Raiffeisen Bank International

Annual Report

2023

Highlights

- **Consolidated profit of € 997 million, excluding Russia and Belarus** and including € 873 million provisions for CHF mortgages in Poland

- **Core revenues excluding Russia and Belarus up 17%** year-over-year to € 6,006 million, driven by net interest income

- **Lower provisioning for impairment losses** year-over-year: € 296 million for the Group excluding Russia and Belarus

- **CET1 ratio** excluding Russia **improves** to 14.6% (Group CET1 ratio at 17.3%)

- Customer loans in Russia down € 3 billion in 2023 as part of **de-risking** approach to **Russia**

- **Dividend proposal** to the Annual General Meeting in April 2024: **€ 1.25** per share

Overview

Monetary values in € million	2023	2022	Change	2021	2020	2019
Income statement	**1/1-31/12**	**1/1-31/12**		**1/1-31/12**	**1/1-31/12**	**1/1-31/12**
Net interest income	5,683	5,053	12.5 %	3,327	3,121	3,412
Net fee and commission income	3,042	3,878	(21.6)%	1,985	1,684	1,797
General administrative expenses	(3,908)	(3,552)	10.0 %	(2,978)	(2,832)	(3,052)
Operating result	5,158	6,158	(16.2)%	2,592	2,241	2,492
Impairment losses on financial assets	(393)	(949)	(58.6)%	(295)	(598)	(234)
Profit/loss before tax	3,576	4,203	(14.9)%	1,790	1,183	1,767
Profit/loss after tax	2,578	3,797	(32.1)%	1,508	910	1,365
Consolidated profit/loss	2,386	3,627	(34.2)%	1,372	804	1,227
Statement of financial position	**31/12**	**31/12**		**31/12**	**31/12**	**31/12**
Loans to banks	14,714	15,716	(6.4)%	16,630	11,952	9,435
Loans to customers	99,434	103,230	(3.7)%	100,832	90,671	91,204
Deposits from banks	26,144	33,641	(22.3)%	34,607	29,121	23,607
Deposits from customers	119,353	125,099	(4.6)%	115,153	102,112	96,214
Equity	19,849	18,764	5.8 %	15,475	14,288	13,765
Total assets	198,241	207,057	(4.3)%	192,101	165,959	152,200
Key figures	**1/1-31/12**	**1/1-31/12**		**1/1-31/12**	**1/1-31/12**	**1/1-31/12**
Return on equity before tax	19.8 %	26.6 %	(6.9) PP	12.6 %	8.8 %	14.2 %
Return on equity after tax	14.3 %	24.1 %	(9.8) PP	10.6 %	6.8 %	11.0 %
Consolidated return on equity	14.8 %	26.8 %	(12.0) PP	10.9 %	6.4 %	11.0 %
Cost/income ratio	43.1 %	36.6 %	6.5 PP	53.5 %	55.8 %	55.1 %
Return on assets before tax	1.72 %	2.02 %	(0.30) PP	0.99 %	0.74 %	1.18 %
Net interest margin (average interest-bearing assets)	2.87 %	2.59 %	0.28 PP	2.01 %	2.13 %	2.44 %
Provisioning ratio (average loans to customers)	0.34 %	0.73 %	(0.39) PP	0.30 %	0.67 %	0.26 %
Bank-specific information	**31/12**	**31/12**		**31/12**	**31/12**	**31/12**
NPE ratio	1.9 %	1.6 %	0.3 PP	1.6 %	1.9 %	2.1 %
NPE coverage ratio	51.7 %	59.0 %	(7.4) PP	62.5 %	61.5 %	61.0 %
Total risk-weighted assets (RWA)	93,664	97,680	(4.1)%	89,928	78,864	77,966
Common equity tier 1 ratio (transitional)	17.3 %	16.0 %	1.3 PP	13.1 %	13.6 %	13.9 %
Tier 1 ratio (transitional)	19.1 %	17.7 %	1.4 PP	15.0 %	15.8 %	15.5 %
Total capital ratio (transitional)	21.5 %	20.2 %	1.4 PP	17.6 %	18.5 %	18.0 %
Stock data	**1/1-31/12**	**1/1-31/12**		**1/1-31/12**	**1/1-31/12**	**1/1-31/12**
Earnings per share in €	6.93	10.76	(35.5)%	3.89	2.22	3.54
Closing price in € (31/12)	18.67	15.35	21.6 %	25.88	16.68	22.39
High (closing prices) in €	18.75	28.42	(34.0)%	29.40	22.92	24.31
Low (closing prices) in €	12.73	10.00	27.3 %	16.17	11.25	18.69
Number of shares in million (31/12)	328.94	328.94	0.0 %	328.94	328.94	328.94
Market capitalization in € million (31/12)	6,141	5,049	21.6 %	8,513	5,487	7,365
Dividend per share in €	1.25	0.80	56.3 %	–	1.23	–
Resources	**31/12**	**31/12**		**31/12**	**31/12**	**31/12**
Employees as at reporting date (full-time equivalents)	44,887	44,414	1.1 %	46,185	45,414	46,873
Business outlets	1,519	1,664	(8.7)%	1,771	1,857	2,040
Customers in million[1]	18.6	18.1	2.8 %	19.5	17.6	17.2

1 Adjustment of the previous year's figures due to the inclusion of customers from the credit card business

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

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

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CEO

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1 The Head of the division Business Development & Steering is reporting to both CIB Board members
2 Reporting to the entire Board of Management and Supervisory Board
3 Data Protection Officer of RBI and Austrian Subsidiaries functionally reporting directly to the Board of Management
4 Member of the Management Board responsible for compliance with the provisions on the prevention of money laundering and terrorist financing pursuant to § 23 (4) FM-GwG

"Dividend increase based on strong earnings and capital"

Interview with the Chief Executive Officer Johann Strobl

How satisfied are you with business performance in 2023?

Overall, business performance for the year was satisfactory. RBI is traditionally a highly profitable bank and proved this again in 2023. Core revenues, i.e. net interest income and net commission income, increased 16.9 per cent if Russia and Belarus are factored out. The interest rate environment provided support here, returning to a normal level after many years. Net profit was in particular reduced by the Polish foreign currency loan portfolio, where a further increase in lawsuits and prevailing case law in Poland again necessitated high provisions. An exposure of 1.9 billion euros is now covered by provisions of around 1.7 billion euros. On the whole, we achieved or even exceeded the financial targets we set for the past financial year, and further strengthened our capital base. At the same time we completed important future-focused projects, including the realignment of our corporate and investment banking. However, we cannot be satisfied with all these successes if the war in Ukraine continues. We don't want to and will never get used to the fact that our colleagues in Ukraine are having to work in what are for us, here in the safety of Vienna, unimaginable circumstances and that the population in one of our markets is facing such a cruel war. We are implementing many support measures, but are aware that no amount will suffice to alleviate the suffering long-term.

Can you say something about the current status of the planned exit from the Russian market?

On 19 December 2023, we announced that our Russian subsidiary bank AO Raiffeisenbank will acquire almost 28 per cent of the shares in Strabag SE from the Russian company Rasperia Trading Limited for a purchase price of around 1.5 billion euros. Rasperia is currently attributed to a sanctioned person, a restructuring is pending. The successful completion of the restructuring is a closing condition of the transaction by RBI. After the closing, our Russian network bank will transfer the Strabag shares to RBI as a dividend in kind and thus transfer assets from Russia to Austria. This means that RBI has diligently abided by and will continue to diligently abide by all sanction requirements. Through this transaction, we are achieving a significant reduction in the equity position of our Russian network bank and thus a corresponding reduction in the risk of our Russian business. We are fully on schedule and expect to be able to close the transaction in the first quarter of 2024.

Nevertheless, we continued devoting much time and extensive financial resources to withdrawing from Russia last year and are continuing to do so. We have two possibilities – a spin-off or a sale. However, both alternatives require numerous approvals from various Russian and European authorities, and from the respective central banks. The process is therefore not entirely in our own hands, which makes a realistic forecast on when we can expect to complete the deconsolidation of our Russian bank very difficult. We are reducing business activities in Russia and have scaled back our lending business since the beginning of the war. We have also considerably reduced our clearing, settlement and payment services business. This is, for example, also reflected in the decline in net fee and commission income, which fell 43 per cent year-on-year. Apart from Raiffeisenbank in Russia, we have ended all correspondent bank relationships with Russian banks. However, I would also like to reiterate that even with a book value of zero, full deconsolidation of the Russian subsidiary bank could be completely cushioned by our current capital reserves.

You also mentioned the interest rate environment. What developments do you anticipate here?

Many factors have fueled the rise in inflation. Globally, central banks have responded with numerous interest rate moves and we are pleased to see significant falls in inflation rates. Although the respective target corridors have not yet been reached everywhere, good progress has been made. A differentiated picture emerges with regard to the further development of interest rates. In the eurozone, the cycle of interest rate hikes has most likely reached its peak. The market is already focusing on when and by how much interest rates will be cut in the coming quarters. We expect the ECB to cut interest rates only moderately by the end of 2024. In Central Europe, the key interest rate trend has already reversed in the past year. Interest rates are likely to be cut the most in Hungary by the end of the year. The decline in key interest rates is also likely to be greater in the Czech Republic. In Romania and Serbia, we do not expect interest rates to be eased until the middle of the year. In Ukraine, the key interest rate was recently cut by 100 basis points and is likely to remain at its current level for the time being. We do not expect the next interest rate cuts there until the end of the year. In Russia, the last interest rate adjustments were directed upwards. The tightening cycle should now be complete. We do not expect the first key interest rate cuts until the second quarter of 2024 at the earliest.

So has RBI passed the peak in terms of interest income? And how do you see the outlook for the 2024 financial year?

We must assume that the 2024 financial year will also be shaped by geopolitical crises and wars. There is no sign to the end of the war in Ukraine. A conflict has also broken out in the Middle East, which while not affecting RBI directly, will impact the global economy generally and thus also RBI. We therefore anticipate very subdued economic growth in our markets. At the same time, inflationary pressure is restricting central banks' room for maneuver. We cannot expect a more relaxed monetary policy in support of economic growth. These challenging underlying conditions require us to pursue a very foresighted business policy. We need to prepare for different scenarios and we will continue our proactive risk policy. According to our estimates, the exceptionally sharp and rapid interest rate hikes will only gradually impact the creditworthiness of borrowers in the portfolios. Specifically, this means that we will make foresighted risk provisions and carefully analyze which industries will be affected by which geopolitical and economic scenarios, and to what extent. This strategy served us well both during the pandemic and also when the war broke out in Ukraine. We are therefore planning for 2024, excluding Russia and Belarus, with risk costs at around 50 basis points, higher than in the previous year. Also excluding these two markets, we anticipate customer loan growth of around 6 per cent, although margins will be somewhat lower than recently due to the expected interest rate environment and higher refinancing costs. However, these effects may not quite balance out and lead to a net interest income of around 4 billion euros. We expect slight growth in net fee and commission income. We also anticipate a further increase in OPEX, although this should be significantly lower than in 2023. Regarding the CET1 ratio, we are initially only planning a slight increase excluding Russia and Belarus. A successful closing of the Strabag transaction in the first quarter of 2024 would have an additional positive effect of 125 basis points on capital.

Apart from the general geopolitical climate, which other topics are a key focus for RBI?

I should like to highlight two subject areas. Firstly ESG, which in recent years has evolved from a niche topic into a mega trend that no company can now avoid. And secondly, the major issue of digitalization, which in the past year has gained further relevance due to the spectacular advances in generative AI. We aim to play a pioneering role in both these areas and, in the best case scenario, to combine both topics in an innovative way. We wish to support and advise our customers during their sustainable transformation and see major potential in the CEE region in particular. Companies are increasingly aware of ESG. Many companies have recognized the urgent need to strengthen their sustainability efforts in order to minimize environmental impact, assume social responsibility and ensure long-term business stability. Banks such as RBI play a key role in this process. They offer sustainable financial products, support companies in integrating ESG criteria into their business strategies, and act as a bridge to sustainability-oriented investors. I am proud to say that we are a pioneer among banks in the field of sustainable finance. We have developed extensive expertise, which we are expanding and actively bringing to our markets. Of course, we are also endeavoring to continuously improve our own sustainability and can demonstrate good successes. In the past year, PwC Austria analyzed the sustainability performance of the 155 companies in Austria with the highest turnover. In the survey's financial service providers' category, RBI emerged as the clear victor within the sector. Despite, or perhaps precisely because of, global political and macroeconomic uncertainties, we also saw growing demand from our customers for sustainable products last year. Thus, in addition to our existing broad portfolio of ESG financial services products such as ESG-linked derivatives, we now also offer sustainable deposits for corporate and institutional customers. Similar to a green bond, the use of funds is linked to a sustainable loan portfolio, albeit with a shorter term. The funds should only be used for customers who have set themselves a significant sustainability target.

What about the second topic you mentioned? What is RBI's strategy for digitalization?

The topic of digitalization was again at the very top of our agenda in the past financial year. Our customers – whether retail or corporate customers – require simple, digital banking services. They want the everyday convenience they are used to receiving from other suppliers – simple, intuitive user interfaces and fully digitalized processes. We as a bank must also guarantee our customers maximum security and responsible handling of their data. We are continuously working on this, in collaboration with innovative fintechs. This approach has proven itself and year after year, we can make life, or at least banking, a little easier and more convenient for our customers. Our platform myraiffeisen.com is a good example here. Our institutional clients can use it to access all required banking solutions via a secure and simple Single Sign-On. Digital signatures and paperless processes help save time and resources. The platform also offers convenient functions, such as eKYC and eSignature, which support the onboarding of customers.

And how do you plan to use the seminal advances in artificial intelligence (AI) for RBI and its customers?

I believe that the spectacular advances in generative AI will help us in our digital transformation, among other things. AI has already been a focus of RBI for some years. We can now draw on our teams' knowledge and experience to take the next steps. I am convinced that we can use AI to improve RBI's competitive position. We anticipate benefits in four main areas: Firstly, AI will help us fulfill our customer promise of a constant improvement in and innovation for our banking products and services. We firmly believe that our service will be significantly improved by further optimizing and personalizing the customer experience. This will enable us to generate more business. Secondly, AI will help us increase efficiency through process optimization and automation – for example for repetitive tasks. We can thus focus on tasks that offer higher added value. Thirdly, AI will increase the effectiveness and productivity of managers and employees at the individual level. We want to empower all employees to work with the new technology in a secure environment, in conformity with regulations. AI will thus become an integral part of our tools and daily tasks. Fourthly, AI will speed up the provision of information and enable better decisions and learning processes within the company.

Over the past year, RBI restructured its corporate and investment banking. What benefits does the new setup offer to RBI customers?

Valerie Brunner has been a Management Board member since 1 November 2023 with responsibility for Corporate and Investment Banking (CIB) Customer Coverage. She succeeds Peter Lennkh, who left RBI's Management Board at the end of August. Valerie Brunner's appointment has completed the restructuring of RBI's corporate and investment banking (CIB) activities. Since 1 September 2023, RBI's CIB has been acting as a One Business Bank towards its corporate and institutional clients. These two important client segments will be serviced by the CIB Customer Coverage unit. The CIB Products and Solutions unit, headed by Lukasz Januszewski, will provide and continuously develop the banking products and services required. This new setup strengthens RBI's leading position as a CIB relationship bank in Austria and the CEE region and ensures it can offer its customers a modern range of solutions. On behalf of RBI, I should like to take this opportunity to express sincere thanks to Peter Lennkh. During his 35 years with Raiffeisen and almost 20 years as an RBI Management Board member, Peter Lennkh made lasting contributions within our bank. He played a key role in the development of our Eastern Europe network and in the further advancement of our corporate customer business.

One final question on the dividend. What is the distribution policy for the 2023 financial year?

We would also like our shareholders to participate directly in RBI's business success over the past year. At the same time, our proposal to the Annual General Meeting for a dividend of 1.25 euro per share for 2023 takes account of the very challenging geopolitical environment. This is a significant increase on the previous year, but a strong capitalization is also very important in such a climate. I believe our proposal takes both objectives into account and we will continue to pursue a steady dividend policy in the future.

Report of the Supervisory Board

Executive Summary

- In the 2023 financial year, RBI recorded a very satisfactory consolidated profit of € 2.4 billion. The result for the Group excluding Russia and Belarus amounted to € 1.0 billion. This clearly demonstrates RBI's sustainable earnings strength and resilience.
- As in the previous year, the financial year was characterized by a particularly intensive exchange between the Supervisory Board and the Management Board. In 2023, the focus of the Supervisory Board again laid on evaluating the impact of Russia's war of aggression against Ukraine, including in particular its macroeconomic consequences and RBI's strategic positioning.
- The Supervisory Board discussed in detail RBI's strategic re-positioning, placing a particular focus on the core markets as well as the strategic options in relation to Raiffeisenbank Russia and Priorbank in Belarus. It also intensively addressed the objectives and impact of the new business strategy One Business Bank, as well as the strategic measures undertaken by the Management Board for optimizing the holding function for the Group's management.
- Other important topics included monitoring the digital transformation and adherence to compliance measures, with a particular focus on compliance with financial sanctions, as well as the risk policy. Here, the Supervisory Board gave special attention to RBI's risk policy for commercial properties, as well as to the allocations to provisions in connection with foreign-currency mortgage loans in Poland.
- The Supervisory Board monitored and supported RBI's activities in the field of sustainability and diversity.
- The Supervisory Board and its committees performed all their duties with great care and responsibility. The members of the Supervisory Board exhibited a high level of commitment and were always available for additional meetings. A total of 50 meetings of the Supervisory Board and of its committees were held, plus 30 additional sessions.
- After reviewing the relevant documents, the Supervisory Board stated that it concurred with the 2023 annual financial statements and consolidated financial statements and approved the 2023 annual financial statements, which were thus adopted in accordance with § 96 (4) of the Austrian Stock Corporation Act (AktG).

Macroeconomic development and business performance of RBI in 2023

2023 was again shaped by wars and geopolitical tensions as well as a highly volatile market environment. On the macroeconomic front, the year was characterized by high inflation with falling inflation rates, as well as subdued/stagnant economic growth and sharp hikes in interest rates compared to previous years. The difficult conditions in Ukraine, Russia and Belarus again proved a particular challenge for RBI in the 2023 financial year.

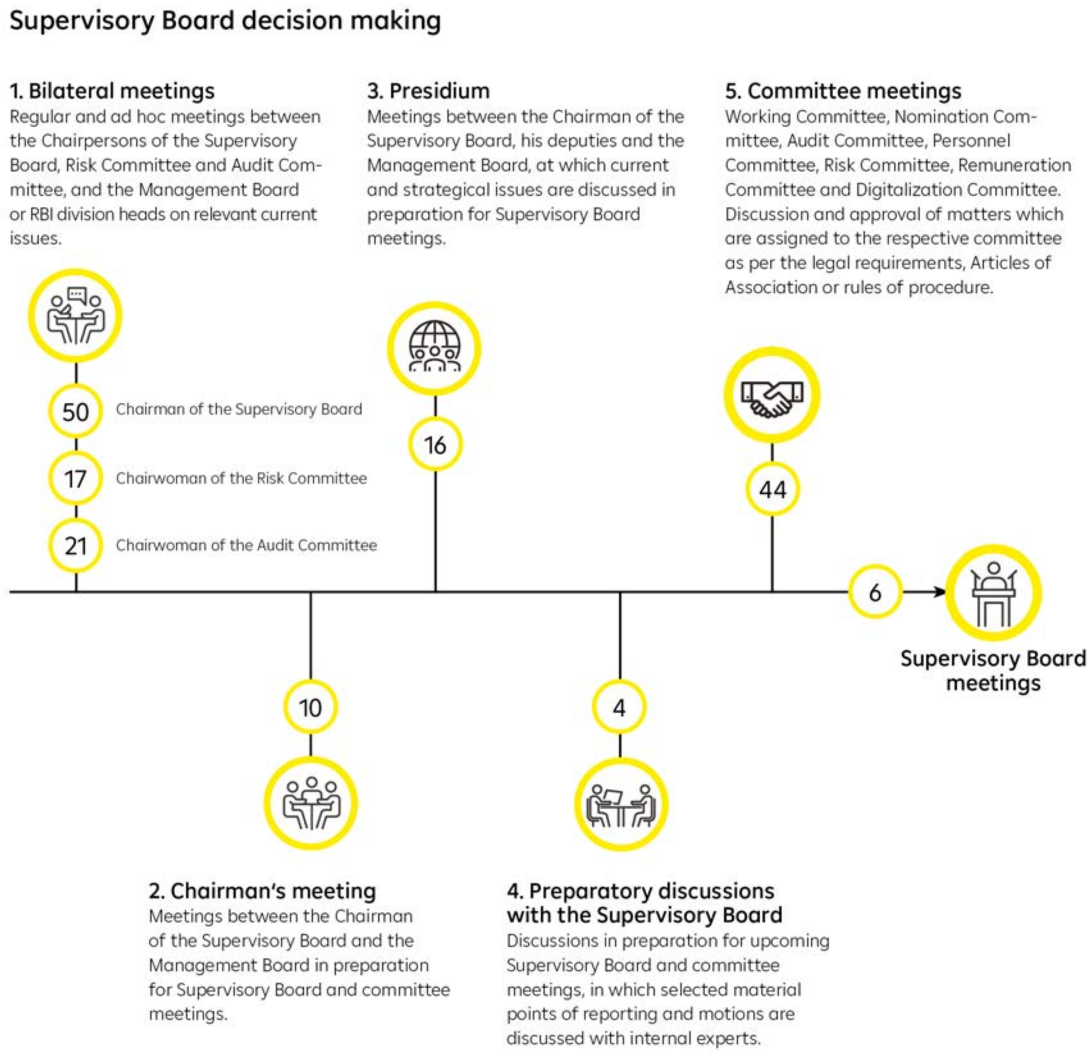
Nevertheless, the Group recorded a consolidated profit of € 2.4 billion. The result excluding Russia and Belarus amounted to € 1.0 billion. In the past financial year, RBI thus again proved that even in challenging times, it can achieve good results irrespective of business activity in Russia. Even Raiffeisenbank Ukraine recorded a very good result given the difficult underlying conditions. RBI's liquidity is extremely stable and in 2023, risk costs fell significantly year-on-year. The good result of the first nine months and the sound capital base provided the basis for the decision on the dividend distribution for the 2022 financial year at the extraordinary General Meeting on 21 November 2023. This strengthened investors' trust in RBI.

In 2023, Raiffeisenbank Russia continued to significantly reduce its business activity. The dual management of the RBI Group with close monitoring of the Group both taking into account and also excluding Raiffeisenbank Russia enabled prudent forward-looking planning with consideration given to possible options for deconsolidation taking heed of shareholders' interests.

The rating agencies also recognized RBI's good business performance, sound capitalization and resilience with a stable rating.

Facts & Figures on the Supervisory Board in 2023

The graphic below uses the preparatory process for Supervisory Board meetings to illustrate the collaboration between the Supervisory Board and the Management Board in 2023. The members of the Supervisory Board showed exceptionally high commitment in 2023 and, where required, also made themselves available at very short notice for information sessions and meetings.



Activities of the Supervisory Board

In the 2023 financial year, the members of the Supervisory Board fully satisfied, with the utmost care and responsibility, all duties and obligations entrusted to the supervisory body as set forth in the existing legislation, regulatory requirements, Articles of Association and rules of procedure.

The Management Board informed the members of the Supervisory Board regularly, promptly and comprehensively of the key developments at RBI and – including between meetings – provided the Supervisory Board with reports on the current situation regarding business and financial performance, as well as on liquidity, risk and capital development. As part of their responsibilities, the members of the Supervisory Board monitored the Management Board's management activities, were involved in decisions of material importance for RBI's future, and acted as advisors to the Management Board at all times.

A total of 50 meetings of the Supervisory Board and of its committees were held, along with 30 further sessions. Between the regular meetings, the members of the Supervisory Board also adopted urgent decisions by circular resolution. The constant high level of commitment of the individual members of the Supervisory Board in carrying out their responsibilities in 2023 is reflected in an average attendance rate of over 94 per cent for the plenary and committee meetings, with the average attendance rate for the capital representatives being 99 per cent. These figures testify to the Supervisory Board members' continuing sufficient availability in terms of time in the 2023 financial year.

Focus areas of the Supervisory Board's activities

In 2023, the Supervisory Board focused on the implications for RBI's business policy and strategy of the changed macroeconomic and political framework conditions resulting from the Russian war of aggression against Ukraine. The Supervisory Board held detailed discussions on various options for deconsolidating the Russian unit, with comprehensive deliberations also being conducted on the legal, financial, accounting and regulatory aspects, as well as the consequences for the common equity tier 1 ratio. Regular updates were also provided on the reduction of business activity in Russia. The potential implications of the current situation for earnings, capital ratios, liquidity and loan-loss provisions were discussed in an intensive dialog. RBI announced in December 2023 that it intends to acquire nearly 28 per cent of the shares in STRABAG SE through its Russian subsidiary, AO Raiffeisenbank, from the Russian company Rasperia Trading Limited. The transaction's execution depends on the restructuring of the seller and a satisfactory completion of the sanctions compliance due diligence examination by RBI, as per the decision of the board and the supervisory board. If the transaction is successfully completed, the equity position of the Russian subsidiary bank will be significantly reduced, thereby reducing the risk of RBI's business in Russia.

During the meetings and also at two strategy workshops, the Supervisory Board held detailed discussions with the Management Board on RBI's strategic and geographic positioning following the change in framework conditions. In addition, in 2023 the Supervisory Board was involved in the strategy process and in monitoring the Strategic Roadmap for achieving RBI's Vision & Mission. The Supervisory Board also intensively addressed the objectives and impact of the new business strategy One Business Bank as well as strategic measures undertaken by the Management Board for optimizing the holding function for the Group's management. The Supervisory Board supports the new business strategy, which aims to improve the customer experience, reduce costs and achieve a sustainable strengthening of the financial result.

The Supervisory Board and the Risk Committee addressed in detail the risk strategy and risk management, as well as RBI's current and possible future risks. The Supervisory Board supports RBI's foresighted, proactive and prudent risk policy in all business areas, including in particular in respect to commercial properties. The performance, adequate collateralization and structure of the commercial property portfolio was attentively monitored by the Supervisory Board. The Supervisory Board also carefully monitored the developments in the legal disputes in connection with the Swiss-franc-based loan portfolio in Poland, in particular taking into account the decision of the European Court of Justice in June 2023. The Supervisory Board continuously monitored the adequate provisioning for the loan portfolio in Poland. In addition, the committees held intensive discussions on the appropriateness of the risk provisions and the risk models used, as well as on the correct financial reporting of the risk provisions. The Supervisory Board discussed the EBA stress test, which confirmed RBI's strong capital and portfolio mix.

A key focus of the Supervisory Board's activities involved overseeing the implementation of the digital transformation by the Management Board, with the aim of best meeting the growing customer needs for innovative digital products and services. As well as addressing RBI's digital initiatives and the IT strategy, the Digitalization Committee also in particular discussed important future topics such as advanced analytics and the opportunities and risks presented by artificial intelligence and their possible implications for the financial sector, the business model, the world of work and the organization. The Supervisory Board and its committees also monitored IT risk management and the measures to strengthen the resilience of the IT infrastructure and to improve cyber security.

The Supervisory Board attaches great importance to RBI's commitment to sustainability, to actively supporting customers in their sustainable transformation, and to risk management in compliance with appropriate sustainability criteria. The Supervisory Board and its committees followed and monitored the corresponding strategic and operational measures and ESG initiatives of the Management Board with great interest.

During the financial year, the Supervisory Board intensively discussed the efficiency and implementation of the internal compliance measures as well as the corresponding rules and procedures. Special focus was placed on the internal sanctions management process and on diligent compliance with the EU and US provisions on financial sanctions. In the regular compliance updates, the Supervisory Board and its committees were provided with detailed information on the measures to combat money laundering and on other current compliance issues. The Audit Committee also placed a special focus on auditing the internal control system and Group-wide compliance management.

In 2023, the Nomination Committee's focus of activities was on succession planning for the Management Board and the Supervisory Board of RBI (see changes in the Management Board and Supervisory Board). The Nomination Committee carefully monitored the measures and progress made with regard to achieving the target quota for the underrepresented gender and other aspects of diversity. As a result of the decision by the Nomination Committee in March 2023, a new target quota for the underrepresented gender on the Management Board and the Supervisory Board was set; the new target quota to be achieved by 2026 is 30 per cent for the underrepresented gender. The appointment of Marie-Valerie Brunner, who was appointed from 1 November as the first woman on the RBI Management Board, already increased this quota from 20 to 25 per cent.

Corporate Governance

Both individually and collectively, the members of the Supervisory Board have the necessary knowledge, skills and experience to carry out their Supervisory Board activities for RBI in accordance with the statutory provisions and the regulatory requirements. In addition, the Supervisory Board members invest sufficient time in performing their duties. The suitability of the members of the Supervisory Board for the duties and obligations required according to the nature, scale, and complexity of RBI's business activities (fit & properness) is regularly assessed and confirmed by the Nomination Committee.

Cooperation with the Management Board

The cooperation between the members of the Supervisory Board and of the Management Board is characterized by mutual appreciation, an open discussion culture and an intensive and constructive dialog. The exchange was maintained not only in the regular meetings, but also in the form of a number of information sessions and preparatory discussions.

Furthermore, the members of the Management Board maintained a continuous exchange of information with the Chairman of the Supervisory Board, his deputies as well as the Chairpersons of the committees on all key issues. This ensured optimum preparation of the basis for assessment and decision-making for the members of the Supervisory Board and its committees. In the 2023 financial year, the Chairman of the Supervisory Board met with individual members of the Management Board in 46 bilateral meetings, including 29 with the Chief Executive Officer. The Chairpersons of the Audit and Risk Committees held a total of 6 and 8 meetings respectively with members of the Management Board in preparation for the relevant committee meetings.

Changes in the Management Board and Supervisory Board

On the basis of the recommendation by the Nomination Committee, the Supervisory Board extended the Management Board mandate of Andreas Gschwenter for a further three years commencing on 1 July 2023. After Peter Lennkh had announced that he was resigning his Management Board mandate early for personal reasons, the Supervisory Board agreed to the early termination of his term of office with effect as of 31 August 2023. Following the completion of the structured and comprehensive internal and external search process, the Supervisory Board resolved to appoint Marie-Valerie Brunner as a new Management Board member, with responsibility for Corporate & Investment Banking Customer Coverage with effect as of 1 November 2023 and for a term of 3 years.

In addition, at the General Meeting on 30 March 2023, Andrea Gaal was re-elected to the Supervisory Board of RBI for a further five years. At the extraordinary General Meeting of 21 November 2023, Manfred Wilhelmer was elected as a new member of the Supervisory Board for a period of five years. He thus succeeds Peter Gauper, who had resigned his mandate with effect as of 14 June 2023 at his own request.

In accordance with the legal and regulatory requirements, the Nomination Committee was involved in all appointments of Management Board and Supervisory Board members and in doing so confirmed the personal and professional aptitude as well as the collective aptitude of all members of the Management Board and of the Supervisory Board.

The Supervisory Board would like to take this opportunity to thank Peter Gauper and Peter Lennkh for their many years of constructive collaboration in the interests of RBI.

Meetings with the regulator

As in previous years, in 2023 the Chairman of the Supervisory Board and the Chairpersons of the Risk and Audit Committees held meetings with representatives of the Joint Supervisory Team (JST) of the ECB, the OeNB and the FMA.

Self-evaluation of the Supervisory Board

The Supervisory Board discussed the efficiency of its activities, its organization and work procedures in accordance with Rule 36 of the Austrian Corporate Governance Code and conducted a corresponding self-evaluation. Based on the findings from the previous year's evaluation, the self-evaluation for 2023 was again carried out in cooperation with experts from the Vienna University of Economics and Business, with the aim of identifying and implementing further potential improvements.

Corporate Governance Report

The consistency check of the Corporate Governance Report according to § 243c of the Austrian Commercial Code (UGB) was performed by Deloitte Audit Wirtschaftsprüfungs GmbH with registered office in Vienna (Deloitte). This report was reviewed by the Supervisory Board in accordance with § 96 (1) of the Austrian Stock Corporation Act (AktG). There were no grounds for objections to the Corporate Governance Report.

Training and professional development measures

In 2023, the members of the Supervisory Board undertook the training and professional development measures required for their roles, for which adequate support from RBI was received. During two Fit & Proper training courses for the Supervisory Board, the members were provided with information on current legal and regulatory developments. The training focused on the topic of ESG and the associated obligations and liability issues. Additional updates were provided on current developments within the EU in the field of digitalization, on the legal and regulatory framework conditions for credit limit management, as well as on international clearing, settlement and payment services taking into account the sanction regime. The Supervisory Board members also received training on directors' dealings and handling insider information.

Consolidated and annual financial statements including non-financial report

Consolidated and annual financial statements

The annual financial statements and the management report of RBI AG for the 2023 financial year were audited by Deloitte. According to the final results of the audit, the auditor had no reason for objections and thus issued an unqualified auditor's report.

The consolidated financial statements, prepared by the Management Board pursuant to § 245a of the Austrian Commercial Code (UGB) and in accordance with the provisions of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) mandatorily applicable on the reporting date, and the consolidated management report of RBI AG for the 2023 financial year were audited by Deloitte and issued with an unqualified auditor's report.

The reports of the auditor of the financial statements and of the auditor of the consolidated financial statements were submitted to the Supervisory Board. The Audit Committee reviewed the 2023 annual financial statements including the management report and the 2023 consolidated financial statements and the consolidated management report and undertook preparations for the adoption of the annual financial statements by the Supervisory Board. The Supervisory Board reviewed all documents and also the Audit Committee's report. The Supervisory Board concurred with the 2023 annual financial statements and consolidated financial statements and approved the 2023 financial statements, which were thus adopted in accordance with § 96 (4) of the Austrian Stock Corporation Act (AktG).

Non-financial report

An independent consolidated non-financial report pursuant to § 267a UGB, which also contains the disclosures pursuant to § 243b UGB for the parent company, was prepared and audited for RBI by Deloitte. This report was reviewed by the Supervisory Board in accordance with § 96 (1) of the Austrian Stock Corporation Act (AktG). There were also no grounds for objections to the non-financial report.

Outlook for 2024

A broadening of the macroeconomic stagnation in Europe, further geographic fragmentation and a continuation of the war between Russia and Ukraine are forecast for 2024. The negative consequences of inflation and of the interest rate environment for sectors such as real estate and financial services will persist for some time. The reduced market liquidity and climate risks will also gain in relevance.

The Supervisory Board will continue to support and advise the Management Board and exercise the utmost care in order to overcome these challenges. A sound capital base and a prudent, proactive and forward-looking risk strategy will remain the basic prerequisites for further development, in order to overcome challenges resulting from the macroeconomic environment and their possible consequences for RBI's business.

The Supervisory Board will also closely monitor the risk mitigation measures in Russia, including a potential deconsolidation of the Russian unit, and advise the Management Board on RBI's strategic orientation. The implementation of the new business strategy will also form a focus for the Supervisory Board in 2024.

The Supervisory Board will continue to support the expansion of digital capability, with the aim of responding flexibly and innovatively to the needs of customers in fast changing times. In doing so, the opportunities and risks associated with the use of artificial intelligence and its impact on the financial sector will be carefully monitored. Strong IT risk management is crucially important in order to guarantee the security and processing of customer data and ensure stable banking operations.

The financial sector will play a decisive role in the success of the sustainable transformation of the economy. We are aware of this responsibility for society. In 2024, the Supervisory Board will therefore continue to focus on sustainability issues and support the expansion of activities in this area. The consequences of the latest ESG developments for RBI's business model and supporting customers in their environmental and energy transformation will also play a key role in 2024.

In the 2023 financial year, RBI once again received numerous awards from internationally renowned financial publications, recognizing in particular the innovative strength and the quality of the products offered by the entire Group. Global Finance, EMEA Finance, Euromoney and The Banker honored RBI's achievements with more than 30 regional, local and product-related awards. Particularly noteworthy is the award for Best Bank in CEE from the Financial Times publication The Banker (following Global Finance 2021 and EMEA Finance 2022), and also the Global Finance awards for Central and Eastern Europe relating to sustainable bonds and ESG-based loans. These awards bestowed on RBI are attributable to the performance and dedication of its employees. They reflect both the innovative capacity and also the quality of the services provided by the entire RBI Group and testify to the outstanding commitment of its employees.

I would like to take this opportunity, on behalf of the Supervisory Board, to thank the Management Board, under the leadership of Johann Strobl, and also all employees of RBI for their tireless commitment during these challenging times. Their commitment has made a significant contribution to RBI's good result. Finally, I should like to emphasize that the Supervisory Board will in future continue to fulfill its duties responsibly and prudently, with the clear aim of actively contributing to RBI's future-oriented and sustainable development and to its ongoing success.

On behalf of the Supervisory Board
Erwin Hameseder, Chairman

Raiffeisen at a glance

Raiffeisen Bank International

RBI regards Austria, where it is a leading corporate and investment bank, as well as Central and Eastern Europe (CEE) as its home market. Subsidiary banks cover 12 markets in the region. In addition, the Group includes numerous other financial service providers active in areas such as leasing, asset management, factoring and M&A. In total, around 45,000 RBI employees serve 18.6 million customers from more than 1,500 business outlets, the vast majority of which are in CEE.

The regional Raiffeisen banks hold 61.17 per cent of RBI's shares. The remaining shares are held in free float.

RBI's markets

2023	Total assets in € million	Change[1]	Business outlets	Employees
Czech Republic	29,991	8.2 %	128	3,599
Hungary	11,571	7.4 %	67	2,404
Poland	1,431	(30.0)%	1	291
Slovakia	22,324	2.3 %	143	3,484
Central Europe	**65,006**	**4.6 %**	**339**	**9,778**
Albania	2,908	17.8 %	76	1,271
Bosnia and Herzegovina	2,724	3.6 %	87	1,376
Croatia	6,997	4.9 %	70	1,773
Kosovo	1,489	9.4 %	38	965
Romania	14,230	12.5 %	288	5,037
Serbia	5,695	2.0 %	108	2,113
Southeastern Europe	**34,035**	**8.6 %**	**667**	**12,535**
Belarus	2,446	(9.1)%	45	1,610
Russia	20,702	(23.0)%	124	9,942
Ukraine	4,473	5.0 %	321	5,333
Eastern Europe	**27,611**	**(18.3)%**	**490**	**16,885**
Group Corporates & Markets	**60,131**	**(4.0)%**	**23**	**3,536**
Corporate Center	**36,485**	**(18.5)%**	**-**	**2,153**
Reconciliation/other	(25,028)	-	-	-
Total	**198,241**	**(4.3)%**	**1,519**	**44,887**

1 Change in total assets compared to 31 December 2022 expressed in local currencies varies due to fluctuation in euro exchange rates.

The Austrian Raiffeisen Banking Group (RBG)

The RBG is the country's largest banking group and has the densest branch network in Austria. In financing, it primarily serves small and mid-sized retail, service, industrial and commercial enterprises as well as the tourism and agriculture sectors. The RBG is organized into three tiers: the independent, local Raiffeisen banks (1st tier), the eight independent regional Raiffeisen banks (2nd tier) and RBI AG (3rd tier).

The roughly 300 Raiffeisen banks and their branches, as well as the regional Raiffeisen banks and specialist companies, together make up a comprehensive and extensive banking network. The Raiffeisen banks are universal banks that provide a full range of banking services and are also the owners of their respective regional Raiffeisen bank.

The regional Raiffeisen banks (Raiffeisen Landesbanken and Raiffeisenverband) provide liquidity balancing and other central services for the Raiffeisen banks in their area of activity. In turn, the regional Raiffeisen banks are connected to RBI AG through its role as the central institution of the RBG.

Institutional protection scheme as well as statutory deposit guarantee and investor protection scheme – Austrian Raiffeisen-Sicherungseinrichtung eGen

Institutional protection scheme (Raiffeisen-IPS)

Raiffeisen Bank International AG and its Austrian bank subsidiaries, the regional Raiffeisen banks and the local Raiffeisen banks, are part of the agreement on an institutional protection scheme (Raiffeisen-IPS) as well as the Austrian Raiffeisen-Sicherungseinrichtung eGen (ÖRS), as a statutory protection scheme.

In the agreement on the Raiffeisen-IPS, the member institutions agree to ensure one another's security and in particular, join forces to ensure liquidity and solvency when required. The new Raiffeisen-IPS was recognized by the relevant supervisory authorities (ECB and FMA) as an institutional protection scheme according to Article 113 (7) CRR (Capital Requirements Regulation of the European Union) and its related rights and obligations of the participating member institutions. This allows, among other things, for receivables to be risk-weighted at zero per cent between Raiffeisen-IPS members. The Raiffeisen-IPS is subject to joint regulatory supervision and capital requirements must also be met on a consolidated basis.

The Raiffeisen-IPS was recognized together with ÖRS by the Austrian Financial Market Authority (FMA) as a statutory deposit guarantee and investor protection scheme according to the Austrian Deposit Guarantee and Investor Protection Act Einlagensicherungs- und Anlegerentschädigungsgesetz (ESAEG).

ÖRS is mandated to operate the reporting and early risk assessment systems for the Raiffeisen-IPS. ÖRS also acts as trustee and manages the liquid assets for the Raiffeisen-IPS.

The Raiffeisen-IPS is controlled by a joint risk council, comprising representatives of RBI AG, the regional Raiffeisen banks and the Raiffeisen banks. Tasks that could be solved on a regional level were delegated to the regional risk councils, each comprising representatives of the respective regional Raiffeisen banks and Raiffeisen banks, by the joint risk council.

Raiffeisen Customer Guarantee Scheme (RKÖ)

RBI AG is a member of Raiffeisen-Kundengarantiegemeinschaft Austria (Raiffeisen Customer Guarantee Scheme Austria (RKÖ)). The members of this association have a contractual obligation to guarantee jointly the punctual fulfillment of the entirety of an insolvent association member's commitments arising from customer deposits and its own issues up to the limit of the sum of the individual capacities of the remaining association members. The individual capacity of an association member is measured on the basis of its freely available reserves subject to the pertinent provisions of the Austrian Banking Act (BWG).

In view of the change in the legal and regulatory framework and implementation of an institutional protection scheme, the RKÖ and its respective member institutions decided in 2019 to discontinue the scheme for new transactions. Accordingly, the supplementary protection by RKÖ may only be granted to protected transactions entered into before 1 October 2019. The rights of customers with regard to statutory deposit insurance are not affected and remain fully in place.

Liquidity groups

Pursuant to Section 27a of the Austrian Banking Act (Bankwesengesetz - BWG), credit institutions affiliated to a central institution are required to hold a liquidity reserve with that central institution in order to protect financial market stability. There are liquidity groups established at both state and federal level; RBI is the central institution at federal level. There are corresponding contractual arrangements in place for the respective liquidity groups which cover potential utilization in the event that this is necessary as well as liquidity contingency plans which are also subject to regular tests.

RBI's Strategy

RBI is a leading universal banking group in CEE and a corporate and investment bank in Austria. It provides financial services to retail and corporate customers, as well as to banks and other institutional clients. RBI continues to focus on the CEE region, which offers structurally higher growth rates than Western Europe and therefore more attractive potential returns. With its specialist institutions in Austria (in areas such as leasing, factoring, building savings and loans, wealth and asset management), each with a strong market position, RBI is broadly diversified and also benefits from the opportunities in the Austrian market.

RBI has undertaken a comprehensive Group Strategy Update in 2023, based on a holistic analysis of all relevant market trends within the CEE region and a thorough performance assessment. RBI's Vision 2025 was confirmed and it continues to aim to be the most recommended financial services group in the countries in which the Group operates. This is to be achieved by making customers' lives easier through continuous innovation and a superior customer experience (RBI's mission). To ensure it continues its successful trajectory towards achieving its Vision and Mission, the new Group strategy aims to further accelerate the digital transformation and create sustained shareholder value. This is to be accomplished on the basis five strategic pillars that are the foundation for RBI's future growth and success.

Sustained Growth

The outlook for the CE and SEE regions remains positive, and RBI maintains confidence in its regional presence, focusing growth in selected key markets. As part of its strategy, RBI aims to further capitalize on its unique Austria and CEE expertise, using it as a key differentiating factor and driver of business. This will involve strengthening its focus on core regions and customers with a strong connection to Austria and the CEE region. In terms of customer segments, RBI will enhance its relationships with international clients and strategically expand its business with local mid-market companies and local institutional clients.

Furthermore, RBI realigned its Corporate and Investment Banking (CIB) setup and since 1 September 2023 has been acting as a "One Business Bank" for its corporate and institutional clients in order to further strengthen its leading position as a CIB relationship bank in Austria and the CEE region.

Customer Centricity

RBI remains dedicated to delivering exceptional customer experience across all channels. With ease and convenience being important for customers RBI strives to create seamless, smooth interactions at every touchpoint, be it in person or virtual. In addition, RBI aims at offering personalized products and services that build long-lasting customer relationships on the basis of trust and reliability as their cornerstones.

To amplify its customer-centric undertakings, RBI harnesses the power of data-based customer understanding. By improving its capabilities in the area of data collection and analysis and data-based decision making, RBI gains valuable insights that enable it to engage more meaningfully with its current and prospective customers, offering the right product via the right channel at the right point in time. Furthermore, RBI proactively seeks feedback from its customers, valuing their input as an important source of information for continuous improvement.

Efficiency

Efficiency is of utmost importance, especially in a business environment defined by accelerated digitalization, cost competition and elevated inflation. RBI therefore strives to achieve sustainable improvements in efficiency through standardization, automation, and process optimization. In doing so, it relies on the existing synergy potential and economies of scale of RBI as a Group and plans to exploit these across the various subsidiaries in order to optimize the range of products and services, among other things.

The centralization of product development and Group-wide use of products and applications are core elements for optimizing RBI's cost structure across all customer segments. These efforts focus on product areas such as foreign exchange business, investment products and digital lending solutions for retail customers and also small- and medium-sized businesses.

Furthermore, RBI is actively focused on enhancing its digital and operational excellence to meet customer demands for increased digitization and real time services by streamlining operation and automation of key business processes across all customer segments.

Speed & Adaptability

Timeliness in reacting to rapidly changing market developments is a crucial part of RBI's competitive position, with speed and adaptability playing a large part in delivering business impact. Further rolling out the adaptive organizational structure will lead to immediate improvements for customers. It will enable new methods of working (such as cross-functional teams) and support innovation through the transformation of RBI's corporate culture. In addition, this structure will enable the optimization of processes to ensure the ability to adapt more quickly to changing customer demands and market developments.

New technologies and their adoption in relevant business areas allow RBI to act at speed in its markets. RBI increasingly relies on the usage of cloud technology to increase efficiency and resilience in operational processes, offer greater flexibility for developers and gain speed and agility in terms of time to market.

People & Culture

RBI sees people and organizational culture as fundamental elements for future growth. It continues the path of being the "Employer of Choice" by focusing on providing a sustainable and healthy work environment where talented and diverse people enjoy working and find the right career and development opportunities. Supporting leadership development measures will ensure that RBI has conscious and effective leaders who encourage people to use their full potential and perform at their best. This establishes RBI's reputation as company known for living a sustainable high-performing culture.

RBI will continue being a learning organization to face the challenges ahead. In doing so, it will support the key strategic areas with a Group-wide learning approach by providing a state-of-the-art digital learning infrastructure. RBI supports its ambitions by reinforcing a collaborative and customer-centric culture where effective teamwork is fostered and rewarded. Sustainable and fair reward and recognition practices will ensure competitiveness on a medium- and long-term horizon.

RBI in the capital markets

Performance of RBI stock

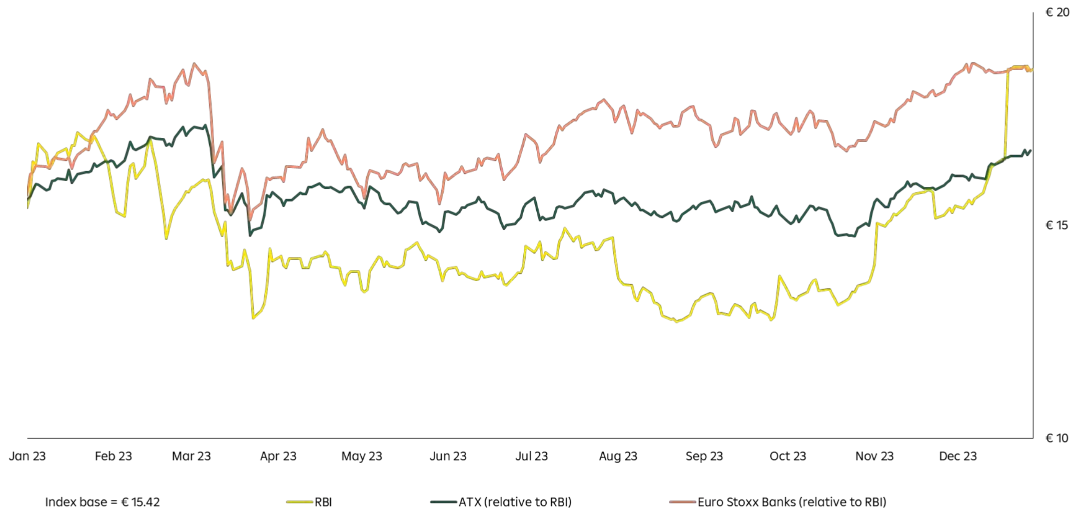
The challenging geopolitical environment and the associated interest rate and inflation trends continued to exert a firm grip over the capital markets in 2023. Following the sharp price losses in 2022 in the wake of the war in Ukraine, the capital markets initially started off 2023 on a positive note; share prices began to recover and bond prices stabilized. In the spring, financial markets were initially rattled by bailouts of two relatively large American banks and one Swiss institution. However, the causes were largely attributable to the firms' business models and management failures, and concerns about contagion among other banks soon receded into the background. In particular, energy and commodity prices largely returned to pre-war levels towards the end of 2023, following the sharp increases in the previous year. However, as other goods and services continued to record noticeable price increases and inflation rates remained at levels well above the central banks' target corridors, both the US Federal Reserve and the ECB continued to raise their key interest rates through multiple hikes over the course of the year, from 4.50 to 5.50 per cent and from 2.50 to 4.50 per cent, respectively. Inflation rates did not begin to fall significantly until the third quarter, which was positively received by the capital markets. In contrast, the terrorist attack on Israel at the beginning of October and the associated fears of a further escalation of war in the Middle East were another shock, causing most share indices to fall significantly once again.

Europe's economic outlook in 2023 remained subdued or – in countries such as Germany – deteriorated further. The outlook for 2024 is rather subdued. A recent decline in leading indicators in the US also signaled a cooling economy, and following central banks' announcements of having reached the peak of the interest rate hike cycle, some market participants are already hoping that interest rates will fall again to stimulate the economy. This gave investors new confidence in the stock and bond markets at the end of the year.

The exchange rate between the euro and the US dollar fluctuated between EUR/USD 1.05 and 1.12 over the course of the year. The euro only appreciated slightly against the US dollar year-on-year, ending the year at EUR/USD 1.10. In contrast, other currencies of relevance to RBI, such as the Russian ruble and the Belarusian ruble, lost a significant 22 and 18 per cent, respectively, against the euro over the course of the year.

RBI's share price started 2023 at € 15.35 and reached its peak for the year of € 18.75 on 27 December. The very good financial results were offset by the still unresolved situation regarding the planned deconsolidation of the Russian subsidiary bank, which weighed on the share price performance. The announcement in December of the planned STRABAG transaction had a very positive effect on the share price. At the end of the year, the RBI stock was trading at € 18.67, having gained 21.6 per cent over the year. The Austrian stock index (ATX) gained 9.9 per cent compared to the start of the year, the European bank index (Euro Stoxx Banks) gained 23.5 per cent.

Share price development from 1 January 2023 compared to ATX and Euro Stoxx Banks



Capital market communication

Following the publication of the preliminary figures from the 2022 financial year on 1 February 2023, the RBI Management Board held a conference call with more than 450 participants. The Management Board explained the financials, discussing the situation in Russia and Ukraine and its potential impact on RBI in detail, and fielded additional questions from participants in the subsequent Q&A session. Web conferences were also held as part of the publications at the end of the quarter in the remaining course of the year. Each web conference was attended by well over 250 participants.

RBI's investor relations activities aim to provide maximum transparency for capital market players through flexible and innovative information sessions. In 2023, the Investor Relations managers and other representatives of RBI participated in roadshows and conferences in Budapest, Cologne, Düsseldorf, Frankfurt, Geneva, Hong Kong, Lausanne, London, Madrid, Munich, Paris, Prague, Singapore, Stockholm, Vienna, Warsaw, Zurich and Zürs, in some cases several times. These activities were supplemented by a host of virtual events conducted via conference calls and web conferences. In addition, Investor Relations gave analysts and equity and debt investors the opportunity to individually talk to the CEO, CRO and Investor Relations by telephone or video conference. The discussions held with investors and analysts in 2023 continued to focus on the situation in Ukraine and developments in Russia, their potential impact on RBI, and questions relating to the intended separation from the Russian subsidiary bank. Other topics included the impact of inflation and interest rate hikes on RBI's net interest income and credit portfolio, for example.

A total of 18 equity analysts and 22 debt analysts (as at 31 December 2023) regularly provide investment recommendations on RBI.

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

Annual General Meeting and dividend

RBI's Annual General Meeting for the financial year 2022 was again held in Vienna on 30 March 2023 in a hybrid format that allowed shareholders to participate not only physically but also virtually. The Supervisory Board and Management Board addressed the war and the situation in Ukraine in detail. Due to the continuing uncertainties resulting from the war in Ukraine, it was proposed to the Annual General Meeting that the entire balance-sheet profit shall be carried forward. All proposed resolutions on the agenda were adopted by a large majority. Andrea Gaal was re-elected to the Supervisory Board of RBI until the close of the Annual General Meeting, which will decide on the discharge for the 2027 financial year.

Another Annual General Meeting was held on 21 November 2023 that, by a large majority, approved a dividend payment of € 0.80 for each share that was entitled to a dividend for the financial year 2022, among other things. Following the volatile market environment in the spring, a decision was made to initially see how things would develop in the rest of the financial year 2023 as part of prudent capital and liquidity management. Since developments were extremely positive and the capital base was further strengthened, it was decided that the shareholders would participate in this success by receiving a dividend. In addition to the proposed resolution on the distribution, the election of Manfred Wilhelmer as Peter Gauper's successor on the Supervisory Board was another key item on the agenda, all of which were approved by a large majority.

New issues

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

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

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

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

EBA stress test

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

RBI rating

In order to ensure an accurate assessment, RBI maintains regular contact with rating agency analysts and informs them about current developments in its business. RBI continues to be rated by Moody's Investors Service and Standard & Poor's. The rating assigned by Moody's was upgraded by one notch from A2 to A1 in July 2023 and the outlook was adjusted to stable. Moody's last updated its rating in the third quarter of 2023 and raised the rating for public-sector covered bonds one notch from Aa2 to Aa1. The other ratings remained unchanged. Standard & Poor's reaffirmed its rating for RBI in November 2023 due to the improved capital base of both RBI itself and as part of the Raiffeisen Banking Group with regard to risks from the Russia exposure and again emphasized RBI's good business performance and improved risk resilience despite the war in Ukraine.

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

Shareholder structure

The regional Raiffeisen banks' holding was at 61.17 per cent of RBI's shares, with the remaining shares 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 31 December 2023	€ 18.67
Share price high/low (closing) 2023	€ 18.75/€ 12.73
Earnings per share 2023	€ 6.93
Book value per share as at 31 December 2023	€ 51.71
Market capitalization as at 31 December 2023	6,141 million
Average daily trading volume (single count) 2023	393,804 shares
Free float as at 31 December 2023	around 39.00 %
ISIN	AT0000606306
Ticker symbols	RBI (Vienna Stock Exchange)
	RBI AV (Bloomberg)
	RBIV.VI (Reuters)
Market segment	Prime Market
Number of shares issued as at 31 December 2023	328,939,621

Financial Calendar 2024

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

Coporate Governance Report

This Corporate Governance Report combines the Corporate Governance Report of RBI AG and the consolidated Corporate Governance Report of RBI pursuant to § 267b of the Austrian Commercial Code (UGB) in conjunction with § 251 (3) of the UGB.

RBI attaches great importance to responsible and transparent business management in order to maintain the understanding and confidence of its various stakeholders – not least of capital market participants. Hence, RBI is committed to adhering to the Austrian Corporate Governance Code (ACGC, or "the Code") as laid out in the version dated January 2023. The ACGC is publicly available on the Austrian Working Group for Corporate Governance website (www.corporate-governance.at) and on the RBI website (www.rbinternational.com→ Investors → Corporate Governance and Remuneration). In addition to RBI, its Slovak subsidiary bank Tatra banka, a.s. and its Ukrainian subsidiary bank Raiffeisen Bank JSC, as listed companies, publish a corporate governance report in line with local statutory regulations. These reports are published in the annual reports of Tatra banka, a.s. and Raiffeisen Bank JSC and are available on the banks' websites (www.tatrabanka.sk → About bank → Investor relations → Economic results → Annual Reports and www.raiffeisen.ua → Documents → Bank Reports → Annual Reports). RBI has no further subsidiaries which are required to publish a corporate governance report.

Governance structure of RBI

Regulatory requirements for a supervised entity: Major banks based in the European Union must adhere to certain requirements, for example, the Capital Requirements Regulation (CRR), the Capital Requirements Directive (CRD), the Markets in Financial Instruments Directive (MiFID II), the Anti-Money Laundering Directive (AMLD) or the Payment Services Directive (PSD 2). In addition, RBI also has to comply with numerous Austrian laws such as the Banking Act, the Stock Corporation Act, the Securities Supervision Act and the Payment Services Act. This legal framework significantly impacts RBI's processes and procedures.

RBI used the legal framework as a basis for defining its internal code of conduct, the RBI Code of Conduct (www.rbinternational.com → RBI Group → Responsible banking → Code of Conduct). Together with the values mentioned below, it forms the foundation of the corporate culture based on integrity and ethical principles. With the Code of Conduct, RBI commits itself to sustainable corporate management and the associated social and environmental responsibilities.

The Code of Conduct is internally binding for all employees and Management Board members. The Code of Conduct thus ensures a high standard of employee conduct. To ensure this, all RBI governance documents must be in accordance with the principles laid out in the RBI Code of Conduct.

Building on the regulatory requirements and the Code of Conduct, the Group internal policies & processes ensure compliant behavior. They make up RBI's company law and their documentation and ongoing implementation are essential prerequisites for compliance with legal requirements. The framework defines roles and responsibilities as well as standards for monitoring the implementation of the policies.

In 2019, RBI set an ambitious goal in its Vision 2025 – we are the most recommended financial services group – to be achieved by fulfilling its Mission – we transform continuous innovation into superior customer experience. The Values of collaboration, proactivity, learning and responsibility were defined as an especially important part of achieving the Vision.

The Strategic Roadmap was developed from the Vision & Mission. Its main strategic goals are divided into several specific and measurable individual phases. These are each set for a period of two years, enabling employees to gain a clear picture, at any time, of the contributions to be made within each area towards achieving the Vision 2025. Progress is evaluated on an ongoing basis and discussed by the Management Board. In the previous financial year, the Vision & Mission, strategic focus areas and Strategic Roadmap underwent a critical review and were adjusted in terms of strategic relevance and topicality.

Transparency is a key corporate governance issue and is therefore of particular importance to RBI. This Corporate Governance Report is structured according to the legal provisions contained in § 243c of the UGB and is based on the structure set forth in Appendix 2a of the ACGC.

As a result of the 2020 revision of the ACGC, the company is required to present principles for the remuneration of the Management Board members (remuneration policy pursuant to § 78a of the Austrian Stock Corporation Act (AktG)) and the total remuneration of individual Management Board members in a separate remuneration report according to § 78c of the AktG. The remuneration report and the remuneration policy will be submitted to the Annual General Meeting on 4 April 2024 for approval and published on the RBI website in good time before the Annual General Meeting.The ACGC is subdivided into L, C and R Rules. L Rules are based on legal requirements. C Rules (Comply or Explain) should be observed; any deviation must be explained and justified in order to ensure conduct is compliant with the ACGC. R Rules (Recommendations) have the characteristics of guidelines; non-compliance does not need to be reported or justified. RBI deviates from the C Rules below, but conducts itself in accordance with the ACGC on the basis of the following explanations and justifications:

C Rule 45: non-competition clause for members of the Supervisory Board

RBI AG is the central institution of the Raiffeisen Banking Group Austria (RBG). Within RBG, RBI AG serves as the central institution (as defined by § 27a of the Austrian Banking Act (BWG)) of the regional Raiffeisen banks and other affiliated credit institutions. Some members of the Supervisory Board in their function as shareholder representatives also hold executive roles in RBG banks. Consequently, comprehensive know-how and extensive experience specific to the industry can be applied in exercising the control function of the Supervisory Board, to the benefit of the company.

C Rule 52a: The number of members on the Supervisory Board (without employees' representatives) shall be ten at most

The shareholder representatives on the Supervisory Board of RBI AG currently include twelve members: nine core shareholder representatives for RBG and three free float representatives. This higher number of members was based on a resolution passed by the Annual General Meeting on 22 June 2017. It provides the Supervisory Board with additional industry knowledge, more diversity, and further strengthens its ability to exercise its control function.

In accordance with C Rule 62 of the ACGC, RBI AG commissioned Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna (Deloitte) to conduct an external evaluation of compliance with the C Rules of the ACGC. The report is publicly available at www.rbinternational.com → Investors → Corporate Governance & Remuneration → External Evaluation of the CG-Code.

Composition of the Management Board

In the financial year 2023, the Management Board comprised:

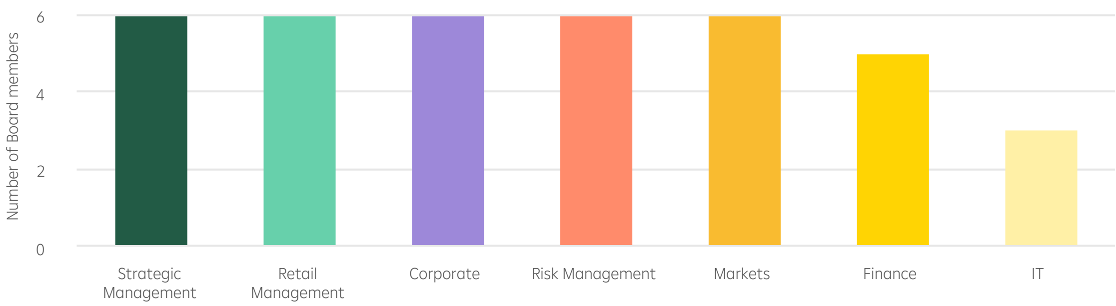
Members of the Management Board	Year of birth	Initial appointment	End of term
Johann Strobl, Chairman	1959	22 September 2010[1]	28 February 2027
Marie-Valerie Brunner	1967	1 November 2023	31 October 2026
Andreas Gschwenter	1969	1 July 2015	30 June 2026
Łukasz Januszewski	1978	1 March 2018	28 February 2026
Hannes Mösenbacher	1972	18 March 2017	28 February 2025
Andrii Stepanenko	1972	1 March 2018	28 February 2026
Peter Lennkh	1963	1 October 2004	31 August 2023[2]

1 Effective as of 10 October 2010

2 On 31 August 2023 Peter Lennkh stepped down from the Management Board.

The Management Board, in its entirety, has the necessary knowledge and experience commensurate with the type, scope and complexity of RBI's business and its risk structure.

Expertise within the entire Management Board



In the past financial year, the members of the Management Board served on the supervisory board or performed comparable functions at the following domestic and foreign companies that are not included in the consolidated financial statements:

Johann Strobl	UNIQA Insurance Group AG, 1st Deputy Chairman UNIQA Österreich Versicherungen AG, Deputy Chairman Oesterreichische Raiffeisen-Sicherungseinrichtung eGen, Austria, Member
Marie-Valerie Brunner	UNIQA Insurance Group AG, 3rd Deputy Chairwoman UNIQA Österreich Versicherungen AG, Member
Andreas Gschwenter	RSC Raiffeisen Service Center GmbH, Austria, Deputy Chairman Raiffeisen Informatik Geschäftsführungs GmbH, Deputy Chairman Oesterreichische Raiffeisen-Sicherungseinrichtung eGen, Austria, Member
Peter Lennkh	Oesterreichische Kontrollbank Aktiengesellschaft, 1st Deputy Chairman Oesterreichische Raiffeisen-Sicherungseinrichtung eGen, Austria, Member
Hannes Mösenbacher	Raiffeisen-Kundengarantiegemeinschaft Austria, President Oesterreichische Raiffeisen-Sicherungseinrichtung eGen, Austria, Member

In addition to the management and governance of RBI AG, the members of the Management Board performed supervisory duties at the following material subsidiaries of RBI AG as supervisory board members in the 2023 financial year:

Board member	Supervisory Board mandate
Johann Strobl	Raiffeisen Bank S.A., Romania, Chairman Raiffeisenbank a.s., Czech Republic, Member Tatra banka, a.s., Slovakia, Deputy Chairman
Marie-Valerie Brunner	Raiffeisen Bank Zrt., Hungary, Deputy Chairwoman
Andreas Gschwenter	Raiffeisen Bank Zrt., Hungary, Chairman Raiffeisen Bank S.A., Romania, Member Tatra banka, a.s., Slovakia, Member Raiffeisenbank Austria d.d, Croatia, Deputy Chairman Raiffeisen Digital Bank AG, Austria, Member
Łukasz Januszewski	Raiffeisenbank a.s., Czech Republic, Chairman Raiffeisen Bank JSC, Ukraine, Chairman Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Austria, Chairman Raiffeisen Bank S.A., Romania, Member Raiffeisen Digital Bank AG, Austria, Member
Peter Lennkh	Raiffeisen banka a.d., Serbia, Chairman Raiffeisen Bank Kosovo J.S.C., Kosovo, Chairman Raiffeisen Bank Sh.a., Albania, Chairman Raiffeisenbank, Russia, Member Raiffeisen Bank S.A., Romania, Member Tatra banka, a.s., Slovakia, Member
Hannes Mösenbacher	Raiffeisen Digital Bank AG, Austria, Deputy Chairman Raiffeisen Bank S.A., Romania, Deputy Chairman Raiffeisenbank a.s., Czech Republic, Member Tatra banka, a.s., Slovakia, Member
Andrii Stepanenko	Tatra banka, a.s., Slovakia, Chairman Kathrein Privatbank Aktiengesellschaft., Österreich, Chairman Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Austria, Deputy Chairman Raiffeisen Digital Bank AG, Austria, Chairman Raiffeisen Bank JSC, Ukraine, Deputy Chairman Raiffeisenbank a.s., Czech Republic, Member Raiffeisen Bank S.A., Romania, Member Raiffeisen banka a.d., Serbia, Member

Composition of the Supervisory Board

In the financial year 2023, the Supervisory Board comprised:

Supervisory Board members	Year of birth	Initial appointment	End of term
Erwin Hameseder, Chairman	1956	8 July 2010[1]	Annual General Meeting 2025
Martin Schaller 1st Deputy Chairman	1965	4 June 2014	Annual General Meeting 2024
Heinrich Schaller 2nd Deputy Chairman	1959	20 June 2012	Annual General Meeting 2027
Michael Alge	1971	31 March 2022	Annual General Meeting 2027
Eva Eberhartinger	1968	22 June 2017	Annual General Meeting 2027
Andrea Gaal	1963	21 June 2018	Annual General Meeting 2028
Peter Gauper[2]	1962	22 June 2017	14 June 2023
Michael Höllerer	1978	31 March 2022	Annual General Meeting 2027
Rudolf Könighofer	1962	22 June 2017	Annual General Meeting 2027
Heinz Konrad	1961	20 October 2020	Annual General Meeting 2025
Reinhard Mayr	1954	20 October 2020	Annual General Meeting 2025
Birgit Noggler	1974	22 June 2017	Annual General Meeting 2027
Manfred Wilhelmer[3]	1968	21 November 2023	Annual General Meeting 2028
Natalie Egger-Grunicke[4]	1973	18 February 2016	Until further notice
Peter Anzeletti-Reikl[4]	1965	10 October 2010	Until further notice
Rudolf Kortenhof[4]	1961	10 October 2010	Until further notice
Gebhard Muster[4]	1967	22 June 2017	Until further notice
Helge Rechberger[4]	1967	10 October 2010	Until further notice
Denise Simek[4]	1971	1 October 2021	Until further notice

1 Effective as of 10 October 2010

2 Peter Gauper resigned from his position with effect from 14 June 2023

3 Member of the Supervisory Board with effect from the Annual General Meeting on 21 November 2023

4 Delegated by the Staff Council

The Supervisory Board has 18 members, five of which are women.

Independence of the Supervisory Board

The Supervisory Board of RBI AG, in accordance with and taking into consideration C Rule 53 and Appendix 1 of the ACGC, has specified that the composition of the Supervisory Board must meet the following criteria for the independence of the members of the company's Supervisory Board:

- The Supervisory Board member shall not have been a member of the Management Board or a senior executive of the company or one of its subsidiaries in the past five years.
- The Supervisory Board member shall not have, or have had in the previous year, any significant business relationships with the company or a subsidiary of the company. This also applies to business relationships with companies in which the Supervisory Board member has a significant financial interest, albeit not with regard to carrying out executive functions within the Group. The approval of individual transactions by the Supervisory Board according to L Rule 48 of the ACGC does not automatically lead to a non-independent qualification.
- The exercise of functions within the Group or merely exercising the function of a management board member or senior executive by a Supervisory Board member does not, as a rule, lead to the company concerned being regarded as a company in which a Supervisory Board member has a significant financial interest, to the extent that circumstances do not support the presumption that the Supervisory Board member derives a direct personal advantage from doing business with the company.
- The Supervisory Board member shall not have been an auditor of the company, nor a stakeholder in or employee of the auditing company in the previous three years.
- The Supervisory Board member shall not be a member of the management board of another company in which a Management Board member of the company is a member of the supervisory board.
- The Supervisory Board member shall not be part of the Supervisory Board for longer than 15 years. This does not apply to Supervisory Board members who are shareholders with business interests in the company, or who represent the interests of such shareholders.
- The Supervisory Board member shall not be a close relative (direct descendant, spouse, partner, father, mother, uncle, aunt, brother, sister, nephew, niece) of a member of the Management Board or of persons who meet one of the criteria described in the preceding points.

For the purposes of the above criteria, all but one of the Supervisory Board members elected by the General Meeting are considered independent of the company and its Management Board in compliance with C Rule 53 of the ACGC. Michael Höllerer served as a senior executive of the company before accepting his Supervisory Board mandate but meets all the other criteria for independence. In addition, all the members of the committees meet the stated criteria for independence (C Rule 39 of the ACGC).

Eva Eberhartinger, Birgit Noggler and Andrea Gaal are free float representatives of the Supervisory Board of RBI AG according to C Rule 54 of the ACGC. These members of the Supervisory Board are neither shareholders with a shareholding of greater than 10 per cent, nor do they represent the interests of such shareholders.

Members of the Supervisory Board had the following additional supervisory board mandates or comparable functions in domestic and foreign stock exchange listed companies from 1 January to 31 December 2023:

Erwin Hameseder	AGRANA Beteiligungs-Aktiengesellschaft, Austria, Chairman STRABAG SE, Austria, Deputy Chairman Südzucker AG, Germany, 2nd Deputy Chairman
Heinrich Schaller	voestalpine AG, Austria, Deputy Chairman AMAG Austria Metall AG, Austria, 2nd Deputy Chairman
Michael Höllerer	BayWa AG, Germany, Member
Rudolf Könighofer	UNIQA Insurance Group AG, Austria, Member
Birgit Noggler	Semperit AG Holding, Austria, Member

No management functions at RBI AG's material subsidiaries were undertaken by Supervisory Board members.

The Supervisory Board, both in its entirety and in its committees, has the necessary knowledge, skills and experience commensurate with the type, scope and complexity of RBI's business and its risk structure.

Composition of the Committees

The procedural rules of the Supervisory Board govern its organization and allocate particular tasks to the Working, Risk, Audit, Remuneration, Nomination, Personnel and Digitalization Committees. These committees comprised the following members as of 31 December 2023:

	Working Committee	Risk Committee	Audit Committee	Remunartion Committee	Nomination Committee	Personnel Committee	Digitalization Committee
Chairperson	Erwin Hameseder	Birgit Noggler	Eva Eberhartinger	Erwin Hameseder	Erwin Hameseder	Erwin Hameseder	Andrea Gaal
1st Deputy	Heinrich Schaller	Martin Schaller	Erwin Hameseder	Heinrich Schaller	Heinrich Schaller	Heinrich Schaller	Martin Schaller
2nd Deputy	Martin Schaller	Erwin Hameseder	Heinrich Schaller	Martin Schaller	Martin Schaller	Martin Schaller	-
Member	Andrea Gaal	Heinrich Schaller	Reinhard Mayr	Eva Eberhartinger	Heinz Konrad	Heinz Konrad	Michael Alge
Member	Birgit Noggler	Eva Eberhartinger	Andrea Gaal	Andrea Gaal	Andrea Gaal	Andrea Gaal	Reinhard Mayr
Member	–	Andrea Gaal	Birgit Noggler	Birgit Noggler	Birgit Noggler	Birgit Noggler	-
Member	Natalie Egger-Grunicke	Natalie Egger-Grunicke	Natalie Egger-Grunicke	Natalie Egger-Grunicke	Natalie Egger-Grunicke	-	Natalie Egger-Grunicke
Member	Peter Anzeletti-Reikl	Rudolf Kortenhof	Rudolf Kortenhof	Peter Anzeletti-Reikl	Rudolf Kortenhof	-	Peter Anzeletti-Reikl
Member	Denise Simek	Gebhard Muster	Peter Anzeletti-Reikl	Denise Simek	Peter Anzeletti-Reikl	-	-

The Audit Committee, Remuneration Committee and Risk Committee all consist of one-third core shareholder representatives, one-third free float representatives, and one-third employee representatives. All the committees except the Digitalization Committee have at least two free float representatives on them. Three of the seven committees are chaired by a free float representative.

At least one third of the members of all the committees are women; on average, women account for around 42 per cent of the committee members. Women chair three committees.

Birgit Noggler, as the Chairwoman of the Risk Committee, satisfies the legal standards, expert qualifications and independence requirements set out in § 39d (3) of the BWG. In addition to serving as the Chairwoman of the Risk Committee, her principal occupation is the provision of tax advisory services. She was the Chief Financial Officer of Immofinanz AG from 2011 to 2016 and held management positions at Immofinanz AG from 2007 to 2011. Birgit Noggler has worked in accounting from the beginning of her professional career and therefore has extensive expertise in this field. In addition to her mandate at Semperit Aktiengesellschaft Holding, Birgit Noggler also holds supervisory board mandates at companies such as B&C Industrieholding GmbH, B&C Board AG and NOE Immobilien Development GmbH.

In addition to serving as the Chairwoman of the Audit Committee, Eva Eberhartinger, in her main position, chairs the Tax Management division at the Institute for Accounting & Auditing at the Vienna University of Economics and Business, and from 2006 to 2011 was the university's Vice Rector for Finance, Accounting and Controlling. On account of her high level of expertise and many years of experience in research and lecturing at both national and international universities, Eva Eberhartinger is a recognized expert in the areas of finance and accounting, as well as taxation. Her research focuses on accounting, taxation, financing and taxes, European/international accounting, and international tax law. Furthermore, Eva Eberhartinger has numerous publications in various specialist journals. She has served in the supervisory boards and audit committees of other companies since 2009.

Andrea Gaal, Chairwoman of the Digitalization Committee, has held several key positions within British and American high-tech start-ups in the course of her career and served in a managing role at Sony and Sony Ericsson with responsibility for the DACH (German-speaking countries), Central European and North American (Canada) regions. In addition to serving on the advisory boards of high-tech start-ups, Andrea Gaal is a member of the Senate at Webster Vienna Private University, where she teaches at the Department of International Business & Management; she also teaches leadership, global negotiations, ESG and green business models/sustainability at Lauder Business School Vienna (University of Applied Sciences).

With Eva Eberhartinger as the Chairwoman of the Audit Committee, Birgit Noggler as the Chairwoman of the Risk Committee, and Andrea Gaal as the Chairwoman of the Digitalization Committee, the responsibilities of the free float representatives have been further strengthened.

The Advisory Council

The Advisory Council consists of representatives of RBG and has a purely consultative function for the Management Board of RBI AG. The rights and obligations that the Management Board and Supervisory Board have under the law and the Articles of Association are not curtailed by the Advisory Council's activities.

The Advisory Council provides advice on matters relating to material ownership interests of the regional Raiffeisen banks as core shareholders and on selected aspects of the relationship between RBI and RBG. It also gives advice on RBI's central institution function as defined in § 27a of the BWG and the responsibilities associated with it, and on the affiliated companies in their capacity as RBG's distribution partners.

The Advisory Council consists of the seven Chairpersons of the supervisory boards of the regional Raiffeisen banks and the Chairman of Raiffeisenverband Salzburg. It met four times in 2023. Member attendance at each meeting was 87.5 per cent.

Advisory Council members receive compensation for their activities. The compensation for the 2017 financial year and subsequent years was determined by the Annual General Meeting on 21 June 2018.

As long as the General Meeting passes no resolutions to the contrary in the future, Advisory Council members are paid the following annual remuneration:

- For the Chairman of the Advisory Council: € 25,000 (excluding VAT)
- For the Deputy Chairman of the Advisory Council: € 20,000 (excluding VAT)
- For every other member of the Advisory Council: € 15,000 each (excluding VAT)

In addition, each member of the Advisory Council is paid an attendance fee of € 1,000 (excluding VAT) for each meeting. Depending on the duration of the respective Advisory Council mandate, the annual remuneration for the financial year is allocated on a pro rata basis or in its entirety.

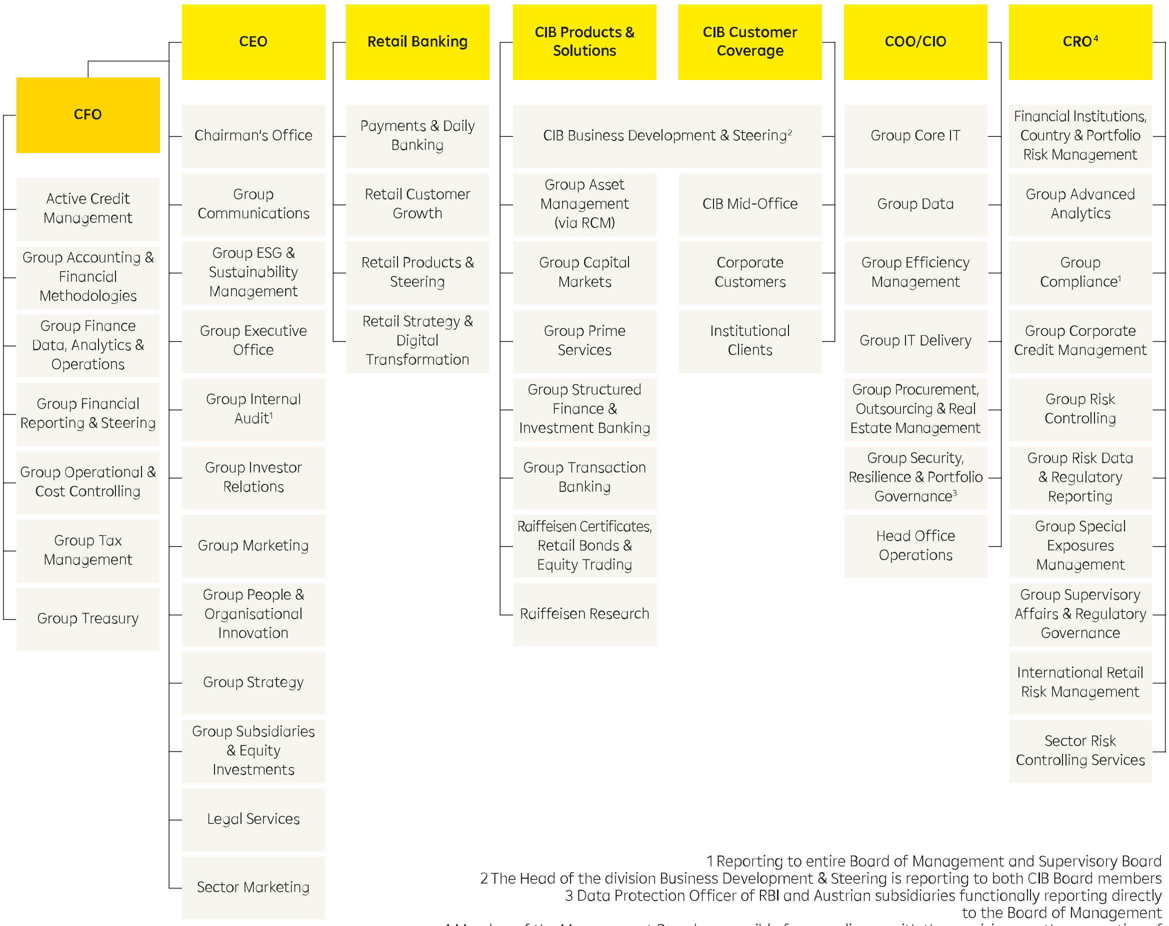
Functions of the Management Board and the Supervisory Board

Division of responsibilities and functions of the Management Board

The RBI AG Management Board manages the company according to clearly defined goals, strategies and guidelines on its own authority, with a focus on future-oriented business management and in line with modern, sustainable business principles. In doing so, the Management Board always pursues the good of the company and considers the interests of the customers, shareholders and employees.

The Management Board manages the company's business in accordance with the law, the Articles of Association and the Management Board's rules of procedure. The Management Board's weekly meetings are convened and led by the Chairman. The meetings facilitate mutual gathering and exchange of information, consultation and decision-making with respect to all matters requiring the Board's approval. The procedural rules of the Supervisory Board and the Management Board describe the duties of the Management Board in terms of information and reporting, as well as a catalog of measures that require the approval of the Supervisory Board.

Management Board members' areas of responsibility have been defined by the Supervisory Board, without prejudice to the general responsibility of the Management Board, as follows (as of 31 December 2023):



1 Reporting to entire Board of Management and Supervisory Board
2 The Head of the division Business Development & Steering is reporting to both CIB Board members
3 Data Protection Officer of RBI and Austrian subsidiaries functionally reporting directly to the Board of Management
4 Member of the Management Board responsible for compliance with the provisions on the prevention of money laundering and terrorist financing pursuant to § 23 (4) FM-GwG

Changes in the organizational structure

Management Board area of the Chief Executive Officer (CEO)

Group Accounting: The Group Financial Methods & Policies department from the Group Financial Reporting & Steering division and the financial analysis of M&A activities were integrated into the Group Accounting division in order to strengthen the methodological aspects of financial reporting in the finance segment, place core competencies under uniform management and structure financial valuation holistically. As part of this change, Group Accounting was renamed Group Accounting & Financial Methodologies to reflect the division's core functions.

Group Operational & Cost Controlling: This newly created division covers all cost-related issues in the CFO area and thus ensures sound cost management. It provides a set of rules that forms the umbrella for all cost-related issues within RBI. In addition, the division is responsible for the further development and improvement of the controlling system environment within RBI and handles controlling at head office.

Group Marketing: To ensure consistent (brand) communication, the Group Communications division was merged with the Group Marketing division at the start of 2024.

Markets & Investment Banking and Corporate Banking Management Board areas

"One Business Bank": The new organization was approved by the Working Committee in April 2023. This reorganization aims to ensure consistent standards for all customer segments and improve overall productivity by optimizing product organization. The Business Bank is now organized into two Management Board areas: one for customer service (CIB Customer Coverage) and one for products and solutions (CIB Products & Solutions). CIB Customer Coverage is responsible for supporting corporate and institutional clients as well as for all onboarding and KYC activities. To achieve this, the Customer Data Services division was integrated from the COO/CIO into CIB Mid-Office, which covers all mid-office activities, including account opening, KYC onboarding and the verification and maintenance of customer data. The CIB Products & Solutions division is responsible for the entire product range for corporate and institutional clients, including product sales units. This Management Board area also contains International Leasing Steering & Product Management, the management of Raiffeisen Factorbank and other product subsidiaries as well as trading activities and Raiffeisen Research. Both members of the Management Board are jointly responsible for strategy, resource allocation, budgeting and network bank management. The CIB Business Development & Steering division therefore reports directly to both Management Board members.

Management Board area of Retail Banking

Retail Products: In order to focus on the effectiveness of the consolidation of management and products, the responsibilities for Retail Business Performance & Steering were moved from the Retail Strategy & Digital Transformation division to the Retail Products division. The division was renamed Retail Products & Steering as part of this change.

Management Board area of the Chief Risk Officer (CRO)

Group Regulatory Affairs & Data Governance: In order to leverage synergies in the CRO Management Board area, all competencies relating to data procurement, regulatory reporting and data governance for the RBI Group were centralized in a new Group Risk Data & Regulatory Reporting unit. Group Supervisory Affairs & Regulatory Governance was separated from the existing structure and now reports directly to the CRO.

Management Board area of the Chief Operations Officer/Chief Information Officer (COO/CIO)

Group Security, Resilience & Portfolio Governance: The functions of group data protection officer for the RBI Group and data protection officer for RBI AG and the Austrian subsidiaries were originally located in Legal Services and were transferred to Group Security, Resilience & Portfolio Governance in the third quarter of 2023. The responsible officer reports directly to the Management Board.

Group IT: The Group Core IT, Group IT Delivery and Group Data divisions were restructured at the start of 2024. The new organizational structure is intended to combine key responsibilities and resources, support IT transformation and efficiency and consist of three divisions: Group Core IT, Data & Platforms, Group IT Delivery Client Facing and Group IT Delivery Non-Client Facing.

Management Board meetings

The Management Board held 59 meetings during the reporting period. It regularly discussed and debated current business developments as well as strategic topics such as the further development of business operations and key regulatory issues.

Regulatory topics in this context included ongoing updates on auditing, compliance and internal rules and regulations. The Management Board addressed a large number of topics. These and others relevant to RBI's governance in 2023 are discussed in more detail below.

The challenges surrounding the Russian war of aggression against Ukraine remained dominant issues for RBI in the 2023 financial year. Possible transactions leading to a sale or spin-off of Raiffeisenbank Russia or its deconsolidation from the RBI Group were extensively examined and pursued. Business activities in Russia were scaled back further at the same time.

The Management Board conducted a regular review and adjustment of the strategy in the financial year. The revision includes improved support for corporate and institutional clients within the Group while increasing overall productivity. This will be achieved partly by creating a new structure from realigning the two Management Board areas CIB Customer Coverage and CIB Products & Solutions (also see the chapter on changes to the organizational structure). In addition, three strategic goals were set for the period up to 2025: focus on core customers, positioning as a strong relationship bank and harmonization of the business model, which will be partly achieved with the new operational structure described above. The IT infrastructure and business processes will be optimized further as well. To achieve this goal, cloud migration, the introduction of leaner, more standardized IT governance and the use of artificial intelligence are being accelerated.

The establishment of Raiffeisen Digital Bank advances the goal of continuing to actively promote the digital service and product offering for retail customers and reflects market developments. The first fully digital products were launched in Poland and Romania based on the new modular cloud-based system infrastructure. That means Raiffeisen Digital Bank customers receive credit decisions within 15 minutes without ever having to visit a branch thanks to a fully digital application process.

The Responsible Banking Steering Group (made up of division heads), which meets monthly, has been supporting the Management Board with its ESG decisions as a cross-functional steering group since 2021. Its activities include advising the Management Board on strategic ESG issues and recommending ESG KPIs. The plan for 2024 is to transform the steering group into a formal sustainability committee and directly involve individual members of the Management Board in its work. The sustainability committee will ensure that the Management Board can make appropriate decisions on short, medium and long-term strategic steps and on critical ESG issues.

As part of regular compliance reports, the Management Board discussed compliance risks, market developments and measures to further improve the effectiveness of internal control mechanisms. In 2023, discussions focused on the prevention of money laundering and terrorist financing as well as financial sanctions, particularly with regard to full compliance with European and international sanctions packages. Reports given to the Management Board also focused on the results of internal and external audits conducted by the Compliance division.

In 2023, RBI introduced a Climate & Environment business strategy that aims to bring the statement of financial position in line with the climate goals of the Paris Agreement by integrating climate and environmental factors into financial, risk and operational management considerations and resource allocations. Corporate, retail and institutional clients are provided with expertise through RBI's Group-wide ESG Competence Center and ESG Expert Network, and are offered tailored and innovative products to support their climate and environmental transformation. RBI translated its climate & environment efforts into ESG procedures, policies and an appropriate governance structure (e.g. through the development of an ESG risk framework, sectoral guidelines for specific industries, prevention of greenwashing, ESG trainings and seminars). This has made ESG an integral part of the strategy.

In Fit & Proper training sessions for the Management Board, we reported on the requirements for achieving the climate targets and provided information on the current state of affairs. The discussion also covered emerging regulatory changes and the resulting new requirements for RBI.

Supervisory Board meetings

The Management Board fully informed the Supervisory Board on a prompt and regular basis of all relevant matters pertaining to the company's performance, including the risk position, risk management and capital and liquidity situation of the company and material Group companies. In its meetings, the Supervisory Board focused on prudent, foresighted risk management and capital planning.

The Supervisory Board discussed the consequences of the Russian war of aggression in Ukraine in detail, particularly the macroeconomic effects and the strategic positioning of RBI. Among other things, the Supervisory Board discussed the various options for a possible exit or deconsolidation of the Russian unit and the associated legal, economic and regulatory considerations. Regular information was also provided on the reduction of business in Russia.

The Supervisory Board dealt with the objectives and effects of the project to implement a new business bank strategy (One Business Bank, see the chapter on the Management Board meetings). The Supervisory Board was also involved in the annual strategy review. As in the previous financial year, joint strategy workshops were held for the Supervisory Board and Management Board to discuss and analyze the strategic direction in detail.

The Supervisory Board received detailed information on RBI's earnings, liquidity, risk and capital situation with and without the Russian unit as part of regular reporting on business developments. A regular update was provided on the status of legal cases pending in court in connection with foreign currency loans in Poland and the resulting need to recognize impairments.

The Supervisory Board also received regular reports on the economic situation of selected network banks and macroeconomic circumstances in those banks' countries. Some of these reports were presented directly by the network banks' management board chairmen at the Supervisory Board meeting.

Regular compliance updates provided the Supervisory Board and its committees with detailed information about current compliance issues, particularly with regard to financial sanctions and combating money laundering. The Supervisory Board was also informed at regular intervals about the status of IT security and the initiatives taken within the Group.

As in every financial year, multiple Fit & Proper training courses were held for the members of the Supervisory Board. Updates on current regulatory issues are an integral part of the Fit & Proper training courses. In 2023, the training focused on ESG, concentrating on CSRD and CSDDD as well as related obligations and liability issues. There were additional updates on current developments within the EU in the field of digitalization, on the legal and regulatory framework conditions for credit limit management, as well as on international clearing, settlement and payment services taking into account the sanction regime. The Supervisory Board members also received training on directors' dealings and handling insider information.

As recommended by the Nomination Committee, the Supervisory Board decided to extend the term of office of Management Board member Andreas Gschwenter for another three years until 30 June 2026. After Peter Lennkh had announced that he was resigning his Management Board mandate for personal reasons, the Supervisory Board agreed to the early termination of the term of office with effect as of 31 August 2023. Following completion of the succession process and based on the recommendation of the Nomination Committee, the Supervisory Board decided to appoint Marie-Valerie Brunner as a new member of the Management Board for Corporate & Investment Banking Customer Coverage as of 1 November 2023.

The relationship between the Supervisory Board and the Management Board was characterized by open communication both in regular meetings and outside them in the form of numerous information sessions and informal discussions.

Decision-making authority and activities of the Committees of the Supervisory Board

The procedural rules of the Management Board, as well as the Supervisory Board and its Committees, outline the business management measures that require the approval of the Supervisory Board or of the appropriate Committee.

The Working Committee deals not only with loan and limit applications but also with general focus reports on individual industries in the corporate customer business and financial institutions areas. It takes these opportunities to discuss selected customer groups and financial institutions, as well as material positive and negative changes in customer creditworthiness. The Working Committee also looks at developments with respect to the 20 largest groups of connected customers in the corporate customer business in the course of the year and reviews special reports on certain customers or industries in response to current events. The Working Committee discusses and decides on limit applications for companies and financial institutions and, following discussion, forwards to the entire Supervisory Board limit applications that fall within its decision-making authority. It also discusses reports written for the Supervisory Board, such as the annual report on all large loans under § 28b of the BWG, before they are addressed by the entire Supervisory Board. Injections of equity in investees that fall within certain limits also require the approval of the Working Committee. The requested equity injections were approved in the 2023 financial year.

In addition to the credit and limit applications, the Working Committee received extensive focus reports on individual customer areas and the customer segments that they manage in the Corporate Customers and Financial Institutions divisions in 2023. The various segments' shares of the overall portfolio, rating quality, and segment-specific developments and default probabilities were also discussed. With regard to the Working Committee's responsibility for approving the allocation of responsibilities on the Management Board, the Working Committee approved the new organizational structure on the Management Board for the Corporate and Investment Banking business areas.

The responsibilities of the Risk Committee include advising the Management Board on current and future risk propensity and risk strategy, monitoring the implementation of this risk strategy with regard to the controlling, monitoring and limitation of risk in accordance with the BWG, as well as the monitoring of capitalization and liquidity. To fulfill these responsibilities, the Risk Committee obtains quarterly reports on issues such as credit, liquidity and market risk, the Internal Capital Adequacy Assessment Process (ICAAP) and uncollectable loans. The Committee also looks at current risk aspects, including selected country reports on current political changes as well as reports on regulatory developments and their repercussions for RBI. In addition, the Risk Committee discusses relevant metrics and tolerances regarding the Group's risk appetite, with due consideration given to budgeting and strategy.

Furthermore, the Risk Committee is also responsible for examining whether adequate consideration is given to the business model and risk strategy in the pricing of the services and products offered. To this end, the Risk Committee discusses reports submitted to it on pricing and price calculations in the customer and financial institutions business and discusses remedial action plans if necessary. The Risk Committee also monitors whether the incentives offered by the internal remuneration system give adequate consideration to risk, capital and liquidity, as well as the timing of realized profits and losses. This involves the presentation of a report on remuneration policies in the Risk Committee, which is used to assess whether the remuneration structure reflects RBI's risk appetite.

The consequences of the war in Ukraine, the geopolitical situation and the macroeconomic repercussions were an important topic for the Risk Committee in particular in 2023. The Risk Committee also carefully assessed the results of the EBA stress test, which was carried out amid the geopolitical and macroeconomic situation, and was kept informed of the current test status and the results.

The Risk Committee addressed regular updates on the compliance risk profile, particularly with regard to anti-money laundering and sanctions management. It also focused on the monitoring of IT risk management and the resilience of IT infrastructure, which were also the subject of regular reporting.

The Risk Committee regularly discussed the characterization of risk appetite and related forecasts. It also considered risk developments in the individual business segments as well as portfolio quality, particularly for retail and corporate customers. All these activities were consistently focused on ensuring forward-looking, prudent and proactive risk management.

The Audit Committee monitors the accounting process. It issues recommendations for improving reliability and supervises the effectiveness of the company's internal control, audit and risk management systems. The committee also oversees the annual audit of the financial statements and consolidated financial statements and thus monitors the independence of the external Group auditor/bank auditor, particularly with respect to additional work performed for the audited company.

The Audit Committee reviews the audit plan in great detail and engages in discussions with the auditor during the audit about key facts covered in the audit of the financial statements, special focuses of the audit, the management letter and the report on the effectiveness of risk management and the internal control system. It also examines the Management Board's proposal for earnings appropriation and the Corporate Governance Report. The Audit Committee presents a report on the results of its examinations to the Supervisory Board. Furthermore, the Supervisory Board reviews the consolidated non-financial report (Sustainability Report).

The Audit Committee also engages in regular discussions with Internal Audit about general audit issues, defined audit areas, findings made during audits and steps taken to make improvements in response to audit findings. The status of the internal control system and its effectiveness are reported on regularly. In particular, the parties discuss the findings from reviews of key controls in financial reporting and non-financial reporting areas as well as required improvements. The Audit Committee also devotes attention to the accounting framework and discusses the implementation of necessary projects.

The Audit Committee received information on the project to introduce a new IT architecture for the Finance division with the aim of establishing stricter and more streamlined end-to-end data flows and ensuring further quality improvements.

Reporting also covered the status of the credit-linked provisions for legal risks from the Swiss franc mortgage portfolio in Poland and the resulting increase in loan-loss provisions.

The Audit Committee also extensively analyzed the accounting treatment of possible scenarios for RBI's exit from Russia.

Regarding ESG, there were updates on the business strategy for climate and the environment, on RBI's ESG financial steering and on the current status of preparations for reporting in accordance with the new Corporate Sustainability Reporting Directive (CSRD).

The Audit Committee received an update from the Compliance department on the effectiveness of the internal control system for RBI AG and a quarterly update on RBI Compliance Group Steering at all the meetings.

To assess the quality of the audit and auditor of the financial statements, the Chairwoman of the Audit Committee worked with the Finance division to develop a questionnaire to record indicators for assessing audit quality. The Audit Committee then used this questionnaire to evaluate the auditor.

In addition to the Audit Committee's regular annual monitoring activities, there were regular updates on business developments in the 2023 financial year which addressed the financial performance, development of the lending business and the impact of current geopolitical circumstances on RBI.

The Remuneration Committee's responsibilities include, first and foremost, establishing guidelines for the company's remuneration policies and practices, particularly on the basis of the BWG, as well as relevant sections of the ACGC. In doing so, the company's interests along with the long-term interests of shareholders, investors and employees of the company are taken into account, as are the economic interests of maintaining a functioning banking system and financial market stability.

The Remuneration Committee is responsible for preparing the Supervisory Board's resolutions on the principles governing the remuneration of the members of the Management Board and the Supervisory Board (remuneration policy) and for preparing the remuneration report on these matters. The Remuneration Committee issues detailed internal remuneration policies for the Management Board and employees of RBI, giving due consideration to the remuneration policies, and makes changes as required as part of a regular review process. On that basis, the Remuneration Committee selects the companies within the RBI Group that are subject to the remuneration principles. This selection and the underlying selection process are reviewed at regular intervals. The Remuneration Committee is also responsible for annually approving the proposed list of employees and functions which have a material impact on the risk profile of the Group and/or company. The Remuneration Committee conducts regular reviews of the selection criteria and the decision-making process. The Risk Committee has a preparatory role in the selection of identified employees.

The Remuneration Committee defines performance management principles for the Management Board while taking the remuneration policy into consideration. It also monitors the fulfillment of regulatory and general performance-related criteria for granting and paying bonuses and is involved in deciding whether a penalty or clawback event has occurred.

The Remuneration Committee confirmed that the general criteria had been met for paying bonuses for the 2023 financial year. Details on Management Board remuneration are provided in the remuneration report. The Remuneration Committee was involved in preparing the remuneration report that was presented to the Annual General Meeting. The Remuneration Committee also supervised the implementation of the remuneration principles that it had approved, taking into account the reports prepared by the responsible departments (PO&I, Internal Audit, Group Risk Controlling and Group Compliance).

The Nomination Committee's duties include identifying suitable applicants to fill any posts on the Management Board and Supervisory Board that have become vacant. The Nomination Committee evaluates potential candidates based on a description of the duties entailed and, after conducting an appropriate Fit & Proper assessment, issues recommendations for filling the board vacancy, giving consideration to the balance and diversity of knowledge, skills and experience of all members of the governing body in question.

The Nomination Committee specifies a target ratio for the under-represented gender on the Management Board and the Supervisory Board, develops a strategy for achieving the defined target ratio and regularly discusses the adoption of development programs. The Nomination Committee is also responsible for evaluating decision-making within the Management Board and Supervisory Board, ensuring that the Management Board and the Supervisory Board are not dominated by one individual person or a small group of persons in a way which is contrary to the company's interests. The Nomination Committee verifies and makes this assessment based on the meeting processes and communication lines within each board (e.g. minute-taking, deputizing arrangements, resolutions passed by circulation in urgent cases, monitoring of courses of action taken, meeting preparations, forwarding of documents) and on the perceptions of the members themselves. The Nomination Committee's responsibilities also include regularly assessing the structure, size, composition and performance of the Management Board and Supervisory Board, with reports on the bodies' composition, organizational structures and the results of their work being presented as a basis for any decisions. It also regularly evaluates the knowledge, skills and experience of the individual members of both the Management Board and Supervisory Board and also of the respective governing body as a whole. The evaluation takes place in the Nomination Committee and is based on the self-evaluation of the individual members of the Management Board and Supervisory Board, as well as on individual continuing education reports.

The Nomination Committee determined in the Fit & Proper review that all the members of the Management Board and Supervisory Board, as well as the Management Board and Supervisory Board in their entirety, possessed the necessary knowledge, skills and experience. In addition, the mandate limits and availability in terms of time were reviewed and confirmed.

The Nomination Committee also reviews the Management Board's actions with regard to the selection of executives and supports the Supervisory Board in preparing recommendations for the Management Board. To this end, the Nomination Committee evaluates the selection of key function holders, the guiding principles of executive selection and development, succession planning and the policies and steps taken for filling upper management positions.

In the 2023 financial year, the Nomination Committee's activities focused on succession planning for the Supervisory Board and Management Board. After the Nomination Committee confirmed the continued suitability of Andrea Gaal, the Supervisory Board proposed reappointing her to the Annual General Meeting on 30 March 2023. In addition, Manfred Wilhelmer was assessed as being fit and proper and recommended for election as a new member of the Supervisory Board. He was then elected at the Extraordinary General Meeting on 21 November 2023. After reviewing the fulfillment of the requirements, the Nomination Committee proposed to the Supervisory Board that Andreas Gschwenter be reappointed to the Management Board of RBI AG. The Nomination Committee also conducted a systematic internal and external process to fill the Management Board mandate that was left vacant after Peter Lennkh resigned. Following a multi-month search process and in-depth candidate hearings, the decision was made to propose Marie-Valerie Brunner to the Supervisory Board as a member of the Management Board for the new CIB Customer Coverage division.

In multiple meetings, the Nomination Committee held discussions on progress made toward achieving the target ratio for the underrepresented gender as well as measures that had been planned and taken to achieve it. The Nomination Committee decided to set a new joint target quota of at least 30 per cent for the underrepresented gender on the Management Board and Supervisory Board of RBI AG by the end of 2026. For details, please see the chapter describing the diversity strategy.

The Personnel Committee deals with the remuneration of Management Board members and their employment contracts. In particular, it discusses and decides on provisions in the individual Management Board members' employment contracts and makes changes to the contracts as needed. The Personnel Committee is also responsible for approving any acceptance of secondary employment by members of the Management Board. The Committee discusses and reviews any clawbacks of past bonuses or non-payment of bonuses from existing provisions (penalty) if it has any information indicating that these measures appear necessary.

It also sets concrete targets for the Management Board based on applicable rules and regulations and makes any required changes. The Personnel Committee discusses whether the Management Board has attained its targets and approves bonus allocations on that basis. The Personnel Committee also decides on the payment of deferred bonus installments from previous years, which are paid out with a delay in accordance with legal requirements.

The Personnel Committee confirmed that the general requirements for paying a bonus to the members of the Management Board had been met and approved the payment of variable remuneration in keeping with target achievement. Details are provided in the remuneration report.

The Personnel Committee also determined individual performance criteria for the 2023 financial year as well as weights for financial and non-financial targets. This is done in accordance with RBI's internal performance management policy. The primary basis for the non-financial performance criteria are the goals of the Vision Mission 2025, particularly sustainability targets. For details, see the remuneration report.

The Digitalization Committee's duties are to advise the Management Board and Supervisory Board regarding the current and future digitalization strategy (including IT, new technologies, data analysis and innovation) and the related strategic investment decisions. It is also responsible for monitoring the execution of the digitalization strategy as well as the progress made in the digital transformation and for regularly reporting on this to the Supervisory Board.

The Digitalization Committee addressed many digitalization issues in the 2023 financial year due to the steadily increasing importance of digitalization, especially in the banking sector. The issues focused on developments in artificial intelligence and their impact and potential use cases in the financial services sector. The current situation and trends in cyber security were explored as well. The committee also discussed Group-wide digital initiatives in the individual business areas and the regular update on the Group IT strategy.

Number of meetings of the Supervisory Board and Committees

In the reporting period, the Supervisory Board (SB) held four ordinary meetings and two extraordinary meeting. No member of the Supervisory Board was unable to personally attend more than half of the meetings of the Supervisory Board.

The Working Committee (WC) held twelve meetings in the 2023 financial year. The Risk Committee (RC) met four times, the Audit Committee (AC) six times, the Remuneration Committee (ReC) four times, the Nomination Committee (NC) ten times, the Personnel Committee (PC) six times and the Digitalization Committee (DC) two times.

Supervisory Board members attended the meetings of the Supervisory Board and its Committees as shown below:

Supervisory Board member	SB (6)	WC (12)	RC (4)	AC (6)	ReC (4)	NC (10)	PC (6)	DC (2)
Erwin Hameseder	6/6	12/12	4/4	6/6	4/4	10/10	6/6	n/a
Martin Schaller	6/6	11/12	4/4	n/a	4/4	10/10	6/6	2/2
Heinrich Schaller	6/6	12/12	4/4	5/6	4/4	10/10	6/6	n/a
Michael Alge	6/6	n/a	n/a	n/a	n/a	n/a	n/a	2/2
Eva Eberhartinger	6/6	n/a	4/4	6/6	4/4	n/a	n/a	n/a
Andrea Gaal	6/6	12/12	4/4	6/6	4/4	10/10	6/6	2/2
Peter Gauper	2/2	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Michael Höllerer	6/6	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Rudolf Könighofer	6/6	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Heinz Konrad	4/6	n/a	n/a	n/a	n/a	10/10	6/6	n/a
Reinhard Mayr	6/6	n/a	n/a	6/6	n/a	n/a	n/a	2/2
Birgit Noggler	6/6	12/12	4/4	5/6	4/4	10/10	6/6	n/a
Manfred Wilhelmer	1/2	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Natalie Egger-Grunicke	6/6	6/10	3/3	6/6	2/2	8/10	n/a	1/2
Peter Anzeletti-Reikl	6/6	12/12	1/1	6/6	4/4	10/10	n/a	2/2
Rudolf Kortenhof	4/6	1/2	1/4	3/6	1/2	6/10	n/a	n/a
Gebhard Muster	6/6	n/a	4/4	n/a	n/a	n/a	n/a	n/a
Helge Rechberger	6/6	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Denise Simek	6/6	11/12	n/a	n/a	4/4	n/a	n/a	n/a
Total attendance	95%	93%	92%	91%	97%	93%	100%	92%

n/a not applicable, as not a member of the respective Committee

In addition, the Supervisory Board and Working Committee also passed resolutions outside of meetings in accordance with § 92 (3) of the AktG.

Self-evaluation and efficiency review by the Supervisory Board

As required by C Rule 36 of the ACGC, the Supervisory Board of RBI AG has conducted a year-to-year self-evaluation and efficiency review since the 2019 financial year in order to achieve a lasting improvement in the efficiency and effectiveness of the Supervisory Board's work.

Going beyond the minimum requirement for the self-evaluation and efficiency review pursuant to C Rule 36 of the ACGC, the self-evaluation has been conducted with professional outside assistance since 2019 through a partnership with the Vienna University of Economics and Business (WU Vienna).

As in prior years, a written online survey was conducted in 2023 and then analyzed and evaluated by the external experts. The results of the evaluation of the Supervisory Board, future measures and courses of action for a further strengthening of the activities of the Supervisory Board were debated in a discussion format for Supervisory Board members that was moderated by the external advisors. The Supervisory Board members highlighted the increased involvement of the Supervisory Board in strategic work as particularly positive. The high level of expertise of the members and excellent teamwork on the Supervisory Board is highly appreciated by its members. The Supervisory Board's work is perceived as being very professionally organized.

Role and activities of the Chairman of the Supervisory Board

The Chairman of the Supervisory Board leads and coordinates the Supervisory Board and interacts internally with the Management Board as the highest-ranking representative of the Supervisory Board. Serving as an intermediary, the Chairman of the Supervisory Board forwards information received from the Management Board to the other Supervisory Board members so that they can perform their function in terms of supervision, control and participation. In addition to fulfilling his duties to ensure the smooth functioning of the Supervisory Board's activities, the Chairman of the Supervisory Board also has external public-facing roles, such as chairing the Annual General Meeting.

In addition to the 50 days on which the Supervisory Board and its committees met in 2023, 10 meetings were held between the Management Board and the Chairman of the Supervisory Board, Erwin Hameseder, to prepare for the meeting days and discuss current (strategic) issues on an ongoing basis. The presidium (the Chairman of the Supervisory Board and both his Deputies) and the Management Board met 16 times in 2023. The Supervisory Board also held two strategy workshops with the Management Board.

In addition, 50 bilateral meetings were held by the Chairman of the Supervisory Board with members of the Management Board and Division heads during the financial year, including 29 meetings with the CEO. Similarly, the Chairpersons of the Audit and Risk Committees stayed in regular contact and communication with the members of the Management Board, particularly the CEO and CRO, and with the heads of the internal control functions as well as with the CFO. The Chairman of the Supervisory Board attended over 100 meetings in total relating to RBI.

The Chairman of the Supervisory Board and the Chairpersons of the Audit and Risk Committees also held meetings with representatives of the supervisory authorities in which key supervisory issues and current topics relevant to RBI were discussed.

To support the activities of the Supervisory Board, particularly the Chairman of the Supervisory Board, the Chairman's Office has been set up as a competence center for Supervisory Board matters and as an internal interface. The Chairman's Office ensures that the Supervisory Board's work is efficiently organized in conformity with legal and regulatory requirements and acts as a coordinator between the Supervisory Board and all relevant stakeholders at RBI.

General Meeting

In the 2023 financial year, an Annual General Meeting was held on 30 March 2023 and an Extraordinary General Meeting on 21 November 2023. The Management Board of RBI AG had decided, with the approval of the Supervisory Board, to hold the General Meetings as hybrid meetings. Shareholders and other participants could either attend physically or participate virtually via remote attendance and remote voting.

Due to the ongoing war in Ukraine and the resulting geopolitical and economic uncertainty, the Management Board and Supervisory Board proposed to the Annual General Meeting that the net profit for 2022 be carried forward to new account. The Management Board also announced that it would look into distributing a subsequent dividend of up to € 0.80 per dividend-bearing ordinary share from the profit carried forward from the 2022 financial year in the current financial year in order to allow shareholders to participate appropriately in the company's profit for the past financial year. Andrea Gaal's RBI Supervisory Board mandate was also extended during the Annual General Meeting.

Voting results of the Annual General Meeting on 30 March 2023:

		Voting results	
Agenda item	**Votes for**	**Votes against**	**Valid votes**[1]
2. Resolution on the utilization of net profit, as shown in the annual financial statements as at 31 December 2022	99.95%	0.05%	76.28%
3. Resolution on the report of the remuneration of the members of the Management Board and the Supervisory Board for the 2022 financial year (Remuneration Report 2022)	94.35%	5.65%	76.28%
4. Resolution on the release of the members of the Management Board from liability for the 2022 financial year	99.95%	0.05%	76.17%
5. Resolution on the release of the members of the Supervisory Board from liability for the 2022 financial year	97.13%	2.87%	76.15%
6. Appointment of an auditor (bank auditor) for the audit of the annual financial statements and consolidated financial statements for the 2024 financial year	99.72%	0.28%	76.27%
7. Election of Andrea Gaal to the Supervisory Board	86.72%	13.28%	76.28%

1 Of share capital

As announced at the Annual General Meeting, the Management Board reviewed the development of the capital ratios, regulatory requirements and strategic considerations and, knowing the development of RBI's business and its earnings, decided together with the Supervisory Board to propose to the Extraordinary General Meeting held on 21 November 2023 that a dividend of € 0.80 per dividend-bearing ordinary share be distributed and that the remaining net profit for the 2022 financial year be carried forward to new account. Since Peter Gauper resigned his position as a member of the Supervisory Board as of 14 June 2023, the Extraordinary General Meeting elected Manfred Wilhelmer to the Supervisory Board of RBI until the close of the Annual General Meeting which will decide on granting a discharge of the financial year 2027. The Extraordinary General Meeting also decided to adapt the Articles of Association to the Federal Act on Wiener Zeitung GmbH and the Establishment of a Federal Electronic Announcement and Information Platform (WZEVI Act) and to the Virtual Shareholders' Meetings Act (VirtGesG), which establishes a permanent legal basis for virtual and hybrid meetings.

Voting results of the Extraordinary General Meeting on 21 November 2023:

	Voting results		
Agenda item	Votes for	Votes against	Valid votes[1]
1. Resolution on the utilization of net profit, as shown in the annual financial statements as of 31 December 2022	99.98%	0.02%	77.15%
2. Election to the Supervisory Board	85.09%	14.91%	77.15%
3. Resolution on the amendment to Articles 3 und 14 of the Articles of Association	98.41%	1.59%	77.11%

1 Of share capital

At the General Meeting the shareholders, as owners of the company, can exercise their rights by voting. The fundamental principle of "one share, one vote" applies pursuant to Article 15 (3) of the Articles of Association of RBI AG. Accordingly, there are no restrictions on voting rights and all shareholders have equal rights. Every share confers one vote. Registered shares have not been issued. Shareholders may exercise their voting rights themselves or by means of an authorized agent.

The Annual General Meeting for the 2024 financial year will take place on 4 April 2024. The convening notice will be published in the Federal Electronic Announcement and Information Platform (EVI) and in electronic form a minimum of 28 days before the Annual General Meeting.

Syndicate agreement concerning RBI

Due to a syndicate agreement relating to RBI, the regional Raiffeisen banks and direct subsidiaries of the regional Raiffeisen banks are parties acting in concert as defined in § 1 6 of the Austrian Takeover Act (see most recent notification of voting rights published on 20 August 2019). The terms of the syndicate agreement include a block voting agreement for all matters that require a resolution from the General Meeting of RBI, rights to nominate members of the RBI Supervisory Board and preemption rights among the syndicate partners. The terms also include a contractual restriction on sales of the RBI shares held by the regional Raiffeisen banks (with a few exceptions) since the expiration of the three year period from the effective date of the merger between RZB and RBI, thus as of 18 March 2020, if the sale would directly and/or indirectly reduce the regional Raiffeisen banks' aggregate shareholding in RBI to less than 40 per cent (formerly 50 per cent) of the share capital plus one share. In the financial year, RBI was not notified of any changes in the shareholder structure of RBI that were subject to publication pursuant to the Austrian Stock Exchange Act in relation to the syndicate as a whole or with regard to individual syndicate members.

Report on measures taken by the company to promote women to the Management Board, the Supervisory Board and into executive positions within the meaning of § 80 AktG and a description of the diversity strategy as laid down in § 243c (2) 2 and 3 of the UGB

Description of the diversity strategy

RBI is actively committed to ensuring equal opportunities for all employees regardless of age, gender, nationality, sexual orientation, physical or mental abilities, religion or world view. This principle applies across all areas of human resource management, from employee selection to salaries all the way to appraisals and career development. The RBI Group diversity and inclusion policy defines RBI's attitude, roles and responsibility with regard to diversity and establishes the principle of implementing a diversity strategy at RBI. Most subsidiaries have appointed diversity officers and adopted local strategies. The diversity and inclusion strategy drawn up at head office aims to embed the issue throughout the Group, moving away from individual initiatives toward holistic, leadership-driven diversity and inclusion according to the following five principles:

- Our engagement and commitment to diversity and inclusion begins at the very highest level of management
- Our management teams are diverse and aware of the importance of diversity
- We empower all employees to contribute to an inclusive work culture
- We actively integrate diversity and inclusion into HR processes and practices
- We work transparently and on the basis of data

The key components of the RBI Group diversity and inclusion policy include RBI's diversity vision and mission statement and the daily implementation guidelines: "RBI believes that diversity adds value. Capitalizing on the opportunities of diversity provides long-term benefits to the company and its employees as well as to the economy and society as a whole. RBI is continuing Raiffeisen's 130-year-long success story as it embraces diversity. RBI actively and professionally harnesses the potential of diversity in order to give clients the best possible service as a strong partner and to position itself as an attractive employer." More information on diversity is available on the RBI website at www.rbinternational.com → Sustainability & ESG → Diversity & Inclusion. The RBI Group Diversity and Inclusion Policy defines a strategy for filling Management Board and Supervisory Board positions, whereby hiring must give consideration to both diversity and compliance with statutory requirements. Important diversity aspects include age, gender and geographic origin. The main requirements for holding such a position also include solid education and professional experience, preferably in roles related to fintech companies, banks or financial institutions. The formalization of the hiring process (at all levels), the focus placed on women in the internal succession pipeline and the support given to women in their careers facilitate decision-making and the attainment of the targets we have set for ourselves. RBI aims for the boards to include a wide range of qualifications and expertise in order to obtain the broadest possible variety of experience and diverse opinions, collectively resulting in sound decision-making.

The composition of the boards should be structured so that the board members' geographic origins reflect the diversity of RBI's markets and its cultural context. With respect to the age structure of the Management Board and Supervisory Board, in order to achieve a good balance, the board members should preferably not have all been born in the same decade. The aim is for women to fill 35 per cent of the positions within the Supervisory Board, Management Board and upper management at RBI by no later than 2024.

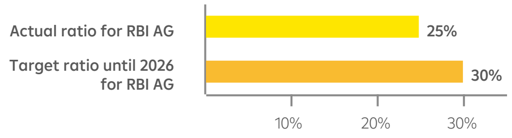
Of the six Management Board members of RBI AG, four are from Austria, one from Poland, and one from Ukraine. Members of non-Austrian origin therefore constituted 33 per cent of the Management Board at the end of 2023 (2022: 33 per cent). All the Supervisory Board members are of Austrian origin. The ages of the Supervisory Board members range between 45 and 69 (2022: from 48 to 68), and of the Management Board between 45 and 64 (2022: from 44 to 63).

Measures taken to promote women to the Management Board, the Supervisory Board and into executive positions

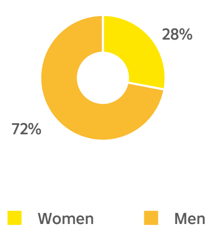
RBI is convinced that having leadership teams that are diverse in terms of gender, age, geographic origin, education and professional background is essential to optimize quality of decision making and minimize groupthink. It thus assumes that diversity contributes positively to the company's performance.

The management team is satisfactorily diverse in terms of age, geographical origin, education and professional background. In order to achieve a balanced gender distribution on the Management Board and comply with regulatory requirements in the EU, the Nomination Committee in 2023 adjusted RBI AG's target for the underrepresented gender in the Supervisory Board and Management Board to 30 per cent by 2026. RBI AG took an important step towards achieving this target in 2023 by appointing a female member to the Management Board; as of 31 December 2023, bringing the female representation to 25 per cent (2022: 21 per cent). Women held the following proportions of Tier 3 management positions and higher (positions with staff responsibility) at RBI AG: Supervisory Board 28 per cent (2022: 28 per cent); Management Board 17 per cent (2022: 0 per cent); Tier 2 management 37 per cent (2022: 35 per cent) and Tier 3 management 28 per cent (2022: 26 per cent). Female employees make up 46 per cent (2022: 46 per cent) of the total workforce.

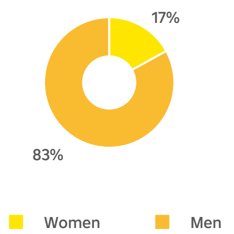
Share of women on the Supervisory Board and Management Board at RBI AG



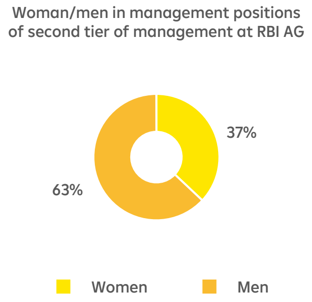
Women/men on the Supervisory Board at RBI AG[1]

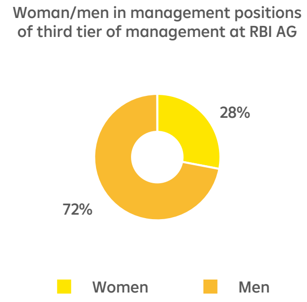


Woman/men on the Management Board at RBI AG



1 Proportion of women/men on the Supervisory Board at RBI AG fullfills the legal requirement within the calculation parameters of stock corporation law.





The following figures for the RBI Group include RBI AG and 12 network banks in CEE, as well as Raiffeisen Bausparkasse Gesellschaft m.b.H., Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Raiffeisen-Leasing Gesellschaft m.b.H, as well as Valida Holding AG and Kathrein Privatbank Aktiengesellschaft. The proportion of women in the Supervisory Board, Management Board and Tier 2 management totaled 35 per cent at year-end 2023 (2022: 34 per cent). The target ratio for 2024 is 35 per cent. In the RBI Group, female employees made up 63 per cent (2022: 64 per cent) of the total workforce. Women held 20 per cent of Management Board positions (2022: 18 per cent), 39 per cent of Tier 2 management positions (2022: 38 per cent). The proportion of women in Supervisory Board positions was 28 per cent (2022: 27 per cent).

It remains a primary goal of RBI to further increase the proportion of women in leadership positions, despite already noticeable progress. This requires a comprehensive strategy encompassing various measures at all levels of the organization. The first set of measures focuses on work culture and aims to achieve a healthy work-life balance as well as a gender-sensitive design of the New World of Work. This includes conducting the work and family audit at RBI AG since 2020, and the promotion of active parental leave management. The work and family audit is a customized certification process for companies that is designed to provide support for the definition, evaluation and targeted execution of family-friendly measures. In addition, this set of measures includes support for women in leadership positions and female talent through networking, coaching and mentoring programs. The objective is to create a work environment that provides equal career opportunities for men and women and to motivate female talent in applying for management roles.

The second set of measures aims to select and develop female talent in order to develop a pipeline of female succession candidates for leadership positions. The Management Board areas have set targets for a gender-balanced succession pipeline and have developed individual strategies for reaching them. These strategies include measures for recruiting new talent and developing internal talent. Best practice examples include the Women Empowerment Cercle in the COO/CIO Management Board area and the Women in Risk initiative in the CRO Management Board area, which are employee-driven initiatives supported by the Management Board members associated with them. The Women Empowerment Cercle has pursued the objective of institutionalizing networking among women since 2017 and is driven by Group IT Delivery employees. The initiative hosts target group-specific events and promotes the sharing of ideas, knowledge and experience with subsidiaries. Other programs include the Women Empowerment Journey, regular panel discussions and participation in the Vienna Daughter's Day.

The Women in Risk initiative is a voluntary network of women in leadership positions in the risk sector. Its mission is to support each other and all women working in the risk sector by providing lectures, workshops and discussions.

Inclusion and unconscious bias have also been incorporated into existing training courses as new topics. For example, unconscious bias was added to the basic leadership training course to support the new managers at head office. In addition, special emphasis was placed on integrating diversity into various other events, such as welcome events for new employees or learning modules for high-potential talent.

The third set of measures relates to the selection of upper management (first and second tier below the Management Board) and is aimed at improving the selection process. It includes establishing an internal office for the Group-wide recruitment of managers in order to achieve multiple aims, including the execution of the diversity and inclusion strategy. The office ensures that selection procedures are clear and transparent, which increases the number of qualified applicants. The measures apply to the entire selection process: including job advertisements (gender-appropriate wording), predefined and clear selection criteria, anonymized testing and focusing on the female talent pool. Structured interviews are conducted for each position; hiring decisions are based on predefined criteria catalogs. In addition, relevant stakeholders are made aware of candidate lists that are insufficiently diverse. A recruitment agency is brought in if needed. Each recruitment agency is carefully evaluated, including with regard to its diversity and inclusion strategy and its ability to reach a broad, diverse pool of applicants for a vacant position. In addition to the selection process, the measures also focus on raising awareness among managers to take responsibility to increase the percentage of women in management positions. Every management team of a Management Board area has defined its own targets and strategies for increasing the percentage of women in the first and second tier of management below board level. This bundle of measures provides medium- and long-term impetus to bring about cultural change and promote diversity at the company.

Transparency

RBI always strives to create transparency for its customers, employees and shareholders. It puts a top priority on an open communication network and transparent communication channels.

The Austrian Corporate Governance Code provides an important foundation for transparency. The Code's requirements are wide-ranging and mentioned at various points elsewhere in this report. To comply with provisions of the Code, RBI's Corporate Governance Report states where the Code and the report itself are published. Additional transparency requirements include explanations for rule deviations (comply or explain). Other transparency requirements that the company has met in full include the composition of committees, measures taken to support women, the diversity strategy, the review of the report by the Supervisory Board, the ability of shareholders to ask questions about the report at the General Meeting and, finally, verification of compliance with C Rules by an external auditor.

One of the most important tools for external communication is the RBI website. It plays an important role for RBI with regard to open communication with shareholders and their representatives, customers, analysts, employees, and the interested public. Therefore, the website offers regularly updated information and services, including the following: financial and regulatory reports, presentations and webcasts, ad-hoc and investor relations releases, information on the share and shareholder structure, financial calendar, ratings as well as consensus recommendations and analyses, information for debt investors, the Corporate Governance and Remuneration Report, the Corporate Governance Code, information on the Annual General Meeting, the Sustainability Report and ratings from sustainability rating agencies and index providers, press releases and other news from various divisions, information on securities transactions of the Management Board and Supervisory Board that are subject to reporting requirements (directors' dealings), RBI AG's Articles of Association, analysts' recommendations, as well as an ordering service for financial reports and investor relations news by E-mail and much more.

To expand internal communication channels, a secure, anonymous and digital whistleblower platform was established at RBI in line with regulatory and statutory guidelines. Employees throughout the Group can use this to report possible violations in their local language. All reports are investigated by RBI's Compliance department.

Conflicts of interest

Both the Management Board and the Supervisory Board of RBI AG are required to disclose any potential conflicts of interest.

Members of the Management Board must therefore disclose to the Supervisory Board any significant personal interests in transactions involving the company and Group companies, as well as any other conflicts of interest. They must also inform the other members of the Management Board. Members of the Management Board who exercise or hold certain functions, roles and interests at other companies (such as supervisory board mandates, personal investments, etc.) are obligated to make sure that no actions or decisions are made that put the RBI Group at a disadvantage and that the interests of the involved companies are fairly balanced whenever there are any points of intersection with the RBI Group.

Members of the Supervisory Board must immediately report any potential conflicts of interest to the Chairman of the Supervisory Board, who is supported by Compliance when carrying out his evaluation. In the event that the Chairman himself should encounter a conflict of interest, he must report this immediately to the Deputy Chairman. Company agreements with members of the Supervisory Board that require members to perform a service for the company or for a subsidiary outside of their duty on the Supervisory Board (§ 189a 7 of the UGB) in exchange for not-insignificant compensation require the approval of the Supervisory Board. This also applies to agreements with companies in which a member of the Supervisory Board has a significant financial interest. Furthermore, related party transactions as defined by § 28 of the BWG require the approval of the Supervisory Board. The Supervisory Board also regularly addressed conflicts of interest in 2023.

These and other requirements and rules of conduct are covered by a corporate policy that contains the duties required by law and by the ACGC. The policy also gives due consideration to the EBA's guidelines on internal governance, the joint European Securities and Markets Authority/EBA guidelines on the assessment of the suitability of members of management bodies and key function holders, the European Central Bank's guide to fit and proper assessments, and the Basel Committee on Banking Supervision's corporate governance principles for banks.

For a number of years, RBI has had internal policies that govern business transactions in detail in order to avoid conflicts of interest. The rules enacted in Austria in mid-2019 on transactions with related companies and parties (as part of the transposition of the EU Shareholder Rights Directive into Austrian law) have been reflected in a separately issued internal directive.

Information and cyber security

Information and cyber security is a key issue for RBI and is given top priority. Customers' and business partners' data is treated with utmost care. Due consideration is always given to how factors that affect information security change: the threat landscape, technology, the regulatory environment, the corporate strategy, etc.

The Group Chief Information Security Officer is responsible for defining, refining and implementing RBI's information security strategy. RBI's processes are certified to ISO 27001, the international de facto standard for information security management. The scope of the certificate covers core banking processes, mission-critical support processes, banking products, the requisite IT infrastructure, locations and employees as well as security management for RBI and security processes for subsidiaries. RBI has taken strategic steps to strengthen cyber security in order to maximize customer data protection and be positioned to identify possible threat scenarios for the bank's IT environment early on and address them as effectively as possible.

The majority of attacks on RBI, such as phishing emails or DDoS attacks (Distributed Denial of Services), are proactively prevented by the implemented security mechanisms and tools. Since a preventive security plan can not, in and of itself, offer one hundred per cent protection, it is particularly important to continuously improve prevention, detection and response capabilities and adapt them to the highly dynamic threat environment. This is a focus of the 2023 security strategy. In addition to improvements and refinements in preventive cyber security, particular attention was paid to optimizing detection capabilities that were implemented in the Raiffeisen Cyber Defense Center (monitoring of cyber security-related activities in relation to anomalies) with extended measures such as the simulation of real attacks to check IT security measures.

In terms of security incidents, the 2023 financial year saw an increase in broadband DDoS attacks with the aim of overloading systems, the disclosure (publication) of internal documents by individuals with access permissions and incidents at third parties (suppliers). All incidents were processed, analyzed and addressed in accordance with defined processes. The implementation of improvements as "lessons learned" is essential for RBI in order to drive sustainable increases in security. The DDoS attacks had the effect of brief system outages. The remaining incidents resulted in no significant damage for RBI, neither from a data protection nor an information security perspective.

RBI takes technical and organizational measures to protect its customer data from unauthorized access, cyber hacking attempts, malware, DDoS attacks, ATM fraud, data leaks, phishing attempts, disclosure of sensitive information and a variety of other threats. Measures are taken to ensure a reasonable level of risk regarding confidentiality, integrity, availability and resilience of all systems. Rapid technological change requires constant changes and improvements to security measures, both technically and organizationally. In addition, RBI continuously improves its information and cyber security governance in order to keep up with the fast-moving technological and regulatory environment and stay prepared for threats at all times. That includes training all employees regularly at least once a year to raise their awareness of information and cyber security concerns.

Observant, security-conscious employees play an essential role in protecting the company from security threats. Protection also includes educational campaigns, targeted training and regular communication through internal media. That enables RBI to protect its own data and its business partners' data from potential threats. Cyber and IT security risks are covered by Group-wide fidelity/crime insurance. It covers direct losses from cyber attacks such as bank withdrawals. Other forms of insurance held by RBI (professional liability, cash-in-transit, etc.) include coverage for cyber and IT risks wherever this is possible and reasonable. Further details under: www.rbinternational.com → RBI Group → Compliance → Security → Technical and Organizational Measures

Independent consolidated non-financial report (§ 267a of the UGB) as well as disclosures for the parent company according to § 243b of the UGB

The company prepared an independent consolidated non-financial report according to § 267a of the UGB for the 2023 financial year for RBI, which also contains the disclosures for the parent company according to § 243b of the UGB. The report was reviewed by the Supervisory Board according to § 96 (1) of the AktG. In addition, Deloitte Audit Wirtschaftsprüfungs GmbH, was appointed by the Management Board to audit the consolidated non-financial report and reported its findings to the Supervisory Board at its February 2024 meeting. The Supervisory Board will report on the results of the audit at the Annual General Meeting.

Accounting and audit of financial statements

RBI's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as applied in the EU. They also comply with the regulations of the BWG in conjunction with the UGB to the extent that these are applicable to the consolidated financial statements. The consolidated annual financial statements are published within the first four months of the financial year following the reporting period. Interim reports are published no later than two months after the end of the respective reporting period.

The Annual General Meeting on 31 March 2022 selected Deloitte Audit Wirtschaftsprüfungs GmbH (Deloitte) as external Group auditor and bank auditor for the 2023 financial year. Deloitte has confirmed to RBI AG that it has the certification of a quality auditing system. It has also declared that there are no reasons for disqualification or prejudice. The Supervisory Board is informed of the result of the audit by a statutory report regarding the audit of the consolidated financial statements by the auditor, as well as by the report of the Audit Committee. Furthermore, the auditor assesses the effectiveness of the company's risk management in accordance with the ACGC, based on the documents submitted to the auditor and otherwise available. The resulting report is presented to the Chairman of the Supervisory Board, who is responsible for ensuring the report is addressed in the Audit Committee and presented to the Supervisory Board.

Qualified electronically signed by:

Vienna, 12 February 2024
The Management Board

Johann Strobl m.p.

Marie-Valerie Brunner m.p.

Andreas Gschwenter m.p.

Łukasz Januszewski m.p.

Hannes Mösenbacher m.p.

Andrii Stepanenko m.p.

Group Management Report

Market development

Weak economy in a crisis-ridden environment

While the US economy was remarkably robust in 2023, Europe's economic environment was characterized by a stagnant economic cycle. Economic support from the services sector weakened significantly over the course of the year, while the industrial sector remained in recession for most of the year. As a result, more service-driven economies achieved slightly above-average growth, while more manufacturing-oriented countries in Western Europe such as Germany and Austria found themselves in mild recessions. Overall inflation fell noticeably in 2023, mostly due to energy prices, although the core rate of inflation sank much more gradually. Both the US Federal Reserve and the ECB continued their series of interest rate hikes into the (late) summer and then left key rates unchanged for the rest of the year.

The euro area's gross domestic product was only slightly higher on average in 2023 than in 2022. In the second half of 2023, economic momentum weakened and GDP was below the level of the first half of the year. What is striking in this economic cycle is the robust labor market. Unemployment rates have barely risen, many jobs are vacant and employment levels are high despite the persistently weak economy. Inflation fell from 8.6 per cent at the beginning of the year to below 3 per cent in the fall. Price increases for food and many tangible goods have slowed, and energy goods are actually cheaper than in the year before. Services, on the other hand, saw stronger price growth in 2023 than in 2022.

The **European Central Bank (ECB)** raised its key rates 200 basis points in 2023. In addition, the bond holdings in the APP (asset purchase programme) portfolio were reduced around € 200 billion by stopping reinvestments of maturing bonds. The bulk of the central bank's balance sheet reduction was achieved by allowing refinancing transactions to mature. The outstanding volume of these loans to commercial banks fell over € 1,300 billion by the end of 2023. While short-dated money market rates rose roughly the same amount as key interest rates, interest on swap rates and yields on German government bonds with five- to ten-year maturities were barely higher at the end of the year than at the beginning. However, performance was extremely volatile over the course of the year. One key element in the interest rate market is the inverted yield curve. In 2023, the interest rate for swap rates and German bonds with short maturities was consistently higher than that for long maturities.

The **Austrian economy** was in recession in parts of 2023, with real GDP falling 0.7 per cent for the year as a whole. This made the Austrian economy one of the worst performers in the euro area. In addition to the industry and construction sector, this was also due to consumer related services. The construction industry experienced a stronger real correction in Austria than in many other euro countries. Inflation fell noticeably over the course of the year. However, at an annual average of 7.7 per cent, it was still well above the euro area's level (2 percentage points). Austria's conspicuously weak economy can also be partially attributed to above-average inflation.

CEE: High interest rates and inflation, sluggish growth

The CEE region's economy was affected by inflation and industry weakness in 2023 in much the same way as the euro area and Austria were. Some of the measures taken in 2022 to combat inflation (price regulations and energy price caps) expired in 2023, which shifted inflationary pressure from 2022 to 2023. Inflationary pressure was overall more persistent in the region than in the euro area, in large part because the labor markets were already very tight before the war in Ukraine drove up (energy) prices, which increased wage pressures. Nevertheless, base effects for energy prices caused inflation to start falling in the first half of 2023. Given the significant steps taken by central banks in Central and Eastern Europe back in 2021 and 2022, most CEE countries did not enact more interest rate hikes in the first half of 2023 (with the exception of Albania and Serbia). As the year progressed, some central banks in the CEE region felt able to cut key rates in response to a further decline in inflation rates; other banks continued to wait.

The industrial sector was weak in large parts of **Central Europe (CE)** in 2023. Because of this sector's importance to these economies and close ties with the German industrial sector, the region underperformed most of Europe. However, a strong inflow of EU funds, improving foreign trade and a moderate recovery in consumer demand fueled a slight recovery over the course of the year. Thanks to a strong boost from foreign trade, Slovakia (up 1.3 per cent) outperformed the rest of the Central European countries (up 0.1 per cent). Support also came from access to NextGenerationEU funds (NGEU funds), which Poland and Hungary could not (yet) tap.

Once again, the economy in **Southeastern Europe (SEE)** outperformed the euro area and Central Europe because SEE depends much less on the industrial sector, which had been battered more by the war in Ukraine and high energy prices. Southeastern Europe's strong performance was supported by an abundant inflow of EU funds along with a strong tourist season. Nevertheless, growth in SEE only reached 1.8 per cent in 2023, with Albania leading the way (up 3.5 per cent). Supporting factors in this country were the construction sector and tourism, private and public spending as well as investment. The lowest growth was posted in Romania (up 1.5 per cent), where the economy disappointed in the autumn due to the continued weakness of its industrial sector.

In **Eastern Europe (EE)**, Ukraine recorded the strongest growth in 2023 (up 5.7 per cent), due to its robust adjustment to the war and base effects. The Russian economy, in contrast, grew 2.5 per cent in 2023, supported by fiscal policy and defense spending. In Belarus, the impact of EU and US sanctions increased significantly, but the country managed to grow 3.9 per cent, partly due to state-subsidized investments in the modernization of industrial plants and machinery.

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

Region/country	2022	2023e	2024f	2025f
Poland	5.1	0.2	3.1	3.5
Slovakia	1.7	1.3	2.1	2.1
Czech Republic	2.4	(0.5)	1.7	3.2
Hungary	4.6	(0.5)	3.0	4.0
Central Europe	**4.0**	**0.1**	**2.7**	**3.4**
Albania	4.9	3.5	3.5	3.8
Bosnia and Herzegovina	4.2	1.8	3.0	3.5
Croatia	6.3	2.1	2.5	2.6
Kosovo	5.2	3.2	3.9	4.0
Romania	4.1	1.5	2.8	3.5
Serbia	2.4	2.5	3.0	4.0
Southeastern Europe	**4.3**	**1.8**	**2.8**	**3.5**
Belarus	(4.7)	3.9	2.0	2.0
Russia	(2.1)	2.5	1.5	0.9
Ukraine	(29.1)	5.7	4.9	6.5
Eastern Europe	**(3.9)**	**2.8**	**1.8**	**1.4**
Austria	**4.8**	**(0.7)**	**0.2**	**1.4**
Euro area	**3.4**	**0.5**	**0.5**	**1.5**

Source: Raiffeisen Research, as of beginning of February 2024, (e: estimate, f: forecast); subsequent revisions are possible for years already completed

Banking sector in Austria

The Austrian banking sector carried on the good performance from 2022 and improved on it in 2023. The operating business was supported by increasing net interest income and stable performance in the commission business. Nevertheless, operating costs increased as well. Risk costs in 2023 were lower than in the previous year, however. The funding environment for the Austrian banking sector was challenging in 2023. Nevertheless, Austrian banks held their own in the primary market once again and placed significantly larger volumes than in the years before 2022, especially in the covered bond segment. Growth rates of the loan volumes granted in both the household and corporate loan segments show a significant year-on-year slowdown. This is primarily due to the different interest rate environment and, to a lesser extent, to the changed regulatory framework for lending guidelines. The household segment showed negative year-on-year growth of minus 1.9 per cent as of November 2023. Loan growth in this segment became negative as of the middle of the year. The corporate segment reported annual growth of 2.9 per cent (November 2023 vs. November 2022) compared to growth of 11.3 per cent at the same time in the previous year. The banking sector's capitalization increased further compared to the start of 2023, reaching 16.6 per cent (common equity tier 1 ratio) as of June 2023. The Austrian Financial Market Stability Board concluded in its September 2022 meeting that Austrian banks are less capitalized than their European peers and therefore recommended raising macroprudential buffer requirements for selected banks another 0.5 percentage points and gradually phasing in this increase over two years. Accordingly, these requirements rose 0.25 percentage points for selected institutions at the turn of the year.

Development of the banking sector in CEE

As key interest rates remained high for most of 2023 (and euro markets caught up), CE/SEE banks were able to further improve their profitability thanks to wider net interest margins while risk costs remained rather limited as the number of loan defaults remained low. The average return on equity in the region was over 15 per cent, which is consistent with the most successful years before the global financial crisis. The turbulence in the US banking sector had no major impacts. All in all, core banking income proved to be strong enough to compensate for the additional bank taxes levied in certain countries, inflationary pressure on operating costs and the switch to a more expensive refinancing mix (rising percentage of time deposits, expensive MREL funding). At the same time, stricter financial conditions and the weaker economic environment slowed down lending significantly, which particularly affected investment loans to companies and the market for residential construction loans. The Eastern European markets experienced a strong turnaround as banks returned to profitability in Russia (normalized monetary conditions, politically supported lending) and Ukraine (high interest rates, macroeconomic improvements).

Regulatory environment

Supervisory priorities and interaction with the ECB

- Reinforcing the management competence of the governing bodies to enable banks to effectively address the digitalization process: As a supervisory authority, the ECB wants to ensure that RBI has sound strategies and appropriate regulations in place to meet the challenges that digitalization presents. Effective digital transformation strategies and governance regulations can help RBI make its business models more resilient and sustainable.
- Strengthening the banks' resilience to direct macrofinancial and geopolitical shocks: In the current uncertain environment, it is essential for all banks that are under Single Supervisory Mechanism (SSM) supervision to remain resilient to external shocks. This means that they can withstand unexpected events, such as economic downturns or geopolitical crises, without jeopardizing their business operations. For this reason, the ECB wants to ensure that the European banks remedy weak points in their credit risk management frameworks, in order to strengthen their resilience against a possible asset quality deterioration, and quickly identify and mitigate risks. Sound planning and diversified funding sources can help ensure the European financial market maintains reliable access to funding.
- Intensified efforts to combat climate change: The risks associated with climate change are changing rapidly with far-reaching economic consequences, among other things. The ECB believes that European banks need to take measures to mitigate these risks and have a role to play in funding the transition to a more sustainable economy. It also considers that banks can only mitigate their risk exposure by taking appropriate consideration of climate and environmental factors in their strategies, risk management practices and decision-making processes.

New regulation in 2023

Finalization of Basel III (CRR III/CRD VI)

In June 2023, agreement was reached on the cornerstones in the trilogue negotiations held between the European Council, the European Parliament, and the European Commission. In the second half of 2023, the legislative bodies concentrated on reaching agreement in the technical trilogues, followed by the approval in the EU Parliament and the EU Council plenary session. The published consolidated texts of the political agreement reached on CRR III and CRD VI are expected to be voted on in the plenary session of the European Parliament by the end of the first quarter of 2024. Despite efforts made by the European Banking Industry Committee (EBIC) to postpone the Basel III implementation date in the EU, due to the comprehensive changes brought about by the Capital Requirements Regulation (CRR III), the effective date of 1 January 2025, remains unchanged.

RBI AG as a universal bank is affected by the proposed changes in various respects and makes substantial efforts to analyze and evaluate the new and updated requirements and their resulting impact. Through its intensive efforts at national and EU-level, RBI has clearly communicated its position on topics of particular interest. Among others, minority interest deductions, the treatment of equity holdings made pursuant to Legislative Programmes to promote specified sectors of the economy, retaining a 100 per cent risk-weighting for equity exposures that have been held for six years and applying a preferential treatment for intragroup exposures were addressed. RBI regularly analyzes the updated requirements and corresponding impact assessments for the standardized approach (STA) and the internal ratings-based approach (IRB). This allows it to prepare adequately for the implementation of the new requirements and assess the various changes affecting RWA calculations. This is to ensure a smooth transition to the new provisions and allows RBI to update its systems and adapt to the new calculation and reporting requirements.

Payment Services Directive and framework for financial data access

The European Commission is working on creating an efficient and integrated market for payment services in the EU. As a result, two packages of measures were proposed:

The first involves a revision of the Payment Services Directive. This proposal aims to extend and modernize the current Payment Services Directive (PSD2), which will become PSD3, and also to introduce a Payment Services Regulation (PSR). The proposed regulation determines standardized requirements for the provision of payment services and e-money services within the EU, with the objective of combating and curbing fraud in payment services, strengthening consumer rights, further aligning the competitive conditions between banks and non-banks, and improving the operation of open banking services.

Second, the Commission is putting forward a legislative proposal for a framework for financial data access. This framework will establish clear rights and obligations for exchanging customer data in the financial sector beyond payment accounts. In practice, this will lead to more innovative financial products and services for users and stimulate competition in the financial sector. By contributing actively in this regulation, RBI could be remunerated accordingly for introducing application programming interfaces (APIs) that were developed as part of the program for financial data exchanges.

Finally, the legislators agreed in the Commission's proposal to make instant payments in euro available for all citizens and companies in the EU. This regulation aims to ensure that instant payments in euro are made affordable and secure, and can be easily processed in the entire EU. Instant payments in euro allow money to be transferred at all times within seconds. As a result of the new regulations, they will become the new normal for transfers. They should make life simpler for EU citizens, improve businesses' cash flows and bring savings for retailers. This will encourage new innovation opportunities for banks.

Retail investment strategy

On 24 May 2023, the European Commission put forward the retail investment strategy, which aims to promote greater retail investor participation on the capital markets. The European Commission suggested changes to current legislation (e.g. making product information more comparable or easier to understand) to reach the objective of deepening the capital markets union.

Digital Operational Resilience Act (DORA)

DORA entered into force on 16 January 2023 and will apply from 17 January 2025. The aim is to improve the digital operational stability of financial corporations throughout the EU and further harmonize the requirements for this. This regulatory framework covers core areas, such as risk management, incident management and reporting, reviewing the digital operational stability and the management of information and communication technology (ICT) third-party risks. DORA mandates the European Supervisory Authorities to jointly develop 13 policy instruments, presented in two batches. The first batch of technical standards was introduced in June 2023. The objective of the technical standards is to create consistent and detailed requirements in ICT risk management, reporting of major ICT-related incidents and ICT risk management for third parties. RBI is directly impacted by DORA and its technical standards, and is working intensively on implementing all the applicable requirements.

Markets in Crypto Assets Regulation (MiCA)

MiCA entered into force in June 2023. It lays down standard market rules for crypto assets in the EU and is therefore the first comprehensive framework for regulating the crypto currency market. The regulation covers crypto assets that are currently not governed by existing EU financial services legislation (MiFiD II). The objective of the MiCA regulation is to protect investors, prevent crypto asset misuse, ensure financial stability, create regulatory clarity and protect against market abuse and manipulation. The regulation comprises a significant number of technical standards and guidelines that have to be developed before the new regulation comes into force (within a period of 12 to 18 months depending on the mandate). The European Supervisory Authorities (ESAs) are working as a matter of high priority on providing three batches of technical standards to further break down the requirements. RBI is closely observing and analyzing all the related developments, and working on potential applications.

Minimum requirements for own funds and eligible liabilities (MREL)

The Single Resolution Mechanism Regulation II (SRMR II) introduced the concept of the Maximum Distributable Amount related to MREL (M-MDA), which has been applicable since 1 January 2022. M-MDA allows the Single Resolution Board (SRB) to set restrictions on distributions for banks. While M-MDA has many similarities to the classic MDA regime of Article 141 CRD, it is subject to the discretionary decision of the resolution authority.

Regulation (EU) 2022/2036 (CRR Quick Fix) was formally adopted on 19 October 2022. It introduced changes to the CRR and Bank Recovery and Resolution Directive (BRRD) applying to the calibration of the MREL requirements for banking groups with a multiple point of entry (MPE) resolution strategy and a methodology for indirect subscription of MREL instruments. The SRB published the updated MREL on 15 May 2023.

In line with RBI's MPE resolution strategy, it must be possible to process each resolution unit separately, without impairing the resolution capability of other resolution groups. To achieve this objective, each resolution group aims to maintain the necessary MREL capacity and be separable, in order to ensure that the MPE approach is feasible and credible.

The MREL planning is an integral part of the budgeting process for RBI and its subsidiaries in the EU. The individual MREL capacities in the resolution groups are closely monitored. RBI and its subsidiaries in the EU conducted issues in order to fulfill their respective MREL requirements. Binding and final MREL requirements will apply within the Banking Union from 1 January 2024.

RBI was able to cover a significant portion of its MREL requirements by issuing green and sustainable bonds.

Crisis management and deposit insurance (CMDI) framework

The EU Commission proposed an extensive review of the CMDI framework for banks. This review covers various directives and regulations, including the Deposit Guarantee Schemes Directive (DGSD), the Bank Recovery and Resolution Directive (BRRD), the Single Resolution Mechanism Regulation (SRMR) and the Daisy Chain Regulation. These proposals will focus mainly on extending the resolution system to SME banks and facilitate the use of national deposit insurance funds for resolution purposes, especially for smaller banks. It is currently envisaged that the EU Parliament and the EU Council will reach a joint decision on the Commission proposal in May 2024.

Regulatory environment for ESG disclosures in the EU

The European Green Deal was at the very top of the political agenda and the European Commission's initiatives for 2023. This reaffirms the EU's commitment to be at the forefront of sustainability efforts with ambitious environmental laws and the goal of being climate neutral by 2050. The funding of this transition will be crucially important in the coming years. The EU taxonomy and the Green Bond Standard are the most relevant sustainable financial instruments. In June 2023, the EU Commission adopted further EU taxonomy criteria for economic activities that make a significant contribution to biodiversity, environmental pollution and the circular economy. The inclusion of more economic activities and sectors will increase the usability and potential of the EU taxonomy in scaling up sustainable investment in the EU. RBI will disclose its first taxonomy alignment ratios from January 2024 onwards.

The legislator will use the EU Corporate Sustainability Reporting Directive (CSRD), which was completed at the end of 2022, to rank the importance of ESG information equally with that of a company's financial data. This will be substantiated by the European Sustainability Reporting Standards (ESRS) that were developed by the European Financial Reporting Advisory Group (EFRAG). The standards serve to limit the burden on reporting companies, while at the same time enabling them to verify the efforts they are making to meet the green deal agenda, and accordingly get access to sustainable finance. The new CSRD follows a double materiality concept. This means that companies must consider how sustainability aspects impact a company's economic situation on the one hand and how a company's operations impact sustainability aspects on the other.

Significant events in the reporting period

RBI has decided to acquire shares in STRABAG SE

In December 2023 RBI has taken a decision to acquire 28,500,000 shares in STRABAG SE, representing 27.78 per cent of outstanding shares, via its Russian subsidiary AO Raiffeisenbank from Russian based MKAO Rasperia Trading Limited for a cash consideration of € 1,510 million (including dividend entitlements for 2021 and 2022). Closing of the acquisition is subject to various conditions precedent including satisfactory completion of the sanctions compliance due diligence by RBI, regulatory approvals, and merger clearance.

Upon the successful closing of the acquisition, AO Raiffeisenbank intends to transfer the shares in STRABAG SE to RBI by issuing a dividend in kind. The approval of the dividend in kind by the competent Russian authorities is also a condition precedent for the acquisition of the shares in STRABAG SE by AO Raiffeisenbank.

The impact on RBI consolidated CET1 ratio (16.5 per cent proforma including profits as of 31 December 2023) is expected to be c. minus 10 basis points at closing, while the CET1 ratio of RBI Group excluding Russia will increase by around 125 basis points (Price/Book zero deconsolidation scenario: 14.4 per cent proforma including profits as of 31 December 2023).

The acquisition of the shares in STRABAG SE and distribution of the dividend in kind, subject to regulatory approvals and satisfaction of other conditions precedent, are expected to close in the first quarter of 2024. After closing, RBI will retain the shares in STRABAG SE as a long-term equity participation which will be contributed to and managed by its fully consolidated subsidiary GABARTS Beteiligungs GmbH & Co KG.

With this transaction, RBI further reduces its exposure to Russia.

Russia and Belarus

In 2023, RBI continued to work on a spin-off or sale of AO Raiffeisenbank. Both alternatives require numerous approvals from various Russian and European authorities, and from the respective central banks. In the meantime, business activities in Russia will be further reduced. After the war broke out, the loan business has been scaled back significantly, and the loan volume has since fallen 43 per cent. In addition, the clearing, settlement and payment services business has been considerably reduced. This is reflected in the decline in net fee and commission income, which fell 43 per cent year-on-year.

RBI continues to assess strategic options for the future of Priorbank in Belarus.

Dividend

On 21 November 2023, the Extraordinary General Meeting resolved to distribute a dividend of € 0.80 for each share that was entitled to a dividend for the 2022 financial year.

The Board of Management will propose the distribution of a dividend of € 1.25 per share to the Annual General Meeting on 4 April 2024. Based on the shares issued, this would result in a maximum amount of € 411 million.

Earnings and financial performance

Due to the positive interest rate environment, RBI can look back on a successful business development in 2023. On the other hand, the financial year continued to be characterized by high inflationary pressure, a weak economy, low growth and, in some cases, tense labor markets. Nevertheless, RBI generated consolidated profit of € 2,386 million in this environment. If the earnings contributions from Russia and Belarus are excluded, this would result in a consolidated profit of € 997 million and thus an increase of 1 per cent compared to 2022 (excluding the proceeds of € 453 million realized at the time from the disposals of the Bulgarian Group units).

The ECB continued its cycle of interest rate hikes of 200 basis points in 2023 into the summer. Key interest rates in the countries of Central and Eastern Europe also remained at a high level for most of the year, resulting in a significant increase in profitability thanks to higher interest margins. Net interest income increased € 631 million to € 5,683 million. The interest margin reached 2.87 per cent in the reporting period, versus 2.59 per cent in the comparable period. Net fee and commission income stabilized at a high level; the decline of € 837 million was entirely attributable to Russia (down € 856 million), both due to active restrictions on activities and the currency devaluation. RBI's core revenues (net interest income and net fee and commission income) were down € 206 million or 2 per cent to € 8,725 million; excluding Russia and Belarus, however, there would have been an increase of € 868 million.

High core revenues compensated for additional bank taxation in certain countries, rising operating costs due to inflation and, in some cases, higher refinancing costs from an increasing proportion of time deposits and more expensive MREL funding.

General administrative expenses rose € 355 million year-on-year to € 3,908 million, primarily as a result of increases at head office and in Hungary, Romania and Russia. This was primarily due to the persistently high inflation rate, but also additional investments in many areas. The increased cost burden contributed to the deterioration of the cost/income ratio by 6.5 percentage points to 43.1 per cent.

The devaluations of the average exchange rates of the Russian ruble by 21 per cent and the Ukrainian hryvnia by 14 per cent also had a negative effect on the consolidated profit.

Risk costs of € 393 million, which were well below the previous year's figure (€ 949 million), were mainly recorded in the Eastern Europe region (€ 191 million, with Russia and Ukraine accounting for € 95 million and € 94 million respectively) and at head office (€ 138 million). A negative factor was the € 368 million increase to € 873 million in expenses for credit-linked litigation and annulments of loan agreements in Poland. The consolidated profit should also be appreciated in view of this burden.

Total assets fell approximately € 9 billion or 4.3 per cent to € 198 billion since the start of the year. Currency effects were responsible for a 2.6 per cent fall. On a currency-adjusted basis, customer business was stable overall; the decline of € 4 billion is primarily attributable to Russia. Lending volumes in Russia have been actively reduced since the start of the Russian war of aggression against Ukraine. The decline since the beginning of 2023 - exacerbated by the devaluation of the Russian ruble - amounted to € 3 billion.

Comparison of results with the previous year

in € million	2023	2022	Change	
Net interest income	5,683	5,053	631	12.5 %
Dividend income	35	64	(29)	(44.8)%
Current income from investments in associates	85	64	21	32.5 %
Net fee and commission income	3,042	3,878	(837)	(21.6)%
Net trading income and fair value result	186	663	(477)	(71.9)%
Net gains/losses from hedge accounting	(28)	(41)	13	(32.3)%
Sundry operating income	62	29	33	115.1 %
Operating income	**9,065**	**9,710**	**(645)**	**(6.6)%**
Staff expenses	(2,209)	(2,010)	(199)	9.9 %
Other administrative expenses	(1,224)	(1,081)	(143)	13.2 %
Depreciation	(475)	(461)	(14)	3.0 %
General administrative expenses	**(3,908)**	**(3,552)**	**(355)**	**10.0 %**
Operating result	**5,158**	**6,158**	**(1,000)**	**(16.2)%**
Other result	(906)	(667)	(238)	35.7 %
Governmental measures and compulsory contributions	(284)	(337)	54	(16.0)%
Impairment losses on financial assets	(393)	(949)	557	(58.6)%
Profit/loss before tax	**3,576**	**4,203**	**(628)**	**(14.9)%**
Income taxes	(997)	(859)	(138)	16.1 %
Profit/loss after tax from continuing operations	**2,578**	**3,344**	**(766)**	**(22.9)%**
Gains/losses from discontinued operations	0	453	(453)	–
Profit/loss after tax	**2,578**	**3,797**	**(1,219)**	**(32.1)%**
Profit attributable to non-controlling interests	(192)	(170)	(22)	12.9 %
Consolidated profit/loss	**2,386**	**3,627**	**(1,241)**	**(34.2)%**

Operating income

The € 631 million increase in net interest income to € 5,683 million was largely driven by interest rates. Due to the liquidity position in the reporting period, rising market interest rates in numerous Group countries led to a sharper increase in interest income than in interest expense. The increases amounted to € 169 million in Hungary, € 90 million in Romania, € 83 million in Slovakia, € 64 million in Croatia and € 42 million in Albania. Raiffeisen Bausparkasse Österreich Gesellschaft m.b.H reported an increase of € 42 million due to upward repricing of variable-rate loans and increased interest income from derivatives. In Serbia, net interest income rose € 124 million as a result of higher interest income from loans for non-financial corporations and households and also partly due to the integration of Crédit Agricole Srbija AD (on 1 April 2022). Volume-related higher interest income from government certificates of deposit, from money market transactions and from government bonds led to an increase of € 43 million in net interest income in Ukraine. Net interest income in Russia, on the other hand, fell € 116 million, due to a partially currency-related 34 per cent decline in loan volume. In Belarus, net interest income fell € 36 million due to falling market interest rates and the resulting lower margins. Net interest income also fell € 10 million in the Czech Republic, as increasing interest expenses for customer deposits from households and for newly issued MREL-eligible debt securities significantly exceeded the increase in interest income from repo business and customer loans.

The group's average interest-bearing assets increased 2 per cent year-on-year. The net interest margin improved 28 basis points to 2.87 per cent, with the largest increases of 192 basis points in Serbia, 144 basis points in Albania and 109 basis points in Hungary.

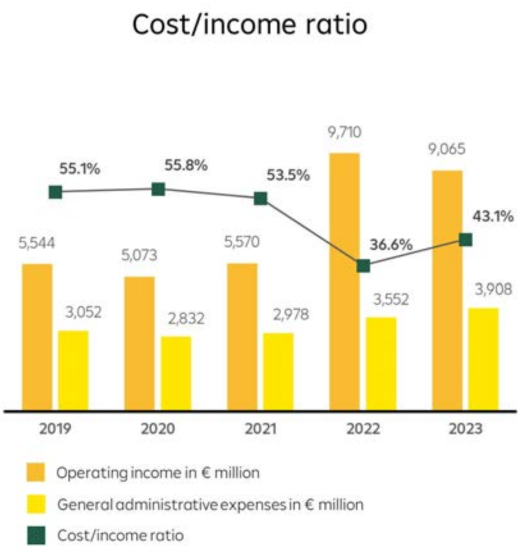
Overall, net fee and commission income fell € 837 million to € 3,042 million. Net fee and commission income decreased due to the currency devaluations in Eastern Europe and continued to be influenced by the geopolitical situation. Russia reported the strongest decline of € 856 million, while the other countries of the Group remained stable. The result from foreign exchange business was down € 627 million, primarily in spot foreign exchange business in Russia and at head office. In Russia, this development was influenced by decreased volumes caused by the introduction of internal transaction limits as well as lower margins in corporate customer and retail business, at head office the fall in business was likewise margin-related. Due to lower fees, net income from the securities business also fell € 93 million, mainly in Russia. Net income from clearing, settlement and payment services decreased € 77 million as a result of lower volumes, primarily in Russia. Net income from loan and guarantee business also fell € 32 million, most notably in Russia and at head office.

Net trading income and fair value result declined € 477 million to € 186 million. The year-on-year decline was mainly due to a decrease of € 234 million in net trading income in Russia. Russian restrictions imposed on foreign currency transactions in 2022 led to a massive increase in foreign currency business in the previous year's period. The introduction of internal transaction limits in the reporting period led to a fall in transactions and a corresponding reduction in the trader margin. In certificates business at head office, the sharp increase in the Group's own credit spread resulted in the previous year in large valuation gains on certificate issues measured at fair value. Conversely, the Group's own credit spread narrowed by around 35 basis points in the reporting year, resulting in a € 108 million year-on-year reduction in the valuation result. Higher currency-related valuation losses of minus € 95 million were mainly recorded in Hungary, Ukraine and Belarus.

Other net operating income increased € 33 million to € 62 million. In the reporting period, net income from debt securities showed a € 31 million smaller loss of € 25 million. The loss in the reporting period was mainly attributable to Hungary, whereas in the previous year it mainly related to Russia. The derecognition of intangible assets at head office resulted in a loss of € 29 million in the previous year. An amount of € 48 million was allocated to other provisions in the reporting period for pending litigation in Russia and Austria, whereas in the previous year there were reversals of € 14 million, mainly in Romania and at head office. Charges for non-banking activities and operating leases on property resulted in higher income in the reporting period.

General administrative expenses

General administrative expenses were up 10 per cent or € 355 million year-on year to € 3,908 million. Staff expenses rose € 199 million to € 2,209 million, mainly at head office (up € 57 million) and in Russia (up € 48 million). The increase at head office was primarily attributable to salary adjustments under collective agreements and to an increase in the headcount. In Russia, the increase resulted from higher salaries and social security costs, provisions for one-off payments and an increase in the headcount, notably in IT. Staff expenses also increased in Hungary (up € 23 million), Slovakia (up € 20 million) and Romania (up € 15 million). The main drivers of the € 143 million rise in other administrative expenses were higher legal, advisory and consulting expenses (up € 44 million) and increased IT expenses (up € 37 million) at head office. There were further increases in other administrative expenses in Hungary (up € 27 million), Poland (up € 17 million) and Romania (up € 13 million). Depreciation and amortization of tangible and intangible fixed assets increased 3 per cent or € 14 million to € 475 million. The cost/income ratio increased year-on-year from 36.6 per cent to 43.1 per cent, primarily due to the decline in profit in Russia and to increased general administrative expenses.



The number of business outlets fell 145 year-on-year to 1,519. The largest decline resulted from the war in Ukraine (down 65), followed by Serbia due to consolidations following the merger (down 46), and Belarus (down 13). The average headcount increased 245 full-time equivalents year-on-year to 44,439, mainly in Russia (up 522) and at head office (up 195). There was a significant decrease in Ukraine (down 891).

Other result

The other result amounted to minus € 906 million in the reporting period, compared to minus € 667 million in the comparable period. Expenses for credit-linked, portfolio-based litigation and annulments had a negative effect of € 878 million (previous year's period: € 510 million). These mainly related to mortgage loans in Poland denominated in or linked to a foreign currency. The increase in Poland of € 368 million primarily resulted from a decision by the European Court of Justice in June, leading to significantly increased actual and expected legal cases, higher loss rates, and losses due to cancellations of credit agreements. In contrast, valuation of investments in subsidiaries and associates led to a gain of € 21 million in the reporting period, mainly relating to the investments in LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG and Oesterreichische Kontrollbank AG. In the previous year's period, impairment losses of € 37 million were recognized on investments in associates and € 30 million on investments in subsidiaries.

Governmental measures and compulsory contributions

Governmental measures and compulsory contributions decreased € 54 million to € 284 million. Contributions to the bank resolution fund fell € 15 million, mostly at head office. The € 21 million decrease in deposit insurance fees mainly related to Russia, Hungary, Slovakia and Romania. No other compulsory contributions were incurred in the reporting period, whereas this item in the previous year included € 26 million in contributions to the state support fund for distressed borrowers in Poland. In contrast, bank levies increased € 8 million, mainly in Hungary (up € 31 million). The bank levy at head office was down € 21 million.

Impairment losses on financial assets

At € 393 million, impairment losses on financial assets were significantly lower in the reporting period than the figure of € 949 million in the comparable period. Risk provisions in Eastern Europe accounted for the largest share at € 191 million (previous year's period: € 743 million) due to the ongoing Russian war of aggression in Ukraine and related risk factors. Of this, € 95 million (previous year's period: € 471 million) related to Russia and € 94 million (previous year's period: € 253 million) to Ukraine. Risk provisions at head office reached € 138 million (previous year's period: € 149 million), primarily for non-financial corporations in connection with real estate loans.

For defaulted loans (Stage 3), net impairments of € 389 million were recognized in the reporting period (previous year's period: net € 382 million), of which € 191 million related to non-financial corporations and € 135 million to households. At country level, the Stage 3 impairment losses were primarily incurred by head office (€ 230 million) and Russia (€ 53 million). In Stage 1 and Stage 2, net impairment losses of € 4 million were recognized in the reporting period (previous year's period: € 567 million, of which € 298 million in Russia and € 87 million in Ukraine).

The NPE ratio rose 0.3 percentage points to 1.9 per cent due to loan defaults at head office. The NPE coverage ratio was 51.7 per cent at the reporting date, compared to 59.0 per cent in the previous year.

Income taxes

The € 138 million increase in income taxes to € 997 million was primarily due to Ukraine, which accounted for €108 million. This mainly relates to a windfall tax and a significant increase in profit. Significant increases in profit led to higher tax expense in most countries, for example with increases of € 31 million in Romania, € 19 million each in Serbia and Slovakia, € 17 million in Croatia, and € 11 million in Hungary. In the Czech Republic, on the other hand, profit was down, and the higher tax expense of € 9 million was due to a windfall tax in the amount of € 26 million. In Russia, income taxes of € 464 million were € 95 million lower than in the comparable period. This was due to the sharp fall in profit of € 811 million and the resulting lower tax burden, which was partly offset by a windfall tax in the amount of € 47 million.

RBI's effective tax rate rose 7.5 percentage points year-on-year to 27.9 per cent, mainly due to the non-tax-deductible expenses for credit-linked litigation and for annulments of loan agreements in Poland in the amount of € 873 million (previous year's period: € 505 million) and to the newly introduced windfall taxes in Russia, the Czech Republic and Ukraine.

Gains/losses from discontinued operations

The gains/losses from discontinued operations in the previous year's period included the deconsolidation of the Bulgarian Group units.

Comparison of results with the previous quarter

Quarterly results

in € million	Q4/2022	Q1/2023	Q2/2023	Q3/2023	Q4/2023	Change	
Net interest income	1,462	1,385	1,364	1,441	1,494	52	3.6 %
Dividend income	24	11	7	10	8	(2)	(17.9)%
Current income from investments in associates	8	30	21	21	13	(7)	(36.2)%
Net fee and commission income	1,196	966	732	667	677	10	1.6 %
Net trading income and fair value result	192	86	30	89	(19)	(108)	–
Net gains/losses from hedge accounting	(20)	(10)	(7)	5	(16)	(21)	–
Other net operating income	(1)	(9)	51	15	5	(10)	(66.8)%
Operating income	**2,861**	**2,459**	**2,197**	**2,247**	**2,162**	**(86)**	**(3.8)%**
Staff expenses	(578)	(562)	(606)	(491)	(548)	(57)	11.6 %
Other administrative expenses	(278)	(277)	(323)	(271)	(354)	(83)	30.4 %
Depreciation	(123)	(111)	(116)	(116)	(132)	(17)	14.3 %
General administrative expenses	**(978)**	**(950)**	**(1,045)**	**(878)**	**(1,034)**	**(156)**	**17.8 %**
Operating result	**1,882**	**1,509**	**1,152**	**1,369**	**1,128**	**(242)**	**(17.6)%**
Other result	(442)	(96)	(354)	(138)	(317)	(178)	128.8 %
Governmental measures and compulsory contributions	(52)	(236)	(2)	(22)	(24)	(2)	9.8 %
Impairment losses on financial assets	(228)	(301)	42	8	(142)	(150)	–
Profit/loss before tax	**1,160**	**877**	**838**	**1,216**	**645**	**(572)**	**(47.0)%**
Income taxes	(270)	(176)	(211)	(269)	(341)	(72)	26.7 %
Profit/loss after tax from continuing operations	**890**	**700**	**627**	**947**	**304**	**(644)**	**(67.9)%**
Gains/losses from discontinued operations	0	0	0	0	0	0	–
Profit/loss after tax	**890**	**700**	**627**	**947**	**304**	**(644)**	**(67.9)%**
Profit attributable to non-controlling interests	(64)	(43)	(49)	(68)	(32)	37	(53.7)%
Consolidated profit/loss	**826**	**657**	**578**	**879**	**272**	**(607)**	**(69.0)%**

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

Net interest income rose € 52 million to € 1,494 million. Russia reported the largest increase of € 52 million, mainly due to a partly currency-related rise in interest income from loans to banks. In Slovakia, net interest income rose € 8 million due to higher market interest rates for loans to non-financial corporations and households. In the Czech Republic, higher interest income from government bonds and lower interest expenses for derivatives led to an increase in net interest income of € 7 million. In Hungary, net interest income increased € 6 million, mainly due to higher net income from derivatives and interest rate swaps. The net interest margin increased 10 basis points to 3.06 per cent, which was primarily due to Russia

Net fee and commission income increased 2 per cent, or € 10 million, to € 677 million. Net income from clearing, settlement and payment services improved € 5 million, primarily in Romania and the Czech Republic. Net income from customer resources distributed but not managed also increased € 5 million due to higher income and transactions, particularly in the Czech Republic and Romania.

Net trading income and fair value result decreased € 108 million to minus € 19 million. A significant portion of the decrease occurred at head office, which posted a decline of € 67 million that was concentrated in interest rate derivatives and foreign currency positions. In addition, Russia also recorded a decline of € 33 million, primarily due to volatility in the Russian ruble. Raiffeisen Bausparkasse Gesellschaft m.b.H. also posted a lower valuation result of € 21 million. This was mainly driven by negative valuation effects among interest rate derivatives.

Other net operating income came in at € 5 million in the second quarter, below the third-quarter level of € 15 million. Net income from insurance contracts was € 15 million lower in the fourth quarter, mainly in connection with the change to IFRS 17 in Croatia.

General administrative expenses were up € 156 million quarter-on-quarter to € 1,034 million. Staff expenses increased € 57 million to € 548 million; other administrative expenses rose € 83 million to € 354 million; and depreciation increased € 17 million to € 132 million. The main drivers of the increase in the fourth quarter were higher staff expenses in Russia (increase: € 20 million), higher other administrative expenses in Romania (increase: € 20 million) and Russia (increase: € 18 million) and higher IT expenses at head office (increase: € 13 million).

The other result decreased € 178 million to minus € 317 million. This was mostly driven by expenses for credit-linked, portfolio-based litigation and annulments, which totaled € 273 million in the fourth quarter of 2023 after reaching € 176 million in the third quarter of 2023. They mainly related to the mortgage loan portfolio in Poland. The valuation of investments in associates resulted in reversals of impairment losses of € 16 million in the fourth quarter that were mainly related to Oesterreichische Kontrollbank AG. This was set against an impairment loss of € 19 million on shares in subsidiaries.

Impairment losses on financial assets amounted to € 142 million in the fourth quarter after booking net releases of € 8 million in the third quarter. In the fourth quarter, net provisioning for impairment losses at head office of € 132 million (due to defaults at non-financial corporations) was offset by net releases of € 52 million in Russia. In the third quarter, the releases of loan loss provisions mainly affected Russia, with this effect being primarily due to the reduction of the customer portfolio that is subject to sanctions.

The € 72 million increase in income taxes is mainly due to windfall tax in Ukraine and the Czech Republic.

Statement of financial position

Total assets have decreased by around € 9 billion or 4.3 per cent since the beginning of the year, with currency effects being responsible for a decline of 2.6 per cent. The devaluation of the Russian ruble (down 22 per cent), the Belarusian ruble (down 18 per cent) and the US dollar (down 3 per cent) was set against the appreciation of the Hungarian forint (up 5 per cent) and the Swiss franc (up 6 per cent).

Assets

in € million	31/12/2022	31/3/2023	30/6/2023	30/9/2023	31/12/2023	Change year-to-date		Change previous quarter	
Loans to banks	15,716	17,442	17,358	15,716	14,714	(1,003)	(6.4)%	(1,003)	(6.4)%
Loans to customers	103,230	105,336	101,806	101,931	99,434	(3,796)	(3.7)%	(2,498)	(2.5)%
hereof non-financial corporations	48,829	48,939	48,296	47,713	47,049	(1,780)	(3.6)%	(664)	(1.4)%
hereof households	40,867	40,806	40,525	39,848	39,674	(1,193)	(2.9)%	(174)	(0.4)%
Securities	23,711	26,281	28,236	30,803	31,108	7,397	31.2 %	305	1.0 %
Cash and other assets	64,401	61,919	58,723	55,724	52,986	(11,415)	(17.7)%	(2,738)	(4.9)%
Total	**207,057**	**210,977**	**206,123**	**204,175**	**198,241**	**(8,817)**	**(4.3)%**	**(5,934)**	**(2.9)%**

Loans to banks decreased € 935 million due to loan repayments mainly at head office and € 455 million in the Czech Republic due to a decline in repo transactions, while an increase of € 431 million was recorded in Serbia due to repo transactions.

Loans to customer decreased by a total of € 3,796 million. The loan volume in Russia has been scaled back significantly since the beginning of the Russian war of aggression in Ukraine. It declined another € 3,014 million in total to € 5,973 million during the financial year, with the decline concentrated in unsecured loans, mortgage loans to households, working capital finance and fixed-term loans to non-financial corporations. However, the decline was mainly driven by the depreciation of the Russian ruble. Head office recorded a net decrease of € 1,411 million to € 26,382 million, half of which was attributable to repayments of loans to other financial corporations of € 809 million. In addition, both regular repayments and early repayments led to a € 764 million decrease in loans to non-financial corporations. In Slovakia, receivables increased € 371 million, mainly due to loans to households and non-financial corporations. In Romania, growth amounted to € 349 million, or 4 per cent, for non-financial corporations and other financial corporations, while growth in Croatia was € 293 million, or 9 per cent, mainly driven by loans to households and non-financial corporations. In the Czech Republic, an increase of € 257 million, or 1 per cent, was achieved mainly through project finance loans to non-financial corporations and consumer loans to households.

The increase in securities was primarily attributable to investments – especially in government bonds – at head office (up € 2,619 million, including trading securities), in the Czech Republic (up € 2,210 million), Hungary (up € 993 million), Ukraine (up: € 636 million) and Slovakia (up € 558 million).

The decline in cash balances of € 10,449 million was primarily due to a reduction at head office of € 9,797 million, mainly due to a reduction in central bank balances, while the increase in repo transactions partially offset this decline. Russia recorded a € 2,471 million fall in cash balances, primarily in overnight interbank placements. Slovakia posted a decline of € 456 million, with surplus cash being used for customer loans and investment loans. The market values of derivatives reported under other assets, primarily interest rate derivatives, declined € 1,831 million at head office.

Equity and liabilities

in € million	31/12/2022	31/3/2023	30/6/2023	30/9/2023	31/12/2023	Change year-to-date		Change previous quarter	
Deposits from banks	33,641	35,005	33,681	29,298	26,144	(7,496)	(22.3)%	(3,154)	(10.8)%
Deposits from customers	125,099	124,776	120,553	121,233	119,353	(5,746)	(4.6)%	(1,880)	(1.6)%
hereof non-financial corporations	50,042	49,850	45,827	45,813	45,084	(4,958)	(9.9)%	(729)	(1.6)%
hereof households	58,876	59,234	58,427	57,520	58,453	(423)	(0.7)%	932	1.6 %
Debt securities issued and other liabilities	29,554	31,971	32,561	33,792	32,894	3,340	11.3 %	(898)	(2.7)%
Equity	18,764	19,225	19,329	19,851	19,849	1,085	5.8 %	(2)	– %
Total	**207,057**	**210,977**	**206,123**	**204,175**	**198,241**	**(8,817)**	**(4.3)%**	**(5,934)**	**(2.9)%**

The € 7,496 million or 22 per cent decrease in deposits from banks was mainly due to the redemption of TLTRO instruments and lower short-term deposits at head office (€ 8,394 million) as well as the redemption of TLTRO instruments in Slovakia (€ 775 million), which were offset by an increase in the Czech Republic (€ 529 million) due to repo transactions.

The € 5,746 million reduction in deposits from customers compared to the end of the year was largely due to a reduction in short-term deposits from households and non-financial corporations in Russia, which were down € 5,537 million, largely as a result of currency effects. The decline in local currency was much smaller (8 per cent). The decrease in deposits of € 3,276 million at head office was mainly due to lower time deposits, in particular from Austrian and German non-financial corporations (total: € 3,160 million). In contrast, the Czech Republic recorded an increase of € 1,197 million, or 5 per cent, attributable to the rise in repo transactions with governments and short-term deposits mainly from households.

Debt securities issued rose € 4,377 million. In the reporting period, a € 1.0 billion senior preferred bond, two mortgage-backed bonds, each with a nominal value of € 500 million, and a € 500 million senior non-preferred benchmark bond were issued at head office. MREL-eligible bonds were issued in the Czech Republic (€ 300 million), in Romania (€ 300 million) and in Slovakia (€ 500 million), including covered bonds in the latter case. The negative market values of derivatives reported under other liabilities, primarily interest rate derivatives at head office, declined € 1,308 million.

For information relating to funding, please refer to note (44) Liquidity management in the risk report section of the consolidated financial statements.

Liquidity and funding

With its solid liquidity position and established processes for managing liquidity risk, RBI demonstrates its high adaptability even in times of crisis. In addition, separate monitoring of RBI's liquidity risk position excluding Russian subsidiaries was introduced in 2023. This shows that RBI's liquidity risk position remains within the target values even without the Russian business. The liquidity coverage ratio was 189 per cent as at 31 December 2023 (31 December 2022: 202 per cent) compared to a regulatory limit of 100 per cent, while the net stable funding ratio (NSFR) was 141 per cent (31 December 2022: 135 per cent).

Group funding is derived from a strong base of customer deposits – primarily retail business in Central and Southeastern Europe – and is supplemented by wholesale funding, mainly through RBI AG and the subsidiary banks. In addition to funding from the regional Raiffeisen banks, financing loans from third parties and interbank loans with third-party banks are also used. The loan/deposit ratio amounted to 83.8 per cent as at 31 December 2023 (31 December 2022: 82.4 per cent).

Equity on the statement of financial position

Equity including non-controlling interests rose € 1,085 million from the start of the year to € 19,849 million.

Total comprehensive income of € 1,518 million comprised profit after tax of € 2,578 million and other comprehensive income of minus € 1,060 million. The currency movements in particular had a negative impact of minus € 1,168 million on other comprehensive income.

The 22 per cent devaluation of the Russian ruble contributed negatively with € 989 million, while the 18 per cent devaluation of the Belarusian ruble contributed € 95 million and the 2 per cent devaluation of the Czech koruna contributed € 71 million to the negative currency impact.

On the other hand, there were positive effects from fair value changes of equity instruments and financial assets amounting to € 71 million, as well as from hedging of net investments, primarily in the Russian ruble (€ 21 million) and the Czech koruna (€ 17 million), which resulted in a positive valuation result of € 37 million.

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

Common equity tier 1 (CET1) after deductions amounted to € 16,203 million, representing an increase of € 560 million compared to the 2022 year-end figure. The main driver of the increase was the net profit for the current financial year.

Tier 1 capital after deductions increased € 562 million to € 17,881 million. The increase was primarily attributable to effects in CET1. Tier 2 capital decreased € 96 million to € 2,287 million due to the regulatory maturing of outstanding instruments. Total capital amounted to € 20,168 million, which represents an increase of € 466 million year-on-year.

Total risk-weighted assets (RWA) decreased by a total of € 4,016 million to € 93,664 million compared to the 2022 year-end figure. The main drivers for the reduction in credit risk were foreign currency effects from the Russian ruble and a decrease in the corporate and retail portfolio of € 3,684 million and € 1,437 million, respectively. The reduction was set against an increase of € 1,392 million in credit risk for governments and central banks, primarily due to higher risk weightings. Inorganic effects, which were primarily due to the implementation of the IRB approach at the Austrian savings and loan institution, resulted in a decrease of € 2,370 million. The RWAs for market risk increased due to the RWA backing of investments in foreign currencies, particularly those of the Russian subsidiary bank.

This resulted in a (transitional) CET1 ratio of 17.3 per cent, a (transitional) tier 1 ratio of 19.1 per cent and a (transitional) total capital ratio of 21.5 per cent.

Research and development

Digitalization

A central theme for banks in the advancement of digitalization is the growing relevance of mobile banking. Penetration (the rate of active mobile banking use) reached 60 per cent in retail (though this figure varies between markets) and is above that of local peers. The sale of E2E digital loans at group level reached 52 per cent in 2023.

With its product range for retail customers and small businesses, RBI places a strong focus on the full end-to-end digitalization of core products (accounts, payments/cards and loans). RBI expects to achieve cost savings and additional income through this as well as the branch network optimization.

In addition, RBI is continuing its efforts to develop more products and individual product components centrally and make them available to all of the Group's banks. Aside from the cost benefit, this should lead to a substantial reduction in the time required for the full digitalization of the five most important products across the entire Group (current accounts, credit cards, consumer loans as well as current accounts and loans for SMEs).

With the Easy Digital Investing (EDI) platform, Raiffeisenbank Czech Republic was the first large bank in the Czech Republic to introduce a mobile investment application for retail clients at the end of 2022. At the end of 2023, around 18,000 customers were already using the platform's services. Half of the EDI users are new-to-invest customers (i.e. customers, who have never had an investment product with Raiffeisenbank Czech Republic), which positively confirms RBI's ability to attract new customers, and overall increases the penetration of investment products. EDI was developed as a standardized group solution, hence a timely rollout in other countries is currently being planned.

Digitalization is also a key issue for corporate and institutional customers. The main challenge is to enable process streamlining and a reduction of paper-based procedures in the interface with customers. Since the end of 2019, RBI has digitized a series of products and services on the myRaiffeisen platform. This includes a digital KYC process (eKYC) for companies and institutional customers, digital account opening (Group eAccount Opening), digital export finance (eSpeedtrack) as well as further services such as eFinance, eGateway, eArchive, and the digital payment questionnaire for correspondent banking clients (ePIC). In 2022, eTradeOn, a tool to manage guarantees online, was added to the myRaiffeisen product range.

RBI is one of the first banks in the CEE region to offer a group-wide account opening feature for international customers, addressing one of the core needs of the segment for region-wide services. Further products and solutions are planned to follow in the coming years with a similar setup. Since 2019, RBI has successfully rolled out features to the network banks, achieving more than 4,000 digitally initiated KYC cases group-wide, supported by more than 1,600 digital account opening requests and a digitally requested lending volume of € 1.3 billion. Digital penetration of KYC processes in RBI head office is on a stable level of >70 per cent and the majority of first account openings are requested digitally.

In response to customer needs in the FX business, RBI launched a single-bank FX platform (R-Flex) in Romania and Croatia in 2022 and in Hungary in 2023. R-Flex enables FX transactions in digital form, including real-time information and fast settlement, both in the online and mobile versions. Compared to the previous year, the number of platform users has increased from 4,500 to 37,000. It is planned to roll out the product to further countries in 2024.

Innovation Areas

The topics of artificial intelligence (AI) and blockchain technology have been identified as strategically important fields for further monitoring and research for the RBI in 2023.

In 2023, there was a notable surge in the adoption and utilization of AI technology, leading to the democratization of AI. To maintain competitiveness and consistently provide top-notch solutions to clients, RBI introduced a strategic AI initiative. This initiative aims to assess the impact of AI on RBI and explore its potential in customer-facing products. It will be implemented in stages, encompassing employee education, awareness, and the development of innovative products and services.

Blockchain technology is another strategic field of interest for RBI due to its potential to revolutionize the financial industry. Potential applications include fast and secure payments and transactions, improving internal processes, and enabling tokenization of clients' assets. A dedicated team for this topic was formed several years ago to monitor market developments and the technology's potential for client-facing products. In 2023, two internal projects explored the potential of asset tokenization and institutional-grade digital asset custody, both of which will continue in 2024.

IT

In 2023, RBI adopted its 2024-2025 Strategy Outlook, which outlines its commitment to being a data-centric company, emphasizing data accessibility, quality, and business value. The bank streamlined operations and automated processes to cater to the growing need for real-time services, and RBI's operating model shifted towards client-centricity, stability, and digitalization.

RBI's commitment to agility was emphasized by consistently developing maturity in this area, achieving enterprise agility, and securing a leading position in the CEE region.

IT security was bolstered through a risk-based alert system that enables a rapid response and the migration of more than 14,000 repositories to GitHub to ensure greater efficiency in source code management.

RBI attaches great importance to the introduction of cloud technology. By reaching the milestone of 50 per cent in Ukraine, Kosovo and Albania, RBI demonstrated a leading role among banks in these regions. The transition of applications to the cloud reached 44 per cent at head office level and 40 per cent at network banks level in 2023.

In a bid to solidify its standing as a top-tier IT employer, RBI inaugurated Raiffeisen Tech centers in Poland, Romania, and Kosovo, creating job opportunities for global IT professionals and promoting employee development.

Internal control and risk management system in relation to the Group accounting process

Balanced and comprehensive financial reporting is a priority for RBI and its governing bodies. Compliance with all relevant statutory requirements is therefore a basic prerequisite. The Management Board is responsible for establishing and defining a suitable internal control and risk management system that encompasses the entire accounting process while adhering to company requirements. This is embedded in the company-wide framework for the internal control system (ICS).

The ICS should ensure effective and continuously improving internal controls for accounting. The control system is designed to comply with all relevant guidelines and regulations and to optimize conditions for specific control measures in order to prevent any unintentional misstatements.

Control environment

The Group has an internal control system pertaining to financial reporting, which includes directives and instructions on key issues as a central element. This includes:

- The hierarchical decision-making process for approving Group and company directives, as well as departmental and divisional instructions,
- process descriptions for the preparation, quality control, approval, publication, implementation and monitoring of directives, and instructions including related controls, as well as
- regulations for the revision and repeal of directives and instructions.

The senior management of each Group unit is responsible for implementing the Group-wide instructions. Compliance with Group rules is monitored by the department Group Consolidation as well as through audits by Group and local auditors.

The consolidated financial statements are prepared by the department Group Consolidation (division Group Accounting & Financial Methodologies), which belongs to the CFO area under the CEO. The associated responsibilities are defined for the Group within the frame-work of a dedicated Group function.

Risk assessment

Significant risks relating to the Group accounting process are evaluated and monitored by the Management Board. Complex accounting standards can increase the risk of errors, as can the use of differing valuation standards, particularly in relation to the Group's principal financial instruments. A difficult business environment can also increase the risk of significant financial reporting errors. For the purpose of preparing the consolidated financial statements, estimates have to be made for asset and liability items for which no market value can be reliably determined. This essentially applies to risk provisions in the lending business, fair value and impairment of financial instruments, deferred taxes, provisions for pensions and pension-like obligations as well as provisions for legal cases.

Control measures

The preparation of financial information on an individual Group unit level is decentralized and carried out by the respective Group unit in accordance with RBI guidelines; the calculation of parts of the impairment charges under IFRS 9 is, however, carried out centrally. The Group unit employees and the managers responsible for accounting are required to provide a full presentation and accurate valuation of all transactions. The local management is responsible for ensuring implementation of mandatory internal control measures, such as the separation of functions and the principle of dual control. The reconciliation and validation controls are embedded in the aggregation, calculation, and accounting valuation activities for all financial reporting processes. Particular focus is placed on the controls for the core processes that play a fundamental role in the preparation of the financial statements. This primarily relates to processes which are relevant for valuations, the results of which have a significant impact on the financial statements (e.g. valuation of credit risk provisions, derivatives, equity participations, provisions for personnel expenses and market risk).

Consolidation

The financial statement data are predominantly automatically transferred to the IBM Cognos Controller consolidation system. The IT system is kept secure by limiting access rights.

The plausibility of each Group unit's financial information is initially checked by the responsible key account manager in the department Group Consolidation. Group-level control activities comprise the analysis and, where necessary, modification of the financial statements submitted by Group units. In this process, the results of internal meetings as well as comments from the Group units and comments from external reviews are taken into account. Both the plausibility of the reporting package as well as critical matters pertaining to the Group unit are acknowledged.

The subsequent consolidation steps are performed using the consolidation system, including capital consolidation, expense and income consolidation, and debt consolidation. Finally, intra-Group gains are eliminated where applicable. At the end of the consolidation process, the notes to the financial statements are prepared in accordance with IFRS and the BWG/UGB.

All control measures constitute part of the day-to-day business processes and are used to prevent, detect and correct any potential errors or inconsistencies in the financial reporting. Control measures range from process controls of the consolidation steps, to account reconciliation, to the managerial review of the results for the period.

The consolidated financial statements and management report are reviewed by the Audit Committee of the Supervisory Board and are also presented to the full Supervisory Board for its information.

Information and communication

The consolidated financial statements are prepared using Group-wide standardized data requirements. The accounting and valuation standards are defined and explained in the RBI Group Accounts Manual and must be applied when preparing the financial statements. Detailed instructions for the Group units on measuring credit risk and similar issues are provided in the Group directives. The relevant units are kept abreast of any changes to the instructions and standards through regular training courses.

Each year the Annual Report contains the consolidated results in the form of a complete set of consolidated financial statements. In addition, the Group management report contains comments on the consolidated results in accordance with the statutory requirements.

Throughout the year, consolidated monthly reports are produced for the RBI Management Board. The published statutory interim reports conform to the provisions of IAS 34 and are produced on a quarterly basis. Before publication, the consolidated financial statements are presented to senior managers and Management Board members for final approval and then submitted to the Supervisory Board's Audit Committee. Analyses pertaining to the consolidated financial statements are also provided for management, as are forecast Group figures at regular intervals. The financial and capital planning process, undertaken by the department Group Planning, Reporting & Analysis, includes a three-year Group budget.

Monitoring

Financial reporting is a primary focus of the ICS framework, whereby financial reporting processes are subject to risk-based prioritization and control examinations with results regularly reported to the Management Board and the Supervisory Board for evaluation. Additionally, the Audit Committee is required to monitor the financial reporting process. The Management Board is responsible for ongoing company-wide monitoring. The internal control system is based on three lines of defense.

The first line of defense consists of individual departments, whereby department heads are responsible for monitoring their business areas and ensuring that an appropriate control environment is established. The departments conduct plausibility checks and control activities on a regular basis, in accordance with the documented processes.

The second line of defense is made up of specialist areas focused on specific topics. These include, for example, Compliance, Data Quality Governance, Operational Risk Controlling, and Security & Business Continuity Management. Their primary aim is to support specialist areas with their control processes, to review the carrying out of controls, and to introduce leading practices within the organization.

Internal audits are the third line of defense in the monitoring process. Responsibility for auditing lies with Group Internal Audit and the respective internal audit departments of the Group units. All internal auditing activities are subject to the Group Audit Standards, which are based on the Austrian Financial Market Authority's minimum internal auditing requirements and international best practices. Group Internal Audit's internal rules also apply (notably the Audit Charter). Group Audit regularly and independently verifies compliance with the internal rules within the RBI Group units. The head of Group Internal Audit reports directly to the Management Board, with additional reporting obligations to the Chairman of the Supervisory Board and members of the Audit Committee of the Supervisory Board.

Capital, share, voting, and control rights

The following disclosures satisfy the provisions of § 243a (1) of the Austrian Commercial Code (UGB):

(1) As at 31 December 2023, the company's share capital amounted to € 1,003,265,844.05 and was divided into 328,939,621 voting common bearer shares. As at 31 December 2023, 573,938 (31 December 2022: 510,450) of those were own shares, and consequently 328,365,683 shares were outstanding at the reporting date.

Please see note (29) Equity and non-controlling interests for further disclosures.

(2) The Articles of Association contain no restrictions concerning voting rights or the transfer of shares. The regional Raiffeisen banks and direct and indirect subsidiaries of the regional Raiffeisen banks are parties to a syndicate contract (syndicate agreement) regarding RBI AG. The terms of this syndicate agreement include not only a block voting agreement and preemption rights, but also a prohibition on sales of the RBI shares held by the regional Raiffeisen banks (with few exceptions) , if the sale would reduce the regional Raiffeisen banks' aggregate shareholding in RBI AG (direct and/or indirect) to less than 40 per cent of the share capital plus one share.

(3) Raiffeisenlandesbank Niederösterreich-Wien AG holds directly and indirectly total around 24.83 per cent of the share capital of the company. By virtue of the syndicate agreement regarding RBI AG, the regional Raiffeisen banks and their direct and indirect subsidiaries as parties acting in concert as defined in § 1 (6) of the Austrian Takeover Act (ÜbG). The regional Raiffeisen banks hold a total of around 61.00 per cent of the voting rights. The remaining shares of RBI AG are held in free float, with no other direct or indirect shareholdings amounting to 10 per cent or more known to the Management Board.

(4) The Articles of Association do not contain any special rights of control associated with holding shares. According to the syndicate agreement for RBI AG, the regional Raiffeisen banks can nominate nine members of the RBI AG Supervisory Board. In addition to the members nominated by the regional Raiffeisen banks, the RBI AG Supervisory Board should also include three independent representatives of free-float shareholders who are not attributable to the Austrian Raiffeisen Banking Group.

(5) There is no control of voting rights arising from interests held by employees in the share capital.

(6) Pursuant to the Articles of Association, a person who is aged 68 years or older may not be appointed as a member of the Management Board or be reappointed for another term in office. The rule for the Supervisory Board is that a person who is aged 75 years or older may not be elected as a member of the Supervisory Board or be re-elected for another term in office. Moreover, no person who already holds eight supervisory board mandates in publicly traded companies may be a member of the Supervisory Board. Holding a position as chairman of the supervisory board of a publicly traded company would count twice for this purpose. The Annual General Meeting may choose to waive this restriction through a simple majority of votes if permitted by law. Any candidate who has more mandates for, or chairman positions on, supervisory boards in publicly traded companies must disclose this to the Annual General Meeting. There are no further regulations regarding the appointment or dismissal of members of the Management Board and the Supervisory Board beyond the provisions of the relevant laws. The Articles of Association stipulate that the resolutions of the Annual General Meeting are, provided that there are no mandatory statutory provisions to the contrary, adopted by a simple majority of the votes cast. Where the law requires a capital majority in addition to the voting majority, resolutions are adopted by a simple majority of the share capital represented in the votes. As a result of this provision, members of the Supervisory Board may be dis-missed prematurely by a simple majority. The Supervisory Board is authorized to adopt amendments to the Articles of Association that only affect the respective wording. This right may be delegated to committees. Furthermore, there are no regulations regarding amendments to the company Articles of Association beyond the provisions of the relevant laws.

(7) Pursuant to § 169 of the Austrian Stock Corporation Act (AktG), the Management Board has been authorized since the Annual General Meeting of 13 June 2019 to increase the share capital with the approval of the Supervisory Board – in one or more tranches – by up to € 501,632,920.50 through the issuance of up to 164,469,810 new voting common bearer shares in exchange for contributions in cash and/or in kind (including by way of the right of indirect subscription by a bank pursuant to § 153 (6) of the AktG) by 2 August 2024 at the latest and to fix the offering price and terms of the issue with the approval of the Supervisory Board. The Management Board is further authorized to exclude shareholders' subscription rights with the approval of the Supervisory Board (i) if the capital increase is carried out in exchange for contributions in kind, or (ii) if the capital increase is carried out in exchange for contributions in cash and the shares issued under the exclusion of subscription rights do not exceed 10 per cent of the company's share capital (exclusion of subscription rights). The (i) utilization of authorized capital with exclusion of the statutory subscription right in the event of a capital increase in return for a contribution in cash, and the (ii) implementation of the conditional capital resolved upon in the Annual General Meeting on 20 October 2020 in order to grant conversion or subscription rights to convertible bond creditors may not exceed 10 per cent in total of the share capital of the

company. The utilization of the authorized capital in the form of a capital increase in return for a contribution in kind is not covered by this restriction. No use has been made to date of the authority granted in June 2019 to utilize the authorized capital.

The share capital is conditionally increased (conditional capital) pursuant to § 159 (2) 1 of the AktG by up to € 100,326,584 by issuing of up to 32,893,962 ordinary bearer shares. The conditional capital increase will only be implemented to the extent that use is made of an irrevocable right of conversion into or subscription to shares which the company grants to the creditors holding convertible bonds issued on the basis of the resolution passed at the Annual General Meeting on 20 October 2020, or in the event of having to fulfil a conversion obligation set out in the convertible bonds' terms of issuance. In both cases, the Management Board does not decide to allocate own shares. The issue price and the conversion ratio are to be calculated in accordance with recognized quantitative financial methodologies and the price of the company's shares in a recognized pricing procedure (calculation basis of the issuance price); the issue price may not be below the proportionate amount of the share capital. The newly issued shares from the conditional capital increase are entitled to a dividend equivalent to that of the shares traded on the stock exchange at the time of issuance. The Management Board is authorized, with the approval of the Supervisory Board, to determine the further details of the implementation of the conditional capital increase.

The Management Board was further authorized pursuant to § 174 (2) of the AktG by the Annual General Meeting on 20 October 2020, within 5 years from the date of the resolution, i.e. until 19 October 2025, with the consent of the Supervisory Board, to issue also in several tranches, convertible bonds with rights to convert into or subscribe to shares of the company or convertible bonds with conversion obligations (contingent convertible bonds pursuant to § 26 of the Banking Act), including convertible bonds that meet the requirements for Additional Tier 1 capital instruments pursuant to Regulation (EU) No. 575/2013 of the European Parliament and the Council of 26 June 2013 on supervisory requirements for credit institutions and investment firms, as amended, with full exclusion of shareholders' subscription rights. The authorization includes the issuance of convertible bonds in a total nominal amount of up to € 1,000,000,000 with rights to convert into or subscribe to up to 32,893,962 ordinary bearer shares of the company with a proportionate amount of the share capital up to € 100,326,584. The issue price and the conversion ratio are to be calculated in accordance with recognized quantitative financial methodologies and the price of the company shares in a recognized pricing procedure (calculation basis of the issuance price); the issue price of the convertible bonds may not be below the proportionate amount of the share capital. In this respect, the Management Board is authorized to determine all further issuance and structural features as well as the issuance terms and conditions of the convertible bonds, in particular the interest rate, issue price, term of validity and denomination, provisions protecting against dilution, conversion period, conversion rights and obligations, conversion ratio and conversion price. The convertible bonds may also be issued – observing the limit of the corresponding equivalent value in euros – in the currency of the United States of America and in the currency of any other Organization for Economic Cooperation and Development (OECD) member state. The convertible bonds may also be issued by a company which Raiffeisen Bank International AG owns 100 per cent of, directly or indirectly. For this event, the Management Board is authorized to provide, with the consent of the Supervisory Board, a guarantee for the convertible bonds on behalf of the company and to grant the holders of the convertible bonds conversion rights into ordinary bearer shares of Raiffeisen Bank International AG and, if a conversion obligation is stipulated in the convertible bonds' issuance terms, to enable the obligation of conversion into ordinary bearer shares of Raiffeisen Bank International AG to be fulfilled; with the exclusion of the rights of shareholders to subscribe to the convertible bonds.There have been no convertible bonds issued to date.

The Annual General Meeting held on 31 March 2022 authorized the Management Board pursuant to § 65 (1) 8, § 65 (1a) and § 65 (1b) of the AktG to purchase own shares and to retire them if appropriate without requiring any further prior resolutions to be passed by the Annual General Meeting, though with the approval of the purchase by the Supervisory Board can also be effected off-exchange under the exclusion of the shareholders' pro rata tender right. Own shares, whether already purchased or to be purchased, may not collectively exceed 10 per cent of the company's share capital. The authorization to purchase own shares expires 30 months after the date of the Annual General Meeting resolution, i.e. until 30 September 2024. The acquisition price for repurchasing the shares may be no lower than € 3.05 per share and no higher than 10 per cent above the average unweighted closing price over the 10 trading days prior to exercising this authorization. The authorization may be exercised in full or in part or also in several partial amounts, for one or more purposes – with the exception of securities trading – by the company, by a subsidiary (§ 189a (7) of the UGB) or by third parties for the account of the company or a subsidiary.

The Management Board was further authorized, pursuant to § 65 (1b) of the AktG, to decide, with the approval of the Supervisory Board, on the sale of own shares by means other than the stock exchange or a public tender, to the full or partial exclusion of shareholders' subscription rights, and to stipulate the terms of sale. Shareholders' subscription rights may only be excluded if the own shares are used to pay for a contribution in kind, to acquire enterprises, businesses, operations or stakes in one or several companies in Austria or abroad. Furthermore, shareholders' subscription rights may be excluded in the event that convertible bonds are issued in future, in order that (own) shares may be issued to such convertible bond creditors that have exercised their right of conversion into or subscription to shares in the company, and also in the event of a conversion obligation stipulated in the convertible bonds' issuance conditions in order to fulfil this conversion obligation. This authorization may be exercised in whole, in part or in several partial amounts for one or more purposes by the company, a subsidiary (§ 189a 7 UGB) or by third parties for the account of the company or a subsidiary and remains in force for five years from the date of this resolution, i.e. until 31 March 2027. Since that time, there were no own shares purchased based on this authorization from March 2022.

The Annual General Meeting of 31 March 2022 also authorized the Management Board, under the provisions of § 65 (1) 7 of the AktG, to purchase own shares for the purpose of securities trading, which may also be conducted off-market, during a period of 30 months from the date of the resolution (i.e. until 30 September 2024), provided that the trading portfolio of shares purchased for this purpose does not at the end of any given day exceed 5 per cent of the company's respective share capital. The consideration for each share to be acquired must not be less than half the closing price at the Vienna Stock Exchange on the last day of trading preceding the acquisition and must not exceed twice the closing price at the Vienna Stock Exchange on the last day of trading preceding the acquisition. This authorization may be exercised in full or in part or also in several partial amounts by the company, by a subsidiary (§ 189a (7) UGB) or by third parties acting for the account of the company or a subsidiary.

(8) The following material agreements exist, to which the company is a party, and which take effect, change, or come to an end upon a change of control in the company as a result of a takeover bid:

- RBI AG is insured under a Group-wide D&O policy. In the event of a merger with another legal entity, the insurance policy would automatically cease at the end of the insurance period in which the merger took effect. In such cases, insurance cover only exists for claims for damages arising from breaches of obligations that occurred before the merger, which are reported to the insurer prior to the termination of RBI AG's Group-wide D&O insurance cover.

- RBI AG is a member of the Professional Association of Raiffeisen Banks. Upon a change in control of RBI AG which results in the attainment of control by shareholders outside of the Raiffeisen Banking Group Austria, membership of the Professional Association of Raiffeisen Banks, as well as that of the Raiffeisen-IPS pursuant to Art. 113 (7) of the CRR, the Österreichische Raiffeisen-Sicherungseinrichtung eGen and of the Raiffeisen Customer Guarantee Scheme Austria may be terminated. RBI AG also serves as the central institution of the Raiffeisen Banking Group at a national level. Upon a change in control of RBI AG, related contracts (central institution of the liquidity group pursuant to § 27a of the BWG may end or change.

- The company's refinancing agreements and agreements concerning third-party financing for subsidiaries, which are guaranteed by the company, stipulate in some cases that the lenders can demand early repayment of the financing in the event of a change in control.

(9) There are no indemnification agreements between the company and its Management Board and Supervisory Board members or employees that would take effect in the event of a public takeover bid.

Risk management

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

Corporate Governance

Further information can be found in the Corporate Governance Report chapter of the Annual Report, as well as on the RBI website (www.rbinternational.com → Investors → Corporate Governance & Remuneration).

Consolidated non-financial report

Pursuant to the Sustainability and Diversity Improvement Act (NaDiVeG), the consolidated non-financial statement, which has to be prepared in accordance with § 267a of the Austrian Commercial Code (UGB), is issued as an independent non-financial report (Sustainability Report). The report containing detailed information on sustainability management developments, will be published online at www.rbinternational.com → Sustainability & ESG → Sustainability Reports and also contains the disclosure for the parent company in accordance with § 243a of the UGB.

Human Resources

The Group People & Organisational Innovation division (P&OI) combines the areas of Human Resources and Organisational Development & Innovation. Combining these areas into a single division enables the group to forge an integrated approach to employee aspects, leadership, culture and organizational development. This makes P&OI a key partner in the implementation of RBI's strategy and goals. The division prioritizes the efficient execution of personnel processes, encompassing tasks such as data administration, contract preparation or recruitment. In addition, the division is responsible for personnel development, career management, leadership development as well as professional education and training. In the area of organizational development, the division extends support for restructurings and transformations within the group by leveraging its expertise in specialized fields, such as change management and organizational design, while spearheading targeted initiatives in the area of operational innovation.

Current labor market trends show increased turnover rates worldwide and a greater willingness to change jobs since the COVID-19 pandemic. On the other hand, the challenges stemming from the number of retirees leaving the workforce, evolving work preferences of Generations Y and Z, along with ongoing technological and regulatory changes, require existing employees to constantly adapt to new conditions. Furthermore, the number of retirees exiting the workforce, coupled with the evolving expectations and demands of Generations Y and Z, exert a significant influence on companies and the extent to which they are viewed as employers of choice. In 2023, RBI was honored multiple times as an employer of choice, including being named in the LinkedIn Top Employers 2023 and the We Are Developers top tech companies to work for. To maintain this position in the future, we must understand the expectations and demands of both current employees and applicants and strategically position the company accordingly.

In cooperation with the Vienna University of Economics and Business, the Career Dimensions @ RBI project was conducted in 2023 to comprehensively explore the career expectations of RBI employees and assess how well their expectations align with their actual experiences at RBI. The findings reveal that factors such as financial security, a healthy work-life balance, opportunities for continuous training and development as well as positive work relationships play a pivotal role in shaping the level of satisfaction employees experience in the course of their careers, while also influencing their level of motivation and commitment to their jobs. Drawing on these insights, RBI has initiated several programs to fulfill our key objectives:

Remote work within the EU: Due in part to the international nature of RBI's workforce, the desire to work abroad is growing. In July 2023, RBI became the first bank in Austria to enable its employees to work remotely in other EU countries on a temporary basis.

Learning organization: As learning and continuous development contribute significantly to career satisfaction, RBI aims for the seamless integration of lifelong learning and collaborative knowledge-sharing into the company culture and practices, with a focus on:

- Promoting a culture of learning, thereby repositioning learning as a priority within the company culture
- Developing a competency in and a flexible approach to leaning
- Achieving a higher level of automation and simplification through the use of new technologies
- Producing a portfolio of relevant learning content
- Devising uniform standards and quality criteria for learning formats and content (in terms of their approach to didactics, learning psychology and technology)

Team development: The retention of employees is influenced by various factors, including the quality of work relationships, the level of job and career satisfaction, and personal performance. To enhance retention, teams receive development support through a series of workshops, with a special focus on fostering mutual trust, open communication, and effective collaboration methods.

Management development: Managers receive support to optimize their role and guide their teams through periods of uncertainty and change, while giving due consideration to the individual needs and expectations of their team members. The training concentrated on bolstering individual resilience, fostering a common understanding of managerial expectations, and incorporating peer coaching and communication techniques.

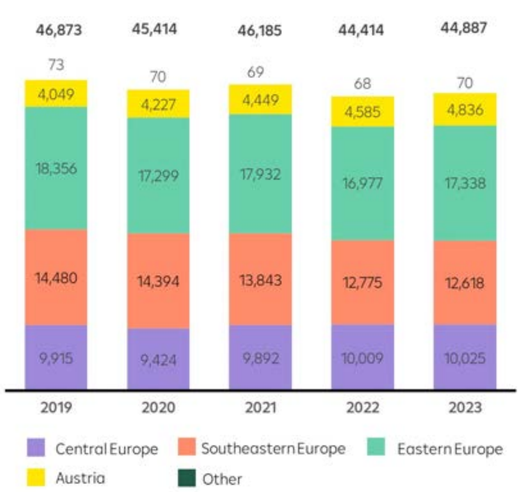
Transformation support: An internal team specializing in change management and change communication was formed to provide optimal support for a wide array of transformations, ranging from minor reorganizations to significant overhauls. The goal is to properly equip managers and employees for the transformation process, guide them through the process, garner their commitment to the change, and provide support to individuals and teams throughout the change journey.

AI – opportunities for the future: Artificial Intelligence (AI) holds the potential to revolutionize the way people work and enhance overall efficiency. Employees are encouraged to explore AI and consider how it could be used at RBI. Since October 2023, employees of RBI AG have been able to access a version of ChatGPT tailored specifically to RBI. Diverse learning formats, including eLearning, are offered to deepen employees' comprehension of AI and machine learning and discover the possibilities of this new technology while gaining insights into its limitations and potential challenges.

Personnel development

As at 31 December 2023, RBI had 44,887 employees (full-time equivalents), which was 473 more than at the end of 2022. The largest increases were recorded in Russia (plus 405), in head office (plus 148) and in Hungary (plus 91). The largest decrease occurred in Serbia (minus 236).

Personnel by region



Outlook

Economic outlook

After a year of stagnating economic growth, the economy is expected to return to a moderate growth trajectory in 2024. However, the economic upturn will probably only be moderate given the continuing high interest rates. The economy is expected to be supported by private consumption, which is benefiting from rebounding real wages. The industrial sector should exit its recessionary environment in the course of 2024. Significant increases in the price of fossil fuels due to military developments are a risk factor but not expected. A quick end to the war in Ukraine currently seems improbable. However, absent a further substantial military escalation, the war seems unlikely to have any additional negative implications for the economy in the euro area or the CE/SEE countries. Inflation will continue to fall in 2024 but not at the same pace as in 2023. The US Federal Reserve and the ECB are nevertheless likely to embark on a series of interest rate cuts over the course of the year, although they will proceed cautiously. Interest rates will therefore be significantly higher in 2024 than in previous years. One potential risk is that individual sectors of the financial system will struggle to cope with persistently higher interest rates.

Central Europe

Real wages in Central Europe (CE) are expected to rise as inflation continues to fall in 2024 despite a temporary increase in inflation due to the expiration of inflation-dampening measures. This should in turn help revive consumer demand, which should receive additional support from falling interest rates. Economic growth in the region is thus expected to be significantly higher in 2024 as a whole (2.7 per cent) than in the previous year (0.1 per cent). The top growth drivers are forecast to be Hungary (3.0 per cent), not least due to investments in the automotive and battery industry and the creation of new production capacity, and Poland (3.1 per cent). Poland is likely to receive a boost from NGEU funds as a result of the election and should receive economic tailwinds from the recovery of Germany's industrial sector.

Southeastern Europe

Alongside resurgent consumer demand across Europe, Southeastern Europe (SEE), especially the Western Balkans, will benefit from the EU's recently unveiled growth plan for the Western Balkans. GDP growth is expected to accelerate to 2.8 per cent in 2024 in this environment. Together with existing cash inflows from NGEU funds and the financial framework as well as the effects of nearshoring/friendshoring, the region should be able to benefit from its locational advantages (low labor costs and geographic location). The Western Balkan countries of Albania (3.5 per cent) and Kosovo (3.9 per cent) are predicted to have the highest economic growth in 2024.

Eastern Europe

In Eastern Europe, growth will once again be the strongest in Ukraine, where GDP is forecast to increase 4.9 per cent in 2024, driven by strong growth in private consumption and investment. Rising exports and inflows of external funds should support the economy as well. The Russian economy should record positive GDP growth in 2024 (1.5 per cent) despite the sanctions, military mobilization, unfavorable investment environment and economic isolation. However, its monetary policy has temporarily tightened in response to increasing inflationary pressure, some of which was prompted by the depreciation of the Russian ruble. In Belarus, limited domestic resources, growing competition from Chinese companies in the Russian market, ongoing EU/US sanctions and base effects will slow GDP growth in 2024 (2.0 per cent).

Austria

Following the 2023 recession, the Austrian economy is likely to return to a moderate growth trajectory in the first half of 2024. Real wage growth is expected to be clearly positive in 2024, which should support private consumption. Industrial companies should be finished with reducing their overflowing inventories by the spring, which should have a positive impact on new orders and ultimately on industrial production. However, the upturn is expected to be only moderate, with GDP growth of just 0.2 per cent expected for 2024 as a whole. Inflation will continue to drop in 2024, albeit at a much slower pace. Still, the inflation differential to the euro area is likely to be noticeably lower in 2024 than in 2023.

Banking sector in Austria

2023 was affected by regulatory decisions made in 2022 on mortgage lending standards for households and by the dramatic change in interest rates precipitated by the shift in the ECB's interest rate stance. Following the change in the ECB's interest rates, lending to both private households and companies is expected to remain significantly subdued in 2024. This is mirrored in the growth forecasts for the entire Austrian economy, which assume only a moderate upturn. Given the interest rate structure of outstanding retail and corporate loans, which contain a significant proportion of variable-rate-only loans, risks costs are expected to increase moderately in 2024 since higher interest rates will likely adversely affect both private households and companies. The steep increases in net interest income that the banking sector posted in 2022 and 2023 should begin to normalize in 2024. This is attributable to a progressive tightening of deposit conditions in the sector, especially for demand deposits, thereby exerting greater pressure on interest margins. Capital market refinancing costs also remain higher due to the changed interest rate environment across all bond classes. Nevertheless, the Austrian banking sector feels fundamentally well positioned to master the challenges ahead.

CEE banking sector

The upcoming monetary easing in CE/SEE core markets that fall outside the euro area will weigh on earnings for banks in the region. In contrast, the relative delay in the ECB cycle should continue to support interest margins for economies that are located in the euro area and tied to the euro. The weak economy could ultimately raise the risks to asset quality and moderately increase loan loss provisions, which the core earnings capacity should still be able to accommodate. On the cost side, special taxation and selected policy support programs for borrowers will likely remain in place (albeit probably in a weakened form), while EU-based banks will have to start refinancing MREL bonds. Regarding lending, the ongoing economic uncertainty may continue to discourage lending to the corporate sector while the retail market could bounce back faster. However, this will require an easing of financial conditions and a further recovery in real wages. On the regulatory front, ESG will remain high on the agenda and will see further implementation in the regulatory framework, with EU regulators setting the tone for the entire CEE region.

Outlook for RBI - Guidance 2024

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

In 2024, net interest income is expected around € 4.0 billion (around € 5.1 billion) and net fee and commission income around € 1.8 billion (around € 2.7 billion).

We expect customer loan growth to increase by around 6 per cent (around 5 per cent).

We expect general administrative expenses around € 3.3 billion (around € 4.0 billion), resulting in a cost/income ratio of around 52 per cent (around 47 per cent).

The provisioning ratio – before use of overlays – is expected to be around 50 basis points (around 60 basis points).

The consolidated return on equity is expected to be around 11 per cent (around 12 per cent) in 2024.

At year-end 2024 we expect a CET1 ratio of around 14.6 per cent* (around 17.8 per cent).

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

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

*In a 'P/B Zero' Russia deconsolidation scenario, before benefit from STRABAG dividend-in-kind.

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 consolidated financial statements as well as the RBI website (www.rbinternational.com → Investors → Results & Reports).

Central Europe

in € million	2023	2022	Change	Q4/2023	Q3/2023	Change
Net interest income	1,590	1,341	18.6 %	428	409	4.4 %
Dividend income	12	3	383.9 %	4	2	96.9 %
Current income from investments in associates	5	4	29.0 %	1	1	(6.3)%
Net fee and commission income	578	565	2.3 %	152	138	9.6 %
Net trading income and fair value result	(16)	0	>500.0%	2	5	(57.2)%
Net gains/losses from hedge accounting	(8)	(5)	72.2 %	(8)	3	–
Other net operating income	30	39	(23.8)%	10	2	460.4 %
Operating income	**2,191**	**1,947**	**12.6 %**	**589**	**561**	**5.0 %**
General administrative expenses	(1,009)	(909)	11.0 %	(271)	(252)	7.7 %
Operating result	**1,182**	**1,037**	**14.0 %**	**318**	**309**	**2.8 %**
Other result	(887)	(512)	73.2 %	(279)	(175)	59.2 %
Governmental measures and compulsory contributions	(132)	(137)	(3.8)%	(2)	(3)	(39.3)%
Impairment losses on financial assets	(27)	(12)	122.6 %	(6)	16	–
Profit/loss before tax	**135**	**375**	**(64.0)%**	**32**	**148**	**(78.4)%**
Income taxes	(192)	(153)	25.6 %	(66)	(48)	37.2 %
Profit/loss after tax	**(57)**	**222**	**–**	**(34)**	**99**	**–**
Return on equity before tax	3.1 %	9.7 %	(6.7) PP	2.9%	13.3 %	(10.4) PP
Return on equity after tax	–	5.8 %	–	–	9.0 %	–
Net interest margin (average interest-bearing assets)	2.49 %	2.29 %	0.20 PP	2.69%	2.57 %	0.13 PP
Cost/income ratio	46.1 %	46.7 %	(0.7) PP	46.0%	44.9 %	1.1 PP

The year-on-year decrease in profit after tax mainly reflected an increase of € 368 million in expenses for credit-linked litigation and for annulments of loan agreements in Poland. This development resulted from a significant increase in litigation, higher loss ratios and losses from annulments of loan agreements resulting from a decision of the European Court of Justice in June. The increase of € 244 million in operating income was primarily attributable to the positive trend in net interest income as a result of higher market interest rates in Hungary (up € 169 million) and Slovakia (up: € 83 million). The Czech Republic reported a decrease of € 10 million, as rising interest expenses for customer deposits from households and for newly issued MREL-eligible debt securities clearly exceeded the increase in interest income from repo business and customer loans. General administrative expenses increased € 100 million, in Hungary (up € 56 million) as a result of higher staff expenses and transaction taxes, in Slovakia (up € 29 million) also as a result of higher staff expenses, and in Poland (up € 25 million) mainly due to increased legal and consulting expenses. Risk costs increased € 15 million as a result of higher allocations in the Czech Republic (up € 47 million), while improved general conditions in Hungary and Slovakia led to lower risk costs. The increase in income taxes was attributable to the improved result in Slovakia and the introduction of a windfall tax in the Czech Republic (€ 26 million).

in € million	Poland 2023	Poland 2022	Slovakia 2023	Slovakia 2022
Net interest income	19	12	404	322
Dividend income	0	0	0	0
Current income from investments in associates	0	0	5	4
Net fee and commission income	0	1	193	185
Net trading income and fair value result	2	2	14	11
Net gains/losses from hedge accounting	0	0	0	0
Other net operating income	14	(1)	(1)	13
Operating income	**36**	**15**	**615**	**534**
General administrative expenses	(67)	(43)	(271)	(242)
Operating result	**(32)**	**(28)**	**344**	**291**
Other result	(873)	(505)	(1)	0
Governmental measures and compulsory contributions	(4)	(31)	(7)	(11)
Impairment losses on financial assets	41	46	(30)	(44)
Profit/loss before tax	**(868)**	**(518)**	**305**	**235**
Income taxes	0	0	(64)	(45)
Profit/loss after tax	**(868)**	**(518)**	**242**	**191**

in € million	Czech Republic 2023	Czech Republic 2022	Hungary 2023	Hungary 2022
Net interest income	642	652	525	356
Dividend income	8	0	4	2
Net fee and commission income	183	197	202	183
Net trading income and fair value result	2	(10)	(34)	(3)
Net gains/losses from hedge accounting	(4)	(4)	(4)	0
Other net operating income	25	26	(8)	1
Operating income	**857**	**860**	**684**	**539**
General administrative expenses	(391)	(400)	(280)	(224)
Operating result	**466**	**460**	**404**	**315**
Other result	0	9	(13)	(16)
Governmental measures and compulsory contributions	(23)	(22)	(97)	(73)
Impairment losses on financial assets	(41)	6	2	(20)
Profit/loss before tax	**401**	**452**	**297**	**205**
Income taxes	(96)	(86)	(33)	(22)
Profit/loss after tax	**306**	**366**	**264**	**183**

Southeastern Europe

in € million	2023	2022	Change	Q4/2023	Q3/2023	Change
Net interest income	1,296	943	37.4 %	343	336	2.3 %
Dividend income	4	8	(48.8)%	0	3	(87.3)%
Net fee and commission income	456	449	1.5 %	124	118	5.3 %
Net trading income and fair value result	31	(1)	–	22	3	>500.0%
Net gains/losses from hedge accounting	0	0	51.4 %	0	0	(57.6)%
Other net operating income	1	10	(85.9)%	(11)	8	–
Operating income	**1,789**	**1,409**	**27.0 %**	**479**	**467**	**2.6 %**
General administrative expenses	(752)	(699)	7.7 %	(226)	(175)	28.9 %
Operating result	**1,037**	**711**	**45.9 %**	**253**	**292**	**(13.1)%**
Other result	(31)	(13)	144.7 %	(24)	0	>500.0%
Governmental measures and compulsory contributions	(39)	(42)	(7.1)%	(8)	(6)	30.0 %
Impairment losses on financial assets	(6)	(70)	(91.1)%	(25)	(21)	17.2 %
Profit/loss before tax	**961**	**586**	**63.9 %**	**196**	**264**	**(25.7)%**
Income taxes	(155)	(83)	85.9 %	(33)	(39)	(14.1)%
Profit/loss after tax from continuing operations	**806**	**503**	**60.3 %**	**162**	**225**	**(27.7)%**
Gains/losses from discontinued operations	0	46	–	0	0	–
Profit/loss after tax	**806**	**548**	**47.0 %**	**162**	**225**	**(27.7)%**
Return on equity before tax	30.8 %	18.9 %	12.0 PP	25.2 %	33.6 %	(8.4) PP
Return on equity after tax	25.9 %	17.6 %	8.2 PP	20.9 %	28.6 %	(7.8) PP
Net interest margin (average interest-bearing assets)	4.26 %	3.46 %	0.80 PP	4.34 %	4.35 %	(0.01) PP
Cost/income ratio	42.1 %	49.6 %	(7.5) PP	47.1 %	37.5 %	9.6 PP

In the previous year's period, the profit for the period of the Bulgarian group units held for sale was disclosed under gains/losses from discontinued operations. The result of deconsolidation of € 398 million was allocated to the Corporate Center segment.

The increase in profit after tax from continuing operations was mainly attributable to significantly higher net interest income. The main drivers of the growth in net interest income were higher interest rates and higher loan volumes. Net interest income rose € 353 million or 37 per cent. Serbia accounted for € 124 million, primarily as a result of higher interest income due to the increase in the reference rate and from the acquisition of Crédit Agricole Srbija AD in April 2022. Strong growth in net interest income was also reported in Romania (€ 90 million or 18 per cent) and in Croatia (€ 64 million or 55 per cent). Net trading income and fair value result turned from minus € 1 million in the previous year's period to plus € 31 million. This was attributable above all to Romania (up € 17 million) due to gains, or lower losses, on loans and debt securities measured at fair value and a positive result from the revaluation of foreign currency positions. These effects also led to an increase of € 11 million in Croatia. General administrative expenses were up € 54 million. The biggest increases were reported in staff expenses (€ 30 million), mainly driven by inflation-related salary rises. Other administrative expenses increased € 12 million largely as a result of higher IT and office space expenses. Other result was down € 18 million, most of which related to Serbia. This was caused by modification losses in credit business, which was affected by the national central bank's decision to impose a temporary limitation of the nominal interest rate for mortgage loans with variable rates and an amount disbursed of up to € 200 thousand. Risk costs improved markedly with an allocation of € 6 million in the reporting period compared to allocations of € 70 million in the previous year's period. This positive trend was evident in nearly all of the segment's countries. Romania and Croatia reported the biggest declines in risk costs – above all for loans to households. Income taxes were up € 72 million to € 155 million, which mostly reflected higher earnings.

in € million	Albania 2023	Albania 2022	Bosnia and Herzegovina 2023	Bosnia and Herzegovina 2022	Kosovo 2023	Kosovo 2022
Net interest income	114	72	86	64	66	55
Dividend income	0	1	0	6	0	0
Net fee and commission income	20	19	54	56	17	17
Net trading income and fair value result	(2)	0	2	3	1	0
Other net operating income	(1)	0	(3)	1	6	5
Operating income	**131**	**92**	**139**	**130**	**91**	**77**
General administrative expenses	(53)	(45)	(66)	(63)	(41)	(37)
Operating result	**78**	**47**	**74**	**67**	**50**	**40**
Other result	(2)	(2)	0	(1)	0	0
Governmental measures and compulsory contributions	(7)	(6)	(6)	(5)	(2)	(2)
Impairment losses on financial assets	2	(2)	(2)	(6)	(13)	(5)
Profit/loss before tax	**71**	**38**	**66**	**56**	**36**	**33**
Income taxes	(11)	(6)	(3)	(3)	(4)	(4)
Profit/loss after tax	**60**	**32**	**63**	**52**	**31**	**29**

in € million	Croatia 2023	Croatia 2022	Romania 2023	Romania 2022	Serbia 2023	Serbia 2022
Net interest income	181	116	579	489	270	147
Dividend income	0	0	3	0	0	0
Net fee and commission income	73	87	184	180	108	91
Net trading income and fair value result	6	(5)	9	(8)	14	8
Other net operating income	(5)	(1)	1	(1)	3	6
Operating income	**256**	**197**	**778**	**661**	**395**	**252**
General administrative expenses	(125)	(127)	(346)	(310)	(122)	(117)
Operating result	**131**	**71**	**432**	**350**	**273**	**135**
Other result	(12)	(6)	(5)	(5)	(13)	1
Governmental measures and compulsory contributions	(2)	(4)	(10)	(14)	(12)	(10)
Impairment losses on financial assets	12	(9)	6	(30)	(12)	(19)
Profit/loss before tax	**130**	**52**	**423**	**301**	**236**	**107**
Income taxes	(25)	(9)	(77)	(47)	(34)	(15)
Profit/loss after tax	**105**	**43**	**346**	**254**	**202**	**92**

Eastern Europe

in € million	2023	2022	Change	Q4/2023	Q3/2023	Change
Net interest income	1,915	2,025	(5.4)%	509	462	10.1 %
Dividend income	0	0	25.6 %	0	0	–
Current income from investments in associates	3	6	(54.7)%	0	1	(76.1)%
Net fee and commission income	1,364	2,207	(38.2)%	239	253	(5.5)%
Net trading income and fair value result	192	471	(59.1)%	14	53	(73.8)%
Net gains/losses from hedge accounting	(2)	(29)	(92.7)%	0	(1)	–
Other net operating income	(32)	(56)	(42.7)%	1	(2)	–
Operating income	**3,441**	**4,624**	**(25.6)%**	**763**	**767**	**(0.5)%**
General administrative expenses	(983)	(954)	3.0 %	(234)	(183)	27.7 %
Operating result	**2,458**	**3,670**	**(33.0)%**	**529**	**584**	**(9.4)%**
Other result	(10)	(6)	71.8 %	(4)	(2)	131.5 %
Governmental measures and compulsory contributions	(55)	(66)	(17.6)%	(12)	(13)	(4.0)%
Impairment losses on financial assets	(191)	(743)	(74.3)%	34	48	(29.1)%
Profit/loss before tax	**2,203**	**2,855**	**(22.8)%**	**547**	**618**	**(11.4)%**
Income taxes	(628)	(619)	1.4 %	(238)	(173)	37.8 %
Profit/loss after tax	**1,575**	**2,236**	**(29.6)%**	**309**	**445**	**(30.5)%**
				0	0	
Return on equity before tax	57.0 %	88.1 %	(31.2) PP	56.6 %	64.0 %	(7.4) PP
Return on equity after tax	40.7 %	69.0 %	(28.3) PP	32.0 %	46.1 %	(14.1) PP
Net interest margin (average interest-bearing assets)	6.84 %	6.37 %	0.47 PP	7.99 %	6.99 %	1.00 PP
Cost/income ratio	28.6 %	20.6 %	7.9 PP	30.7 %	23.9 %	6.8 PP

Net interest income was down € 110 million to € 1,915 million. In Russia, net interest income fell € 116 million, caused by a partially currency-related decline in loan volumes of 34 per cent. In Belarus, net interest income decreased € 36 million due to falling market interest rates and the related lower margins, while in Ukraine higher interest income from sovereign certificates of deposit, money market business and sovereign bonds led to a volume-driven rise of € 43 million in net interest income. Net fee and commission income declined as a result of currency devaluations and continued to be influenced by the geopolitical situation. The decrease was especially seen in Russia and reflected lower volumes following the introduction of internal transaction limits and lower margins in foreign currency business, which led to a fall of € 576 million. Net fee and commission income from clearing, settlement and payment services was also down € 184 million due to lower volumes, while net income from securities business declined € 99 million as a result of lower fees. Net trading income and fair value result decreased € 278 million primarily in Russia, above all due to a lower volume of customer transactions with foreign currencies and the related decline in the trader margin. Risk costs in the reporting period amounted to € 191 million (previous year's period: € 743 million), of which € 95 million was recognized in Russia and € 94 million in Ukraine. The allocations for Stage 1 and Stage 2 totaled € 42 million in Russia (primarily non-financial corporations) and € 70 million in Ukraine (mainly governments and non-financial corporations). The year-on-year increase in income taxes was mainly attributable to the positive earnings development in Ukraine and the introduction of a new windfall tax. In Russia, the decline in profit resulted in a lower tax expense, which was partly offset by the introduction of a new windfall tax (€ 47 million).

in € million	Belarus 2023	Belarus 2022	Russia 2023	Russia 2022	Ukraine 2023	Ukraine 2022
Net interest income	86	123	1,411	1,527	418	375
Dividend income	0	0	0	0	0	0
Current income from investments in associates	0	0	3	6	0	0
Net fee and commission income	128	112	1,152	2,008	84	87
Net trading income and fair value result	25	37	135	369	33	65
Net gains/losses from hedge accounting	0	0	(2)	(29)	0	0
Other net operating income	(10)	(15)	(19)	(37)	(2)	(3)
Operating income	**229**	**257**	**2,679**	**3,844**	**532**	**524**
General administrative expenses	(74)	(76)	(729)	(696)	(180)	(182)
Operating result	**155**	**181**	**1,950**	**3,148**	**353**	**341**
Other result	(1)	(2)	(8)	(7)	(1)	4
Governmental measures and compulsory contributions	(2)	(3)	(42)	(54)	(11)	(10)
Impairment losses on financial assets	(2)	(20)	(95)	(471)	(94)	(253)
Profit/loss before tax	**151**	**156**	**1,805**	**2,616**	**247**	**82**
Income taxes	(39)	(43)	(464)	(559)	(125)	(17)
Profit/loss after tax	**112**	**113**	**1,341**	**2,058**	**121**	**65**

Group Corporates & Markets

in € million	2023	2022	Change	Q4/2023	Q3/2023	Change
Net interest income	967	733	32.0 %	256	248	3.2 %
Dividend income	5	12	(61.9)%	0	2	(81.6)%
Current income from investments in associates	14	6	134.4 %	4	4	(7.9)%
Net fee and commission income	578	617	(6.2)%	150	142	6.1 %
Net trading income and fair value result	163	141	15.3 %	21	48	(55.1)%
Net gains/losses from hedge accounting	(5)	(17)	(67.7)%	1	1	10.0 %
Other net operating income	108	110	(1.6)%	26	19	36.7 %
Operating income	**1,831**	**1,602**	**14.3 %**	**458**	**462**	**(1.0)%**
General administrative expenses	(882)	(765)	15.3 %	(262)	(203)	29.1 %
Operating result	**948**	**837**	**13.3 %**	**196**	**259**	**(24.5)%**
Other result	6	3	116.7 %	(2)	7	–
Governmental measures and compulsory contributions	(44)	(54)	(17.4)%	(10)	(8)	24.3 %
Impairment losses on financial assets	(177)	(122)	45.3 %	(151)	(35)	331.9 %
Profit/loss before tax	**733**	**664**	**10.4 %**	**33**	**223**	**(85.3)%**
Income taxes	(172)	(148)	16.5 %	(15)	(48)	(68.7)%
Profit/loss after tax	**561**	**517**	**8.6 %**	**18**	**175**	**(89.8)%**
Return on equity before tax	19.0 %	17.2 %	1.8 PP	3.4 %	23.2 %	(19.8) PP
Return on equity after tax	14.5 %	13.4 %	1.1 PP	1.8 %	18.2 %	(16.4) PP
Net interest margin (average interest-bearing assets)	1.53 %	1.19 %	0.34 PP	1.64 %	1.55 %	0.09 PP
Cost/income ratio	48.2 %	47.8 %	0.4 PP	57.2 %	43.9 %	13.3 PP

The year-on-year increase in profit after tax was driven mainly by the rise of € 235 million in net interest income. The rise in net interest income was mostly due to higher interest margins from customer deposits (cash management, money market deposits, building society business). In contrast, net fee and commission income fell markedly in foreign currency business with corporate customers after income was especially strong in the previous year. Income from trade finance, lending as well as clearing, settlement and payment services was also down. General administrative expenses increased € 117 million, primarily as a result of a rise in other administrative expenses, especially IT and communications expenses, and higher staff expenses (largely due to regular salaries and a higher headcount) at head office. In the reporting year, impairment losses on financial assets of € 177 million were considerably higher than in the previous year's period (€ 122 million). Allocations in Stage 3 for real estate loans increased at head office, while net releases were recognized in Stage 1 and Stage 2.

Corporate Center

in € million	2023	2022	Change	Q4/2023	Q3/2023	Change
Net interest income	(96)	(52)	84.6 %	(45)	(17)	169.4 %
Dividend income	758	387	96.1 %	288	43	>500.0%
Current income from investments in associates	63	48	31.1 %	8	14	(44.0)%
Net fee and commission income	71	51	40.8 %	15	19	(21.3)%
Net trading income and fair value result	(202)	9	–	(91)	(18)	393.6 %
Net gains/losses from hedge accounting	(6)	2	–	(6)	2	–
Other net operating income	159	103	54.2 %	60	31	94.5 %
Operating income	**748**	**547**	**36.6 %**	**230**	**74**	**210.5 %**
General administrative expenses	(483)	(395)	22.2 %	(122)	(106)	14.3 %
Operating result	**265**	**152**	**73.8 %**	**109**	**(32)**	**–**
Other result	19	(139)	–	(2)	32	–
Governmental measures and compulsory contributions	(13)	(38)	(65.0)%	8	8	2.6 %
Impairment losses on financial assets	13	(19)	–	2	1	114.9 %
Profit/loss before tax	**283**	**(43)**	**–**	**117**	**8**	**>500.0%**
Income taxes	155	144	7.7 %	12	39	(68.3)%
Profit/loss after tax from continuing operations	**438**	**101**	**334.4 %**	**130**	**47**	**174.9 %**
Gains/losses from discontinued operations	0	398	–	0	0	–
Profit/loss after tax	**438**	**498**	**(12.1)%**	**130**	**47**	**174.9 %**

Dividend income – largely higher intra-group dividends – resulted in an increase of € 372 million. In the previous-year reporting period, a loss was reported in the other result due to the derecognition of intangible assets of € 29 million at head office. The expense for governmental measures and compulsory contributions fell € 25 million to € 13 million mainly as a result of lower contributions to the bank resolution funds and lower bank levies at head office. Net releases of € 13 million were recognized for impairment losses on financial assets at head office in the reporting period (previous year period: net allocation of € 19 million). The other result amounted to € 19 million (previous year's period: minus € 139 million). The measurement of investments in associates led to reversals of impairment of € 38 million in the reporting period. In contrast, in the comparable period of the previous year, impairment losses of € 37 million on investments in associates and € 30 million on investments in subsidiaries were recognized. In the previous year, € 68 million related to impairments of goodwill at a Czech (€ 60 million) and Serbian (€ 8 million) group unit.

In contrast to these positive effects, net trading income and fair value result was down € 210 million. The certificate business at head office generated high valuation gains above all due to the steep rise in own credit spreads from certificate issues measured at fair value in the previous year. However, credit spreads declined some 35 basis points in the current year. As a result, the risk-related valuation result decreased year-on-year to minus € 49 million. In addition, the Treasury result fell € 43 million as a result of valuation effects. The increase of € 88 million in general administrative expenses reflected higher staff expenses mainly due to higher regular salaries and a rise in the headcount as well as higher IT and consulting expenses at head office. Net interest income was down € 44 million largely as a result of higher refinancing costs at head office.

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

Consolidated financial statements

Company

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

RBI regards Austria, where it is a leading corporate and investment bank, as well as Central and Eastern Europe (CEE) as its home market. Subsidiary banks cover 12 markets in the region. In addition, the Group includes numerous other financial service providers active in areas such as 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, around 45,000 RBI employees serve 18.6 million customers from more than 1,500 business outlets, the vast majority of which are 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). RBI has no majority shareholder. The eight regional Raiffeisen banks are core shareholders that collectively hold approximately 60.6 per cent of the shares, with the remaining shares in free float.

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

The consolidated financial statements are lodged with the Companies Register in accordance with Austrian disclosure regulations and published through the electronic disclosure and information platform (EVI). They were signed by the Management Board on 12 February 2024 and subsequently submitted for the notice of the Supervisory Board. As part of the annual financial report as defined in § 124 of the Austrian Stock Market Act (BörseG), the consolidated financial report is also prepared and published in the unified electronic reporting format (ESEF format).

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

ESEF Information	
Name of ultimate parent of group	Raiffeisen Bank International AG
Name of reporting entity	Raiffeisen Bank International AG
Legal form of entity	AG
Principal place of business	1030 Vienna
Address of entity's registered office	Am Stadtpark 9, 1030 Vienna
Domicile of entity	Austria
Country of incorporation	Austria
Description of nature of entity's operations and principal activities	
RBI regards Austria, where it is a leading corporate and investment bank, as well as Central and Eastern Europe (CEE) as its home market. 12 markets in the region are covered by subsidiary banks, the Group also comprises numerous other financial services providers, for instance in the field of leasing, asset management, factoring and M&A. RBI not only offers Austrian and international companies a broad range of products in corporate and investment banking, but also a comprehensive coverage in CEE. Through an extensive branch network, local companies of all sizes as well as private customers are supplied with high-quality financial products. RBI maintains representative offices and service branches in selected Asian and Western European locations to support its business activities.	

Statement of comprehensive income

Income statement

in € million	Notes	2023	2022
Net interest income	[1]	5,683	5,053
Interest income according to effective interest method		8,293	6,681
Interest income other		2,313	577
Interest expenses		(4,923)	(2,205)
Dividend income	[2]	35	64
Current income from investments in associates	[3]	85	64
Net fee and commission income	[4]	3,042	3,878
Fee and commission income		4,066	4,835
Fee and commission expenses		(1,025)	(957)
Net trading income and fair value result	[5]	186	663
Net gains/losses from hedge accounting	[5]	(28)	(41)
Other net operating income	[6]	62	29
Operating income		**9,065**	**9,710**
Staff expenses		(2,209)	(2,010)
Other administrative expenses		(1,224)	(1,081)
Depreciation		(475)	(461)
General administrative expenses	**[7]**	**(3,908)**	**(3,552)**
Operating result		**5,158**	**6,158**
Other result	[8]	(906)	(667)
Governmental measures and compulsory contributions	[9]	(284)	(337)
Impairment losses on financial assets	[10]	(393)	(949)
Profit/loss before tax		**3,576**	**4,203**
Income taxes	[11]	(997)	(859)
Profit/loss after tax from continuing operations		**2,578**	**3,344**
Gains/losses from discontinued operations		0	453
Profit/loss after tax		**2,578**	**3,797**
Profit attributable to non-controlling interests	[29]	(192)	(170)
Consolidated profit/loss		**2,386**	**3,627**

Other comprehensive income and total comprehensive income

in € million	Notes	2023	2022
Profit/loss after tax		**2,578**	**3,797**
Items which are not reclassified to profit or loss		**0**	**53**
Remeasurements of defined benefit plans	[27]	(2)	34
Fair value changes of equity instruments	[17]	(1)	(59)
Fair value changes due to changes in credit risk of financial liabilities	[19]	6	61
Share of other comprehensive income from companies valued at equity	[24]	(2)	25
Deferred taxes on items which are not reclassified to profit or loss	[11]	(1)	(7)
Items that may be reclassified subsequently to profit or loss		**(1,060)**	**(409)**
Exchange differences		(1,168)	(45)
Hedge of net investments in foreign operations	[22]	37	(39)
Adaptations to the cash flow hedge reserve	[22]	5	(45)
Fair value changes of financial assets	[17]	72	(110)
Share of other comprehensive income from companies valued at equity	[24]	6	(202)
Deferred taxes on items which may be reclassified to profit or loss	[11]	(11)	33
Other comprehensive income		**(1,060)**	**(356)**
Total comprehensive income		**1,518**	**3,441**
Profit attributable to non-controlling interests	[29]	(161)	(147)
hereof income statement	[29]	(192)	(170)
hereof other comprehensive income		31	24
Profit/loss attributable to owners of the parent		**1,357**	**3,295**

Earnings per share

in € million	2023	2022
Consolidated profit/loss	2,386	3,627
Dividend claim on additional tier 1	(109)	(92)
Profit/loss attributable to ordinary shares	**2,277**	**3,534**
Average number of ordinary shares outstanding in million	328	329
Earnings per share in €	**6.93**	**10.76**

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

Statement of financial position

Assets

in € million	Notes	2023	2022
Cash, balances at central banks and other demand deposits	[12]	43,234	53,683
Financial assets - amortized cost	[13]	139,302	137,431
Financial assets - fair value through other comprehensive income	[17, 23]	2,992	3,203
Non-trading financial assets - mandatorily fair value through profit/loss	[18, 23]	949	757
Financial assets - designated fair value through profit/loss	[19, 23]	185	84
Financial assets - held for trading	[20, 23]	5,783	6,411
Hedge accounting	[22]	1,160	1,608
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk	[22]	(365)	(947)
Investments in subsidiaries and associates	[24]	820	713
Tangible fixed assets	[25]	1,672	1,684
Intangible fixed assets	[25]	970	903
Current tax assets	[11]	69	100
Deferred tax assets	[11]	218	269
Other assets	[26]	1,253	1,159
Total		**198,241**	**207,057**

Equity and liabilities

in € million	Notes	2023	2022
Financial liabilities - amortized cost	[15]	164,711	175,142
Financial liabilities - designated fair value through profit/loss	[19, 23]	1,088	950
Financial liabilities - held for trading	[21, 23]	8,463	8,453
Hedge accounting	[22]	1,466	2,054
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk	[22]	(514)	(1,217)
Provisions for liabilities and charges	[27]	1,644	1,479
Current tax liabilities	[11]	242	181
Deferred tax liabilities	[11]	43	36
Other liabilities	[28]	1,248	1,215
Equity	[29]	19,849	18,764
Consolidated equity		17,009	16,027
Non-controlling interests		1,231	1,127
Additional tier 1		1,610	1,610
Total		**198,241**	**207,057**

Statement of changes in equity

in € million	Subscribed capital	Capital reserves	Retained earnings	Cumulative other comprehensive income	Consolidated equity	Non-controlling interests	Additional tier 1	Total
Equity as at 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	(92)	0	(92)	0	92	0
Dividend payments	0	0	0	0	0	(26)	(92)	(119)
Own shares	(1)	(2)	0	0	(3)	0	(12)	(14)
Other changes	0	0	(19)	4	(15)	(4)	0	(19)
Total comprehensive income	0	0	3,627	(332)	3,295	147	0	3,441
Equity as at 31/12/2022	**1,002**	**4,990**	**13,637**	**(3,601)**	**16,027**	**1,127**	**1,610**	**18,764**
Impact of adopting IFRS 17	0	0	(47)	50	3	0	0	2
Equity as at 1/1/2023	**1,002**	**4,990**	**13,590**	**(3,551)**	**16,030**	**1,126**	**1,610**	**18,767**
Capital increases/ decreases	0	0	0	0	0	0	0	0
Allocation dividend - AT1	0	0	(109)	0	(109)	0	109	0
Dividend payments	0	0	(263)	0	(263)	(57)	(109)	(428)
Own shares	0	(1)	0	0	(1)	0	(1)	(2)
Other changes	0	0	(5)	0	(5)	0	0	(5)
Total comprehensive income	0	0	2,386	(1,029)	1,357	161	0	1,518
Equity as at 31/12/2023	**1,002**	**4,988**	**15,600**	**(4,580)**	**17,009**	**1,231**	**1,610**	**19,849**

Statement of cash flows

in € million	Notes	2023	2022
Cash, balances at central banks and other demand deposits as at 1/1	**[12]**	**53,683**	**38,557**
Operating activities:			
Profit/loss before tax		3,576	4,203
Adjustments for the reconciliation of profit/loss after tax to the cash flow from operating activities:			
Depreciation, amortization, impairment and reversal of impairment on non-financial assets	[7, 8]	500	549
Net provisioning for liabilities and charges and impairment losses on financial assets	[6, 10, 27]	1,281	1,446
Gains/losses from the measurement and derecognition of assets and liabilities	[5, 8]	110	(430)
Current income from investments in associates	[3]	(85)	(64)
Other adjustments (net)[1]		(5,516)	(3,899)
Subtotal		**(134)**	**1,806**
Changes in assets and liabilities arising from operating activities after corrections for non-cash positions:			
Financial assets - amortized cost	[13]	(101)	(124)
Financial assets - fair value through other comprehensive income	[17, 23]	343	1,217
Non-trading financial assets - mandatorily fair value through profit/loss	[18, 23]	(9)	185
Financial assets - designated fair value through profit/loss	[19, 23]	(101)	184
Financial assets - held for trading	[20, 23]	(1,452)	853
Other assets	[26]	(32)	102
Financial liabilities - amortized cost	[15]	(6,224)	13,118
Financial liabilities - designated fair value through profit/loss	[19, 23]	181	(110)
Financial liabilities - held for trading	[21, 23]	1,303	9
Provisions for liabilities and charges	[27]	(475)	(210)
Other liabilities	[28]	(173)	33
Interest received	[1]	9,762	6,770
Interest paid	[1]	(4,086)	(2,049)
Dividends received	[2]	64	82
Income taxes paid	[11]	(834)	(896)
Net cash from operating activities		**(1,967)**	**20,969**
Investing activities:			
Cash and cash equivalents from changes in scope of consolidation due to materiality		(6)	(9)
Payments for purchase of:			
Investment securities and shares	[13, 16, 18, 24]	(9,171)	(6,692)
Tangible and intangible fixed assets	[25]	(592)	(484)
Subsidiaries		0	79
Proceeds from sale of:			
Investment securities and shares	[13, 16, 18, 24]	2,971	2,451
Tangible and intangible fixed assets	[25]	176	155
Subsidiaries	[8]	0	31
Net cash from investing activities		**(6,622)**	**(4,469)**
Financing activities:			
Capital decreases		(2)	(14)
Inflows subordinated financial liabilities	[15, 19]	0	520
Outflows subordinated financial liabilities	[15, 19]	(582)	(749)
Dividend payments		(429)	(119)
Cash flows for leases		(105)	(68)
Inflows from changes in non-controlling interests		0	0
Net cash from financing activities		**(1,118)**	**(429)**
Effect of exchange rate changes		(741)	(945)
Cash, balances at central banks and other demand deposits as at 31/12	**[12]**	**43,234**	**53,683**

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.

Cash flows from operating activities, investing activities, and financing activities are presented in the cash flow statement in a manner that best reflects RBI's business operations. Cash flows from operating activities represent cash flows from the significant revenue-generating activities of the company. The determination of cash flows from operating activities is done using the indirect method, where the profit before taxes from the income statement is adjusted for non-cash items and expanded by the cash flow changes in assets and liabilities. Additionally, expense and income items attributable to the investment or financing activities are deducted. As a financial institution, RBI classifies paid interest, received interest, and dividends as cash flows from operating activities.

The cash inflows and outflows for investment securities shown in the cash flow from investing activities include securities held for long-term investment purposes, while those for shares include unconsolidated subsidiaries and associated companies.

Further information regarding cash, balances at central banks and other demand deposits can be found in note (12) Cash, balances at central banks and other demand deposits. Details regarding the changes in subordinated financial liabilities presented in the cash flow from financing activities can be found under note (15) Financial liabilities - amortized cost.

For RBI as a credit institution group, the informativeness of the cash flow statement is considered to be low. The cash flow statement is not a tool for liquidity or financial planning. Additionally, it is not used as a steering instrument by the senior management.

Segment reporting

Segment classification

Segmentation principles

As a rule, internal management reporting at RBI is based on the current organizational structure. This matrix structure means that each member of the Management Board is responsible both for individual countries and for specific business activities. A cash generating unit (CGU) within the Group is a country. The presentation of the countries includes the operating units of RBI in the respective countries (in addition to subsidiary banks, e.g. also leasing companies). Accordingly, the RBI management bodies – Management Board and Supervisory Board – make key decisions that determine the resources allocated to any given segment based on its financial strength and profitability, which is why these reporting criteria are a material component in the decision-making process. The segments are also presented accordingly in compliance with IFRS 8. When assigning countries to the individual reportable segments, in addition to long-term economic similarities such as equity risk premiums, potential market growth and net interest margins, the expected risk and return levels are also taken into account when allocating resources. According to IFRS 8.12, it is also required that the following economic characteristics are taken into account when composing the reportable segments. The countries are combined into a reportable segment if the products and services offered are the same. In addition to the uniform production processes and sales channels, the target groups such as corporate customers, private customers and institutional customers are also similar in the individual segments. Banking regulations in each country are mainly monitored by central banks. In all countries, the central bank is responsible for formulating and implementing monetary policy, maintaining financial stability, and regulating the banking sector.The reconciliation contains mainly the amounts resulting from the elimination of intra-group results and consolidation between the segments.

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

Central Europe

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

Southeastern Europe

The Southeastern Europe segment comprises Albania, Bosnia and Herzegovina, Croatia, Kosovo, Romania, and Serbia. In these markets, RBI is represented by banks and leasing companies, as well as own capital management and asset management companies and pension funds in some markets. In Albania, financial services are offered across all business areas. In Kosovo, RBI also offers a comprehensive product range. In Bosnia and Herzegovina, the emphasis is on small and medium-sized enterprises, while also including a wide range of products for retail customers. In Croatia, the focus is on large and medium-sized corporate customers and on retail customers (including pension funds business). In Romania, a broad range of financial services is offered via a tightly knit branch network. In Serbia, the market is serviced by a universal bank and leasing companies.

Eastern Europe

This segment comprises Belarus, Russia, and Ukraine. In Belarus, RBI is represented by a bank, a leasing company and an insurance company. Raiffeisenbank Russia services both corporate and retail customers. Furthermore, RBI is active in Russia in the issuance and in the leasing business. In Ukraine, RBI is represented by a bank and provides a full range of financial services via a tightly knit local branch network.

Group Corporates & Markets

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

Corporate Center

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

Assessment of segment profit/loss

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

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

Profitability

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

Efficiency

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

Constraints

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

Business mix

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

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

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

Segment reporting

2023 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Net interest income	1,590	1,296	1,915	967
Dividend income	12	4	0	5
Current income from investments in associates	5	0	3	14
Net fee and commission income	578	456	1,364	578
Net trading income and fair value result	(16)	31	192	163
Net gains/losses from hedge accounting	(8)	0	(2)	(5)
Other net operating income	30	1	(32)	108
Operating income	**2,191**	**1,789**	**3,441**	**1,831**
General administrative expenses	(1,009)	(752)	(983)	(882)
Operating result	**1,182**	**1,037**	**2,458**	**948**
Other result	(887)	(31)	(10)	6
Governmental measures and compulsory contributions	(132)	(39)	(55)	(44)
Impairment losses on financial assets	(27)	(6)	(191)	(177)
Profit/loss before tax	**135**	**961**	**2,203**	**733**
Income taxes	(192)	(155)	(628)	(172)
Profit/loss after tax from continuing operations	**(57)**	**806**	**1,575**	**561**
Gains/losses from discontinued operations	0	0	0	0
Profit/loss after tax	**(57)**	**806**	**1,575**	**561**
Profit attributable to non-controlling interests	(128)	0	(52)	(13)
Profit/loss after deduction of non-controlling interests	**(185)**	**805**	**1,522**	**549**
Return on equity before tax	3.1 %	30.8 %	57.0 %	19.0 %
Return on equity after tax	–	25.9 %	40.7 %	14.5 %
Net interest margin (average interest-bearing assets)	2.49 %	4.26 %	6.84 %	1.53 %
Cost/income ratio	46.06 %	42.1 %	28.6 %	48.2 %
Loan/deposit ratio	82.33 %	68.0 %	40.8 %	172.0 %
Provisioning ratio (average loans to customers)	0.06 %	0.03 %	1.57 %	0.47 %
NPE ratio	1.2 %	1.8 %	2.1 %	3.0 %
NPE coverage ratio	58.4 %	66.6 %	73.6 %	35.6 %
Assets	65,006	34,035	27,611	60,131
Total risk-weighted assets (RWA)	24,631	16,379	20,481	25,938
Equity	4,321	3,819	5,464	4,509
Loans to customers	37,596	18,594	7,967	35,958
Deposits from customers	47,702	26,680	20,159	28,836
Business outlets	339	667	490	23
Employees as at reporting date (full-time equivalents)	9,778	12,535	16,885	3,536
Customers in million	4.0	5.0	7.1	2.5

2023 in € million	Corporate Center	Reconciliation	Total
Net interest income	(96)	10	5,683
Dividend income	758	(744)	35
Current income from investments in associates	63	0	85
Net fee and commission income	71	(7)	3,042
Net trading income and fair value result	(202)	18	186
Net gains/losses from hedge accounting	(6)	(6)	(28)
Other net operating income	159	(205)	62
Operating income	**748**	**(934)**	**9,065**
General administrative expenses	(483)	201	(3,908)
Operating result	**265**	**(732)**	**5,158**
Other result	19	(3)	(906)
Governmental measures and compulsory contributions	(13)	0	(284)
Impairment losses on financial assets	13	(4)	(393)
Profit/loss before tax	**283**	**(739)**	**3,576**
Income taxes	155	(5)	(997)
Profit/loss after tax from continuing operations	**438**	**(744)**	**2,578**
Gains/losses from discontinued operations	0	0	0
Profit/loss after tax	**438**	**(744)**	**2,578**
Profit attributable to non-controlling interests	0	1	(192)
Profit/loss after deduction of non-controlling interests	**438**	**(743)**	**2,386**
Return on equity before tax	–	–	19.8 %
Return on equity after tax	–	–	14.3 %
Net interest margin (average interest-bearing assets)	–	–	2.87 %
Cost/income ratio	–	–	43.1 %
Loan/deposit ratio	–	–	83.8 %
Provisioning ratio (average loans to customers)	–	–	0.34 %
NPE ratio	–	–	1.9 %
NPE coverage ratio	–	–	51.7 %
Assets	36,485	(25,028)	198,241
Total risk-weighted assets (RWA)	17,578	(11,344)	93,664
Equity	8,436	(6,698)	19,849
Loans to customers	989	(1,671)	99,434
Deposits from customers	766	(4,790)	119,353
Business outlets	–	–	1,519
Employees as at reporting date (full-time equivalents)	2,153	–	44,887
Customers in million	0.0	–	18.6

2022 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Net interest income	1,341	943	2,025	733
Dividend income	3	8	0	12
Current income from investments in associates	4	0	6	6
Net fee and commission income	565	449	2,207	617
Net trading income and fair value result	0	(1)	471	141
Net gains/losses from hedge accounting	(5)	0	(29)	(17)
Other net operating income	39	10	(56)	110
Operating income	**1,947**	**1,409**	**4,624**	**1,602**
General administrative expenses	(909)	(699)	(954)	(765)
Operating result	**1,037**	**711**	**3,670**	**837**
Other result	(512)	(13)	(6)	3
Governmental measures and compulsory contributions	(137)	(42)	(66)	(54)
Impairment losses on financial assets	(12)	(70)	(743)	(122)
Profit/loss before tax	**375**	**586**	**2,855**	**664**
Income taxes	(153)	(83)	(619)	(148)
Profit/loss after tax from continuing operations	**222**	**503**	**2,236**	**517**
Gains/losses from discontinued operations	0	46	0	0
Profit/loss after tax	**222**	**548**	**2,236**	**517**
Profit attributable to non-controlling interests	(56)	0	(36)	(16)
Profit/loss after deduction of non-controlling interests	**166**	**548**	**2,200**	**501**
Return on equity before tax	9.7 %	18.9 %	88.1 %	17.2 %
Return on equity after tax	5.8 %	17.6 %	69.0 %	13.4 %
Net interest margin (average interest-bearing assets)	2.29 %	3.46 %	6.37 %	1.19 %
Cost/income ratio	46.7 %	49.6 %	20.6 %	47.8 %
Loan/deposit ratio	85.6 %	70.4 %	44.0 %	146.2 %
Provisioning ratio (average loans to customers)	0.02 %	0.42 %	3.90 %	0.32 %
NPE ratio	1.4 %	2.0 %	2.3 %	1.8 %
NPE coverage ratio	59.7 %	70.2 %	65.1 %	47.1 %
Assets	62,130	31,352	33,817	62,627
Total risk-weighted assets (RWA)	25,448	16,397	23,282	26,902
Equity	4,128	3,388	5,053	4,265
Loans to customers	37,707	17,839	11,340	37,115
Deposits from customers	45,700	25,253	25,847	31,631
Business outlets	343	729	569	23
Employees as at reporting date (full-time equivalents)	9,775	12,697	16,550	3,343
Customers in million[1]	3.7	4.9	7.0	2.4

1 Adjustment of the previous year's figures due to the inclusion of customers from the credit card business

2022 in € million	Corporate Center	Reconciliation	Total
Net interest income	(52)	62	5,053
Dividend income	387	(345)	64
Current income from investments in associates	48	0	64
Net fee and commission income	51	(11)	3,878
Net trading income and fair value result	9	44	663
Net gains/losses from hedge accounting	2	7	(41)
Other net operating income	103	(177)	29
Operating income	**547**	**(420)**	**9,710**
General administrative expenses	(395)	170	(3,552)
Operating result	**152**	**(250)**	**6,158**
Other result	(139)	(1)	(667)
Governmental measures and compulsory contributions	(38)	0	(337)
Impairment losses on financial assets	(19)	17	(949)
Profit/loss before tax	**(43)**	**(234)**	**4,203**
Income taxes	144	0	(859)
Profit/loss after tax from continuing operations	**101**	**(234)**	**3,344**
Gains/losses from discontinued operations	398	10	453
Profit/loss after tax	**498**	**(224)**	**3,797**
Profit attributable to non-controlling interests	0	(62)	(170)
Profit/loss after deduction of non-controlling interests	**498**	**(286)**	**3,627**
Return on equity before tax	–	–	26.6 %
Return on equity after tax	–	–	24.1 %
Net interest margin (average interest-bearing assets)	–	–	2.59 %
Cost/income ratio	–	–	36.6 %
Loan/deposit ratio	–	–	82.4 %
Provisioning ratio (average loans to customers)	–	–	0.73 %
NPE ratio	–	–	1.6 %
NPE coverage ratio	–	–	59.0 %
Assets	44,774	(27,642)	207,057
Total risk-weighted assets (RWA)	15,008	(9,357)	97,680
Equity	8,542	(6,612)	18,764
Loans to customers	1,016	(1,788)	103,230
Deposits from customers	1,043	(4,374)	125,099
Business outlets	–	–	1,664
Employees as at reporting date (full-time equivalents)	2,049	–	44,414
Customers in million[1]	0.0	–	18.1

1 Adjustment of the previous year's figures due to the inclusion of customers from the credit card business

Notes

Principles underlying the consolidated financial statements

Principles of preparation

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

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

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

The consolidated financial statements are based on the reporting packages of all fully consolidated Group members, which are prepared according to IFRS rules and uniform Group standards. All material subsidiaries prepare their annual financial statements as at and for the year ended 31 December. Some IFRS disclosures made outside the notes form an integral part of the consolidated financial statements. These are mainly explanations on net income from segments, which are included in the notes on segment reporting. Detailed notes on IFRS 7 are included under note (42) Credit risk, note (43) Market risk and note (44) Liquidity management. This information is presented in accordance with IFRS 8 Operating Segments and IFRS 7 Financial Instruments Disclosures respectively.

Classification and measurement of financial assets and financial liabilities

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

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

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

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

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

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

Reclassification of financial assets

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

Business model assessment

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

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

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

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

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

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

Analysis of contractual cash flow characteristics

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

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

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

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

Modification of the time value of money and the benchmark test

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

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

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

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

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

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

Key sources of estimation uncertainty and critical accounting judgments

If estimates or assessments are necessary for accounting and measuring according to IAS/IFRS, they are made in accordance with the respective standards. They are based on past experiences and other factors, such as planning and expectations or forecasts of future events that appear likely, based on current judgement. The estimates and underlying assumptions are reviewed on an ongoing basis. Alterations to estimates that affect only one period will be considered only in that period. If the following reporting periods are also affected, the alterations will be taken into consideration in the current and following periods. The assumptions, estimates and accounting judgment mainly related to expected credit losses, the fair value and impairment calculation of financial instruments, deferred tax assets, provisions for pensions and similar obligations, provisions for litigation as well as the goodwill impairment test and immaterial assets capitalized during initial consolidation. The actual values can deviate from the estimated values.

Additionally, in the light of the geopolitical situation RBI is exposed to increased risks related to foreign currency translation. Details can be found in the chapter exchange differences.

Impairment in the lending business

RBI ascertains on a forward-looking basis the expected credit losses (ECL) associated with its debt instrument assets carried at amortized cost and fair value through other comprehensive income and with the exposure arising from loan commitments, leasing receivables and financial guarantee contracts. The calculation of expected credit losses (ECL) requires the use of estimates that may not necessarily match actual results. In order to determine the amount of the impairment, significant credit risk parameters such as PD (Probability of Default), LGD (Loss Given Default) and EAD (Exposure at Default) as well as forward-looking information (economic forecasts) are to be estimated by management. The expected credit losses are adjusted at each reporting date. IFRS 9 requires the assessment if a significant increase in credit risk exists, without providing detailed guidance. Consequently, specific rules for the assessment have been defined, which consist of both qualitative information and quantitative thresholds. The methods for determining the amount of the impairment are explained in the section impairment general (IFRS 9). Quantitative information and sensitivity analyses are presented in the notes under (31). Judgement is required when calculating expected credit losses, especially when considering risks that are not adequately reflected in the models, such as overlays and other risk factors for sanction and geopolitical risks.

Fair value of financial instruments

Fair value is the price received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This applies regardless of whether the price can be directly observed or has been estimated on the basis of a measurement method. In determining the fair value of an asset or liability, the Group considers certain features of the asset or liability (e.g. condition and location of the asset, or restrictions in the sale and use of an asset) if market participants would also consider such features in determining the price for the acquisition of the respective asset or for the transfer of the liability at the measurement date. Where the market for a financial instrument is not active, fair value is established using a valuation technique or pricing model. For valuation methods and models, estimates are generally used depending on the complexity of the instrument and the availability of market-based data. The input parameters for these models are derived from observable market data where possible, nevertheless non-observable market data are required in many cases. Under certain circumstances, valuation adjustments are necessary to account for other factors such as model risk, liquidity risk or credit risk. The valuation models are described in the notes in the section on classification and measurement of financial assets and financial liabilities. In addition, the fair values of financial instruments are disclosed in the notes under (23) Fair value of financial instruments.

Provisions for litigation

Provisions are recognized when the Group has a present obligation from a past event, where it is likely that it will be obliged to settle, and an estimate of the amount is possible. The level of provisions is the best possible estimate of expected outflow of economic benefits at the reporting date while considering the risks and uncertainties underlying the commitment to fulfill the obligation. Risks and uncertainties are taken into consideration when making estimates. In some cases, lawsuits are filed by a number of retail customers. The measurement of the provision in such cases is based on a statistical approach. These approaches consider both static data, where relevant, and expert opinions, especially in connection with the lawsuits and losses expected in the future. Additional details are available under (46) Pending legal issues.

Provision for pensions and similar obligations

The cost of the defined benefit pension plan is determined using an actuarial valuation. The actuarial valuation involves making assumptions about future salary increases, mortality rates and future pension increases. Considerable accounting judgement is to be exercised in this connection in determining the criteria. Mercer´s interest rate recommendation is used to determine the discount rate from which expected returns are derived. The main criteria for the selection of such corporate bonds are the issuance volumes of the bonds, the quality of the bonds and the identification of outliers, which are not considered. Assumptions and estimates used for the long-term defined benefit obligation calculations are described in the section on pension obligations and other termination benefits. Quantitative information on long-term employee provisions is disclosed in the notes under (27) Provisions.

Deferred tax assets

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

Analysis of contractual cash flow characteristics

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

Goodwill impairment test

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

Impairment testing of companies valued at equity

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

Application of new and revised standards

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

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

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

Amendments to IAS 8 (Definition of Accounting Estimates; effective date: 1 January 2023)

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

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

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

Amendment to IAS 12 (International Tax Reform - Pillar 2 Model Rules, effective date: 1 January 2023)

This amendment is intended to create a temporary exception for the recognition of deferred taxes if they arise from income taxes in connection with the Pillar 2 model rules. It also introduces targeted disclosure requirements to help investors better understand the impact of supplementary taxes on the company resulting from the reform, in particular before the country-specific legislation implementing the minimum taxation comes into force. RBI has applied this exception for the first time during the current financial year. For details please refer to note (11) Taxes.

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

IFRS 17 covers recognition and measurement, presentation and disclosure of insurance contracts. The aim of IFRS 17 consists of provision of relevant information by the financial statement preparing companies and thus a credible presentation of insurance contracts. This information should be the basis for users of financial statements to accurately evaluate the impact of insurance contracts on the financial position, financial performance and cash flows of companies. On adopting of IFRS 17, RBI's equity increased by € 2 million as at 1 January 2023.

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

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

Amendment to IAS 1 (Classification of liabilities as current or non-current; effective date: 1 January 2024)

The amendments to IAS 1 are intended to clarify the criteria for classifying liabilities as current or non-current. In future, only rights that exist at the end of the reporting period are to be decisive for the classification of a liability. In addition, supplementary guidelines for the interpretation of the criteria of the right to defer settlement of the liability by at least twelve months as well as explanatory notes on the fulfillment criteria were added.

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

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

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

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

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

Amendment to IAS 7 and IFRS 7 (Supplier Finance Arrangements; effective date: 1 January 2024)

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

Amendment to IAS 21 (Non-exchangeability of foreign currencies; effective date: 1 January 2025)

The amendment clarifies how an entity should assess whether a currency is exchangeable into another currency. Additionally, the amendment clarifies the determination of the exchange rate to be used and the required disclosures in the notes if the previous assessment has determined that the exchangeability of a currency is not given.

Exchange differences

The consolidated financial statements of RBI were prepared in euro which is the functional currency of RBI AG. The functional currency is the currency of the principal economic environment in which the company operates. Each entity within the Group determines its own functional currency taking all factors listed in IAS 21 into account. All financial statements of fully consolidated companies prepared in a functional currency other than euro were translated into the reporting currency euro employing the modified closing rate method in accordance with IAS 21. Equity was translated at its historical exchange rates while all other assets, liabilities and the notes were translated at the prevailing foreign exchange rates as at the reporting date. Differences arising from the translation of equity (historical exchange rates) are offset against retained earnings.

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

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

	2023		2022	
	As at	Average	As at	Average
Rates in units per €	31/12	1/1-31/12	31/12	1/1-31/12
Albanian lek (ALL)	103.880	108.872	114.230	118.870
Belarusian-ruble (BYN)	3.536	3.242	2.916	2.755
Bosnian marka (BAM)	1.956	1.956	1.956	1.956
Bulgarian lev (BGN)	1.956	1.956	1.956	1.956
Croatian kuna (HRK)	–	–	7.535	7.538
Polish zloty (PLN)	4.340	4.535	4.681	4.680
Romanian leu (RON)	4.976	4.951	4.950	4.935
Russian ruble (RUB)	99.137	91.770	77.789	72.644
Serbian dinar (RSD)	117.174	117.251	117.322	117.476
Czech koruna (CZK)	24.724	23.982	24.116	24.562
Ukrainian hryvnia (UAH)	42.208	39.706	38.951	34.146
Hungarian forint (HUF)	382.800	382.135	400.870	391.271
US dollar (USD)	1.105	1.082	1.067	1.056

In the context of the geopolitical situation, RBI is exposed to increased risks related to foreign currency translations. The ECB stopped publishing an official EUR/RUB exchange rate in March 2022 and an actual and factually achievable exchange rate (e.g. provided by Refinitiv or Electronic Broking Service (EBS): off-shore rate) established itself in addition to the theoretical, official exchange rate (rate determined by the Russian central bank on the basis of data from the Moscow Stock Exchange: on-shore rate).

RBI is exposed to these risks particularly in the translation of monetary items denominated in a foreign currency and in the translation of fully consolidated foreign business operations. 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. In summary, RBI has concluded that this rate would have been to the most part the off-shore rate, which is therefore used in the currency translation as at 31 December 2023. 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 cash inflows from foreign business operations in Russia could not be converted at the official exchange rate of the Russian central bank or that of the Moscow Stock Exchange as at the balance sheet date, rather, the actual and factually achievable rate would be applied. In transactions with international banks, the off-shore rate is usually used for this purpose; accordingly, the foreign business operation in Russia was translated at this rate on the balance sheet date. As at 31 December 2023, the EUR/RUB exchange rate used by RBI (off-shore rate) was 99.14 and that of the Russian Central Bank (on-shore rate) was 99.19. For the Belarusian ruble and the Ukrainian hryvnia, the rates published by the respective central bank continued to be considered suitable rates by RBI. However, due to the small size of the foreign operations in these countries (see chapter risk report), RBI is only exposed to a limited risk regarding foreign currency translation.

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

Consolidated group

	Fully consolidated	
Number of units	**2023**	**2022**
As at beginning of period	**192**	**204**
Included for the first time in the financial period	8	7
Merged in the financial period	(2)	(4)
Excluded in the financial period	(6)	(15)
As at end of period	**192**	**192**
Domicile in Austria	113	108
Domicile abroad	79	84
Banks	18	19
Financial institutions	111	118
Companies rendering bank-related ancillary services	11	10
Financial holding companies	6	5
Other	46	40

Included units

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

Excluded units

Company, domicile (country)	Share	Excluded as of	Reason
Banks			
RBA Banka a.d., Novi Sad (former Crédit Agricole Srbija AD) (RS)	100.0 %	30/4	Merger
Financial institutions			
DOROS Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	100.0 %	1/10	Sale
Equa Sales & Distribution s.r.o., Praha (CZ)	75.0 %	1/5	Materiality
Health Resort RBI Immobilien-Leasing GmbH, Vienna (AT)	75.0 %	1/12	Sale
Orestes Immobilienleasing GmbH & Co. Projekt Wiesbaden KG, Kriftel (DE)	6.0 %	1/2	Materiality
Ostarrichi Immobilienleasing GmbH & Co. Projekt Langenbach KG, Kriftel (DE)	100.0 %	1/3	Materiality
Raiffeisen consulting d.o.o., Zagreb (HR)	100.0 %	1/12	Merger
Raiffeisen-Leasing Litauen UAB, Vilnius (LT)	92.3 %	1/7	Sale

Consequences and analysis of the armed conflict between Russia and Ukraine

Going Concern

The RBI Board of Management has prepared the consolidated financial statements as at 31 December 2023 on a going concern basis as they do not intend to liquidate RBI and based on current available information this is considered a realistic intention.

Planning continues to indicate 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). 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. Additionally, RBI has robust systems in place to mitigate the operational disruption of doing business in a warzone including the threat of cyberattacks.

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, 12 February 2024, of the annual report to be issued.

Control event

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

Pro forma representation of the profit and loss statement and balance sheet excluding Russia

The tables below show the pro-forma profit and loss as well as the balance sheet for RBI excluding Russian operations. Due to the capital controls imposed by Russia the higher levels of regulatory capital in Russia can not be used for regulatory capital purposes in the rest of the group. The pro-forma CET 1 ratio excluding Russian operations under the assumption that the deconsolidation takes place with a price book value of zero would amount to 14.6 per cent compared to 17.3 per cent including Russian operations.

in € million	RBI 2023	RBI 2022	Contribution Russia[1] 2023	Contribution Russia[1] 2022	RBI excluding Russia 2023	RBI excluding Russia 2022
Net interest income	5,683	5,053	1,314	1,528	4,369	3,525
Dividend income	35	64	0	0	35	64
Current income from investments in associates	85	64	3	6	82	58
Net fee and commission income	3,042	3,878	1,182	2,023	1,859	1,855
Net trading income and fair value result	186	663	131	372	55	291
Net gains/losses from hedge accounting	(28)	(41)	(2)	(29)	(26)	(12)
Other net operating income	62	29	(25)	(37)	87	66
Operating income	**9,065**	**9,710**	**2,603**	**3,863**	**6,462**	**5,847**
Staff expenses	(2,209)	(2,010)	(580)	(533)	(1,629)	(1,477)
Other administrative expenses	(1,224)	(1,081)	(95)	(106)	(1,129)	(976)
Depreciation	(475)	(461)	(41)	(50)	(434)	(411)
General administrative expenses	**(3,908)**	**(3,552)**	**(715)**	**(688)**	**(3,192)**	**(2,864)**
Operating result	**5,158**	**6,158**	**1,888**	**3,175**	**3,270**	**2,983**
Other result	(906)	(667)	(8)	(7)	(898)	(660)
Governmental measures and compulsory contributions	(284)	(337)	(42)	(54)	(242)	(284)
Impairment losses on financial assets	(393)	(949)	(95)	(471)	(298)	(479)
Profit/loss before tax	**3,576**	**4,203**	**1,743**	**2,643**	**1,832**	**1,560**
Income taxes	(997)	(859)	(464)	(559)	(533)	(300)
Profit/loss after tax from continuing operations	**2,578**	**3,344**	**1,279**	**2,084**	**1,299**	**1,260**
Gains/losses from discontinued operations	0	453	0	0	0	453
Profit/loss after tax	**2,578**	**3,797**	**1,279**	**2,084**	**1,299**	**1,713**
Profit attributable to non-controlling interests	(192)	(170)	0	0	(192)	(170)
Consolidated profit/loss	**2,386**	**3,627**	**1,279**	**2,084**	**1,107**	**1,542**

1 The contribution of Russia is defined as contribution to the Group and therefore deviates from the country results presented in the country view.

Assets in € million	RBI 2023	RBI 2022	Contribution Russia 2023	Contribution Russia 2022	RBI excluding Russia 2023	RBI excluding Russia 2022
Cash, balances at central banks and other demand deposits	43,234	53,683	6,695	8,613	36,540	45,070
Financial assets - amortized cost	139,302	137,431	10,305	12,980	128,998	124,451
Financial assets - fair value through other comprehensive income	2,992	3,203	3	2	2,988	3,200
Non-trading financial assets - mandatorily fair value through profit/loss	949	757	1	1	948	756
Financial assets - designated fair value through profit/loss	185	84	0	0	185	84
Financial assets - held for trading	5,783	6,411	48	54	5,735	6,357
Hedge accounting	1,160	1,608	10	8	1,150	1,600
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk	(365)	(947)	(65)	(185)	(300)	(762)
Investments in subsidiaries and associates	820	713	1	1	819	712
Tangible fixed assets	1,672	1,684	185	154	1,486	1,530
Intangible fixed assets	970	903	70	54	900	849
Current tax assets	69	100	5	10	64	90
Deferred tax assets	218	269	111	141	107	128
Other assets	1,253	1,159	102	107	1,151	1,052
Total	**198,241**	**207,057**	**17,471**	**21,938**	**180,769**	**185,119**

Equity and liabilities in € million	RBI 2023	RBI 2022	Contribution Russia 2023	Contribution Russia 2022	RBI excluding Russia 2023	RBI excluding Russia 2022
Financial liabilities - amortized cost	164,711	175,142	12,656	17,425	152,054	157,717
Financial liabilities - designated fair value through profit/loss	1,088	950	1	1	1,088	949
Financial liabilities - held for trading	8,463	8,453	24	(23)	8,439	8,476
Hedge accounting	1,466	2,054	39	0	1,426	2,054
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk	(514)	(1,217)	(45)	(63)	(469)	(1,154)
Provisions for liabilities and charges	1,644	1,479	248	223	1,396	1,255
Current tax liabilities	242	181	35	77	207	104
Deferred tax liabilities	43	36	6	9	37	27
Other liabilities	1,248	1,215	57	151	1,192	1,064
Equity	19,849	18,764	4,450	4,138	15,400	14,626
Consolidated equity	17,009	16,027	4,450	4,138	12,559	11,889
Non-controlling interests	1,231	1,127	0	0	1,231	1,127
Additional tier 1	1,610	1,610	0	0	1,610	1,610
Total	**198,241**	**207,057**	**17,471**	**21,938**	**180,769**	**185,119**

Concentration risk

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

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

in € million	2023 Russia	2023 Ukraine	2023 Belarus	2023 Total	2022 Russia	2022 Ukraine	2022 Belarus	2022 Total
Financial assets - amortized cost	12,431	3,049	871	16,351	15,937	3,041	1,174	20,153
Financial assets - fair value through other comprehensive income	3	400	1	404	2	119	131	253
Non-trading financial assets - mandatorily fair value through profit/loss	3	0	0	3	2	0	0	2
Financial assets - designated fair value through profit/loss	0	0	0	0	0	0	0	0
Financial assets - held for trading	70	178	0	249	304	164	5	473
On-balance	**12,508**	**3,628**	**872**	**17,008**	**16,245**	**3,325**	**1,310**	**20,880**
Loan commitments, financial guarantees and other commitments	2,587	807	391	3,785	3,294	770	369	4,433
Total	**15,095**	**4,435**	**1,263**	**20,793**	**19,539**	**4,095**	**1,679**	**25,313**

in € million	2023 Russia	2023 Ukraine	2023 Belarus	2023 Total	2022 Russia	2022 Ukraine	2022 Belarus	2022 Total
Derivatives	62	4	0	66	244	8	0	252
Central banks	250	823	0	1,073	732	774	0	1,506
General governments	188	1,229	133	1,550	212	655	262	1,130
Banks	5,855	269	46	6,169	5,758	260	320	6,337
Other financial corporations	210	56	10	275	642	52	1	694
Non-financial corporations	3,380	1,121	466	4,968	4,799	1,433	467	6,699
Households	2,564	126	216	2,906	3,859	142	260	4,261
On-balance	**12,508**	**3,628**	**872**	**17,008**	**16,245**	**3,325**	**1,310**	**20,880**
Loan commitments, financial guarantees and other commitments	2,587	807	391	3,785	3,294	770	369	4,433
Total	**15,095**	**4,435**	**1,263**	**20,793**	**19,539**	**4,095**	**1,679**	**25,313**

Valuation of collateral in Ukraine

In Ukraine, there were many difficulties in determining the market value of collateral since the beginning of the war. These are on the one hand physical restrictions in some regions on the ability to conduct visual inspections and determine the potential level of damage and on the other hand the uncertainty about market development and transactions. For these reasons in occupied regions non-eligible status was applied and in regions with high risk of hostility or occupation significantly increased discounts were applied. For other areas of Ukraine there are ongoing on-site-visits and the valuation of real estate was fully restored. The Ukraine economy is adapting to military conditions.

Impairment test for tangible and intangible fixed assets

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

In Ukraine, the tangible fixed assets located in the occupied territories were written off to zero in previous year. All other tangible fixed assets were assessed individually and adjusted if damage occurred. This resulted in impairments less than € 1 million in the reporting year 2023 (previous year's period: € 6 million).

Due to changes in market prices, interest rates, rental prices and vacant properties, as a result of the geopolitical situation and a more detailed appraisal the impairment test for tangible fixed assets in Russia resulted in impairment losses of around € 16 million (previous year's period € 1 million). The impairment test for intangible fixed assets resulted in impairment losses lower than € 1 million (previous year's period: € 6 million).

For the effects on the models for calculating impairments in accordance with IFRS 9, please refer to note (31) Expected credit losses.

Notes to the income statement

(1) Net interest income

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

in € million	2023	2022
Interest income according to effective interest method	**8,293**	**6,681**
Financial assets - fair value through other comprehensive income	135	109
Financial assets - amortized cost	8,158	6,572
Interest income other	**2,313**	**577**
Financial assets - held for trading	311	182
Non-trading financial assets - mandatorily fair value through profit/loss	33	28
Financial assets - designated fair value through profit/loss	6	7
Derivatives – hedge accounting, interest rate risk	449	85
Other assets	1,512	156
Interest income on financial liabilities	1	119
Interest expenses	**(4,923)**	**(2,205)**
Financial liabilities - amortized cost	(3,717)	(1,791)
Financial liabilities - held for trading	(325)	(9)
Financial liabilities - designated fair value through profit/loss	(39)	(32)
Derivatives – hedge accounting, interest rate risk	(815)	(302)
Other liabilities	(16)	(10)
Interest expenses on financial assets	(11)	(60)
Total	**5,683**	**5,053**

in € million	2023	2022
Net interest income	5,683	5,053
Average interest-bearing assets	198,044	194,789
Net interest margin	**2.87 %**	**2.59 %**

Net interest income includes interest income of € 486 million (previous year's period: € 325 million) from marked-to-market financial assets and interest expenses of € 364 million (previous year's period: € 42 million) from marked-to-market financial liabilities.

The € 631 million increase in net interest income to € 5,683 million was largely driven by interest rates. Due to the liquidity position in the reporting period, rising market interest rates in numerous Group countries led to a sharper increase in interest income than in interest expense. The increases amounted to € 169 million in Hungary, € 90 million in Romania, € 83 million in Slovakia, € 64 million in Croatia and € 42 million in Albania. Raiffeisen Bausparkasse Österreich Gesellschaft m.b.H reported an increase of € 42 million due to upward repricing of variable-rate loans and increased interest income from derivatives. In Serbia, net interest income rose € 124 million as a result of higher interest income from loans for non-financial corporations and households and also partly due to the integration of Crédit Agricole Srbija AD. Volume-related higher interest income from government certificates of deposit, from money market transactions and from government bonds led to an increase of € 43 million in net interest income in Ukraine. Net interest income in Russia, on the other hand, fell € 116 million, due to a partially currency-related 34 per cent decline in loan volume. In Belarus, net interest income fell € 36 million due to falling market interest rates and the resulting lower margins. Net interest income also fell € 10 million in the Czech Republic, as increasing interest expenses for customer deposits from households and for newly issued MREL-eligible debt securities significantly exceeded the increase in interest income from repo business and customer loans. The net interest margin improved 28 basis points to 2.87 per cent, with the largest increases of 192 basis points in Serbia, 144 basis points in Albania and 109 basis points in Hungary.

(2) Dividend income

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

in € million	2023	2022
Financial assets - held for trading	1	1
Non-trading financial assets - mandatorily fair value through profit/loss	2	9
Financial assets - fair value through other comprehensive income	8	9
Investments in subsidiaries and associates	24	45
Total	**35**	**64**

(3) Current income from investments in associates

in € million	2023	2022
Current income from investments in associates	85	64

(4) Net fee and commission income

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

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

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

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

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

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

in € million	2023	2022
Clearing, settlement and payment services	1,134	1,212
Loan and guarantee business	221	253
Securities	148	241
Asset management	253	266
Custody and fiduciary business	84	98
Customer resources distributed but not managed	60	63
Foreign exchange business	1,018	1,644
Other	124	102
Total	**3,042**	**3,878**

Overall, net fee and commission income fell € 837 million to € 3,042 million. Net fee and commission income decreased due to the currency devaluations in Eastern Europe and continued to be influenced by the geopolitical situation. Russia reported the strongest decline of € 856 million, while the other countries of the Group remained stable. The result from foreign exchange business was down € 627 million, primarily in spot foreign exchange business in Russia and at head office. In Russia, this development was influenced by decreased volumes caused by the introduction of internal transaction limits as well as lower margins in corporate customer and retail business, at head office the fall in business was likewise margin-related. Due to lower fees, net income from the securities business also fell € 93 million, mainly in Russia. Net income from clearing, settlement and payment services decreased € 77 million as a result of lower volumes, primarily in Russia. Net income from loan and guarantee business also fell € 32 million, most notably in Russia and at head office.

Net fee and commission income includes income and expenses of € 1,969 million (previous year's period: € 1,950 million) relating to financial assets and financial liabilities that are not measured at fair value through profit or loss.

2023 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets	Corporate Center	Reconciliation	Total
Fee and commission income	**801**	**653**	**1,723**	**893**	**135**	**(139)**	**4,066**
Clearing, settlement and payment services	371	397	698	218	94	(100)	1,679
Clearing and settlement	43	45	450	0	26	(17)	547
Credit cards	58	51	18	48	6	0	182
Debit cards and other card payments	58	115	119	0	33	(30)	295
Other payment services	211	186	111	170	29	(53)	654
Loan and guarantee business	56	39	35	120	14	(6)	257
Securities	42	6	86	103	13	(19)	232
Asset management	22	27	18	335	0	0	402
Custody and fiduciary business	14	6	50	32	4	(4)	101
Customer resources distributed but not managed	40	29	33	0	0	0	102
Foreign exchange business	230	137	653	70	9	(5)	1,094
Other	26	12	149	16	1	(3)	200
Fee and commission expenses	**(223)**	**(196)**	**(359)**	**(315)**	**(63)**	**132**	**(1,025)**
Total	**578**	**456**	**1,364**	**578**	**71**	**(7)**	**3,042**

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

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

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

in € million	2023	2022
Net gains/losses on financial assets and liabilities - held for trading	**(143)**	**536**
Derivatives	129	204
Equity instruments	58	(57)
Debt securities	74	(68)
Loans and advances	39	41
Short positions	1	5
Deposits	14	361
Debt securities issued	(454)	81
Other financial liabilities	(3)	(32)
Net gains/losses on non-trading financial assets - mandatorily fair value through profit or loss	**77**	**(42)**
Equity instruments	0	0
Debt securities	11	(19)
Loans and advances	66	(23)
Net gains/losses on financial assets and liabilities - designated fair value through profit/loss	**(20)**	**90**
Debt securities	5	(5)
Deposits	(3)	9
Debt securities issued	(22)	86
Exchange differences, net	**271**	**79**
Total	**186**	**663**

The trading result and result from fair value assessments decreased by € 477 million to € 186 million.The main reason for the decline compared to the previous year was market turbulence in Russia and the increase in our own credit spreads as a result of Russia's war of aggression against Ukraine in the comparison period of 2022.

In the area of certificate business booked at head office high valuation gains from fair value assessed certificate issuances occurred due to the sharp increase in our own credit spreads in the previous year. In the current year, however, our own risk premiums reduced by about 35 basis points. As a result, the risk-related valuation result decreased by € 110 million to minus € 49 million compared to the previous year's period. Without this effect, the contribution of the trading result at head office decreased by € 44 million to € 53 million, which was due to a decline in the certificate business and a lower net result from securities positions on the one hand, and own issued bonds measured at fair value on the other, despite an increased trading result relating to interest rate derivatives and foreign currency transactions.

Trading activities in Russia led to a decrease in the trading result by € 234 million to € 134 million. The decrease includes currency-related conversion effects of minus € 35 million, which can be attributed to the different development of the average exchange rates of the Russian ruble compared to the Euro due to a significant devaluation in the second and third quarter of 2023. The currency-adjusted decrease of € 199 million was primarily due to a reduced volume of customer transactions with foreign currencies and the associated decline in trading margins.

In the Czech Republic, Slovakia, Romania and Serbia, an increase in valuation gains related to foreign currency positions amounting to € 23 million was recorded. However, this was offset by higher currency-related valuation losses, especially in Hungary, Ukraine and Belarus, amounting to minus € 95 million.

Fair value assessed investments in venture capital funds recorded valuation gains of € 15 million in the previous year, but losses of € 5 million occurred in the current year.

in € million	2023	2022
Fair value changes of the hedging instruments	158	50
Fair value changes of the hedged items attributable to the hedged risk	(185)	(91)
Ineffectiveness of cash flow hedge recognized in profit or loss	0	0
Total	**(28)**	**(41)**

(6) Other net operating income

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

in € million	2023	2022
Gains/losses on derecognition of not modified financial assets and liabilities - not measured at fair value through profit/loss	**(26)**	**(57)**
Debt securities	(25)	(57)
Loans and advances	(2)	(4)
Debt securities issued	2	4
Other financial liabilities	0	0
Gains/losses on derecognition of non-financial assets held for sale	**4**	**(28)**
Investment property	1	0
Intangible fixed assets	(4)	(30)
Other assets	7	1
Net income arising from non-banking activities	**13**	**8**
Sales revenues from non-banking activities	111	111
Expenses from non-banking activities	(98)	(104)
Net income from additional leasing services	**26**	**24**
Revenues from additional leasing services	46	36
Expenses from additional leasing services	(20)	(12)
Net income from insurance contracts	**(1)**	**0**
Net rental income from investment property incl. operating lease (real estate)	**60**	**50**
Net rental income from investment property	19	17
Income from rental real estate	24	18
Expenses from rental real estate	(4)	(4)
Income from other operating lease	25	24
Expenses from other operating lease	(4)	(4)
Net expense from allocation and release of other provisions	**(48)**	**14**
Other operating income/expenses	**33**	**19**
Total	**62**	**29**
Other operating income	414	351
Other operating expenses	(351)	(322)

Other net operating income increased € 33 million to € 62 million. In the reporting period, net income from debt securities showed a € 31 million smaller loss of € 25 million. The loss in the reporting period was mainly attributable to Hungary, whereas in the previous year it mainly related to Russia. The derecognition of intangible assets at head office resulted in a loss of € 29 million in the previous year. An amount of € 48 million was allocated to other provisions in the reporting period for pending litigation in Russia and Austria, whereas in the previous year there were reversals of € 14 million, mainly in Romania and at head office. Charges for non-banking activities and operating leases on property resulted in higher income in the reporting period.

(7) General administrative expenses

in € million	2023	2022
Staff expenses	(2,209)	(2,010)
Other administrative expenses	(1,224)	(1,081)
Depreciation of tangible and intangible fixed assets	(475)	(461)
Total	**(3,908)**	**(3,552)**

Staff expenses

in € million	2023	2022
Wages and salaries	(1,686)	(1,557)
Social security costs and staff-related taxes	(402)	(359)
Other voluntary social expenses	(62)	(55)
Expenses for defined contribution pension plans	(15)	(16)
Expenses/income from defined benefit pension plans	(6)	(5)
Expenses for post-employment benefits	(11)	(12)
Expenses for other long-term employee benefits excl. deferred bonus program	(6)	10
Staff expenses under deferred bonus program	(19)	(14)
Termination benefits	(2)	(3)
Total	**(2,209)**	**(2,010)**

Staff expenses rose € 199 million to € 2,209 million, mainly at head office (up € 57 million) and in Russia (up € 48 million). The increase at head office was primarily attributable to salary adjustments under collective agreements and to an increase in the headcount. In Russia, the increase resulted from higher salaries and social security costs, provisions for one-off payments and an increase in the headcount, notably in IT. Staff expenses also increased in Hungary (up € 23 million), Slovakia (up € 20 million) and Romania (up € 15 million).

Expenses for severance payments and retirement benefits

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

in € million	2023	2022
Members of the management board and senior staff	(4)	(4)
Other employees	(29)	(30)
Total	**(33)**	**(35)**

Other administrative expenses

in € million	2023	2022
Office space expenses	(115)	(106)
IT expenses	(388)	(343)
Legal, advisory and consulting expenses	(202)	(155)
Advertising, PR and promotional expenses	(121)	(118)
Communication expenses	(80)	(74)
Office supplies	(21)	(21)
Car expenses	(11)	(11)
Security expenses	(27)	(27)
Traveling expenses	(19)	(12)
Training expenses for staff	(21)	(15)
Other non-income related taxes	(89)	(70)
Sundry administrative expenses	(130)	(127)
Total	**(1,224)**	**(1,081)**
hereof expenses for short-term leases	(17)	(14)
hereof expenses for leases of low-value assets	(4)	(5)

The main drivers of the € 143 million rise in other administrative expenses were higher legal, advisory and consulting expenses (up € 44 million) and increased IT expenses (up € 37 million) at head office. There were further increases in other administrative expenses in Hungary (up € 27 million), Poland (up € 17 million) and Romania (up € 13 million).

Legal, advisory, and consulting expenses include fees for the auditors of RBI AG and its subsidiaries which comprise expenses for the audit of financial statements amounting to € 8 million (previous year's period: € 7 million) and tax advisory as well as other additional consulting services – mainly confirmation services - amounting to € 4 million (previous year's period: € 3 million). Thereof, € 3 million (previous year's period: € 3 million) relates to the Group auditor for the audit of the financial statements and € 2 million (previous year's period: € 1 million) relates to other consulting services.

Depreciation of tangible and intangible fixed assets

in € million	2023	2022
Tangible fixed assets	(239)	(236)
hereof right-of-use assets	(81)	(82)
Intangible fixed assets	(236)	(226)
Total	**(475)**	**(461)**

(8) Other result

in € million	2023	2022
Net modification gains/losses	**(27)**	**(11)**
Gains/losses from changes in present value of non-substantially modified contracts	(27)	(11)
Impairment or reversal of impairment on investments in subsidiaries and associates	**21**	**(67)**
Impairment on non-financial assets	**(25)**	**(88)**
Goodwill	0	(68)
Other	(25)	(20)
Result from non-current assets and disposal groups classified as held for sale and deconsolidation	**4**	**10**
Net income from non-current assets and disposal groups classified as held for sale	4	4
Result of deconsolidations	0	6
Tax expenses not attributable to the business activity	**0**	**0**
Expenses for credit-linked, portfolio-based litigations and annulments	**(878)**	**(510)**
Total	**(906)**	**(667)**

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

The item impairment or reversal of impairment on investments in subsidiaries and associates amounting to € 21 million (previous year's period: minus € 67 million) comprises the valuation of investments in companies valued at equity of € 38 million (previous year's period: minus € 37 million) and impairment on investments in subsidiaries of € 17 million (previous year's period: € 30 million). The largest individual effects in the reporting period resulted from the valuation of Oesterreichische Kontrollbank AG and LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG - totaling € 35 million due to updated business plans (previous year's period: minus € 65 million due to weaker economic conditions).

Impairment on non-financial assets amounted to € 25 million in the reporting year (previous year's period: € 88 million), of which € 8 million were related to impairments in Russia, € 7 million in Croatia and € 7 million in the Corporate Center segment. In the previous period, € 68 million was attributable to impairments on goodwill at a Czech (€ 60 million) and a Serbian Group unit (€ 8 million) and € 20 million to impairments on property, plant and equipment mainly in occupied territories in Ukraine and on intangible fixed assets, especially on software in Russia and Slovakia.

The previous year's 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, 6 Group units were deconsolidated during the reporting period. Further information on deconsolidated subsidiaries can be found in the Consolidated group chapter under Excluded units.

Expenses for credit-linked, portfolio-based provisions for litigation and annulments amounted to € 878 million in the reporting period, of which € 873 million (previous year’s period: € 505 million) resulted from pending and expected legal proceedings in Poland related to mortgage loans denominated or linked to a foreign currency. The increase in Poland of € 368 million primarily resulted from a decision by the European Court of Justice in June, leading to significantly increased actual and expected legal cases, higher loss rates, and losses due to cancellations of credit agreements.

(9) Governmental measures and compulsory contributions

in € million	2023	2022
Governmental measures	**(95)**	**(87)**
Bank levies	(95)	(87)
Compulsory contributions	**(188)**	**(250)**
Resolution fund	(74)	(89)
Deposit insurance fees	(114)	(135)
Other compulsory contributions	0	(26)
Total	**(284)**	**(337)**

Governmental measures and compulsory contributions decreased € 54 million to € 284 million. Contributions to the bank resolution fund fell € 15 million, mostly at head office. The € 21 million decrease in deposit insurance fees mainly related to Russia, Hungary, Slovakia and Romania. No other compulsory contributions were incurred in the reporting period, whereas this item in the previous year included € 26 million in contributions to the state support fund for distressed borrowers in Poland. In contrast, bank levies increased € 8 million, mainly in Hungary (up € 31 million). The bank levy at head office was down € 21 million.

(10) Impairment losses on financial assets

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

in € million	2023	2022
Loans and advances	(362)	(718)
Debt securities	(57)	(167)
Loan commitments, financial guarantees and other commitments given	27	(65)
Total	**(393)**	**(949)**
hereof financial assets - fair value through other comprehensive income	3	(15)
hereof financial assets - amortized cost	(422)	(869)

Risk costs, which were significantly below the previous year's level, amounted to € 185 million in Austria (previous year's period: € 132 million), mainly due to impairments for financing in the real estate sector at head office. An additional € 191 million was attributed to the Eastern Europe segment, of which € 95 million was for Russia (previous year's period: € 471 million) and € 94 million for Ukraine (previous year's period: € 253 million). In Russia, provisions in Stage 1 and Stage 2 amounted to € 42 million, particularly for non-financial corporations under sanctions, while in Stage 3 (default), € 53 million were booked, mainly for households. In Ukraine, € 70 million were booked in Stage 1 and Stage 2, predominantly for governments and non-financial corporations, and € 24 million in Stage 3, mainly for defaulted loans to non-financial corporations.

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

(11) Taxes

RBI AG as Group parent and 70 of its consolidated domestic subsidiaries are members of a tax group. Current taxes are calculated based on taxable income for the current year taking into account the tax group (in terms of a tax group allocation). The taxable income deviates from the profit/loss before tax of the consolidated statement of comprehensive income due to expenses and income which are taxable or tax-deductible in future years or never. The liability of the Group for current taxes is calculated based on the actual tax rate. Deferred taxes are calculated and recognized in accordance with IAS 12 applying the liability method and based on the tax rates applicable in the future. Deferred taxes are based on all temporary differences that result from comparing the carrying amounts of assets and liabilities in the IFRS accounts with the tax bases of assets and liabilities, and which will reverse in the future. Deferred taxes are calculated by using tax rates applicable in the countries concerned. A deferred tax asset should also be recognized on tax loss carry forwards if it is probable that sufficient taxable profit will be generated in future periods against which the tax loss carry forwards can be utilized within the same entity.

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

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

in € million	2023	2022
Current income taxes	(976)	(973)
Austria	(16)	(7)
Foreign	(960)	(966)
Deferred taxes	(21)	114
Total	**(997)**	**(859)**
Effective tax rate	27.9 %	20.4 %

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

in € million	2023	2022
Profit/loss before tax	**3,576**	**4,203**
Theoretical income tax expense in the financial year based on the domestic income tax rate of 24 per cent	**(858)**	**(1,051)**
Effect of divergent foreign tax rates	167	284
Tax decrease because of tax-exempted income from equity participations and other income	61	75
Tax increase because of non-deductible expenses	(334)	(67)
Impairment on loss carry forwards	(21)	(16)
Non-recognized taxes from net investment hedge	(9)	(11)
Non-recognized taxes from value changes on companies valued at equity	9	(9)
Non-recognized taxes from impairments on goodwill	0	(17)
Other changes[1]	(13)	(46)
Effective tax burden	**(997)**	**(859)**
Effective tax rate	27.9 %	20.4 %

1 Includes, among other things, the effect of windfall taxes

Information on current and open tax proceedings can be found under (46) Pending legal issues. Furthermore, there are no material tax interpretations that would require disclosure within the meaning of IFRIC 23.

The entry into force of the eco-social tax reform 2022 provides for a gradual reduction in the corporate tax rate from 25 per cent to 23 per cent, with an applicable tax rate of 24 per cent in 2023. The reduced tax rate was used for the calculation of deferred tax assets and liabilities based on the expected timing of the realization of the temporary differences from deferred taxes.

Income taxes increased € 138 million to € 997 million which was mainly due to the significant increase in profit in the Southeastern Europe segment (up € 72 million). In the Central Europe segment, the increased taxes (up € 39 million) were also related to the increase in profit mainly in Hungary and to a smaller extent to the introduction of a windfall tax in the Czech Republic. In the Eastern Europe segment, the income taxes moderately increased by € 9 million. This was due to the lower current taxes of € 95 million resulting from the profit decrease in Russia (€ 819 million), which was partly compensated by the introduction of a windfall tax (€ 47 million) as well as non-deductible expenses for a new pension program for employees. Additionally, a positive profit development and the introduction of a windfall tax (50 per cent) in Ukraine led to an increase of € 108 million in taxes. At 27.9 per cent, the effective tax rate was more than 7 percentage points higher than in the comparable period, mainly due to non-tax-deductible expenses related to credit-linked and portfolio-based litigation provisions and annulments of loan agreements amounting to € 873 million (previous-year period: € 505 million) in Poland, as well as the newly introduced windfall taxes in Russia, the Czech Republic and Ukraine.

Tax assets

in € million	2023	2022
Current tax assets	69	100
Deferred tax assets	218	269
Tax claims from temporary differences	206	249
Loss carry forwards	12	20
Total	**287**	**369**

Net deferred taxes

in € million	2023	2022
Financial assets - amortized cost	128	134
Financial liabilities - amortized cost	14	34
Financial liabilities - held for trading	9	35
Derivatives – Hedge accounting incl. fair value adjustments	51	78
Financial liabilities - designated fair value through profit/loss	0	2
Provisions for liabilities and charges	98	108
Investments in subsidiaries and associates	23	11
Tangible fixed assets	92	95
Other assets	88	111
Loss carry forwards	12	20
Other items of the statement of financial position	30	107
Deferred tax assets	**543**	**733**
Financial assets - held for trading	30	60
Financial assets - amortized cost	92	115
Financial liabilities - amortized cost	83	154
Financial assets - fair value through other comprehensive income	5	1
Financial assets and liabilities - designated fair value through profit/loss	1	0
Investments in subsidiaries and associates	7	13
Tangible fixed assets	14	53
Intangible fixed assets	68	54
Derivatives – Hedge accounting incl. fair value adjustments	18	8
Provisions for liabilities and charges	6	3
Other assets	15	19
Other liabilities	19	12
Other items of the statement of financial position	9	9
Deferred tax liabilities	**368**	**500**
Net deferred taxes	**175**	**233**

In the consolidated financial statements, deferred tax assets are recognized for unused tax loss carry forwards which amounted to € 12 million (previous year: € 20 million). The tax loss carry forwards are mainly without any time limit. The Group did not recognize deferred tax assets from tax loss carry forwards of € 358 million (previous year: € 489 million) because from a current point of view there is no prospect of realizing them within a reasonable period.

Tax liabilities

in € million	2023	2022
Current tax liabilities	242	181
Deferred tax liabilities	43	36
Temporary tax obligation	43	36
Total	**285**	**217**

RBI has applied the temporarily applicable, mandatory exemption, which was published by the IASB in May 2023 related to the international tax reform. This exemption applies to accounting requirements for deferred taxes according to IAS 12. Respectively, RBI does not consider taxes related to the OECD pillar 2 model rules for the calculation and presentation of deferred tax assets and liabilities. The OECD pillar 2 model rules require a global minimum tax rate of 15 per cent on profits of multinational corporations.

This minimum tax regime was enacted as EU directive in December 2022 and had to be translated to national law by the member states by 31 December 2023. In Austria, the Minimum Taxation Reform Act (MinBestRefG) was published on 30 December 2023. The MinBestRefG includes the Minimum Taxation Act (MinBestG) to ensure a global minimum tax for corporate groups and also provides for amendments to the Austrian Federal Fiscal Code (BAO) and the Austrian Commercial Code (UGB). RBI monitors the progress of the legislative procedures in jurisdictions relevant for the Group. By 31 December 2023, the following countries, where RBI operates have transposed the EU directive into local law: Austria, Czech Republic, Hungary and Romania.

Subsidiaries of RBI are predominantly located in jurisdictions with a nominal or effective tax rate above the minimum tax rate of 15 per cent. Hence, with the current state of legislation, RBI expects tax implications only in a few countries due to the implementation of the global minimum tax by early 2024. It is possible, that the nominal tax rate may be increased or top-up taxes are introduced to avoid tax outflows from affected countries. In most countries where RBI operates, the Safe Harbor Rules will be met, except for the following countries: Hungary, Bosnia and Herzegovina, Kosovo, Serbia, and Austria. As of 31 December 2023, RBI expects an impact of a high single-digit million amount.

Financial assets measured at amortized cost

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

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

in € million	2023	2022
Cash in hand	4,126	5,095
Balances at central banks	24,581	32,984
Other demand deposits at banks	14,527	15,604
Total	**43,234**	**53,683**

The item cash on hand, balances at central banks and other sight deposits at banks decreased by a total of € 10,449 million due to a decrease in balances with central banks. The decline was mainly driven by the head office in the amount of € 9,937 million. This item also includes the non-freely available minimum reserve, which amounted to € 20 million as of the reporting date (previous year: € 20 million).

Russia, Ukraine and Belarus reported € 2,158 million in the item cash in hand, with Russia accounting for the largest portion.

On the reporting date, Ukraine, Russia, and Belarus reported cash and cash equivalents of € 1,525 million that are currently subject to legal restrictions and are therefore not available for general use by head office.

(13) Financial assets – amortized cost

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

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

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

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

	2023			2022		
in € million	Gross carrying amount	Accumulated impairment	Carrying amount	Gross carrying amount	Accumulated impairment	Carrying amount
Debt securities	**25,936**	**(214)**	**25,723**	**19,117**	**(157)**	**18,960**
Central banks	5	0	5	4	0	4
General governments	21,319	(86)	21,233	14,627	(46)	14,581
Banks	2,855	(1)	2,854	2,668	(1)	2,667
Other financial corporations	974	(69)	905	988	(52)	936
Non-financial corporations	783	(57)	726	830	(58)	771
Loans and advances	**116,468**	**(2,889)**	**113,580**	**121,443**	**(2,973)**	**118,471**
Central banks	7,860	0	7,860	8,814	0	8,814
General governments	2,150	(6)	2,144	2,149	(7)	2,143
Banks	6,855	(3)	6,852	6,913	(13)	6,901
Other financial corporations	10,699	(157)	10,542	11,508	(148)	11,360
Non-financial corporations	48,569	(1,596)	46,973	50,358	(1,609)	48,749
Households	40,335	(1,125)	39,209	41,701	(1,196)	40,505
Total	**142,405**	**(3,102)**	**139,302**	**140,561**	**(3,130)**	**137,431**

The carrying amount of the item financial assets – amortized cost increased by € 1,872 million compared to year-end 2022.

The addition to debt securities (up € 6,763 million) resulted predominantly from purchases of government bonds (up € 6,652 million), mainly in the Czech Republic (€ 2,220 million), at head office (€ 1,706 million), in Slovakia (€ 654 million) and Croatia (€ 541 million) .

The lending business showed a decrease of € 4,891 million, mainly derived from a significant reduction of the lending volume in Russia, which was additionally amplified by the depreciation of the Russian ruble. Loans to non-financial corporations decreased € 1,777 million; a loan volume increase in the Czech Republic (up € 283 million) and Romania (up € 235 million), was contrasted by a decrease in Russia (down € 1,379 million), mainly in working capital financing and corporate loans, and at head office (down € 762 million), here mostly due to loan repayments. Loans to households decreased € 1,296 million, primarily in Russia (down € 1,294 million), and also in Poland (down € 733 million) mainly due to higher allocations for credit-linked and portfoliobased litigation provisions in connection with mortgage loans denominated in foreign currencies (CHF), which was partly offset by increases in other countries of the group, especially in Austria (Raiffeisen Bausparkasse Gesellschaft m.b.H.; up € 343 million) and in Croatia (up € 164 million). The decrease of short-term business (down € 1,819 million) resulted primarily from head office (down € 1,629 million), mainly due to loan repayments.

In addition, there are financial assets – amortized cost of € 477 million in Russia from payments by issuers of local debt instruments that cannot currently be passed on to foreign investors due to existing US and EU sanctions and must therefore be deposited with the Russian Deposit Insurance Agency. They are not available for general use by head office.

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

Gross carrying amount

in € million	2023 Stage 1	2023 Stage 2	2023 Stage 3	2023 POCI	2022 Stage 1	2022 Stage 2	2022 Stage 3	2022 POCI
Central banks	7,615	250	0	0	8,680	138	0	0
General governments	22,696	596	178	0	15,653	954	169	0
Banks	8,823	883	4	0	9,236	342	4	0
Other financial corporations	9,073	2,208	286	106	10,010	2,311	75	100
Non-financial corporations	38,499	8,993	1,741	120	38,774	10,802	1,477	135
Households	30,999	8,215	1,007	115	33,385	7,135	1,047	134
hereof mortgage	20,729	6,257	361	76	22,770	5,463	385	90
Total	**117,704**	**21,144**	**3,217**	**340**	**115,737**	**21,681**	**2,772**	**370**

Accumulated impairment

in € million	2023 Stage 1	2023 Stage 2	2023 Stage 3	2023 POCI	2022 Stage 1	2022 Stage 2	2022 Stage 3	2022 POCI
Central banks	0	0	0	0	0	0	0	0
General governments	(57)	(31)	(5)	0	(5)	(42)	(5)	0
Banks	(1)	(2)	(2)	0	(1)	(9)	(4)	0
Other financial corporations	(11)	(100)	(89)	(26)	(15)	(136)	(34)	(15)
Non-financial corporations	(179)	(497)	(926)	(52)	(165)	(495)	(941)	(66)
Households	(123)	(324)	(649)	(29)	(145)	(327)	(688)	(36)
hereof mortgage	(20)	(132)	(173)	(17)	(35)	(140)	(201)	(23)
Total	**(371)**	**(954)**	**(1,670)**	**(107)**	**(332)**	**(1,010)**	**(1,671)**	**(117)**

ECL coverage ratio

	2023 Stage 1	2023 Stage 2	2023 Stage 3	2023 POCI	2022 Stage 1	2022 Stage 2	2022 Stage 3	2022 POCI
Central banks	0.0 %	0.1 %	-	-	0.0 %	0.0 %	-	-
General governments	0.2 %	5.2 %	2.7 %	1.2 %	0.0 %	4.4 %	3.0 %	0.0 %
Banks	0.0 %	0.2 %	34.4 %	-	0.0 %	2.6 %	81.9 %	-
Other financial corporations	0.1 %	4.5 %	31.0 %	24.7 %	0.2 %	5.9 %	44.7 %	15.0 %
Non-financial corporations	0.5 %	5.5 %	53.2 %	43.2 %	0.4 %	4.6 %	63.7 %	48.7 %
Households	0.4 %	3.9 %	64.5 %	25.6 %	0.4 %	4.6 %	65.7 %	26.9 %
hereof mortgage	0.1 %	2.1 %	47.8 %	22.8 %	0.2 %	2.6 %	52.2 %	25.5 %
Total	**0.3 %**	**4.5 %**	**51.9 %**	**31.5 %**	**0.3 %**	**4.7 %**	**60.3 %**	**31.7 %**

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

Gross carrying amount

in € million	2023 Stage 1	2023 Stage 2	2023 Stage 3	2023 POCI	2022 Stage 1	2022 Stage 2	2022 Stage 3	2022 POCI
Central Europe	45,395	7,957	725	64	42,072	8,792	738	71
hereof Czech Republic	23,269	4,613	234	27	21,502	4,384	217	28
hereof Hungary	5,396	1,665	136	14	5,079	1,619	159	13
hereof Slovakia	16,054	1,495	225	10	14,214	2,327	223	10
Southeastern Europe	21,881	2,927	520	113	20,305	2,173	500	133
hereof Romania	9,441	1,054	203	43	9,041	998	194	46
Eastern Europe	11,354	5,391	487	46	13,708	6,668	659	56
hereof Russia	8,261	4,452	237	29	10,884	5,255	370	38
Austria and other[1]	39,073	4,869	1,484	117	39,652	4,048	876	110
Total	**117,704**	**21,144**	**3,217**	**340**	**115,737**	**21,681**	**2,772**	**370**

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

Accumulated impairment

in € million	2023 Stage 1	2023 Stage 2	2023 Stage 3	2023 POCI	2022 Stage 1	2022 Stage 2	2022 Stage 3	2022 POCI
Central Europe	(129)	(237)	(413)	(14)	(120)	(251)	(428)	(14)
hereof Czech Republic	(38)	(88)	(115)	6	(44)	(80)	(110)	11
hereof Hungary	(29)	(81)	(62)	(5)	(29)	(79)	(61)	(6)
hereof Slovakia	(59)	(55)	(128)	(5)	(41)	(61)	(139)	(5)
Southeastern Europe	(99)	(160)	(345)	(49)	(111)	(165)	(352)	(63)
hereof Romania	(47)	(54)	(133)	(13)	(55)	(64)	(136)	(15)
Eastern Europe	(110)	(429)	(376)	(11)	(52)	(426)	(438)	(23)
hereof Russia	(18)	(336)	(192)	(3)	(25)	(310)	(262)	(13)
Austria and other[1]	(34)	(128)	(536)	(32)	(49)	(167)	(453)	(18)
Total	**(371)**	**(954)**	**(1,670)**	**(107)**	**(332)**	**(1,010)**	**(1,671)**	**(117)**

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

ECL coverage ratio

	2023 Stage 1	2023 Stage 2	2023 Stage 3	2023 POCI	2022 Stage 1	2022 Stage 2	2022 Stage 3	2022 POCI
Central Europe	0.3 %	3.0 %	56.9 %	22.4 %	0.3 %	2.9 %	58.1 %	18.9 %
hereof Czech Republic	0.2 %	1.9 %	49.0 %	-	0.2 %	1.8 %	50.6 %	-
hereof Hungary	0.5 %	4.9 %	45.4 %	39.4 %	0.6 %	4.9 %	38.1 %	45.3 %
hereof Slovakia	0.4 %	3.7 %	57.1 %	55.3 %	0.3 %	2.6 %	62.1 %	54.7 %
Southeastern Europe	0.5 %	5.5 %	66.3 %	43.6 %	0.5 %	7.6 %	70.4 %	47.0 %
hereof Romania	0.5 %	5.1 %	65.8 %	30.6 %	0.6 %	6.4 %	70.1 %	33.4 %
Eastern Europe	1.0 %	8.0 %	77.2 %	24.9 %	0.4 %	6.4 %	66.4 %	41.3 %
hereof Russia	0.2 %	7.5 %	81.0 %	11.3 %	0.2 %	5.9 %	70.8 %	35.1 %
Austria and other[1]	0.1 %	2.6 %	36.1 %	27.4 %	0.1 %	4.1 %	51.7 %	16.5 %
Total	**0.3 %**	**4.5 %**	**51.9 %**	**31.5 %**	**0.3 %**	**4.7 %**	**60.3 %**	**31.7 %**

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

Stage 1 amounts include assets of € 18,845 million (previous year: € 11,915 million), for which the low credit risk exemption has been used, of which € 17,578 million (previous year: € 10,600 million) are accounted for as financial assets – amortized cost and € 1,267 million (previous year: € 1.315 million) as financial assets - fair value through other comprehensive income.

RBI has loans and advances (financial assets – amortized cost) in the amount of € 1,722 million (previous year: € 987 million) with no expected credit losses due to collateral.

Development of impairments

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

in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
As at 1/1/2023	**333**	**1,026**	**1,673**	**117**	**3,150**
Increases due to origination and acquisition	277	148	15	0	440
Decreases due to derecognition	(76)	(189)	(287)	(20)	(573)
Changes due to change in credit risk (net)	(110)	(58)	603	16	451
Changes due to modifications without derecognition (net)	0	0	4	(1)	3
Decrease due to write-offs	(1)	(4)	(290)	(9)	(304)
Changes due to model/risk parameters	5	34	5	0	44
Change in consolidated group	0	4	1	(4)	1
Foreign exchange and other	(56)	18	(52)	8	(83)
As at 31/12/2023	**372**	**978**	**1,673**	**107**	**3,130**
hereof fair value through other comprehensive income	1	9	2	0	12
hereof other demand deposits at banks	0	15	1	0	16

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

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

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

- Excellent are exposures which demonstrate a strong capacity to meet financial commitments, with negligible or no probability of default (Non-retail PD range >0.0000 ≤ 0.0300 per cent and retail PD range >0.00 ≤ 0.17 per cent).
- Strong are exposures which demonstrate a strong capacity to meet financial commitments, with negligible or low probability of default (Non-retail PD range >0.0300 ≤ 0.1878 per cent and retail PD range >0.17 ≤ 0.35 per cent).
- Good are exposures which demonstrate a good capacity to meet financial commitments, with low default risk (Non-retail PD range >0.1878 ≤ 1.1735 per cent and retail PD range >0.35 ≤ 1.37 cent).
- Satisfactory are exposures which require closer monitoring and demonstrate an average to fair capacity to meet financial commitments, with moderate default risk (Non-retail PD range >1.1735 ≤ 7.3344 per cent and retail PD range >1.37 ≤ 7.28 per cent).
- Substandard are exposures which require varying degrees of special attention and default risk is of greater concern (Non-retail PD range >7.3344 < 100.0 per cent and retail PD range >7.28 < 100.0 per cent).
- Credit-impaired are exposures which have been assessed as impaired (PD range 100.0 per cent for both Non-retail and retail).

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

2023 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
Excellent	15,951	807	0	0	16,758
Strong	35,954	3,344	0	1	39,299
Good	41,001	7,000	0	7	48,008
Satisfactory	19,653	6,110	0	15	25,778
Substandard	2,602	2,949	0	10	5,560
Credit impaired	0	0	3,153	290	3,443
Not rated	2,544	935	63	17	3,560
Gross carrying amount	**117,704**	**21,144**	**3,217**	**340**	**142,405**
Accumulated impairment	(371)	(954)	(1,670)	(107)	(3,102)
Carrying amount	**117,333**	**20,190**	**1,547**	**233**	**139,302**

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

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

(14) Modified assets

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

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

Due to the negative economic environment, such as high inflation, supply chain issues or the interest rate reversal, the net modification effects were increased in the reporting year 2023. Mainly driven by the government interventions in the level of the interest rates in Serbia and Hungary. Net modification effects increased year-on-year to minus € 27 million.

2023 in € million	Stage 1	Stage 2	Stage 3	POCI	Total
Net modifications gains/losses of financial assets	(9)	(8)	(8)	(1)	(27)
Amortized cost before the modification of financial assets	3,039	1,163	148	3	4,353
Gross carrying amount of modified assets as at 31/12, which moved to Stage 1 during the year	0	0	0	0	0

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

(15) Financial liabilities - amortized cost

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

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

in € million	2023	2022
Deposits from banks	**26,124**	**33,612**
Current accounts/overnight deposits	13,613	13,552
Deposits with agreed maturity	9,969	17,590
Repurchase agreements	2,542	2,470
Deposits from customers	**119,331**	**125,017**
Current accounts/overnight deposits	84,111	93,686
Deposits with agreed maturity	34,451	31,214
Repurchase agreements	769	117
Debt securities issued	**17,772**	**14,559**
Covered bonds	3,881	2,494
Hybrid contracts	499	483
Other debt securities issued	13,391	11,583
hereof convertible compound financial instruments	1,926	1,348
hereof non-convertible	11,465	10,235
Other financial liabilities	**1,484**	**1,955**
Total	**164,711**	**175,142**
hereof subordinated financial liabilities	2,167	2,614
hereof lease liabilities	371	394

Deposits with agreed maturity from banks decreased mainly in head office by € 7,045 million as well as in Slovakia by € 773 million. In both cases the decline resulted from repayments of TLTRO instruments. During the reporting period an amount of € 4,925 million was repaid in head office and an amount of € 890 million was repaid in Slovakia. As at the reporting date, the Group still holds volumes of € 2,200 million due in March 2024 and € 37 million due in December 2024. The carrying amount included in deposits from banks in this context was € 2,285 million. For further information on the accounting treatment of the TLTRO III instruments, please refer to the 2022 Annual Report, note (15) Financial liabilities - amortized cost.

Current accounts/overnight deposits from customers declined by € 9,575 million. Particularly noteworthy in this development is an exchange rate effect from Russia amounting to € 4,054 million, which further accelerated the downward trend. An opposite development emerged in deposits with agreed maturity. The increase in this position amounted to € 3,237 million. Declines in head office (decrease: € 1,397 million) and Russia (decrease: € 838 million) counteracted this development.

Covered bonds increased by € 1,041 million in head office and by € 502 million in Slovakia. Issuances from head office (increase: € 889 million), Slovakia (increase: € 335 million) and Croatia (increase: € 256 million) were the main drivers of the increase in non-convertible, securitized liabilities. Other financial liabilities mainly declined in Russia due to suspense and transit items.

Deposits from banks and customers by asset classes:

in € million	2023	2022
Central banks	2,987	8,915
General governments	3,698	2,892
Banks	23,137	24,697
Other financial corporations	12,097	13,208
Non-financial corporations	45,084	50,041
Households	58,452	58,876
Total	**145,455**	**158,629**

Liabilities against central banks declined in head office by € 5,021 million. Liabilities against non-financial corporations declined mainly in Russia (decrease: € 3,386 million) and head office (decrease: € 3,169 million).

Principal debt securities issued:

Issuer	ISIN	Type	Currency	Nominal value in € million	Coupon	Due	Call redemption date
RBI AG	XS2579606927	Senior public placement	EUR	1,000	4.8 %	26/01/2027	26/01/2026
RBI AG	XS2146564930	Senior private placement	EUR	800	4.1 %	27/03/2025	No
RBI AG	XS2106056653	Senior public placement	EUR	750	0.3 %	22/01/2025	No
RBI AG	XS2055627538	Senior public placement	EUR	750	0.4 %	25/09/2026	No
RBI AG	XS2526835694	Senior public placement	EUR	500	4.1 %	08/09/2025	No
TBSK	SK4000022430	Senior private placement	EUR	500	3.4 %	31/01/2026	No
RBI AG	XS2596528716	Senior public placement	EUR	500	3.9 %	16/03/2026	No
RBI AG	XS2537097409	Senior public placement	EUR	500	2.9 %	28/09/2026	No
RBI AG	XS2481491160	Senior public placement	EUR	500	1.5 %	24/05/2027	No
RBI AG	XS2626022656	Senior public placement	EUR	500	3.4 %	27/09/2027	No
RBI AG	XS2435783613	Senior public placement	EUR	500	0.1 %	26/01/2028	No
RBI AG	XS2547936984	Senior public placement	EUR	500	5.8 %	27/01/2028	No
RBI AG	XS2682093526	Senior public placement	EUR	500	6.0 %	15/09/2028	15/09/2027
RBI AG	XS2086861437	Senior public placement	EUR	500	0.1 %	03/12/2029	No
RBI AG	XS2049823763	Subordinated	EUR	500	1.5 %	12/03/2030	12/03/2025
RBI AG	XS2189786226	Subordinated	EUR	500	2.9 %	18/06/2032	18/06/2027
RBI AG	XS2534786590	Subordinated	EUR	500	7.4 %	20/12/2032	20/09/2027
RBI AG	XS2353473692	Subordinated	EUR	500	1.4 %	17/06/2033	17/03/2028

In the reporting period, expenses for subordinated liabilities amounted to € 103 million (previous year: € 101 million).

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

in € million	
Carrying amount as at 1/1/2022	**3,165**
Change in carrying amount	(462)
hereof cash	(228)
hereof effect of exchange rate changes	(26)
hereof changes of fair value	(208)
Carrying amount as at 31/12/2022	**2,703**
Change in carrying amount	(536)
hereof cash	(582)
hereof effect of exchange rate changes	(3)
hereof changes of fair value	49
Carrying amount as at 31/12/2023	**2,167**

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

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

2023 in € million	Level I	Level II	Level III	Fair value	Carrying amount	Difference
Assets						
Cash, balances at central banks and other demand deposits	**0**	**43,234**	**0**	**43,234**	**43,234**	**0**
Financial assets - amortized cost	**21,474**	**2,246**	**113,497**	**137,217**	**139,302**	**(2,085)**
Debt securities	21,474	2,246	1,862	25,582	25,723	(141)
Loans and advances	0	0	111,636	111,636	113,580	(1,944)
Equity and liabilities						
Financial liabilities - amortized cost	**834**	**15,398**	**147,236**	**163,468**	**164,339**	**(871)**
Deposits from banks and customers[1]	0	0	144,287	144,287	145,084	(797)
Debt securities issued	834	15,398	1,465	17,697	17,772	(75)
Other financial liabilities	0	0	1,484	1,484	1,484	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

2022 in € million	Level I	Level II	Level III	Fair value	Carrying amount	Difference
Assets						
Cash, balances at central banks and other demand deposits	**0**	**53,683**	**0**	**53,683**	**53,683**	**0**
Financial assets - amortized cost	**15,260**	**1,452**	**116,767**	**133,479**	**137,431**	**(3,951)**
Debt securities	15,260	1,452	1,426	18,138	18,960	(822)
Loans and advances	0	0	115,341	115,341	118,471	(3,130)
Equity and liabilities						**0**
Financial liabilities - amortized cost	**263**	**12,915**	**160,571**	**173,749**	**174,748**	**(999)**
Deposits from banks and customers[1]	0	0	157,675	157,675	158,235	(560)
Debt securities issued[2]	263	12,915	942	14,120	14,559	(439)
Other financial liabilities	0	0	1,955	1,955	1,955	0

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

2 Previous-year figures adapted

Financial assets measured at fair value

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

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

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

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

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

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

2023 in € million	Gross carrying amount	Accumulated impairment	Cumulative other comprehensive income	Carrying amount
Equity instruments	**182**	**–**	**0**	**182**
Other financial corporations	101	–	0	101
Non-financial corporations	81	–	0	81
Debt securities	**2,864**	**(12)**	**(42)**	**2,810**
General governments	1,981	(9)	(33)	1,939
Banks	748	(1)	(8)	740
Other financial corporations	3	0	0	3
Non-financial corporations	132	(3)	(1)	128
Total	**3,045**	**(12)**	**(42)**	**2,992**

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

The carrying amount decreased due to sale and redemptions of debt securities mainly in Croatia and Serbia, compensated by purchases of government bonds in Hungary and the Ukraine.

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

in € million	2023	2022
Visa Inc., San Francisco (US), Class A Preferred Stock	17	18
CEESEG Aktiengesellschaft, Vienna (AT), ordinary shares	25	26
Medicur - Holding Gesellschaft m.b.H., Vienna (AT), company shares	19	18
HOBEX AG, Salzburg (AT), company shares	9	7
PSA Payment Services Austria GmbH, Vienna (AT), company shares	7	6
Other	104	93
Total	**182**	**169**
Dividends paid on equity instruments - fair value through other comprehensive income	8	9

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

2023 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
Excellent	371	4	0	0	375
Strong	1,005	8	0	0	1,013
Good	1,215	170	0	0	1,385
Satisfactory	2	3	0	0	6
Substandard	0	64	0	0	64
Credit impaired	0	0	2	0	2
Not rated	18	0	0	0	18
Gross carrying amount	**2,611**	**250**	**2**	**0**	**2,864**
Accumulated impairment	(1)	(9)	(2)	0	(12)
Cumulative other comprehensive income	(46)	4	0	0	(42)
Carrying amount	**2,564**	**244**	**1**	**0**	**2,810**

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

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

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

in € million	2023	2022
Equity instruments	**8**	**6**
Other financial corporations	7	6
Non-financial corporations	1	0
Debt securities	**374**	**276**
General governments	146	69
Banks	25	12
Other financial corporations	185	182
Non-financial corporations	18	12
Loans and advances	**567**	**475**
General governments	1	1
Banks	2	2
Other financial corporations	24	30
Non-financial corporations	76	80
Households	464	362
Total	**949**	**757**

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

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

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

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

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

Financial assets - designated fair value through profit/loss

in € million	2023	2022
Debt securities	**185**	**84**
General governments	155	43
Banks	22	26
Non-financial corporations	8	15
Total	**185**	**84**

Financial liabilities – designated fair value through profit/loss

in € million	2023	2022
Deposits from banks	**20**	**29**
Deposits with agreed maturity	20	29
Deposits from customers	**22**	**82**
Deposits with agreed maturity	22	82
Debt securities issued	**1,046**	**839**
Hybrid contracts	1	1
Other debt securities issued	1,046	838
hereof non-convertible	1,046	838
Total	**1,088**	**950**
hereof subordinated financial liabilities	0	89

(20) Financial assets – held for trading

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

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

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

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

in € million	2023	2022
Derivatives	**3,774**	**5,059**
Interest rate contracts	2,719	3,912
Equity contracts	201	35
Foreign exchange rate and gold contracts	797	1,075
Credit contracts	26	11
Commodities	1	3
Other	31	23
Equity instruments	**426**	**287**
Banks	50	37
Other financial corporations	126	100
Non-financial corporations	250	149
Debt securities	**1,583**	**1,064**
Central banks	64	0
General governments	1,210	719
Banks	224	211
Other financial corporations	22	63
Non-financial corporations	64	71
Loans and advances	**0**	**0**
Total	**5,783**	**6,411**

The reduction of € 628 million to € 5,783 million was mainly due to valuation effects and exchange rate fluctuations in derivatives as well as a higher hedged volume, particularly in interest rate and foreign currency derivatives at head office.

Within the item financial assets – held for trading, the securities provided as security, which the recipient is entitled to sell or pledge, amounted to € 46 million (previous year: € 41 million).

Derivative financial instruments

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

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

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

2023	**Nominal amount**	**Fair value**	
in € million		**Assets**	**Equity and liabilities**
Trading book	**186,235**	**3,468**	**(3,168)**
Interest rate contracts	131,196	2,552	(2,598)
Equity contracts	5,057	201	(2)
Foreign exchange rate and gold contracts	47,559	656	(541)
Credit contracts	1,341	26	(20)
Commodities	21	1	0
Other	1,061	31	(7)
Banking book	**17,106**	**307**	**(211)**
Interest rate contracts	11,945	167	(88)
Foreign exchange rate and gold contracts	5,141	140	(109)
Credit contracts	20	0	(15)
Total	**203,341**	**3,774**	**(3,379)**
OTC products	199,937	3,759	(3,366)
Products traded on stock exchange	3,404	15	(13)

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

(21) Financial liabilities - held for trading

in € million	2023	2022
Derivatives	**3,379**	**4,802**
Interest rate contracts	2,686	3,896
Equity contracts	2	2
Foreign exchange rate and gold contracts	650	877
Credit contracts	35	12
Commodities	0	0
Other	7	16
Short positions	**567**	**91**
Equity instruments	11	7
Debt securities	556	83
Debt securities issued	**4,517**	**3,560**
Hybrid contracts	4,517	3,388
Other financial liabilities	**1**	**1**
Total	**8,463**	**8,453**

In the item derivatives was a reduction, which is due to valuation effects and exchange rate fluctuations, particularly in interest rate and foreign currency derivatives at head office. However, there was an increase in the securitized liabilities item, which is due to the increase in hybrid contracts at head office.

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

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

IFRS 9 granted the accounting policy choice to continue the application of the provisions given in IAS 39 until the IASB finishes its existing project of replacing the portfolio hedge accounting rules in IAS 39. RBI opted to use this policy choice and i still applying the hedge accounting rules according to IAS in the version endorsed by the EU (EU carve-out). Notwithstanding that, the changes in the disclosures in the notes pursuant to IFRS 7 are taken into account.

If hedging instruments, mainly derivatives, are held for the purpose of risk management and if the respective transactions meet specific criteria, RBI designates them into hedge accounting relationships. This can occur in the way of fair value hedges, cash flow hedges or net investment hedges. At the beginning of the hedging relationship, the relationship between underlying and hedging instrument, including the risk management objectives, is documented. Furthermore, it is necessary to regularly document from the beginning and during the lifetime of the hedging relationship that the fair value or cash flow hedge is highly effective in respect of the offset of valuation changes between hedging instrument and hedged item.

in € million	2023	2022
Positive fair values of derivatives in micro fair value hedge	**392**	**611**
Interest rate contracts	392	611
Positive fair values of derivatives in micro cash flow hedge	**1**	**1**
Interest rate contracts	1	1
Positive fair values of derivatives in net investment hedge	**5**	**4**
Positive fair values of derivatives in portfolio hedge	**762**	**991**
Cash flow hedge	151	100
Fair value hedge	611	891
Total	**1,160**	**1,608**

in € million	2023	2022
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk	(365)	(947)
Total	**(365)**	**(947)**

in € million	2023	2022
Negative fair values of derivatives in micro fair value hedge	**491**	**605**
Interest rate contracts	491	605
Negative fair values of derivatives in micro cash flow hedge	**0**	**1**
Interest rate contracts	0	1
Negative fair values of derivatives in net investment hedge	**13**	**34**
Negative fair values of derivatives in portfolio hedge	**962**	**1,414**
Cash flow hedge	107	87
Fair value hedge	854	1,328
Total	**1,466**	**2,054**

in € million	2023	2022
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk	(514)	(1,217)
Total	**(514)**	**(1,217)**

Hedge accounting – additional information

Depending on the risk to be hedged, fair value and cash flow hedge accounting are used. The aim is to reduce the interest rate risk and volatility in the income statement. Both types may be modeled at the micro level and in portfolios. Net investment hedges are mainly applied to hedge the net investment risk against fluctuations in the Romanian leu, the Czech koruna, and the Hungarian forint. Hedges on the net investment with respect to the fluctuations in the Russian rubel expired in the first half-year of 2023.

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

More information on RBI's risk management strategy is provided in the risk report under (43) Market risk.

The effects of hedges on the statement of comprehensive income are included in (5) Net trading income, fair value result and net gains/losses from hedge accounting, while those on the statement of changes in equity are included in (29) Equity and non-controlling interests.

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

In RBI, foreign exchange hedges of net investments in economically independent sub-units are executed to reduce differences arising from the foreign currency translation on equity. FX Forwards are mainly used as hedging instruments. Where the hedge is effective the resulting gains or losses from foreign currency translation are recognized in other comprehensive income and shown separately in the statement of comprehensive income. Any ineffective part of the hedge is recognized in net trading income. Any valuation part that is implied in FX Forwards due to the different interest rate differential on the two currencies is shown in net trading income.

Hedging instruments

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

2023	Nominal amount	Maturity				Carrying amount	
in € million		Up to 3 months	More than 3 months, up to 1 year	1 year, up to 5 years	More than 5 years	Assets	Liabilities
Interest rate contracts	**60,285**	**1,049**	**5,943**	**34,516**	**18,777**	**1,152**	**1,445**
Cash flow hedge	4,518	59	1,434	2,378	647	149	100
Fair value hedge	55,767	990	4,509	32,138	18,130	1,003	1,345
Foreign exchange contracts	**1,771**	**0**	**63**	**291**	**1,417**	**8**	**20**
Cash flow hedge	321	0	51	234	36	3	7
Fair value hedge	120	0	12	57	51	0	0
Net investment hedge	1,330	0	0	0	1,330	5	13
Total	**62,055**	**1,049**	**6,006**	**34,806**	**20,195**	**1,160**	**1,466**

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

Fair value hedges

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

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

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

Within the management of interest rate risks, the hedging of interest rate risk is also undertaken on the portfolio level. Individual transactions or groups of transactions with similar risk structures, divided into maturities according to the expected repayment and interest rate adjustment date in a portfolio, are hedged. Portfolios can contain assets only, liabilities only, or both. For hedge accounting, the change in the value of the hedged asset or liability is shown in net gains/losses from hedge accounting. The hedged amount of the hedged items is determined in the consolidated financial statements including sight deposits (the rules of the EU carve-out are therefore applied).

Details of the underlying transactions for fair value hedges:

2023	Carrying amount of the hedged items		Accumulated amount of fair value adjustments of the hedged items		Changes in fair value of the hedged items[1]
in € million	Assets	Liabilities	Assets	Liabilities	
Interest rate hedges	**27,363**	**25,198**	**(829)**	**(1,151)**	**(189)**
Debt securities	11,253	0	(406)	0	688
Loans and advances	16,110	0	(423)	0	383
Deposits	0	12,173	0	(641)	(779)
Debt securities issued	0	13,025	0	(510)	(482)
Other financial liabilities	0	0	0	0	0
Foreign exchange hedges	**58**	**46**	**(5)**	**(1)**	**4**
Other assets	58	0	(5)	0	4
Other liabilities	0	46	0	(1)	0
Total	**27,420**	**25,244**	**(833)**	**(1,152)**	**(185)**

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

2022	Carrying amount of the hedged items		Accumulated amount of fair value adjustments of the hedged items		Changes in fair value of the hedged items[1]
in € million[2]	Assets	Liabilities	Assets	Liabilities	
Interest rate hedges	**20,030**	**22,746**	**(2,112)**	**(2,238)**	**(89)**
Debt securities	7,256	200	(1,139)	2	(977)
Loans and advances	12,774	0	(972)	2	(1,027)
Deposits	0	11,621	0	(1,437)	941
Debt securities issued	0	10,925	0	(806)	974
Other financial liabilities	0	0	0	0	0
Foreign exchange hedges	**51**	**47**	**(9)**	**(1)**	**(2)**
Other assets	51	0	(9)	0	(3)
Other liabilities	0	47	0	(1)	1
Total	**20,081**	**22,793**	**(2,121)**	**(2,239)**	**(91)**

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

2 Previous-year figures adapted

Cash flow hedges

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

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

2023 in € million	Change in the value of the hedging instruments recognized in other comprehensive income	Hedge ineffectiveness recognized in profit or loss
Interest rate hedges	**4**	**0**
Loans and advances	95	0
Deposits	(91)	0
Foreign exchange hedges	**0**	**0**
Other assets	(1)	0
Other liabilities	1	0
Total	**5**	**0**

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

(23) Notes to fair value of financial instruments

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

Quotation on an active market (Level I)

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

Measurement techniques based on observable market data (Level II)

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

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

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

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

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

Fair value of financial instruments measured at fair value

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

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

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

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

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

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

The DVA is determined by the expected negative exposure and by RBI's credit quality and represents the value adjustment for own probability of default. The method of calculation is analogous to that of the CVA. No funding value adjustment (FVA) was considered to measure OTC derivatives. RBI is observing market developments and will develop a method to calculate the FVA where appropriate.

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

Assets		**2023**			**2022**	
in € million	**Level I**	**Level II**	**Level III**	**Level I**	**Level II**	**Level III**
Financial assets - held for trading	**1,629**	**4,140**	**14**	**1,010**	**5,371**	**29**
Derivatives	3	3,771	0	3	5,057	0
Equity instruments	410	12	4	271	16	0
Debt securities	1,216	357	10	736	299	29
Non-trading financial assets - mandatorily fair value through profit/loss	**295**	**38**	**616**	**150**	**80**	**527**
Equity instruments	1	6	1	1	5	0
Debt securities	294	32	48	149	74	52
Loans and advances	0	0	567	0	0	475
Financial assets - designated fair value through profit/ loss	**160**	**25**	**0**	**48**	**36**	**0**
Debt securities	160	25	0	48	36	0
Financial assets - fair value through other comprehensive income	**2,238**	**495**	**259**	**2,441**	**536**	**225**
Equity instruments	20	0	162	17	2	150
Debt securities	2,218	495	97	2,424	535	75
Hedge accounting	**0**	**1,160**	**0**	**0**	**1,608**	**0**

Equity and liabilities	2023			2022		
in € million	Level I	Level II	Level III	Level I	Level II	Level III
Financial liabilities - held for trading	**559**	**7,904**	**0**	**93**	**8,360**	**0**
Derivatives	3	3,376	0	6	4,796	0
Short positions	556	11	0	86	5	0
Debt securities issued	0	4,517	0	0	3,560	0
Other financial liabilities	1	0	0	1	0	0
Financial liabilities - designated fair value through profit/loss	**0**	**1,088**	**0**	**0**	**950**	**0**
Deposits	0	42	0	0	111	0
Debt securities issued	0	1,046	0	0	839	0
Hedge accounting	**0**	**1,466**	**0**	**0**	**2,054**	**0**

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

As at 31 December 2023, only derived prices were available for financial instruments amounting to € 24 million. For example, the BVAL value (Bloomberg Evaluation) was used instead of the BGN value (Bloomberg Generic Price). Consequently, these securities were reclassified from Level I to Level II. The shifts from Level II to Level I relate to bonds of € 7 million for which market values were available at the reporting date.

Movements of financial instruments at fair value in Level III

The total portfolio of Level III assets saw a net increase of € 108 million in the reporting period. In the case of financial instruments mandatorily recognized at fair value there was a net increase of € 89 million, primarily due to additions and gains realised on the sale of loans in Hungary and Austria. The valuation category financial assets - fair value through other comprehensive income saw an increase of € 34 million net. The reason for this increase was additions in Romania and Austria. In the measurement category financial assets - held for trading, the volume of government bonds decreased by € 15 million, primarily due to sales in Russia, while additions in Albania were reversed by disposals in the same amount. The total net change of € 108 million included net exchange rate fluctuations of around € 10 million.

Assets in € million	As at 1/1/2023	Change in consolidated group	Exchange differences	Additions	Disposals
Financial assets - held for trading	29	0	(5)	39	(48)
Non-trading financial assets - mandatorily fair value through profit/loss	527	0	16	69	(58)
Financial assets - designated fair value through profit/loss	0	0	0	0	0
Financial assets - fair value through other comprehensive income	225	0	(1)	40	(4)
Total	**781**	**0**	**10**	**147**	**(110)**

Assets in € million	Gains/loss in P/L	Gain/loss in other comprehensive income	Transfer to Level III	Transfer from Level III	As at 31/12/2023
Financial assets - held for trading	(2)	0	2	0	14
Non-trading financial assets - mandatorily fair value through profit/loss	68	0	0	(5)	616
Financial assets - designated fair value through profit/loss	0	0	0	0	0
Financial assets - fair value through other comprehensive income	(2)	0	0	0	259
Total	**64**	**0**	**2**	**(5)**	**889**

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

Equity and liabilities in € million[1]	Gains/loss in P/L	Gain/loss in other comprehensive income	Transfer to Level III	Transfer from Level III	As at 31/12/2023
Financial liabilities - held for trading	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**

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

Qualitative information on the valuation of financial instruments in Level III

Assets 2023	Fair value in € million[1]	Valuation technique	Significant unobservable inputs	Range of unobservable inputs
Financial assets - held for trading	**14**			
Supplementary capital	4	Indicative prices	Indications	–
Treasury bills, fixed coupon bonds	10	DCF method	Credit spread	1.39 - 76.04%
Forward foreign exchange contracts	0	DCF method	Interest rate	10 - 30%
Non-trading financial assets - mandatorily fair value through profit/loss	**616**			
Other interests	1	Simplified net present value method Expert opinion	–	–
Bonds, notes and other fixed-interest securities	48	Net asset value Financing auction/transaction costs Market price indication	(Auction-) Price	
Loans	567	Retail: DCF method (Black Scholes, prepayment option, withdrawal option etc.) Non-Retail: DCF method/ Financial option pricing Black Scholes (shifted), Hull-White trinominal tree	Discount spread (new business) Funding curves (liquidity costs) Credit risk premium (CDS curves)	1.07 - 3.47% over all currencies 0.05 - 6,85% over all currencies 0.09 - 10,10% (depending on the rating: from AA to CCC)
Financial assets - designated fair value through profit/loss	**0**			
Fixed coupon bonds	0	Net assets	Price	–
Financial assets - fair value through other comprehensive income	**259**			
Other interests	44	Dividend discount model Simplified income approach DCF method	Credit spread Cash flow Discount rate Dividends Beta factor	–
Other interests	64	Adjusted net asset value	Adjusted equity	–
Other interests	53	Market comparable companies Transaction price Purchase price Cost approach Valuation report (expert judgement) Cost minus impairment	EV/Sales EV/EBIT P/E P/B	–
Treasury bills, municipal bonds	97	DCF method	Interest rate	–
Total	**889**			

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

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

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

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

Financial assets

	2023			2022		
	Carrying amount	Fair value changes		Carrying amount	Fair value changes	
in € million	Level III	Positive	Negative	Level III	Positive	Negative
Loans and advances	567	11	(11)	475	12	(14)
Debt securities	58	5	(5)	81	5	(5)
Income statement effect	**-**	**16**	**(16)**	**-**	**17**	**(19)**

	2023			2022		
	Carrying amount	Fair value changes		Carrying amount	Fair value changes	
in € million	Level III	Positive	Negative	Level III	Positive	Negative
Debt securities	97	2	(2)	75	2	(3)
Equity instruments	162	16	(17)	149	18	(15)
Other comprehensive income effect	**-**	**18**	**(19)**	**-**	**21**	**(18)**

Other assets and liabilities and equity

(24) Investments in subsidiaries and associates

in € million	2023	2022
Investments in affiliated companies	187	193
Investments in associates valued at equity	632	520
Total	**820**	**713**
Number of subsidiaries not included	227	249

Investments in associates valued at equity:

in € million	Share in % 2023	Carrying amount 2023	Carrying amount 2022
card complete Service Bank AG, Vienna (AT)	25.0 %	9	12
EMCOM Beteiligungs GmbH, Vienna (AT)	33.6 %	7	7
LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Vienna (AT)	33.1 %	189	153
Limited Liability Company "Insurance Company "Raiffeisen Life", Moscow (RU)[1]	25.0 %	0	8
NOTARTREUHANDBANK AG, Vienna (AT)	26.0 %	14	12
Oesterreichische Kontrollbank Aktiengesellschaft, Vienna (AT)	8.1 %	69	44
Österreichische Hotel- und Tourismusbank Gesellschaft m.b.H., Vienna (AT)	31.3 %	16	11
Posojilnica Bank eGen, Klagenfurt (AT)	49.7 %	18	13
Prva stavebna sporitelna a.s., Bratislava (SK)	32.5 %	46	41
Raiffeisen Informatik GmbH & Co KG, Vienna (AT)	47.6 %	13	11
Raiffeisen-Leasing Management GmbH, Vienna (AT)	50.0 %	10	10
UNIQA Insurance Group AG, Vienna (AT)	10.9 %	240	199
Total		**632**	**520**

1 Investments in associates valued at equity unit for LLC are presented in the item Non-current assets and disposal groups classified as held for sale at year end 2023.

The carrying amount of investments in associates values at equity increased from € 520 million to € 632 million. The increase is primarily due to LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft and UNIQA Insurance Group AG.

In the current reporting period, there was a reversal of the impairment losses at LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft due to the stabilisation of the market conditions, despite the ongoing war in Ukraine. The increase of the carrying amount of UNIQA Insurance Group AG is primarily due to higher earning contributions in the reporting period 2023.

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

Financial information on associates valued at equity as at 30 September 2023:

in € million	CCSB	EMCOM	LLI[1,2]	LLC[3]	NTB	OeKB[1]
Assets	664	20	1,244	250	2,238	34,668
Operating income	(1)	0	90	3	21	68
Profit/loss from discontinuing operations	(2)	2	57	8	12	54
Profit/loss after tax from discontinued operations	0	0	0	0	0	0
Other comprehensive income	0	0	(6)	(4)	0	(3)
Total comprehensive income	**(2)**	**2**	**52**	**3**	**12**	**51**
Attributable to non-controlling interests	0	0	3	0	0	1
Attributable to investee's shareholders	(2)	2	48	3	12	50
Current assets	660	20	399	69	311	7,480
Non-current assets	3	0	885	181	1,927	27,188
Short-term liabilities	(594)	0	(466)	(13)	(1,943)	(13,505)
Long-term liabilities	(23)	0	(244)	(199)	(240)	(20,244)
Net assets	**47**	**20**	**573**	**37**	**56**	**918**
Attributable to non-controlling interests	0	0	11	0	0	18
Attributable to investee's shareholders	47	20	563	37	56	900
Group's interest in net assets of investee as at 1/1	**12**	**7**	**162**	**8**	**12**	**70**
Change in share/first time inclusion	0	0	0	0	0	0
Total comprehensive income attributable to the Group	0	1	14	1	3	5
hereof income statement	0	1	18	3	3	6
hereof other comprehensive income	0	0	(4)	(2)	0	0
Dividends received	0	(1)	(3)	0	(1)	(3)
Share in the capital increase	0	0	13	0	0	0
Group's interest in net assets of investee as at 30/9	**12**	**7**	**186**	**9**	**14**	**73**
Valulation	(2)	0	3	0	0	(4)
Carrying amount	**9**	**7**	**189**	**9**	**14**	**69**

1 Consolidated financial statements: Profit and equity is after deduction of non-controlling interests.

2 The capital increase was considered as of 5 October 2023.

3 Investments in associates valued at equity unit for LLC are presented in the item Non-current assets and disposal groups classified as held for sale at year end 2023.

CCSB: card complete Service Bank AG, Vienna (AT)
EMCOM: EMCOM Beteiligungs GmbH, Vienna (AT)
LLI: LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Vienna (AT)
LLC: Raiffeisen Life Insurance Company LLC, Moscow (RU)
NTB: NOTARTREUHANDBANK AG, Vienna (AT)
OeKB: Oesterreichische Kontrollbank Aktiengesellschaft, Vienna (AT)

in € million	OEHT	POSO	PSS	RIZ	R-Leasing	UNIQA[1]
Assets	1,290	402	3,127	439	48	27,222
Operating income	5	4	53	8	(1)	366
Profit/loss from discontinuing operations	3	7	16	6	(1)	245
Profit/loss after tax from discontinued operations	0	0	0	0	0	(19)
Other comprehensive income	0	1	0	(1)	3	18
Total comprehensive income	**3**	**8**	**16**	**5**	**2**	**244**
Attributable to non-controlling interests	0	0	0	0	0	0
Attributable to investee's shareholders	3	8	16	5	2	243
Current assets	8	154	537	171	45	1,430
Non-current assets	1,282	247	2,590	268	3	25,791
Short-term liabilities	(10)	(168)	(822)	(162)	(17)	(1,148)
Long-term liabilities	(1,229)	(182)	(1,998)	(183)	0	(23,851)
Net assets	**50**	**52**	**307**	**93**	**31**	**2,223**
Attributable to non-controlling interests	0	0	0	0	0	19
Attributable to investee's shareholders	50	52	307	93	31	2,203
Group's interest in net assets of investee as at 1/1	**15**	**20**	**95**	**41**	**17**	**199**
Change in share/first time inclusion	0	0	0	0	0	0
Total comprehensive income attributable to the Group	2	5	5	4	0	60
hereof income statement	2	5	5	4	(1)	40
hereof other comprehensive income	0	0	0	0	0	20
Dividends received	(1)	0	0	(1)	(2)	(18)
Share in the capital increase	0	0	0	0	0	0
Group's interest in net assets of investee as at 30/9	**16**	**26**	**100**	**44**	**16**	**240**
Valulation	0	(8)	(53)	(31)	(6)	0
Carrying amount	**16**	**18**	**46**	**13**	**10**	**240**

1 Consolidated financial statements: Profit and equity is after deduction of non-controlling interests.

OEHT: Österreichische Hotel- und Tourismusbank Gesellschaft m.b.H., Vienna (AT)
POSO: Posojilnica Bank eGen, Klagenfurt (AT)
PSS: Prva stavebna sporitelna a.s., Bratislava (SK)
RIZ: Raiffeisen Informatik GmbH & Co KG, Vienna (AT)
R-Leasing: Raiffeisen-Leasing Management GmbH, Vienna (AT)
UNIQA: UNIQA Insurance Group AG, Vienna (AT)

Impairment test for companies valued at equity

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

	2023			2022		
Cash generating units	**LLI**	**OeKB**	**UNIQA**	**LLI**	**OeKB**	**UNIQA**
Average discount interest rate (after tax)	8.1 %	8.2 %	10.4 %	7.8 %	8.6 %	10.4 %
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)

Based on the most recent impairment tests, reversals on impairment loss were recognized for the majority of the investment portfolio. The positive development in macroeconomic and interest rate environment had a positive impact on the companies' earnings prospects.

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

Cash generating units	Brief description	Key assumptions	Management approach
LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft (LLI)	In the two core areas of milling and vending (hot and cold) beverages and food from vending machines, the LLI companies are market leaders in Austria and in some EU countries (Eastern Europe and Germany).	The planning reflects, in addition to the expected developments in raw material prices and costs, which are partially reflected in the sales prices, a capital injection of € 80 million. In the medium to long term, a general normalization of market conditions is expected. Planning assumptions reflect current external conditions and were approved by the supervisory board.	Planning includes actions to address current and expected market developments. In addition to cost savings and a suitable pricing strategy, these include further specializations, optimization through digitalization and the development of new products.
Oesterreichische Kontrollbank Aktiengesellschaft (OeKB)	OeKB fulfills two essential functions for the Austrian export industry. Firstly, it is the Republic of Austria's export credit agency; secondly, it is an issuer on the capital market. Its main subsidiaries are Österreichische Hotel- und Tourismusbank (OEHT) and Oesterreichische Entwicklungsbank (OeEB).	The planning assumptions take into account the development of volumes in export finance and have been adopted in the valuation approach. They show stable growth of loan volume over the following years.	The management approach reflects the current external conditions. The rising interest rate level and the current inflationary environment were taken into account in the planning assumptions. Existing mandates from the Republic of Austria comprise a stable basis for OeKB's business activities, which are complemented by the other services.
UNIQA Insurance Group AG (UNIQA)	UNIQA Insurance Group AG is one of the leading insurance groups in its core markets of Austria and CEE. The group has approximately 40 companies in 18 countries and serves about 16 million customers. The brands UNIQA and Raiffeisen Versicherung are two strong insurance brands in Austria and are well positioned in the CEE markets.	By taking appropriate countermeasures, UNIQA intends to continue to pursue its long-term profitability targets despite the increasing cost pressure. In summary, despite the volatile environment, it is assumed that the long-term strategic orientation will be maintained and, accordingly, that long-term returns will remain stable.	The management approach was essentially adopted as the valuation approach. It continues to be based on ongoing pursuit of the established strategic direction. Accordingly, it is assumed that a solid return on equity and the strong solvency situation will be maintained. This provides the basis for sustained dividend growth and a stable dividend yield.

Sensitivity analysis

In order to examine how a change in parameters essential for determining the cost of capital affects the value of equity, these parameters were varied in the course of the sensitivity analysis carried out. Changes in the valuation of these companies may therefore result in an adjustment to the carrying amount. In the event of a downside scenario (increase in the cost of capital by 50 basis points), Prva stavebna sporitelna a.s, card complete Service Bank AG, Posojilnica Bank eGen would decrease by less than 10 per cent, and that of Raiffeisen Informatik GmbH & Co KG by around 12 per cent, thus leading to a further reduction in the carrying amount. For LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Oesterreichische Kontrollbank Aktiengesellschaft, ÖHT Österreichische Hotel und Tourismusbank GmbH there would be a reversal of impairment losses, despite the lower value in use. EMCOM Beteiligungs GmbH, NOTARTREUHANDBANK AG and UNIQA Insurance Group AG, are excluded from this scenario; a further decline in value would not lead to a reduction in the carrying amount here as the value in use would still be higher than the proportionate equity.

(25) Tangible and intangible fixed assets

Tangible fixed assets

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

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

Land is not subject to depreciation.

Expected useful lives, residual values and depreciation methods are reviewed annually. Any necessary future change of estimates is taken into account.

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

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

Investment property

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

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

Intangible fixed assets

Acquired intangible fixed assets

In RBI, separately acquired intangible fixed assets, i.e. those with a definite useful life not acquired in a business combination, are capitalized at acquisition cost less accumulated amortization and impairment. Amortization is accrued in a straight line over the expected useful life and reported as an expense in the income statement. The expected useful life and the depreciation method are reviewed at each reporting date and any possible changes in measurement taken into account prospectively. Separately acquired intangible fixed assets with an indefinite useful life are capitalized at acquisition cost less accumulated impairment. The normal useful life of software is between four and six years. The normal useful life for large software projects may extend over a longer period.

Internally developed intangible fixed assets – research and development costs

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

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

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

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

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

Intangible fixed assets acquired in a business combination

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

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

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

Presentation of tangible and intangible assets

in € million	2023	2022
Tangible fixed assets	**1,672**	**1,684**
Land and buildings used by the group for own purpose	454	494
Office furniture, equipment and other tangible fixed assets	341	332
Investment property	412	389
Other leased assets (operating lease)	108	95
Right-of-use assets	357	374
Intangible fixed assets	**970**	**903**
Software	843	767
Goodwill[1]	38	38
Brand	2	2
Customer relationships[1]	13	19
Core deposits intangibles	51	60
Other intangible fixed assets	23	17
Total	**2,641**	**2,587**
Fair value of investment property	574	522

1 Previous-year figures adapted due to changed allocation

	Cost of acquisition or conversion						
in € million	As at 1/1/2023	Change in consolidated group	Exchange differences	Additions	Disposals	Transfers	As at 31/12/2023
Tangible fixed assets	**3,356**	**9**	**(120)**	**388**	**(231)**	**0**	**3,402**
Land and buildings used by the group for own purpose	952	1	(41)	74	(50)	(1)	934
Office furniture, equipment and other tangible fixed assets	999	(1)	(62)	153	(86)	1	1,004
Investment property	552	7	(1)	39	(27)	1	571
Other leased assets (operating lease)	200	2	(2)	48	(28)	0	220
Right-of-use assets	654	0	(14)	73	(39)	0	674
Intangible fixed assets	**3,032**	**0**	**(107)**	**362**	**(174)**	**0**	**3,114**
Software	2,414	0	(75)	348	(170)	8	2,525
Goodwill[1]	467	0	(29)	0	0	0	438
Brand	3	0	0	0	0	0	3
Customer relationships[1]	26	0	0	0	0	0	26
Core deposits intangibles	70	0	(2)	0	0	0	68
Other intangible fixed assets	51	0	0	14	(3)	(8)	54
Total	**6,388**	**9**	**(227)**	**750**	**(404)**	**0**	**6,516**

1 Previous-year figures adapted due to changed allocation

	Write-ups, amortization, depreciation, impairment			Carrying amount
in € million	Cumulative	hereof write-ups	hereof depreciation/ impairment	As at 31/12/2023
Tangible fixed assets	**(1,731)**	**1**	**(260)**	**1,672**
Land and buildings used by the group for own purpose	(480)	1	(50)	454
Office furniture, equipment and other tangible fixed assets	(663)	0	(98)	341
Investment property	(159)	0	(11)	412
Other leased assets (operating lease)	(112)	0	(17)	108
Right-of-use assets	(317)	0	(84)	357
Intangible fixed assets	**(2,144)**	**20**	**(244)**	**970**
Software	(1,681)	20	(227)	843
Goodwill	(400)	0	0	38
Brand	(1)	0	0	2
Customer relationships	(14)	0	(6)	13
Core deposits intangibles	(17)	0	(8)	51
Other intangible fixed assets	(31)	0	(3)	23
Total	**(3,875)**	**21**	**(504)**	**2,641**

in € million	As at 1/1/2022	Change in consolidated group	Exchange differences	Additions	Disposals	Transfers	As at 31/12/2022
	Cost of acquisition or conversion						
Tangible fixed assets	**3,255**	**(52)**	**(9)**	**356**	**(194)**	**0**	**3,356**
Land and buildings used by the group for own purpose	973	(23)	1	26	(28)	2	952
Office furniture, equipment and other tangible fixed assets	970	0	(7)	115	(79)	0	999
Investment property	503	(40)	(4)	108	(14)	(2)	552
Other leased assets (operating lease)	185	(2)	2	37	(22)	0	200
Right-of-use assets	623	13	(1)	70	(51)	0	654
Intangible fixed assets	**2,930**	**(44)**	**(3)**	**328**	**(179)**	**0**	**3,032**
Software	2,332	(49)	(5)	310	(164)	(10)	2,414
Goodwill[1]	456	9	1	1	0	0	467
Brand	3	0	0	0	0	0	3
Customer relationships[1]	37	(1)	(1)	5	(14)	0	26
Core deposits intangibles	63	0	2	5	0	0	70
Other intangible fixed assets	38	(3)	0	7	(1)	10	51
Total	**6,185**	**(96)**	**(12)**	**684**	**(373)**	**0**	**6,388**

1 Previous-year figures adapted due to changed allocation

in € million	Cumulative	hereof write-ups	hereof depreciation/ impairment	As at 31/12/2022
	Write-ups, amortization, depreciation, impairment			Carrying amount
Tangible fixed assets	**(1,672)**	**1**	**(246)**	**1,684**
Land and buildings used by the group for own purpose	(457)	0	(37)	494
Office furniture, equipment and other tangible fixed assets	(667)	1	(96)	332
Investment property	(163)	0	(10)	389
Other leased assets (operating lease)	(105)	0	(17)	95
Right-of-use assets	(280)	0	(87)	374
Intangible fixed assets	**(2,129)**	**2**	**(305)**	**903**
Software	(1,647)	2	(221)	767
Goodwill[1]	(429)	0	(68)	38
Brand	(1)	0	0	2
Customer relationships[1]	(8)	0	(7)	19
Core deposits intangibles	(10)	0	(6)	60
Other intangible fixed assets	(35)	0	(2)	17
Total	**(3,801)**	**3**	**(551)**	**2,587**

1 Previous-year figures adapted due to changed allocation

Software

in € million	2023	2022
Acquired software	594	567
Internally developed software	249	200

Goodwill

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

2023 in € million	AKCENTA	RBRS	EQUA	RBCZ	RKAG	Other	Total
As at 1/1	**9**	**2**	**0**	**0**	**27**	**1**	**38**
Additions	0	0	0	0	0	0	0
Merger	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0
Exchange rate changes	0	0	0	0	0	0	0
As at 31/12	**9**	**2**	**0**	**0**	**27**	**1**	**38**
Gross amount	9	10	0	60	54	306	438
Accumulated impairment[1]	0	(8)	0	(60)	(27)	(305)	(400)

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

2022 in € million	AKCENTA	CASRS	EQUA	RBCZ	RKAG[2]	Other	Total
As at 1/1	**9**	**0**	**18**	**41**	**27**	**1**	**95**
Additions	0	10	0	0	0	0	10
Merger	0	0	(18)	18	0	0	0
Impairment	0	(8)	0	(60)	0	0	(68)
Exchange rate changes	0	0	0	1	0	0	2
As at 31/12	**9**	**2**	**0**	**0**	**27**	**1**	**38**
Gross amount	9	10	0	60	54	335	467
Accumulated impairment[1]	0	(8)	0	(60)	(27)	(334)	(429)

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

2 Previous-year figures adapted due to changed allocation

Impairment test for goodwill

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

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

Key assumptions

	2023			2022			
Cash generating units	RKAG	RBRS	AKCENTA	RBCZ	RKAG	RBRS/CASRS	AKCENTA
Average discount interest rate (after tax)	10.2 %	18.1 %	11.3 %	12.8 %	10.3 %	19.8 %	11.9 %
Growth rates in phase I and II (5 years) p.a.[1]	5.3 %	7.5 %	30.3 %	5.9 %	0.9 %	14.1 %	n/a
Growth rates in phase III (terminal value) p.a.	2.0 %	3.5 %	2.0 %	0.0 %	2.0 %	3.8 %	2.0 %

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

Cash generating units	Key assumptions	Management approach	Risk estimation
RKAG	RKAG is one of Austria's leading fund/ asset management companies, that has been operating internationally for many years and is a well-known participant in various European countries. The development is expected to remain stable. Furthermore, higher margins are expected, especially in the ESG environment. Administrative expenses remain stable, with the exception of slight increases in the IT area.	The assumptions of planning are based on internal and external sources. Macroeconomic assumptions of the research department were compared with data from external sources and the five-year plan and are presented to the company's managers. The budget was approved by the Supervisory Board.	The main risk of the yields lies in the development of the funds volume, which in turn depends on the market and its development. Other influencing factors include future sales capacities, customer asset allocation and the level of achievable margins.
RBRS	Serbia is one of the focus countries for the Group, where the market share has been strengthened by the acquisition of CASRS. The market is expected to grow by 4 per cent (corporate) respectively 6.5 per cent (retail) in 2024-26. Margins are projected to decline slightly due to interest rate expectations, while profits remain stable.	The assumptions are based on both internal and external sources. Macroeconomic assumptions of the research department were compared with data from external sources and the five-year plan, presented to the Board of Management and approved by the Supervisory Board.	Reference interest rates are expected to decline from 6.2 per cent in 2024 to 4 per cent in 2026. As a result, net interest income will also decline in the future. Commission result is expected to increase in 2024 and the following years due to the removal of NBS restrictions and the expansion of business activities. The earnings risk mainly relates to the interest rate and margin development of the RBRS portfolio.
AKCENTA	The Payment Service Providers (PSP) market in Central and Eastern Europe has been experiencing significant growth in recent years. Factors contributing to this growth include increasing e-commerce activities, rising demand for digital payments, and government initiatives to promote cashless transactions. The market is becoming more competitive, with both local and international PSPs expanding their operations in the region as well as traditional banks lowering fees and fx margins and thus directly competing with robust PSPs. Additionally, advancements in technology, such as mobile payments and digital wallets, are driving the growth of the PSP market in Central and Eastern Europe. In 2023 Akcenta renewed its 5 year strategy and set on the project of the comprehensive digital transformation, incl. new IT core system.	Akcenta offers competitive exchange rates and lower transaction fees compared to traditional financial institutions. It not only enables SMEs to benefit from favourable currency exchanges but also provides risk management tools such as forward contracts, options, and hedging solutions to help its clients mitigate currency risks and protect themselves from currency fluctuations. Akcenta offers guidance and support to SMEs, helping them navigate the complexities of Forex trading and manage their international transactions effectively. Its value proposition is based on cost-effective, convenient, and efficient solutions for managing their foreign exchange requirements, allowing SMEs to focus on their core business operations.	As a result of its sound, sustainable financial performance as well as profit generating capacity, Akcenta boasts a solid financial base, substantially exceeding the regulatory capital requirements. Akcenta adheres to strict compliance and regulatory standards to ensure the security and integrity of its operations. This includes implementing measures to prevent money laundering, fraud, and other financial risks.

RKAG: Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Vienna (AT)
RBRS: Raiffeisen banka a.d. Novi, Belgrade (RS)
AKCENTA: Akcenta CZ a.s., Prague (CZ)

Sensitivity analysis

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

	2023			2022		
Maximum sensitivity	**RKAG**	**RBRS**	**AKCENTA**	**RKAG**	**RBRS/CASRS**	**AKCENTA**
Increase in discount interest rate	13.9 PP	2.93 PP	0.5 PP	10.27 PP	(0.37)PP	1.84 PP

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

(26) Other assets

in € million	2023	2022
Prepayments and other deferrals	340	350
Merchandise inventory and suspense accounts for services rendered not yet charged out	157	148
Non-current assets and disposal groups classified as held for sale	12	3
Other assets	743	659
Total	**1,253**	**1,159**

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

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

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

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

(27) Provisions

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

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

in € million	2023	2022
Provisions for off-balance sheet items	**206**	**245**
Other commitments and guarantees given according to IFRS 9	204	236
Other commitments and guarantees given according to IAS 37	2	10
Provisions for staff	**507**	**495**
Pensions and other post employment defined benefit obligations	182	176
Other long-term employee benefits	47	44
Bonus payments	275	272
Termination benefits	3	4
Other provisions	**931**	**739**
Pending legal issues and tax litigation	636	448
Restructuring	6	7
Onerous contracts	60	57
Other provisions	229	226
Total	**1,644**	**1,479**

Provisions increased by € 166 million to € 1,644 million, primarily due to higher provisions for pending legal issues and tax litigation (increase: € 188 million). In particular, provisions allocated in accordance with IAS 37 for mortgage loans linked to Swiss Franc in Poland increased to € 500 million (previous year: € 307 million). Furthermore, in Croatia there was an increase related to Swiss franc loans, from € 5 million to € 67 million.

More details are available under (46) Pending legal issues.

in € million	As at 1/1/2023	Change in consolidated group	Allocation	Release	Usage	Transfers, exchange differences	As at 31/12/2023
Provisions for off-balance sheet items[1]	**10**	**0**	**1**	**(6)**	**0**	**(2)**	**2**
Other commitments and guarantees given according to IAS 37	10	0	1	(6)	0	(2)	2
Provisions for staff	**495**	**(5)**	**238**	**(10)**	**(181)**	**(30)**	**507**
Pensions and other post employment defined benefit obligations	176	1	19	(1)	(11)	(1)	182
Other long-term employee benefits	44	(1)	5	0	(1)	0	47
Bonus payments	272	(5)	214	(8)	(168)	(29)	275
Termination benefits	4	0	1	0	(1)	0	3
Other provisions	**739**	**(2)**	**1,249**	**(68)**	**(392)**	**(594)**	**931**
Pending legal issues and tax litigation	448	(3)	869	(8)	(100)	(570)	636
Restructuring	7	0	2	0	(3)	(1)	6
Onerous contracts	57	0	3	0	0	0	60
Other provisions	226	0	375	(60)	(289)	(23)	229
Total	**1,243**	**(7)**	**1,488**	**(84)**	**(573)**	**(625)**	**1,441**

1 Provisions for off-balance-sheet items pursuant to IFRS 9 are not included and due to a more granular presentation broken down by stages under (30) Loan commitments, financial guarantees and other commitments.

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

1 Provisions for off-balance-sheet items pursuant to IFRS 9 are not included and due to a more granular presentation broken down by stages under (30) Loan commitments, financial guarantees and other commitments.

Pension obligations and other termination benefits

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

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

A liability and expense is recognized for termination benefits when RBI can no longer withdraw the offer of those benefits. Where the benefits are not expected to be settled within 12 months of the reporting date they are discounted.

Funding

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

The Group expects to pay € 581 thousand in contributions to its defined benefit plans in 2023.

Pension obligations/defined benefit pension plans

Financial status

in € million	2023	2022
Defined benefit obligation (DBO)	147	142
Fair value of plan assets	(37)	(37)
Net liabilities/assets	**110**	**105**

Defined benefit obligations

in € million	2023	2022
Defined benefit obligation as at 1/1	**142**	**145**
Change in consolidated group	1	11
Exchange differences	(2)	0
Current service cost	4	2
Interest cost	4	2
Payments	(8)	(8)
Loss/gain on DBO due to past service cost	0	0
Transfer	3	2
Remeasurements	5	(13)
Defined benefit obligation as at 31/12	**147**	**142**

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

Plan assets

in € million	2023	2022
Plan assets as at 1/1	**37**	**42**
Interest income	1	0
Contributions to plan assets	1	1
Plan payments	(2)	(2)
Transfer	0	(1)
Return on plan assets excl. interest income	1	(3)
Plan assets as at 31/12	**37**	**37**
Return on plan assets	2	(2)
Fair value of rights to reimbursement recognized as an asset	10	10

Structure of plan assets

in per cent	2023	2022
Debt securities	33	28
Shares	32	35
Alternative Investments	12	11
Real estate	6	13
Cash	16	13
Total	**100**	**100**

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

Asset-Liability Matching

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

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

Actuarial assumptions

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

in per cent	2023	2022
Discount rate	3.0-8.0	2.7-9.3
Future pension basis increase	0.5-3.0	0.5-3.2
Future pension increase	0.5-3.0	0.5-3.2

The actuarial calculation of pension obligations at head office is based on a discount rate of 3.66 per cent (previous year: 3.64 per cent) p.a. and effective pensionable salary increases, and pension increases of 7.5 per cent in the first year, 4.2 per cent in the second year and 3.1 per cent in the third year and 3.0 per cent in the subsequent years (previous year: 8.0 per cent in the first year, 5.1 per cent in the second year and 3.2 per cent in subsequent years).

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

Years	2023	2022
Longevity at age 65 for current pensioners - males	23.5	23.4
Longevity at age 65 for current pensioners - females	26.0	26.1
Longevity at age 65 for current members aged 45 - males	26.2	25.8
Longevity at age 65 for current members aged 45 - females	28.4	28.3

The weighted average duration of the net defined benefit obligation was 9.6 years (previous year: 11.0 years).

Sensitivity analysis

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

in € million	2023		2022	
	Increase	Decrease	Increase	Decrease
Discount rate (1 percentage point change)	(13)	15	(12)	14
Future salary growth (0.5 percentage change)	1	(1)	1	(1)
Future pension increase (0.25 percentage change)	3	(3)	3	(1)
Remaining life expectancy (change 1 year)	7	(7)	7	(7)

Other termination benefits

in € million	2023	2022
Defined benefit obligation as at 1/1	**71**	**92**
Change in consolidated group	0	0
Current service cost	3	5
Interest cost	3	1
Payments	(4)	(6)
Loss/gain on DBO due to past service cost	0	0
Transfers	0	0
Remeasurements	0	(22)
Defined benefit obligation as at 31/12	**72**	**71**

Actuarial assumptions

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

in per cent	2023	2022
Discount rate	2.6-4.0	2.6-4.0
Additional future salary increase for employees	3.2-5.1	3.2-5.1

Employee benefit expenses

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

(28) Other liabilities

in € million	2023	2022
Provisions for overdue vacations	74	72
Liabilities from insurance activities	280	271
Deferred income and accrued expenses	564	509
Sundry liabilities	330	363
Total	**1,248**	**1,215**

Insurance business

RBI's insurance business consists of pension and other insurance products in Croatia and Belarus. Due to the existence of insurance risk and investment risk in these products, it is necessary to apply IFRS 17 for the accounting of the resulting liabilities. All assets related to the provision of pension products are accounted for under IFRS 9.

The following table shows an analysis of the change in insurance contract liabilities:

in € million	Estimates of the present value of the future cash flows	Risk adjustment	Contractual service margin	Total
As at 1/1/2023	**203**	**6**	**55**	**264**
Insurance service result	23	1	(27)	(3)
Insurance finance expenses	6	0	0	6
Total changes in the profit and loss	**29**	**1**	**(27)**	**3**
Premiums received	50	0	0	50
Claims, benefits and other expenses paid	(36)	0	0	(36)
Total cash flows	14	0	0	**14**
Effect of exchange rate changes	(1)	0	0	(1)
As at 31/12/2023	**246**	**7**	**28**	**280**

This table presents the development of the liability from the beginning of the period considering the net cash flows and P&L effects. From the IFRS 17 view, the total liability is split into three parts. The first part contains mainly the best estimate of the reserve for future liabilities, i.e. the present value of future annuities and future expenses. On top of that an additional risk adjustment is added, which represents the non-financial components of the reserve (e.g. longevity, mortality, expense assumption). The reserve plus risk adjustment are the liability (cash outflow) towards third persons. The contractual service margin is the expected future profit.

Analysis of the development of liabilities for remaining coverage and for incurred claims:

in € million	Liabilities for remaining coverage			
	Excluding onerous contracts component	Onerous contracts component	Liabilities for incurred claims	Total
As at 1/1/2023	**262**	**2**	**0**	**264**
Insurance revenue	(38)	0	0	(38)
Insurance service expenses	0	0	35	35
Insurance service result	(38)	0	36	(3)
Insurance finance expenses	6	0	0	6
Total changes in the profit and loss	**(32)**	**0**	**36**	**3**
Premiums received	50	0	0	50
Claims, benefits and other expenses paid	0	0	(35)	(36)
Total cash flows	**50**	0	**(35)**	**14**
Effect of exchange rate changes	(1)	0	0	**(1)**
As at 31/12/2023	**279**	**2**	**0**	**280**

Liabilities for remaining coverage relate to future payouts and liabilities for incurred claims relate to past claims. The onerous contract component occurs when pricing is too low due to market development and the contracts becoming onerous. Insurance revenue consists mainly of revenue for coverage provided in the period and revenue from release of risk adjustment in the period. Insurance service expenses consist of claims and other insurance service expenses as well as changes in cash flows and risk adjustments that relate to coverage provided in the period and in the past. The insurance finance expenses relate to the unwinding of discount rates and the change in discount rates.

Fulfillment cash flows

Fulfillment cash flows comprise estimates of future cash flows, an adjustment to reflect the time value of money and the financial risks related to the future cash flows (discounting) and a risk adjustment for non-financial risk. The time value of money and financial risks consist of the risk-free rate which is derived from government bonds with a credit risk adjustment. On top of the risk-free rate the illiquidity premium is added. The illiquidity premium is derived from the spread of government and corporate bonds of same credit quality and the illiquidity characteristic of the portfolio.

The following table provides information on the yield curves used to discount estimated future cash flows:

	1 year	5 years	10 years	20 years	30 years
Croatia	4.2 %	3.5 %	3.7 %	4.0 %	4.1 %
Belarus	11.6 %	12.2 %	11.4 %	10.2 %	9.1 %

The risk adjustment for non-financial risk is the compensation required for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risks in insurance contracts. The risk margin is calculated based on a cost of capital approach.

The mortality tables used are composed out of the official ones from the Croatian Bureau of Statistics and the National Statistical portal of the Republic of Belarus. The calculation of the probability of termination and of the expected expenses is based on historical data. Forecasted investment income is calculated based on companies' current investment portfolio.

Risks in the insurance business

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

- Interest rate risk – the risk of change of the market observable rates
- Mortality risk – the risk of loss or adverse changes of insurance obligations' value because of mortality rate changes
- Longevity risk – the risk that future expenses for pension payments will increase due to decrease of mortality rates
- Future cost risk – the risk of increase of future expenses has an impact on the contractual service margin
- Termination risk – due to possible termination of contracts.

RBI does not use reinsurance contracts to mitigate the risk but mitigates the risk by portfolio mix.

Sensitivity to the above risks is very low due to the absorbing effect of the contractual service margin and small amount of onerous contracts, therefore, it is not shown here.

(29) Equity and non-controlling interests

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

in € million	2023	2022
Consolidated equity	17,009	16,027
Subscribed capital	1,002	1,002
Capital reserves	4,988	4,990
Retained earnings	15,600	13,637
hereof consolidated profit/loss	2,386	3,627
Cumulative other comprehensive income	(4,580)	(3,601)
Non-controlling interests	1,231	1,127
Additional tier 1	1,610	1,610
Total	**19,849**	**18,764**

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

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

The consolidated return on equity amounted to 14.8 per cent in the financial year (previous year: 26.8 per cent). This decreased due to the 17 per cent increased average equity base and the lower consolidated profit. The return on total assets calculated in accordance with § 64 (1) 19 BWG was 1.29 per cent (previous year: 1.83 per cent).

Subscribed capital

As at 31 December 2023, the company's share capital amounted to € 1,003,265,844.05 and was divided into 328,939,621 voting common bearer shares. As at 31 December 2023, 573,938 (31 December 2022: 510,450) of those were own shares, and consequently 328,365,683 shares were outstanding at the reporting date.

Own shares

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

The Annual General Meeting held on 31 March 2022 authorized the Management Board pursuant to § 65 (1) 8, § 65 (1a) and § 65 (1b) of the AktG to purchase own shares and to retire them if appropriate without requiring any further prior resolutions to be passed by the Annual General Meeting, though with the approval of the purchase by the Supervisory Board can also be effected off-exchange under the exclusion of the shareholders' pro rata tender right. Own shares, whether already purchased or to be purchased, may not collectively exceed 10 per cent of the company's share capital. The authorization to purchase own shares expires 30 months after the date of the Annual General Meeting resolution, i.e. until 30 September 2024. The acquisition price for repurchasing the shares may be no lower than € 3.05 per share and no higher than 10 per cent above the average unweighted closing price over the 10 trading days prior to exercising this authorization. The authorization may be exercised in full or in part or also in several partial amounts, for one or more purposes – with the exception of securities trading – by the company, by a subsidiary (§ 189a (7) of the UGB) or by third parties for the account of the company or a subsidiary.

The Management Board was further authorized, pursuant to § 65 (1b) of the AktG, to decide, with the approval of the Supervisory Board, on the sale of own shares by means other than the stock exchange or a public tender, to the full or partial exclusion of shareholders' subscription rights, and to stipulate the terms of sale. Shareholders' subscription rights may only be excluded if the own shares are used to pay for a contribution in kind, to acquire enterprises, businesses, operations or stakes in one or several companies in Austria or abroad. Furthermore, shareholders' subscription rights may be excluded in the event that convertible bonds are issued in future, in order that (own) shares may be issued to such convertible bond creditors that have exercised their right of conversion into or subscription to shares in the company, and also in the event of a conversion obligation stipulated in the convertible bonds' issuance conditions in order to fulfil this conversion obligation. This authorization may be exercised in whole, in part or in several partial amounts for one or more purposes by the company, a subsidiary (§ 189a

7 UGB) or by third parties for the account of the company or a subsidiary and remains in force for five years from the date of this resolution, i.e. until 31 March 2027. Since that time, there were no own shares purchased based on this authorization from March 2022.

The Annual General Meeting of 31 March 2022 also authorized the Management Board, under the provisions of § 65 (1) 7 of the AktG, to purchase own shares for the purpose of securities trading, which may also be conducted off-market, during a period of 30 months from the date of the resolution (i.e. until 30 September 2024), provided that the trading portfolio of shares purchased for this purpose does not at the end of any given day exceed 5 per cent of the company's respective share capital. The consideration for each share to be acquired must not be less than half the closing price at the Vienna Stock Exchange on the last day of trading preceding the acquisition and must not exceed twice the closing price at the Vienna Stock Exchange on the last day of trading preceding the acquisition. This authorization may be exercised in full or in part or also in several partial amounts by the company, by a subsidiary (§ 189a (7) UGB) or by third parties acting for the account of the company or a subsidiary.

Authorized capital

Pursuant to § 169 of the Austrian Stock Corporation Act (AktG), the Management Board has been authorized since the Annual General Meeting of 13 June 2019 to increase the share capital with the approval of the Supervisory Board – in one or more tranches – by up to € 501,632,920.50 through the issuance of up to 164,469,810 new voting common bearer shares in exchange for contributions in cash and/or in kind (including by way of the right of indirect subscription by a bank pursuant to § 153 (6) of the AktG) by 2 August 2024 at the latest and to fix the offering price and terms of the issue with the approval of the Supervisory Board. The Management Board is further authorized to exclude shareholders' subscription rights with the approval of the Supervisory Board (i) if the capital increase is carried out in exchange for contributions in kind, or (ii) if the capital increase is carried out in exchange for contributions in cash and the shares issued under the exclusion of subscription rights do not exceed 10 per cent of the company's share capital (exclusion of subscription rights). The (i) utilization of authorized capital with exclusion of the statutory subscription right in the event of a capital increase in return for a contribution in cash, and the (ii) implementation of the conditional capital resolved upon in the Annual General Meeting on 20 October 2020 in order to grant conversion or subscription rights to convertible bond creditors may not exceed 10 per cent in total of the share capital of the company. The utilization of the authorized capital in the form of a capital increase in return for a contribution in kind is not covered by this restriction. No use has been made to date of the authority granted in June 2019 to utilize the authorized capital.

Dividend

Due to the ongoing war in Ukraine and the resulting geopolitical and economic uncertainty, the Management Board and Supervisory Board proposed to the Annual General Meeting on 30 March 2023 that the net profit for 2022 be carried forward to new account. After the volatile market environment in the spring, it was deemed prudent to wait for further developments in the financial year 2023 in terms of cautious capital and liquidity management. The extraordinary General Meeting decided on 21 November 2023, due to the positive development in the financial year 2023, the distribution of a dividend of € 0.80 for each share that was entitled to a dividend for the 2022 financial year.

Dividend proposal

The Management Board will purpose to the Annual General Meeting on 4 April 2024, the distribution of a dividend of € 1.25 per share. This would result in a maximum amount of € 411 million based on the issued shares.

Number of shares outstanding

Number of shares	2023	2022
Number of shares issued as at 1/1	**328,939,621**	**328,939,621**
New shares issued	0	0
Number of shares issued as at 31/12	**328,939,621**	**328,939,621**
Own shares as at 1/1	510,450	322,204
Purchase of own shares	63,488	188,246
Sale of own shares	0	0
Less own shares as at 31/12	**573,938**	**510,450**
Number of shares outstanding as at 31/12	**328,365,683**	**328,429,171**

Additional tier 1 capital

On 5 July 2017, RBI AG issued perpetual additional tier 1 capital (AT1) with a nominal value of € 650,000 thousand. The interest rate was until 14 December 2022 6.125 per cent p.a. and was reset thereafter at 8.659 per cent. RBI placed another issue of perpetual additional tier 1 capital (AT1) with a volume of € 500,000 thousand on 24 January 2018. The discretionary coupon on this issue is 4.5 per cent p.a. until mid-June 2025, after which it will be reset. On 29 July 2020, RBI placed another perpetual additional tier 1 capital (AT1) instrument in the amount of € 500,000 thousand. The discretionary coupon on this issue is 6 per cent p.a. until December 2026, after which point it will be reset. Due to the terms and conditions of issue, the additional tier 1 capital is classified as equity under IAS 32. Own shares, which have a nominal value of € 28,200 thousand, were also deducted from the capital. The nominal value per security for all tranches is € 200 thousand.

Number of AT1 securities	2023	2022
Number of AT1 securities issued as at 1/1	**8,250**	**8,250**
New AT1 securities issued	0	0
Number of AT1 securities issued as at 31/12	**8,250**	**8,250**
Own AT1 securities as at 1/1	138	80
Purchase of own AT1 securities	102	217
Sale of own AT1 securities	(99)	(159)
Less own AT1 securities as at 31/12	**141**	**138**
Number of AT1 securities outstanding as at 31/12	**8,109**	**8,112**

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

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

in € million	Remeasurements reserve acc. to IAS 19	Exchange differences	Net investment hedge	Cash flow hedge
As at 1/1/2022	**(40)**	**(3,473)**	**178**	**(29)**
Unrealized net gains/losses of the period	34	0	0	0
Items that may be reclassified subsequently to profit or loss	0	(33)	(39)	(41)
Net gains/losses reclassified to income statement	0	7	0	0
Reclassification of the valuation reserve of financial assets	0	0	0	0
As at 31/12/2022	**(6)**	**(3,500)**	**138**	**(70)**
Impact of adopting IFRS 17	0	0	0	0
As at 1/1/2023	**(6)**	**(3,500)**	**138**	**(70)**
Unrealized net gains/losses of the period	(2)	0	0	0
Items that may be reclassified subsequently to profit or loss	0	(1,130)	37	(3)
Net gains/losses reclassified to income statement	0	0	0	0
Reclassification of the valuation reserve of financial assets	0	0	0	0
As at 31/12/2023	**(9)**	**(4,629)**	**175**	**(73)**
Deferred taxes	3	0	0	21
As at 31/12/2023 net	**(5)**	**(4,629)**	**175**	**(52)**

in € million	At Fair Value OCI	Fair Value Option	At equity	Total
As at 1/1/2022	**147**	**(55)**	**(7)**	**(3,280)**
Unrealized net gains/losses of the period	(59)	61	25	60
Items that may be reclassified subsequently to profit or loss	(108)	0	(202)	(422)
Net gains/losses reclassified to income statement	0	0	0	7
Reclassification of the valuation reserve of financial assets	3	0	0	3
As at 31/12/2022	**(16)**	**6**	**(184)**	**(3,632)**
Impact of adopting IFRS 17	0	0	50	50
As at 1/1/2023	**(16)**	**6**	**(134)**	**(3,582)**
Unrealized net gains/losses of the period	(1)	6	(2)	0
Items that may be reclassified subsequently to profit or loss	69	0	6	(1,020)
Net gains/losses reclassified to income statement	0	0	0	0
Reclassification of the valuation reserve of financial assets	0	0	0	0
As at 31/12/2023	**52**	**12**	**(130)**	**(4,602)**
Deferred taxes	(4)	(3)	4	22
As at 31/12/2023 net	**47**	**9**	**(126)**	**(4,580)**

Development of deferred taxes included in other comprehensive income:

in € million	1/1/2022	Development	31/12/2022	Development	2023
Remeasurements reserve acc. to IAS 19	2	1	2	1	3
Exchange differences	0	0	0	0	0
Net investment hedge	0	0	0	0	0
Cash flow hedge	6	13	19	2	21
At fair value OCI	(2)	9	8	(12)	(4)
Fair value option	0	(1)	(1)	(1)	(3)
At equity	2	1	3	1	4
Deferred taxes total	**8**	**23**	**31**	**(9)**	**22**

The changes in fair value of designated liabilities resulting from changes in RBI's own default risk amounted to € 6 million in the reporting period (previous year: € 61 million). The difference between the current fair value of these designated liabilities and the contractually agreed payment amount for the date of final maturity amounted to € 85 million (previous year: € 81 million). There were no significant transfers within equity or derecognition of liabilities measured at fair value in the reporting period.

Non-controlling interests

The following table contains financial information on the Group's subsidiaries in which there are significant non-controlling interests. The amounts shown relate to non-controlling interests that were not eliminated.

2023 in € million	Share of voting rights and equity of non-controlling interests	Net assets of non-controlling interests	Profit/loss of non-controlling interests	Other comprehensive income of non-controlling interests	Total comprehensive income of non-controlling interests
Raiffeisen Bank JSC, Kiev (UA)	31.8%	163	39	(12)	27
Raiffeisenbank a.s., Prague (CZ)	25.0%	545	57	(9)	48
Tatra banka a.s., Bratislava (SK)	21.2%	330	50	1	51
Priorbank JSC, Minsk (BY)	12.3%	58	13	(11)	2
Valida Pension AG, Vienna (AT)	42.6%	80	3	0	3
Other	n/a	55	30	0	30
Total		**1,231**	**192**	**(31)**	**161**

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

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

2023 in € million	Raiffeisen Bank JSC, Kiev (UA)	Raiffeisenbank a.s., Prague (CZ)	Tatra banka a.s., Bratislava (SK)	Priorbank JSC, Minsk (BY)	Valida Pension AG, Vienna (AT)
Operating income	532	732	589	216	33
Profit/loss after tax	121	229	237	106	8
Other comprehensive income	(37)	(36)	5	(88)	0
Total comprehensive income	**84**	**193**	**243**	**18**	**8**
Current assets	3,680	12,290	8,221	2,110	85
Non-current assets	793	15,093	13,852	220	237
Short-term liabilities	3,942	22,866	18,047	1,832	10
Long-term liabilities	18	2,338	2,472	23	124
Net assets	**512**	**2,178**	**1,553**	**476**	**188**
Net cash from operating activities	377	2,825	317	161	59
Net cash from investing activities	(445)	(2,393)	(648)	213	0
Net cash from financing activities	(3)	(160)	(122)	(1)	(10)
Effect of exchange rate changes	(27)	0	(4)	(171)	0
Net increase in cash and cash equivalents	**(97)**	**271**	**(457)**	**202**	**49**
Dividends paid to non-controlling interests during the year[1]	0	34	21	0	0

1 Included in net cash from financing activities

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

1 Included in net cash from financing activities

Significant restrictions

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

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

Notes of financial instruments

(30) Loan commitments, financial guarantees and other commitments

Financial guarantees

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

Contingent liabilities and commitments

This item mainly includes contingent liabilities from undrawn loan commitments. Loan commitments must be reported when a credit risk may occur. These include commitments to provide loans, to purchase securities or to provide guarantees and acceptances. Loan loss provisions for loan commitments are reported under provisions for liabilities and charges. Often, loan commitments are only partially drawn and thus comprise a drawn and an undrawn commitment. If it is not possible to separately identify the expected credit losses applicable to a drawn commitment and those to an undrawn commitment, these are shown together with the impairments of the financial asset, in accordance with IFRS 7. The total expected credit losses are shown as a provision if they exceed the gross carrying amount of the financial asset. Major contingent liabilities from legal disputes are shown under (46) Pending legal issues.

in € million	2023	2022
Loan commitments given	36,601	37,193
Financial guarantees given	9,761	9,370
Other commitments given	4,939	4,580
Total	**51,301**	**51,143**
Provisions for off-balance sheet items according to IFRS 9	(204)	(236)

The decrease in provisions for off-balance sheet risks in accordance with IFRS 9 was mainly attributable to Russia in the amount of € 13 million and to head office in the amount of € 18 million and was mainly related to provisions for non-financial corporations. In addition to the provisions presented for off-balance sheet risks in accordance with IFRS 9, provisions of € 2 million were recognized for other commitments made in accordance with IAS 37 (previous year: € 10 million).

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

2023	Nominal amount			Provisions for off-balance sheet items according to IFRS 9			ECL coverage ratio		
in € million	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Central banks	0	0	0	0	0	0	0.2 %	-	-
General governments	219	4	20	0	0	0	0.0 %	3.8 %	0.0 %
Banks	2,142	260	0	0	(1)	0	0.0 %	0.5 %	-
Other financial corporations	5,999	511	4	(10)	(5)	(3)	0.2 %	0.9 %	68.7 %
Non-financial corporations	30,883	4,915	109	(38)	(82)	(36)	0.1 %	1.7 %	33.2 %
Households	5,334	886	15	(11)	(8)	(10)	0.2 %	0.9 %	66.9 %
Total	**44,577**	**6,576**	**149**	**(58)**	**(96)**	**(49)**	**0.1 %**	**1.5 %**	**33.2 %**

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

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

	Stage 1	Stage 2	Stage 3	Total
in € million	12-month ECL	Lifetime ECL	Lifetime ECL	
As at 1/1/2023	**64**	**115**	**56**	**236**
Increases due to origination and acquisition	46	33	4	83
Decreases due to derecognition	(20)	(41)	(10)	(72)
Changes due to change in credit risk (net)	(28)	(5)	1	(32)
Decrease due to write-offs	0	0	0	0
Changes due to model/risk parameters	0	0	0	0
Change in consolidated group	0	0	0	0
Foreign exchange and other	(5)	(5)	(2)	(11)
As at 31/12/2023	**58**	**96**	**49**	**204**

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

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

2023	Stage 1	Stage 2	Stage 3	Total
in € million	12-month ECL	Lifetime ECL	Lifetime ECL	
Excellent	415	73	0	488
Strong	18,297	1,320	0	19,616
Good	18,929	3,009	0	21,938
Satisfactory	4,969	1,687	0	6,656
Substandard	92	414	0	506
Credit impaired	0	0	148	148
Not rated	1,875	73	0	1,948
Nominal amount	**44,577**	**6,576**	**149**	**51,301**
Provisions for off-balance sheet items according to IFRS 9	(58)	(96)	(49)	(204)
Nominal amount after provisions	**44,518**	**6,480**	**99**	**51,098**

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

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

(31) Expected credit losses

Expected credit losses from financial instruments should reflect an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

General approach

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

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

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

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

Models are applied in order to estimate the likelihood of defaults occurring, the associated default ratios and the exposure at default. RBI measures credit risks using the probability of default (PD), exposure at default (EAD) and loss given default (LGD). ESG factors are not yet explicitly included in ECL modelling. However, they are taken into account in the calculation of the overlays as “Other special risk factors” or “Post-model adjustments”.

Significant increase in the credit risk

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

Quantitative criteria

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

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

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

For retail exposures, the remaining cumulative PDs are compared as the logit difference (logit is in statistics the natural logarithm of a probability) between lifetime PD at reporting date and lifetime PD at origination conditional to survival up to the reporting date. A significant increase in credit risk is considered to have occurred once this logit difference is above a certain threshold. The threshold levels are calculated separately for each portfolio which is covered by individual rating-based lifetime PD models. Based on historical data, the thresholds are estimated as a specific quantile of the distribution of the above-mentioned logit differences on the worsening portfolio (defined by country and product such as mortgage loans, credit cards and SME loans). That usually translates to a PD increase between 150 and up to 250 per cent, dependent on the default behavior of the different portfolios.

RBI has developed an adjusted methodology for retail exposures following the implementation of the ECB/EBA IRB repair package on internal (Pillar 1) models. It has already been implemented in the Croatian subsidiary in 2021 and was rolled out to all of the remaining subsidiaries in 2022 and 2023. The effects on expected credit losses at group level were minimal for the most part. The existing approach was adjusted to account for the underlying change in the pillar 1 calibration philosophy, which, while still following a hybrid approach (mix of stable over the credit cycle and following the cycle), is more focused on stability. Due to the higher stability of the rating classification of individual loan claims, this leads to smaller differences on the logits and therefore the quantile will be chosen based on three criteria. The quantile should be still in range of 150 per cent to 250 per cent relative increase; observed volatility of the Stage 2 share over time as well as the historic observed levels of Stage 2 on portfolio level should be the guidance. The general reference values are defined on product level and range from 65 per cent to 75 per cent based on the experience gained during method development for the available selected portfolios. According to the existing methodology, 50 per cent of the PD with the greatest deterioration over their lifetime were considered significant.

Qualitative criteria

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

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

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

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

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

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

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

Backstop

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

Low credit risk exemption

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

Definition of default and credit-impaired assets

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

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

Explanation of inputs, assumptions and estimation techniques

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

Probability of Default (PD)

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

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

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

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

Loss Given Default (LGD)

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

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

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

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

Exposure at Default (EAD)

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

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

Discount factor (D)

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

Calculation

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

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

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

Shared credit risk characteristics

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

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

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

Forward-looking information

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

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

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

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

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

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

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

		Real GDP			Unemployment		
		2024	2025	2026	2024	2025	2026
Croatia	Upside scenario	4.3 %	3.6 %	3.6 %	6.3 %	6.3 %	6.2 %
	Base	2.5 %	2.6 %	2.6 %	6.7 %	6.5 %	6.4 %
	Downside scenario	(0.5)%	0.9 %	0.9 %	8.7 %	7.6 %	7.5 %
Ukraine	Upside scenario	8.7 %	8.3 %	7.8 %	11.7 %	8.9 %	7.9 %
	Base	5.4 %	6.5 %	6.0 %	12.0 %	9.0 %	8.0 %
	Downside scenario	0.1 %	3.5 %	3.0 %	13.2 %	9.7 %	8.7 %
Belarus	Upside scenario	3.8 %	3.0 %	3.0 %	3.9 %	4.0 %	4.0 %
	Base	2.0 %	2.0 %	2.0 %	4.0 %	4.0 %	4.0 %
	Downside scenario	(0.7)%	0.5 %	0.5 %	4.4 %	4.2 %	4.2 %
Austria	Upside scenario	1.6 %	1.9 %	2.0 %	5.0 %	4.9 %	4.8 %
	Base	0.6 %	1.4 %	1.4 %	5.1 %	4.9 %	4.8 %
	Downside scenario	(0.9)%	0.6 %	0.6 %	5.5 %	5.1 %	5.0 %
Poland	Upside scenario	4.2 %	4.3 %	4.3 %	4.9 %	5.2 %	6.0 %
	Base	2.7 %	3.5 %	3.5 %	5.4 %	5.5 %	6.3 %
	Downside scenario	1.4 %	2.8 %	2.8 %	6.8 %	6.3 %	7.1 %
Russia	Upside scenario	3.2 %	1.8 %	1.8 %	3.3 %	3.9 %	3.9 %
	Base	1.5 %	0.9 %	0.9 %	3.5 %	4.0 %	4.0 %
	Downside scenario	(1.0)%	0.0 %	1.0 %	4.4 %	4.5 %	4.5 %
Romania	Upside scenario	4.4 %	4.4 %	3.9 %	5.2 %	5.1 %	4.8 %
	Base	2.8 %	3.5 %	3.0 %	5.4 %	5.2 %	4.9 %
	Downside scenario	0.4 %	2.2 %	1.7 %	6.0 %	5.5 %	5.2 %
Slovakia	Upside scenario	2.9 %	2.9 %	2.8 %	5.0 %	5.1 %	5.0 %
	Base	1.6 %	2.2 %	2.1 %	5.5 %	5.4 %	5.3 %
	Downside scenario	(0.5)%	1.0 %	0.9 %	7.8 %	6.7 %	6.6 %
Czech Republic	Upside scenario	3.3 %	3.7 %	3.4 %	3.5 %	3.4 %	3.1 %
	Base	2.1 %	3.0 %	2.7 %	3.8 %	3.5 %	3.2 %
	Downside scenario	0.3 %	2.0 %	1.7 %	4.7 %	4.0 %	3.7 %
Hungary	Upside scenario	4.3 %	4.7 %	5.2 %	3.5 %	3.6 %	3.5 %
	Base	3.0 %	4.0 %	4.5 %	3.8 %	3.7 %	3.6 %
	Downside scenario	1.1 %	2.9 %	3.5 %	5.1 %	4.4 %	4.3 %

		Long-term bond rate			Real estate prices		
		2024	2025	2026	2024	2025	2026
Croatia	Upside scenario	2.2 %	2.4 %	2.4 %	4.5 %	4.2 %	4.2 %
	Base	3.6 %	3.2 %	3.2 %	1.5 %	2.5 %	2.5 %
	Downside scenario	6.2 %	4.6 %	4.6 %	(2.4)%	0.3 %	0.3 %
Ukraine	Upside scenario	n/a	n/a	n/a	n/a	n/a	n/a
	Base	n/a	n/a	n/a	n/a	n/a	n/a
	Downside scenario	n/a	n/a	n/a	n/a	n/a	n/a
Belarus	Upside scenario	n/a	n/a	n/a	11.9 %	8.7 %	8.7 %
	Base	n/a	n/a	n/a	7.0 %	6.0 %	6.0 %
	Downside scenario	n/a	n/a	n/a	0.9 %	2.6 %	2.6 %
Austria	Upside scenario	1.8 %	1.9 %	1.8 %	(6.6)%	1.8 %	1.8 %
	Base	3.1 %	2.6 %	2.5 %	(8.0)%	1.0 %	1.0 %
	Downside scenario	4.6 %	3.4 %	3.3 %	(9.9)%	0.0 %	0.0 %
Poland	Upside scenario	3.8 %	4.1 %	3.1 %	0.6 %	4.2 %	4.2 %
	Base	5.5 %	5.0 %	4.0 %	(1.5)%	3.0 %	3.0 %
	Downside scenario	7.6 %	6.1 %	5.1 %	(4.3)%	1.5 %	1.5 %
Russia	Upside scenario	10.7 %	7.7 %	7.7 %	2.0 %	3.8 %	3.8 %
	Base	11.7 %	8.3 %	8.2 %	(3.0)%	1.0 %	1.0 %
	Downside scenario	14.4 %	9.8 %	9.8 %	(9.3)%	(2.5)%	(2.5)%
Romania	Upside scenario	5.3 %	5.3 %	4.3 %	3.9 %	4.8 %	4.8 %
	Base	6.8 %	6.1 %	5.2 %	1.5 %	3.5 %	3.5 %
	Downside scenario	9.5 %	7.6 %	6.7 %	(1.6)%	1.8 %	1.8 %
Slovakia	Upside scenario	2.4 %	2.5 %	2.4 %	2.8 %	5.4 %	5.4 %
	Base	3.6 %	3.2 %	3.1 %	(1.5)%	3.0 %	3.0 %
	Downside scenario	5.8 %	4.4 %	4.3 %	(7.1)%	(0.1)%	(0.1)%
Czech Republic	Upside scenario	2.6 %	2.7 %	2.6 %	1.3 %	4.6 %	4.6 %
	Base	3.8 %	3.4 %	3.3 %	(1.5)%	3.0 %	3.0 %
	Downside scenario	6.0 %	4.6 %	4.5 %	(5.2)%	1.0 %	1.0 %
Hungary	Upside scenario	4.7 %	5.1 %	5.0 %	1.6 %	5.5 %	5.5 %
	Base	6.2 %	6.0 %	5.9 %	(2.0)%	3.5 %	3.5 %
	Downside scenario	9.0 %	7.5 %	7.4 %	(6.7)%	0.9 %	0.9 %

		Consumer price index			Short-term interest rate		
		2024	2025	2026	2024	2025	2026
Croatia	Upside scenario	1.2 %	1.5 %	0.9 %	2.6 %	2.7 %	2.3 %
	Base	3.3 %	2.6 %	2.0 %	3.8 %	3.3 %	3.0 %
	Downside scenario	4.4 %	3.2 %	2.6 %	4.7 %	3.8 %	3.4 %
Ukraine	Upside scenario	(1.0)%	3.6 %	1.6 %	17.7 %	13.6 %	10.2 %
	Base	7.9 %	8.5 %	6.5 %	20.8 %	15.4 %	11.9 %
	Downside scenario	12.5 %	11.1 %	9.1 %	25.6 %	18.0 %	14.6 %
Belarus	Upside scenario	(7.9)%	(0.2)%	(1.3)%	n/a	n/a	n/a
	Base	8.0 %	8.6 %	7.5 %	n/a	n/a	n/a
	Downside scenario	16.3 %	13.2 %	12.1 %	n/a	n/a	n/a
Austria	Upside scenario	2.5 %	2.0 %	1.8 %	2.6 %	2.7 %	2.3 %
	Base	3.8 %	2.8 %	2.5 %	3.8 %	3.3 %	3.0 %
	Downside scenario	4.5 %	3.2 %	2.9 %	4.7 %	3.8 %	3.4 %
Poland	Upside scenario	2.5 %	0.8 %	1.4 %	3.6 %	3.6 %	2.1 %
	Base	5.3 %	2.4 %	3.0 %	5.6 %	4.7 %	3.2 %
	Downside scenario	6.8 %	3.2 %	3.8 %	7.8 %	5.9 %	4.5 %
Russia	Upside scenario	2.0 %	3.0 %	3.0 %	11.8 %	7.2 %	6.7 %
	Base	6.4 %	4.1 %	4.0 %	12.8 %	7.7 %	7.3 %
	Downside scenario	8.7 %	5.4 %	4.0 %	15.3 %	9.1 %	8.6 %
Romania	Upside scenario	3.8 %	2.3 %	1.5 %	3.8 %	3.8 %	2.5 %
	Base	6.8 %	4.0 %	3.2 %	6.2 %	5.1 %	3.8 %
	Downside scenario	8.3 %	4.9 %	4.0 %	8.0 %	6.1 %	4.8 %
Slovakia	Upside scenario	2.1 %	0.7 %	0.7 %	2.6 %	2.7 %	2.3 %
	Base	5.2 %	2.4 %	2.4 %	3.8 %	3.3 %	3.0 %
	Downside scenario	6.7 %	3.2 %	3.2 %	4.7 %	3.8 %	3.4 %
Czech Republic	Upside scenario	0.5 %	0.8 %	0.6 %	4.9 %	3.4 %	2.7 %
	Base	3.1 %	2.2 %	2.0 %	5.7 %	3.8 %	3.1 %
	Downside scenario	4.4 %	3.0 %	2.7 %	6.5 %	4.3 %	3.5 %
Hungary	Upside scenario	3.0 %	1.6 %	1.4 %	6.8 %	5.1 %	4.5 %
	Base	5.8 %	3.2 %	3.0 %	7.3 %	5.4 %	4.8 %
	Downside scenario	7.3 %	4.0 %	3.8 %	10.0 %	7.0 %	6.0 %

For the development of a macroeconomic model, a variety of relevant macroeconomic variables were considered. The model employed is a linear regression model with the aim of explaining changes in or the level of the default rate. The following types of macro variables were considered as drivers of the credit cycle: real GDP growth, unemployment rate, 3-month money market rate, 10-year government bond yield, housing price index, FX rates, and the HICP inflation rate. For each country (or portfolio in case of retail exposure), a relevant set is determined based on the ability to explain historically observed default rates. Through the cycle, PDs are overlaid with the results of the macro-economic model to reflect the current and expected state of economy. For corporate customers, additionally the condition of the credit cycle is also taken into account depending on the industry. While no further adjustment is made to the effect of the macro models for corporate customers in industries with a neutral outlook, the expected credit risk is assumed as additionally increased for corporate customers in industries with a poor outlook. For non-retail exposure for LGD, the macro model is applied on the underlying cure rates, i.e. a positive macro-economic outlook drives up the cure rates and this reduces the LGD. For retail exposures, the workout LGD is modelled in a similar manner to the default rates either directly or as well via the components like cure rate, loss given cure as well as loss given non-cure. The long-run average LGDs are overlaid with the results of the macro models to reflect current and expected state of economy. The weightings assigned to each scenario at the end of the reporting year-end are as follows: 25 per cent optimistic, 50 per cent base and 25 per cent pessimistic scenarios.

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

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

Overlays and other risk factors

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

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

2023	Modeled ECL	Other special risk factors		Post-model adjustments		Total
in € million		Macroeconomic risk	Geopolitical risk	Macroeconomic risk	Geopolitical risk	
Central banks	0	0	0	0	0	0
General governments	86	1	10	0	0	97
Banks	5	0	15	0	0	20
Other financial corporations	126	0	0	0	0	126
Non-financial corporations	163	239	382	10	4	797
Households	360	0	0	96	9	466
Total	**740**	**239**	**407**	**106**	**13**	**1,505**

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

The overlays and other risk factors resulted in additional Stage 1 and Stage 2 provisions of € 765 million (previous year: € 729 million). Of this amount, € 420 million (previous year: € 413 million) related to geopolitical risk, € 345 million (previous year: € 301 million) to macroeconomic risk (spill-over effects and other). At the end of 2023, no additional provisions for COVID-19 were included (previous year: € 16 million). An amount of € 13 million was recognized in the spill-over effects due to climate risks. Of this amount, € 4 million relates to corporate customers and € 9 million to retail customers.

Other special risk factors

For corporate customers, additional impairments were recognized in the amount of € 239 million (previous year: € 261 million) for macroeconomic effects. At year-end 2023, these effects only included the so called spill-over effects whereas in the previous year COVID-19 related effects were also included (previous year: € 10 million). These risks are not included in the country-specific branch matrix. Macroeconomic risk, so called spill-over effects, comprises expected downgrades of corporate clients due to circumstances such as higher energy prices, inflation, supply chain disruptions and due to lower revenues and higher costs because of the higher energy costs. Additional impairments in the amount of € 406 million (previous year: € 403 million) were recognized for EU and US sanctions against Russia and Belarus (€ 342 million) and for the effects of the war in Ukraine (€ 64 million). These impairments were recognized in response to the outbreak of war, the sanctions imposed and the uncertainties that have ensued, and based on RBI's internal monitoring and control policies. The exposures were also transferred to Stage 2 for other special risk factors that represent a significant increase in credit risk. Recognition of additional provisions in the amount of € 64 million (previous year: € 38 million) in Ukraine resulted from the modelling of the ongoing destruction of the country's energy infrastructure, ensuing blackouts, the continued shelling and an extension of loan maturities.

For corporate customers we consider the possibility of a short-term disorderly scenario where carbon emissions are more expensive and fossil energy prices are higher to take account of climate and environmental risks. While for a diversified portfolio, like to RBI Group´s, the effects tend net out to a large degree, however there is an elevated risk in some sectors. These are sectors with customers with low environmental scores such as oil and gas construction. Higher probability of defaults for these sectors lead to an increase in the expected credit losses.

Post-model adjustments

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

For the Ukrainian retail portfolio, which has been fully reclassified as Stage 2 since the beginning of the war, the assessment of provision coverage is based on local expert judgement, which is obtained from the regular contact with individual customers by the debt collection department. Furthermore, structured customer surveys are carried out to keep up to date with the needs and potential issues that could influence the repayment ability of the customers. For assets and customers located in occupied regions or territories, which run a high risk of hostilities or occupation, risk parameters were increased to take into account higher expected future losses due to the above-mentioned surveys. In addition, the scenario-based approach mentioned above for the quantification of potential future losses from the very dynamic situation of the war in the Ukraine was also applied to retail exposures, leading to additional impairments in the amount of € 13 million (previous year: € 10 million). There is currently ongoing redevelopment of the PD, LGD and macro models in the PI segment, which would reflect the increased default rates over the last one-and-half years from one side and the new customer behavior from another side.

In a first step, a top down assessment of mortgage collateral for retail customers was carried out to consider climate and environmental risks, which pose a very high physical risk (flooding, landslides, wildfires). In particular land around large rivers such as the Danube leads to a higher risk for mortgage collateral. Based on quantitative and qualitative data mortgages showing elevated risk, the loans were transferred into stage 2 on a collective basis, leading to a higher expected credit loss. Over the next few years we expect to develop and include the above climate-related matters into the expected credit loss parameters. We consider the climate related credit risks for micro clients to be immaterial.

Sensitivity analysis

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

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

The tables below provide a comparison between the reported accumulated impairment for expected credit losses for financial assets in Stage 1 and Stage 2 (weighted by 25 per cent optimistic, 50 per cent baseline and 25 per cent pessimistic scenarios), and then each scenario weighted by 100 per cent on its own. The optimistic and pessimistic scenarios do not reflect extreme cases in the sample space of the 25 per cent optimistic and pessimistic scenarios, but rather an economically plausible proxy. This means that these scenarios are at around 25 per cent and 75 per cent respectively on the distribution curve. In general, IFRS 9 specific estimates of risk parameters take historical default information into account and particularly the current economic environment. The effects of the estimates based on macroeconomic forecasts are shown in the forward-looking component. This information is provided for illustrative purposes.

2023	Accumulated impairment (Stage 1 and 2)		
in € million	Simulated scenario	Point in time component	Forward-looking component
100% Optimistic	1,389	1,386	2
100% Base	1,491	1,386	104
100% Pessimistic	1,648	1,386	262
Weighted average (25/50/25%)	**1,505**	**1,386**	**118**

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

Overall, the macroeconomic scenarios are currently worse than the long-term average, leading to an increase of the forward-looking component of € 118 million.

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

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

	Accumulated impairment (Stage 1 and 2)	
in € million	2023	2022
Accumulated impairment if 100% in Stage 1	647	613
Weighted average (25/50/25%)	1,505	1,535
Additional amounts in Stage 2 due to staging	857	921

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

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

	Accumulated impairment (Stage 1 and 2)	
in € million	2023	2022
Accumulated impairment if 100% in Stage 2	2,151	2,232
Weighted average (25/50/25%)	1,505	1,535
Additional amounts in Stage 2	646	697

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

	Accumulated impairment (Stage 3)	
in € million	**2023**	**2022**
Pessimistic scenario	2,115	2,038
Weighted average	1,721	1,729
Increase in provisions due to pessimistic scenario	394	310

Derecognition of financial assets

Loans and debt securities are written-off (either partially or fully) where there is no expectation of payment or recovery. This happens when the borrower no longer has income from operations and collateral values cannot generate sufficient cash flows. For the exposure of companies in bankruptcy, loans are written down to the value of the collateral if the company no longer generates cash flows from its operating business. The retail business takes qualitative factors into account. In cases where no payment has been made for one year, the outstanding amounts are written-off even though derecognized assets may remain subject to enforcement activities. For the exposure of companies in gone concern cases, loans are written down to the value of the collateral if the company no longer generates cash flows from its operating business. The contractual amount outstanding on financial assets that were written off and are still subject to enforcement activity was € 1,425 million (previous year: € 1,484 million).

Derecognition of financial liabilities

The Group derecognizes a financial liability if the obligations of the Group have been paid, expired, or revoked. The income or expense from the repurchase of own liabilities is shown in the notes under (6) Other net operating income. The repurchase of own bonds also falls under derecognition of financial liabilities. Differences on repurchase between the carrying amount of the liability (including premiums and discounts) and the purchase price are reported in the income statement under other net operating income unless they are liabilities designated at fair value. If the Group repurchases financial liabilities that are accounted for using the fair value option, fair value changes resulting from a deterioration of the Group's creditworthiness (and thus a change in the default risk of the financial liability) are recognized through other comprehensive income and not reclassified to profit or loss.

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

2023	Gross carrying amount		Impairment		ECL coverage ratio	
in € million	**12-month ECL**	**Lifetime ECL**	**12-month ECL**	**Lifetime ECL**	**12-month ECL**	**Lifetime ECL**
Movement from 12-month ECL to lifetime ECL	**(10,261)**	**10,261**	**(66)**	**721**	**0.6 %**	**7.0 %**
Central banks	(47)	47	0	0	0.0 %	0.0 %
General governments	(103)	103	(1)	1	0.9 %	1.2 %
Banks	(826)	826	0	2	0.0 %	0.3 %
Other financial corporations	(713)	713	(4)	49	0.5 %	6.9 %
Non-financial corporations	(3,306)	3,306	(29)	405	0.9 %	12.2 %
Households	(5,266)	5,266	(32)	265	0.6 %	5.0 %
Movement from lifetime ECL to 12-month ECL	**4,688**	**(4,688)**	**22**	**(159)**	**0.5 %**	**3.4 %**
Central banks	0	0	0	0	-	-
General governments	97	(97)	0	0	0.1 %	0.3 %
Banks	24	(24)	0	0	0.0 %	0.1 %
Other financial corporations	168	(168)	0	(1)	0.1 %	0.5 %
Non-financial corporations	2,316	(2,316)	13	(74)	0.6 %	3.2 %
Households	2,083	(2,083)	8	(84)	0.4 %	4.0 %

The increase in expected credit losses arising from the measurement of the loss allowance moving from twelve-month expected credit losses to lifetime losses was € 655 million (previous year: € 733 million). The decrease in expected credit losses arising from the measurement of the loss allowance moving from lifetime losses to twelve-month expected credit losses was € 137 million (previous year: € 156 million).

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

(32) 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:

2023	Maximum exposure to credit risk		
in € million	Not subject to impairment standards	Subject to impairment standards	hereof loans and advances non-trading as well as loan commitments, financial guarantees and other commitments
Financial assets - amortized cost	0	142,405	116,468
Financial assets - fair value through other comprehensive income[1]	0	2,864	0
Non-trading financial assets - mandatorily fair value through profit/loss	941	0	567
Financial assets - designated fair value through profit/loss	185	0	0
Financial assets - held for trading	5,357	0	0
On-balance	**6,483**	**145,268**	**117,036**
Loan commitments, financial guarantees and other commitments	0	51,301	51,301
Total	**6,483**	**196,569**	**168,337**

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

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

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

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

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

2023 in € million	Maximum exposure to credit risk	Fair value of collateral	Credit risk exposure net of collateral
Central banks	7,860	6,415	1,444
General governments	2,151	929	1,222
Banks	6,857	4,868	1,989
Other financial corporations	10,723	4,453	6,270
Non-financial corporations	48,645	21,603	27,042
Households	40,799	27,134	13,665
Loan commitments, financial guarantees and other commitments	51,301	6,113	45,188
Total	**168,337**	**71,516**	**96,821**

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

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

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

2023 in € million	Maximum exposure to credit risk (Stage 3)	Fair value of collateral (Stage 3)	Credit risk exposure net of collateral (Stage 3)	Impairment (Stage 3)
Central banks	0	0	0	0
General governments	178	178	0	(5)
Banks	4	0	4	(2)
Other financial corporations	286	163	124	(89)
Non-financial corporations	1,741	609	1,132	(926)
Households	1,007	226	781	(649)
Loan commitments, financial guarantees and other commitments	149	28	121	(49)
Total	**3,365**	**1,203**	**2,162**	**(1,719)**

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

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

(33) Offsetting of financial assets and liabilities

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

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

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

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

2023	Gross amount		Net amount recognized financial assets	Amounts from global netting agreements		Net-amount
in € million	recognized financial assets	recognized financial liabilities set-off		Financial instruments	Cash collateral received	
Derivatives (legally enforceable)	7,072	2,671	4,401	3,915	16	470
Reverse repurchase, securities lending and similar agreements (legally enforceable)	16,840	0	16,840	16,598	0	242
Total	**23,912**	**2,671**	**21,241**	**20,513**	**16**	**712**

2023	Gross amount		Net amount recognized financial liabilities	Amounts from global netting agreements		Net-amount
in € million	recognized financial liabilities	recognized financial assets set-off		Financial instruments	Cash collateral received	
Derivatives (legally enforceable)	6,950	2,671	4,279	3,748	33	498
Reverse repurchase, securities lending and similar agreements (legally enforceable)	3,282	0	3,282	3,265	0	17
Total	**10,232**	**2,671**	**7,561**	**7,013**	**33**	**515**

In 2023, assets which were not subject to legally enforceable netting agreements amounted to € 177,000 million (previous year: € 185,928 million), of which an immaterial part was accounted for by derivative financial instruments and cash balances from reverse repo business. Liabilities which were not subject to legally enforceable netting agreements totaled € 170,830 million in 2023 (previous year: € 179,925 million), of which only an immaterial part was accounted for by derivative financial instruments and cash deposits from repo business.

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

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

(34) Securitization (RBI as originator)

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

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

The following transactions for all or at least some tranches were executed with external contractual partners, were still active in the reporting year 2023 and resulted in a credit risk mitigation which led to a reduction in risk-weighted assets in regulatory reporting. The stated amounts represent the securitized portfolio and the underlying receivables as well as the externally placed tranche at the balance sheet date.

in € million	Date of contract	End of maturity	Max. volume	Securitized portfolio	Outstanding portfolio[2]	Portfolio	Externally placed tranche	Amount of the externally placed tranche
Synthetic Transaction ROOF RBCZ 2023	June 2023	June 2033	960	935	2,815	Corporate loans	Mezzanine	60
Synthetic Transaction ROOF HR MORTGAGES 2023	Dec. 2023	Nov. 2035	660	660	694	Mortgage loans	Mezzanine	61
Synthetic Transaction ROOF CORPORATE 2023	Sept. 2023	Oct. 2033	1,852	1,852	7,759	Corporate loans	Mezzanine	102
Synthetic Transaction ROOF CROATIA 2022	Dec. 2022	June 2034	366	362	628	Corporate loans	Mezzanine	26
Synthetic Transaction ROOF HUNGARY 2022	Dec. 2022	March 2035	596	596	627	Building society loans	Mezzanine	76
Synthetic Transaction ROOF ROMANIA 2022	Nov. 2022	June 2039	307	293	312	Corporate loans	Mezzanine	26
Synthetic Transaction ROOF CORPORATE 2022	June 2022	Dec. 2032	1,818	1,818	7,325	Corporate loans	Mezzanine	100
Synthetic Transaction ROOF CORPORATE 2021	Dec. 2021	Dec. 2031	4,080	4,062	8,142	Corporate loans	Mezzanine	216
Synthetic Transaction ROOF CRE 2019[1]	Oct. 2019	Sept. 2029	1,262	995	2,885	Corporate customer, Project finance	Mezzanine	75
Synthetic Transaction EIF Western Balkans EDIF Serbia	Nov. 2018	Dec. 2028	20	2	3	SME loans	Junior	0
Synthetic Transaction EIF COSME Serbia	Dec. 2020	June 2034	64	16	32	SME loans	Junior	2
Synthetic Transaction State Guarantee Serbia	May 2020	April 2024	147	15	19	SME loans	Junior	5
Synthetic Transaction EIF DCFTA Ukraine	Dec. 2017	Dec. 2031	176	50	71	SME loans	Junior	10

in € million	Date of contract	End of maturity	Max. volume	Securitized portfolio	Outstanding portfolio[2]	Portfolio	Externally placed tranche	Amount of the externally placed tranche
Synthetic Transaction EIF JEREMIE Romania	Dec. 2010	Dec. 2025	173	0	0	SME loans	Junior	0
Synthetic Transaction EIF JEREMIE Slovakia	March 2013	June 2025	60	0	1	SME loans	Junior	1
Synthetic Transaction EIF Western Balkans EDIF Albania	Dec. 2016	June 2028	17	2	2	SME loans	Junior	2
Synthetic Transaction EIF Western Balkans EDIF Croatia	April 2025	May 2023	20	0	0	SME loans	Junior	0
Synthetic Transaction EIF COSME Romania	April 2017	Dec. 2034	434	71	96	SME loans	Junior	15
Synthetic Transaction EIF EASI Romania	July 2020	Dec. 2032	65	14	16	SME loans	Junior	10
Synthetic Transaction EBRD Unfunded RSF Ukraine	Oct. 2023	Dec. 2029	50	10	20	Corporate and SME loans	Junior	5

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

The synthetic ROOF transactions are split into a senior, a mezzanine and a junior tranche. The credit risk of the mezzanine tranche is guaranteed by either institutional investors or supranationals, while the credit risk of the junior and senior tranches is retained. The following transactions were already active at the beginning of the year and are not terminated as of end of the year: ROOF CRE 2019, ROOF Corporate 2021, ROOF Corporate 2022, ROOF HUNGARY 2022, ROOF CROATIA 2022 and ROOF ROMANIA 2022.

In 2023 three new ROOF transactions were realized.

Raiffeisenbank a.s., Prague, executed ROOF RBCZ 2023. The credit risk of the mezzanine tranche is guaranteed, and cash collateralized, by institutional investors, while the credit risk of the junior and senior tranches is retained.

RBI AG executed ROOF CORPORATE 2023. The credit risk of the mezzanine tranche is guaranteed, and cash collateralized, by institutional investors, while the credit risk of the junior and senior tranches is retained.

Raiffeisenbank Austria d.d., Zagreb, executed ROOF HR MORTGAGES 2023. The credit risk of the mezzanine tranche is guaranteed by institutional investors, while the credit risk of the junior and senior tranches is retained.

As part of the EBRD Unfunded Risk Sharing Facility program, Raiffeisen Bank JSC, Kiev, signed a portfolio guarantee agreement which was funded by the EU and which is aimed to facilitate access to finance for private corporate companies under the Resilience and Livelihood Framework and the SME Competitiveness in Eastern Partnership program.

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

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

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

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

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

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

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

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

The synthetic transaction ROOF MORTGAGES 2020 was terminated by 31 December 2023.

The Western Balkans Enterprise Development and Innovation Facility by Raiffeisenbank Austria d.d., Zagreb, was terminated in May 2023.

In addition to the early termination of the ROOF MORTGAGES 2020 transaction, a reimbursement asset of € 22 million was recognized for the ROOF CRE 2019 transaction, reflecting a deterioration of the underlying portfolio. The reimbursement asset mirrors the potential claim against the guarantor of the mezzanine tranche.

(35) Transferred assets

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

Transferred financial assets not derecognized

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

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

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

2023	Transferred assets			Associated liabilities		
in € million	Carrying amount	hereof securitizations	hereof repurchase agreements	Carrying amount	hereof securitizations	hereof repurchase agreements
Financial assets - held for trading	42	0	42	42	0	42
Financial assets - fair value through other comprehensive income	0	0	0	0	0	0
Financial assets - amortized cost	2,071	83	1,988	1,919	67	1,852
Total	**2,112**	**83**	**2,030**	**1,961**	**67**	**1,893**

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

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

(36) Assets pledged as collateral and received financial assets

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

	2023		2022	
in € million	Pledged	Otherwise restricted with liabilities	Pledged	Otherwise restricted with liabilities
Financial assets - held for trading	46	0	41	0
Non-trading financial assets - mandatorily fair value through profit/loss	13	0	15	0
Financial assets - designated fair value through profit/loss	0	0	0	0
Financial assets - fair value through other comprehensive income	441	57	389	0
Financial assets - amortized cost	15,818	1,428	20,151	2,182
Total	**16,318**	**1,485**	**20,596**	**2,182**

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

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

in € million	2023	2022
Securities and other financial assets accepted as collateral which can be sold or repledged	20,697	19,763
hereof which have been sold or repledged	3,698	3,179

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

(37) Breakdown of remaining terms of maturity

Assets	Current assets			Non-current assets	
2023 in € million	Due at call or without maturity	Up to 3 months	More than 3 months, up to 1 year	More than 1 year, up to 5 years	More than 5 years
Cash, balances at central banks and other demand deposits	39,380	3,854	0	0	0
Financial assets - amortized cost	9,419	20,093	16,243	47,573	45,975
Financial assets - fair value through other comprehensive income	121	214	628	1,200	829
Non-trading financial assets - mandatorily fair value through profit/loss	167	18	64	112	588
Financial assets - designated fair value through profit/loss	1	7	0	175	2
Financial assets - held for trading	376	1,828	191	1,598	1,790
Hedge accounting	(367)	22	70	440	630
Investments in subsidiaries and associates	820	–	–	–	–
Tangible fixed assets	1,672	–	–	–	–
Intangible fixed assets	970	–	–	–	–
Current tax assets	69	–	–	–	–
Deferred tax assets	91	0	14	110	2
Non-current assets and disposal groups classified as held for sale	12	0	0	0	0
Other assets	468	714	47	9	3
Total	**53,200**	**26,750**	**17,256**	**51,215**	**49,819**

Liabilities	Short-term liabilities			Long-term liabilities	
2023 in € million	Due at call or without maturity	Up to 3 months	More than 3 months, up to 1 year	More than 1 year, up to 5 years	More than 5 years
Financial liabilities - amortized cost	83,195	27,514	13,514	32,209	8,278
Financial liabilities - designated fair value through profit/loss	0	26	96	829	137
Financial liabilities - held for trading	22	1,087	573	4,113	2,667
Hedge accounting	(520)	27	56	831	558
Provisions for liabilities and charges	918	30	172	203	323
Current tax liabilities	99	125	18	0	0
Deferred tax liabilities	31	1	8	1	2
Liabilities included in disposal groups classified as held for sale	0	0	0	0	0
Other liabilities	671	323	59	91	104
Subtotal	**84,416**	**29,133**	**14,497**	**38,278**	**12,068**
Equity	19,849	0	0	0	0
Total	**104,265**	**29,133**	**14,497**	**38,278**	**12,068**

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

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

(38) Foreign assets/liabilities

in € million	2023	2022[1]
Assets	158,529	157,236
Equity and liabilities	125,020	131,573

1 Previous-year figures adapted

Risk report

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

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

(39) Risk management principles

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

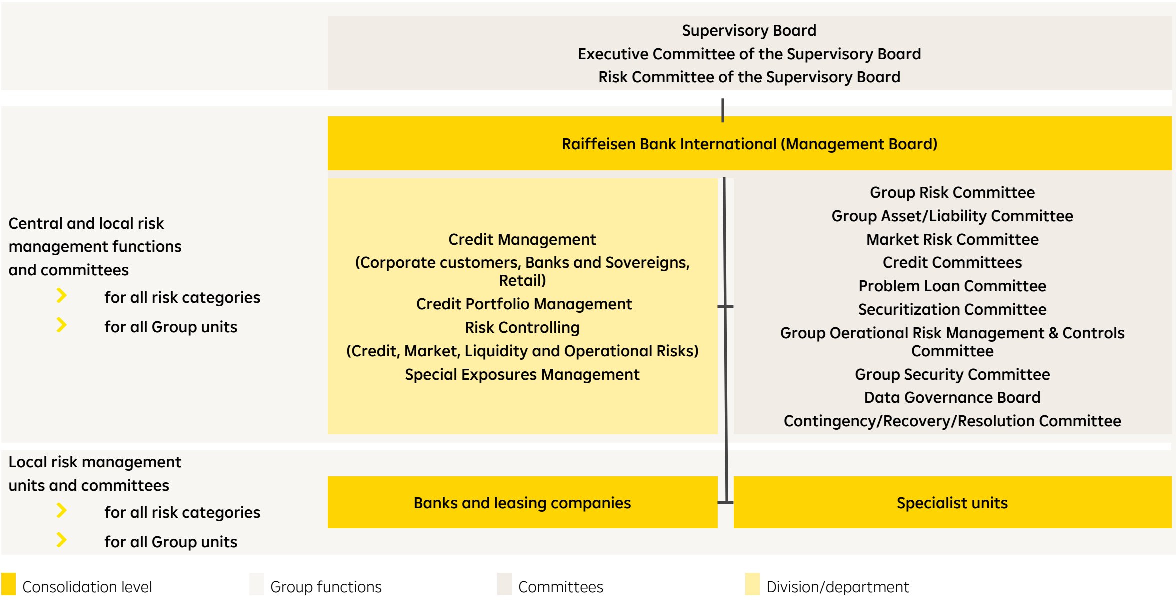
- Risk awareness: A risk culture is promoted which consciously deals with the risks inherent in banking business, in particular through the transparent presentation of information and the use of suitable tools.
- Risk appetite: Risk-taking is cautious and requires a predefined minimum return on the risk.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

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

(40) Organization of risk management

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

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



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

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

Risk committees

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

The Group Asset/Liability Committee assesses and manages the statement of financial position structure and liquidity risk and defines the standards for internal funds transfer pricing. In this context it plays an important role in planning long-term funding and hedging structural interest rate and foreign exchange risks. The Group Capital Management Committee is a subcommittee of the Group Asset/Liability Committee and analyses, controls and manages the regulatory capital ratios as well as the structural currency and interest rate risk of the Group's capital position.

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

The Credit Committees are staffed by front office and back office representatives, with the staff assignments depending on the type of customer (corporate customers, banks, sovereigns and retail). The committees decide upon the specific lending criteria for the different customer segments and countries and make all credit decisions concerning those segments and countries in connection with the credit approval process (depending on rating and exposure size).

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

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

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

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

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

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

Quality assurance and internal audit

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

(41) Overall group risk management

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

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

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

Economic perspective – economic capital approach

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

The Group uses a confidence level of 99.90 per cent to calculate economic capital. The economic capital recorded a slight increase to € 8,826 million compared to year-end 2022. The strong increase in credit risk to sovereigns was primarily due to rating downgrades, increased exposure and concentration effects. This increase was partly offset by the decline in credit risk related to retail and corporate customers. During the year 2022, climate risk was implemented as a deduction from internal capital in the ICAAP.

Risk contribution of individual risk types to economic capital:

in € million	2023	Share	2022	Share
Credit risk corporate customers	1,481	16.8 %	1,653	19.1 %
Credit risk retail customers	1,388	15.7 %	1,610	18.7 %
FX risk capital position	1,343	15.2 %	1,312	15.2 %
Credit risk sovereigns	1,159	13.1 %	595	6.9 %
Market risk	840	9.5 %	929	10.8 %
Operational risk	757	8.6 %	799	9.3 %
Participation risk	735	8.3 %	646	7.5 %
Owned property risk	322	3.6 %	306	3.5 %
Credit risk banks	300	3.4 %	348	4.0 %
Liquidity risk	66	0.7 %	0	0.0 %
CVA risk	16	0.2 %	22	0.3 %
Risk buffer	420	4.8 %	411	4.8 %
Total	**8,826**	**100.0 %**	**8,632**	**100.0 %**

Regional allocation of economic capital by Group unit domicile:

in € million	2023	Share	2022	Share
Central Europe	2,548	28.9 %	1,952	22.6 %
Austria	2,395	27.1 %	2,208	25.6 %
Eastern Europe	2,282	25.9 %	2,634	30.5 %
Southeastern Europe	1,601	18.1 %	1,839	21.3 %
Total	**8,826**	**100.0 %**	**8,632**	**100.0 %**

In the risk capital allocation as at 31 December 2023, there was a reduction in the segments Eastern Europe (Russia, Ukraine, Belarus) and Southeastern Europe compared to year-end 2022. In contrast, the economic capital for Austria and Central Europe segment increased.

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

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

Normative perspective – stress scenarios

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

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

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

ESG – Risks

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

Nature of risks arising from financial instruments

Environmental, social and governance (ESG risks) risks can manifest themselves in negative financial impacts as well as reputational damages of RBI, its customers, other counterparties, or assets RBI is invested in. These risks are viewed as cross-dimensional risks that may impact the traditional risk types (market, operational, credit, liquidity risks).

Please refer to RBI Sustainability Report (Chapter Identification & definition of ESG risks) for a more detailed explanation of the ESG risks and its transmission channels to traditional risk types (liquidity, operational including litigation and reputational risks, market and credit risks.

Extent of ESG risks arising from financial instruments

Currently RBI continues to focus on tackling climate and environmental risks and its related components (transition and physical risks). In parallel, the necessary steps are taken in order to address the increasing risks related to the circular economy and biodiversity loss (see the related chapters in the RBI Sustainability Report).

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

Physical risk: A materiality assessment of RBI's exposure to physical risk has been performed during the reporting year as part of the ICAAP process, and furthermore exposure vulnerable to physical risks is subject to pillar 3 ESG disclosure since year end 2022 onwards. Potential impact of physical risks is part of the RBI's internal ESG score model and is furthermore considered during the collateral valuation process or as Post-model-adjustments. As of the materiality assessment 2023, with cut-off date 31.12.2022, moderate transition risk was identified on long-term (>10 years) for credit and operational risk only. Transmission of other transitional and physical risks were assessed at a low level for RBI.

Please refer to RBI's Sustainability Report (Chapter RBI's climate and environmental business strategy), for detailed description of the internal methodology applied for climate and environmental risks materiality assessment.

As a signatory to the Principles for Responsible Banking, RBI also carried out a first impact analysis in 2021 and 2022 using the UNEP FI tool. In 2023, the sustainability impact of Raiffeisen Capital Management´s portfolio was analyzed. The results are published in the RBI Sustainability Report. The analyses identified climate change and circular economy as important focus areas within internal steering.

How the company manages the ESG risks arising from financial instruments

A climate and environmental risk specific materiality assessment was the base for the implementation in the ICAAP framework and is expected to be refined over the next years as methodologies are being further developed and common practices evolve.

The first calculation of the financed greenhouse gas emissions and the performance of the impact analysis (part of the RBI Group's commitment as a signatory to the Principles for Responsible Banking) identified those industries prone to transition risks and where measures need to be set in place in order to align the portfolio to the Paris Agreement.

Science-based climate targets (SBTs) were set for RBI, as approved by the SBT initiative in September 2022. Work has been done on the development of corresponding sector-specific policies. The SBTs are set on a medium-term basis, whereas the sectoral polices aim to address short-term operational implementation leading to the fulfillment of these commitments.

In the reporting year, special policies (in addition to the ones already existing for gambling and nuclear power) have been approved for thermal coal, tobacco, oil and gas, and steel, real estate and construction. During 2023 the customer clustering has been automatized and is based on the internally developed total ESG score and volume targets have been set (this relates to oil and gas, steel, real estate and construction). The resulting commitments, based on voluntary commitments and in accordance with regulations, are approved via the Group Risk Committee (GRC) and the RBI Management Board.

On the operational side, the corporate lending process has been enhanced to reflect on the ESG related risk, thus addressing ESG in the 3 lines of defense model.

(42) Credit risk

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

Limit application process

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

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

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

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

Credit portfolio management

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

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

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

in € million	2023	2022
Cash, balances at central banks and other demand deposits	39,109	48,587
Financial assets - amortized cost	142,405	140,561
Financial assets - fair value through other comprehensive income	2,864	3,160
Non-trading financial assets - mandatorily fair value through profit/loss	941	751
Financial assets - designated fair value through profit/loss	185	84
Financial assets - held for trading	5,357	6,124
Hedge accounting	795	661
Current tax assets	69	100
Deferred tax assets	218	269
Other assets	1,083	912
Loan commitments given	36,601	37,193
Financial guarantees given	9,761	9,370
Other commitments given	4,939	4,580
Reconciliation difference	(7,338)	(6,399)
Credit exposure	**236,988**	**245,953**

Around € 3.3 billion of the reconciliation difference was attributable to the SA-CCR-Netting.

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

Rating models in the non-retail asset classes – 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 data-bases).

Credit exposure by asset classes (rating models):

in € million	2023	2022
Corporate customers	87,530	90,300
Project finance	9,412	9,268
Retail customers	48,396	50,412
Banks	30,751	32,156
Sovereigns	60,898	63,816
Total	**236,988**	**245,953**

Credit portfolio – Corporate customers

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

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

in € million		Lower PD bound in %	Upper PD bound in %	2023	Share	2022	Share
1	Minimal risk	> 0.0000 %	≤ 0.0300 %	1,745	2.0 %	2,716	3.0 %
2	Excellent credit standing	> 0.0300 %	≤ 0.0751 %	7,496	8.6 %	7,374	8.2 %
3	Very good credit standing	> 0.0751 %	≤ 0.1878 %	21,036	24.0 %	21,867	24.2 %
4	Good credit standing	> 0.1878 %	≤ 0.4694 %	22,233	25.4 %	21,709	24.0 %
5	Sound credit standing	> 0.4694 %	≤ 1.1735 %	16,477	18.8 %	16,627	18.4 %
6	Acceptable credit standing	> 1.1735 %	≤ 2.9338 %	10,841	12.4 %	11,000	12.2 %
7	Marginal credit standing	> 2.9338 %	≤ 7.3344 %	3,320	3.8 %	3,677	4.1 %
8	Weak credit standing/sub-standard	> 7.3344 %	≤ 18.3360 %	1,229	1.4 %	2,070	2.3 %
9	Very weak credit standing/doubtful	> 18.3360 %	< 100 %	1,196	1.4 %	1,706	1.9 %
10	Default	100 %	100 %	1,846	2.1 %	1,427	1.6 %
NR	Not rated			110	0.1 %	128	0.1 %
Total				**87,530**	**100.0 %**	**90,300**	**100.0 %**

The credit exposure to corporate customers decreased € 2,770 million to € 87,530 million compared to year-end 2022. Decreases were recorded in Russia with € 3,187 (partly due to currency effects), Austria, France and Ireland, which were partly offset by increases in the Czech Republic, Germany, Croatia and Slovakia. In Russia, exposure volumes have been reduced since the beginning of the Russian war in Ukraine, which was enhanced by the devaluation of the Russian ruble.

The largest decline was recorded in rating grade 1, which was due to rating downgrades of individual Austrian customers and reduced credit exposures in Ireland. The decline in rating grade 8 resulted from both rating upgrades of individual Slovakian customers to rating grade 7 and the reduction of credit exposure in Russia. The decrease in rating grade 3 was due to reduced credit exposures in Germany and Hungary (partly due to rating downgrades to rating grade 4) as well as in Great Britain and Russia. In rating grade 9, the decline resulted from a reduction in credit exposure and from rating upgrades of individual customers in Russia. The increase in defaulted loans was due to defaulted financing in the real estate sector.

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

in € million		2023	Share	2022	Share
6.1	Excellent project risk profile – very low risk	5,453	57.9 %	4,857	52.4 %
6.2	Good project risk profile – low risk	3,075	32.7 %	3,617	39.0 %
6.3	Acceptable project risk profile – average risk	316	3.4 %	423	4.6 %
6.4	Poor project risk profile – high risk	250	2.7 %	94	1.0 %
6.5	Default	316	3.4 %	264	2.8 %
NR	Not rated	2	0.0 %	13	0.1 %
Total		**9,412**	**100.0 %**	**9,268**	**100.0 %**

The € 144 million increase in project finance was mainly attributable to increases in the Czech Republic and Hungary, which were partly offset by Russia.

The rise in rating grade 6.1 was due to the increase in credit financing in the Czech Republic and Germany, and to rating upgrades of individual customers from rating grade 6.2 in Germany, the Czech Republic and Russia. In addition, the decline in rating grade 6.2 was due to rating downgrades of individual customers in rating grade 6.3, in Romania, in rating grade 6.4 in Germany and in rating grade 6.5 in Austria.

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

in € million	2023	Share	2022	Share
Central Europe	26,754	27.6 %	25,596	25.7 %
Western Europe	24,365	25.1 %	25,093	25.2 %
Austria	18,805	19.4 %	19,125	19.2 %
Southeastern Europe	15,031	15.5 %	14,464	14.5 %
Eastern Europe	8,088	8.3 %	11,625	11.7 %
Asia	2,156	2.2 %	1,918	1.9 %
Other	1,742	1.8 %	1,748	1.8 %
Total	**96,942**	**100.0 %**	**99,569**	**100.0 %**

The decline in Eastern Europe resulted from reduced credit and facility financing as well as guarantees given in Russia, partly currency related due to the devaluation of the Russian ruble. In addition, credit financing decreased in Ukraine. The decrease in Western Europe was mainly due to reduced credit financing in France and Ireland. The increase in Central Europe essentially resulted from the increase in facility financing in the Czech Republic, Hungary and Slovakia. In Southeastern Europe, the rise was due to an increase in facility financing and guarantees in Croatia and Romania.

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

in € million	2023	Share	2022	Share
Manufacturing	23,549	24.3 %	24,711	24.8 %
Wholesale and retail trade	20,486	21.1 %	20,800	20.9 %
Real estate	12,737	13.1 %	12,943	13.0 %
Financial intermediation	8,783	9.1 %	9,191	9.2 %
Construction	6,066	6.3 %	6,156	6.2 %
Electricity, gas, steam and hot water supply	6,195	6.4 %	5,580	5.6 %
Transport, storage and communication	3,751	3.9 %	3,743	3.8 %
Freelance/technical services	2,700	2.8 %	2,870	2.9 %
Other industries	12,674	13.1 %	13,574	13.6 %
Total	**96,942**	**100.0 %**	**99,569**	**100.0 %**

Credit portfolio – Retail customers

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

in € million	2023	Share	2022	Share
Retail customers – private individuals	45,194	93.4 %	47,338	93.9 %
Retail customers – small and medium-sized entities	3,203	6.6 %	3,074	6.1 %
Total	**48,396**	**100.0 %**	**50,412**	**100.0 %**

Credit exposure to retail customers by internal rating:

in € million		Lower PD bound in %	Upper PD bound in %	2023	Share	2022	Share
0.5	Minimal risk	> 0.00 %	≤ 0.17 %	8,575	17.7 %	11,488	22.8 %
1.0	Excellent credit standing	> 0.17 %	≤ 0.35 %	7,881	16.3 %	9,574	19.0 %
1.5	Very good credit standing	> 0.35 %	≤ 0.69 %	8,404	17.4 %	8,851	17.6 %
2.0	Good credit standing	> 0.69 %	≤ 1.37 %	7,424	15.3 %	6,210	12.3 %
2.5	Sound credit standing	> 1.37 %	≤ 2.70 %	5,127	10.6 %	3,919	7.8 %
3.0	Acceptable credit standing	> 2.70 %	≤ 5.26 %	2,932	6.1 %	2,403	4.8 %
3.5	Marginal credit standing	> 5.26 %	≤ 10.00 %	1,361	2.8 %	1,189	2.4 %
4.0	Weak credit standing/sub-standard	> 10.00 %	≤ 18.18 %	666	1.4 %	535	1.1 %
4.5	Very weak credit standing/doubtful	> 18.18 %	< 100 %	886	1.8 %	652	1.3 %
5.0	Default	100 %	100 %	1,215	2.5 %	1,286	2.6 %
NR	Not rated			3,924	8.1 %	4,305	8.5 %
Total				**48,396**	**100.0 %**	**50,412**	**100.0 %**

The declines in rating grades 0.5 and 1.0 were due to rating downgrades of Romanian and Russian clients. The not rated credit exposure includes credit card limits in Austria and retail customers in Serbia, Hungary and Croatia. These customers either do not have an internal rating due to the acquisition, or are part of portfolios under permanent partial use or portfolios for which PD model are in implementation process. In case of leasing units, creditworthiness is assessed based on scorecard models.

Credit exposure to retail customers by segments:

2023 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Retail customers – private individuals	21,741	10,139	4,386	8,928
Retail customers – small and medium-sized entities	1,850	1,194	159	0
Total	**23,591**	**11,333**	**4,545**	**8,928**
hereof non-performing exposure	535	411	228	46

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

Credit exposure to retail customers decreased by € 2,016 million in 2023. The largest decline of € 1,476 million was recorded in Eastern Europe and primarily attributable to reduced loan volumes in Russia (mainly due to the development of the Russian ruble). In addition, there was a decrease of € 775 million in Central Europe mainly due to litigation provisions for mortgage loans in Poland.

Retail credit exposure by products:

in € million	2023	Share	2022	Share
Mortgage loans	28,081	58.0 %	29,990	59.5 %
Personal loans	10,742	22.2 %	10,993	21.8 %
Credit cards	5,237	10.8 %	5,215	10.3 %
SME financing	2,437	5.0 %	2,370	4.7 %
Overdraft	1,219	2.5 %	1,204	2.4 %
Car loans	681	1.4 %	640	1.3 %
Total	**48,396**	**100.0 %**	**50,412**	**100.0 %**

2023 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Mortgage loans	16,146	3,449	1,533	6,953
Personal loans	4,075	4,956	1,354	356
Credit cards	1,373	1,274	1,184	1,406
SME financing	1,024	1,043	232	137
Overdraft	569	343	232	75
Car loans	404	267	10	0
Total	**23,591**	**11,333**	**4,545**	**8,928**

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

Credit portfolio – Banks

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

in € million		Lower PD bound in %	Upper PD bound in %	2023	Share	2022	Share
1	Minimal risk	> 0.0000 %	≤ 0.0300 %	3,731	12.1 %	7,233	22.5 %
2	Excellent credit standing	> 0.0300 %	≤ 0.0751 %	4,268	13.9 %	9,373	29.1 %
3	Very good credit standing	> 0.0751 %	≤ 0.1878 %	15,471	50.3 %	10,270	31.9 %
4	Good credit standing	> 0.1878 %	≤ 0.4694 %	2,549	8.3 %	499	1.6 %
5	Sound credit standing	> 0.4694 %	≤ 1.1735 %	316	1.0 %	127	0.4 %
6	Acceptable credit standing	> 1.1735 %	≤ 2.9338 %	3,890	12.6 %	3,780	11.8 %
7	Marginal credit standing	> 2.9338 %	≤ 7.3344 %	259	0.8 %	435	1.4 %
8	Weak credit standing/sub-standard	> 7.3344 %	≤ 18.3360 %	112	0.4 %	35	0.1 %
9	Very weak credit standing/doubtful	> 18.3360 %	< 100 %	150	0.5 %	385	1.2 %
10	Default	100 %	100 %	4	0.0 %	16	0.0 %
NR	Not rated			2	0.0 %	4	0.0 %
Total				**30,751**	**100.0 %**	**32,156**	**100.0 %**

Credit exposure to banks decreased primarily due to the decrease in loans and advances in China and the USA. This decline was partly offset by an increase in repo transactions in France, Ireland, Spain, Italy and Great Britain.

Rating grade 2 recorded the largest decrease due to reduced loans and advances in China and due to rating downgrades of individual Chinese, Austrian, German and Irish banks to rating grade 3. In addition, the increase in rating grade 3 resulted from rating downgrades of individual Austrian banks from rating grade 1. Additionally, rating grade 1 recorded a decline in loans and advances with American banks. The increase in rating grade 4 was mainly due to the rating downgrade of an Italian bank from rating grade 3. The rating shifts are mainly due to the rating model change for credit institutions described above.

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

in € million	2023	Share	2022	Share
Western Europe	14,744	47.9 %	12,431	38.7 %
Eastern Europe	4,202	13.7 %	4,576	14.2 %
Austria	3,539	11.5 %	3,400	10.6 %
Asia	2,451	8.0 %	4,043	12.6 %
Central Europe	1,257	4.1 %	1,142	3.6 %
Southeastern Europe	458	1.5 %	400	1.2 %
Other	4,100	13.3 %	6,165	19.2 %
Total	**30,751**	**100.0 %**	**32,156**	**100.0 %**

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

in € million	2023	Share	2022	Share
Repo	14,003	45.5 %	12,049	37.5 %
Loans and advances	8,559	27.8 %	12,124	37.7 %
Bonds	5,300	17.2 %	4,950	15.4 %
Money market	1,532	5.0 %	1,515	4.7 %
Derivatives	496	1.6 %	534	1.7 %
Other	862	2.8 %	984	3.1 %
Total	**30,751**	**100.0 %**	**32,156**	**100.0 %**

Credit portfolio – Sovereigns

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

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

in € million		Lower PD bound in %	Upper PD bound in %	2023	Share	2022	Share
1	Minimal risk	> 0.0000 %	≤ 0.0300 %	9,182	15.1 %	36,204	56.7 %
2	Excellent credit standing	> 0.0300 %	≤ 0.0751 %	22,846	37.5 %	12,860	20.2 %
3	Very good credit standing	> 0.0751 %	≤ 0.1878 %	15,800	25.9 %	6,398	10.0 %
4	Good credit standing	> 0.1878 %	≤ 0.4694 %	6,512	10.7 %	4,433	6.9 %
5	Sound credit standing	> 0.4694 %	≤ 1.1735 %	2,235	3.7 %	545	0.9 %
6	Acceptable credit standing	> 1.1735 %	≤ 2.9338 %	2,359	3.9 %	1,220	1.9 %
7	Marginal credit standing	> 2.9338 %	≤ 7.3344 %	14	0.0 %	24	0.0 %
8	Weak credit standing/sub-standard	> 7.3344 %	≤ 18.3360 %	5	0.0 %	0	0.0 %
9	Very weak credit standing/doubtful	> 18.3360 %	< 100 %	1,780	2.9 %	1,768	2.8 %
10	Default	100 %	100 %	164	0.3 %	362	0.6 %
NR	Not rated			0	0.0 %	2	0.0 %
Total				**60,898**	**100.0 %**	**63,816**	**100.0 %**

Rating grade 1 recorded the largest decrease, which was mainly due to the rating downgrades of Austria and the Czech Republic, as well as the Austrian national bank. This decline was the reason for the increase in rating grade 2, which was partly offset by rating downgrades of Slovakia and the Hungarian national bank to rating grade 3. In addition, the increase in rating grade 3 was due to the rating upgrade of Croatia from rating grade 4. The increase in rating grade 4 was mainly a result of rating downgrades of Hungary and Romania from rating grade 3. The rise in rating grade 5 resulted mainly from the rating downgrade of Serbia from rating grade 4.

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

in € million	2023	Share	2022	Share
Bonds	23,595	38.7 %	17,662	27.7 %
Money market	17,774	29.2 %	26,803	42.0 %
Loans and advances	12,435	20.4 %	12,135	19.0 %
Repo	6,677	11.0 %	6,663	10.4 %
Derivatives	70	0.1 %	162	0.3 %
Other	347	0.6 %	391	0.6 %
Total	**60,898**	**100.0 %**	**63,816**	**100.0 %**

The decline in money market transactions resulted mainly from the reduction at the Austrian. Hungarian and Slovakian national bank and was partly offset by an increase in money market transactions with the Croatian national bank. Bond portfolio mainly increased in the Czech Republic, Slovakia, Austria and in Hungary.

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

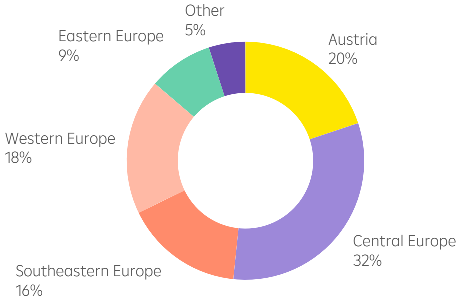
in € million	2023	Share	2022	Share
Russia	2,013	30.7 %	1,239	31.6 %
Serbia	1,740	26.5 %	0	0.0 %
Ukraine	1,585	24.2 %	1,312	33.5 %
Bosnia and Herzegovina	494	7.5 %	186	4.7 %
Albania	452	6.9 %	527	13.5 %
Belarus	196	3.0 %	603	15.4 %
Other	80	1.2 %	53	1.3 %
Total	**6,558**	**100.0 %**	**3,921**	**100.0 %**

The exposure mainly includes 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, as well as government bonds.

Country risk

Country risk includes transfer and convertibility risk, as well as political risk and macroeconomic risk in a broader sense. For RBI, it arises from cross-border transactions and operations in foreign countries via its subsidiaries. Activities in core markets are given particular attention in this respect. Active country risk management is ensured across the Group based on the country risk policy regularly approved by the Management Board. This policy is part of the credit portfolio limit system and sets a strict limitation on cross-border risk exposure to individual countries in order to avoid risk concentrations. At the same time, the policy is designed to incentivize risk-taking within the RBI's core markets. The limit levels for individual countries are established using an internal model based on pillars such as the Group's own capitalization, the internal sovereign rating, and the size and dynamics of the country and its banking sector.

Credit exposure by risk country taking into consideration the guarantor



Country risk is also reflected in product pricing and in risk-adjusted performance measurement via the internal funds transfer pricing system. In this way, RBI provides the business units with an incentive to mitigate country risk (e.g. by taking out insurance with export credit insurance organizations or seeking guarantors in third countries). The insights gained from the country risk analysis are not only used for limiting the total cross-border exposure, but also for managing the total credit exposure in each individual country (i.e. including the exposure funded by local deposits). RBI thus gears its business activities to the expected macroeconomic trends within the different markets, which promotes broad diversification of its credit portfolio.

Concentration risk

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

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

in € million	2023	Share	2022	Share
Central Europe	**75,237**	**31.7 %**	**71,413**	**29.0 %**
Czech Republic	34,094	14.4 %	31,738	12.9 %
Slovakia	24,822	10.5 %	24,085	9.8 %
Hungary	12,326	5.2 %	11,169	4.5 %
Poland	3,241	1.4 %	3,922	1.6 %
Other	754	0.3 %	498	0.2 %
Austria	**47,136**	**19.9 %**	**56,770**	**23.1 %**
Western Europe	**43,614**	**18.4 %**	**41,789**	**17.0 %**
Germany	12,184	5.1 %	11,929	4.9 %
France	7,899	3.3 %	7,756	3.2 %
Spain	3,668	1.5 %	3,265	1.3 %
Great Britain	3,612	1.5 %	3,713	1.5 %
Switzerland	3,126	1.3 %	3,143	1.3 %
Luxembourg	2,664	1.1 %	2,939	1.2 %
Netherlands	2,497	1.1 %	2,458	1.0 %
Italy	2,409	1.0 %	2,151	0.9 %
Belgium	1,435	0.6 %	990	0.4 %
Ireland	802	0.3 %	800	0.3 %
Other	3,319	1.4 %	2,644	1.1 %
Southeastern Europe	**38,349**	**16.2 %**	**35,464**	**14.4 %**
Romania	17,704	7.5 %	16,352	6.6 %
Croatia	7,783	3.3 %	7,298	3.0 %
Serbia	6,724	2.8 %	6,467	2.6 %
Bosnia and Herzegovina	2,571	1.1 %	2,125	0.9 %
Albania	1,939	0.8 %	1,788	0.7 %
Other	1,628	0.7 %	1,434	0.6 %

in € million	2023	Share	2022	Share
Eastern Europe	**20,842**	**8.8 %**	**25,552**	**10.4 %**
Russia	15,016	6.3 %	19,195	7.8 %
Ukraine	3,966	1.7 %	4,018	1.6 %
Belarus	1,326	0.6 %	1,805	0.7 %
Other	534	0.2 %	534	0.2 %
Asia	**4,830**	**2.0 %**	**6,345**	**2.6 %**
North America	**3,635**	**1.5 %**	**4,497**	**1.8 %**
Rest of World	**3,344**	**1.4 %**	**4,124**	**1.7 %**
Total	**236,988**	**100.0 %**	**245,953**	**100.0 %**

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

Credit exposure across all asset classes by currencies:

in € million	2023	Share	2022	Share
Euro (EUR)	133,540	56.3 %	136,367	55.4 %
Czech koruna (CZK)	28,747	12.1 %	27,711	11.3 %
US dollar (USD)	21,120	8.9 %	22,350	9.1 %
Russian ruble (RUB)	14,241	6.0 %	17,266	7.0 %
Romanian leu (RON)	12,853	5.4 %	11,388	4.6 %
Hungarian forint (HUF)	9,341	3.9 %	7,949	3.2 %
Ukrainian hryvnia (UAH)	3,368	1.4 %	3,298	1.3 %
Serbian dinar (RSD)	3,130	1.3 %	2,737	1.1 %
Bosnian marka (BAM)	2,507	1.1 %	2,274	0.9 %
Chinese yuan (CNY)	1,572	0.7 %	3,560	1.4 %
Albanian lek (ALL)	1,532	0.6 %	1,290	0.5 %
Swiss franc (CHF)	1,369	0.6 %	2,080	0.8 %
Great Britain Pound (GBP)	1,047	0.4 %	1,314	0.5 %
Belarusian-ruble (BYN)	1,018	0.4 %	1,104	0.4 %
Polish zloty (PLN)	686	0.3 %	736	0.3 %
Croatian kuna (HRK)	0	0.0 %	3,885	1.6 %
Other foreign currencies	915	0.4 %	645	0.3 %
Total	**236,988**	**100.0 %**	**245,953**	**100.0 %**

The Group's credit exposure based on industry classification:

in € million	2023	Share	2022	Share
Banking and insurance	70,059	29.6 %	80,890	32.9 %
Private households	45,220	19.1 %	45,142	18.4 %
Public administration and defense and social insurance institutions	24,614	10.4 %	18,739	7.6 %
Other manufacturing	18,206	7.7 %	19,140	7.8 %
Wholesale trade and commission trade (except car trading)	15,150	6.4 %	15,403	6.3 %
Real estate activities	12,882	5.4 %	13,120	5.3 %
Construction	6,818	2.9 %	6,805	2.8 %
Electricity, gas, steam and hot water supply	6,271	2.6 %	5,737	2.3 %
Retail trade and repair of consumer goods	5,426	2.3 %	5,758	2.3 %
Land transport, transport via pipelines	3,155	1.3 %	3,328	1.4 %
Manufacture of food products and beverages	2,799	1.2 %	2,803	1.1 %
Land transport, transport via pipelines	2,708	1.1 %	2,577	1.0 %
Manufacture of basic metals	2,213	0.9 %	2,877	1.2 %
Manufacture of machinery and equipment	1,966	0.8 %	1,846	0.8 %
Other transport	1,615	0.7 %	1,770	0.7 %
Sale of motor vehicles	1,529	0.6 %	1,348	0.5 %
Extraction of crude petroleum and natural gas	886	0.4 %	1,033	0.4 %
Other industries	15,472	6.5 %	17,636	7.2 %
Total	**236,988**	**100.0 %**	**245,953**	**100.0 %**

Structured credit portfolio

The Group invests in structured products. The total exposure to structured products showed a nominal amount of € 545 million (previous year: € 511 million) and a carrying amount of € 537 million (previous year: € 530 million). These are mainly investments in asset-backed securities (ABS), asset-based financing (ABF), and in some cases collateralized debt obligations (CDO). A total of 100 per cent of the portfolio (previous year: 97 per cent) contains loans and advances to European customers. The year-on-year increase in nominals is attributable to purchases due to new transactions.

Counterparty credit risk

The default of a counterparty in a derivative, repurchase, securities lending, or borrowing transaction can lead to losses from re-establishing an equivalent contract. In the Group, this risk is measured by the mark-to-market approach where a predefined add-on is added to the current positive fair value of the contract in order to account for potential future changes. For internal management purposes potential price changes, which affect the fair value of an instrument, are calculated specifically for different contract types based on historical market price changes.

For derivative contracts the standard limit approval process applies, where the same risk classification, limitation, and monitor-ing process is used as for traditional lending. In doing so, the weighted nominal exposure of derivative contracts is added to the customers' total exposure in the limit application and monitoring process as well as in the calculation and allocation of internal capital.

An important strategy for reducing counterparty credit risk is utilization of credit risk mitigation techniques such as netting agreements and collateralization. In general, the Group strives to establish standardized ISDA master agreements with all major counterparties for derivative transactions in order to be able to perform close-out netting and credit support annexes (CSA) for full risk coverage for positive fair values on a daily basis.

Non-performing exposures (NPE)

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

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

in € million	NPE 2023	NPE 2022	NPE ratio 2023	NPE ratio 2022	NPE coverage ratio 2023	NPE coverage ratio 2022
General governments	178	169	8.3 %	7.9 %	2.7 %	3.0 %
Banks	3	6	0.0 %	0.0 %	47.1 %	63.1 %
Other financial corporations	392	163	3.7 %	1.4 %	29.3 %	29.8 %
Non-financial corporations	1,843	1,619	3.8 %	3.2 %	53.5 %	62.8 %
Households	1,075	1,133	2.6 %	2.7 %	64.8 %	66.2 %
Loans and advances	**3,491**	**3,090**	**2.2 %**	**1.8 %**	**51.7 %**	**59.1 %**
Bonds	**7**	**3**	**0.0 %**	**0.0 %**	**24.2 %**	**0.0 %**
Total	**3,498**	**3,093**	**1.9 %**	**1.6 %**	**51.7 %**	**59.0 %**

Compared to year-end 2022, the volume of non-performing exposures increased € 406 million to € 3,498 million. In organic terms, this was a growth of € 462 million, mainly in Group Corporates & Markets segment with € 642 million in real estate, while Russia declined with € 103 million; the currency trend, mainly as a result of the devaluation of the Russian ruble, contributed a total of € 56 million. A decrease of € 621 million resulted from derecognitions and sales, this contrasted with new defaults mainly of loans to non-financial corporations. The NPE ratio rose 0.3 percentage points to 1.9 per cent compared to year-end 2022. The coverage ratio fell 7.4 percentage points to 51.7 per cent.

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

in € million	As at 1/1/2023	Change in consolidated group	Currency	Additions	Disposals	As at 31/12/2023
General governments	169	0	0	10	(1)	178
Banks	6	0	0	0	(2)	3
Other financial corporations	163	0	(2)	250	(19)	392
Non-financial corporations	1,619	0	(35)	856	(597)	1,843
Households	1,133	0	(19)	470	(508)	1,075
Loans and advances (NPL)	**3,090**	**0**	**(56)**	**1,585**	**(1,128)**	**3,491**
Bonds	**3**	**0**	**0**	**4**	**0**	**7**
Total (NPE)	**3,093**	**0**	**(56)**	**1,590**	**(1,128)**	**3,498**

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

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

in € million	NPE 2023	NPE 2022	NPE ratio 2023	NPE ratio 2022	NPE coverage ratio 2023	NPE coverage ratio 2022
Central Europe	783	831	1.2 %	1.4 %	58.4 %	59.7 %
Southeastern Europe	592	591	1.8 %	2.0 %	66.6 %	70.2 %
Eastern Europe	528	708	2.1 %	2.3 %	73.6 %	65.1 %
Group Corporates & Markets	1,595	962	3.0 %	1.8 %	35.6 %	47.1 %
Corporate Center	0	0	0.0 %	0.0 %	100.0 %	100.0 %
Total	**3,498**	**3,093**	**1.9 %**	**1.6 %**	**51.7 %**	**59.0 %**

Non-performing exposure in the Group Corporate & Markets segment recorded an increase of € 633 million to € 1,595 million, primarily due to the rise in the real estate sector. Offsetting this were derecognitions and sales of non-performing loans in the amount of € 203 million. The NPE ratio increased 1.2 percentage points compared to year-end 2022 to 3.0 per cent. The coverage ratio declined 11.6 percentage points to 35.6 per cent.

Non-performing exposure in the Southeastern Europe segment remained nearly unchanged at € 592 million in comparison to year-end 2022. Beside Kosovo, Romania and Serbia, in all other countries non-performing exposure declined mainly due to sales and derecognitions of non-performing loans in the amount of € 139 million, mainly in Romania with € 95 million, contrasted with higher new defaults of loans to households. The NPE ratio declined 0.2 percentage points to 1.8 per cent, the coverage ratio sank 3.6 percentage points to 66.6 per cent.

Falling € 181 million to € 528 million, the Eastern Europe segment contributed to the decrease in non-performing exposure, on the one hand due to devaluation of the Russian ruble and the Ukrainian Hryvna in the total amount of € 57 million, on the other due to derecognitions and sales of non-performing loans in the amount of € 181 million, mainly in Russia with € 150 million. The NPE ratio fell 0.2 percentage points to 2.1 per cent. The coverage ratio increased 8.4 percentage points to 73.6 per cent.

The Central Europe segment reported a € 48 million decrease in non-performing exposure to € 783 million, mainly due to decreases in Hungary and Poland totaling € 58 million, whereas Slovakia and the Czech Republic reported a totaling of € 10 million slight increase in non-performing exposure, derecognitions and sales of non-performing loans in the amount of € 99 million contributed to the reduction. The NPE ratio in relation to the total exposure fell 0.1 percentage points to 1.2 per cent compared to year-end 2022. The coverage ratio fell 1.3 percentage points to 58.4 per cent.

Non-performing exposure with restructuring measures:

	Refinancing		Instruments with modified maturities and conditions		Total	
in € million	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
General governments	0	0	0	0	0	0
Banks	0	0	0	0	0	0
Other financial corporations	62	60	47	38	109	98
Non-financial corporations	93	81	784	886	877	967
Households	8	8	249	273	257	281
Total	**163**	**149**	**1,080**	**1,197**	**1,243**	**1,346**

Non-performing exposure with restructuring measures by segments:

in € million	2023	Share	2022	Share
Central Europe	239	19.3 %	259	19.2 %
Southeastern Europe	156	12.6 %	182	13.5 %
Eastern Europe	326	26.2 %	350	26.0 %
Group Corporates & Markets	521	41.9 %	555	41.2 %
Total	**1,243**	**100.0 %**	**1,346**	**100.0 %**

(43) Market risk

The Group defines market risk as the risk of possible losses arising from changes in market prices of trading and investment positions. Market risk estimates are based on changes in exchange rates, interest rates, credit spreads, equity and commodity prices, and other market parameters (e.g. implied volatilities).

Market risks from the customer divisions are transferred to the Treasury division using the transfer price method. Treasury is responsible for managing structural market risks and for complying with the Group's overall limit. The Capital Markets division is responsible for proprietary trading, market making, and customer business in money market and capital market products.

In previous years the global COVID-19 situation required increased monitoring of market trends and position changes for RBI, in 2022 the Russia-Ukraine war outbreak provided the challenge for market risk management, which continued during 2023 as well. Active risk management and daily monitoring with a focus on the Russian, Ukrainian and Belarusian markets and portfolios, dual steering approach (Group without Russian entities) introduction for the Group beginning of 2023, as well as the derivative exposure reduction between head office and Russian entity were necessary in order to adapt to the changed environment.

Organization of market risk management

All market risks are measured, monitored, and managed on Group level. The Market Risk Committee is responsible for strategic market risk management issues. It is responsible for managing and controlling all market risks in the Group. The Group's overall limit is set by the Management Board on the basis of the risk-taking capacity and income budget. This limit is apportioned to sub-limits in coordination with business divisions according to the strategy, business model and risk appetite.

The Market Risk Management department ensures that the business volume and product range comply with the defined strategy of the Group. It is responsible for implementing and enhancing risk management processes, risk management infrastructure and systems, manuals, and measurement techniques for all market risk categories and credit risk arising from market price changes in derivative transactions. Furthermore, Market Risk Management independently measures and reports all market risks on a daily basis.

All products in which open positions can be held are listed in the product catalog. New products are added to this list only after successfully completing the product approval process. Product applications are investigated thoroughly for any risks. They are approved only if the new products can be implemented in the bank's front- and back-office and risk management systems.

Limit system

The Group uses a comprehensive risk management approach for both the trading and the banking books (total-return approach). Market risk is therefore managed consistently in all trading and banking books. The following indicators are measured and limited on a daily basis in the market risk management system:

- Value-at-Risk (VaR) – confidence level 99 per cent
  Value-at-Risk is the main market risk steering instrument in liquid markets and normal market situations. Two different methods of calculation are used, depending on the steering approach. The consistency between P&L and risk figures is in parallel necessary with the economic scope of RBI in order to ensure comprehensive control. The change of the limit system was approved by the regulator. For the overall portfolio including the banking book, a model is used that is based on a historical simulation and which is suitable for longer-term steering of the market risks from the banking books (ALL model, confidence level 99 per cent, risk horizon 20 days). The calculation is based on overlapping 20-day returns of the last seven years and is also used for allocating economic capital. For all market risks with a direct impact on the income statement, a model is used that provides a good forecast of short-term volatility (IFRS P&L model, confidence level 99 per cent, risk horizon 1 day). The Austrian Financial Market Authority has approved this approach as an internal model for calculating the total capital requirement for market risks for RBI AG's trading book. Both models calculate value-at-risk indicators for changes in the risk factors foreign currencies, interest rate trend, credit spreads, implicit volatility, stock indices and basis spreads.
- Sensitivities (to changes in exchange rates and interest rates, gamma, vega, equity and commodity prices)
  Sensitivity limits are to ensure that concentrations are avoided in normal market situations and are the main steering in-strument under extreme market situations and in illiquid markets or in markets that are structurally difficult to measure.
- Stop loss
  Stop loss limits serve to strengthen the discipline of traders such that they do not allow losses to accumulate on their own proprietary positions but strictly limit them instead.

A comprehensive stress testing concept complements this multi-level limit system. It simulates potential present value changes of defined scenarios for the total portfolio. The results on market risk concentrations shown by these stress tests are reported to the Market Risk Committee and taken into account when setting limits. Stress test reports for individual portfolios are included in daily market risk reporting.

Value-at-Risk (VaR)

The following tables show the risk indicators (VaR ALL 99 per cent, 20 days and VaR IFRS-P&L 99 per cent, 1 day) for the individual market risk categories in the trading book, while the overall risk is shown for the banking book. The Group's VaR mainly results from structural equity positions, structural interest rate risk, and credit spread risks of bonds, which are held as liquidity buffer. The IFRS-P&L model aims to measure short-term market fluctuations, while the ALL model focuses on measuring structural interest rate risks. Similarly to year-end of 2022, in 2023 the currency risk of the structural positions in the ruble, hryvnia, forint and Belarusian ruble remained the main driver, as well as interest rate risk increased compared to the year-end of 2022.

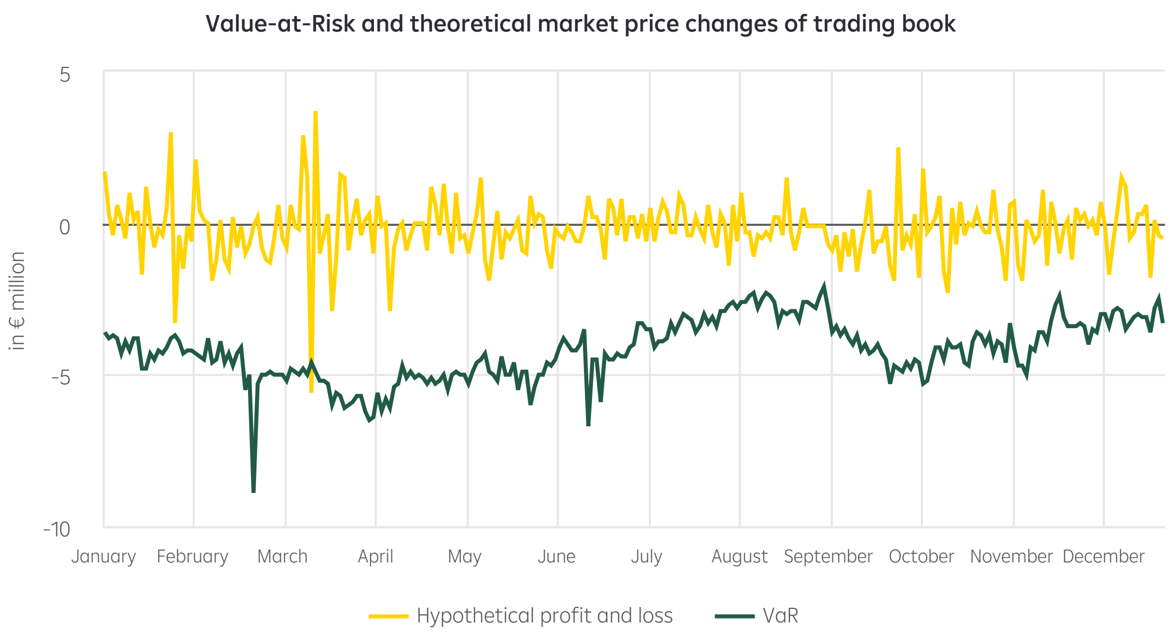
Model IFRS-P&L trading book VaR (99%, 1d) in € million	VaR as at 2023	Average VaR	Minimum VaR	Maximum VaR	VaR as at 2022
Currency risk	0	1	0	8	1
Interest rate risk	2	3	1	6	1
Credit spread risk	2	2	1	6	6
Share price risk	1	1	1	1	1
Vega risk	1	0	0	1	0
Basis risk	4	4	2	10	12
Total	**6**	**6**	**4**	**13**	**14**

Model IFRS-P&L total VaR (99%, 1d) in € million	VaR as at 2023	Average VaR	Minimum VaR	Maximum VaR	VaR as at 2022
Currency risk	10	7	2	14	13
Interest rate risk	8	5	2	32	4
Credit spread risk	4	4	3	7	6
Share price risk	1	1	1	1	1
Vega risk	1	1	0	3	1
Basis risk	5	6	3	20	30
Total	**19**	**13**	**9**	**36**	**35**

Model ALL VaR (99%, 20d) in € million	VaR as at 2023	Average VaR	Minimum VaR	Maximum VaR	VaR as at 2022
Economic capital ALL	649	542	460	1,022	565
Vega risk ALL	10	13	6	33	16
Total ALL	**659**	**554**	**472**	**1,032**	**581**
Economic capital banking book	620	549	463	1,066	572
Vega risk banking book	9	13	6	32	15
Total banking book	**630**	**560**	**485**	**1,076**	**587**
Interest rate risk in the banking book	167	176	68	274	120

The risk measurement approaches employed are verified – besides analyzing returns qualitatively – on an ongoing basis through backtesting and statistical validation techniques. If model weaknesses are identified, then they are adapted accordingly.

In the 2023 reporting year, there was one hypothetical backtesting violation. The following graph compares the VaR to the theoretical gains and losses on a daily basis. The VaR represents the maximum loss which will not be exceeded within one day, with a confidence level of 99 per cent. It is compared to the respective theoretical gain or loss which would arise on the following day due to the actual market conditions at the time.



Exchange rate risk and capital (ratio) hedge

Market risk in the Group results primarily from exchange rate risk, which stems from foreign-currency denominated equity investments in foreign Group units and the corresponding hedging positions entered into by the Group Asset/Liability Committee. In a narrow sense, exchange rate risk denotes the risk of losses being incurred due to open foreign exchange positions. However, exchange rate fluctuations also influence current revenues and expenses. They also affect regulatory capital requirements for assets denominated in foreign currencies, even if they are financed in the same currency and thus do not create an open foreign exchange position.

The Group holds material equity participations located outside of the euro area with equity denominated in the corresponding local currency. Also, a significant share of risk-weighted assets in the Group is denominated in foreign currencies. Changes in foreign exchange rates thus lead to changes in the consolidated capital of the Group and to changes in the total capital requirement for credit risk as well.

From a regulatory perspective, the ECB approved a waiver for the Group which permits a reduction in the RWA's associated with market risk. This requires that the Group follow a specific hedging strategy that allows the exchange rate risks to be protected against potential shocks.

In order to manage exchange rate risk, RBI currently follows a stable capital ratio strategy. The goal of this hedging strategy is to balance tier 1 capital and risk-weighted assets in all currencies according to the targeted tier 1 ratio (i.e. reduce excess capital or deficits in relation to risk-weighted assets for each currency) such that the tier 1 ratio remains stable even if foreign exchange rates change. The Group aims at stabilizing its capital ratio when managing exchange rate risks. Changes in foreign exchange rates thus lead to changes in the consolidated equity amount; however, the regulatory capital requirement for credit risks stemming from assets denominated in foreign currencies also changes correspondingly. This risk is managed on a monthly basis in the Group Asset/Liability Committee based on historical foreign exchange volatilities, exchange rate forecasts, and the sensitivity of the tier 1 ratio to changes in individual foreign exchange rates.

The following table shows all material open foreign exchange rate positions as at 29 December 2023 and the corresponding values for the previous year. The figures include both trading positions as well as capital positions of the subsidiaries with foreign currency denominated statements of financial position (short positions are shown with a negative sign and long positions with a positive sign). The increase in open foreign exchange positions as of 29 December 2023 in Eastern Europe, especially in the Russian ruble (RUB), was due to removal of the ECB waiver for RUB currency. This reduction is the result of market restrictions, especially in terms of the availability of EUR/RUB hedge instruments as a result of the war.

in € million	2023	2022
ALL	285	59
BAM	965	351
BGN	185	65
BYN	709	309
CNY	13	6
CHF	(1,184)	(377)
CZK	484	512
HRK	0	437
HUF	847	236
PLN	48	0
RON	2,440	660
RSD	1,607	497
RUB	7,173	2,064
UAH	1,790	310
USD	(2,153)	(930)

Interest rate risk in the trading book

The largest present value changes for the trading book of the Group given a one-basis-point interest rate increase for the whole yield curve in € thousand.

2023 in € thousand	Total	< 3 m	> 3 to 6 m	> 6 to 12 m	> 1 to 2 y	> 2 to 3 y	> 3 to 5 y	> 5 to 7 y	> 7 to 10 y	> 10 to 15 y	> 15 to 20 y	> 20 y
ALL	0	0	0	0	0	0	0	0	0	0	0	0
CHF	(10)	(1)	3	(10)	(3)	0	0	0	0	0	0	0
CNY	4	0	0	4	0	0	0	0	0	0	0	0
CZK	4	(1)	(2)	11	(7)	(5)	6	0	5	(1)	(1)	(1)
EUR	(56)	3	10	(3)	(1)	(32)	23	(32)	3	(25)	13	(13)
HRK	0	0	0	0	0	0	0	0	0	0	0	0
HUF	11	2	0	(4)	(3)	(1)	5	(3)	14	1	0	0
NOK	1	0	0	0	0	0	0	0	0	0	0	0
PLN	3	0	0	(8)	9	(1)	5	3	(4)	0	0	0
RON	(7)	1	0	3	(1)	(10)	3	0	(2)	(1)	0	0
RUB	(29)	(16)	(8)	0	(2)	0	(1)	0	(1)	0	0	0
UAH	(24)	0	0	(2)	(12)	(9)	(1)	0	0	0	0	0
USD	(32)	9	7	(13)	(13)	(34)	(20)	(5)	1	9	9	20
Other	(15)	0	(1)	(2)	(1)	(1)	(3)	(1)	(6)	0	0	0

The presentation of currencies changed year-on-year depending on the absolute amount of interest rate sensitivity.

2022 in € thousand	Total	< 3 m	> 3 to 6 m	> 6 to 12 m	> 1 to 2 y	> 2 to 3 y	> 3 to 5 y	> 5 to 7 y	> 7 to 10 y	> 10 to 15 y	> 15 to 20 y	> 20 y
ALL	0	0	0	0	0	0	0	0	0	0	0	0
CHF	4	5	0	0	(1)	1	0	0	0	0	0	0
CNY	5	0	0	5	0	0	0	0	0	0	0	0
CZK	(10)	(5)	3	9	8	2	(5)	(13)	(8)	(1)	0	0
EUR	(58)	(4)	6	9	27	6	(4)	(58)	(12)	(4)	(13)	(12)
HRK	(7)	0	0	0	1	0	(2)	(2)	0	(3)	0	0
HUF	(4)	5	(1)	(6)	(3)	0	0	(1)	3	0	0	0
NOK	1	0	0	0	1	0	0	0	0	0	0	0
PLN	(1)	0	(2)	1	(2)	(1)	7	(2)	(2)	0	0	0
RON	(9)	1	(1)	(1)	1	(4)	(4)	0	0	0	0	0
RUB	(16)	(15)	2	(14)	7	3	3	(2)	1	(2)	0	0
UAH	(16)	(1)	(1)	(1)	(9)	(2)	(2)	0	0	0	0	0
USD	13	4	2	(1)	0	0	7	(2)	(6)	5	6	(2)
Other	(5)	2	0	(2)	(1)	(3)	0	0	0	0	0	0

Interest rate risk in the banking book

Different maturities and repricing schedules of assets and the corresponding liabilities (i.e. deposits and financing from money markets and capital markets) cause interest rate risk in the Group. This risk arises in particular from incomplete compensation of the interest rate sensitivity of expected cash flows, their interest rate adjustment cycles, and other optional features. Interest rate risk in the banking book is material for the euro and US dollar as major currencies as well as for local currencies of Group units located in Central and Eastern Europe.

This risk is mainly hedged by a combination of transactions on and off the statement of financial position where in particular interest rate swaps and – to a smaller extent – also interest rate forwards and interest rate options are used. Management of the statement of financial position is a core task of the central Global Treasury division and of individual network banks, which are supported by the Group Asset/Liability Committee. They base their decisions on various interest income analyses and simulations that ensure proper interest rate sensitivity in line with expected changes in market rates and the overall risk appetite.

Interest rate risk in the banking book is not only measured within a value-at-risk framework but also managed by the traditional tools of nominal and interest rate gap analyses. Interest rate risk is subject to quarterly reporting in the context of the interest rate risk statistic submitted to the banking supervisor. This report also shows the change in the present value of the banking book as a percentage of total capital in line with the CRR requirements. Maturity assumptions needed in this analysis are defined as specified by regulatory authorities and based on internal statistics and empirical values.

Change in the present value of the Group's banking book given a one-basis point interest rate increase in € thousand:

2023 in € thousand	Total	< 3 m	> 3 to 6 m	> 6 to 12 m	> 1 to 2 y	> 2 to 3 y	> 3 to 5 y	> 5 to 7 y	> 7 to 10 y	> 10 to 15 y	> 15 to 20 y	> 20 y
ALL	24	(1)	(1)	(4)	(10)	11	27	(15)	1	11	4	0
BGN	0	0	0	0	0	0	0	0	0	0	0	0
BYN	(6)	2	2	6	(4)	(3)	(2)	(2)	(3)	(2)	0	0
CHF	(68)	(25)	(4)	0	4	4	2	(17)	(10)	(13)	(7)	(1)
CNY	(3)	(1)	(1)	(1)	0	0	0	0	0	0	0	0
CZK	(831)	42	(18)	(10)	(209)	(197)	(201)	112	(155)	(167)	(27)	(1)
EUR	(876)	12	(124)	46	194	(15)	202	(235)	(293)	(417)	(237)	(8)
GBP	(7)	(4)	2	1	(1)	(7)	1	0	0	0	0	0
HRK	0	0	0	0	0	0	0	0	0	0	0	0
HUF	(295)	5	2	(38)	(9)	(13)	(92)	(48)	(97)	(4)	(1)	0
PLN	(14)	(2)	(7)	2	3	(1)	(3)	(4)	(2)	0	0	0
RON	101	2	11	1	(68)	11	24	(50)	167	4	(1)	0
RSD	(12)	1	1	4	(8)	19	32	(17)	(45)	0	0	0
RUB	(101)	(3)	(21)	(7)	(121)	(57)	78	90	31	(73)	(16)	(2)
SGD	0	0	0	0	0	0	0	0	0	0	0	0
UAH	(30)	5	3	(2)	(14)	(14)	(7)	0	0	0	0	0
USD	139	15	(32)	23	72	50	4	(6)	11	1	0	0
Other	(61)	2	(22)	38	11	(4)	(7)	(36)	(29)	(8)	(4)	0

The presentation of currencies changed year-on-year depending on the absolute amount of interest rate sensitivity.

2022 in € thousand	Total	< 3 m	> 3 to 6 m	> 6 to 12 m	> 1 to 2 y	> 2 to 3 y	> 3 to 5 y	> 5 to 7 y	> 7 to 10 y	> 10 to 15 y	> 15 to 20 y	> 20 y
ALL	55	(2)	(4)	(13)	6	19	45	3	5	7	(4)	(8)
BGN	0	0	0	0	0	0	0	0	0	0	0	0
BYN	(2)	(1)	(1)	0	1	2	(1)	(1)	0	0	0	0
CHF	(86)	(53)	(1)	1	3	3	3	(13)	(10)	(11)	(7)	(2)
CNY	(5)	(2)	(1)	(1)	0	0	0	0	0	0	0	0
CZK	(788)	55	(19)	2	(179)	(178)	(274)	(127)	(35)	(32)	0	0
EUR	(911)	72	31	92	(295)	(162)	(325)	(334)	146	(68)	(50)	(19)
GBP	(11)	(2)	0	0	1	(2)	(7)	(1)	0	0	0	0
HRK	182	6	(2)	(9)	9	33	80	(4)	54	15	0	0
HUF	(210)	6	(3)	(20)	(16)	(12)	(58)	(44)	(62)	(2)	1	0
PLN	(20)	(3)	(5)	2	(1)	(3)	(3)	(3)	(4)	0	0	0
RON	(206)	(3)	6	10	(11)	(2)	(10)	(121)	(77)	4	(1)	0
RSD	12	(1)	(3)	1	(2)	(7)	25	(1)	0	0	0	0
RUB	(9)	35	(4)	12	(138)	(30)	35	95	83	(81)	(15)	(2)
SGD	0	0	0	0	0	0	0	0	0	0	0	0
UAH	6	3	1	(4)	8	6	(7)	0	0	0	0	0
USD	228	57	96	40	16	2	29	10	0	(23)	0	0
Other	(34)	7	(3)	(5)	(1)	1	(2)	(13)	(11)	(2)	(3)	0

Credit spread risk

The market risk management framework uses time-dependent bond and CDS spread curves as risk factors in order to measure credit spread risks. It captures all capital market instruments in the trading and banking book.

(44) Liquidity management

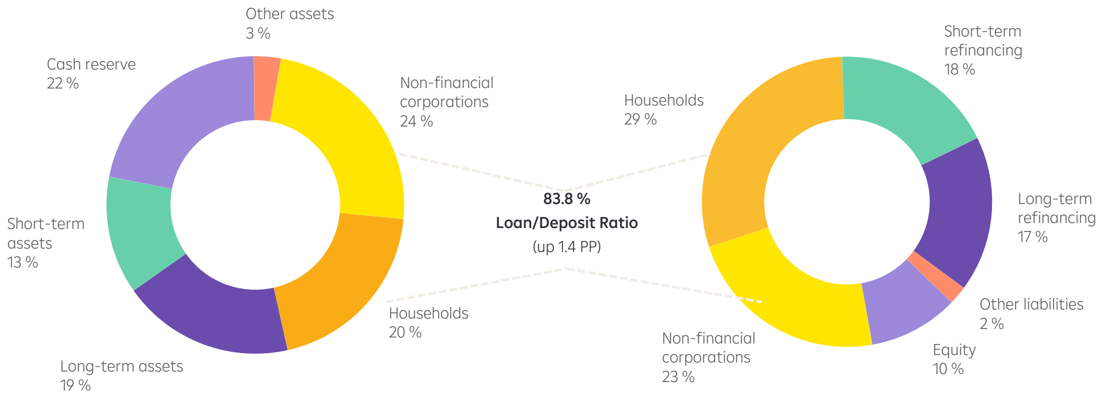
Despite the ongoing Russian invasion in Ukraine and intense media coverage of RBI, the liquidity position remained stable throughout 2023. In response to the unstable environment, several decisions were made and implemented in 2023 to establish an additional liquidity buffer.

These decisions included increasing buffers in selected and total currencies and adjusting models based on observed statistics from previous years. Ongoing analysis, monitoring, and scenario analysis for potential adverse developments have been implemented. Additionally, a separate monitoring of RBI's liquidity risk position, excluding Russian subsidiaries, was initiated in 2023, proving that RBI's liquidity risk position remains within target levels even without the Russian business.

The ILAAP framework and governance once again proved to be solid and functioning even in times of crisis. Daily monitoring of the liquidity position using dynamic dashboards showed that the infrastructure and monitoring are effective and support quick reactions in times of crisis.

Funding structure

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



Principles

Internal liquidity management is an important business process within general bank management, because it ensures the continuous availability of funds required to cover day-to-day demands.

Liquidity adequacy is ensured from both an economic and a regulatory perspective. In order to approach the economic perspective RBI established a governance framework comprising internal limits and steering measures which complies with the Principles for Sound Liquidity Risk Management and Supervision set out by the Basel Committee on Banking Supervision and the Kreditinstitute-Risikomanagement-Verordnung (KI-RMV) issued by the Austrian regulatory authority.

The regulatory component is addressed by complying with the reporting requirements under Basel III (Liquidity Coverage Ratio, Net Stable Funding Ratio, and Additional Liquidity Monitoring Metrics) as well as by complying with the regulatory limits. In addition, some Group units have additional liquidity and reporting requirements set by their local supervisory authorities.

Organization and responsibility

Responsibility for ensuring adequate levels of liquidity lies with the overall Management Board. The board members with functional responsibility are the Chief Financial Officer (Treasury) and the Chief Risk Officer (Risk Controlling). Accordingly, the processes regarding liquidity risk are essentially run by two areas within the bank: Firstly the Treasury units, which take on liquidity risk positions within the strategy, guidelines and parameters set by the responsible decision-making bodies. Secondly, they are monitored and supported by independent Risk Controlling units, which measure and model liquidity risk positions, set limits and supervise compliance with those.

Besides the responsible units in the line functions, all network banks have respective asset/liability management committees (ALCOs). These committees act as decision-making bodies with respect to all matters affecting the management of the liquidity position and balance sheet structure of a unit including the definition of strategies and policies for managing liquidity risks. The ALCOs take decisions and provide standard reports on liquidity risk to the Board of Management at least on a monthly basis. On Group level these functions are taken by the Group ALCO. Treasury operations and the respective ALCO decisions are mainly based on Group-wide, standardized Group rules and their local supplements, which take specific regional factors into account.

Liquidity strategy

Treasury units are committed to achieving KPIs and to complying with risk-based principles. The current set of KPIs includes general targets, e.g. for return on risk-adjusted capital (RORAC) or coverage ratios, as well as specific Treasury targets for liquidity such as a minimum survival period in defined stress scenarios or minimum liquidity targets in regulatory indicators. While generating an adequate structural income from maturity transformation which reflects the liquidity and market risk positions taken by the bank, Treasury has to follow a prudent and sustainable risk policy when steering the balance sheet. Strategic goals comprise a reduction of parent funding within the Group, the sustainable management of the depositor base and credit growth as well as continuous compliance with regulatory requirements and the internal limit framework.

Liquidity risk framework

Regulatory and internal liquidity reports and ratios are generated based on certain modelling assumptions. Whereas the regulatory reports are calculated on specifications given by authorities, the internal reports are modelled with assumptions from empirical observations.

The Group has a substantial database along with expertise in forecasting cash flows arising from all material on- and off-balance sheet positions. The modelling of liquidity inflows and outflows is carried out on an appropriate granular level, differentiating between product and customer segments, and, where applicable, currencies as well. Modelling of retail and corporate customer deposits includes assumptions concerning the retention times for deposits after maturity. The model assumptions are quite prudent, e.g. there is a no-rollover assumption on funding from banks and all funding channels and the liquidity buffer are stressed simultaneously.

The cornerstones of the economic liquidity risk framework are the Going Concern (GC) and the Time-to-Wall (TTW) scenario. The Going Concern report shows the structural liquidity position. It covers all main risk drivers which could detrimentally affect the Group in a business-as-usual scenario. The Going Concern models are important input factors for the liquidity contribution to the internal funds transfer pricing model. On the other hand, the Time-to-Wall report shows the survival horizon for defined adverse scenarios and stress models (market, reputational and combined crisis) and determines the minimum level of the liquidity buffer (and/or the counter-balancing capacity) of the Group and its individual units.

The liquidity scenarios are modelled using a Group-wide approach, acknowledging local specifications where they are justified by influencing factors such as the market or legal environment or certain business characteristics; the calculation is performed at RBI AG. The modelling of cash inflows and outflows differentiates between product and customer segments, while if applicable, a distinction is also made between different currencies. For products without a contractual maturity, the distribution of cash inflows and outflows is calculated using a geometric Brownian motion which derives the statistical forecasts for future daily balances from the observed, exponentially weighted historical volatility of the corresponding products. For market crisis scenario a special model for assessment of the potential liquidity outflow due to margin calls is in place. This model relies on Value-at-Risk calculations to estimate the potential depreciation of derivative portfolios involving counterparties with CSA or variation margin agreements. By incorporating this outflow into the liquidity risk stress test, a corresponding buffer is maintained to account for potential margin calls in extremely adverse situations.

The liquidity risk framework is continuously developed at both Group level and at the level of the individual Group units. The technical infrastructure is enhanced in numerous Group-wide projects and data availability is improved in order to meet the new reporting and management requirements for this area of risk.

Risk appetite and liquidity limits

The liquidity position is monitored on Group level and on individual unit level and is restricted by means of a comprehensive limit system. Limits are defined both under a business-as-usual as well as under a stress perspective. In accordance with the defined risk appetite, each Group unit must demonstrate a survival horizon of several months (TTW) in a severe, combined stress scenario (reputational and market stress). This can be ensured either by a structurally positive liquidity profile or by a sufficiently high liquidity buffer. In a normal going-concern environment, maturity transformation must be fully covered by the available liquidity buffer in the medium term. This means that the cumulative liquidity position over a period of up to one year must be positive. In the long term (one year or more), maturity transformation is permitted up to a certain level. The internal model limits are supplemented by limits for compliance with regulatory liquidity ratios, such as the liquidity coverage ratio. All limits must be complied with on a daily basis.

Liquidity monitoring

The bank uses a range of customized measurement tools and early warning indicators that provide board members and senior management with timely and forward-looking information. The limit framework ensures that the bank can continue to operate in a period of severe stress.

Monitoring of limits and reporting limit compliance is performed regularly and effectively. Any breach by Group units is reported to the Group ALCO and escalated. In such cases, appropriate steps are undertaken in consultation with the relevant unit or contentious matters are escalated to the next highest responsible body.

Liquidity stress testing

Stress tests are conducted for RBI AG and the network banks on a daily basis and on Group level. The tests cover three scenarios (market, reputational and combined crisis), consider the effects of the scenarios for a period of several months and demonstrate that stress events can simultaneously result in a time-critical liquidity requirement in several currencies. The stress scenarios include the principal funding and market liquidity risks. This means that in the stress tests of the Group, all network units are simultaneously subject to a pronounced combined crisis for all their major products. The results of the stress tests are reported to the Chief Risk Officer and the Chief Financial Officer as well as other members of management on a weekly basis; they also form a key component of the monthly ALCO meetings and are included in the bank's strategic planning and contingency planning.

A conservative approach is adopted when establishing outflow ratios based on historical data and expert opinions. The simulation assumes a lack of access to the money or capital market and simultaneously significant outflows of customer deposits. In this respect, the deposit concentration risk is also considered by assigning higher outflow ratios to large customers. Furthermore, stress assumptions are formulated for the drawdown of guarantees and credit obligations. In addition, the liquidity buffer positions are adapted by haircuts in order to cover the risk of disadvantageous market movements, and the potential outflows resulting from collateralized derivative transactions are estimated. The bank continuously monitors whether the stress assumptions are still appropriate or whether new risks need to be considered.

The Time-to-Wall concept has established itself as the main control instrument for day-to-day liquidity management and is therefore a central component of funding planning and budgeting. It is also fundamental to determining performance ratios relating to liquidity.

Liquidity buffer

As shown by the daily liquidity risk reports, the main Group units actively maintain and manage liquidity buffers, including high-quality liquid assets (HQLA) which are always sufficient to cover the net outflows expected in crisis scenarios. The Group has sizeable, unencumbered and liquid securities portfolios and favors securities eligible for central bank tender transactions in order to ensure sufficient liquidity in various currencies. The main Group units ensure the availability of liquidity buffers, test their ability to utilize central bank funds, constantly evaluate their collateral positions as regards their market value and encumbrance and examine the remaining counterbalancing capacity, including the funding potential and the saleability of the assets.

Generally, a haircut is applied to all liquidity buffer positions. In the stressed liquidity report (time-to-wall), these haircuts include a market-risk specific haircut and a central bank haircut. While the market risk haircut represents the potential price volatility of the securities held as assets as part of the liquidity buffer, the central bank haircut represents an additional haircut for each individual relevant security that may be offered as collateral.

Intraday liquidity management

In compliance with regulatory requirements for intraday liquidity management, the available liquidity is calculated daily analogous to the outflow assumptions of the regular liquidity stress reports (time-to-wall) for RBI AG. In case of limit breaches, an intraday contingency and escalation process is triggered commensurate with the severity of the breach. For the whole of RBI, the local intraday liquidity management process is within the responsibility of the local Treasury unit which ensures that the following minimum standards are implemented locally: clear responsibilities and workflows for managing intraday liquidity; daily monitoring of available intraday liquidity; intraday liquidity forecasting model and limit; escalation and contingency processes and measures in case of limit breaches.

Contingency funding plan

Under difficult liquidity conditions, the units switch to a contingency process in which they follow predefined liquidity contingency plans. These contingency plans also constitute an element of the liquidity management framework and are mandatory for all significant Group units. The emergency management process is designed so that the Group can retain a strong liquidity position even in serious crisis situations.

Liquidity position

Group funding is founded on a strong customer deposit base supplemented by wholesale funding – mainly via RBI AG and the Group units. Funding instruments are appropriately diversified and are used regularly. The ability to procure funds is precisely monitored and evaluated by the Treasury ALM units and the ALCOs.

In the past year and to date, the Group's excess liquidity was above all regulatory and internal limits (with a handful of exceptions in the area of internal sub-limits). The result of the internal time-to-wall stress test demonstrates that the Group would survive throughout the modelled stress phase of several months even without applying contingency measures.

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

in € million	2023		2022	
Maturity	1 month	1 year	1 month	1 year
Liquidity gap	49,061	57,382	47,281	46,094
Liquidity ratio	190 %	152 %	179 %	136 %

Liquidity coverage ratio (LCR)

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

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

in € million	2023	2022
Average liquid assets	39,310	43,954
Net outflows	20,781	21,712
Inflows	18,773	21,475
Outflows	39,554	43,188
Liquidity Coverage Ratio	**189 %**	**202 %**

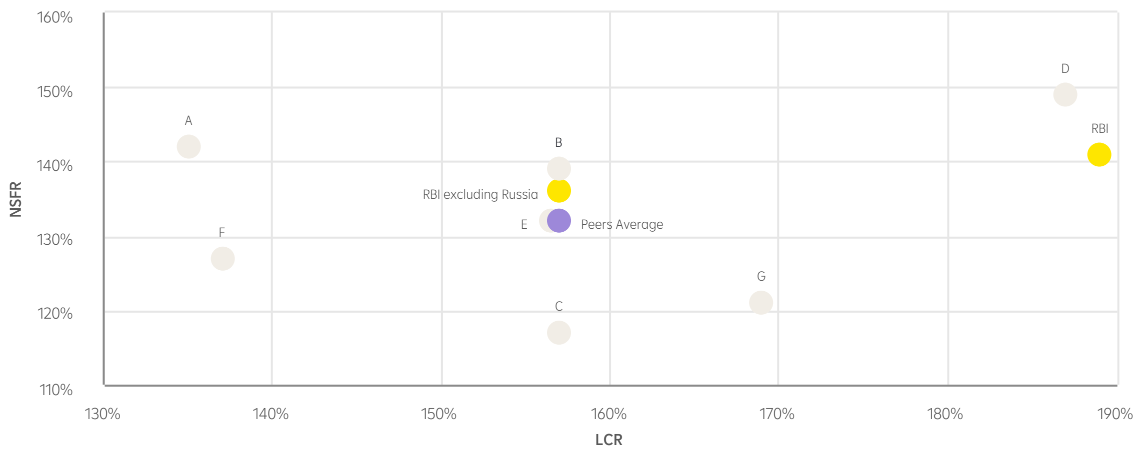
Net Stable Funding Ratio (NSFR)

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

in € million	2023	2022
Required stable funding	115,960	119,608
Available stable funding	163,982	161,545
Net Stable Funding Ratio	**141 %**	**135 %**

NSFR remained stable in 2023.

LCR / NSFR RBI as at 31/12/2023 Peer Group Comparison (Pillar III Report Q3 2023)



Funding liquidity risk

Funding liquidity risk is mainly driven by changes in the risk strategy of lenders or by a deterioration in the creditworthiness of a bank that needs external funding. Funding rates and supply rise and fall with credit spreads, which change due to the market or bank-specific situation.

As a consequence, long-term funding depends on restoring confidence in banks and increased efforts in collecting customer deposits. RBI AG's banking activities are financed by combining wholesale funding and the retail franchise of deposit-taking subsidiary banks. It is the central liquidity balancing agent for the local Group units in Central and Eastern Europe.

In the Group's funding plans, special attention is paid to a diversified structure of funding to mitigate funding liquidity risk. In the Group, funds are not only raised by RBI AG as the Group's parent institution, but also individually by different banking subsidiaries. Those efforts are coordinated and optimized through a joint funding plan.

Moreover, RBI AG arranges medium-term and long-term funding for its subsidiaries through syndicated loans, bilateral funding agreements with banks, and financing facilities provided by supranational institutions. These funding sources are based on long-term business relationships.

For managing and limiting liquidity risks, the targets for the loan/deposit ratio (the ratio of customer loans to customer deposits) in the individual subsidiary banks take into account the planned future business volumes as well as the feasibility of increasing customer deposits in different countries. On the one hand, this initiative reduces external funding requirements. On the other hand, it also reduces the need for internal funding operations and the risk associated with such liquidity transfers.

The following table shows a breakdown of cash flows according to the contractual maturity of financial assets:

2023 in € million	Carrying amount	Contractual cash flows	Up to 3 months	More than 3 months, up to 1 year	More than 1 year, up to 5 years	More than 5 years
Non-derivative financial assets	**188,055**	**212,587**	**76,767**	**21,740**	**60,224**	**53,856**
Cash, balances at central banks and other demand deposits	43,234	43,523	43,523	0	0	0
Loans and advances	114,147	133,352	30,138	18,220	45,295	39,699
Central banks	7,860	7,884	7,868	16	0	0
General governments	2,145	2,313	147	215	714	1,237
Banks	6,854	7,013	5,218	328	1,172	295
Other financial corporations	10,566	11,822	3,880	1,684	5,035	1,223
Non-financial corporations	47,049	52,593	10,567	12,019	24,754	5,252
Households	39,674	51,728	2,458	3,958	13,619	31,692
Debt securities	30,674	35,713	3,106	3,520	14,929	14,157
Central banks	68	64	64	0	0	0
General governments	24,683	28,967	2,521	2,675	10,905	12,866
Banks	3,865	4,289	356	539	2,494	900
Other financial corporations	1,114	1,265	67	172	862	165
Non-financial corporations	944	1,127	99	135	668	226
Derivative financial assets	**4,569**	**3,925**	**449**	**694**	**1,803**	**979**
Derivatives - Trading book	3,774	3,636	450	636	1,610	941
Derivatives – hedge accounting	1,160	297	9	57	192	39
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk	(365)	(9)	(10)	0	2	(1)

2022 in € million	Carrying amount	Contractual cash flows	Up to 3 months	More than 3 months, up to 1 year	More than 1 year, up to 5 years	More than 5 years
Non-derivative financial assets	**196,046**	**217,983**	**90,430**	**23,034**	**58,282**	**46,245**
Cash, balances at central banks and other demand deposits	53,683	54,010	54,010	0	0	0
Loans and advances	118,946	137,710	34,514	19,563	47,180	36,453
Central banks	8,814	8,816	8,816	0	0	0
General governments	2,143	2,301	278	282	726	1,015
Banks	6,902	6,983	5,242	401	998	341
Other financial corporations	11,390	12,435	4,402	1,707	4,970	1,357
Non-financial corporations	48,829	54,038	12,926	10,947	23,982	6,183
Households	40,867	53,136	2,850	6,226	16,503	27,557
Debt securities	23,418	26,262	1,905	3,470	11,103	9,792
Central banks	4	4	4	0	0	0
General governments	17,599	19,781	1,351	2,670	7,947	7,812
Banks	3,634	3,814	252	622	2,125	814
Other financial corporations	1,184	1,422	199	88	461	682
Non-financial corporations	997	1,242	98	90	570	483
Derivative financial assets	**5,721**	**5,188**	**265**	**1,037**	**2,357**	**1,529**
Derivatives - Trading book	5,059	5,128	571	973	2,139	1,445
Derivatives – hedge accounting	1,608	378	11	64	218	85
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk	(947)	(318)	(316)	0	0	(2)

The following table shows a breakdown of cash flows according to the contractual maturity of financial liabilities:

2023 in € million	Carrying amount	Contractual cash flows	Up to 3 months	More than 3 months, up to 1 year	More than 1 year, up to 5 years	More than 5 years
Non-derivative financial liabilities	**170,883**	**174,220**	**123,254**	**10,997**	**30,488**	**9,481**
Deposits	145,497	146,580	120,571	9,445	11,866	4,698
Central banks	2,987	3,046	2,604	65	250	128
General governments	3,702	3,744	3,116	439	156	34
Banks	23,158	23,608	15,411	1,427	4,899	1,871
Other financial corporations	12,114	12,450	8,864	799	1,212	1,574
Non-financial corporations	45,084	45,211	42,598	2,115	363	135
Households	58,453	58,521	47,978	4,601	4,987	955
Short positions	567	560	554	6	0	0
Debt securities issued	23,335	25,691	755	1,530	18,622	4,783
Other financial liabilities	1,484	1,389	1,374	15	0	0
Derivative financial liabilities	**4,331**	**4,288**	**231**	**817**	**2,042**	**1,197**
Derivatives - Trading book	3,379	4,364	614	694	1,924	1,132
Derivatives – hedge accounting	1,466	394	93	124	117	59
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk	(514)	(469)	(476)	0	1	5
Financial guarantees given	**9,761**	**9,753**	**4,670**	**2,049**	**1,708**	**1,326**
Issued loan commitments	**36,601**	**36,601**	**13,170**	**5,119**	**9,000**	**9,312**

2022 in € million	Carrying amount	Contractual cash flows	Up to 3 months	More than 3 months, up to 1 year	More than 1 year, up to 5 years	More than 5 years
Non-derivative financial liabilities	**179,743**	**184,492**	**129,428**	**16,338**	**27,789**	**10,937**
Deposits	158,740	160,679	126,827	14,086	15,208	4,558
Central banks	8,915	9,489	524	4,760	4,067	138
General governments	2,895	2,954	2,030	469	378	76
Banks	24,726	25,132	17,427	1,833	4,437	1,435
Other financial corporations	13,286	14,023	9,882	1,088	1,135	1,918
Non-financial corporations	50,042	50,135	47,321	2,180	427	207
Households	58,876	58,946	49,642	3,757	4,763	784
Short positions	91	91	91	0	0	0
Debt securities issued	18,957	21,785	601	2,231	12,581	6,372
Other financial liabilities	1,955	1,938	1,910	21	0	7
Derivative financial liabilities	**5,639**	**5,512**	**(287)**	**1,292**	**3,062**	**1,445**
Derivatives - Trading book	4,802	6,117	822	1,131	2,692	1,472
Derivatives – hedge accounting	2,054	549	47	161	370	(30)
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk	(1,217)	(1,154)	(1,156)	0	0	2
Financial guarantees given	**9,370**	**9,370**	**4,239**	**2,187**	**1,751**	**1,193**
Issued loan commitments	**37,193**	**37,193**	**11,483**	**5,714**	**9,996**	**9,999**

(45) Operational risks

Operational risk is defined as the risk of losses resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk. In this risk category internal risk drivers such as unauthorized activities, fraud or theft, conduct-related losses, modelling errors, execution and process errors, or business disruption and system failures are managed. External factors such as damage to physical assets or fraud are managed and controlled as well.

This risk category is analyzed and managed based on own historical loss data and the results of risk assessments. As with other risk types the principle of firewalling of risk management and risk controlling is also applied to operational risk in the Group. To this end, individuals are designated and trained as Operational Risk Managers for each business area. Operational Risk Managers provide central Operational Risk Controlling with reports on risk assessments, loss events, indicator values and measures. They are supported in their work by Dedicated Operational Risk Specialists (DORS).

Operational risk controlling units are responsible for reporting, implementing the framework, developing control measures and monitoring compliance with requirements. Within the framework of the annual risk management cycle, they also coordinate the participation of the relevant second line of defense departments (Financial Crime Management, Compliance, Vendor Management, Outsourcing Management, Insurance Management, Information Security, Physical Security, Business Continuity Management, Internal Control System, Technology Risk Management) and all first line of defense partners (Operational Risk Managers).

Risk identification

Identifying and evaluating risks that might endanger the Group's existence (but the occurrence of which is highly improbable) and areas where losses are more likely to arise more frequently (but have only limited impact) are important aspects of operational risk management.

Operational risk assessment is executed in a structured and Group-wide uniform manner according to risk categories such as business processes and event types. Moreover, risk assessment applies to new products as well. All Group units grade the impact of high probability/low impact events and low probability/high impact incidents according to their estimation of the loss potential for the next year and in the next ten years. Low probability/high impact events are quantified by a Group-wide analytical tool (scenarios). The internal risk profile, losses arising and external changes determine which cases are dealt with in detail. In addition, scenario analyses for focus topics such as ESG, model risks or cyber risks are specified via the Group.

Monitoring

In order to monitor operational risks, early warning indicators are used that allow prompt identification and minimization of losses. Loss data is collected in a central database called Archer (an overall non-financial risk platform) in a structured manner and on a Group-wide basis according to the event type and the business line. In addition to the requirements for internal and external reporting, information on loss events is exchanged with international data pools to further develop operational risk management tools as well as to track measures and control effectiveness. The Group is a participant in the ORX data pool (Operational Risk Data Exchange Association), whose data are currently used for internal benchmark purposes and analyses and as part of the operational risk model. The ORX data consortium is an association of banks and insurance groups for statistical purposes. The results of the analyses as well as events resulting from operational risks are reported in a comprehensive manner to the relevant Operational Risk Management Committee on a regular basis.

Quantification and mitigation

At year-end 2023, the equity requirement for operational risk was calculated using the standardized approach. This led to a € 120 million increase in capital requirements (€ 1.5 billion higher RWAs) due to the discontinuation of the advanced measurement approach. This adjustment will be effective until the implementation of the CRR III.

The economic capital is based on an internal model with external and internal losses as input factors and Group-wide scenarios. Risk-based control is carried out with allocation based on the input factors of the relevant units and the operating income for stabilization. The standards which are implemented and complied with at Group level correspond to an advanced approach for all operational risk methods.

To reduce operational risk, business managers decide on preventive risk-reduction actions such as risk mitigation or risk transfer. The progress and effectiveness of these actions is monitored by Risk Control. The former also define contingency plans and nominate responsible persons or departments for initiating the defined actions if losses in fact occur. In addition, several dedicated organizational units provide support to business units for preventing operational risks. An important role in connection with operational risk activities is taken on by Financial Crime Management and Technology Risk Management. Financial Crime Management provides support for the prevention and identification of fraud. Technology Risk Management has an important role in defining and monitoring IT risks. The Group also conducts an extensive staff training program and has different contingency plans and back-up systems in place. Loss data per category of operational risk are collected for all units in the CRR Group.

These are distributed across the Basel risk categories as follows, but do not include any loss events that are already reflected in the credit risk provisions:

in € million	2023	Share	2022	Share
Clients, Products and Business Practices	962	95.2 %	541	92.8 %
Internal Fraud	33	3.3 %	2	0.3 %
Disasters and Public Safety	8	0.8 %	16	2.8 %
Technology and Infrastructure Failures	3	0.3 %	1	0.1 %
External Fraud	3	0.3 %	6	1.1 %
Excecution, Delivery and Process Management	2	0.2 %	17	2.9 %
Employment Practices and Workplace Safety	1	0.1 %	0	0.0 %
Total	**1,011**	**100.0 %**	**584**	**100.0 %**

Number of OpRisk events	2023	Share	2022	Share
External Fraud	33,743	77.9 %	28,305	65.4 %
Clients, Products and Business Practices	5,561	12.8 %	4,480	10.3 %
Technology and Infrastructure Failures	2,443	5.6 %	348	0.8 %
Excecution, Delivery and Process Management	1,117	2.6 %	1,219	2.8 %
Disasters and Public Safety	274	0.6 %	7,153	16.5 %
Internal Fraud	90	0.2 %	73	0.2 %
Employment Practices and Workplace Safety	83	0.2 %	100	0.2 %
Total	**43,311**	**100.0 %**	**41,678**	**96.2 %**

Other disclosures

(46) Pending legal issues

RBI is involved in various legal, administrative or arbitration proceedings before various courts and authorities mainly arising in the ordinary course of business and involving contractual, labor, and other matters.

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

Consumer protection

RBI faces customer lawsuits in connection with consumer protection matters. Most claims relate to terms of contract that are alleged to breach consumer protection or other laws. The legal risk associated with such claims is heightened by the danger of politically motivated legislation that increases the degree of unpredictability.

Croatia

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

Poland

In Poland, a significant number of civil lawsuits are pending in relation to certain contractual stipulations connected with consumer mortgage loans denominated in or indexed to foreign currencies. As at 31 December 2023, the total amount in dispute was approximately PLN 5,411 million (€ 1,156 million). The number of lawsuits continues to increase.

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

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

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

A significant inflow of new cases has been observed since the beginning of 2020 as a result of the CJEU preliminary ruling and of intensified marketing activity by law firms acting on behalf of borrowers. Such an increased inflow of new cases has not only been observed by RBI's Polish branch, but by all banks handling currency loan portfolios in Poland.

Furthermore, Polish courts have approached the CJEU with requests for a preliminary ruling in other civil proceedings. That ruling could lead to further clarifications and may influence how court cases concerning foreign currency loans are decided by national Polish courts.

The impact assessment in relation to affected FX-indexed or FX-denominated loan agreements may also be influenced by the outcome of ongoing administrative proceedings conducted by the President of the Office of Competition and Consumer Protection (UOKiK) against RBI's Polish branch. Such administrative proceedings are, inter alia, based on the alleged practice of infringing collective consumer interests as well as on the classification of clauses in standard agreements as unfair. As at this point of time, it is uncertain what the potential impact of said proceedings could be on FX-indexed or FX-denominated loan agreements and RBI. Furthermore, such proceedings have resulted in and could result in the imposition of administrative fines on RBI's Polish branch – and in the event of appeals – in administrative court proceedings.

Moreover, the Polish Financial Ombudsman, acting on behalf of two borrowers, has initiated a civil proceeding against RBI alleging employment of unfair commercial practices towards consumers in respect of a case in which RBI – following the annulment of a loan agreement – claimed the full loan amount originally disbursed without taking into account repayments made in the meantime as well as amounts due for the use of capital by the borrowers based on the principle of unjust enrichment, and has demanded that RBI discontinue such practices. In May 2023, the claim of the Financial Ombudsman was dismissed by the court of first instance.

Model description and sensitivity analysis

RBI has around 26,000 CHF loans to customers outstanding with a total volume of around € 1,9 billion and a further 10,000 loans have been repaid. These also include loans that are not expected to be the subject of litigation.

RBI has recognized a provision for the lawsuits filed in Poland. As lawsuits have been filed by a number of customers, the provision is based on a statistical approach that takes into account both statistical data, where relevant, and expert opinions. The term provision, used here, includes provisions according to IFRS 9, where the gross carrying amount is reduced by the provision amount due to revision of expected cash flows, as well as provisions according to IAS 37. Possible decision scenarios have been estimated together with the expected loss rates per scenario. The expected impact is based on loans from customers who have filed or, based on propensity to litigate, expected to file a lawsuit against the bank. To calculate the financial impact per scenario, the claim amount is multiplied by the estimated financial outflow in the scenario and the probability that the bank will ultimately have to pay compensation to the customer. An appropriate discount rate is applied to outflows that are not expected to arise within one year. The resulting provision has been increased to € 1,652 million (previous year: € 803 million). The total amount of the provision for CHF loans in Poland represents RBI's best estimate of the future outflow of economic benefits. In calculating the CHF provision for lawsuits filed in Poland, it is nevertheless necessary to form an opinion on matters that are inherently uncertain, such as official pronouncements, the number of future lawsuits, the probability of losing court cases and the development of jurisprudence that lead to negative scenarios.

A number of risks and uncertainties remain, and the cost could therefore differ from RBI's estimates and the assumptions underpinning them and result in a further provision being required. The main measurable uncertainties associated with the calculation of the provision relate to a potential reduction in the discount period, a decrease in discount rates, an increase in the number of total expected claims for outstanding and repaid loans and an increase in the provision coverage of outstanding or repaid loans. The sensitivity analysis refined during the reporting year for changes in the actual parameters over the next 12 months, while holding all other parameters constant, is shown in the table below:

2023	Actual parameter	Increase/Decrease of the parameter	New parameter	Increase/Decrease in provision (in € million)
Provision amount in € million	1,652			
Reduction in discounting period in years	7	(1)	6	55
Decrease in discount rate (IFRS 9 provision)	1.88 %	(0.30)PP	1.58 %	22
Increase in propensity to litigate active loans	85.00 %	0.01 PP	86.00 %	16
Increase in average loss coverage on outstanding loans	108.00 %	0.01 PP	109.00 %	11
Decrease in discount rate (IAS 37 provision)	6.90 %	(1.00)PP	5.90 %	14
Increase in propensity to litigate repaid loans	42.00 %	1.00 PP	43.00 %	2

The assumptions are based on internal, observable statistics as well as on market observations. The increase in provision is linear for each change, with the exception of the discount rate changes which are logarithmic increases. Furthermore, the model does not take into account changes related to unexpected developments in jurisprudence.

Furthermore, RBI has around 10 thousand Euro denominated loans to customers outstanding with a total volume of around € 500 million and a further 8,000 loans have been repaid. A small number of customers with Euro denominated loans have filed litigation against RBI.

Settlement program

After launching a pilot projekt for an out-of- court settlement program based on the proposal by the Chairman of the Polish Financial Supervisory Authority (KNF) in the second half of 2023, RBI fully launched the settlement program in December 2023. The major goal of the settlement program is to limit the expected losses resulting from the current negative jurisprudence that in most case cancels the mortgage contract.

The base offer consists of recalculation of the amount originally disbursed in CHF as if the loan was issued in PLN from the outset applying a WIBOR reference rate increased by the margin historically applied to such loans. This leads to a write-off of a portion of the loan balance depending on the individually negotiated settlement offer. The settlements are offered through a mediation proceeding conducted by the Polish Financial Supervisory Authority.

In 2024 RBI will increase its efforts to encourage customers to join the settlement program through active approaching of customers. As of 31 of December 2023, RBI made 946 individual settlement proposals, out of which 244 customers have signed agreements to enter a mediation process. The bank included in the provisioning calculation the estimated number of settlements to be signed with customers reflecting the adjusted level of future losses in these settlement cases. The consideration of settlements in the provision calculation is affected by factors such as the interest rate of PLN loans, the CHF/ PLN conversion rate, the development of the ruling practice and the duration of proceedings.

Romania

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

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

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

Banking business

RBI and its subsidiaries provide services for corporate customers that increase litigation risk at the operating level. The most important cases are as follows:

Following the insolvency of Alpine Holding GmbH (Alpine) in 2013, a number of lawsuits were filed by retail investors in Austria against RBI and another credit institution in connection with a bond which had been issued by Alpine in 2012 in an aggregate principal amount of € 100 million. The claims asserted against RBI originally amounted to approximately € 10 million. In total, claims of approximately € 8 million had been filed in court by investors either directly or or indirectly through a 'class action' of the Austrian Federal Chamber for Workers and Employees (Bundeskammer für Arbeiter und Angestellte). Owing to the termination of some of the proceedings and claim reductions in other proceedings, the value in dispute of the pending court proceedings against RBI currently amounts to approximately € 7 million. Among other things, it is claimed that the banks acted as joint lead managers of the bond issue and were or at least should have been aware of financial problems of Alpine at the time of the issue. Thus, they should have known that Alpine was not in a position to redeem the bonds as set forth in the terms and conditions of the bonds. It is alleged that the capital market prospectus in relation to the bond issue was misleading and incomplete and that the joint lead managers including RBI, were aware of that fact. In December 2023, in several joint proceedings the court of first instance issued a partial judgment and dismissed the claims of the investors based on prospectus liability in the amount of in total approximately € 5.9 million regarding RBI related claims. The judgment is not final.

In the first quarter of 2021, RBI learned about a claim already filed against it in Jakarta by an Indonesian company in November 2020. The amount of the alleged claim is approximately USD 129 million (€ 121 million) in material damages and USD 200 million (€ 188 million) in immaterial damages. The claim was served upon RBI in May 2022. On 27 June 2023, the South Jakarta District Court (Pengadilan Negeri Jakarta Selatan), held that RBI has committed an unlawful act against the Indonesian company and ordered RBI to pay damages in the amount of USD 119 million (€ 112 million). In view of the facts of the case and the legal situation, RBI is still of the opinion that the claims are neither valid nor enforceable against RBI and therefore filed an appeal against the judgment with the High Court of Jakarta (Pengadilan Tinggi Jakarta).

In August 2019, RBI launched a claim for approximately € 44 million against a Cayman Islands incorporated parent company, several of its subsidiaries and one former subsidiary (the Cayman Islands Defendants) in the Grand Court of the Cayman Islands, Financial Services Division (the CI Proceedings). In the CI Proceedings, RBI alleges that the Cayman Islands Defendants participated in transactions to defraud creditors and a fraudulent conspiracy to injure RBI, by dissipating assets so as to frustrate RBI's claims under a number of parent company guarantees. Furthermore, RBI alleges that said transfers were carried out at undervalue or without consideration between or among the Cayman Islands Defendants. RBI obtained an order against one of the Cayman Islands Defendants in September 2019, placing restrictions on its ability to deal with its assets, pending determination of the CI Proceedings. RBI obtained a similar order against a further Cayman Islands Defendant in May 2020 (together the Freezing Orders). In November 2019, some of the Cayman Islands Defendants filed a counterclaim in the amount of € 203 million against RBI in the course of the CI Proceedings. RBI considers that the counterclaim, which is based on documents that the Cayman Islands Defendants have refused to disclose to date, is entirely without merit. In July 2021, RBI applied for permission to amend its claim in the CI Proceedings, to add an additional defendant and claim further damages and associated relief, bringing the total sums claimed by RBI in the CI Proceedings to approximately € 87 million plus interest and costs. That application has yet to be determined. In December 2021, the Cayman Islands Court of Appeal gave judgment on an appeal brought by two of the Cayman Islands Defendants, against the Freezing Orders. The Court of Appeal has refused to dismiss the Freezing Orders, which will remain in place. The CI Proceedings are ongoing. In January 2021, RBI issued an arbitration claim for an amount of approximately € 87 million plus interest and costs against one of the Cayman Islands Defendants, at the time incorporated in the Marshall Islands, before the Vienna International Arbitral Centre (VIAC) (the VIAC Arbitration). The VIAC Arbitration concerned RBI's claims under guarantees provided by said company to RBI. In October 2022, the sole arbitrator issued an award, ordering the respondent to pay to RBI: (i) over € 62 million and USD 19 million (€ 18 million) in respect of the principal sums due under the guarantees, (ii) interest on those amounts at a rate of 5 per cent per annum accruing from 27 February 2018 until the date of payment, (iii) fees, costs and expenses incurred by RBI in ancillary proceedings in various jurisdictions worldwide, (iv) the costs of the VIAC Arbitration.

In 2013, a Cypriot company (the Cypriot Claimant) filed an action for damages in the amount of approximately € 43 million against RBI's subsidiary in Slovakia, Tatra banka, a.s. (Tatra banka). In January 2016, the Cypriot Claimant filed a petition to increase the claimed amount by € 84 million and the court approved this petition. It means that the total claimed amount in this lawsuit is approximately € 127 million. The lawsuit is based on similar grounds to a claim by a client of Tatra banka (the Slovak Client) that in the meantime had been rejected in full by the Slovak courts. The Cypriot Claimant filed the action as it had acquired the claim from a shareholder of the holding company of the Slovak Client. The Cypriot Claimant claims that Tatra banka breached its contractual obligations towards the Slovak Client by refusing to execute payment orders from the Slovak Client's accounts without cause and by not extending the maturity of facilities despite a previous promise to do so, which led to non-payment of the Slovak Client's obligations towards its business partners and the termination of the Slovak Client's business activities. According to the Cypriot Claimant, this had caused cessation of the business activities and, subsequently, bankruptcy of the Slovak Client and, thus, also damage to the shareholder of the holding company in the form of a loss of value of its shares. Subsequently, said shareholder assigned its claim to the Cypriot Claimant. The Cypriot Claimant claims that Tatra banka acted contra bonos mores as well as contrary to fair business conduct and requires Tatra banka to pay part of its claims corresponding to the loss in value of the holding company's shares. In November 2019, the claim was rejected in full by the first-instance court. The Cypriot Claimant filed an appeal against this first-instance judgement in January 2020. In June 2022, the judgement of the appellate court upholding the first-instance court judgement was delivered to Tatra banka. In August 2022, the Cypriot Claimant filed an extraordinary appeal against the appellate judgement.

Regulatory enforcement

RBI and its subsidiaries are subject to numerous national and international regulatory authorities.

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

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

In September 2018, two administrative fines totaling PLN 55 million (€ 12 million) were imposed on Raiffeisen Bank Polska S.A. (RBPL), the former Polish subsidiary of RBI in the course of administrative proceedings based on alleged non-performance of duties as the depositary and liquidator of certain investment funds. RBPL as custodian of investment funds assumed the role of liquidator of certain funds in February 2018. According to the interpretation of the Polish Financial Supervision Authority – which is known by its Polish abbreviation, KNF – RBPL failed to comply with certain obligations in its function as depository bank and liquidator of the funds. In the course of the transactions related to the sale of the core banking operations of RBPL to Bank BGZ BNP Paribas S.A., the responsibility for said administrative proceedings and related fines was assumed by RBI. RBI filed appeals against these fines in their entirety. In September 2019, in relation to the PLN 5 million (€ 1 million) fine regarding RBPL's duties as depositary bank, the Voivodship Administrative Court considered RBI's appeal and overturned the KNF decision in its entirety. However, the KNF filed an appeal in cassation against the judgement. In relation to the PLN 50 million (€ 11 million) fine regarding RBPL's function as liquidator, the Voivodship Administrative Court decided to dismiss the appeal and uphold the KNF decision in its entirety. RBI has raised appeal in cassation to the Supreme Administrative Court because it takes the view that RBPL has duly complied with all its duties. In April 2023, the Supreme Administrative Court decided to refer the case regarding the PLN 5 million (€ 1 million) fine back to the Voivodship Administrative Court for reconsideration. Furthermore, the Supreme Administrative Court dismissed RBI's appeal in cassation in connection with the PLN 50 million (€ 11 million) fine which is now final. However in October 2023 RBI filed a complaint to the European Court of Human Rights over this verdict. In October 2023, the Voivodship Administrative Court dismissed RBI's appeal and upheld the KNF decision imposing the PLN 5 million (€ 1 million) penalty on RBI in relation to the alleged violations of RBI's duties as depositary of certain investment funds. A cassation appeal against this judgment to the Supreme Administrative court is possible. Both fines have already been paid.

In this context, several individual lawsuits and four class actions, aggregating claims of holders of certificates in the above-mentioned investment funds currently in liquidation, were filed against RBI, whereby the total amount in dispute as at 31 December 2023 equals approximately PLN 77 million (€ 16 million). Additionally, RBI was informed that a modification of a statement of claim had been submitted to the court which could result in an increase of the total amount in dispute by approximately PLN 91 million (€ 19 million). However, such modification has not yet been served upon RBI. The plaintiffs of the class actions demand the confirmation of RBI's responsibility for the alleged improper performance of RBPL (in respect of which RBI is the legal successor) as custodian bank. Such confirmation would secure and facilitate their financial claims in further lawsuits. Due to RBI's legal assessment, no provision has been recognized.

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

In November 2020, the Austrian Chamber for Workers and Employees (Bundeskammer für Arbeiter und Angestellte), (BAK) filed an application for injunctive relief against Raiffeisen Bausparkasse 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 € 94 million. The minimum rate of interest on said overnight building savings deposits was between 1 per cent p.a. and 4.5 per cent p.a. BAK claims that RBSPK did not have the right to terminate such contracts whereas RBSPK is of the opinion that said contracts constitute a continuing obligation, which can – under Austrian law – be terminated by giving proper notice. RBSPK received the court decision of the court of first instance in August 2021 and the court of second instance in February 2022; both basically stating that the termination of the savings contracts is considered unlawful. RBSK has appealed against the decision of the court of second instance in March 2022. In November 2023, RBSK received the decision of the Austrian Supreme Court (Oberster Gerichtshof) to refer the case back to the commercial court in Vienna (Handelsgericht Wien) to verify the subject matter of the claim (ie specifics of the contractual relationship between RBSK and its customers with respect to the terminated building savings contracts). A final decision of the Supreme Court on the admissibility of the termination is still outstanding.

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

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

Tax litigation

RBI is, or is expected to be, involved in various tax audits, tax reviews and tax proceedings. RBI is involved in the following significant tax proceedings, among others:

In Germany, a tax review and tax proceedings led to a tax burden of approximately € 23 million in connection with real estate transfer tax. As the taxes are already paid, there is no need for an accrual.

In Romania, tax assessments by the Romanian tax authorities have resulted in an extraordinary tax burden in an aggregate amount of additional taxes of approximately € 32 million plus penalty payments of about € 21 million. Following administrative and other proceedings, whereby some of them are still ongoing, the extraordinary tax burden has been lowered to € 47 million so far.

In most of the aforementioned amounts, the decision of the respective tax authorities is or will be challenged.

(47) Other agreements

Institutional protection scheme (Raiffeisen-IPS)

Raiffeisen Bank International AG and its Austrian bank subsidiaries, the regional Raiffeisen banks and the local Raiffeisen banks, are part of the agreement on an institutional protection scheme (Raiffeisen-IPS) as well as the Austrian Raiffeisen-Sicherungseinrichtung eGen (ÖRS), as a statutory protection scheme.

In the agreement on the Raiffeisen-IPS, the member institutions agree to ensure one another's security and in particular, join forces to ensure liquidity and solvency when required. The new Raiffeisen-IPS was recognized by the relevant supervisory authorities (ECB and FMA) as an institutional protection scheme according to Article 113 (7) CRR (Capital Requirements Regulation of the European Union) and its related rights and obligations of the participating member institutions. This allows, among other things, for receivables to be risk-weighted at zero per cent between Raiffeisen-IPS members. The Raiffeisen-IPS is subject to joint regulatory supervision and capital requirements must also be met on a consolidated basis.

The Raiffeisen-IPS was recognized together with ÖRS by the Austrian Financial Market Authority (FMA) as a statutory deposit guarantee and investor protection scheme according to the Austrian Deposit Guarantee and Investor Protection Act Einlagensicherungs- und Anlegerentschädigungsgesetz (ESAEG).

ÖRS is mandated to operate the reporting and early risk assessment systems for the Raiffeisen-IPS. ÖRS also acts as trustee and manages the liquid assets for the Raiffeisen-IPS.

The Raiffeisen-IPS is controlled by a joint risk council, comprising representatives of RBI AG, the regional Raiffeisen banks and the Raiffeisen banks. Tasks that could be solved on a regional level were delegated to the regional risk councils, each comprising representatives of the respective regional Raiffeisen banks and Raiffeisen banks, by the joint risk council.

Raiffeisen Customer Guarantee Scheme (RKÖ)

RBI AG is a member of Raiffeisen-Kundengarantiegemeinschaft Austria (Raiffeisen Customer Guarantee Scheme Austria (RKÖ)). The members of this association have a contractual obligation to guarantee jointly the punctual fulfillment of the entirety of an insolvent association member's commitments arising from customer deposits and its own issues up to the limit of the sum of the individual capacities of the remaining association members. The individual capacity of an association member is measured on the basis of its freely available reserves subject to the pertinent provisions of the Austrian Banking Act (BWG).

In view of the change in the legal and regulatory framework and implementation of an institutional protection scheme, the RKÖ and its respective member institutions decided in 2019 to discontinue the scheme for new transactions. Accordingly, the supplementary protection by RKÖ may only be granted to protected transactions entered into before 1 October 2019. The rights of customers with regard to statutory deposit insurance are not affected and remain fully in place.

(48) Fiduciary business pursuant to § 48 (1) of the Austrian Banking Act (BWG)

Transactions arising from the holding and placing of assets on behalf of third parties are not shown in the statement of financial position. Fees arising from these transactions are shown under net fee and commission income. Fiduciary business not recognized in the statement of financial position was concluded with the following volumes on the reporting date:

in € million	2023	2022
Fiduciary assets	**195**	**210**
Loans to customers	187	203
Financial investments	7	7
Fiduciary liabilities	**195**	**210**
Deposits from banks	76	79
Deposits from customers	111	124
Other fiduciary liabilities	7	7

Funds managed by the Group:

in € million	2023	2022[1]
Retail investment funds	**30,382**	**31,015**
Equity-based and balanced funds	21,457	21,835
Bond-based funds	8,518	8,667
Other	408	513
Special funds	**14,017**	**12,767**
Property-based funds	**290**	**352**
Pension funds	**18,206**	**16,293**
Customer portfolio managed on a discretionary basis	**3,202**	**2,455**
Other investment vehicles	**69**	**95**
Total	**66,166**	**62,978**

1 Previous-year figures adapted

(49) Leasing

At inception of a contract, RBI assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a certain period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, RBI assesses whether the following criteria are met:

- The contract involves the use of an identified asset – this is the case if either the asset is explicitly specified in the contract or the asset is implicitly specified at the time that it is made available for use by the customer that is capable of being used to meet the contract terms. If the supplier has a material substitution right, then the asset is considered as not identified;
- RBI has the right to obtain substantially all the economic benefit from use of the asset throughout the period of use; and
- RBI has the right to direct how and for what purpose the asset is used throughout the period of use or the relevant decisions about how and for what purpose the asset is used are predetermined.

RBI as lessor

When RBI acts as lessor, it determines at lease inception whether the lease is accounted for as finance or operating lease. In RBI a lease is classified as a finance lease if substantially all the risks and rewards incidental to ownership are transferred. Typical factors that, individually or in combination, would normally lead to a lease being classified as a finance lease:

- Transfer of ownership of the asset by the end of the contract term;
- Option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain at the inception date that the option will be exercised;
- The lease term is for major part of the economic life of the asset (even if the title is not transferred);
- At the inception date, the present value of the lease payments equals at least substantially the fair value of the asset; and
- The asset is of such a specialized nature that only the lessee can use it without major modifications.

Sometimes RBI is an intermediate lessor which means that RBI acts as both the lessee and lessor of the same underlying asset and accounts for its interest in the main lease and the sublease separately. When the main lease is a short-term lease, the sublease is classified as an operating lease. Otherwise, RBI assesses the classification of a sublease by reference to the right-of-use asset in the main lease and not by reference to the underlying asset of the main lease.

RBI recognizes the lease payments associated with the operating lease as income on a straight-line basis over the lease term.

Income from finance and operating leases is as follows:

in € million	2023	2022
Finance lease	**186**	**152**
Finance income on the net investment lease	186	152
Operating Lease	**95**	**78**
Lease income	95	78
Total	**281**	**229**

There is no lease income from variable lease payments that do not depend on an index or a rate.

Finance leases

Assets under finance leases break down as follows; the respective carrying amounts are presented in the statement of financial position under financial assets – amortized cost:

in € million	2023	2022
Vehicles leasing	1,663	1,654
Real estate leasing	765	827
Equipment leasing	703	775
Total	**3,131**	**3,256**

Maturity analysis of lease receivables to be received after the reporting date:

in € million	2023	2022
Gross investment value	**3,624**	**3,712**
Minimum lease payments	3,305	3,376
Up to 3 months	279	267
More than 3 months, up to 1 year	659	695
More than 1 year, up to 5 years	1,896	1,878
More than 5 years	472	536
Non-guaranteed residual value	318	336
Unearned finance income	**493**	**456**
Up to 3 months	39	36
More than 3 months, up to 1 year	106	97
More than 1 year, up to 5 years	258	229
More than 5 years	89	94
Net investment value	**3,131**	**3,256**

In the financial year, there was no income relating to variable lease payments not included in the measurement of the net investment in the lease. Profit due to sale of leased assets as part of a finance lease was € 3 million (previous year: € 4 million).

Operating leases

Assets under operating leases (including unleased parts) break down as follows; the respective carrying amounts are presented in the statement of financial position under tangible fixed assets:

in € million	2023	2022
Vehicles leasing	100	85
Real estate leasing	225	224
Equipment leasing	1	0
Total	**326**	**309**

Maturity analysis of undiscounted lease receivables to be received after the reporting date:

in € million	2023	2022
Up to 1 year	52	43
More than 1 year, up to 5 years	122	104
More than 5 years	54	60
Total	**229**	**207**

RBI as lessee

RBI recognizes a right-of-use asset and a lease liability at the lease commencement date which is the date on which a lessor (a supplier) makes an underlying asset available for use by RBI. The right-of-use asset is measured at cost at the commencement date. The cost of the right-of-use asset comprises the amount equal to the lease liability at its initial recognition adjusted for any lease payments made at or before the commencement of the lease plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset, or to restore the underlying asset or the site on which it is located, less any lease incentives.

The right-of-use asset is subsequently depreciated using the straight-line method in accordance with IAS 16 from the commencement date to the earlier of the end of the useful life or the end of the lease term of the right-of-use asset. The right-of use asset is reduced by impairments, if any, and adjusted for certain remeasurements of the lease liability.

At the commencement date, RBI measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the incremental borrowing rate.

The lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments including in-substance fixed payments;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if RBI is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured on an ongoing basis similarly to other financial liabilities, using an effective interest method, so that the carrying amount of the lease liability is measured on an amortized cost basis and the interest expense is allocated over the lease term. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the RBI's estimate of the amount expected to be payable under a residual value guarantee, or if RBI changes its assessment of whether it will exercise a purchase, extension, or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

RBI has elected not to recognize right-of-use assets and lease liabilities for short-term leases of equipment that have a lease term of twelve months or less and leases of low-value assets, including IT equipment. RBI recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases mainly relate to land and buildings, vehicles, and IT equipment.

Right-of-use assets

The following table shows the development of right-of-use assets for property, plant and equipment, which are presented in the statement of financial position under tangible fixed assets, and related accumulated depreciation, which is presented in profit or loss under general administrative expenses:

in € million	2023	2022
Cost of acquisition or conversion as at 1/1	**666**	**622**
Change in consolidated group	(12)	13
Exchange differences	(14)	(1)
Additions	73	70
Disposals	(39)	(51)
Transfers	0	0
Cost of acquisition or conversion as at 31/12	**674**	**654**
Accumulated write-ups/depreciation/impairment	(317)	(280)
hereof depreciation/impairment	(84)	(87)
Caryying amount as at 31/12	**357**	**374**

Lease liabilities

The following table shows the maturity analysis of lease liabilities, showing the undiscounted lease payments to be paid after the reporting date; the respective carrying amounts are presented under financial assets – amortized cost:

in € million	2023	2022
Up to 1 year	83	80
More than 1 year, up to 5 years	213	218
More than 5 years	108	137
Total	**404**	**435**

Amounts recognized in profit or loss

Interest on lease liabilities is presented in profit or loss under net interest income and expenses relating to short-term leases and leases of low-value assets are presented in other administrative expenses.

in € million	2023	2022
Interest on lease liabilities	(10)	(8)
Variable lease payments not included in the measurement of lease liabilities	0	0
Income from sub-leasing right-of-use assets	0	0
Expenses relating to short-term leases	(17)	(14)
Expenses relating to leases of low-value assets	(4)	(5)
Total	**(31)**	**(26)**

(50) Key figures pursuant to § 64 (1) 18 of the Austrian Banking Act (BWG)

2023 in € million	Operating income	hereof net interest income	Profit/loss before tax	Income taxes	Number of employees as at reporting date
Czech Republic	857	642	401	(96)	3,599
Hungary	684	525	297	(33)	2,404
Poland	36	19	(868)	0	291
Slovakia	615	404	305	(64)	3,484
Central Europe	**2,191**	**1,590**	**135**	**(192)**	**9,778**
Albania	131	114	71	(11)	1,271
Bosnia and Herzegovina	139	86	66	(3)	1,376
Croatia	256	181	130	(25)	1,773
Kosovo	91	66	36	(4)	965
Romania	778	579	423	(77)	5,037
Serbia	395	270	236	(34)	2,113
Southeastern Europe	**1,789**	**1,296**	**961**	**(155)**	**12,535**
Belarus	229	86	151	(39)	1,610
Russia	2,679	1,411	1,805	(464)	9,942
Ukraine	532	418	247	(125)	5,333
Eastern Europe	**3,441**	**1,915**	**2,203**	**(628)**	**16,885**
Austria and other	**2,578**	**871**	**1,016**	**(17)**	**5,689**
Reconciliation	(934)	10	(739)	(5)	0
Total	**9,065**	**5,683**	**3,576**	**(997)**	**44,887**

2022 in € million	Operating income	hereof net interest income	Profit/loss before tax	Income taxes	Number of employees as at reporting date
Czech Republic	860	652	452	(86)	3,736
Hungary	539	356	205	(22)	2,313
Poland	15	12	(518)	0	260
Slovakia	534	322	235	(45)	3,466
Central Europe	**1,947**	**1,341**	**375**	**(153)**	**9,775**
Albania	92	72	38	(6)	1,247
Bosnia and Herzegovina	130	64	56	(3)	1,338
Croatia	197	116	52	(9)	1,760
Kosovo	77	55	33	(4)	919
Romania	661	489	301	(47)	5,084
Serbia	252	147	107	(15)	2,349
Southeastern Europe	**1,409**	**943**	**586**	**(83)**	**12,697**
Belarus	257	123	156	(43)	1,613
Russia	3,844	1,527	2,616	(559)	9,537
Ukraine	524	375	82	(17)	5,400
Eastern Europe	**4,624**	**2,025**	**2,855**	**(619)**	**16,550**
Austria and other	**2,149**	**681**	**621**	**(4)**	**5,392**
Reconciliation	(420)	62	(234)	0	0
Total	**9,710**	**5,053**	**4,203**	**(859)**	**44,414**

(51) Foreign currency volumes pursuant to § 64 (1) 2 of the Austrian Banking Act (BWG)

in € million	2023	2022
Assets	89,762	92,433
Equity and liabilities	72,199	79,783

(52) Volume of the securities trading book pursuant to § 64 (1) 15 of the Austrian Banking Act (BWG)

in € million	2023	2022
Securities	7,064	3,981
Other financial instruments	185,838	132,350
Total	**192,902**	**136,331**

(53) Securities admitted for trading on a stock exchange pursuant to § 64 (1) 10 of the Austrian Banking Act (BWG)

in € million	2023		2022	
	Listed	Unlisted	Listed	Unlisted
Debt securities and other fixed-income securities	24,260	511	18,050	582
Shares and other variable-yield securities	327	0	213	1
Investments	10	114	10	116
Total	**24,598**	**625**	**18,273**	**699**

(54) Subordinated assets pursuant to § 45 (2) of the Austrian Banking Act (BWG)

in € million	2023	2022
Loans and advances	37	99
Debt securities	70	85
Total	**107**	**184**

(55) Employees

Full-time equivalents	2023	2022
Average number of staff	44,439	44,194
hereof salaried employees	43,818	43,639
hereof wage earners	621	555
Employees as at reporting date	44,887	44,414
hereof Austria	4,836	4,585
hereof abroad	40,051	39,829

(56) 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.

2023 in € million	Companies with significant influence	Affiliated companies	Investments in associates valued at equity	Other interests
Selected financial assets	**78**	**424**	**1,004**	**940**
Equity instruments	1	187	632	181
Debt securities	29	0	110	69
Loans and advances	49	236	262	691
Selected financial liabilities	**2,536**	**131**	**5,110**	**1,213**
Deposits	2,536	131	5,108	1,213
Debt securities issued	0	0	2	0
Other items	**100**	**24**	**493**	**143**
Loan commitments, financial guarantees and other commitments given	60	24	492	129
Loan commitments, financial guarantees and other commitments received	40	0	2	13
Nominal amount of derivatives	97	0	84	998
Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions on non-performing exposures	0	(3)	0	0

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

2023 in € million	Companies with significant influence	Affiliated companies	Investments in associates valued at equity	Other interests
Interest income	4	9	16	15
Interest expenses	(75)	(4)	(122)	(68)
Dividend income	0	15	30	5
Fee and commission income	4	35	11	10
Fee and commission expenses	(5)	(3)	(12)	(24)
Increase/decrease in impairment, fair value changes due to credit risk and provisions for non-performing exposures	0	(12)	6	0

2022 in € million	Companies with significant influence	Affiliated companies	Investments in associates valued at equity	Other interests
Interest income	11	6	13	17
Interest expenses	(20)	(2)	(34)	(14)
Dividend income	0	8	38	7
Fee and commission income	5	15	13	6
Fee and commission expenses	(2)	(1)	(12)	(19)
Increase/decrease in impairment, fair value changes due to credit risk and provisions for non-performing exposures	0	(30)	2	0

(57) Relations to key management

Group relationship with key management

Key management refers to the members of the Management Board and the Supervisory Board of RBI AG. Transactions between key management and RBI are as follows:

in € thousand	2023	2022
Debt securities	1,635	657
Shares	2,786	2,581
Deposits and other receivables	423	1,288
Loans and other liabilities	213	–
Lease liabilities	17	59

Transactions of related parties of key management to RBI:

in € thousand	2023	2022
Debt securities	217	–
Shares	4	3
Deposits and other receivables	619	676
Loans and other liabilities	3	7

There is no compensation agreed between the company and members of the Management Board and Supervisory Board or employees in the case of a takeover bid.

Remuneration of members of the Management Board according to IAS 24.17

The expenses according to IAS 24 were recognized on an accrual basis and according to the rules of the underlying standard (IAS 19).

in € thousand	2023	2022
Short-term employee benefits	9,268	9,165
Post-employment benefits	397	412
Other long-term benefits	2,761	1,135
Total	**12,426**	**10,712**

Short-term employee benefits shown in the above table contain salaries and benefits in kind and other benefits, remuneration for board functions at affiliated companies and those portions of the bonus provision that are due in the short term.

Furthermore, it also includes changes possibly arising from the difference between the bonus provision and the bonus later awarded. Post-employment benefits comprise payments to pension funds and payments according to Retirement Plan Act (Mitarbeitervorsorgegesetz), severance payments, vacation compensations as well as net allocations to provisions for retirement benefits and severance payments.

Other long-term benefits contain portions of the bonus provision relating to deferred bonus portions in cash and retained portions payable in instruments. For the latter, valuation changes due to currency fluctuations are also considered.

The bonus agreement is linked to the achievement of annually agreed objectives. The respective step-in criteria as well as the individual performance targets can be found in the current remuneration policy (www.rbinternational.com → Corporate Governance & Remuneration → Remuneration Policy).

The bonus level is determined by the level of the return on equity and the cost/income ratio, whereby the target values to be achieved reflect the so-called strategic targets for the return on equity and the cost/income ratio at RBI level.

Members of the Management Board are subject in principle to the same regulations as apply to employees. These regulations provide for a basic contribution to a pension fund from the company and an additional contribution if the employee pays own contributions of the same amount.

In the event of termination of function or employment contract and leaving of the company, the members of the Management Board have entitlements under the Company Retirement Plan Act (Betriebliches Mitarbeitervorsorgegesetz). The entitlement to receive severance payments according to contractual agreements lapses in the case of termination by the employee.

Moreover, there is an individual pension commitment through a pension fund which is secured by reinsurance. The Management Board members' contracts either run for the duration of their term of office or are limited to a maximum of five years. In the event of early termination of a Management Board member's contract without good cause, the severance payment is limited to a maximum of two years' total annual remuneration (except for one member of the Management Board covered by previous contractual arrangements).

An amount of € 1,577 thousand (previous year's period: € 1,386 thousand) was paid in pension benefits to former members of the Management Board and to their surviving dependents. In addition to these amounts, short-term benefits, and deferred bonus components as well as severance payments and termination benefits totaling € 469 thousand (previous year's period: € 978 thousand) were paid to former members of the Management Board.

Remuneration of members of the Supervisory Board

in € thousand	2023	2022
Remunerations Supervisory Board	1,171	1,127

In The Annual General Meeting held on 22 April 2021 approved a remuneration model for the Supervisory Board, beginning on 23 April 2021 and for the following years. It was decided to distribute the remuneration as follows: Chairman € 120 thousand, Deputy Chairman € 95 thousand, members of the Supervisory Board € 60 thousand, plus attendance fees, for the Chairman of the Audit Committee and the Risk Committee each additional € 17.5 thousand.

In the 2023 financial year, no contracts subject to approval within the meaning of § 95 (5) 12 of the Austrian Stock Corporation Act (AktG) were concluded with members of the Supervisory Board.

Remuneration of members of the Advisory Council

in € thousand	2023	2022
Remuneration Advisory Council	191	188

The Annual General Meeting held on 21 June 2018 passed a resolution to grant remuneration to the Advisory Council members for their work. It was decided to distribute the remuneration as follows: Chairman € 25 thousand, Deputy Chairman € 20 thousand, each additional member € 15 thousand, plus attendance fees.

(58) Boards

Management Board

Members of the Management Board	Initial appointment	Initial appointment
Johann Strobl, Chairman	22 September 2010[1]	28 February 2027
Marie-Valerie Brunner	1 November 2023	31 October 2026
Andreas Gschwenter	1 July 2015	30 June 2026
Łukasz Januszewski	1 March 2018	28 February 2026
Hannes Mösenbacher	18 March 2017	28 February 2025
Andrii Stepanenko	1 March 2018	28 February 2026
Peter Lennkh	1 October 2004	31 August 2023[2]

1 Effective as of 10 October 2010

2 On 31 August 2023 Peter Lennkh stepped down from the Management Board.

Supervisory Board

Supervisory Board members	Initial appointment	End of term
Erwin Hameseder, Chairman	8 July 2010[1]	Annual General Meeting 2025
Martin Schaller 1st Deputy Chairman	4 June 2014	Annual General Meeting 2024
Heinrich Schaller 2nd Deputy Chairman	20 June 2012	Annual General Meeting 2027
Michael Alge	31 March 2022	Annual General Meeting 2027
Eva Eberhartinger	22 June 2017	Annual General Meeting 2027
Andrea Gaal	21 June 2018	Annual General Meeting 2028
Peter Gauper[2]	22 June 2017	14 June 2023
Michael Höllerer	31 March 2022	Annual General Meeting 2027
Rudolf Könighofer	22 June 2017	Annual General Meeting 2027
Heinz Konrad	20 October 2020	Annual General Meeting 2025
Reinhard Mayr	20 October 2020	Annual General Meeting 2025
Birgit Noggler	22 June 2017	Annual General Meeting 2027
Manfred Wilhelmer[3]	21 November 2023	Annual General Meeting 2028
Natalie Egger-Grunicke[4]	18 February 2016	Until further notice
Peter Anzeletti-Reikl[4]	10 October 2010	Until further notice
Rudolf Kortenhof[4]	10 October 2010	Until further notice
Gebhard Muster[4]	22 June 2017	Until further notice
Helge Rechberger[4]	10 October 2010	Until further notice
Denise Simek[4]	1 October 2021	Until further notice

1 Effective as of 10 October 2010

2 Peter Gauper resigned from his position with effect from 14 June 2023

3 Member of the Supervisory Board with effect from the Annual General Meeting on 21 November 2023

4 Delegated by the Staff Council

State Commissioners

- Alfred Lejsek, State Commissioner (since 1 January 2011)
- Matthias Kudweis, Deputy State Commissioner (since 1 April 2021)

(59) Group composition

Subsidiaries

All material subsidiaries over which RBI AG directly or indirectly has control are fully consolidated. The Group has control over an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and the ability to affect those returns through its power over the investee. Investments in subsidiaries that are not fully consolidated are shown under the item investments in subsidiaries and associates.

Structured entities are entities in which the voting or similar rights are not the dominant factor for determining control. This is the case, for example, if the voting rights are solely related to administration activities and the relevant activities are governed by contractual agreements.

Same as to subsidiaries, consolidation of structured entities is necessary, if the Group has control over the entity. In the Group, the obligation to consolidate structured entities is reviewed as part of a process that includes transactions, where the structured entity is either formed by the Group with or without participation of third parties, or, in which the Group with or without participation of third parties enters into contractual relationships with already existing structured entities. Whether an entity should be consolidated or not is reviewed at least quarterly or if an event occurs.

To determine whether an entity should be consolidated, a series of control factors need to be checked. These include an examination of

- the purpose and the constitution of the entity,
- the relevant activities and how they are determined, if the Group has the ability to determine the relevant activity through its rights,
- if the Group is exposed to risks of or has rights to variable returns,
- if the Group has the ability to use its power over the investee in order to affect the amounts of variable returns.

If voting rights are relevant, the Group has control over an entity in which it directly or indirectly holds more than 50 per cent of the voting rights; except when there are indicators that another investee has the ability to determine unilaterally the relevant activities of the entity. One or more of the following points may be such an indicator:

- Another investor has control over more than half of the voting rights due to an agreement with the Group,
- Another investor has the ability to control financial policy and operational activities of the equity participation due to legal provisions or an agreement,
- Another investor has control over the equity participation due to its possibility to appoint and withdraw the majority of members of the Board or members of an equivalent governing body,
- Another investor has control over the entity due to its possibility to possess the majority of the delivered voting rights in a meeting of members of the Board or of members an equivalent governing body.

When judging control, also potential voting rights are considered as far as they are material.

The Group assesses evidence of control in cases in which it does not hold the majority of voting rights but has the ability to unilaterally govern the relevant activities of the entity. This ability may occur in cases in which the Group has the ability to control the relevant activities due to the extent and distribution of voting rights of the investees.

In principle, subsidiaries are initially integrated into the consolidated group on the date when the Group obtains direct or indirect control and are excluded from the consolidated group from the date on when it no longer has control over the company. The results from subsidiaries acquired or disposed of during the year are recorded in the consolidated income statement, either from the assumption of control or up to the loss of control. During the initial consolidation of previously not included controlled subsidiaries due to their immateriality, changes in the value of individual assets and liabilities between the date of acquisition or foundation and the initial consolidation as well as profits/losses generated in this period of the subsidiary in question are taken into account directly in equity. These modifications are reported in the other changes. The Group reviews the adequacy of previous decisions on which companies to consolidate at least every quarter. Accordingly, any organizational changes are immediately considered. Apart from changes in ownership, these also include any changes to the Group's existing contractual arrangements or new contractual arrangements with a unit.

Non-controlling interests are shown in the consolidated statement of financial position as part of equity, but separately from RBI AG's equity. The profit attributable to non-controlling interests is shown separately in the consolidated income statement.

In debt consolidation, intra-group loans and liabilities are eliminated. Remaining temporary differences are recognized under the item other assets or other liabilities in the consolidated statement of financial position.

Intra-group income and expenses are also eliminated and temporary differences resulting from bank business transactions are included partly in net interest income and partly in net trading income. Other differences are shown in the item other net operating income.

Intra-group results are eliminated insofar as they have a material effect on the income statement items. Transactions between Group members are executed principally at market conditions.

Changes in the Group's ownership interests in existing subsidiaries

If, in the case of existing control, further shares are acquired or sold without loss of control, in subsequent consolidation such transactions are recognized directly in equity. The carrying amount of the shares held by the Group and the non-controlling interests are adjusted in such a way as to reflect changes in existing shareholdings in subsidiaries. Any difference between the amount which is adjusted for the non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and is assigned to the shareholders of the parent company.

If the company loses control over a subsidiary, the income/loss from disposal of group assets is shown in the income statement. This is calculated as the difference between

- the total amount of fair value of the received consideration and fair value of the shares retained and
- the carrying amount of assets (including goodwill), liabilities of the subsidiary and all non-controlling interests.

All amounts related to these subsidiaries and shown in other comprehensive income are recognized in the same way as would be the case for the sale of assets. This means the amounts are reclassified to the income statement or directly transferred to retained earnings.

Associated companies

An associated company is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity in which shares are held. No control or joint management of decision-making processes exists. As a rule, significant influence is assumed if the Group holds 20 to 50 per cent of the voting rights. When judging whether the Group has the ability to exert a significant influence on another entity, the existence and the effect of potential voting rights which are actually exercisable, or convertible are taken into account. Further parameters for judging significant influence are, for example, the representation in executive committees and supervisory boards (Supervisory Board in Austrian Joint Stock companies) of the entity and material business transactions with the entity. Investments in associated companies are valued at equity and shown in the statement of financial position under the item investments in subsidiaries and associates under the sub-item investments in associates valued at equity.

The acquisition cost of these investments including goodwill is determined at the time of their initial consolidation, applying by analogy the same rules as for subsidiaries (offsetting acquisition costs against proportional fair net asset value). If associated companies are material, appropriate adjustments are made to the equity carrying amount, in accordance with developments in the company's equity. Profit or losses of companies valued at equity are netted and recognized in the item current income from investments in associates. Losses attributable to companies accounted for using the equity method are only recognized up to the level of the equity carrying amount. Losses in excess of this amount are not recognized since there is no obligation to offset excess losses. Furthermore, any amounts recognized by the associate through other comprehensive income will be recognized in the other comprehensive income statement of RBI. This is especially relevant for valuation effects seen from financial assets at fair value through other comprehensive income (FVOCI). At each reporting date, the Group reviews to what extent there is objective evidence for impairment of an equity participation in an associated company. If there is objective evidence of impairment, an impairment test is carried out, in which the recoverable value of the participation – this is higher of the value in use and the fair value less selling costs – is compared to the carrying amount. An impairment made in previous periods is reversed only if the assumptions underlying the determination of the recoverable value have been changed since recognition of the last impairment. In this case the carrying amount is written up to the higher recoverable value.

Business combinations

The acquisition of business operations is recognized according to the acquisition method. The consideration transferred in a business combination is measured at fair value. This is calculated as the aggregate of the acquisition-date fair values of all assets transferred, liabilities assumed from former owners of the acquired business combination and equity instruments issued by the Group in exchange for control of the business combination. Transaction costs related to business combinations are recognized in the income statement when incurred.

Goodwill is measured as the excess of the aggregate of the value of the consideration transferred, the amount of any non-controlling interest and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree (if any), and the net of the acquisition-date amounts of the fair values of identifiable assets acquired and the liabilities assumed. In the case that the difference is negative after further review, the resulting gain is recognized immediately in the income statement.

Non-controlling interests which confer ownership rights and grant the right to the owner to receive a proportionate share of the net assets of the entity in the event of liquidation, are measured either at fair value or at the non-controlling interest's proportionate share of net assets of the acquiree at the acquisition date. This accounting policy option can be newly made for every business combination. Other components of non-controlling interests are measured at fair value or with measurement values derived from other standards.

If the consideration transferred includes a contingent consideration, this is measured at the acquisition-date fair value. If the contingent consideration is classified as equity, it is not re-measured on the following reporting dates. Its settlement is recognized within equity. A contingent consideration classified as assets or liabilities is measured on the following reporting dates at fair value and a resulting profit or loss is recognized in the income statement.

Adjustments to the measurement or additional recognition of further assets and liabilities to reflect information about facts and circumstances which already existed at the time of acquisition are corrected retrospectively within the measurement period and posted accordingly against goodwill. The measurement period may not exceed one year from the date of acquisition.

Consolidated subsidiaries where RBI holds less than 50 per cent of the ordinary voting shares

Subsidiaries in which the Group holds less than half of the voting rights are fully consolidated if RBI has effective control according to the criteria of IFRS 10. This involves examining whether the Group is exposed or has rights to variable returns from its involvement in the investee and has the ability to affect those returns through its power over the investee.

Structured units have been designed in such a way that voting rights or other similar rights are not the dominant factor in establishing control of a company.

The Group has several leasing companies in the legal form of a GmbH & Co KG, in which a Group company assumes the role of general partner. Through this structure, the Group assumes the requisite personal liability which qualifies as exposure to the variability of the returns generated by the structured companies. These companies are included in the list of fully consolidated affiliated companies.

Subsidiaries not fully consolidated where RBI holds more than 50 per cent of the ordinary voting shares

Due to their negligible contribution to the Group's assets, earnings, and financial position, 227 subsidiaries were not included in the consolidated financial statements (previous year: 249). Total assets of the companies not included came to less than 1 per cent of the Group's total assets.

List of fully consolidated affiliated companies

Company, domicile (country)	Subscribed capital[1]	in local currency	Share[1]	Type[2]
"Raiffeisen-Rent" Vermögensberatung und Treuhand Gesellschaft m.b.H., Vienna (AT)	364,000	EUR	100.0 %	FI
Abade Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0 %	FI
Abade Immobilienleasing GmbH & Co Projekt Lauterbach KG, Kriftel (DE)	5,000	EUR	6.0 %	FI
Abura Immobilienleasing GmbH & Co. Projekt Seniorenhaus Boppard KG, Kriftel (DE)	5,000	EUR	6.0 %	FI
Achat Immobilien GmbH & Co. Projekt Hochtaunus-Stift KG, Kriftel (DE)	10,000	EUR	1.0 %	FI
Acridin Immobilienleasing GmbH & Co. Projekt Marienfeld KG, Kriftel (DE)	5,000	EUR	100.0 %	FI
Adagium Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0 %	FI
Adamas Immobilienleasing GmbH & Co. Projekt Pflegeheim Werdau KG, Kriftel (DE)	5,000	EUR	100.0 %	FI
Adiantum Immobilienleasing GmbH & Co. Projekt Schillerhöhe Weimar KG, Kriftel (DE)	5,000	EUR	6.0 %	FI
Adorant Immobilienleasing GmbH & Co. Projekt Heilsbronn und Neuendettelsau KG, Kriftel (DE)	5,000	EUR	6.0 %	OT
Ados Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	75.0 %	FI
Adrittura Immobilienleasing GmbH & Co. Projekt Eiching KG, Kriftel (DE)	5,000	EUR	100.0 %	OT
Aedificium Banca pentru Locuinte S.A., Bucharest (RO)	50,186,880	RON	99.9 %	BA
Agamemnon Immobilienleasing GmbH & Co. Projekt Pflegeheim Freiberg KG, Kriftel (DE)	5,000	EUR	100.0 %	FI
AGIOS Raiffeisen-Immobilien Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	51.0 %	FI
Akcenta CZ a.s., Prague (CZ)	100,125,000	CZK	92.5 %	BR
AKRISIOS Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0 %	FI
AL Taunussteiner Grundstücks-GmbH & Co KG, Kriftel (DE)	9,400	EUR	93.6 %	FI
A-Leasing SpA, Treviso (IT)	68,410,000	EUR	100.0 %	FI
Allgäu Reha Immobilienleasing GmbH, Kriftel (DE)	25,000	EUR	75.0 %	OT
AMYKOS RBI Leasing-Immobilien GmbH, Vienna (AT)	35,000	EUR	75.0 %	FI
Anton Proksch Institut Kalksburg RBI Immobilien Leasing GmbH, Vienna (AT)	35,000	EUR	75.0 %	OT
AO Raiffeisenbank, Moscow (RU)	36,711,260,000	RUB	100.0 %	BA
ARCANA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0 %	FI
A-Real Estate S.p.A., Bozen (IT)	390,000	EUR	100.0 %	FI
ASCENT Pflege Borna Immobilienleasing GmbH, Kriftel (DE)	25,000	EUR	75.0 %	OT
ASCENT Pflege Erfurt Immobilienleasing GmbH, Kriftel (DE)	25,000	EUR	75.0 %	OT
ASCENT Pflege Hettstedt Immobilienleasing GmbH, Kriftel (DE)	25,000	EUR	75.0 %	OT
ASCENT Pflege Schleswig Immobilienleasing GmbH, Kriftel (DE)	25,000	EUR	75.0 %	OT
Austria Leasing Beteiligungsgesellschaft mbH, Eschborn (DE)	25,000	EUR	100.0 %	FI
Austria Leasing GmbH, Eschborn (DE)	1,000,000	EUR	100.0 %	FI
B52 RBI Leasing-Immobilien GmbH, Vienna (AT)	35,000	EUR	75.0 %	OT
BAILE Handels- und Beteiligungsgesellschaft m.b.H., Vienna (AT)	40,000	EUR	100.0 %	FI
Baumgartner Höhe RBI Leasing-Immobilien GmbH, Vienna (AT)	35,000	EUR	75.0 %	FI
Burgenländische Kommunalgebäudeleasing Gesellschaft m.b.H., Vienna (AT)	35,000	EUR	100.0 %	FI
Campus ATZ + DOS RBI Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	75.0 %	OT
Campus NBhf RBI Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	75.0 %	OT
Canopa Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0 %	FI
Centralised Raiffeisen International Services & Payments S.R.L., Bucharest (RO)	2,820,000	RON	100.0 %	BR
CERES Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0 %	FI
CINOVA RBI Leasing-Immobilien GmbH, Vienna (AT)	35,000	EUR	75.0 %	FI
CP Inlandsimmobilien-Holding GmbH, Vienna (AT)	364,000	EUR	100.0 %	OT
CUPIDO Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0 %	FI
Elevator Ventures Beteiligungs GmbH, Vienna (AT)	100,000	EUR	100.0 %	FI
ETEOKLES Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0 %	FI
Expo 2000 Real Estate EOOD, Sofia (BG)	10,000	BGN	100.0 %	OT
FCC Office Building SRL, Bucharest (RO)	30,298,500	RON	100.0 %	BR
Floreasca City Center Verwaltung Kft., Budapest (HU)	44,000	HUF	100.0 %	FI
FMK Fachmarktcenter Kohlbruck Betriebs GmbH, Eschborn (DE)	30,678	EUR	94.5 %	OT
FMZ PRIMUS Ingatlanfejlesztö Kft., Budapest (HU)	11,077	EUR	100.0 %	OT
GENO Leasing Ges.m.b.H., Vienna (AT)	36,400	EUR	100.0 %	FI
GTNMS RBI Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	75.0 %	OT
HABITO Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0 %	FI
INFRA MI 1 Immobilien Gesellschaft mbH, Vienna (AT)	72,673	EUR	100.0 %	OT
Infrastruktur Heilbad Sauerbrunn RBI-Leasing GmbH & Co.KG., Bad Sauerbrunn (AT)	3,511,188	EUR	75.0 %	FI
Insurance Limited Liability Company "Priorlife", Minsk (BY)	7,682,300	BYN	87.7 %	VV
Invest Vermögensverwaltungs-GmbH, Vienna (AT)	73,000	EUR	100.0 %	OT
JLLC "Raiffeisen-leasing", Minsk (BY)	430,025	BYN	91.4 %	FI
Kathrein Privatbank Aktiengesellschaft, Vienna (AT)	20,000,000	EUR	100.0 %	BA
KAURI Handels und Beteiligungs GmbH, Vienna (AT)	50,000	EUR	88.0 %	FI

Company, domicile (country)	Subscribed capital[1]	in local currency	Share[1]	Type[2]
LARENTIA Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0 %	OT
Lentia Immobilienleasing GmbH & Co. Albert-Osswald-Haus KG, Kriftel (DE)	5,000	EUR	6.0 %	FI
Limited Liability Company RB-Digital, Moscow (RU)	1,500,000	RUB	100.0 %	BR
LYRA Raiffeisen Immobilien Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0 %	FI
Neu-Marx Holding Eins GmbH & Co KG, Vienna (AT)	10,000	EUR	100.0 %	OT
Neu-Marx Holding Zwei GmbH & Co KG, Vienna (AT)	10,000	EUR	100.0 %	OT
Neu-Marx Immobilien Eins GmbH & Co KG, Vienna (AT)	10,000	EUR	100.0 %	OT
Neu-Marx Immobilien Zwei GmbH & Co KG, Vienna (AT)	10,000	EUR	100.0 %	OT
Objekt Linser Areal Immoblilienerrichtungs GmbH & Co. KG, Vienna (AT)	1,000	EUR	100.0 %	OT
OOO Raiffeisen Capital Asset Management Company, Moscow (RU)	225,000,000	RUB	100.0 %	FI
OOO Raiffeisen-Leasing, Moscow (RU)	1,071,000,000	RUB	100.0 %	FI
OVIS Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0 %	FI
PELIAS Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	36,400	EUR	100.0 %	FI
PERSES RBI Leasing-Immobilien GmbH, Vienna (AT)	35,000	EUR	75.0 %	FI
PLANA Raiffeisen-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0 %	FI
Priorbank JSC, Minsk (BY)	86,147,909	BYN	87.7 %	BA
R Karpo Immobilien Linie S.R.L., Bucharest (RO)	200	RON	100.0 %	OT
R.P.I. Handels- und Beteiligungsgesellschaft m.b.H., Vienna (AT)	36,336	EUR	100.0 %	FI
Raiffeisen Bank d.d. Bosna i Hercegovina, Sarajevo (BA)	247,167,000	BAM	100.0 %	BA
Raiffeisen Bank JSC, Kiev (UA)	6,154,516,258	UAH	68.2 %	BA
Raiffeisen Bank Kosovo J.S.C., Pristina (KO)	63,000,000	EUR	100.0 %	BA
Raiffeisen Bank S.A., Bucharest (RO)	1,200,000,000	RON	99.9 %	BA
Raiffeisen Bank Sh.a., Tirana (AL)	14,178,593,030	ALL	100.0 %	BA
Raiffeisen Bank Zrt., Budapest (HU)	50,000,090,000	HUF	100.0 %	BA
Raiffeisen banka a.d., Novi Belgrade (RS)	27,466,157,580	RSD	100.0 %	BA
Raiffeisen Bausparkasse Gesellschaft m.b.H., Vienna (AT)	35,000,000	EUR	100.0 %	BA
Raiffeisen Bausparkassen Holding GmbH, Vienna (AT)	10,000,000	EUR	100.0 %	FI
Raiffeisen CEE Region Holding GmbH, Vienna (AT)	35,000	EUR	100.0 %	FH
Raiffeisen CIS Region Holding GmbH, Vienna (AT)	35,000	EUR	100.0 %	FH
Raiffeisen Corporate Leasing GmbH, Vienna (AT)	35,000	EUR	100.0 %	FI
Raiffeisen Corporate Lízing Zrt., Budapest (HU)	50,100,000	HUF	100.0 %	FI
Raiffeisen Digital Bank AG, Vienna (AT)	47,598,850	EUR	100.0 %	BA
Raiffeisen Factor Bank AG, Vienna (AT)	10,000,000	EUR	100.0 %	FI
Raiffeisen FinCorp, s.r.o., Prague (CZ)	200,000	CZK	75.0 %	FI
Raiffeisen Group IT GmbH, Vienna (AT)	100,000	EUR	100.0 %	BR
Raiffeisen International Liegenschaftsbesitz GmbH, Vienna (AT)	35,000	EUR	100.0 %	FI
Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Vienna (AT)	15,000,000	EUR	100.0 %	FI
Raiffeisen Leasing d.o.o., Belgrade (RS)	405,021,700	RSD	100.0 %	FI
Raiffeisen Leasing d.o.o. Sarajevo, Sarajevo (BA)	11,450,452	BAM	100.0 %	FI
Raiffeisen Leasing IFN S.A., Bucharest (RO)	14,935,400	RON	99.9 %	FI
Raiffeisen Leasing Kosovo LLC, Pristina (KO)	642,857	EUR	100.0 %	FI
Raiffeisen Leasing sh.a., Tirana (AL)	263,520,134	ALL	100.0 %	FI
Raiffeisen Leasing-Projektfinanzierung Gesellschaft m.b.H., Vienna (AT)	72,673	EUR	100.0 %	FI
Raiffeisen Mandatory and Voluntary Pension Funds Management Company Plc., Zagreb (HR)	19,038,463	EUR	100.0 %	OT
Raiffeisen ÖHT Beteiligungs GmbH, Vienna (AT)	35,000	EUR	88.0 %	FI
Raiffeisen Pension Insurance d.d., Zagreb (HR)	8,242,086	EUR	100.0 %	VV
Raiffeisen Property Holding International GmbH, Vienna (AT)	35,000	EUR	100.0 %	FI
Raiffeisen Property International GmbH, Vienna (AT)	40,000	EUR	100.0 %	OT
Raiffeisen Property Management GmbH, Vienna (AT)	40,000	EUR	100.0 %	OT
Raiffeisen Rehazentrum Schruns Immobilienleasing GmbH, Vienna (AT)	36,400	EUR	51.0 %	FI
Raiffeisen Rent DOO, Belgrade (RS)	243,099,913	RSD	100.0 %	OT
Raiffeisen RS Beteiligungs GmbH, Vienna (AT)	35,000	EUR	100.0 %	FH
Raiffeisen SEE Region Holding GmbH, Vienna (AT)	35,000	EUR	100.0 %	FH
Raiffeisen stavebni sporitelna a.s., Prague (CZ)	650,000,000	CZK	75.0 %	BA
Raiffeisen WohnBau Seeresidenz Weyregg GmbH, Vienna (AT)	35,000	EUR	100.0 %	OT
Raiffeisen WohnBau Tirol GmbH, Vienna (AT)	35,000	EUR	100.0 %	OT
Raiffeisen WohnBau Vienna GmbH, Vienna (AT)	35,000	EUR	100.0 %	OT
Raiffeisen WohnBau Wien GmbH, Vienna (AT)	35,000	EUR	100.0 %	OT
Raiffeisen WohnBau Zwei GmbH, Vienna (AT)	35,000	EUR	100.0 %	OT
Raiffeisen Wohnbaubank Aktiengesellschaft, Vienna (AT)	5,100,000	EUR	100.0 %	FI
Raiffeisen-Anlagenvermietung Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0 %	FI
Raiffeisenbank a.s., Prague (CZ)	15,460,800,000	CZK	75.0 %	BA

Company, domicile (country)	Subscribed capital[1]	in local currency	Share[1]	Type[2]
Raiffeisenbank Austria d.d., Zagreb (HR)	480,646,626	EUR	100.0 %	BA
Raiffeisen-Gemeindegebäudeleasing Gesellschaft m.b.H., Vienna (AT)	35,000	EUR	100.0 %	FI
Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0 %	FI
Raiffeisen-Invest-Gesellschaft m.b.H., Vienna (AT)	40,000	EUR	100.0 %	FI
Raiffeisen-Kommunalgebäudeleasing Gesellschaft m.b.H., Vienna (AT)	35,000	EUR	100.0 %	FI
Raiffeisen-Leasing Beteiligung GesmbH, Vienna (AT)	36,400	EUR	100.0 %	FI
Raiffeisen-Leasing d.o.o., Zagreb (HR)	3,981,684	EUR	100.0 %	FI
Raiffeisen-Leasing Equipment Finance GmbH, Vienna (AT)	35,000	EUR	100.0 %	FI
Raiffeisen-Leasing Finanzierungs GmbH, Vienna (AT)	5,000,000	EUR	100.0 %	FI
Raiffeisen-Leasing Fuhrparkmanagement Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0 %	OT
Raiffeisen-Leasing Gesellschaft m.b.H., Vienna (AT)	363,364	EUR	100.0 %	FI
Raiffeisen-Leasing Immobilienmanagement Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0 %	FI
Raiffeisen-Leasing International Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	100.0 %	FI
Raiffeisen-Leasing, s.r.o., Prague (CZ)	450,000,000	CZK	75.0 %	FI
Raiffeisen-Rent Immobilienprojektentwicklung Gesellschaft m.b.H. Objekt Wallgasse 12 KG, Vienna (AT)	4,886,449	EUR	100.0 %	OT
Raiffeisen-Rent-Immobilienprojektentwicklung Gesellschaft m.b.H., Objekt Lenaugasse 11 KG, Vienna (AT)	6,169,924	EUR	100.0 %	OT
RALT Raiffeisen-Leasing Gesellschaft m.b.H., Vienna (AT)	218,500	EUR	100.0 %	FI
RALT Raiffeisen-Leasing Gesellschaft m.b.H. & Co. KG, Vienna (AT)	20,348,394	EUR	100.0 %	FI
RAN vierzehn Raiffeisen-Anlagevermietung GmbH, Vienna (AT)	36,336	EUR	100.0 %	FI
RAN zehn Raiffeisen-Anlagenvermietung Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	100.0 %	FI
RB International Markets (USA) LLC, New York (US)	8,000,000	USD	100.0 %	FI
RBI Beteiligungs GmbH, Vienna (AT)	100,000	EUR	100.0 %	FH
RBI eins Leasing Holding GmbH, Vienna (AT)	35,000	EUR	75.0 %	FI
RBI Invest GmbH, Vienna (AT)	500,000	EUR	100.0 %	FH
RBI ITS Leasing-Immobilien GmbH, Vienna (AT)	35,000	EUR	75.0 %	FI
RBI LEA Beteiligungs GmbH, Vienna (AT)	70,000	EUR	100.0 %	FI
RBI Leasing GmbH, Vienna (AT)	100,000	EUR	75.0 %	FI
RBI LGG Holding GmbH, Vienna (AT)	35,000	EUR	100.0 %	FI
RBI Retail Innovation GmbH, Vienna (AT)	35,000	EUR	100.0 %	BR
REC Alpha LLC, Kiev (UA)	1,201,407,344	UAH	100.0 %	BR
Regional Card Processing Center s.r.o., Bratislava (SK)	539,465	EUR	100.0 %	BR
RIL VII Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0 %	FI
RIL XIV Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0 %	FI
RIRE Holding GmbH, Vienna (AT)	35,000	EUR	100.0 %	FI
RL Anlagenvermietung Gesellschaft m.b.H., Eschborn (DE)	50,000	DEM	100.0 %	FI
RL Grundstückverwaltung Klagenfurt-Süd GmbH, Vienna (AT)	35,000	EUR	100.0 %	FI
RL LUX Holding S.a.r.l., Luxembourg (LU)	12,500	EUR	100.0 %	OT
RL Retail Holding GmbH, Vienna (AT)	36,000	EUR	100.0 %	FI
RL-ALPHA Holding GmbH, Vienna (AT)	35,000	EUR	100.0 %	FI
RLI Holding Gesellschaft m.b.H., Vienna (AT)	40,000	EUR	100.0 %	FI
RL-Mörby AB, Stockholm (SE)	100,000	SEK	100.0 %	FI
RL-Nordic AB, Stockholm (SE)	50,000,000	SEK	100.0 %	FI
RL-Pro Auxo Sp.z.o.o., Warsaw (PL)	50,000	PLN	100.0 %	FI
RL-PROMITOR Holding GmbH, Vienna (AT)	35,000	EUR	100.0 %	OT
RL-PROMITOR Sp. z.o.o., Warsaw (PL)	50,000	PLN	100.0 %	OT
RUBRA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0 %	FI
RZB - BLS Holding GmbH, Vienna (AT)	500,000	EUR	100.0 %	FI
RZB Versicherungsbeteiligung GmbH, Vienna (AT)	500,000	EUR	100.0 %	FI
S.A.I. Raiffeisen Asset Management S.A., Bucharest (RO)	10,656,000	RON	99.9 %	FI
SALVELINUS Handels- und Beteiligungsgesellschaft m.b.H, Vienna (AT)	40,000	EUR	100.0 %	FI
SAMARA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0 %	FI
SINIS Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	35,000	EUR	100.0 %	FI
Sky Tower Immobilien- und Verwaltung Kft, Budapest (HU)	44,000	HUF	100.0 %	OT
Skytower Building SRL, Bucharest (RO)	126,661,500	RON	100.0 %	OT
SOLAR II Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0 %	FI
Tatra Asset Management, správ. spol., a.s., Bratislava (SK)	1,659,700	EUR	78.8 %	FI
Tatra banka, a.s., Bratislava (SK)	64,326,228	EUR	78.8 %	BA
Tatra-Leasing, s.r.o., Bratislava (SK)	6,638,785	EUR	78.8 %	FI
Ukrainian Processing Center PJSC, Kiev (UA)	180,000	UAH	100.0 %	BR
Unterinntaler Raiffeisen-Leasing GmbH & Co KG, Vienna (AT)	36,336	EUR	100.0 %	FI

Company, domicile (country)	Subscribed capital[1]	in local currency	Share[1]	Type[2]
URSA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0 %	FI
Valida Holding AG, Vienna (AT)	5,000,000	EUR	57.4 %	FI
Valida Pension AG, Vienna (AT)	10,200,000	EUR	57.4 %	OT
Valida Plus AG, Vienna (AT)	5,500,000	EUR	57.4 %	FI
Viktor Property, s.r.o., Prague (CZ)	200,000	CZK	75.0 %	OT
Vindalo Properties Limited, Limassol (CY)	67,998	RUB	100.0 %	BR
WEGA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0 %	FI
WHIBK Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0 %	FI
ZHS Office- & Facilitymanagement GmbH, Vienna (AT)	36,336	EUR	98.6 %	BR

1 Less own shares
2 Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial holding, FI Financial institution, OT Other companies, VV Insurance, SC Securities firms

Structured units

The following tables show the carrying amounts of the financial assets and financial liabilities to non-consolidated structured entities broken down by type of structured entity. The carrying amounts presented below do not reflect the true variability of returns faced by the Group as they do not take the effects of collateral or hedges into account.

Assets

2023 in € million	Loans and advances	Equity instruments	Foreign exchange business	Derivatives
Securitization vehicles	41	0	501	0
Third party funding entities	207	18	0	0
Funds	0	0	0	0
Total	248	18	501	0

2022 in € million	Loans and advances	Equity instruments	Foreign exchange business	Derivatives
Securitization vehicles	86	0	446	0
Third party funding entities	227	7	0	0
Funds	0	0	0	0
Total	313	7	446	0

Liabilities

2023 in € million	Deposits	Equity instruments	Debt securities issued	Derivatives
Securitization vehicles	0	0	0	0
Third party funding entities	7	1	0	0
Funds	0	0	0	0
Total	7	1	0	0

2022 in € million	Deposits	Equity instruments	Debt securities issued	Derivatives
Securitization vehicles	0	0	0	0
Third party funding entities	6	1	0	0
Funds	0	0	0	0
Total	6	1	0	0

Nature, purpose and extent of the Group’s interests in non-consolidated structured entities

The Group engages in various business activities with structured entities which are designed to achieve a specific business purpose. A structured entity is one that has been set up so that any voting rights or similar rights are not the dominant factor in deciding who controls the entity. An example is when voting rights relate only to administrative tasks and the relevant activities are directed by contractual arrangements.

A structured entity often has some of or all the following features or attributes:

- Restricted activities
- A narrow and well-defined objective
- Insufficient equity to permit the structured entity to finance its activities without subordinated financial support
- Financing in the form of the issue of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches)

The principal uses of structured entities are to provide clients with access to specific portfolios of assets and to provide market liquidity for clients through securitizing financial assets. Structured entities may be established as corporations, trusts, or partnerships. Structured entities generally finance the purchase of assets by issuing debt and equity securities that are collateralized by and/or indexed to the assets held by the structured entities.

Structured entities are consolidated when the substance of the relationship between the Group and the structured entities indicates that the structured entities are controlled by the Group.

Below is a description of the Group's investments in non-consolidated structured entities by type.

Third party funding entities

The Group provides funding to structured entities that hold a variety of assets. These entities may take the form of funding entities, trusts, and private investment companies. The funding is collateralized by the assets in the structured entities. The Group's investment activity involves predominantly lending.

Securitization vehicles

The Group establishes securitization vehicles which purchase diversified pools of assets, including fixed income securities, company loans, and asset-backed securities (ABS; predominantly commercial and residential mortgage-backed securities (RMBS) and credit card receivables). The vehicles fund these purchases by issuing multiple tranches of debt and equity securities, the repayment of which is linked to the performance of the assets contained in the vehicles.

Funds

The Group establishes structured entities to accommodate client requirements to hold investments in specific assets. The Group also invests in funds that are sponsored by third parties. A Group entity may act as fund manager, custodian or in another function and provide funding and liquidity facilities to both Group-sponsored and third-party funds. The funding provided is collateralized by the underlying assets held by the fund.

Maximum exposure to and size of non-consolidated structured entities

The maximum exposure to loss is determined by considering the nature of the interest in the non-consolidated structured entity. The maximum exposure for loans and trading instruments is reflected by their carrying amounts in the statement of financial position. The maximum exposure for derivatives and instruments off the statement of financial position such as guarantees, liquidity facilities and loan commitments under IFRS 12, as interpreted by the Group, is reflected by the respective notional amount. Such amounts do not reflect the economic risks faced by the Group because they do not take the effects of collateral or hedges or the probability of such losses being incurred into account. As at 31 December 2023, the notional values of derivatives and instruments off the statement of financial position amounted to € 0 million (previous year: € 0 million) and € 34 million (previous year: € 27 million) respectively. Since information on the size of structured entities is not always publicly available, the Group has determined that its exposure is an appropriate guide to the risk of loss from investments in non-consolidated structured entities.

Financial support

As in the previous year, the Group has not provided financial support to non-consolidated structured entities during the financial year.

Sponsored structured entities

As a sponsor, the Group is often involved in the legal set up and marketing of the entity and supports the entity in different ways such as providing operational support to ensure the entity's continued operation. The Group is also deemed a sponsor for a structured entity if market participants would reasonably associate the entity with the Group. Additionally, the use of the Raiffeisen name for the structured entity often indicates that the Group has acted as a sponsor. The gross proceeds from sponsored entities for the year ending 31 December 2023 amounted to € 246 million (previous year: € 250 million). No assets were transferred to sponsored non-consolidated structured entities in the reporting period and the previous year.

(60) List of equity participations

Associated companies valued at equity

Company, domicile (country)	Subscribed capital	in local currency	Share	Type[1]
card complete Service Bank AG, Vienna (AT)	6,000,000	EUR	25.0 %	BA
EMCOM Beteiligungs GmbH, Vienna (AT)	37,000	EUR	33.6 %	FI
LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Vienna (AT)	32,624,283	EUR	33.1 %	OT
NOTARTREUHANDBANK AG, Vienna (AT)	8,030,000	EUR	26.0 %	FI
Oesterreichische Kontrollbank Aktiengesellschaft, Vienna (AT)	130,000,000	EUR	8.1 %	BA
Österreichische Hotel- und Tourismusbank Gesellschaft m.b.H., Vienna (AT)	11,627,653	EUR	31.3 %	BA
Posojilnica Bank eGen, Klagenfurt (AT)	74,555,670	EUR	49.7 %	BA
Prva stavebna sporitelna a.s., Bratislava (SK)	66,500,000	EUR	32.5 %	BA
Raiffeisen Informatik GmbH & Co KG, Vienna (AT)	1,460,000	EUR	47.6 %	BR
Limited Liability Company "Insurance Company "Raiffeisen Life", Moscow (RU)	450,000,000	RUB	25.0 %	VV
Raiffeisen-Leasing Management GmbH, Vienna (AT)	300,000	EUR	50.0 %	OT
UNIQA Insurance Group AG, Vienna (AT)	309,000,000	EUR	10.9 %	VV

1 Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial holding, FI Financial institution, OT Other companies, VV Insurance, SC Securities firms

Other affiliated companies

Company, domicile (country)	Subscribed capital	in local currency	Share	Type[1]
Abrawiza Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0 %	OT
Abrawiza Immobilienleasing GmbH & Co. Projekt Fernwald KG, Kriftel (DE)	5,000	EUR	6.0 %	OT
Abura Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0 %	FI
ACB Ponava, s.r.o., Prague (CZ)	200,000	CZK	100.0 %	OT
Achat Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0 %	FI
Acridin Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0 %	FI
Adamas Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0 %	FI
Adiantum Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0 %	FI
Adipes Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0 %	OT
Adipes Immobilienleasing GmbH & Co. Projekt Bremervörde KG, Kriftel (DE)	5,000	EUR	100.0 %	OT
Adorant Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0 %	OT
Adrett Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0 %	OT
Adrittura Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0 %	OT
Adufe Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0 %	OT
Agamemnon Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0 %	FI
Aglaia Property, s.r.o., Prague (CZ)	50,000	CZK	100.0 %	OT
AKCENTA DE GmbH, Hamburg (DE)	25,000	EUR	100.0 %	FI
Akcenta Digital s.r.o., Hradec Kralove (CZ)	20,000	CZK	100.0 %	FI
Akcenta Logistic a.s. in Liqu., Hradec Kralove (CZ)	2,000,000	CZK	100.0 %	OT
Ananke Property, s.r.o., Prague (CZ)	50,000	CZK	100.0 %	OT
Angaga Handels- und Beteiligungs GmbH, Vienna (AT)	35,000	EUR	100.0 %	OT
Antoninska 2 s.r.o., Prague (CZ)	50,000	CZK	90.0 %	OT
Apate Property, s.r.o., Prague (CZ)	50,000	CZK	100.0 %	OT
Appolon Property, s.r.o., Prague (CZ)	200,000	CZK	100.0 %	OT
Ares property, s.r.o., Prague (CZ)	50,000	CZK	100.0 %	OT
Argos Property, s.r.o., Prague (CZ)	50,000	CZK	100.0 %	OT
ASCENT Reha Bad Ems Immobilienleasing GmbH, Kriftel (DE)	25,000	EUR	100.0 %	OT

Company, domicile (country)	Subscribed capital	in local currency	Share	Type[1]
ASCENT Reha Lehmrade Immobilienleasing GmbH, Kriftel (DE)	25,000	EUR	100.0 %	OT
ASCENT Reha Schwedenstein Immobilienleasing GmbH, Kriftel (DE)	25,000	EUR	100.0 %	OT
Astra Property, s.r.o., Prague (CZ)	50,000	CZK	100.0 %	OT
Ate Property, s.r.o., Prague (CZ)	50,000	CZK	100.0 %	OT
AURIGA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0 %	FI
Austria Leasing GmbH & Co. KG Immobilienverwaltung CURA, Kriftel (DE)	10,000	EUR	100.0 %	FI
Austria Leasing GmbH & Co. KG Immobilienverwaltung Projekt Eberdingen, Kriftel (DE)	10,000	EUR	100.0 %	FI
Austria Leasing Immobilienverwaltungsgesellschaft mbH, Eschborn (DE)	25,000	EUR	100.0 %	FI
Bafep21 RBI Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0 %	OT
Beroe Property, s.r.o., Prague (CZ)	50,000	CZK	100.0 %	OT
Chronos Property, s.r.o., Prague (CZ)	200,000	CZK	100.0 %	OT
CP Linzerstraße 221-227 Projektentwicklungs GmbH, Vienna (AT)	37,000	EUR	100.0 %	OT
CP Logistikcenter Errichtungs- und Verwaltungs GmbH, Vienna (AT)	37,000	EUR	100.0 %	OT
CP Projekte Muthgasse Entwicklungs GmbH, Vienna (AT)	40,000	EUR	100.0 %	OT
Cranto Property, s.r.o., Prague (CZ)	50,000	CZK	90.0 %	OT
Credibilis a.s., Prague (CZ)	2,000,000	CZK	100.0 %	OT
CURO Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0 %	OT
Dafne Property, s.r.o., Prague (CZ)	50,000	CZK	100.0 %	OT
Dero Property, s.r.o., Prague (CZ)	50,000	CZK	100.0 %	OT
Dike Property, s.r.o., Prague (CZ)	200,000	CZK	100.0 %	OT
Dolni namesti 34, s.r.o., Prague (CZ)	10,000	CZK	90.0 %	OT
Dom-office 2000, Minsk (BY)	283,478	BYN	100.0 %	OT
Doplnková dôchodková spoločnosť Tatra banky, a.s., Bratislava (SK)	1,659,700	EUR	100.0 %	FI
DORISCUS ENTERPRISES LTD., Limassol (CY)	19,843,400	EUR	86.6 %	OT
Eos Property, s.r.o., Prague (CZ)	50,000	CZK	100.0 %	OT
Essox d.o.o., Belgrade (RS)	100	RSD	100.0 %	OT
Eunomia Property, s.r.o., Prague (CZ)	50,000	CZK	100.0 %	OT
Eurolease RE Leasing, s. r. o., Bratislava (SK)	6,125,256	EUR	100.0 %	OT
EV II EuVECA GmbH & Co KG, Vienna (AT)	–	EUR	100.0 %	FI
EV II GmbH, Vienna (AT)	–	EUR	100.0 %	BR
Expo Forest 1 EOOD, Sofia (BG)	5,000	BGN	100.0 %	OT
Expo Forest 2 EOOD, Sofia (BG)	5,000	BGN	100.0 %	OT
Expo Forest 3 EOOD, Sofia (BG)	5,000	BGN	100.0 %	OT
Expo Forest 4 EOOD, Sofia (BG)	5,000	BGN	100.0 %	OT
Extra Year Investments Limited, Tortola (VG)	50,000	USD	100.0 %	FI
Fairo GmbH, Vienna (AT)	35,000	EUR	100.0 %	BR
FARIO Handels- und Beteiligungsgesellschaft m.b.H., Vienna (AT)	40,000	EUR	100.0 %	OT
Fidurock Residential a.s., Prague (CZ)	2,000,000	CZK	90.0 %	OT
FIRA Properties a.s., Prague (CZ)	1,800,000	CZK	90.0 %	OT
First Leasing Service Center GmbH, Vienna (AT)	35,000	EUR	100.0 %	OT
Fobos Property, s.r.o., Prague (CZ)	50,000	CZK	100.0 %	OT
Folos Property, s.r.o., Prague (CZ)	50,000	CZK	100.0 %	OT
Gaia Property, s.r.o., Prague (CZ)	200,000	CZK	100.0 %	OT
Golden Rainbow International Limited, Tortola (VG)	1	SGD	100.0 %	FI
Grainulos s.r.o., Prague (CZ)	1	CZK	100.0 %	OT
GRENA REAL s.r.o., Prague (CZ)	89,715	CZK	100.0 %	OT
GS55 Sazovice s.r.o., Prague (CZ)	15,558,000	CZK	90.0 %	OT
Harmonia Property, s.r.o., Prague (CZ)	50,000	CZK	100.0 %	OT
Hebe Property, s.r.o., Prague (CZ)	200,000	CZK	95.0 %	OT
Hefaistos Property, s.r.o., Prague (CZ)	50,000	CZK	100.0 %	OT
Hestia Property, s.r.o., Prague (CZ)	50,000	CZK	100.0 %	OT
Holeckova Property s.r.o., Prague (CZ)	210,000	CZK	100.0 %	OT
Humanitarian Fund "Budimir Bosko Kostic", Belgrade (RS)	30,000	RSD	100.0 %	OT
Hypnos Property, s.r.o., Prague (CZ)	50,000	CZK	100.0 %	OT
IDUS Handels- und Beteiligungs GmbH, Vienna (AT)	40,000	EUR	100.0 %	OT
IGNIS Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0 %	FI
Immoservice Polska Sp.z.o.o., Warsaw (PL)	50,000	PLN	100.0 %	OT
Infrastruktur Heilbad Sauerbrunn GmbH, Vienna (AT)	35,000	EUR	100.0 %	FI
INPROX Split d.o.o., Zagreb (HR)	13,270	EUR	100.0 %	OT
ISIS Raiffeisen Immobilien Leasing GmbH, Vienna (AT)	36,400	EUR	100.0 %	FI
JFD Real s.r.o., Prague (CZ)	50,000	CZK	100.0 %	OT
Kalypso Property, s.r.o., Prague (CZ)	200,000	CZK	100.0 %	OT

Company, domicile (country)	Subscribed capital	in local currency	Share	Type[1]
Kappa Estates s.r.o., Prague (CZ)	200,000	CZK	100.0 %	OT
Kathrein & Co Life Settlement Gesellschaft m.b.H., Vienna (AT)	35,000	EUR	100.0 %	OT
Kathrein & Co. Trust Holding GmbH, Vienna (AT)	35,000	EUR	100.0 %	OT
Kathrein Capital Management GmbH, Vienna (AT)	1,000,000	EUR	100.0 %	FI
Kathrein Private Equity GmbH, Vienna (AT)	190,000	EUR	100.0 %	SC
Keto Property, s.r.o., Prague (CZ)	50,000	CZK	100.0 %	OT
Kleio Property, s.r.o., Prague (CZ)	50,000	CZK	100.0 %	OT
Körlog Logistika Építö és Kivitelezö Korlátolt Feleösségü Társaság, Budapest (HU)	11,077	EUR	100.0 %	OT
LENTIA Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0 %	FI
Leto Property, s.r.o., Prague (CZ)	200,000	CZK	77.0 %	OT
Ligea Property, s.r.o., Prague (CZ)	50,000	CZK	100.0 %	OT
Limited Liability Company "Raiffeisen Leasing", Kiev (UA)	1,240,152,866	UAH	100.0 %	OT
Limited Liability Company European Insurance Agency, Moscow (RU)	120,000	RUB	100.0 %	OT
Limited Liability Company FAIRO, Kiev (UA)	358,998,892	UAH	100.0 %	BR
Limited Liability Company REC GAMMA, Kiev (UA)	49,015,000	UAH	100.0 %	BR
Limited Liabilty Company RBRU Specialized Depositary, Moscow (RU)	100,000,000	RUB	100.0 %	FI
LOTA Handels- und Beteiligungs-GmbH, Vienna (AT)	35,000	EUR	100.0 %	OT
Lucius Property, s.r.o., Prague (CZ)	200,000	CZK	100.0 %	OT
Luna Property, s.r.o., Prague (CZ)	200,000	CZK	100.0 %	OT
MAMONT GmbH, Kiev (UA)	66,872,100	UAH	100.0 %	OT
Medea Property, s.r.o., Prague (CZ)	50,000	CZK	100.0 %	OT
MELIKERTES Raiffeisen-Mobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0 %	OT
Melpomene Property, s.r.o., Prague (CZ)	50,000	CZK	100.0 %	OT
Morfeus Property, s.r.o., Prague (CZ)	50,000	CZK	100.0 %	OT
MORHUA Handels- und Beteiligungs GmbH, Vienna (AT)	36,336	EUR	100.0 %	OT
Nereus Property, s.r.o., Prague (CZ)	50,000	CZK	100.0 %	OT
Nerudova Property s.r.o., Hradec Kralove (CZ)	200,000	CZK	100.0 %	BR
Objekt Linser Areal Immobilienerrichtungs GmbH, Vienna (AT)	35,000	EUR	100.0 %	OT
OOO Estate Management, Minsk (BY)	15,963,046	BYN	100.0 %	OT
Orchideus Property, s.r.o., Prague (CZ)	200,000	CZK	100.0 %	OT
Orestes Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0 %	OT
OSTARRICHI Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0 %	OT
Ostarrichi Immobilienleasing GmbH & Co. Projekt Langenbach KG, Kriftel (DE)	5,000	EUR	100.0 %	OT
Palace Holding s.r.o., Prague (CZ)	2,700,000	CZK	90.0 %	OT
PARO Raiffeisen Immobilien Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0 %	FI
PLUSFINANCE LAND S.R.L., Bucharest (RO)	1,000	RON	100.0 %	BR
Plutos Property, s.r.o., Prague (CZ)	50,000	CZK	100.0 %	OT
Pontos Property, s.r.o., Prague (CZ)	200,000	CZK	100.0 %	OT
Priamos Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0 %	OT
Pro Invest da Vinci e.o.o.d., Sofia (BG)	5,000	BGN	100.0 %	OT
Production unitary enterprise "PriortransAgro", Minsk (BY)	50,000	BYN	100.0 %	OT
Propria Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	90.0 %	OT
Queens Garden Sp z.o.o., Warsaw (PL)	100,000	PLN	100.0 %	OT
R.B.T. Beteiligungsgesellschaft m.b.H, Vienna (AT)	36,336	EUR	58.8 %	OT
R.L.H. Holding GmbH, Vienna (AT)	35,000	EUR	100.0 %	FI
Radwinter sp.z o.o., Warsaw (PL)	20,000	PLN	100.0 %	OT
Raiffeisen Apart GmbH, Vienna (AT)	35,000	EUR	100.0 %	OT
Raiffeisen Assistance D.O.O., Beograd, Belgrade (RS)	4,307,115	RSD	100.0 %	OT
Raiffeisen Assistance doo Sarajevo, Sarajevo (BA)	4,000	BAM	100.0 %	OT
Raiffeisen Autó Lízing Kft., Budapest (HU)	3,000,000	HUF	100.0 %	OT
Raiffeisen Befektetési Alapkezelõ Zrt., Budapest (HU)	100,000,000	HUF	100.0 %	FI
Raiffeisen Biztosításközvetítö Kft., Budapest (HU)	5,000,000	HUF	100.0 %	VV
Raiffeisen Burgenland Leasing GmbH, Vienna (AT)	38,000	EUR	100.0 %	FI
Raiffeisen Capital a.d. Banja Luka, Banja Luka (BA)	355,000	BAM	100.0 %	FI
Raiffeisen Continuum GmbH & Co KG, Vienna (AT)	85,000	EUR	58.8 %	FI
Raiffeisen Continuum Management GmbH, Vienna (AT)	100,000	EUR	50.0 %	FI
Raiffeisen Direct Investments CZ, s.r.o., Prague (CZ)	50,000	CZK	100.0 %	OT
Raiffeisen Future AD Beograd drustvo za upravljanje dobrovoljnim penzijskim fondom, Belgrade (RS)	143,200,000	RSD	100.0 %	FI
Raiffeisen Immobilien Kapitalanlage-Gesellschaft m.b.H., Vienna (AT)	5,000,000	EUR	100.0 %	FI
Raiffeisen Ingatlan Üzemeltető Kft., Budapest (HU)	3,000,000	HUF	100.0 %	OT
Raiffeisen Insurance and Reinsurance Broker S.R.L., Bucharest (RO)	180,000	RON	100.0 %	BR

Company, domicile (country)	Subscribed capital	in local currency	Share	Type[1]
Raiffeisen Insurance Broker Kosovo L.L.C., Pristina (KO)	10,000	EUR	100.0 %	BR
Raiffeisen International Invest Holding GmbH, Vienna (AT)	35,000	EUR	100.0 %	FI
RAIFFEISEN INVEST AD DRUSTVO ZA UPRAVLJANJE INVESTICIONIM FONDOVIMA BEOGRAD, Belgrade (RS)	47,660,000	RSD	100.0 %	FI
Raiffeisen Invest d.o.o., Zagreb (HR)	1,560,780	EUR	100.0 %	FI
Raiffeisen Invest Drustvo za upravljanje fondovima d.d. Sarajevo, Sarajevo (BA)	1,118,600	BAM	100.0 %	FI
Raiffeisen INVEST Sh.a., Tirana (AL)	90,000,000	ALL	100.0 %	FI
Raiffeisen investicni spolecnost a.s., Prague (CZ)	40,000,000	CZK	100.0 %	FI
Raiffeisen Investment Advisory GmbH, Vienna (AT)	35,000	EUR	100.0 %	FI
Raiffeisen Investment Financial Advisory Services Ltd. Co., Istanbul (TR)	2,930,000	TRY	100.0 %	FI
Raiffeisen Leasing d.o.o., Ljubljana (SI)	3,738,107	EUR	100.0 %	OT
Raiffeisen Property Estate s.r.o., Bratislava (SK)	5,000	EUR	100.0 %	OT
Raiffeisen Property Management Bulgaria EOOD, Sofia (BG)	80,000	BGN	100.0 %	OT
Raiffeisen Property Management s.r.o., Bratislava (SK)	5,000	EUR	100.0 %	OT
Raiffeisen Rent S.R.L, Bucharest (RO)	2,962,800	RON	100.0 %	OT
Raiffeisen Salzburg Invest GmbH, Salzburg (AT)	500,000	EUR	100.0 %	FI
Raiffeisen Tech GmbH, Vienna (AT)	35,000	EUR	100.0 %	FI
Raiffeisen Windpark Zistersdorf GmbH, Vienna (AT)	37,000	EUR	100.0 %	OT
Raiffeisen Wohnbauleasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0 %	FI
Raiffeisen-Leasing Anlagen und KFZ Vermietungs GmbH, Vienna (AT)	35,000	EUR	100.0 %	FI
Raiffeisen-Leasing Immobilienverwaltung Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0 %	OT
Raiffeisen-Wohnbauleasing Österreich GmbH, Vienna (AT)	35,000	EUR	100.0 %	FI
RAN elf Raiffeisen-Anlagenvermietung Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	100.0 %	FI
RB International Investment Asia Limited, Labuan (MY)	1	USD	100.0 %	OT
RB Szolgáltató Központ Kft. - RBSC Kft., Nyíregyháza (HU)	3,000,000	HUF	100.0 %	OT
RBI Kantinenbetriebs GmbH, Vienna (AT)	35,000	EUR	100.0 %	OT
RBI PE Handels- und Beteiligungs GmbH, Vienna (AT)	150,000	EUR	100.0 %	FI
RBI Real Estate Services Czechia s.r.o., Prague (CZ)	100,000	CZK	100.0 %	OT
RBI Real Estate Services Polska SP.z.o.o., Warsaw (PL)	400,000	PLN	100.0 %	OT
RBI Retail Innovation LLC, Kiev (UA)	8,241,525	UAH	100.0 %	BR
RBI Retail Innovation SK s.r.o., Bratislava (SK)	75,000	EUR	100.0 %	BR
RBM Wohnbau Ges.m.b.H., Vienna (AT)	37,000	EUR	100.0 %	OT
RCR Ukraine LLC, Kiev (UA)	282,699	UAH	100.0 %	BR
RDI Czech 1 s.r.o., Prague (CZ)	200,000	CZK	100.0 %	OT
RDI Czech 3 s.r.o, Prague (CZ)	200,000	CZK	100.0 %	OT
RDI Czech 4 s.r.o, Prague (CZ)	2,500,000	CZK	100.0 %	OT
RDI Czech 5 s.r.o, Prague (CZ)	200,000	CZK	100.0 %	OT
RDI Czech 6 s.r.o, Prague (CZ)	3,700,000	CZK	100.0 %	OT
RDI Management s.r.o., Prague (CZ)	200,000	CZK	100.0 %	OT
Real Estate Rent 4 DOO, Belgrade (RS)	40,310	RSD	100.0 %	OT
REF HP 1 s.r.o., Prague (CZ)	200,000	CZK	100.0 %	OT
Rent PO, s.r.o., Bratislava (SK)	6,639	EUR	100.0 %	FI
Residence Park Trebes, s.r.o., Prague (CZ)	20,000,000	CZK	100.0 %	OT
RIL XIII Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0 %	FI
R-Insurance Services sp. z o.o., Ruda O.S. (PL)	5,000	PLN	100.0 %	OT
RIRBRO ESTATE MANAGEMENT S.R.L., Bucharest (RO)	1,000	RON	100.0 %	BR
RK 60 Kft, Budapest (HU)	3,000,000	HUF	100.0 %	OT
RL Leasing Gesellschaft m.b.H., Eschborn (DE)	25,565	EUR	100.0 %	FI
RL-BETA Holding GmbH, Vienna (AT)	35,000	EUR	100.0 %	OT
RL-Lamda s.r.o., Bratislava (SK)	6,639	EUR	100.0 %	OT
RL-Opis Holding GmbH, Vienna (AT)	35,000	EUR	100.0 %	OT
RL-Prom-Wald Sp. Z.o.o, Warsaw (PL)	50,000	PLN	100.0 %	OT
RLRE Carina Property, s.r.o., Prague (CZ)	200,000	CZK	100.0 %	OT
RLRE Ypsilon Property, s.r.o., Prague (CZ)	200,000	CZK	100.0 %	OT
Robert Károly Körút Irodaház Kft., Budapest (HU)	3,000,000	HUF	100.0 %	OT
RPM Budapest KFT, Budapest (HU)	3,000,000	HUF	100.0 %	OT
SASSK Ltd., Kiev (UA)	152,322,000	UAH	88.7 %	OT
Sazavska 826 s.r.o., Prague (CZ)	50,000	CZK	90.0 %	OT
Scantius Holding GmbH, Vienna (AT)	35,000	EUR	100.0 %	OT
SCT Kárász utca Ingatlankezelő Kft., Budapest (HU)	3,000,000	HUF	100.0 %	OT
SCTE Elsö Ingatlanfejlesztö és Ingatlanhasznosító Kft., Budapest (HU)	3,000,000	HUF	100.0 %	OT
SeEnergy PT, s.r.o., Prague (CZ)	700,000	CZK	100.0 %	OT

Company, domicile (country)	Subscribed capital	in local currency	Share	Type[1]
SF Hotelerrichtungsgesellschaft m.b.H., Vienna (AT)	36,336	EUR	100.0 %	OT
Sky Solar Distribuce s.r.o., Prague (CZ)	200,000	CZK	77.0 %	OT
SOLIDA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	50.5 %	FI
St. Marx-Immobilien Verwertungs- und Verwaltungs GmbH, Vienna (AT)	36,336	EUR	100.0 %	OT
Stara 19 s.r.o., Prague (CZ)	200,000	CZK	90.0 %	OT
STYRIA Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0 %	OT
Szentkiraly utca 18 Kft., Budapest (HU)	5,000,000	HUF	100.0 %	OT
Tatra Leasing Broker, s.r.o., Bratislava (SK)	6,639	EUR	100.0 %	OT
TEG 1 Immobilienentwicklungs GmbH & Co KG, Vienna (AT)	10,000	EUR	100.0 %	OT
Thaumas Property, s.r.o., Prague (CZ)	50,000	CZK	100.0 %	OT
Theia Property, s.r.o., Prague (CZ)	50,000	CZK	100.0 %	OT
Valida Consulting GmbH, Vienna (AT)	500,000	EUR	100.0 %	OT
Veletrzni 42 s.r.o., Prague (CZ)	100,000	CZK	90.0 %	OT
Vlhka 26 s.r.o., Prague (CZ)	200,000	CZK	90.0 %	OT
Zahradnicka Property s.r.o., Bratislava (SK)	5,000	EUR	100.0 %	OT
ZUNO GmbH, Vienna (AT)	35,000	EUR	100.0 %	OT

1 Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial holding, FI Financial institution, OT Other companies, VV Insurance, SC Securities firms

Other equity participations

Company, domicile (country)	Subscribed capital	in local currency	Share	Type[1]
Accession Mezzanine Capital III L.P., St. Helier (JE)	1,501	EUR	3.3 %	OT
Adoria Grundstückvermietungs Gesellschaft m.b.H., St. Pölten (AT)	36,360	EUR	24.5 %	FI
Agricultural Open Joint Stock Company Illintsi Livestock Breeding Enterprise, Illinci (UA)	703,100	UAH	4.7 %	OT
AIL Swiss-Austria Leasing AG, Glattbrugg (CH)	5,000,000	CHF	50.0 %	FI
ALCS Association of Leasing Companies in Serbia, Belgrade (RS)	853,710	RSD	12.5 %	OT
Analytical Credit Rating Agency (Joint Stock Company), Moscow (RU)	3,000,024,000	RUB	3.7 %	OT
A-Trust GmbH, Vienna (AT)	5,290,013	EUR	12.1 %	OT
Austrian Reporting Services GmbH, Vienna (AT)	41,176	EUR	15.0 %	BR
AVION-Grundverwertungsgesellschaft m.b.H., Vienna (AT)	36,336	EUR	49.0 %	FI
Bad Sauerbrunn Thermalwasser Nutzungs- und Verwertungs GmbH., Bad Sauerbrunn (AT)	36,336	EUR	50.0 %	OT
Belarussian currency and stock exchange JSC, Minsk (BY)	14,328,656	BYN	<0,1%	OT
Biroul de Credit S.A., Bucharest (RO)	4,114,615	RON	13.2 %	FI
BTS Holding a.s. "v likvidácii", Bratislava (SK)	35,700	EUR	19.0 %	OT
Budapest Stock Exchange, Budapest (HU)	541,348,100	HUF	<0,1%	OT
CADO Raiffeisen-Immobilien-Leasing Ges.m.b.H., Vienna (AT)	36,400	EUR	50.0 %	OT
Central Depository and Clearing Company, Inc., Zagreb (HR)	12,545,623	EUR	0.1 %	FI
CIT ONE SA, Bucharest (RO)	21,270,270	RON	33.3 %	BR
Commodity Exchange Crimean Interbank Currency Exchange, Simferopol (UA)	420,000	UAH	4.8 %	OT
CONATUS Grundstückvermietungs Gesellschaft m.b.H., St. Pölten (AT)	36,360	EUR	24.5 %	OT
CULINA Grundstückvermietungs Gesellschaft m.b.H., St. Pölten (AT)	36,360	EUR	25.0 %	FI
D. Trust Certifikacná Autorita, a.s., Bratislava (SK)	331,939	EUR	10.0 %	OT
Die Niederösterreichische Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	35.0 %	FI
Die Niederösterreichische Leasing GmbH & Co KG, Vienna (AT)	72,673	EUR	40.0 %	FI
Einlagensicherung AUSTRIA Ges.m.b.H., Vienna (AT)	515,000	EUR	0.2 %	FI
EMERGING EUROPE GROWTH FUND II, L.P., Delaware (US)	370,000,000	USD	1.9 %	OT
Epsilon - Grundverwertungsgesellschaft m.b.H. in Liqu., Vienna (AT)	36,336	EUR	24.0 %	OT
ESQUILIN Grundstücksverwaltungs Gesellschaft m.b.H., St. Pölten (AT)	36,336	EUR	24.5 %	FI
Euro Banking Association (ABE Clearing S.A.S.), Paris (FR)	48,000	EUR	2.1 %	FI
European Investment Fund S.A., Luxembourg (LU)	7,370,000,000	EUR	0.1 %	FI
Export and Industry Bank Inc., Makati City (PH)	4,734,452,540	PHP	9.5 %	BA
FORIS Grundstückvermietungs Gesellschaft m.b.H., St. Pölten (AT)	36,360	EUR	24.5 %	FI
G + R Leasing Gesellschaft m.b.H., Graz (AT)	36,400	EUR	25.0 %	FI
G + R Leasing Gesellschaft m.b.H. & Co. KG., Graz (AT)	72,673	EUR	50.0 %	FI
Garantiqa Hitelgarancia ZRt., Budapest (HU)	7,839,600,000	HUF	0.2 %	BR
Greenix Limited, Tortola (VG)	100,000	USD	25.0 %	OT
HOBEX AG, Salzburg (AT)	1,000,000	EUR	8.5 %	FI
Hrvatski registar obveza po kreditima d.o.o., Zagreb (HR)	1,791,758	EUR	10.5 %	BR
Joint Stock Company Stock Exchange PFTS, Kiev (UA)	32,010,000	UAH	0.2 %	OT
Kommunal-Infrastruktur & Immobilien Zeltweg GmbH, Zeltweg (AT)	35,000	EUR	20.0 %	OT

Company, domicile (country)	Subscribed capital	in local currency	Share	Type[1]
LITUS Grundstückvermietungs Gesellschaft m.b.H., St. Pölten (AT)	36,360	EUR	24.5 %	FI
Lorit Kommunalgebäudeleasing Gesellschaft m.b.H., Vienna (AT)	42,000	EUR	8.3 %	FI
MASTERINVEST Kapitalanlage GmbH, Vienna (AT)	2,500,000	EUR	37.5 %	FI
MAZ-Kupava, Minsk (BY)	4,000	BYN	7.6 %	OT
Medicur - Holding Gesellschaft m.b.H., Vienna (AT)	4,360,500	EUR	25.0 %	OT
Minsk shoe open joint-stock company "Luch", Minsk (BY)	9,002,918	BYN	5.2 %	OT
MIRA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	50.0 %	FI
Monilogi s.r.o., Bratislava (SK)	–	EUR	26.0 %	OT
National Settlement Depositary, Moscow (RU)	1,180,675,000	RUB	<0,1%	FI
NÖ Raiffeisen Kommunalprojekte Service Gesellschaft m.b.H., Vienna (AT)	50,000	EUR	26.0 %	FI
NÖ Raiffeisen-Leasing Gemeindeprojekte Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	1.0 %	FI
NÖ. HYPO Leasing und Raiffeisen-Immobilien-Leasing Traisenhaus GesmbH & Co OG, St. Pölten (AT)	24,868,540	ATS	50.0 %	OT
NÖ-KL Kommunalgebäudeleasing Gesellschaft m.b.H., Vienna (AT)	37,400	EUR	33.3 %	FI
Oberpinzg. Fremdenverkehrförderungs- und Bergbahnen AG, Neukirchen am Großvenediger (AT)	3,297,530	EUR	<0,1%	OT
OJSC NBFI Single Settlement and Information Space, Minsk (BY)	474,917,123,425	BYN	4.2 %	FI
Open Joint Stock Company Kyiv Special Project and Design Bureau Menas, Kiev (UA)	3,383,218	UAH	4.7 %	OT
Orpea S.A, Puteaux Cedex (FR)	646,291,571	EUR	0.6 %	OT
Österreichische Raiffeisen-Sicherungseinrichtung eGen, Vienna (AT)	121,200	EUR	8.7 %	FI
Österreichische Wertpapierdaten Service GmbH, Vienna (AT)	100,000	EUR	25.3 %	BR
Pisano Limited, London (GB)	4,041	GBP	17.6 %	OT
Private Joint Stock Company Bird Farm Bershadskyi, Viytivka (UA)	6,691,141	UAH	0.5 %	OT
Private Joint Stock Company First All-Ukrainian Credit Bureau, Kiev (UA)	11,750,000	UAH	5.1 %	OT
Private Joint Stock Company Sumy Enterprise Agrotechservice, Sumy (UA)	1,545,000	UAH	0.6 %	OT
Private Joint Stock Company Ukrainian Interbank Currency Exchange, Kiev (UA)	36,000,000	UAH	3.1 %	OT
PSA Payment Services Austria GmbH, Vienna (AT)	285,000	EUR	11.2 %	FI
Public Joint Stock Company National Depositary of Ukraine, Kiev (UA)	103,200,000	UAH	0.1 %	BR
Public Joint Stock Company Settlement Center for Servicing of Contracts in Financial Markets, Kiev (UA)	206,700,000	UAH	<0,1%	OT
QUIRINAL Grundstücksverwaltungs Gesellschaft m.b.H., Vienna (AT)	37,063	EUR	33.3 %	FI
Raiffeisen Continuum GmbH, Vienna (AT)	100,000	EUR	14.3 %	OT
Raiffeisen Digital GmbH, Vienna (AT)	75,000	EUR	1.2 %	BR
Raiffeisen e-force GmbH, Vienna (AT)	145,346	EUR	28.2 %	BR
Raiffeisen Informatik Geschäftsführungs GmbH, Vienna (AT)	70,000	EUR	47.6 %	BR
Raiffeisen Kooperations eGen, Vienna (AT)	9,000,000	EUR	11.1 %	OT
Raiffeisen Salzburg Leasing GmbH, Salzburg (AT)	35,000	EUR	19.0 %	FI
Raiffeisen Software GmbH, Linz (AT)	150,000	EUR	1.2 %	BR
RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung, Vienna (AT)	96,391,536	EUR	<0,1%	BA
Raiffeisen-IMPULS-Liegenschaftsverwaltung Gesellschaft m.b.H., Linz (AT)	500,000	ATS	25.0 %	FI
Raiffeisen-Impuls-Zeta Immobilien GmbH, Linz (AT)	58,333	EUR	40.0 %	FI
Raiffeisenlandesbank Kärnten - Rechenzentrum und Revisionsverband, registrierte Genossenschaft mit beschränkter Haftung, Klagenfurt (AT)	6,715,500	EUR	<0,1%	BA
Raiffeisen-Landesbank Tirol AG, Rum (AT)	90,850,000	EUR	<0,1%	BA
Raiffeisen-Leasing BOT s.r.o., Prague (CZ)	100,000	CZK	20.0 %	OT
Raiffeisen-Leasing Mobilien und KFZ GmbH, Vienna (AT)	35,000	EUR	15.0 %	FI
Registry of Securities in FBH, Sarajevo (BA)	2,052,300	BAM	1.4 %	BR
Rehazentrum Kitzbühel Immobilien-Leasing GmbH, Innsbruck (AT)	35,000	EUR	19.0 %	FI
REMUS Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	50.0 %	FI
RLB Holding eGen OÖ, Linz (AT)	1,566,758	EUR	<0,1%	FI
RLKG Raiffeisen-Leasing GmbH, Vienna (AT)	40,000	EUR	12.5 %	FI
RSAL Raiffeisen Steiermark Anlagenleasing GmbH, Graz (AT)	38,000	EUR	19.0 %	FI
RSC Raiffeisen Service Center GmbH, Vienna (AT)	2,000,000	EUR	50.3 %	BR
RSIL Immobilienleasing Raiffeisen Steiermark GmbH, Graz (AT)	38,000	EUR	19.0 %	FI
S.C. DEPOZITARUL CENTRAL S.A., Bucharest (RO)	25,291,953	RON	2.6 %	OT
Sarajevska berza-burza vrijednosnih papira dd Sarajevo, Sarajevo (BA)	1,967,680	BAM	10.5 %	FI
Seilbahnleasing GmbH, Innsbruck (AT)	36,000	EUR	33.3 %	OT
SELENE Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Innsbruck (AT)	36,400	EUR	1.0 %	OT
SKR Lager 102 AB, Stockholm (SE)	100,000	SEK	49.0 %	OT
Slovak Banking Credit Bureau, s.r.o., Bratislava (SK)	9,958	EUR	33.3 %	BR
Societatea de Transfer de Fonduri si Decontari-TRANSFOND S.A, Bucharest (RO)	6,720,000	RON	3.4 %	FI
Society for Worldwide Interbank Financial Telekommunication scrl, La Hulpe (BE)	638,483,100	EUR	0.4 %	FI
SPICA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	50.0 %	FI

Company, domicile (country)	Subscribed capital	in local currency	Share	Type[1]
Steirische Gemeindegebäude Leasing Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	50.0 %	FI
Steirische Kommunalgebäudeleasing Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	25.0 %	FI
Steirische Leasing für Gebietskörperschaften Ges.m.b.H., Vienna (AT)	36,336	EUR	50.0 %	FI
Steirische Leasing für öffentliche Bauten Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	50.0 %	OT
SWO Kommunalgebäudeleasing Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	50.0 %	FI
Syrena Immobilien Holding AG, Spittal an der Drau (AT)	22,600,370	EUR	21.0 %	OT
Tarfin Limited, London (GB)	13,958,993	GBP	5.7 %	OT
The Zagreb Stock Exchange joint stock company, Zagreb (HR)	46,357,000	EUR	2.9 %	OT
TKL II. Grundverwertungsgesellschaft m.b.H., Vienna (AT)	39,000	EUR	8.3 %	OT
TKL V Grundverwertungsgesellschaft m.b.H., Innsbruck (AT)	39,000	EUR	33.3 %	OT
TKL VI Grundverwertungsgesellschaft m.b.H., Innsbruck (AT)	39,000	EUR	33.3 %	FI
TKL VII Grundverwertungsgesellschaft m.b.H., Innsbruck (AT)	39,000	EUR	33.3 %	FI
TKL VIII Grundverwertungsgesellschaft m.b.H., Innsbruck (AT)	39,000	EUR	24.5 %	FI
Tojon Beteiligungs GmbH, Vienna (AT)	70,000	EUR	25.0 %	OT
Top Vorsorge-Management GmbH, Vienna (AT)	35,000	EUR	50.0 %	OT
TRABITUS Grundstücksvermietungs Gesellschaft m.b.H., Vienna (AT)	36,360	EUR	25.0 %	OT
VALET-Grundstücksverwaltungs Gesellschaft m.b.H., St. Pölten (AT)	36,360	EUR	24.5 %	FI
vc trade GmbH, Frankfurt am Main (DE)	40,688	EUR	9.5 %	BR
VERMREAL Liegenschaftserwerbs- und -betriebs GmbH, Vienna (AT)	36,336	EUR	17.0 %	OT
Visa Inc., San Francisco (US)	192,981	USD	<0,1%	BR
Vorarlberger Kommunalgebäudeleasing Gesellschaft m.b.H. in Liqu., Dornbirn (AT)	42,000	EUR	33.3 %	OT
W 3 Errichtungs- und Betriebs-Aktiengesellschaft, Vienna (AT)	800,000	EUR	20.0 %	OT
Wiener Börse Aktiengesellschaft, Vienna (AT)	18,620,720	EUR	7.0 %	OT
Zhytomyr Commodity Agroindustrial Exchange, Zhitomir (UA)	476,515	UAH	3.1 %	OT
Ziloti Holding S.A., Luxembourg (LU)	48,963	EUR	0.9 %	OT

1 Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial holding, FI Financial institution, OT Other companies, VV Insurance, SC Securities firms

Regulatory information

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

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

In addition, based on the Supervisory Review and Evaluation Process (SREP) carried out annually, ECB currently requires RBI to hold additional capital to cover those risks that are not or not adequately covered under Pillar 1. The so-called Pillar 2 Capital Requirement (P2R) of 2.80 per cent (31 December 2023: 2.58 per cent) is determined based on the assessment of the business model, the assessment of governance and risk management, the assessment of risks to capital and the assessment of risks to liquidity and financing. Based on ECB's final decision, this requirement must be complied with only at the consolidated level of RBI as of January 1, 2024. 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 (SyRP) for certain banks, including RBI. In addition, a capital buffer was also recommended for certain systemically important banks (O-SII buffer), including RBI. Both buffers were put into force by the FMA via the Capital Buffer Regulation (Kapitalpuffer-Verordnung). For RBI the SyRP was set at 1 per cent and the O-SII buffer at 1.25 per cent on consolidated level. From January 1, 2024, the SyRP is set at 1 per cent at the consolidated level and 0.50 per cent at the unconsolidated level, the O-SII buffer is set at 1.75 per cent at the consolidated level and 0.50 per cent at the unconsolidated level. Furthermore a capital conservation buffer of 2.5 per cent must be adhered to.

The determination of the countercyclical capital buffer is also the responsibility of national supervisors and results at RBI level in a weighted average based on the country distribution of the business. This buffer was set at 0 per cent in Austria. At its 39th meeting on 11 December 2023, the FMSB recommended the countercyclical capital buffer to be maintained further at 0 per cent. In addition, those buffer rates that have been set in other member states are included at RBI level and considered based on a weighted average calculation in the capital requirements. In RBI, the countercyclical capital buffer amounts to 0.65 per cent.

The capital requirements applicable throughout the year were continuously complied with. In total, there was a requirement for the CET1 ratio (including the combined capital buffer requirement) of 11.33 per cent for RBI as at 31 December 2023 and considering P2G, this means a quota of 12.58 per cent to be adhered to. As of January 1, 2024, the requirement for the CET1 ratio increases by 39 basis points to 11.72 per cent and considering P2G, the quota to be adhered to is 12.98 per cent for RBI.

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	2023	2022
Capital instruments and the related share premium accounts	5,990	5,991
Retained earnings	13,518	10,482
Accumulated other comprehensive income (and other reserves)	(5,046)	(3,974)
Minority interests (amount allowed in consolidated CET1)	695	607
Common equity tier 1 (CET1) capital before regulatory adjustments	**17,028**	**16,442**
Additional value adjustments (negative amount)	(66)	(93)
Deductions for new net provisioning	0	0
Intangible assets (net of related tax liability) (negative amount)	(620)	(605)
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	(12)	(23)
Fair value reserves related to gains or losses on cash flow hedges	52	51
Negative amounts resulting from the calculation of expected loss amounts	0	0
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	(9)	(4)
Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	(20)	(20)
Exposure amount of the following items which qualify for a risk weight of 1250%, where the institution opts for the deduction alternative	(52)	(30)
hereof: securitization positions (negative amount)	(52)	(30)
Other regulatory adjustments	(97)	(74)
Total regulatory adjustments to common equity tier 1 (CET1)	**(825)**	**(799)**
Common equity tier 1 (CET1) capital	**16,203**	**15,643**
Capital instruments and the related share premium accounts	1,669	1,675
Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	0	0
Qualifying tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	41	34
Total regulatory adjustments to Additional Tier 1 (AT1) capital	**(33)**	**(33)**
Additional tier 1 (AT1) capital	**1,677**	**1,676**
Tier 1 capital (T1 = CET1 + AT1)	**17,881**	**17,319**
Capital instruments and the related share premium accounts	2,244	2,362
Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	29	51
Credit risk adjustments	253	282
Total regulatory adjustments to Tier 2 (T2) capital	**(239)**	**(312)**
Tier 2 (T2) capital	**2,287**	**2,383**
Total capital (TC = T1 + T2)	**20,168**	**19,702**
Total risk-weighted assets (RWA)	**93,664**	**97,680**

Total capital requirement and risk-weighted assets

in € million	2023		2022	
	Risk-weighted exposure	Capital requirement	Risk-weighted exposure	Capital requirement
Total risk-weighted assets (RWA)	**93,664**	**7,493**	**97,680**	**7,814**
Risk-weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	**68,068**	**5,445**	**76,208**	**6,097**
Standardized approach (SA)	**25,966**	**2,077**	**29,196**	**2,336**
Exposure classes excluding securitization positions	25,966	2,077	29,196	2,336
Central governments or central banks	5,285	423	2,666	213
Regional governments or local authorities	119	10	128	10
Public sector entities	124	10	16	1
Institutions	188	15	241	19
Corporates	6,412	513	7,274	582
Retail	5,131	410	6,823	546
Secured by mortgages on immovable property	3,249	260	6,461	517
Exposure in default	548	44	635	51
Items associated with particular high risk	56	4	233	19
Covered bonds	0	0	4	0
Collective investments undertakings (CIU)	81	6	66	5
Equity interests	1,620	130	1,537	123
Other items	3,116	249	3,112	249
Internal ratings based approach (IRB)	**42,102**	**3,368**	**47,012**	**3,761**
IRB approaches when neither own estimates of LGD nor conversion factors are used	**32,526**	**2,602**	**38,960**	**3,117**
Central governments or central banks	0	0	2,657	213
Institutions	3,014	241	3,111	249
Corporates - SME	2,767	221	3,375	270
Corporates - Specialized lending	4,299	344	3,827	306
Corporates - Other	22,446	1,796	25,991	2,079
IRB approaches when own estimates of LGD and/or conversion factors are used	**8,616**	**689**	**7,302**	**584**
Retail - Secured by real estate SME	101	8	72	6
Retail - Secured by real estate non-SME	3,433	275	3,057	245
Retail - Qualifying revolving	569	46	423	34
Retail - Other SME	367	29	376	30
Retail - Other non-SME	4,146	332	3,374	270
Equity interests	661	53	409	33
Simple risk weight approach	0	0	0	0
Other equity exposure	0	0	0	0
PD/LGD approach	0	0	0	0
Other non-credit obligation assets	300	24	341	27

in € million	2023		2022	
	Risk-weighted exposure	Capital requirement	Risk-weighted exposure	Capital requirement
Total risk exposure amount for settlement/delivery	**21**	**2**	**19**	**1**
Settlement/delivery risk in the non-trading book	0	0	0	0
Settlement/delivery risk in the trading book	21	2	19	1
Total risk exposure amount for position, foreign exchange and commodities risk	**8,573**	**686**	**6,889**	**551**
Risk exposure amount for position, foreign exchange and commodities risks under standardized approaches (SA)	**7,270**	**582**	**5,634**	**451**
Traded debt instruments	917	73	962	77
Equity interests	58	5	74	6
Particular approach for position risk in CIUs	1	0	1	0
Foreign exchange	6,292	503	4,591	367
Commodities	2	0	6	0
Risk exposure amount for position, foreign exchange and commodities risks under internal models (IM)	**1,303**	**104**	**1,255**	**100**
Total risk exposure amount for operational risk	**14,786**	**1,183**	**12,667**	**1,013**
OpR standardized (STA) /alternative standardized (ASA) approaches	14,786	1,183	12,667	1,013
OpR advanced measurement approaches (AMA)	0	0	0	0
Total risk exposure amount for credit valuation adjustments	**201**	**16**	**280**	**22**
Standardized method	201	16	280	22
Other risk exposure amounts	**2,015**	**161**	**1,618**	**129**
of which risk-weighted exposure amounts for credit risk: securitization positions (revised securitization framework)	2,015	161	1,618	129

Regulatory capital ratios

in per cent	2023	2022
Common equity tier 1 ratio (transitional)	17.3 %	16.0 %
Common equity tier 1 ratio (fully loaded)	17.0 %	15.6 %
Tier 1 ratio (transitional)	19.1 %	17.7 %
Tier 1 ratio (fully loaded)	18.8 %	17.3 %
Total capital ratio (transitional)	21.5 %	20.2 %
Total capital ratio (fully loaded)	21.4 %	20.0 %

Leverage ratio

The leverage ratio is defined in Part 7 of the CRR. As at 31 December 2023, there is a mandatory quantitative requirement of 3 per cent:

in € million	2023	2022
Leverage exposure	229,189	235,640
Tier 1	17,881	17,319
Leverage ratio in per cent (transitional)	**7.8 %**	**7.3 %**
Leverage ratio in per cent (fully loaded)	**7.7 %**	**7.1 %**

Overview of the calculation methods that are applied to determine total capital requirements in the subsidiaries:

	Credit risk		Market risk	Operational risk
Unit	Non-Retail	Retail		
Raiffeisen Bank International AG, Vienna (AT)	IRB	STA	Internal model, STA	STA
Raiffeisenbank a.s., Prague (CZ)	IRB	IRB	STA	STA
Raiffeisen Bank Zrt., Budapest (HU)	IRB	IRB	STA	STA
Tatra banka a.s., Bratislava (SK)	IRB	IRB	STA	STA
Raiffeisen Bank S.A., Bucharest (RO)	IRB	IRB	STA	STA
Raiffeisen Bank d.d. Bosna i Hercegovina, Sarajevo (BA)	IRB	IRB	STA	STA
Raiffeisenbank Austria d.d., Zagreb (HR)	IRB	STA	STA	STA
Raiffeisen Banka a.d., Novi Beograd (RS)	IRB	IRB	STA	STA
AO Raiffeisenbank, Moscow (RU)	IRB	STA	STA	STA
Raiffeisen Bank Sh.a., Tirana (AL)	IRB	IRB	STA	STA
Kathrein Privatbank Aktiengesellschaft, Vienna (AT)	STA	STA	n/a	STA
Raiffeisen Bausparkasse Gesellschaft m.b.H., Vienna (AT)	IRB	IRB	STA	STA
All other units	STA	STA	STA	STA

IRB: Internal Ratings Based Approach
Internal model for open currency position risks and general interest rate risk in the trading book
STA: Standardized Approach

Key figures

Alternative Performance Measures (APM)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Total capital specific key figures

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

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

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

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

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

List of abbreviations

AI	Artificial Intelligence
BP	Basis Points
BWG	Austrian Banking Act (Bankwesengesetz)
CDS	Credit Default Swap
CE	Central Europe
CEE	Central and Eastern Europe
CET 1	Common Equity Tier 1
CIB	Corporate and Investment Banking
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
EVI	Electronic Disclosure and Information Platform
FMA	Financial Market Authority
FMSB	Financial Market Stability Board
GDP	Gross Domestic Product
HQLA	High Quality Liquid Assets
IAS/IFRS	International Accounting Standards/International Financial Reporting Standards
IBOR	Interbank Offered Rate
IPS	Institutional Protection Scheme
IRB	Internal Ratings Based
ITS	Implementing Technical Standards
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
MREL	Minimum Requirement for Own Funds and Eligible Liabilities
NGEU	NextGenerationEU-Fonds
NPE	Non-Performing Exposure
NPL	Non-Performing Loans
NSFR	Net Stable Funding Ratio
OTC	Over The Counter
PD	Past Due
PEPP	Pandemic Emergency Purchase Programme
POCI	Purchased or Originated Credit Impaired
RBI	Raiffeisen Bank International Group
RBI AG	Raiffeisen Bank International Aktiengesellschaft
RWA	Risk-Weighted Assets
RORAC	Return on Risk Adjusted Capital
SA	Standardized Approach
SA-CCR	Standardized Approach to Counterparty Credit Risk
SEE	Southeastern Europe
SICR	Significant Increase in Credit Risk
SIRP	Special Interest Rate Period
SRB	Systemic Risk Buffer
SREP	Supervisory Review and Evaluation Process
TLTRO	Targeted Longer-Term Refinancing Operations
UNEP FI	UN Environment Programme Finance Initiative
VaR	Value-at-Risk
WACC	Weighted Average Cost of Capital

Events after the reporting date

There were no significant events after the reporting date.

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Qualified electronically signed by:

Vienna, 12 February 2024
The Management Board

Johann Strobl m.p.	Marie-Valerie Brunner m.p.
Andreas Gschwenter m.p.	Łukasz Januszewski m.p.
Hannes Mösenbacher m.p.	Andrii Stepanenko m.p.

Statement of all legal representatives

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group management report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

Qualified electronically signed by:

Vienna, 12 February 2024
The Management Board

Johann Strobl m.p.

Marie-Valerie Brunner m.p.

Andreas Gschwenter m.p.

Łukasz Januszewski m.p.

Hannes Mösenbacher m.p.

Andrii Stepanenko m.p.

Independent Auditor's Report

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Raiffeisen Bank International AG, Vienna, and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2023, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the financial year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as at 31 December 2023, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the additional requirements under section 245a UGB (Austrian Commercial Code) and the Austrian Banking Act.

Basis for Opinion

We conducted our audit in accordance with the Regulation (EU) No. 537/2014 and the Austrian Standards on Auditing. Those standards require the application of the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with laws and regulations applicable in Austria and we have fulfilled our other professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Expected credit losses for loans and advances to non-financial corporations and households

2. Adequacy of “provision” for foreign currency loans in the branch in Poland

1. Expected credit losses for loans and advances to non-financial corporations and households

Description and Issue

Loans and advances to non-financial corporations and households are reported under the balance sheet item "Financial assets - amortized cost" with an amount of EUR 86.2 billion after deduction of valuation allowances of EUR 2.7 billion. Loans and advances to non-financial corporations are EUR 47.0 billion and loans and receivables to households are EUR 39.2 billion.

The Management Board describes the process for monitoring credit risk and the procedure for determining impairment losses in Note 31 “Expected credit losses” and Note 42 “Credit risk” in the Notes.

Calculations of expected credit losses for individually significant exposures in default are based on losses determined for various weighted scenarios. These are determined by the assessment of the economic situation and development of the respective customer, the valuation of collateral, and the estimate of the amount and timing of the recoveries derived from these. The allowances for defaulted, individually non-significant receivables are determined on the basis of common risk characteristics. The valuation parameter are based on statistical data as well as assumptions about future developments.

For not defaulted receivables, the expected credit loss for the next twelve months or – in case of a significant increase in credit risk since initial recognition – for the entire remaining lifetime is recognized (Stage 1 and Stage 2).

Significant estimates and assumptions are required in determining the expected credit loss. These include rating-based probabilities of default, the expected development of the outstanding amount at the time of default and loss rates. The estimates take into account current and forward-looking information.

If the input parameters, assumptions and modelling do not cover all relevant risk factors, the Bank will temporarily use post-model adjustments and adjustments for other risk factors.

The calculation of expected credit losses and the additional provisions from the post-model adjustments and the adjustments for other risk factors are based on assumptions and estimates that give rise to significant uncertainties with regard to the amount of the expected credit losses. Therefore, we have determined the expected credit losses for loans and advances to non-financial corporations and households as a key audit matter.

Our response

In testing expected credit losses for loans and advances to non-financial corporations and households, we performed the following significant audit procedures:

- We assessed the methodologies used to determine expected credit losses and their compliance with IFRS.
- We analyzed the documentation of the processes of monitoring loans and risk provisioning, and critically assessed whether these processes are suitable for identifying loan losses and adequately reflecting the recoverability of exposures. We also assessed the processes and tested key controls regarding their design and implementation, including the relevant IT systems, and tested their effectiveness on a sample basis.
- By performing analytical audit procedures, we examined the development of receivables with regard to the key characteristics relevant to the classification of the loan, such as quality, type of care, rating and level allocation throughout the year and in comparison with the previous year.
- We tested individual exposures selected on the basis of a sample determined according to risk criteria. For defaulted loans, we assessed the Bank's estimates of the amount and timing of recoveries, taking into account collateral, and examined whether the assumptions used in the calculation were appropriate and derivable from internal or external evidence. For non-defaulted loans, we examined whether indicators of default exist.
- In order to assess the appropriateness of the expected credit losses for non-defaulted loans (Stage 1 and Stage 2), we examined the plausibility of assumptions and the statistical/mathematical appropriateness of the models used, as well as the proper application of the models. In particular, we examined the assumptions in connection with forward-looking information and post-model adjustments and adjustments for other risk factors. Furthermore, we examined the appropriateness of the assumptions "probability of default", "loss given default" and the level allocation model, taking into account the results of the bank's internal validations, and reperformed selected calculation steps. In addition, IT specialists tested the effectiveness of key automated controls of the IT systems relevant for the calculation.
- Finally, we assessed whether the disclosures in the notes to the consolidated financial statements regarding the calculation of expected credit losses and the significant assumptions and estimation uncertainties are appropriate.

2. Adequacy of "provisions" for foreign currency loans of the branch in Poland

Description and Issue

As at December 31, 2023, the Bank has recorded in total a "provision" in connection with foreign currency loans of the branch in Poland in the amount of EUR 1.652 million.

The bank describes the legal risk, the procedure for determining the "provision" and related uncertainties in the chapter "Poland" in Note 46 "Pending legal issues" of the notes to the consolidated financial statements.

Due to the lack of clear answers by the competent courts, including the supreme courts, and the necessary assumptions about the future behavior of borrowers and former borrowers, there are considerable estimation uncertainties and scope for judgment in determining the amount of the "provision", which is why we have determined the adequacy of the "provision" for foreign currency loans of the branch in Poland to be a key audit matter.

Our Response

In particular, we performed the following audit procedures in testing the adequacy of the "provision":

- We assessed the Bank's processes and controls for determining the provision, including the key controls applied, and their suitability for ensuring the determination of an appropriate "provision".
- We verified the plausibility and critically assessed the Bank's method for determining the "provision", including the derivation of the underlying assumptions and their appropriateness.
- We verified the mathematical accuracy of the Bank's calculations.
- We have obtained information from lawyers commissioned by the bank to deal with the issue and critically evaluated it.
- We reviewed the current case law with regard to foreign currency loans and appreciated their consideration for the calculation of provision.
- We reviewed the disclosure of the risks in the notes to the consolidated financial statements for appropriateness.

Other Information

The legal representatives are responsible for the other information. Other information comprises all information in the Annual Financial Report and in the Annual Report, but does not include the annual financial statements, management report, consolidated financial statements, the consolidated management report and the related auditor's reports.

Except for the report of the Supervisory Board, we received the other information prior to the date of this auditor's report. The report of the Supervisory Board is expected to be made available to us after this date.

Our opinion on the consolidated financial statements does not cover this other information and we do not and will not express any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether it is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on our work performed on the other information obtained before the date of the auditor's report, we conclude that there has been a material misstatement of such other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, the additional requirements under section 245a UGB and the Austrian Banking Act, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with EU rules and Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Regulation (EU) 537/2014 and with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that give a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to affect our independence and, where relevant, any actions taken to eliminate hazards or safeguards applied

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Consolidated Management Report

Pursuant to Austrian Commercial Code, the consolidated management report is to be audited as to whether it is consistent with the consolidated financial statements and whether it has been prepared in accordance with the applicable legal requirements.

Management is responsible for the preparation of the consolidated management report in accordance with the Austrian Commercial Code.

We conducted our audit in accordance with laws and regulations applicable with respect to the consolidated management report.

Opinion

In our opinion, the consolidated management report attached is prepared in accordance with the applicable legal requirements, the disclosures pursuant to section 243a UGB are appropriate, and it is consistent with the consolidated financial statements.

Statement

Based on the findings during the audit of the consolidated financial statements and due to the thus obtained understanding concerning the Group and its circumstances no material misstatements in the consolidated management report came to our attention.

Additional Information in Accordance with Article 10 of EU Regulation (EU) 537/2014

We were elected as auditor of the Group at the annual general shareholders' meeting on 31 March 2022 for the fiscal year ending on 31 December 2023 and mandated by the chairman of the Supervisory Board on 31 March 2022. Furthermore, we were elected as auditor at the annual general shareholders' meeting on 30 March 2023 for the subsequent fiscal year and mandated by the chairman of the Supervisory Board on 31 March 2023.

We have been the auditor, without interruption since the financial year ending 31 December 2021.

We confirm that the audit opinion in the section "Report on the Consolidated Financial Statements" is consistent with the additional report to the audit committee referred to in article 11 of the EU regulation.

We declare that no prohibited non-audit services (article 5 par. 1 of the EU regulation) were provided by us and that we remained independent from the Group in conducting the audit.

Engagement Partner

The engagement partner responsible for the audit is Peter Bitzyk.

Qualified electronically signed by:

Vienna, 13 February 2024

Deloitte Audit Wirtschaftsprüfungs GmbH

Peter Bitzyk

Certified Public Accountant

Publication or sharing with third parties of the consolidated financial statements together with our auditors' opinion is only allowed if the financial statements and the management report are identical with the audited version. This audit opinion is only applicable to the German and complete financial statements with the management report. Section 281 para 2 UGB applies to alternated versions.

This translation is for convenience purposes only. Only the German original is legally valid and binding.

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