. The shareholder agreement between RIM and the plaintiff was concluded in 2011 upon the establishment of a joint project company. In 2012, however, it transpired that various conditions for the implementation of the project could not be met. As a result, RIM decided not to proceed with the project and sold its share in the project company to the plaintiff. The plaintiff now alleges that RIM violated the original shareholder agreement by discontinuing the project. In June 2021, the court rendered a decision in which it rejected its jurisdiction in the case and ruled that Milan Regional Court is the competent court, granting the parties three months to resume the proceedings at Milan Regional Court. RIM appealed this decision as the court did not decide on the applicability of the arbitration clause. In August 2021, the plaintiff filed for resumption of the proceedings against RIM at Milan Regional Court, in spite of the pending appeal. The resumption related to the same claim as the pending legal action. The claim asserted against RIM and the potential risk therefore remained unchanged. It was expected that the proceedings at Milan Regional Court would be adjourned until the decision in the appeal proceedings. In its judgement of 13 April 2022, the Supreme Court of Cassation in Rome rendered a final judgment that the claim is subject to arbitration and, therefore, not subject to jurisdiction by the Italian ordinary courts. It annulled the judgement of the Regional Court Brescia and found that the Court of Arbitration of the Bolzano Chamber of Commerce had exclusive jurisdiction in this matter. The judgment is final and non-appealable. The proceedings at the Regional Court Milan were cancelled. The Italian company has already announced that it will file an arbitration claim at the Court of Arbitration Bolzano.

Regulatory enforcement

Following an audit review by the Romanian Court of Auditors regarding the activity of Aedificium Banca pentru Locuinte S.A. (formerly Raiffeisen Banca pentru Locuinte S.A.) (RBL), a building society and subsidiary of Raiffeisen Bank S.A., Bucharest, the Romanian Court of Auditors claimed that several deficiencies were identified and that conditions for payment by RBL of state premiums on savings had not been met. Thus, allegedly, such premiums may have to be repaid. Should RBL not succeed in reclaiming said amounts from its customers or providing satisfactory documentation, RBL would be held liable for the payment of such funds. RBL initiated court proceedings to contest the findings of the Romanian Court of Auditors and won on the merits with regard to the most significant alleged deficiencies. The case was appealed at the High Court of Cassation and Justice. In November 2020, the High Court of Cassation and Justice overturned the previous court decision and confirmed the view of the Romanian Court of Auditors. Upon the application of RBL, the High Court of Cassation and Justice requested the Constitutional Court to decide whether the Court of Auditors was, in principle, entitled to scrutinize RBL. The proceeding is still pending and could – depending on its outcome – enable RBL to file an extraordinary recourse against the decision of the High Court of Cassation and Justice. At the end of June 2022, RBL took advantage of a legal provision allowing entities to pay debts towards the state (principal - respectively the state premiums) and be exonerated from payment of accessories (penalty interest). RBL has paid the principal of € 23 million and requested to be exonerated to pay accessories of € 30 million. In July 2022, the Ministry of Development, Public Works and Administration rejected RBL's request for exoneration. RBL intends to dispute this decision.

In August 2021, an administrative fine of € 167 thousand was imposed on RBI in the course of administrative proceedings in connection with its function as depositary bank for UCITS funds. FMA charged that between March 2016 and January 2019 only one single collateral account in the name of the investment management company was established instead of segregated ones for each fund. Thus, according to the interpretation of the FMA, RBI had failed to ensure that assets could clearly be allocated to the respective fund at any time. In September 2021, RBI submitted an appeal against the FMA's fining decision which was forwarded to the Federal Administrative Court (Bundesverwaltungsgericht). In April 2022, RBI was served with the decision of the Federal Administrative Court. It accepted RBI's appeal, lifted FMA's fining decision and closed the proceeding without a fine for RBI.

In March 2021, a financial penalty of approximately PLN 15 million (€ 1 million) was imposed on RBI by the Court of Appeal in Warsaw in a proceeding that had originated in a decision of the President of the Office of Competition and Consumer Protection (UOKiK) regarding the violation of collective interests of consumers in connection with the sale of saving insurance policies by Polbank EFG (the legal successor of which was RBPL) to its clients. The Court of Appeal did not recognize the allocation of said proceeding to BNP in the demerger plan in connection with the sale of the core banking operations of RBPL and, thus, named RBI (as the legal successor of RBPL) in the judgement. Cassation appeal against this judgement was lodged in August 2021 but was not accepted for examination by the Supreme Court in May 2022. Thus, the judgement is final. The financial penalty had already been paid in full in April 2021.

In November 2020, the Austrian Chamber for Workers and Employees (Bundeskammer für Arbeiter und Angestellte) (BAK) filed an application for injunctive relief against Raiffeisen Bausparkasse Österreich Gesellschaft m.b.H. (RBSPK), a wholly owned subsidiary of RBI, with the commercial court of Vienna. RBSPK had terminated long-lasting building savings contracts (Bausparverträge) in an aggregate amount of approximately € 93 million. The minimum rate of interest on said overnight building savings deposits was between 1 per cent p.a. and 4.5 per cent p.a. BAK claims that RBSPK did not have the right to terminate such contracts whereas RBSPK is of the opinion that said contracts constitute a continuing obligation, which can – under Austrian law – be terminated by giving proper notice. RBSPK received the court decision of the court of first instance in August 2021 and the court of second instance in February 2022; both basically stating that the termination of the savings contracts is considered unlawful. RBSK has appealed against the decision of the court of second instance in March 2022.

(48) Related parties

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

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

30/6/2022 in € million	Companies with significant influence	Affiliated companies	Investments in associates valued at equity	Other interests
Selected financial assets	**61**	**434**	**1,100**	**642**
Equity instruments	1	217	634	197
Debt securities	27	0	176	14
Loans and advances	33	217	290	431
Selected financial liabilities	**2,281**	**98**	**4,902**	**525**
Deposits	2,281	98	4,898	525
Debt securities issued	0	0	4	0
Other items	**136**	**0**	**9**	**13**
Loan commitments, financial guarantees and other commitments given	68	0	8	11
Loan commitments, financial guarantees and other commitments received	68	0	0	2
Nominal amount of derivatives	283	104	0	1,262
Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions on non-performing exposures	0	(4)	0	0

31/12/2021 in € million	Companies with significant influence	Affiliated companies	Investments in associates valued at equity	Other interests
Selected financial assets	**97**	**461**	**1,232**	**592**
Equity instruments	0	251	717	151
Debt securities	17	0	179	14
Loans and advances	79	209	337	428
Selected financial liabilities	**2,202**	**100**	**4,460**	**486**
Deposits	2,202	100	4,456	486
Debt securities issued	0	0	4	0
Other items	**125**	**1**	**269**	**139**
Loan commitments, financial guarantees and other commitments given	76	1	236	128
Loan commitments, financial guarantees and other commitments received	48	0	34	11
Nominal amount of derivatives	278	0	90	1,794
Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions on non-performing exposures	0	(4)	0	0

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

1/1-30/6/2021 in € million	Companies with significant influence	Affiliated companies	Investments in associates valued at equity	Other interests
Interest income	6	1	5	2
Interest expenses	(9)	0	(10)	0
Dividend income	0	9	136	3
Fee and commission income	4	3	7	3
Fee and commission expenses	0	0	(5)	(8)
Increase/decrease in impairment, fair value changes due to credit risk and provisions for non-performing exposures	0	0	1	0

(49) Staff

Full-time equivalents	**1/1-30/6/2022**	**1/1-30/6/2021**
Average number of staff	44,420	45,205
hereof salaried employees	43,868	44,610
hereof wage earners	552	595
Full-time equivalents	**30/6/2022**	**30/6/2021**
Employees as at reporting date	44,338	44,968
hereof Austria	4,564	4,350
hereof foreign	39,774	40,618

Regulatory information

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

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

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

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

The determination of the countercyclical capital buffer is also the responsibility of national supervisors and results in a weighted average at RBI level based on the country distribution of the business. This buffer was set at 0 per cent in Austria. At its 32nd meeting on 16 May 2022, the FMSG issued a recommendation to provide for the activation of a countercyclical capital buffer in Austria depending on credit growth. In addition, those buffer rates set in other member states are included at RBI level and in the capital requirements based on a weighted average calculation.

In total, there is a requirement for the CET1 ratio (including the combined capital buffer requirement) of 10.50 per cent for RBI as at 30 June 2022. Considering P2G, this results in a quota of 11.75 per cent to be adhered to.

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

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

Total capital

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

in € million	30/6/2022	31/12/2021
Capital instruments and the related share premium accounts	5,994	5,994
Retained earnings	10,326	8,835
Accumulated other comprehensive income (and other reserves)	(2,709)	(3,673)
Minority interests (amount allowed in consolidated CET1)	568	524
Independently reviewed interim profits net of any foreseeable charge or dividend	1,400	933
Common equity tier 1 (CET1) capital before regulatory adjustments	**15,579**	**12,613**
Additional value adjustments (negative amount)	(114)	(81)
Deductions for new net provisioning	0	0
Intangible assets (net of related tax liability) (negative amount)	(687)	(674)
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	(12)	(39)
Fair value reserves related to gains or losses on cash flow hedges	108	24
Negative amounts resulting from the calculation of expected loss amounts	(149)	0
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	(8)	55
Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	(20)	(20)
Exposure amount of the following items which qualify for a risk weight of 1250%, where the institution opts for the deduction alternative	(48)	(45)
hereof: securitization positions (negative amount)	(48)	(45)
Other regulatory adjustments	(29)	(22)
Total regulatory adjustments to common equity tier 1 (CET1)	**(959)**	**(801)**
Common equity tier 1 (CET1) capital	**14,620**	**11,812**
Capital instruments and the related share premium accounts	1,670	1,669
Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	0	0
Qualifying tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	36	28
Total regulatory adjustments to Additional Tier 1 (AT1) capital	**(33)**	**(50)**
Additional tier 1 (AT1) capital	**1,673**	**1,647**
Tier 1 capital (T1 = CET1 + AT1)	**16,292**	**13,460**
Capital instruments and the related share premium accounts	1,938	2,085
Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	54	31
Credit risk adjustments	0	286
Total regulatory adjustments to Tier 2 (T2) capital	**(30)**	**(55)**
Tier 2 (T2) capital	**1,961**	**2,347**
Total capital (TC = T1 + T2)	**18,254**	**15,807**
Total risk-weighted assets (RWA)	**109,025**	**89,928**

Total capital requirement and risk-weighted assets

in € million	30/6/2022		31/12/2021[1]	
	Risk-weighted exposure	Capital requirement	Risk-weighted exposure	Capital requirement
Total risk-weighted assets (RWA)	**109,025**	**8,722**	**89,928**	**7,194**
Risk-weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	**89,452**	**7,156**	**74,031**	**5,922**
Standardized approach (SA)	**31,516**	**2,521**	**26,308**	**2,105**
Exposure classes excluding securitization positions	31,516	2,521	26,308	2,105
Central governments or central banks	2,593	207	1,113	89
Regional governments or local authorities	102	8	102	8
Public sector entities	18	1	19	1
Institutions	317	25	259	21
Corporates	8,686	695	6,680	534
Retail	7,360	589	5,955	476
Secured by mortgages on immovable property	6,550	524	6,886	551
Exposure in default	433	35	296	24
Items associated with particular high risk	211	17	264	21
Covered bonds	5	0	6	0
Collective investments undertakings (CIU)	83	7	79	6
Equity	1,787	143	1,883	151
Other items	3,369	270	2,768	221
Internal ratings based approach (IRB)	**57,936**	**4,635**	**47,723**	**3,818**
IRB approaches when neither own estimates of LGD nor conversion factors are used	**49,858**	**3,989**	**39,076**	**3,126**
Central governments or central banks	6,500	520	2,753	220
Institutions	3,362	269	1,724	138
Corporates - SME	3,971	318	4,098	328
Corporates - Specialized lending	3,898	312	3,407	273
Corporates - Other	32,126	2,570	27,094	2,168
IRB approaches when own estimates of LGD and/or conversion factors are used	**7,325**	**586**	**7,903**	**632**
Retail - Secured by real estate SME	64	5	233	19
Retail - Secured by real estate non-SME	3,218	257	3,368	269
Retail - Qualifying revolving	404	32	299	24
Retail - Other SME	361	29	430	34
Retail - Other non-SME	3,278	262	3,574	286
Equity	488	39	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	266	21	304	24

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

in € million	30/6/2022		31/12/2021	
	Risk-weighted exposure	Capital requirement	Risk-weighted exposure	Capital requirement
Total risk exposure amount for settlement/delivery	**107**	**9**	**6**	**1**
Settlement/delivery risk in the non-trading book	0	0	0	0
Settlement/delivery risk in the trading book	107	9	6	1
Total risk exposure amount for position, foreign exchange and commodities risk	**6,113**	**489**	**4,952**	**396**
Risk exposure amount for position, foreign exchange and commodities risks under standardized approaches (SA)	**4,615**	**369**	**2,383**	**191**
Traded debt instruments	1,755	140	1,846	148
Equity	87	7	221	18
Particular approach for position risk in CIUs	1	0	1	0
Foreign exchange	2,763	221	311	25
Commodities	9	1	5	0
Risk exposure amount for position, foreign exchange and commodities risks under internal models (IM)	**1,498**	**120**	**2,569**	**206**
Total risk exposure amount for operational risk	**11,446**	**916**	**9,415**	**753**
OpR standardized (STA) /alternative standardized (ASA) approaches	3,717	297	3,737	299
OpR advanced measurement approaches (AMA)	8,110	649	5,678	454
Total risk exposure amount for credit valuation adjustments	**435**	**35**	**256**	**21**
Standardized method	435	35	256	21
Other risk exposure amounts	**1,472**	**118**	**1,268**	**101**
of which risk-weighted exposure amounts for credit risk: securitization positions (revised securitization framework)	1,472	118	1,268	101

Capital ratios

in per cent	30/6/2022	31/12/2021
Common equity tier 1 ratio (transitional)	13.4%	13.1%
Common equity tier 1 ratio (fully loaded)	13.2%	13.1%
Tier 1 ratio (transitional)	14.9%	15.0%
Tier 1 ratio (fully loaded)	14.8%	15.0%
Total capital ratio (transitional)	16.7%	17.6%
Total capital ratio (fully loaded)	16.6%	17.6%

Leverage ratio

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

in € million	30/6/2022	31/12/2021
Leverage exposure	243,991	219,173
Tier 1	16,292	13,460
Leverage ratio in per cent (transitional)	**6.7%**	**6.1%**
Leverage ratio in per cent (fully loaded)	**6.6%**	**6.1%**

Events after the reporting date

Ukrainian central bank devalues currency

Ukraine's central bank has devalued the country's currency, the hryvnia, by 25 per cent and fixed the exchange rate at 36.5686 to the US dollar because of the impact of the war with Russia.

The Ukrainian central bank described its decision as a response to the shift in the fundamental parameters of the Ukrainian economy during the war and the strengthening of the US dollar against other currencies. It stated that the devaluation would improve the competitiveness of Ukrainian producers and support the resilience of the economy during the war. The devaluation has no material impact on the income statement and is expected to have an effect of around minus € 80 million on total equity.

Key figures

Alternative Performance Measures (APM)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Total capital specific key figures

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

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

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

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

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

List of abbreviations

BWG	Austrian Banking Act (Bankwesengesetz)
CDS	Credit Default Swap
CE	Central Europe
CEE	Central and Eastern Europe
CET 1	Common Equity Tier 1
CoE	Cost of Equity
CRR	Capital Requirements Regulation
DCF	Discounted Cash-Flow
EAD	Exposure at Default
EBA	European Banking Authority
ECL	Expected Credit Losses
EE	Eastern Europe
ECB	European Central Bank
ESAEG	Deposit Protection and Investor Compensation Act (Einlagensicherungs- und Anlegerentschädigungsgesetz)
ESG	Environmental, Social and Governance
FMA	Financial Market Authority
FMSB	Financial Market Stability Board
GDP	Gross Domestic Product
HQLA	High Quality Liquid Assets
IAS/IFRS	International Accounting Standards/International Financial Reporting Standards
IBOR	Interbank Offered Rate
ILAAP	Internal Liquidity Adequacy Assessment Process
IPS	Institutional Protection Scheme
IRB	Internal Ratings Based
ITS	Implementing Technical Standards
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
MREL	Minimum Requirement for Own Funds and Eligible Liabilities
NPE	Non-Performing Exposure
NPL	Non-Performing Loans
NSFR	Net Stable Funding Ratio
OTC	Over The Counter
P2G	Pillar 2 Capital Guidance
P2R	Pillar 2 Capital Requirement
PD	Past Due
PEPP	Pandemic Emergency Purchase Programme
POCI	Purchased or Originated Credit Impaired
RBI	Raiffeisen Bank International Group
RBI AG	Raiffeisen Bank International Aktiengesellschaft
RWA	Risk-Weighted Assets
SA	Standardized Approach
SA-CCR	Standardized Approach to Counterparty Credit Risk
SEE	Southeastern Europe
SICR	Significant Increase in Credit Risk
SIRP	Special Interest Rate Period
SRB	Systemic Risk Buffer
SREP	Supervisory Review and Evaluation Process
TLTRO	Targeted Longer-Term Refinancing Operations
VaR	Value-at-Risk
WACC	Weighted Average Cost of Capital

Statement of all legal representatives

We confirm to the best of our knowledge that the condensed interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the semi-annual group management report gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the condensed interim financial statements, of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions.

Signed by:

Vienna, 1 August 2022

The Management Board

Johann Strobl

Chief Executive Officer responsible for Group Marketing, Active Credit Management, Group ESG & Sustainability Management, Legal Services, Chairman's Office, Group Communications, Group Executive Office, Group People & Organisational Innovation, Group Internal Audit, Group Investor Relations, Group Financial Reporting & Steering, Group Finance Task Force, Group Finance Services, Group Subsidiaries & Equity Investments, Group Tax Management, Group Treasury, Sector Marketing and Group Strategy

Andreas Gschwenter

Member of the Management Board responsible for Group Core IT, Group Data, Group Efficiency Management, Group IT Delivery, Group Procurement, Outsourcing & Real Estate Management, Group Security, Resilience & Portfolio Governance, Customer Data Services and Head Office Operations

Łukasz Januszewski

Member of the Management Board responsible for Group Asset Management (via RCM), Group Capital Markets Corporates & Retail Sales, Group Capital Markets Trading & Institutional Sales, Group Investment Banking, Group Investor Services, Group MIB Business Management & IC Experience, Institutional Clients and Raiffeisen Research

Peter Lennkh

Member of the Management Board responsible for Corporate Customers, Corporate Finance, Group Corporate Business Strategy & Steering, International Leasing Steering & Product Management and Trade Finance & Transaction Banking

Hannes Mösenbacher

Member of the Management Board responsible for Financial Institutions, Country & Portfolio Risk Management, Group Advanced Analytics, Group Compliance, Group Corporate Credit Management, Group Regulatory Affairs & Data Governance, Group Risk Controlling, Group Special Exposures Management, International Retail Risk Management, RCB Retail Risk Management and Sector Risk Controlling Services

Andrii Stepanenko

Member of the Management Board responsible for International Premium & Private Banking, International Retail Customer Success & Monetization, International Retail Lending, International Digital Business & Omnichannel Experience, Digital Bank, International Retail Payments and International Small Business Banking & CX

Report on the Review of the condensed Interim Consolidated Financial Statements

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of Raiffeisen Bank International AG, Vienna, for the period from 1 January 2022 to 30 June 2022. These condensed interim consolidated financial statements comprise the statement of financial position as of 30 June 2022, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the period from 1 January 2022 to 30 June 2022 and the condensed notes, summarizing the significant accounting policies and other explanatory notes.

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

Our responsibility is to express a conclusion on these condensed consolidated interim financial statements.

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

Scope of review

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

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

Conlusion

Based on our review, nothing came to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements do not present fairly, in all material respects the financial position of the group as of June 30, 2022 and of its financial performance and it´ s cash flows for the period from January 1 to June 30, 2022 in accordance with International Financial Reporting Standards (IFRS's) for Interim Reporting as adopted by the EU.

Statement on the interim group management report for the 6-month period ended 30 June 2022

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

Vienna, August 1, 2022

Deloitte Audit Wirtschaftsprüfungs GmbH

[signed by:]

Dr. Peter Bitzyk

Wirtschaftsprüfer

(Austrian Chartered Accountant)

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

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

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

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

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