

RAIFFEISEN BANK S.A.

**REPORT ON TRANSPARENT AND PUBLICATION REQUIREMENTS OF
INFORMATION**

DECEMBER 31, 2023

According to the provisions:

- Regulation of the National Bank of Romania No. 5/2013 on prudential requirements for credit institutions with subsequent amendments and additions.
- Regulation No. 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and amending Regulation (EU) No. 648/2012 (called CRR).
- COMMISSION IMPLEMENTING REGULATION (EU) 2021/637 of 15 March 2021 laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council.
- Guide to the threshold of significance, property and confidentiality and on the frequency of reporting under Articles 432 paragraph (1), 432 paragraph (2) and 433 of Regulation (EU) No. 575/2013 – EBA/GL/2014/14 of 23.12.2014; BNR Instructions of 28.10.2015 on the threshold of significance, property and confidentiality and on the frequency of publication, specified in Articles 432 paragraph (1), 432 paragraph (2) and 433 of Regulation (EU) No. 575/2013.

Table of contents

1. Article 435 CRR Organizational structure of Raiffeisen Bank S.A. and the management body	5
2. Article 435 CRR Risk Management objectives and policies	7
3. Article 435 (1) (e) CRR Statement on the adequacy of the management framework of Raiffeisen bank S.A. and on liquidity risk	20
4 Article 435 CRR Recruitment Policy regarding the selection of the Bank members of the management body	21
5 Article 435 CRR Diversity policy	21
6 Article 436 CRR Scope of application	22
7 Article 437 CRR Own funds	27
8 Article 438 CRR Capital Requirements	39
9 Article 439 CRR Exposure to counterparty credit risk	42
10 Article 440 CRR countercyclical capital buffer	48
11 Article 441 CRR Indicators of systemic importance	48
12. Article 442 CRR Credit risk adjustments	48
13. Article 443 CRR Unencumbered assets	60
14 Article 444 CRR Use of ECAs (External Credit Assessment Institution)	62
15. Article 435 and article 445 Market risk	63
16. Article 448 Exposures to interest rate risk in banking book	64
17. Article 446 CRR Operational Risk	66
18. Article 447 and article 438 (b) CRR Key metrics overview	66
19. Article 449 CRR Exposure to securitization positions	69
20 Article 450 and Article 435 (2) (b) CRR Remuneration and recruitment practices	72
21. Article 451 CRR Leverage	78
22. Article 452 CRR Use of the IRB approach to credit risk	81
23. Article 453 and article 435 (1) (d) CRR Credit risk mitigation	106
24. Article 454 CRR Use of the advanced measurement approaches to operational risk	111
25. Article 455 CRR Use of internal models for market risk	111
26. Minimum Requirement for Own Funds and Eligible Liabilities (MREL)	111
27. Article 449a Disclosure of environment, social and governance risk	111

Introduction

This report has been prepared to meet the transparency and publication requirements laid down, mainly by the *Regulation No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012*, with subsequent amendments and additions, as well as the *Regulation of the National Bank of Romania No. 5/2013 on prudential requirements for credit institutions*.

Information presented is in accordance with the Commission Implementing Regulation (EU) 2021/637 of 15 March 2021 laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council.

This report is prepared at the consolidated level in accordance with international Financial Reporting Standards. The information submitted is on December 31, 2023 unless otherwise specified.

The frequency of publication of information is in accordance with the provisions of the Commission Implementing Regulation (EU) 2021/637 of 15 March 2021 laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No. 575/2013 of the European Parliament and of the Council.

Information published on the basis of publication requirements pursuant to Part Eight of Regulation 575/2013 are available on the Bank's website (www.raiffeisen.ro), in the Report on Transparency and Information Disclosure Requirements, in the Annual Corporate Responsibility Report, in the Annual Report and in The Financial Statements.

1. Article 435 CRR Organizational structure of Raiffeisen Bank S.A. and the management body

Raiffeisen Bank S.A. (Bank) is a private legal person, organized in the form of a joint stock company, with shareholders legal and natural persons, resident and non-resident.

In the dual management system adopted by the General Assembly of Raiffeisen Bank S.A. shareholders on 30.04.2007, the administration and representation of the Bank are ensured by the Supervisory Board and the Management Board.

The **Supervisory Board** represents the governing body in the supervisory position and exercises permanent control over the management of the Bank, as it is carried out by the Directorate.

The **Management Board** is the body that runs the Bank's current activity.

Their competences and duties are regulated in the Articles of Incorporation of Raiffeisen Bank S.A., published on the Bank's website at: <https://www.raiffeisen.ro/despre-noi/guvernanta-corporativa/>.

Also on the bank's website, there is relevant information on the competences and functioning of the Bank's management structures at: <https://www.raiffeisen.ro/despre-noi/guvernanta-corporativa/structuri-de-administrare/>.

As of December 31, 2023, the structure of the Bank's **Supervisory Board** was as follows:

- Johann Strobl, president
- Hannes Mösenbacher, vicepresident
- Peter Lennkh, member*
- Andreas Gschwenter, member
- Mihaela-Cristina Mitroi, independent member**
- Lukasz Janusz Januszewski, member
- Andrii Stepanenko, member
- Pedro Miguel Weiss, independent member
- Claudia Pendred, independent member

*resigned starting with 01.01.2024

** elected by the GSM in 14.12.2023; approved by NBR in 29.03.2024

Considering the provisions of *Regulation 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment companies and the provisions of Law No. 29/2015 (...) for modification and completion of OUG 99/2006 on credit institutions and capital adequacy*, mandates held by members of the Supervisory Board in different companies are detailed below:

- Johann Strobl: 1 executive mandate and 5 non-executive mandates, counted as 1 term in executive office and 1 term in non-executive office according to Law No. 29/2015;
- Hannes Mösenbacher: 1 executive mandates and 4 non-executive mandates, counted as 1 term in executive office according to Law No. 29/2015;
- Peter Lennkh: 7 executive mandates, counted as 2 terms in non-executive office according to Law No. 29/2015;
- Andreas Gschwenter: 1 executive mandate and 6 non-executive mandates, counted as 1 term in executive office according to Law No. 29/2015;
- Lukasz Janusz Januszewski: 1 executive mandate and 5 non-executive mandates, counted as 1 term in executive office according to Law No. 29/2015;
- Andrii Stepanenko: 1 executive mandate and 9 non-executive mandates, counted as 1 term in executive office according to Law No. 29/2015;
- Claudia Pendred: 4 non-executive mandates, counted as 4 terms in non-executive office according to Law No. 29/2015;
- Pedro Miguel Weiss: 4 non-executive mandates, counted as 4 terms in non-executive office according to Law No. 29/2015.

As of December 31, 2023, the structure of the Bank's **Management Board** was as follows:

- Zdenek Romanek – President
- Vladimir Kalinov – Vice-President
- Cristian Sporis – Vice-President
- Mircea Busuioceanu – Vice-President
- Bogdan Popa – Vice-President
- Mihail-Catalin Ion – Vice-President
- Alina Rus – Vice-President.

Considering the provisions of *Regulation 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment companies and the provisions of Law No. 29/2015 (...) for modification and completion of OUG 99/2006 on credit institutions and capital adequacy*, mandates held by the members of the Management Board in different companies are detailed below:

- Zdenek Romanek: 1 executive mandate , counted as 1 term in executive office under Law No. 29/2015;
- Vladimir Kalinov: 1 executive mandate and 4 non-executive mandates, counted as 1 term in executive office and 1 term in non-executive office according to Law No. 29/2015;
- Cristian Sporis: 1 executive mandate and 1 non-executive mandate, counted as 1 term in executive office according to Law No. 29/2015;
- Mircea Busuioceanu: 1 executive mandate and 1 non-executive mandate, counted as 1 term in executive office according to Law No. 29/2015;
- Bogdan Popa: 1 executive mandate and 1 non-executive mandate, counted as 1 term in executive office according to Law No. 29/2015;
- Mihail-Catalin Ion: 1 executive mandate counted as 1 term in executive office according to Law No. 29/2015;
- Alina Rus : 1 executive mandate counted as 1 term in executive office according to Law No. 29/2015.

The Raiffeisen Bank territorial network is organized according to the two major customer segments, namely **Retail** and **Corporate**.

The retail segment (which includes individuals, authorized individuals, small and medium enterprises) is served by the Raiffeisen Bank network which included **284 branches**, as of **December 31, 2023**. These branches are grouped into **12 Retail Regions** which in turn, consist of branches coordinated by a Branch Director and **38 Retail Zones** led by the Retail Area Directors (each retail area has 3-5 proximity branches). The retail network is coordinated by Network Director (Sales Channels with Human Touch) who reports directly to the Retail Division Vice President.

The activity related to the medium corporate segment and state owned companies is carried out in 8 Corporate Regional Centers and in Public Sector Department, all being under the direct coordination of the Regional Corporations and Public Sector Directorate. At the same time, through its 6 departments having sectorial competences, Large Corporate Directorate serves large local and multinational companies.

2. Article 435 CRR Risk Management objectives and policies

The activity of a bank of the size and complexity of Raiffeisen Bank S.A implies assuming risks. Consequently, an active risk management is a main objective in Raiffeisen Bank S.A and is an integral part of overall bank management.

In order to effectively identify, measure, and manage risks Raiffeisen Bank S.A has developed a comprehensive risk management system which is continuously improved. In particular, in addition to legal and regulatory requirements, it takes into account the nature, scale, and complexity of the business activities and the resulting risks.

Also, through the different structures of risk management it is ensured that all material risks are measured and limited and that the bank's activity as a whole is evaluated from a perspective which takes into account the relationship between generated return and risks taken.

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

A. Risk Policy Principles

The Bank has a set of principles for risk management, as well as procedures for identifying, measuring and monitoring risks for the purpose of controlling and managing material risks. The risk management principles are set by the Directorate and include:

Risk awareness: The Bank aims to maintain an environment promoting full understanding and awareness of the risks inherent to its activities. This is achieved by providing relevant information, through transparent processes and by applying adequate methods and instruments. In an unclear or not fully transparent situation, the prudence principle will prevail.

Risk taking: The Bank promotes a prudential attitude towards taking risks and demands a predefined minimum return on risk. Risks are undertaken as laid out in existing risk strategies and policies. The risk premium for taking risks must be adequate and sufficient to reach a minimum risk adjusted return. Consequently, risks are only taken where (i) adequate methods for risk evaluation are in place and (ii) the estimated return exceeds expected losses plus a hurdle rate for capital employed to cover for unexpected losses.

Risk management: The methods of risk management, limitation and monitoring of different risks are adapted to their materiality. This means that the higher the risk, the more sophisticated methods will be used by the Bank. The methodologies of risk management, control and limiting are constantly improved, using quantitative or qualitative instruments.

Legal requirements: The Bank incorporates the legal requirements in its activity and fully complies with all the prudential requirements regarding risk management.

Integrated view on risks: Based on the outcome of the regular risk assessment on individual and consolidated level, we identified credit, market, operational, and liquidity risk as the major risk categories. The Bank aims to integrate these risks into a single measurement represented by economic capital.

Unitary treatment: Risks are treated unitary both in ex-ante calculations (when establishing risk limits and allocating economic capital) and ex-post (when determining limit utilization). This allows taking transparent and acceptable measures for business lines when risks do not fit in established limits.

Independent Control: The Bank strictly and explicitly separates its business activities and all risk management and risk controlling activities. This functional and organizational isolation of risk originating and risk managing units is ensured at the Board level by including a Raiffeisen Bank S.A. Board member responsible for managing risks.

Regular reviews: All risk policies are revised at least annually, taking into consideration the budgeting process and activity planning, an increased frequency of reviews being possible in case of events requiring this.

New products: A new product launch that requires risk taking is preceded by an implied risk analysis. An important instrument to introduce a new product is Product Approval Process (PAP), which covers all relevant aspects regarding the product (organization, expected profitability, associated risks etc.) and it is approved by all the bank management structures, as well as at the group level.

Quantification of risks has the main role of allowing measurement of risk adjusted performance. Thus, the Bank ensures that assuming excessive risks is not encouraged and that its activity is developed by taking into consideration the risk-return ratio.

B. Organization of risk management

The risk management activity is a core activity of the bank and therefore all the bank's structures are involved. The main structures together with their main attributions in risk management are presented below.

The Management Board of Raiffeisen Bank S.A ensures the proper organization and ongoing development of risk management. It develops and periodically revises the business plan and the strategies regarding the activity of the bank, including the approval of the risk profile and risk strategy. It is responsible for defining capital and risk targets and approves the allocation of economic capital and economic capital limits. Although the Management Board delegates attributions regarding risk management to different structures of the bank, it maintains the ultimate responsibility for these activities.

Risk Committees

The Committee for Significant Risks Management (CARS) approves the general principles for risk management and ensures through policies, adequate standards and methods for managing risks and keeping risks within well set limits. By supervising the implementation of these policies, standards and methodologies, the Committee ensures risk prevention, or when these do occur, the limitation of their impact. It sets adequate limits for exposures at risk according to the size, complexity and financial standing of the Bank.

The Assets and Liabilities Committee (ALCO) 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 for the long-term funding planning and the hedging of structural interest rate and foreign exchange risks. Meanwhile, it sets and monitors the liquidity and market risk limits and efficiently manages the capital of the bank in order to generate sufficient revenues in line with the risk parameters of the Bank.

The Credit Committee manages credit risk, approves credit policies and credit decisions according to the approval competencies in place.

The Risk Committee of the Supervisory Board provides consultancy to the Supervisory Board and the Management Board regarding the risk strategy and risk appetite of the bank and assists the Supervisory Board and the Management Board in the supervision of the implementation of the respective strategy.

The committee also revises the prices of assets and liabilities in accordance with the business model and risk strategy of the Bank and presents to the Supervisory Board and the Management Board a remedy plan, if necessary. It assesses whether the remuneration policy takes into consideration risk, capital, liquidity and the probability of synchronization of revenues in time.

The Risk Committee of the Supervisory Board met four times during the year 2023.

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 in order to ensure compliance with all legal requirements and achieving the highest standards in risk management related operations.

Two 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. Audit periodically assesses all business processes and contributes considerably to securing and improving them.

The Compliance Directorate is responsible for all issues concerning compliance with legal requirements as integral part of the internal control system.

Moreover, an independent and objective audit, free of potential conflicts, is carried out during the audit of the annual financial statements by the external appointed audit company.

C. Overall bank risk management

Maintaining an adequate level of capital in line with assumed risks is the core objective of the risk management activity in Raiffeisen Bank S.A. Activity growth, reaching targets regarding the bank's rating and fulfilling other requirements from the bank's shareholders, all need sufficient capital resources.

Capital requirements are monitored regularly based on the actual risk level as measured by internal models (by choosing appropriate models the materiality of risks is taken into account).

The concept of risk management ensures the maintenance of capital requirements from a regulatory and economic point of view, thus fulfilling the legal quantitative requirements of the Internal Capital Adequacy Assessment Process (ICAAP).

- **The economic perspective** has as objective the protection of the interests of the creditors, i.e. of the financing providers and of the depositors. Losses that exceed the bank's internal capital lead to its liquidation, which means that regulated capital requirements are no longer important in this situation (the bank no longer operates). As this perspective focuses on the bank's ability to meet its obligations to creditors, it follows that the level at which the bank must protect itself against liquidation must correspond to the bank's current or desired credit rating (target rating).
- **The normative perspective**, which has as objective the fulfillment on a continuous basis of all the legal requirements regarding the capital level, all the requirements of the regulator, as well as of the internal objectives regarding the capital.

Economic perspective

The following concepts are relevant to the economic perspective:

- **Economic capital:** an estimate of the level of capital needed to ensure the bank's solvency with a predetermined confidence interval that is derived from the credit rating of the bank's debts.
- **Internal capital:** the capital that is available to compensate for (unexpected) losses resulting from the different types of risks that the bank assumes, capital whose consumption does not jeopardize the fulfillment of the bank's obligations to its creditors.
- **Economic capital buffer:** it is defined as 5% of the economic capital calculated for the quantified risks and has the role of covering the risks that are not quantified.

It is considered that the bank has an adequate capital to cover the risks when the economic capital is at most equal to the internal capital, at total level, both under normal conditions and within the integrated stress test scenarios.

Normative perspective

The normative perspective is a multi-annual assessment of the institution's ability to meet all capital-related regulatory and supervisory requirements and to cope with other external financial constraints in the medium term. This includes assessing a credible baseline scenario and appropriate institution-specific adverse scenarios, reflected in the multi-annual capital planning and in line with the institution's overall planning objectives.

The normative perspective is ensured by the following processes:

- budgeting capital ratios over a horizon of up to 3 years;
- capital plan;
- periodic monitoring and reporting (in ALCO) in connection with the realized and budgeted capital ratios;
- establishing internal buffers over the regulated minimum capital requirements;
- testing the fulfillment of the minimum capital ratios in crisis conditions;
- monitoring the indicators taken into account when establishing the TSCR (total SREP capital requirement) by the regulator.

In both of the above perspectives, the bank calculates the following indicators that are part of the risk appetite framework:

Concept	Definition	Definition in practice		Choice criteria
		Economic perspective	Normative perspective	
Risk taking capacity	The total level of risk that the bank can absorb before it no longer meets the regulatory requirements	The risk taking capacity is reached when Internal Capital is 100% used by Economic Capital	The risk taking capacity is reached when own funds are 100% used by regulatory capital requirements (determined based on minimum capital requirement multiplied by the risk weighted assets (RWA))	chosen at risk appetite
Risk tolerance	The level of risk that the bank is willing to tolerate before implementing countermeasures. It is defined as a percentage less than 100% of the Risk Taking Capacity	90% use of Internal Capital by Economic Capital	Own funds minus the RWA buffer, the buffer is 0.5%, in accordance with the recovery framework - (yellow stage)	chosen at risk appetite
Risk appetite	The level of planned and budgeted risk that is aligned with the bank's business objectives	Budgeted economic capital	Budgeted own fund requirement	maximum of the two
Risk profile	The total risk assumed at a certain reporting date	Actual economic capital	Actual own fund requirement	chosen at risk appetite

Stress testing

The bank prepares stress testing at least annually, in order to identify vulnerabilities in its risk exposures and to establish measures, if necessary.

Stress tests are of 2 types: individual for each risk (credit, liquidity, market risk, operational risk) as well as integrated (incorporating effects of all risks).

The scenarios used are also specific to the type of stress testing, respectively for individual stress testing are used expert scenarios applicable to the respective type of risk while for integrated stress testing macroeconomic scenarios are used.

Stress testing test the levels of important indicators such as solvency, profit, non-performing loan rate, liquidity. They are presented to management together with proposals for measures to reduce risk exposure or increase the bank's ability to absorb risks, if necessary.

D. Risk categories

D.1. Credit risk

Credit risk, including concentration risk (as a sub-type of credit risk) stems mainly from default risks that arise from business with retail and corporate customers, other banks and sovereign borrowers.

It is by far the most important risk category, as also indicated by internal and regulatory capital requirements. Thus, credit risk is analyzed and monitored both on an individual customer/group of connected customers basis as well as on a portfolio basis.

Credit risk management is based on the respective credit risk policies, credit risk manuals, and the corresponding tools and processes which have been developed for this purpose. These establish the objectives, restrictions and recommendations regarding the lending activity.

Restrictive criteria and recommendations refer to:

- The *geographic concentration* criterion – percentage maximum exposures are established for every geographic area;
- The *diversification on economic sectors* criterion – percentage maximum exposures are established for every activity sector;
- The *eligibility* criteria – general eligibility criteria are established, for high-risk industries, for start-up companies, etc.;
- The *rating* criterion (for Corporate and SMB customers) – maximum risk adjusted limits are established on rating classes;
- The *maturity* criterion – maximum exposure percentages are established for different maturities;
- The *foreign currency* criterion – maximum exposure limits for every currency are established;
- The *collateral* criterion – maximum percentages for unsecured facilities are established;
- The risk-returns ratio – minimum levels for this ratio are established for new transactions.

The internal control system for credit risk includes different types of monitoring measures, which are tightly integrated into the workflows to be monitored – from the customer's initial credit application, to the bank's credit approval, and finally to the repayment of the loan.

Limit application process

No lending transaction is performed without running through the limit application process beforehand. This process is consistently applied – besides new lending – to increases in existing limits, roll-overs, and if changes in the risk profile of a borrower occur (e.g., with respect to the financial situation of the borrower, the terms and conditions, or collateral) compared to the time the original lending decision was made.

Credit decisions are made within the context of a hierarchical competence authority scheme depending on the type and size of a loan.

It always requires the approval of the business and the credit risk management divisions for individual limit decisions or when performing regular rating renewals. If the individual decision-making parties disagree, the potential transaction will have to be decided upon by the next higher-ranking credit authority.

The limit application process in the retail division is stronger automated due to the high number of applications and lower exposure amounts. Management risk functions are supported by the IT infrastructure, as well as by the network of databases. The applications used ensure credit requests are processed in real time and that customer information is stored. Activities related to verification of adherence to minimum scoring, validation of the indebtedness ratio and verifications of available information in credit bureau databases are performed automatically by dedicated applications.

Credit portfolio management

Credit portfolio management of the bank is, amongst others, based on the credit portfolio strategy. This strategy limits the exposure amount in different industries or product types and thus prevents undesired risk concentrations.

A more detailed credit portfolio analysis is based on individual customer ratings. Ratings are performed separately for different asset classes using internal risk classification models (rating and scoring models). Default probabilities assigned to individual rating grades are estimated for each asset class separately.

Rating models in the main non-retail asset classes are developed at group level (Group Raiffeisen Bank International - RBI) and rank creditworthiness (without taking into account the Default grade) in 27 grades for corporate customers, financial and sovereign institutions and 9 grades for insurance and funds. For retail asset classes, country specific scorecards are developed based on uniform Group standards.

The credit portfolio and individual borrowers are subject to constant monitoring. The main purpose of monitoring is to ensure that the borrower meets the terms and conditions of the contract, as well as following the obligor's economic development. Such reviews are conducted at least once annually in the non-retail asset classes. This includes a rating review and the re-evaluation of collateral.

For the retail segment, rating review / update is carried out with a higher frequency, namely monthly, through updating behavior score and annually by updating the calibration function.

Within the risk management activities, Early Warning Signs are monitored monthly for corporate and SMB customers. The activity of monitoring early warning signs and classifying customers on risk categories is independent from the underwriting activity and from the credit administration activity. The purpose of this activity is to identify customers with a high potential of reimbursement difficulties early and take timely measures for their recovery.

D.2. Market risk

Market risk management is explained in detail in the Market Risk and Interest Rate Risk in banking book chapters.

D.3. Liquidity risk

Art. 435, Art 451a (4)

The central objective of Raiffeisen Bank's liquidity risk strategy is to define a robust framework, adapted and updated to the conditions of the business environment, which would support the bank's business strategy. The administration framework includes policies, processes and systems for identifying, measuring, monitoring and controlling liquidity risk and is defined in order to ensure a balance between the cash inflows and outflows associated with the balance sheet and off-balance sheet elements and a sufficient liquidity reserve to allow the bank to cope with stressful situations over an acceptable time frame, without significantly changing their strategy or business model.

The liquidity risk management in Raiffeisen Bank is carried out in accordance with the Liquidity Risk Strategy that completes the Risk Strategy defined at bank level and is built in accordance with Regulation no. 5 /2013 on prudential requirements for credit institutions, with subsequent amendments and completions.

The Liquidity Risk Strategy is completed by the Liquidity Risk Management Policy which describes the methods, indicators and reports used to identify, measure and monitor liquidity risk, as well as the limits established, depending on the bank's tolerance to risk, for the efficient control of this risk, the Liquidity Risk Management Procedure that establishes the operational flow, the deadlines as well as the responsibilities within the bank for the periodical performance of liquidity reports, the Investment Policy for the Liquidity Reserve that establishes the principles underlying the management of the assets that make up the bank's liquidity reserve and the Methodology for Basel III Reporting.

The organizational structure at bank level for the management of liquidity risk is as follows:

- The Directorate – approves the liquidity risk strategy, which is responsible for the liquidity risk assumed by the institution;
- The Assets and Liabilities Committee (ALCO) – is responsible for developing strategies, policies, processes and systems for managing liquidity risk in accordance with established risk tolerance and ensures that the credit institution maintains sufficient liquidity;
- The Treasury Directorate – is responsible for the liquidity management in the short, medium and long term. The directorate also manages the bank's liquidity reserve and the investment portfolio;
- Risk Control Group and Portfolio Management Division/The Integrated Risk Management Department – is responsible for monitoring and controlling liquidity risk;
- Accounting Division – has responsibilities for the liquidity risk reporting, according to the NBR regulations.

The management of the liquidity risk within Raiffeisen Bank S.A. Group is carried out in a decentralized manner, each entity being responsible for identifying, measuring, monitoring and controlling its own liquidity risk in accordance with the specifics of the activity, the legislation in force and the internal procedures of the group.

In order to properly manage the liquidity risk, at the bank level are used a series of reports that capture the cash inflows and outflows related to the balance sheet and off-balance sheet elements, on several time horizons, under normal conditions and under stressful conditions. Also, the instruments capture the bank's liquidity risk in the medium and long term from the perspective of the balance sheet structure, but also the efficiency with which liquid assets are managed in the short term.

The reports used by Raiffeisen Bank for the liquidity risk management are the following: the liquidity gap report (at Raiffeisen Bank level and at consolidated level for Raiffeisen Bank and Raiffeisen Leasing); testing the liquidity position in crisis conditions (stress test); liquidity structure indicators (liquidity scorecard, liquidity surplus); real-time measurement of the liquidity position; liquidity indicators LCR (Liquidity Coverage Indicator), NSFR (Net Stable Financing Indicator) and ALMM (Additional Monitoring Indicators for Liquidity Reporting).

While the regulatory reports are made in accordance with the legislative provisions, the internal reports are made based on the methodologies and assumptions developed internally. In the internal liquidity reports, the cash flows related to the balance sheet and off-balance sheet items are distributed on maturity bands according to the characteristics of the products, the expected behavior of the counterparties and customer segments, as well as the currency (if applicable).

For the efficient control of liquidity risk, a series of limits are established for the level of the indicators calculated in main liquidity reports and the values of the indicators and their compliance with the limits are periodically reported to the Assets and Liabilities Committee (ALCO).

The liquidity risk control function is done by a dedicated department within the Risk Control Group and Portfolio Management Division, in accordance with the Bank's Organization and Functioning Regulation. The scope of the liquidity risk management process refers to short-term, long-term liquidity risk and financing risk, at individual and consolidated level. The monitoring of the instruments for the management of the liquidity risk to which the bank is exposed is carried out at daily or monthly frequency, and the reporting of the exposures to this risk is made to the Assets and Liabilities Committee (ALCO) with monthly frequency.

The compliance with the liquidity risk tolerance in crisis conditions is one of the main objectives of the bank in terms of liquidity risk management. Testing the liquidity position in crisis conditions is carried out daily. The purpose of the crisis simulation is to calculate the bank's capacity to withstand 3 stress scenarios (a scenario at bank level, a scenario at market level and a combined scenario (combines bank-specific and market-specific elements). The simulation is performed for two periods of time, one month and three months respectively.

The starting point for the crisis simulations is the liquidity gap ratio that captures the bank's activity in normal activity conditions. To incorporate the impact of stress scenarios, some balance sheet and off-balance sheet elements are adjusted, differentiated according to the scenario and time horizon. The results of the crisis simulations are reported monthly during the ALCO meetings.

For crisis conditions, the Bank maintains a sufficient liquidity buffer, which can be used to compensate for limited access to financing resources and liquidity outflows. The bank determines the necessary liquidity reserve taking into account the results of the stress simulations.

The Bank also defines an alternative financing plan that sets out the specific responsibilities and actions that can be taken to strengthen the short-term liquidity position, and to reduce the medium and long-term liquidity risk. At the bank level, the possible stages of a liquidity crisis are defined, with an increasing level of stress and the potential measures for each stage. Depending on the activated stage, the alternative plans take into account several possible actions. The specific actions are decided by ALCO according to the main cause that led to the activation of one of the phases.

Quantitative information on LCR – EU LIQ1 form

Group - RON thousand

EU 1a	Quarter ending on	Total unweighted value (average)				Total weighted value (average)			
		31/12/2023	30/9/2023	30/6/2023	31/3/2023	31/12/2023	30/9/2023	30/6/2023	31/3/2023
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					17,107,520	15,692,029	15,554,979	15,450,342
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	37,451,486	36,747,383	36,382,963	36,233,322	2,663,072	2,640,771	2,644,005	2,662,313
3	Stable deposits	26,412,768	25,462,018	24,722,927	24,137,853	1,320,638	1,273,101	1,236,146	1,206,893
4	Less stable deposits	11,038,719	11,285,366	11,660,037	12,095,469	1,342,434	1,367,670	1,407,858	1,455,420
5	Unsecured wholesale funding	13,296,998	13,023,173	13,020,700	12,720,782	5,748,707	5,627,480	5,652,865	5,531,697
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	2,398,304	2,377,535	2,461,282	2,477,774	622,787	616,072	641,796	646,893
7	Non-operational deposits (all counterparties)	10,898,694	10,645,638	10,559,417	10,243,007	5,125,920	5,011,408	5,011,068	4,884,804
8	Unsecured debt	-	-	-	-	-	-	-	-
9	Secured wholesale funding					-	-	-	-
10	Additional requirements	6,228,019	6,234,990	6,086,400	5,881,078	531,712	538,936	532,855	518,612
11	Outflows related to derivative exposures and other collateral requirements	57,245	55,770	55,222	58,399	57,245	55,770	55,222	58,399
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	6,170,774	6,179,220	6,031,178	5,822,679	474,467	483,167	477,633	460,213
14	Other contractual funding obligations	-	-	-	-	-	-	-	-
15	Other contingent funding obligations	14,670,791	14,435,795	14,090,488	13,559,514	440,124	433,074	422,715	406,785
16	TOTAL CASH OUTFLOWS					10,238,960	10,125,250	10,368,713	10,410,412
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	654,596	758,787	866,367	886,525	-	-	-	-
18	Inflows from fully performing exposures	1,880,869	1,836,435	1,804,710	2,200,262	1,380,021	1,320,555	1,265,038	1,634,284
19	Other cash inflows	517,037	63,594	55,126	50,885	129,938	63,594	55,126	50,885
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	TOTAL CASH INFLOWS	3,052,502	2,658,817	2,726,203	3,137,671	1,509,958	1,384,150	1,320,164	1,685,169
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows subject to 90% cap	-	-	-	-	-	-	-	-

	Total unweighted value (average)				Total weighted value (average)			
	31/12/2023	30/9/2023	30/6/2023	31/3/2023	31/12/2023	30/9/2023	30/6/2023	31/3/2023
EU 1a Quarter ending on								
EU 1b Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
EU-20c <i>Inflows subject to 75% cap</i>	3,052,502	2,658,817	2,726,203	3,137,671	1,509,958	1,384,150	1,320,164	1,685,169
TOTAL ADJUSTED VALUE								
EU-21 LIQUIDITY BUFFER					17,107,520	15,692,029	15,554,979	15,450,342
22 TOTAL NET CASH OUTFLOWS					8,729,002	8,741,100	9,048,549	8,725,244
23 LIQUIDITY COVERAGE RATIO					197.11 %	179.61 %	172.56 %	179.62 %

The evolution of the LCR over time and the main determining factors for the evolution of the LCR

As it results from the table above, the LCR indicator recorded a stable with a slightly upward evolution during 2023, being at high levels in the same time, well above the regulatory limit of 100%. The high level of LCR is the result of the good liquidity position held by the bank and the stock of high-quality liquid assets. The evolution of LCR average values during the analyzed period is due to the stable total net cash outflows correlated with a slight upward trend of high-quality assets in the fourth quarter.

Description with a high level of detail of the composition of the liquidity reserve of the institution

The stock of high-quality liquid assets is represented by cash in hand and cash in vaults and ATMs, amounts held at the Central Bank (the mandatory minimum reserve surplus), placements at the NBR deposit facility and eligible bonds for accessing liquidity facilities at the Central Bank. Compared to Q4 of 2022, in Q4 of 2023 the stock of high-quality assets increased by RON 6,642 millions from RON 15,076 millions to RON 21,718 millions.

At the end of 2023, the stock of assets with a high level of liquidity was represented by: cash in hand and cash in vaults and ATMs (RON 1,864 millions), amounts held in account with the Central Bank (RON 7,839 millions) and holdings of securities in the amount of RON 12,015 millions.

Concentration of liquidity funding sources

In LCR calculation, the potential cash outflows over a 30-day horizon are taken into account. The main sources of financing of Raiffeisen Bank Romania were represented by retail deposits and deposits of small enterprise clients which, as it results from the LCR values in the table, recorded an average value of RON 37,451 millions at December 2023, of which RON 2,663 millions represents potential outflows in the next 30 days, as well as unsecured wholesale financing with an average value of RON 13,297 millions at December 2023, of which RON 5,749 millions represents potential outflows in the next 30 days.

The LCR calculation regulation does not contain explicit provisions on the concentration of funding sources and liquidity, but internally, the bank monitors clients who could represent a high degree of concentration and takes them into account in the internal risk models it uses for liquidity management.

Exposures from derivatives operations and possible margin calls

Exposures from derivatives operations shall be presented in the LCR according with Article 21 of the Delegated Regulation. Any margin calls are presented in the LCR in accordance with Article 30, paragraph 3 of the Delegated Regulation. The credit institution adds additional outflows corresponding to the collateral needs, which would result from the impact of a negative market scenario on derivative transactions, financing transactions and other contracts of the credit institution, if they are significant.

For the evaluation of potential margin calls for derivatives, the look back historical approach is used. The average value of potential outflows during 2023 was approx. RON 57 millions, representing approx. 0.56% of the average value of the total net cash outflows included in the LCR calculation in Q4 of 2023.

Currency mismatch in LCR report

The LCR is calculated and reported consolidated in RON equivalent, as well as individually for the significant currencies. The denomination on foreign currencies of high quality liquid assets held by the Bank is consistent with the distribution of net liquidity outflows on foreign currencies. The Bank tracks inconsistencies between inflows and outflows of liquidity at the level of currency in order to limit the accumulation of risks. Currency mismatches are limited internally by setting limits at currency level for the results of liquidity crisis simulations and for the maximum open foreign exchange position at currency level and for the total.

Deposits covered by the Deposit Guarantee Fund

Bank	Deposits due to customers	Amount covered by a Deposit Guarantee Scheme	%
RON thousands			
RETAIL	39,906,189	33,067,636	83 %
Non Retail	14,582,682	1,927,345	13 %
Total	54,488,871	34,994,981	64 %

Article 451a(3) CRR Quantitative information Net Stable Funding Ratio - Template EU LIQ2

RON thousand	Unweighted value by residual maturity				Weighted value
	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items					
1 Capital items and instruments	-	-	-	7,378,913	7,378,913
2 Own funds	-	-	-	7,378,913	7,378,913
3 Other capital instruments	-	-	-	-	-
4 Retail deposits	-	40,344,400	91	143	37,749,191
5 Stable deposits	-	28,780,031	91	143	27,341,258
6 Less stable deposits	-	11,564,369	-	-	10,407,932
7 Wholesale funding:	-	13,906,943	374,956	551,796	6,970,053
8 Operational deposits	-	1,886,389	-	-	20,837
9 Other wholesale funding	-	12,020,554	374,956	551,796	6,949,216
10 Interdependent liabilities	-	-	-	-	-
11 Other liabilities:	-	3,146,791	-	5,073,811	5,073,811
12 NSFR derivative liabilities	-	-	-	-	-
13 All other liabilities and capital instruments not included in the above categories	-	3,146,791	-	5,073,811	5,073,811
14 Total available stable funding (ASF)					57,171,968
Required stable funding (RSF) Items					
15 Total high-quality liquid assets (HQLA)					147,163
EU-15a Assets encumbered for more than 12m in cover pool					-
16 Deposits held at other financial institutions for operational purposes					-
17 Performing loans and securities:		5,199,385	4,320,276	33,571,487	31,701,422
18 Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		756,970	-	-	-
19 Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		-	-	-	-
20 Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		3,743,720	3,889,239	26,888,823	26,671,979
21 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		-	-	-	-
22 Performing residential mortgages, of which:		104,987	123,743	5,377,188	3,609,537
23 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		104,987	123,743	5,377,188	3,609,537
24 Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		593,709	307,294	1,305,476	1,419,905
25 Interdependent assets		-	-	-	-
26 Other assets:		141,249	14,880	2,222,441	2,378,571
27 Physical traded commodities					-
28 Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	-	-
29 NSFR derivative assets		55,115	-	-	55,115
30 NSFR derivative liabilities before deduction of variation margin posted		-	-	-	-
31 All other assets not included in the above categories		86,134	14,880	2,222,441	2,323,456
32 Off-balance sheet items		10,288,839	-	-	570,256
33 Total RSF					34,797,411
34 Net Stable Funding Ratio (%)					164.30%

D.4. Operational risk

Within Raiffeisen Bank S.A., the management of the operational risk activity is assured through the following action lines:

- Regulate the area of activity
- Identify, measure, monitor and mitigation of operational risk
- Calculate the capital requirement for operational risk
- Relationship with the subsidiaries

Beginning with 2003, the operational risk management activity was formalized in Raiffeisen Bank S.A. and the regulation of the activity was achieved starting with 2004 by elaborating the operational risk policy and procedures, documents that were the subject of periodic review.

The policy and the procedure for operational risk represent the foundation of the operational risk management within Raiffeisen Bank, together with the specific risk procedures and the development of the current activity, issued by other directorates/ departments. Together, these documents ensure a solid and comprehensive operational risk management.

Within the bank, all employees must understand their role in the risk management process. Thus, a risk awareness culture and environment are constantly built to support the identification and escalation of operational risk issues.

Within the bank, the model of the three lines of defense regarding the operational risk management was adopted. Thus, the first line of defense is in responsibility of the business areas that ensure the management of operational risks in their activities. The second line of defense, which aims the control of the risk, is in the responsibility of the operational risk function along with fraud prevention, security, compliance and internal control functions. The internal audit represents the third line of defense that verifies the implementation and effectiveness of the operational risk management process at the organization's level.

In Raiffeisen Bank, the responsibility for the activities related to operational risk management is on Operational Risk Department within Group Risk Controlling and Portfolio Management Directorate, independent from the business areas in supervising, monitoring and reporting operational risk events.

The department is part of the risk control function for operational risk across all activity lines of the bank.

This structure coordinates the operational risk management and represents the operational risk control unit at bank's level and for the group entities that are active on the local market: Raiffeisen Leasing and Raiffeisen Asset Management.

In order to ensure an adequate operational risk management, the activity is structured on the following levels: risk identification, risk measurement, monitoring and control / risk reduction.

The identification of the operational risk aims at detecting the potential risks on specific products and / or banking activities, in order to estimate the potential impact if a risk event occurs among the process and, consequently, on the product itself.

Risk measurement is a particularly important step in operational risk management. The principle that applies in this case is "We cannot control what we cannot measure."

At this stage, the existence of internal control measures and the efficiency of their operation are verified in order to identify the possible events, before they become major risks and materialize in operational losses.

The monitoring activity of the operational risks aims to follow the correctness of the activities in accordance with the regulations in force specific to each product and the related processes.

Risk reduction/control represents all measures taken aiming at reducing the operational risk to an accepted level. This stage completes the operational risk management process and consists of implementing the action plan decided following the risk assessment and scenario analysis sessions, the measures taken in case of risk indicators that have exceeded the acceptable level of risk but also those decided following the recording of significant operational risk events.

Risk reduction actions are initiated by business area managers. They decide on opportunities to reduce and control the risk, accept or transfer it.

Also, the business areas are responsible for defining the contingency plans as well as the nomination of persons to execute these plans in the imposed situations.

These areas benefit from the support of other dedicated functions in the activity of reducing the exposure to operational risk. An important role is played by the fraud risk management function by initiating specific actions to monitor and reduce exposure to fraud risk as well as functions that ensure IT security and business continuity process management and internal control.

The Operational Risk Department periodically monitors the implementation of all mitigation and control actions.

The instruments used in the operational risk management activity at bank's level are:

- Annual operational risk assessment at bank's level.
- Collection and reporting of operational risk incidents.
- Scenario analysis.
- Operational risk indicators (KRI's).
- Operational risk awareness programs.
- Review of internal procedures and products.

Regarding the reporting systems, Operational Risk department makes and presents various reports:

- o Periodic reporting to the Risk Committee (CARS). The standard agenda includes the bank's operational risk profile, namely the results of periodic operational risk assessments, scenario analysis, significant operational risk losses, the evolution of operational risk indicators including the action plan and the implementation stage for controlling and mitigation of the significant operational risks. The information of the management board within CARS is made at least quarterly in order to validate the decisions to reduce the exposure to operational events and to the changes in the strategy regarding the management of significant risks.
- o Reports to management regarding significant risk incidents with potential losses above a defined threshold.
- o Reports to the group regarding the results obtained following the operational risk assessment sessions at bank's level, scenarios analysis, significant operational risk incidents.

D.5. Strategic Risk

Strategic risk shows the bank's exposure to losses stemming from pursuing a strategy that eventually turned out to be faulty or inadequate. This situation may appear when the strategy cannot be implemented due to lack of resources, capabilities, or to changes in the business environment. A strategy can also be risky in itself, threatening the business continuity of an organization, if and when the risks materialize.

Strategic risk was evaluated as low in Raiffeisen Bank S.A, strategic decisions taken without pressure on capital or gains in the near future. The bank has a solid capitalization, in accordance with the regulatory requirements. The growth strategies proved to be balanced, the quality of the bank's portfolio being above the average of the banking sector.

For reducing this risk, Raiffeisen Bank S.A. follows the following principles:

- Strategy is the responsibility of the Management Board, which defines the bank's strategy and the risks it implies;
- The strategy requires previous approval of the Supervisory Board; for this purpose, the strategy and its implementation are periodically discussed with the Supervisory Board.

D.6. Reputational Risk

It represents the current or future risk of negative impact on profits and capital determined by the unfavorable perception of a credit institution's image by customers, counterparties, shareholders, investors or supervisory authorities.

Managing reputational risk is based on the following principles: adherence to the vision, mission and values of Raiffeisen Bank S.A., training all employees on relevant aspects regarding the reduction/management of reputational risk, compliance with the code of conduct and the rules of ethics, preventing and combating fraud and corruption. Thus Raiffeisen Bank S.A. built its policy for reputational risk management having in view a set of indicators that refer to the impact of the bank main stakeholders.

D.7. Risk of excessive leverage

To monitor this risk, the bank will compute and evaluate the leverage ratio both in the budgeting phase and in the integrated stress test, in order to ensure adequate planning of capital and exposures so that the minimum level of 3% is not jeopardized.

3. Article 435 (1) (e) CRR Statement on the adequacy of the management framework of Raiffeisen bank S.A. and on liquidity risk

The management body of Raiffeisen Bank S.A. hereby confirms that the risk management systems in Raiffeisen Bank S.A. are adequate in view of the profile and the strategy of the bank.

At the same time, the steering body of Raiffeisen Bank S.A. hereby guarantees that the existing liquidity risk management systems are adequate taking into account the risk profile and the strategy of the institution.

Implementation of the risk profile at bank level is realized by establishing a strategy for each significant risk and implementation of corresponding policies. The bank has adopted policies for managing significant risks, ensuring the implementation of the adequate risk profile.

The main objective of the risk management activity in Raiffeisen Bank S.A. is to maintain an adequate level of internal capital in relation to the risks taken, both from a regulatory (sustainability perspective) and economic (target rating perspective) point of view.

It is considered that the bank has an adequate level of capital for covering risks when economic capital is less than or equal to the internal capital, for all risks.

Thus, as at the 31 of December 2023, the internal capital of Raiffeisen Bank S.A. amounted to 7,121 RON mil.

The economic capital calculated for quantifiable risks was of 3,701 RON mil, out of which 73% for credit risk, 10% for market risk, 8% for operational risk, 5% economic capital buffer and 4% for other risks (owned property risk, participation risk and „Datio in Solutum“).

As the internal capital of 7,121 RON mil is higher than the economic capital in total amount of 3,701 RON mil, at 31 of December 2023 Raiffeisen Bank S.A. had an adequate level of internal capital for covering risks.

As at 31 of December 2023, the internal capital of the Group Raiffeisen Bank amounted to 7,289 RON mil.

As the internal capital of 7,289 RON mil is higher than the economic capital in total amount of 3,715 RON mil, at 31 of December 2023 the Group Raiffeisen Bank had an adequate level of internal capital for covering risks.

Regarding liquidity risk the central objective of the Bank's liquidity risk management strategy is to define a robust framework, adequate and updated to business conditions in order to sustain Bank's business strategy.

Liquidity risk tolerance is set up in line with Banks' strategy and position within banking system and reflects the level of risk that the bank is willing to assume in going concern and stress conditions:

In going concern at Bank level a long term risk profile is defined through a set of limits for the value of main liquidity indicators. The purpose of the limits is to avoid the accumulation of a significant liquidity risk from the current activity of the bank. In order to meet this objective the limits are considered in the annual budgeting process and the indicators are on going monitored during the year in order to avoid and correct possible limit excesses.

In stress conditions, liquidity risk tolerance is represented by Bank's capacity to function for a one month time horizon without any fundamental change of the business strategy. This tolerance level is met by holding a liquidity buffer which can be used to compensate restricted access to funding sources and possible outflows in stress conditions.

In Bank the adequacy of liquidity level is realized both from internal risk management perspective and from regulatory perspective.

From internal perspective the liquidity risk management framework is represented by a set of policies, processes and systems for the identification, measurement, monitoring and control of liquidity risk and it is defined with the purpose to ensure an equilibrium between the inflows and outflows related to on balance and off balance positions and an adequate level of liquidity buffer which allows the bank to face stress conditions during a reasonable time horizon without being necessary to significantly change the business strategy or business model.

From regulatory perspective the purpose of the liquidity risk management framework is to meet all reporting requirements requested by National Bank of Romania (Liquidity indicator) and Basel III framework (LCR, NSFR, ALMM).

As in previous years also in 2023 the Bank had an good liquidity position which was also reflected in the value of internal and regulatory liquidity indicators. From internal perspective in 2023 the Bank had positive values of liquidity indicators both for the going concern and stress conditions. Comfortable values were also recorded for regulatory indicators (average value of LCR in 2023 was of 195% at individual level and 197% at consolidated level, significantly over the regulatory limit of 100%).

In conclusion, in 2023 the Bank had an adequate liquidity position. Also the Bank has an adequate framework for the management and control of liquidity risk with regard to the Bank's risk profile and strategy.

This declaration was approved by the management body of Raiffeisen Bank S.A.

4. Article 435 CRR Recruitment Policy regarding the selection of the Bank members of the management body

The aim of this policy is to select the Bank members of the management body, in accordance with the Bank Policy Fit & Proper and RBI Group Policy Succession Management, in such a way to ensure the management, the control, the qualified supervision and consultancy, in accordance with the legal requirements.

The candidates are selected in such a position of the Bank management body based on their integrity, motivation, in dependency, character and competencies.

The Bank members of the management body members are fulfilling their tasks as members in the management body and protect the company reputation.

The succession planning for the management body and especially for the Board is an essential tool for the Bank in order to ensure the performance and the efficiency continuously, through an uninterrupted leadership.

An adequate succession planning is also important for the Bank especially regarding the special expertise of the members of the management body, as part of the collective knowledge and their suitability. We are aligned with the RBI Group Policy regarding suitability.

Through the Succession Management Policy is pursued the identification, as a basis for the selection, of the qualified members, having the experience, with an equilibrated balance of knowledge and skills, ensuring the succession management of the management body in accordance with the legal requirements regarding the composition, the appointment and the succession. The selection process is based on the description of the necessary roles and capabilities.

The proposals for successors will take into account: the objective/ the purpose of the job, the critical criterion for measurement, the key relationships, the main competencies and skills, the studies/ functional knowledge/ know-how/ necessary qualifications, the work experience/ relevant roles, the personal attributes.

5. Article 435 CRR Diversity policy

The Group recognizes diversity as an important resource. The policy applies to all employees in the Bank, including the management structure - the Board of Directors and the Supervisory Board. Diversity, as a key to success, allows us to push our limits. For the Bank, diversity means added value.

We are always looking for the smartest people to join the team. This allows us to develop the best possible understanding of the varied needs of our clients and to offer personalized and high-quality financial services.

With an inclusive corporate culture that promotes skills and is family friendly, we aim to position ourselves as an attractive employer. Employees are respected and appreciated regardless of characteristics such as gender, sexual orientation, age, origin, ideology or disabilities.

By adopting diversity, we operate in accordance with our values as a fair and responsible banking partner. Promoting and adopting diversity is part of Raiffeisen's social responsibility. We live these beliefs in accordance with the values of our founder Friedrich Wilhelm Raiffeisen.

The Bank has always respected the gender principle, in terms of equal rights between women and men, that is not a barrier to participation in the workforce and in our management. For several years, the non-managerial workforce has a division of 75.7% women compared to 24.3% men, and for managerial positions the division is 66.18% women compared to 33.81% men.

At the level of the management structure, the Directorate and the Supervisory Board, the gender diversity is represented by the share of 20% women and 80% men.

Other aspects of diversity that are considered are age, gender and geographical origin. The aim is to employ a wide range of qualities and competencies when recruiting members of the management structure, to obtain a variety of opinions and experience and to facilitate independent opinions and solid decisions within the management structure.

The age structure of the leadership structure consists of members belonging to different age decades. Within the Directorate, we have 2 persons over 50 years old, the rest belonging to the age range of 40 - 50 years.

Regarding the geographical origin, we aim for the diversity of our markets to be reflected in the component of the management structure in order to ensure the various cultural environments. Within the Directorate, out of 7 members, the distribution is : 5 are Romanian citizens and 2 are foreign citizens.

6. Article 436 CRR Scope of application

The consolidated **Group** is defined as all companies integrated in the consolidated financial statements.

There are no differences between consolidated group for legal/accounting purposes – IFRS 10 and consolidated group for prudential/regulatory purposes – Article 30 BWG, Article 18 CRR and Article 19 CRR.

(i) Subsidiaries

Subsidiaries are entities controlled by the Bank. An investor controls an investee when 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.

The Bank holds:

- 99.99% (2022: 99.99%) interest in Raiffeisen Leasing IFN S.A.;
- 99.99% (2022: 99.99%) interest in Aedificium Banca Pentru Locuinte S.A.;
- 99.99% (2022: 99.99%) investment in Raiffeisen Asset Management S.A., an asset management company with the purpose of funds administrating.

The Bank has consolidated the financial statements of its subsidiaries in accordance with IFRS 10 "Consolidated Financial Statements".

Raiffeisen Leasing IFN S.A. has been representing the Raiffeisen Group on the Romanian Leasing Market since 2002. The company share capital is RON 14,935,400 and offers a wide range of products for SMEs, corporations and, in a small part, for individuals. The company provides customized financing solutions in RON or EUR, offering fixed or variable interest finance for various types of projects and assets, such as vehicles and equipment. Raiffeisen Leasing offer is also available in Raiffeisen Bank network units.

Aedificium Banca pentru Locuinte S.A. manages a product denominated in RON that is based on the combination of the saving and the lending phase (Bauspar). During 2022, ABL transferred most of the loan portfolio to Raiffeisen Bank S.A.. In accordance with its strategy, during 2023 ABL gradually decreased its activity, with the main objective to fulfil its existing contractual obligations, while adopting optimal solutions required to serve its clients. The management estimates that this process will extend over a horizon of more than 12 months. The Group will continue to provide support for fulfillment of the objectives proposed by the ABL.

S.A.I. Raiffeisen Asset Management S.A. (RAM) is the asset management specialized company for the investment funds of the Group in Romania. RAM's objective is to develop a large range of products to best serve our clients' financial purposes.

The accounting policy of the Bank regarding its subsidiaries is cost less impairment. The Bank is performing impairment analysis for all its subsidiaries at each reporting period, including December 31, 2023.

(ii) Associates

The Bank holds:

- 33.33% (2022: 33.33%) interest in CIT One S.R.L.

Considering the Bank's strategy of concentration on the basic activities and implicitly on the holdings considered strategic, Raiffeisen Bank reviewed its entire portfolio of holdings. In this context, during July 2023 the formalities for the sale of the bank's share in Fondul Roman de Garantare a Creditului Rural IFN S.A. (33.331%) for the price of RON 1,667 thousands. Fondul de Garantare a Creditului Rural IFN S.A. paid in 2023 dividends in amount of RON 12,116 thousand.

Associates are those entities in which the Group has significant influence, but not control over the financial and operating policies.

The Group accounts proportionately for the share of gain or loss from its associates in accordance with IAS 28 "Investments in Associates and Joint Ventures". The consolidated financial statements include the Group's share of the total recognized gains and losses of associates and joint ventures on an equity accounting basis, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate. After application of the equity method, including recognizing the associate's losses, the investor determines whether it is necessary to recognize any additional impairment loss with respect to the investor's net investment in the associate.

LI3 - Outline of the differences in the scopes of consolidation (entity by entity)

The table below presents information on the consolidation method applied for each entity according to the accounting and prudential consolidation perimeters.

Article 436		Prudential consolidation method					Description of the entity
Name of the entity	Method of accounting consolidation	Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Deducted	
Raiffeisen IFN S.A.	Leasing	Consolidated by the method of global consolidation	X				Leasing company
Raiffeisen Management S.A.	Assets	Consolidated by the method of global consolidation	X				Financial institution
Aedificium Pentru Locuinte S.A.	Bank	Consolidated by the method of global consolidation	X				Credit institution
CIT ONE		Putting in equivalence			X		Another institution

Participation deducted from own funds items

According to art. 36 (1) f-i of the CRR, the direct, indirect and synthetic participation of Common Equity Tier 1 of a credit institution, must be deducted from Common Equity Tier 1. The value deducted depends on the threshold calculated according to articles 46 and 48 of CRR. Due to the fact that the Group does not exceed this threshold, no participation is deducted from the total capital.

Constraints on funds transfer

Currently, there are no significant practical or legal impediments within the Group, current or potential, which prevents the prompt transfer of own funds or the repayment of debts between the parent company and its subsidiaries.

L11 - Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

The table below shows the differences between the perimeters of accounting and prudential consolidation and the correspondence between the categories of elements from the financial statement and some regulatory risk categories.

Group Article 436 RON thousand	Carrying values of items							
	Carrying values reported published financial statements	as in	Carrying values under scope of regulatory consolidation	Subject to the credit risk framework	Subject to the CCR framework	Subject to the securisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
Assets								
Cash and cash with Central Bank	13,867,449		13,867,449	13,867,449	-	-	-	-
Loans and advances to banks at amortised cost	484,640		484,640	484,640	-	-	-	-
Derivative assets held for risk management	18,185		18,185	-	18,185	-	-	-
Trading assets	181,316		181,316	-	-	-	181,316	-
Financial assets mandatorily at fair value through profit or loss	178,427		178,427	178,427	-	-	-	-
Investment securities at fair value through other comprehensive income	2,725,206		2,725,206	2,725,206	-	-	-	-
Equity instruments at fair value through other comprehensive income	90,579		90,579	90,579	-	-	-	-
Investment in subsidiaries, associates and joint ventures	18,853		18,853	18,853	-	-	-	-
Loans and advances to customers at amortised cost	41,813,234		41,813,234	39,881,688	-	1,931,546	-	-
Derivatives Asset- Hedge accounting	37,793		37,793	37,793	-	-	-	-
Investment securities at amortised cost	10,026,621		10,026,621	10,026,621	-	-	-	-
Income tax receivable	49,462		49,462	49,462	-	-	-	-
Other assets	349,478		349,478	349,478	-	-	-	-
Deferred tax assets	52,504		52,504	52,504	-	-	-	-
Property, equipment and right-of-use assets	436,738		436,738	436,738	-	-	-	-
Intangible assets	447,362		447,362	225,481	-	-	-	221,881
Total assets	70,777,847		70,777,847	68,424,920	18,185	1,931,546	181,316	221,881
Liabilities								
Trading liabilities	9,440		9,440	-	-	-	-	-
Derivative liabilities held for risk management	675		675	-	-	-	-	-
Deposits from banks	494,928		494,928	-	-	-	-	-
Deposits from customers	54,400,238		54,400,238	-	-	-	-	-
Loans from banks and other financial institutions	488,558		488,558	-	-	-	-	-
Fair value changes of the hedged items-liability	4,940		4,940	-	-	-	-	-
Derivatives – hedge accounting	709		709	-	-	-	-	-
Current tax liabilities	77,896		77,896	-	-	-	-	-
Other liabilities	1,631,186		1,631,186	-	-	-	-	-
Debt securities issued	5,555,004		5,555,004	-	-	-	-	-
Subordinated loans	326,115		326,115	-	-	-	-	-
Provisions	159,977		159,977	-	-	-	-	-
Deferred tax liabilities	4		4	-	-	-	-	-
Total liabilities	63,149,670		63,149,670	-	-	-	-	-

LI2 - Main sources of differences between regulatory exposure amounts and carrying values in financial statements

Group Article 436 RON thousand	Items subject to				
	Total	Credit risk framework	Securitisation framework	CCR framework	Market risk framework
Assets carrying value amount under the scope of regulatory consolidation (as per template LI1)	70,777,847	68,424,920	1,931,546	18,185	181,316
Liabilities carrying value amount under the regulatory scope of consolidation (as per template LI1)	63,149,670	-	-	-	-
Total net amount under the regulatory scope of consolidation	7,628,177	-	-	-	-
Off-balance-sheet amounts	20,614,110	20,614,110	-	-	-
Exposure amounts considered for regulatory purposes	91,391,957	89,039,030	1,931,546	18,185	181,316

Template EU PV1: Prudent valuation adjustments (PVA)

RON thousand	Category level AVA	Risk category					Category level AVA - Valuation uncertainty		Total category level post- diversification	Of which: Total core approach in the trading book	Of which: Total core approach in the banking book
		Equity	Interest Rates	Foreign exchange	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA			
1	Market price uncertainty	7	13,911	4,680	-	-	7	-	9,303	934	8,368
2	Set not applicable in the EU	-	-	-	-	-	-	-	-	-	-
3	Close-out cost	-	-	-	-	-	-	-	-	-	-
4	Concentrated positions	-	30	-	-	-	-	-	30	-	30
5	Early termination	-	2	-	-	-	-	-	2	-	2
6	Model risk	1,239	995	75	-	-	5	-	1,157	3	1,154
7	Operational risk	-	696	234	-	-	-	-	930	93	837
8	Set not applicable in the EU	-	-	-	-	-	-	-	-	-	-
9	Set not applicable in the EU	-	-	-	-	-	-	-	-	-	-
10	Future administrative costs	-	235	101	-	-	-	-	336	-	336
11	Set not applicable in the EU	-	-	-	-	-	-	-	-	-	-
12	Total Additional Valuation Adjustments (AVAs)	-	-	-	-	-	-	-	11,759	1,030	10,728

7. Article 437 CRR Own funds

Summary of the main features of regulatory capital items

Capital instruments

Common Equity Tier 1 capital (CET 1) include the components of Tier 1 capital, after the progressive application of rules, which are provided in the CRR in order to adapt the new regulations of the European Union and deductions from CET 1 after applying the exemptions according to article 48 CRR. All included instruments are eligible in accordance with Article 28 CRR. Changes in equity during the reporting period are available in the table "Statement of changes in equity" in the consolidated financial statements.

Tier 1 capital

Tier 1 capital comprise CET 1 capital plus Additional Tier 1 capital (AT 1), less deductions from AT1 capital. These are negative amounts resulting from the amount of expected losses and adjustments for depreciation on internal model rating (IRB approach).

As of December 31, 2023, at Group level the common equity Tier 1 is in amount of RON 5,825,729 thousand (31 December 2022: RON 5,757,677 thousand).

Additional Tier 1

AT1 capital includes subordinated unsecured instruments notes issued by the Group. The instruments meet the criteria for inclusion in Group Tier 1 own funds, as they qualify as Additional Tier 1 instruments, as defined by Regulation (EU) No. 575/2013 (CRR), article 52. They are perpetual instruments, with no maturity, while the issuer's reimbursement is limited and subject to supervisory approval.

Although the notes include a coupon rate, this is fully discretionary and is paid out of the distributable profits. In case the Group's CET 1 Capital Ratio is below a certain threshold, this might trigger full or partial write-down of the notes. The write-down is temporary and can be followed by a write-up, which is at the sole discretion of the issuer and compliance with applicable supervisory regulations. The total issue of the notes amounts to EUR 125 million and have been purchased by Raiffeisen Bank International A.G.

As of December 31, 2023, the AT1 is in the amount of RON 609,298 thousand (31 December 2022: RON 609,416 thousand).

Tier 2 capital

As of December 31, 2023 at Group level the common equity Tier 2 after deductions is in amount of RON 854,012 thousand (31 December 2022: RON 863,164 thousand), consisting mainly of subordinated debt.

Moreover, any excess of loan loss provisions over the amount of calculated expected losses for portfolios included under the IRB approach, up to a maximum of 0.6 per cent of the Credit Risk-Weighted Assets covered by the IRB approach is considered.

At the individual level the common equity includes the difference between prudential adjustments and, adjustments for depreciation for exposures based on standard approach.

Template EU CCA: Main features of regulatory own funds instruments and eligible liabilities instruments
Main features of regulatory own funds instruments -AT1

		Qualitative or quantitative information
1	Issuer	Raiffeisen Bank S.A.
2	Unique identifier (eg. CUSIP, ISIN or Bloomberg identifier for private placement)	AT0000A2BY28
2a	Public or private placement	Private
3	Governing law(s) of the instrument	Austrian law, except subordination clauses which are governed by Romanian law
3a	Contractual recognition of write down and conversion powers of resolution authorities	Contractual
	<i>Regulatory treatment</i>	
4	Current treatment taking into account, where applicable, transitional CRR rules	Additional Tier 1
5	Post-transitional CRR rules	Additional Tier 1
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo and Group
7	Instrument type (types to be specified by each jurisdiction)	AT1
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	238,574,797 RON
9	Nominal amount of instrument	50,000,000 EURO
EU-9a	Issue price	50,000,000 EURO
EU-9b	Redemption price	50,000,000 EURO
10	Accounting classification	Shareholder's equity
11	Original date of issuance	17/12/2019
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	i) 30 May 2025, ii) the instrument has a tax and/or regulatory event call; iii) Redemption price is the Current Principal Amount plus Interest
16	Subsequent call dates, if applicable	Each Distribution Payment Date (30 May) thereafter
	<i>Coupons / dividends</i>	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	EURIBOR 12 M (floored at 0%) + Margin (7,5%)
19	Existence of a dividend stopper	No
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	0
25	If convertible, fully or partially	0
26	If convertible, conversion rate	0
27	If convertible, mandatory or optional conversion	0
28	If convertible, specify instrument type convertible into	0
29	If convertible, specify issuer of instrument it converts into	0

		Qualitative or quantitative information
30	Write-down features	Yes
31	If write-down, write-down trigger(s)	Trigger event means at any time that (i) the Group CET 1 Capital Ratio is below 5.125% and/or (ii) the Issuer CET 1 Capital Ratio is below 5.125%.
32	If write-down, full or partial	Partial
33	If write-down, permanent or temporary	Temporary
34	If temporary write-down, description of write-up mechanism	The Issuer may, at its sole discretion, to the extent permitted in compliance with the Applicable Supervisory Regulations, reinstate any portion of the principal amount of the Notes which has been Written Down (such portion, the "Write-Up Amount").
34a	Type of subordination (only for eligible liabilities)	N/A
EU-34b	Ranking of the instrument in normal insolvency proceedings	2
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	<p>(a) Pari passu without any preference among themselves, at all times;</p> <p>(b) Pari passu with (a) any existing AT 1 Instruments of the Issuer, and (b) any other obligations or capital instruments of the Issuer that rank or are expressed to rank equally with the Notes in the event of a liquidation or insolvency of the Issuer and the right to receive repayment of capital in the event of a liquidation or insolvency of the Issuer;</p> <p>(c) Senior to holders of the Issuer's CET 1 Instruments and any other obligations or capital instruments of the Issuer that rank or are expressed to rank junior to the Notes in the event of a liquidation or insolvency of the Issuer and the right to receive repayment of capital in the event of a liquidation or insolvency of the Issuer; and</p> <p>(d) Junior to present or future claims of (a) unsubordinated creditors of the Issuer, including creditors of any senior unsecured non-preferred liabilities expressed to rank senior to the class of obligations fulfilling the conditions set out in (a)-(c) of Article 108 (2) of the BRRD, (b) subordinated creditors of the Issuer including Tier 2 holders, and (c) junior to any present or future claims which are excluded from application of the write-down or conversion powers under the Bail In Tool, other than the present or future claims of creditors that rank or are expressed to rank pari passu with or junior to the Notes in the event of a liquidation or insolvency of the Issuer.</p>
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A
37a	Link to the full term and conditions of the instrument (signposting)	N/A

Main features of regulatory own funds instruments -AT1

		Qualitative or quantitative information
1	Issuer	Raiffeisen Bank S.A.
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	AT0000A2YBE6
2a	Public or private placement	Private
3	Governing law(s) of the instrument	Austrian law, except subordination clauses which are governed by Romanian law
3a	Contractual recognition of write down and conversion powers of resolution authorities	Contractual
	<i>Regulatory treatment</i>	
4	Current treatment taking into account, where applicable, transitional CRR rules	Additional Tier 1
5	Post-transitional CRR rules	Additional Tier 1
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo and Group
7	Instrument type (types to be specified by each jurisdiction)	AT1
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	370.905.000 RON
9	Nominal amount of instrument	75.000.000 EURO
EU-9a	Issue price	75.000.000 EURO
EU-9b	Redemption price	75.000.000 EURO
10	Accounting classification	Shareholders equity
11	Original date of issuance	30/6/2022
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	i) 30 June 2027, ii) the instrument has a tax and/or regulatory event call; iii) Redemption price is the Current Principal Amount plus Interest
16	Subsequent call dates, if applicable	Each Distribution Payment Date (30 June) thereafter
	<i>Coupons / dividends</i>	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	5-year Mid Swap Rate + Margin (9,75%)
19	Existence of a dividend stopper	No
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	0
25	If convertible, fully or partially	0
26	If convertible, conversion rate	0
27	If convertible, mandatory or optional conversion	0
28	If convertible, specify instrument type convertible into	0
29	If convertible, specify issuer of instrument it converts into	0

		Qualitative or quantitative information
30	Write-down features	Yes
31	If write-down, write-down trigger(s)	Trigger event means at any time that (i) the Group CET 1 Capital Ratio is below 5.125% and/or (ii) the Issuer CET 1 Capital Ratio is below 5.125%.
32	If write-down, full or partial	Partial
33	If write-down, permanent or temporary	Temporary
34	If temporary write-down, description of write-up mechanism	The Issuer may, at its sole discretion, to the extent permitted in compliance with the Applicable Supervisory Regulations, reinstate any portion of the principal amount of the Notes which has been Written Down (such portion, the "Write-Up Amount").
34a	Type of subordination (only for eligible liabilities)	N/A
EU-34b	Ranking of the instrument in normal insolvency proceedings	2
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	<p>(a) Pari passu without any preference among themselves, at all times;</p> <p>(b) Pari passu with (a) any existing AT 1 Instruments of the Issuer, and (b) any other obligations or capital instruments of the Issuer that rank or are expressed to rank equally with the Notes in the event of a liquidation or insolvency of the Issuer and the right to receive repayment of capital in the event of a liquidation or insolvency of the Issuer;</p> <p>(c) Senior to holders of the Issuer's CET 1 Instruments and any other obligations or capital instruments of the Issuer that rank or are expressed to rank junior to the Notes in the event of a liquidation or insolvency of the Issuer and the right to receive repayment of capital in the event of a liquidation or insolvency of the Issuer; and</p> <p>(d) Junior to present or future claims of (a) unsubordinated creditors of the Issuer, including creditors of any senior unsecured non-preferred liabilities expressed to rank senior to the class of obligations fulfilling the conditions set out in (a)-(c) of Article 108 (2) of the BRRD, (b) subordinated creditors of the Issuer including Tier 2 holders, and (c) junior to any present or future claims which are excluded from application of the write-down or conversion powers under the Bail In Tool, other than the present or future claims of creditors that rank or are expressed to rank pari passu with or junior to the Notes in the event of a liquidation or insolvency of the Issuer.</p>
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A
37a	Link to the full term and conditions of the instrument (signposting)	N/A

Main features of regulatory own funds instruments -T2

		Qualitative or quantitative information		
1	Issuer	Raiffeisen Bank S.A.	Raiffeisen Bank S.A.	Raiffeisen Bank S.A.
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	ROJX86UZW1R4	N/A	N/A
2a	Public or private placement	Private	Private	Private
3	Governing law(s) of the instrument	Romanian law	Romanian law	Romanian law
3a	Contractual recognition of write down and conversion powers of resolution authorities	Contractual recognition	Contractual recognition	Contractual recognition
	<i>Regulatory treatment</i>			
4	Current treatment taking into account, where applicable, transitional CRR rules	Tier 2	Tier 2	Tier 2
5	Post-transitional CRR rules	Tier 2	Tier 2	Tier 2
6	Eligible at solo/ (sub-)consolidated/ solo& (sub)-consolidated	Group and solo	Group and solo	Group and solo
7	Instrument type (types to be specified by each jurisdiction)	Tier 2	Tier 2	Tier 2
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	480,000,000 RON	7,133,078 EUR	40,000,000 EUR
9	Nominal amount of instrument	480,000,000 RON	25,000,000 EUR	40,000,000 EUR
EU-9a	Issue price	480,000,000 RON	25,000,000 EUR	40,000,000 EUR
EU-9b	Redemption price	Nominal Value plus Interest plus Make Whole Amount	Nominal Value plus Interest plus Make Whole Amount	Nominal Value plus Interest plus Make Whole Amount
10	Accounting classification	Liability - amortised cost	Liability amortised cost	Liability - amortised cost
11	Original date of issuance	19-Dec-19	4-Jun-18	29-Mar-19
12	Perpetual or dated	Dated	Dated	Dated
13	Original maturity date	19-Dec-29	4-Jun-25	29-Mar-29
14	Issuer call subject to prior supervisory approval	Yes	No	No
15	Optional call date, contingent call dates and redemption amount	i) 19 December 2024 or anytime after this date; ii) the instrument has a tax and/or regulatory event call; iii) After the lapse of five year after Issue Date, on 19 December 2024, the Bonds will be redeemed at their nominal value, plus Interest. At any time after 19 December 2024, the Bonds will be redeemed at their nominal value, plus Interest, plus Make Whole Amount.	N/A	N/A

		Qualitative or quantitative information		
16	Subsequent call dates, if applicable	At any time after 19 December 2024	N/A	N/A
	<i>Coupons / dividends</i>			
17	Fixed or floating dividend/coupon	Floating	Fixed	Floating
18	Coupon rate and any related index	Total coupon: ROBOR 3M + 3.5%	Total coupon: 3.24%	Total coupon: EURIBOR 3M + 4.5%
19	Existence of a dividend stopper	No	No	No
EU-20 a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory
EU-20 b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	–	–	–
25	If convertible, fully or partially	–	–	–
26	If convertible, conversion rate	–	–	–
27	If convertible, mandatory or optional conversion	–	–	–
28	If convertible, specify instrument type convertible into	–	–	–
29	If convertible, specify issuer of instrument it converts into	–	–	–
30	Write-down features	No	No	No
31	If write-down, write-down trigger(s)	–	–	–
32	If write-down, full or partial	–	–	–
33	If write-down, permanent or temporary	–	–	–
34	If temporary write-down, description of write-up mechanism	–	–	–
34 a	Type of subordination (only for eligible liabilities)	To all other non subordinated liabilities	To all other non subordinated liabilities	To all other non subordinated liabilities
EU-34 b	Ranking of the instrument in normal insolvency proceedings	2	2	2

		Qualitative or quantitative information		
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	<p>a) pari passu without any preference among themselves, at all times;</p> <p>(b) pari passu with (i) any existing Tier 2 instruments of the Issuer, and (ii) any other obligations or capital instruments of the Issuer that rank or are expressed to rank equally with the Bonds in the event of a liquidation or insolvency of the Issuer and the right to receive repayment of capital in the event of a liquidation or insolvency of the Issuer;</p> <p>(c) senior to holders of the Issuer's Common Equity Tier 1 instruments and Additional Tier 1 instruments and any other obligations or capital instruments of the Issuer that rank or are expressed to rank junior to the Bonds in the event of a liquidation or insolvency of the Issuer and the right to receive repayment of capital in the event of a liquidation or insolvency of the Issuer; and</p> <p>(d) junior to present or future claims (i) of unsubordinated creditors of the Issuer, including creditors of any senior unsecured non-preferred liabilities expressed to rank senior to the class of obligations fulfilling the conditions set out in Article 108 para. (2) letters (a)-(c) of the BRRD, (ii) junior to any present or future claims which are excluded from the application of the write-down or conversion powers under the bail in tool (as such term is defined in the BRRD), in accordance with the provisions of Article 44 para. (2) and para. (3) of the BRRD, and (iii) to the extent they do not fall under the categories referred at items (i) to (ii) above, subordinated liabilities of the Issuer, other than claims of creditors that by law rank or by their terms are expressed to rank pari passu with or junior to the Bonds in the event of a liquidation or insolvency of the Issuer.</p>	wholly subordinated to claims of all non-subordinated creditors of the Borrower	<p>(I) wholly subordinated to (A) claims of all unsubordinated creditors of the Borrower and (in addition) to (B) all other instruments and obligations of the Borrower ranking or expressed to rank subordinated to unsubordinated obligations of the Borrower;</p> <p>(II) pari passu with (A) other Tier II Instruments and (B) other subordinated instruments or obligations of the Borrower ranking or expressed to rank pari passu with the Subordinated Loan and</p> <p>(III) senior to (A) ordinary shares or other CET 1 Instruments, (B) AT 1 Instruments and (C) all other instruments or obligations of the Borrower expressed to rank (i) subordinated to the obligations of the Borrower under this Agreement or (ii) pari passu with AT 1 Instruments, ordinary shares of the Borrower or other CET 1 Instruments;</p>
36	Non-compliant transitioned features	No	No	No
37	If yes, specify non-compliant features	N/A	N/A	N/A
37a	Link to the full term and conditions of the instrument (signposting)	=	-	-

CC1 - Composition of regulatory own funds

Group RON thousand	Amounts as of December 2023	Reference to CC2
Common Equity Tier 1 (CET1) capital: instruments and reserves		
1	1,200,000	
	1,200,000	f
2	3,909,666	h-i+j-l+n
3	169,891	h-i+j-l+n
EU-3a		
4		
5		
EU-5a	775,436	h-i+j-l+n
6	6,054,993	
Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7	(11,770)	
8	(427,194)	b-a
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
EU-20a	(15,781)	
EU-20b		
EU-20c	(15,781)	
EU-20d		
21		
22		
23		
24		
25		
EU-25a		
EU-25b		
26		
27		
27a	225,481	
28	(229,264)	
29	5,825,729	
Additional Tier 1 (AT1) capital: instruments		
30	609,298	g
31	609,298	

REPORT ON TRANSPARENT AND
PUBLICATION REQUIREMENTS OF INFORMATION

December 31, 2023



Group RON thousand	Amounts as of December 2023	Reference to CC2
32		
33		
EU-33a		
EU-33b		
34		
35		
36	609,298	
Additional Tier 1 (AT1) capital: regulatory adjustments		
37		
38		
39		
40		
41		
42		
42a		
43		
44	609,298	
45	6,435,027	
Tier 2 (T2) capital: instruments		
46	714,468	c+d-e
47		
EU-47a		
EU-47b		
48		
49		
50	145,298	
51	859,766	
Tier 2 (T2) capital: regulatory adjustments		
52		
53		
54		
54a		
55		
56		
EU-56a		
EU-56b	(5,754)	
57	(5,754)	
58	854,012	
59	7,289,039	
60	33,600,206	
Capital ratios and buffers		
61	17.34 %	
62	19.15 %	
63	21.69 %	
64	11.64 %	

Group RON thousand	Amounts as of December 2023	Reference to CC2
65 of which: capital conservation buffer requirement	2.50 %	
66 of which: countercyclical buffer requirement	1.00 %	
67 of which: systemic risk buffer requirement	0.00 %	
EU-67a of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	1.00 %	
EU-67b of which: additional own funds requirements to address the risks other than the risk of excessive leverage	0.00 %	
68 Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	12.84 %	
National minima (if different from Basel III)		
69 [non relevant in EU regulation]	-	
70 [non relevant in EU regulation]	-	
71 [non relevant in EU regulation]	-	
Amounts below the thresholds for deduction (before risk weighting)		
72 Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-	
73 Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	-	
74 Empty set in the EU	-	
75 Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	-	
Applicable caps on the inclusion of provisions in Tier 2		
76 Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	
77 Cap on inclusion of credit risk adjustments in T2 under standardised approach	-	
78 Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	145,298	
79 Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	-	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)		
80 Current cap on CET1 instruments subject to phase out arrangements	-	
81 Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
82 Current cap on AT1 instruments subject to phase out arrangements	-	
83 Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	
84 Current cap on T2 instruments subject to phase out arrangements	-	
85 Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

EU CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements

Group RON thousands	Amounts as of December 31, 2023	Reference
Assets		
Cash and cash with Central Bank	13,867,449	
Loans and advances to banks at amortised cost	484,640	
Derivative assets held for risk management	18,185	
Trading assets	181,316	
Financial assets mandatorily at fair value through profit or loss	178,427	
Derivatives asset – Hedge accounting	37,793	
Investment securities at fair value through other comprehensive income	2,725,206	
Equity instruments at fair value through other comprehensive income	90,579	
Investment in subsidiaries, associates and joint ventures	18,853	
Loans and advances to customers at amortised cost	41,813,234	
Investment securities at amortised cost	10,026,621	
Income tax receivable	49,462	
Other assets	349,478	
Deferred tax assets	52,504	
<i>of which: Deferred tax for intangible assets</i>	20,167	a
Property, equipment, and right-of-use assets	436,738	
Intangible assets	447,362	b
Total assets	70,777,847	
Liabilities		
Trading liabilities	9,440	
Derivative liabilities held for risk management	675	
Deposits from banks	494,928	
Deposits from customers	54,400,238	
Loans from banks and other financial institutions	488,558	
Fair value changes of the hedged items-liability	4,940	
Derivatives – hedge accounting	709	
Current tax liabilities	77,896	
Other liabilities	1,631,186	
Debt securities issued	5,555,004	
<i>of which: Subordinated debt securities</i>	480,000	c
Subordinated loans	326,115	d
<i>of which: Subordinated loans amortization and interest accrual</i>	91,647	e
Provisions	159,977	
Deferred tax liabilities	4	
Total liabilities	63,149,670	
Share capital	1,200,000	f
Other equity instruments	609,298	g
Retained earnings	5,638,654	h
<i>of which: Estimated dividends to be paid for financial year 2023</i>	925,332	i
Other reserves	180,199	j
Of which:		
<i>Legal Reserve</i>	242,128	k
<i>of which: income tax on legal reserve</i>	38,554	l
<i>Fair value changes of financial assets measured at fair value through other comprehensive income</i>	(61,929)	m
Non-controlling interests	26	n
Total equity	7,628,177	

8. Article 438 CRR Capital Requirements

Maintaining an adequate level of capital is a core objective of the Group. As of December 31, 2023, the risk weighted assets determined based on prudential requirements - local standards (stop accruals are not applied) are as follows:

EU OV1 – Overview of risk weighted exposure amounts

Group	RWA		Capital requirements
	31 December, 2023	30 June, 2023	31 December, 2023
RON thousands			
Credit risk (excluding CCR)	26,949,269	28,339,228	2,155,942
Of which the standardised approach	2,758,539	2,083,131	220,683
Of which the foundation IRB (FIRB) approach	13,014,909	15,000,017	1,041,193
Of which slotting approach	1,856,923	2,060,852	148,554
Of which equities under the simple risk-weighted approach	-	-	-
Of which the advanced IRB (AIRB) approach	11,007,672	11,102,046	880,614
Of which equity IRB under the simple risk-weighted approach or IMA	-	-	-
CCR	26,113	28,273	2,089
Of which the standardised approach	25,661	28,211	2,053
Of which internal model method (IMM)	-	-	-
Of which risk exposures amount for contributions to the default fund of a CCP	-	-	-
Of which credit valuation adjustments – CVA	452	62	36
Of which other CCR	-	-	-
Settlement risk	-	-	-
Securitization exposures in the banking book (after the cap)	273,579	233,105	21,886
Of which the SEC-IRBA approach	273,579	233,105	21,886
Of which the SEC-ERBA (inclusiv IAA) approach	-	-	-
Of which the SEC-SA approach	-	-	-
Of which 1250 %/deduction	-	-	-
Market risk	111,886	223,032	8,951
Of which the standardised approach	111,886	223,032	8,951
Of which the IMA	-	-	-
Large exposures	-	-	-
Operational risk	6,239,360	5,472,457	499,149
Of which the basic approach	6,239,360	5,472,457	499,149
Of which the standardised approach	-	-	-
Of which the advanced measurement approach	-	-	-
Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
Total	33,600,206	34,296,095	2,688,017

EU CR8 – RWEA flow statements of credit risk exposures under the IRB approach

Group		Risk weighted exposure amount
RON thousand		31/12/2023
1	Risk weighted exposure amount as at the end of the previous reporting period	26,284,308
2	Asset size (+/-)	(2,067,916)
3	Asset quality (+/-)	-
4	Model updates (+/-)	-
5	Methodology and policy (+/-)	-
6	Acquisitions and disposals (+/-)	-
7	Foreign exchange movements (+/-)	-
8	Other (+/-)	-
9	Risk weighted exposure amount as at the end of the reporting period	24,216,391

As of December 31, 2023, the project finance exposures, based on classification category, are as follows:

EU CR10.3 – Specialised lending and equity exposures under the simple risk weighted approach

Group RON thousand		On-balance sheet exposure	Off-balance sheet exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount
Category 1	Less than 2.5 years	829,249	39,780	50 %	854,916	419,347	–
	Equal to or more than 2.5 years	1,248,503	128,731	70 %	1,344,901	895,007	5,380
Category 2	Less than 2.5 years	268,436	26,810	70 %	287,962	201,240	1,152
	Equal to or more than 2.5 years	212,961	6,076	90 %	217,518	157,999	1,740
Category 3	Less than 2.5 years	159,417	–	115 %	159,417	183,329	4,464
	Equal to or more than 2.5 years	–	–	115 %	–	–	–
Category 4	Less than 2.5 years	–	–	250 %	–	–	–
	Equal to or more than 2.5 years	–	–	250 %	–	–	–
Category 5	Less than 2.5 years	–	2,400	0 %	480	–	240
	Equal to or more than 2.5 years	8,336	–	0 %	8,336	–	4,168
Total		2,726,903	203,798	0 %	2,873,531	1,856,923	17,144

* Gross exposure, determined based on local prudential requirements (stop accruals are not applied).

EU CR10.5 – Specialised lending and equity exposures under the simple risk weighted approach

Group RON thousand		On-balance sheet exposure	Off-balance sheet exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount
Private equity exposures		–	–	190 %	–	–	–
Exchange-traded equity exposures		–	–	290 %	–	–	–
Other equity exposures		–	–	370 %	–	–	–
Total		–	–		–	–	–

9. Article 439 CRR Exposure to counterparty credit risk

The Bank's exposure on counterparty credit risk, as it's defined by CRR, is strongly monitored in order to ensure compliance with the approved limits for customers and product concentrations.

In order to calculate capital requirements, the Bank sums up the exposures of derivative financial instruments, applying Market Branding method according to the provisions of the previously mentioned regulation.

Counterparty credit risk is measured using the mark-to-market approach for current exposure and a predefined method for estimating potential future changes in the exposure. For derivatives, the measurement methodology is based on the potential future exposure calculated using a full path dependent Monte Carlo simulation. The potential future exposure is then used as utilization of the limit.

As of December 31, 2023 Raiffeisen Bank S.A. did not have exposure for which a deterioration in credit quality could affect collateral level.

As of December 31, 2023 Raiffeisen Bank S.A. did not have credit derivative instruments.

As of December 31, 2023, the value exposed to risk measured with CRR methods usage, for the transactions under credit risk of counterparty, was as follows:

EU CCR1 – Analysis of CCR exposure by approach

Group	Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
RON thousands								
EU1	EU - Original Exposure Method (for derivatives)	-	-	-	1.4	-	-	-
EU2	EU - Simplified SA-CCR (for derivatives)	-	-	-	1.4	-	-	-
1	SA-CCR (for derivatives)	3,855	34,244	-	1.4	158,414	53,338	53,338
2	IMM (for derivatives and SFTs)	-	-	-	-	-	-	-
2a	<i>Of which securities financing transactions netting sets</i>	-	-	-	-	-	-	-
2b	<i>Of which derivatives and long settlement transactions netting sets</i>	-	-	-	-	-	-	-
2c	<i>Of which from contractual cross-product netting sets</i>	-	-	-	-	-	-	-
3	Financial collateral simple method (for SFTs)	-	-	-	-	-	-	-
4	Financial collateral comprehensive method (for SFTs)	-	-	-	-	744,006	155	155
5	VaR for SFTs	-	-	-	-	-	-	-
6	Total	3,855	34,244	-	-	902,419	53,493	53,493

EU CCR2 – Transactions subject to own funds requirements for CVA risk

Group	Exposure value	RWEA
RON thousands		
1 Total transactions subject to the Advanced method	-	-
2 (i) VaR component (including the 3× multiplier)	-	-
3 (ii) stressed VaR component (including the 3× multiplier)	-	-
4 Transactions subject to the Standardised method	1,596	452
EU4 Transactions subject to the Alternative approach (Based on the Original Exposure Method)	-	-
5 Total transactions subject to own funds requirements for CVA risk	1,596	452

EU CCR5 – Composition of collateral for CCR exposures

Group RON thousands Collateral type	Collateral used in derivative transactions				Collateral used in SFTs			
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1 Cash – domestic currency	-	140	-	155	-	-	-	-
2 Cash – other currencies	-	51,681	-	-	-	-	-	-
3 Domestic sovereign debt	-	-	-	-	-	746,298	-	-
4 Other sovereign debt	-	-	-	-	-	-	-	-
5 Government agency debt	-	-	-	-	-	-	-	-
6 Corporate bonds	-	-	-	-	-	-	-	-
7 Equity securities	-	-	-	-	-	-	-	-
8 Other collateral	-	-	-	-	-	-	-	-
9 Total	-	51,821	-	155	-	746,298	-	-

EU CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights

Group	Exposure classes	Risk weight											Total exposure value
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	
1	Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	-	-	-	-	-	-	-	-	-	-	-
7	Corporates	-	-	-	-	-	-	-	-	-	-	-	-
8	Retail	-	-	-	-	-	-	-	-	-	-	-	-
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
10	Other items	-	-	-	-	-	-	-	-	-	-	-	-
11	Total exposure value	-	-	-	-	-	-	-	-	-	-	-	-

December 31, 2023

EU CCR4 – IRB approach – CCR exposures by exposure class and PD scale

RON thousand

F-IRB approach total

PD scale	Exposure value	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amount
1 0.00 to <0.15	54,026	0.08 %	14	45.00 %	0	17,775	32.90%
2 0.15 to <0.25	737,417	0.16 %	1	45.00 %	0	–	0.00%
3 0.25 to <0.50	1,963	0.38 %	3	45.00 %	0	1,300	66.20%
4 0.50 to <0.75	1,771	0.68 %	4	45.00 %	0	1,301	73.46%
5 0.75 to <2.50	4,609	1.73 %	4	45.00 %	0	5,281	114.58%
6 2.50 to <10.00	5	2.52 %	1	45.00 %	0	4	78.30%
7 10.00 to <100.00	–	0.00 %	0	0.00 %	0	–	0.00%
8 100.00 (Default)	–	0.00 %	0	0.00 %	0	–	0.00%
Total (all CCR relevant exposure classes)	799,792	0.17 %	27	45.00 %	0	25,661	3.21%

Corporate-Other

PD scale	Exposure value	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amount
1 0.00 to <0.15	8,126	0.06 %	9	29.74 %	0	1,841	22.65%
2 0.15 to <0.25	–	0.00 %	0	0.00 %	0	–	0.00%
3 0.25 to <0.50	2	0.41 %	1	45.00 %	0	1	66.96%
4 0.50 to <0.75	970	0.75 %	2	45.00 %	0	850	87.65%
5 0.75 to <2.50	4,370	1.77 %	2	45.00 %	0	5,128	117.33%
6 2.50 to <10.00	–	0.00 %	0	0.00 %	0	–	0.00%
7 10.00 to <100.00	–	0.00 %	0	0.00 %	0	–	0.00%
8 100.00 (Default)	–	0.00 %	0	0.00 %	0	–	0.00%
Total (all CCR relevant exposure classes)	13,468	0.52 %	14	34.37 %	0	7,820	58.06%

December 31, 2023

Institutions

PD scale		Exposure value	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amount
1	0.00 to <0.15	45,900	0.09 %	5	41.86 %	0	15,948	34.74%
2	0.15 to <0.25	737,417	0.16 %	1	0.00 %	0	-	0.00%
3	0.25 to <0.50	1,583	0.40 %	1	45.00 %	0	1,162	73.39%
4	0.50 to <0.75	-	0.00 %	0	0.00 %	0	-	0.00%
5	0.75 to <2.50	-	0.00 %	0	0.00 %	0	-	0.00%
6	2.50 to <10.00	-	0.00 %	0	0.00 %	0	-	0.00%
7	10.00 to <100.00	-	0.00 %	0	0.00 %	0	-	0.00%
8	100.00 (Default)	-	0.00 %	0	0.00 %	0	-	0.00%
Total (all CCR relevant exposure classes)		784,900	0.60 %	7	45.00 %	0	17,110	51.43%

Specialised lending - corporate finance

PD scale		Exposure value	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amount
1	0.00 to <0.15	-	0.00 %	0	0.00 %	0	0	0.00%
2	0.15 to <0.25	-	0.00 %	0	0.00 %	0	0	0.00%
3	0.25 to <0.50	-	0.00 %	0	0.00 %	0	0	0.00%
4	0.50 to <0.75	-	0.00 %	0	0.00 %	0	0	0.00%
5	0.75 to <2.50	-	0.00 %	0	0.00 %	0	0	0.00%
6	2.50 to <10.00	-	0.00 %	0	0.00 %	0	0	0.00%
7	10.00 to <100.00	-	0.00 %	0	0.00 %	0	0	0.00%
8	100.00 (Default)	-	0.00 %	0	0.00 %	0	0	0.00%
Total (all CCR relevant exposure classes)		-	0.00 %	0	0.00 %	0	0	0.00%

December 31, 2023

Corporate SME

PD scale		Exposure value	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amounts
1	0.00 to <0.15	-	0.00%	0	0.00%	0	-	0.00%
2	0.15 to <0.25	-	0.00%	0	0.00%	0	-	0.00%
3	0.25 to <0.50	378	0.30%	1	45.00%	0	137	36.13%
4	0.50 to <0.75	801	0.60%	2	45.00%	0	438	54.69%
5	0.75 to <2.50	239	1.01%	2	45.00%	0	153	64.24%
6	2.50 to <10.00	5	2.52%	1	45.00%	0	4	78.30%
7	10.00 to <100.00	-	0.00%	0	0.00%	0	-	0.00%
8	100.00 (Default)	-	0.00%	0	0.00%	0	-	0.00%
Total (all CCR relevant exposure classes)		1,423	0.60%	6	45.00%	0	732	51.43%

Correlation risk

As of December 31, 2023, for capital charge calculation, the Bank did not recognize the collaterals subject to correlation risk.

10. Article 440 CRR countercyclical capital buffer

The Bank does not have credit exposures relevant for application of the countercyclical capital buffer.

Group, RON thousand

EU CCyB2 - Amount of institution-specific countercyclical capital buffer	<u>31 December, 2023</u>
1 Total risk exposure amount	33,600,206
2 Institution specific countercyclical capital buffer rate	1.00 %
3 Institution specific countercyclical capital requirement	<u>336,002</u>

11. Article 441 CRR Indicators of systemic importance

Raiffeisen Bank is not identified as a global systemically important institution (G-SII) therefore, the disclosure requirement does not apply.

12. Article 442 CRR Credit risk adjustments

A. Description of approaches and methods applied to determine specific and general adjustments for credit risk

Credit risk is quantified by allocating individual provisions and portfolio-level provisions.

A.1. Allocation of Individual Loan Loss Provisions (non-retail)

1.1. Basic considerations

For a financial asset that is credit-impaired at the reporting date, but that is not a purchased or originated credit-impaired financial asset, the bank shall measure the expected credit losses as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognized in profit or loss as an impairment gain or loss. For collateralized assets, the estimation also includes cash flows from foreclosure on the collateral less the costs of obtaining and selling the collateral, irrespective of whether foreclosure is probable.

As a general rule, the first step is to assess whether objective evidence of impairment exists. Impairment trigger test is performed with regular frequency (i.e. quarterly/ annually), depending on the client status/financial performance/exposure or at certain events (i.e. request for restructuring, regular reviews, extension of maturity, etc)

For the exposures where previously ILLPs were not allocated and where following the assessment of impairment triggers a loss event occurs, a NPV test has to be performed for these exposures to measure the quantity of the loss.

Expected credit losses on individually large exposures and credit-impaired loans are generally measured individually.

1.2. Calculation procedure

As general rule, IFRS 9 requires the usage of several cash flows scenarios (under going concern and/or gone concern strategy) for Net Present Value assessment within the ILLP calculation. Probabilities for each scenario have to be assigned according to the likelihood of each scenario.

For going concern scenario, the main source of recovery is the cash flow resulted from company activity (backed by financial statements, forecasts, etc) and additional sources if documented/plausible (voluntary sale of non-core assets, refinancing, etc).

For gone concern scenario, realization of collateral is the main source of cash flows (based on internally adjusted value of the collateral and deducting the expected realization costs); no operating cash flows is considered.

Calculated cash flows are discounted using the effective interest rate. For financial assets which are credit impaired on initial recognition (POCI) the bank shall recognize the cumulative changes in lifetime expected credit losses since initial recognition as a loss allowance for purchased or originated credit-impaired assets.

If a financial instrument was credit impaired at initial recognition (POCI), the ECLs must be discounted using a credit adjusted effective interest rate determined at initial recognition (CAEIR).

A.2 Allocation of Collective Loan Loss Provisions

A.2.1 Retail customers (private individuals and Micro companies)

The expected loss is estimated using IFRS9 standards. All retail exposures kept at amortized cost are classified in one of the following 3 categories:

Stage 1

Exposures in this stage have a good payment behavior, in general these are new originated accounts and accounts whose rating didn't suffer a significant deterioration as compared to the origination moment.

Stage 1 provisions use the Lifetime PD model with a 12 month horizon for default event and the corresponding LGD and CF models. Moreover, macro overlay models adjust the Lifetime PD and LGD based on the macroeconomic forecasts for the next 3 years in 3 scenarios: base scenario (50% weight), optimistic scenario (25% weight) and pessimistic scenario (25% weight).

Stage 2

Exposures in this stage show a worsened payment behavior; an exposure is classified in Stage 2 if at least one of the following criteria is met:

Qualitative criteria:

- EBA_DPD > 30;
- No rating at reporting or at last derecognition date;
- Exposure treated as POCl;
- Forborne exposure;
- The customer has another exposure marked with default;
- Holistic flag: CHF exposure.

Quantitative criteria: a deterioration is observed between the estimated Lifetime PD curve for the lifetime exposure between the reporting date and the last derecognition date. The SICR parameter is used, a statistical parameter based on the historic portfolio.

Stage 2 provisions use the Lifetime PD model for the entire lifetime of the exposure for default event and the corresponding LGD and CF models. Moreover, macro overlay models adjust the Lifetime PD and LGD based on the macroeconomic forecasts for the next 3 years in 3 scenarios: base scenario (50% weight), optimistic scenario (25% weight) and pessimistic scenario (25% weight).

Stage 3

Stage 3 is allocated to defaulted exposures. The provision is calculated as the exposure at default multiplied by BEEL, where BEEL is the best estimate for expected loss.

A.2.2. Non Retail Customers

Basic considerations

If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, then the asset is included in a group of financial assets with similar credit risk characteristics and the Bank collectively assesses them for impairment.

The reason for this approach is that impairment that cannot be identified with an individual loan may be identifiable on a portfolio basis. A loan or other financial asset measured at amortized cost that is individually assessed for impairment and found not to be impaired could be included in a group of similar financial assets (collective assessment) that are assessed for impairment on a portfolio basis. This is to reflect that, in the light of the law of large numbers, impairment may be evident in a group of assets, but not yet meet the threshold for recognition when any individual asset in that group is assessed.

A collective evaluation identifies losses that have been incurred on a group basis as of the balance sheet date, but cannot yet be identified with individual assets. Assets that are individually assessed for impairment (either significant or not) and identified as impaired are excluded from a portfolio assessment of impairment. Excluding assets that are individually identified as impaired from a portfolio assessment of impairment is consistent with the view that collective evaluation of impairment is an interim step pending the identification of impairment losses on individual assets.

The measurement on a collective basis incorporates borrower specific information, such as delinquency, collective historical experience of losses and forward-looking macroeconomic information.

Identification of Portfolios

Apart from the financial instrument classification introduced in IFRS 9 (Classification & Measurement Stream), the credit risk portfolio is additionally subject to customer and default segmentation, for which different impairment solutions have been developed.

The non-retail segment represents long-term partnerships with corporate customers and support services in the area of markets & investment banking, where institutional customers (notably banks, insurance companies, asset management companies, sovereigns, regional governments) and trading activities stand in the focus.

According to the counterparty type allocation, further credit risk segmentation to rating models follows. A rating model determines to which exposure segment a customer belongs in the credit risk practice. A rating model is developed to provide rules for categorization of individual customers based on credit analysis and market conditions – a credit rating assignment, using a series of graduating categories based on credit risk – a master scale, and their validation.

All rating models are relevant for impairment calculation without exception. Low default exposure segments such as financial institution, fund, insurance, sovereign and regional government cannot be omitted while calculating impairment, since IFRS 9 compliant probabilities of default must be greater than 0, which implies there is certain risk the bank has to bear. Even the assets not allocated to any rating model need to have an impairment model. Nevertheless, based on their properties, that one can be simplified as stated in IFRS 9 standard.

Expected credit loss calculation

Expected credit losses are calculated as the sum of the marginal losses occurring in each time period of the balance sheet date. The marginal losses are derived from individual parameters that estimate exposures and losses in the case of default and the marginal probability of default for each period.

The expected credit loss calculations are based on four components:

- a. Probability of Default ("PD") – This is an estimate of the likelihood of default over a given time horizon. For the segments of Regular Corporates, Large Corporates, Financial Institutions, Project Finance and Small and Medium Business the lifetime curves are modeled via a parametric function. For the other segments the transition matrix approach is currently applied. The probability to default $PD(t)$ is, where relevant, adjusted for the status of the macroeconomy. To incorporate macroeconomic information into the default probability the One-Factor/Vasicek model is applied. The initial rating grade determines the PD curve and it is based on a country-specific calibration. This method ensures that a country specific risk differentiation is applied, while at the same time the estimation of the PD curve benefits from the pool of available information.
- b. Exposure at Default ("EAD") – This is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities. EAD model is developed only for High Default Portfolios (i.e. Corporates and SMBs), since other portfolios (FI, LRG, Sovereign, CIU) typically do not have products with off-balance exposures and hence do not require EAD modeling (i.e. the EAD is equal to the drawn amount). Residual cases for which an off-balance exposure has been found will be assigned average values of the coefficients estimated on HDP.
- c. Loss Given Default ("LGD") – This is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD.
- d. Discount Rate – This is used to discount an expected loss to a present value at the reporting date using the effective interest rate (EIR) at initial recognition.

Expected credit loss of a financial instrument is measured in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes (3 scenarios used)
- the time value of money (via EIR discounting)
- 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 (forward looking information).

Macroeconomic scenarios

Forward looking information is incorporated into impairment calculation. This is done via the macroeconomic models, which leads to a direct adjustment of the default probabilities. To be precise forward looking information is incorporated via the macroeconomic input parameters of the macroeconomic model. Since the future realizations of these macroeconomic parameters are not known with certainty, the inherent uncertainty makes it necessary to consider a scenario calculation.

Three scenarios are considered: A base scenario, an optimistic scenario and a pessimistic scenario. The latter two scenarios are attached with a weight of 25%. The base scenario has an attached weight of 50% in the calculation.

For each scenario a set of values for the relevant macroeconomic variables is delivered by Raiffeisen Research. This set is used as an input for the macroeconomic model, which subsequently is applied to adjust the relevant input parameters (PD, LGD).

Approach to ON-balance sheet items

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the Bank expects to receive. Because expected credit losses consider the amount and timing of payments, a credit loss arises even if the Bank expects to be paid in full but later than when contractually due.

Instead, an estimate of expected credit losses shall always reflect the possibility that a credit loss occurs and the possibility that no credit loss occurs even if the most likely outcome is no credit loss. Therefore for practical purposes the use of probability-weighted estimates of credit loss does have to consider multiple outcomes. The Bank estimates expected credit losses for multiple macroeconomic scenarios to which weights are assigned in accordance to the likelihood of occurrence of a specific outcome.

It should be noted that 12-month expected credit losses are a portion of the lifetime expected credit losses and represent the lifetime cash shortfalls that will result if a default occurs in the 12 months after the reporting date (or a shorter period if the expected life of a financial instrument is less than 12 months), weighted by the probability of that default occurring.

Expected credit losses shall be discounted to the reporting date using the effective interest rate determined at initial recognition or an approximation thereof. In the case of a variable rate instrument expected credit losses shall be discounted using the current effective interest rate.

Approach to OFF-balance sheet items

For facilities (loan commitments), financial guarantee contracts, letters of credit and other off-balance sheet items, the date that the Bank becomes a party to the irrevocable facilities shall be considered the date of initial recognition for the purposes of applying the impairment requirements. For facilities, the Bank considers changes in the risk of a default occurring on the loan to which a facility relates. For financial guarantee contracts, the bank considers the changes in the risk that the customer will default on the contract. In both cases for a financial asset, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the Bank expects to receive.

In the case of undrawn loan commitments, a credit loss is the present value of the difference between the contractual cash flows that are due to the Bank for the part the holder of the loan commitment is expected to draw down the loan and the cash flows that the Bank expects to receive if the loan is drawn down. An estimate of expected credit losses on loan commitments shall be consistent with its expectations of drawdowns on that loan commitment, i.e. it shall consider the expected portion of the loan commitment that will be drawn down within 12 months of the reporting date when estimating 12-month expected credit losses, and the expected portion of the loan commitment that will be drawn down over the expected life of the loan commitment when estimating lifetime expected credit losses.

When estimating lifetime expected credit losses for undrawn off-balance sheet instruments, first the portion of the off-balance instrument that will be drawn down over the expected life of the instrument needs to be estimated (i.e. a credit conversion factor CCF). In the next step, for the drawn part, the present value of cash shortfalls between the contractual and the expected cash flows is calculated.

For a financial guarantee contract, the Bank is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, cash shortfalls are the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Bank expects to receive from the holder, the debtor or any other party. If the asset is fully guaranteed, the estimation of cash shortfalls for a financial guarantee contract would be consistent with the estimations of cash shortfalls for the asset subject to the guarantee.

The expected credit losses on a loan commitment shall be discounted using the effective interest rate, or an approximation thereof, that will be applied when recognizing the financial asset resulting from the loan commitment. This is because for the purpose of applying the impairment requirements, a financial asset that is recognized following a draw down on a loan commitment shall be treated as a continuation of that commitment instead of as a new financial instrument. The expected credit losses on the financial asset shall therefore be measured considering the initial credit risk of the loan commitment from the date that the Bank became a party to the irrevocable commitment.

Expected credit losses on financial guarantee contracts or on loan commitments for which the effective interest rate cannot be determined shall be discounted by applying a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

B. Definition of the terms "past due" and "impaired"

Past due exposures

Exposures are past due when the counterparties have exceeded the agreed date for payment.

Non-performing exposures

Non-retail

Non-performing exposures are the exposures that satisfy either or both of the following criteria:

- a. material exposures which are more than 90 days past-due;
- b. the debtor is assessed as unlikely to pay its credit obligations in full without realisation of collateral, regardless of the existence of any past-due amount or the number of days past due.

The materiality threshold of the outstanding credit obligations, related to non-credit exposures, is:

- a. the level of the relative component of the materiality threshold is 1%;
- b. the level of the absolute component of the materiality threshold is RON 1,000.

Retail

The definition of non-performing exposures has been harmonized with the definition of defaulted exposures.

Thus, an exposure is considered non-performing if it is classified as being in default, namely if any of the following criteria is met:

- a. material exposures which are more than 90 days past-due;
- b. the debtor is assessed as unlikely to pay its credit obligations in full without realisation of collateral, regardless of the existence of any past-due amount or the number of days past due.

The materiality threshold of the outstanding credit obligations consists in an absolute and a relative component:

- a. the level of the relative component is 1%;
- b. the level of the absolute component is RON 150.

For retail customers, the restructured loans are subject to probation period for one year in terms of non-performing status extended to the period until the exit criteria is met. In the case of a non-performing exposure to Micro SME, the non-performing status is applied at debtor level.

In the case of a non-performing exposure to a PI, all other debtor's exposures of the same product group shall be considered non-performing (i.e. at product level).

Due to pulling effect, when a PI debtor has on-balance sheet exposures past due more than 90 days, the gross carrying amount of which represents 20% of the gross carrying amount of all its on-balance sheet exposures, all on and off-balance sheet exposures of this debtor shall be considered as non-performing and so the non default facilities might be reclassified as non performing due to contamination at product and debtor level.

Impairment allowance on loans and advances

The application of the Group's accounting policy requires judgments from the management. The Group assesses on a forward-looking basis the expected credit losses associated with its financial instrument assets carried at amortised cost and FVOCI and with the exposures arising from loan commitments, financial guarantee contracts and leasing receivables. The calculation of expected credit losses requires the use of accounting estimates that do not always match actual results. The amount of impairment to be allocated depends on credit risk parameters such as: PD, LGD and EAD as well as on future-oriented information (economic forecasts) which are estimated by the management.

C. Quantitative presentation in accordance with accounting regulations

The ratio between the gross carrying amount of loans and advances that fall under Article 47a(3) of Regulation (EU) No 575/2013 and the total gross carrying amount of loans and advances that fall under Article 47a(1) of Regulation (EU) No 575/2013 is less than 5% as such templates EU CR2a, EU CQ2, EU CQ6 and EU CQ8 are not applicable.

CQ1: Credit quality of forborne exposures

Group	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
	Performing forborne	Non-performing forborne		On performing forborne exposures	On non-performing forborne exposures	Of which collateral and financial guarantees received on non-performing exposures with forbearance measures		
		Of which defaulted	Of which impaired					
RON thousands								
1 Loans and advances	347,746	277,168	277,167	256,897	(10,999)	(183,910)	340,576	42,565
2 <i>Central banks</i>	–	–	–	–	–	–	–	–
3 <i>General governments</i>	–	–	–	–	–	–	–	–
4 <i>Credit institutions</i>	–	–	–	–	–	–	–	–
5 <i>Other financial corporations</i>	–	–	–	–	–	–	–	–
6 <i>Non-financial corporations</i>	302,716	67,574	67,574	67,574	(9,652)	(40,794)	281,305	6,841
7 <i>Households</i>	45,030	209,594	209,593	189,323	(1,347)	(143,116)	59,271	35,724
8 Debt Securities	–	–	–	–	–	–	–	–
9 Loan commitments given	2,731	10,667	10,667	10,667	6	5,566	13,398	13,398
10 Total	350,477	287,835	287,834	267,564	(10,993)	(178,344)	353,974	55,963

*includes loans and advances mandatorily at fair value through profit or loss

CQ3: Credit quality of performing and non-performing exposures by past due days

Group	Gross carrying amount/nominal amount												
	Performing exposures				Non-performing exposures								
RON thousands	Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days	Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted			
1	Loans and advances	42,430,793	42,218,452	212,341	1,136,401	579,610	122,917	138,262	105,920	85,054	71,385	33,253	1,136,268
2	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
3	General governments	1,380,830	1,380,823	7	-	-	-	-	-	-	-	-	-
4	Credit institutions	376,889	376,889	-	-	-	-	-	-	-	-	-	-
5	Other financial corporations	1,184,053	1,184,043	10	-	-	-	-	-	-	-	-	-
6	Non-financial corporations	21,559,155	21,469,553	89,602	357,468	184,939	20,651	24,809	33,221	33,795	49,434	10,619	357,448
7	Of which SMEs	12,703,684	12,614,085	89,599	315,206	146,032	20,652	24,809	32,847	33,795	46,481	10,590	315,206
8	Households	17,929,866	17,807,144	122,722	778,933	394,671	102,266	113,453	72,699	51,259	21,951	22,634	778,820
9	Debt securities	12,798,560	12,798,560	-	-	-	-	-	-	-	-	-	-
10	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
11	General governments	12,118,277	12,118,277	-	-	-	-	-	-	-	-	-	-
12	Credit institutions	639,416	639,416	-	-	-	-	-	-	-	-	-	-
13	Other financial corporations	40,867	40,867	-	-	-	-	-	-	-	-	-	-
14	Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
15	Off-balance-sheet exposures	20,554,292			96,987								96,987
16	Central banks	-			-								-
17	General governments	232,669			-								-
18	Credit institutions	2,076,577			-								-
19	Other financial corporations	251,891			-								-
20	Non-financial corporations	14,478,748			83,242								83,242
21	Households	3,514,407			13,745								13,745
22	Total	75,783,645	55,017,012	212,341	1,233,388	579,610	122,917	138,262	105,920	85,054	71,385	33,253	1,233,255

CQ4: Quality of non-performing exposures by geography

CQ4 template is not applicable because the non-domestic original exposures in all non-domestic countries in all exposure classes are less than 10% of the total (domestic and non-domestic) original exposures.

CQ5: Credit quality of loans and advances to non-financial corporations by industry

Group RON thousands	Gross carrying amount			Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non- performing exposures	
	Of which non-performing		Of which loans and advances subject to impairment			
	Of which defaulted					
10 Agriculture, forestry and fishing	1,346,540	24,399	24,397	1,346,540	(29,657)	-
20 Mining and quarrying	797,651	372	372	797,651	(1,162)	-
30 Manufacturing	3,094,297	44,284	44,283	3,094,241	(55,302)	-
40 Electricity, gas, steam and air conditioning supply	2,034,815	6,886	6,886	2,034,815	(34,600)	-
50 Water supply	384,401	750	748	384,401	(9,381)	-
60 Construction	1,392,812	35,028	35,025	1,392,812	(53,782)	-
70 Wholesale and retail trade	5,740,574	118,428	118,423	5,739,153	(128,704)	-
80 Transport and storage	1,753,751	56,691	56,688	1,753,751	(49,614)	-
90 Accommodation and food service activities	552,285	17,337	17,336	552,285	(14,824)	-
100 Information and communication	238,679	36,892	36,892	238,679	(37,194)	-
110 Financial and insurance activities	654,410	8	5	654,410	(8,404)	-
120 Real estate activities	2,487,979	154	154	2,487,979	(37,348)	-
130 Professional, scientific and technical activities	408,488	6,183	6,183	408,488	(6,241)	-
140 Administrative and support service activities	239,705	5,671	5,670	239,705	(5,725)	-
150 Public administration and defense, compulsory social security	807	2	2	807	(5)	-
160 Education	35,242	388	388	35,242	(376)	-
170 Human health services and social work activities	606,219	725	725	606,219	(12,861)	-
180 Arts, entertainment and recreation	48,849	2,131	2,131	48,849	(2,488)	-
190 Other services	99,119	1,140	1,140	99,119	(1,071)	-
200 Total	21,916,623	357,469	357,448	21,915,146	(488,739)	-

CQ7: Collateral obtained by taking possession and execution processes

Group	Collateral obtained by taking possession	
	Value at initial recognition	Accumulated negative changes
10 Property, plant and equipment (PP&E)	-	-
20 Other than PP&E	24,467	(14,955)
30 <i>Residential immovable property</i>	3,842	(1,029)
40 <i>Commercial Immovable property</i>	20,625	(13,926)
50 <i>Movable property (auto, shipping, etc.)</i>	-	-
60 <i>Equity and debt instruments</i>	-	-
70 <i>Other collateral</i>	-	-
80 Total	24,467	(14,955)

CR1: Performing and non-performing exposures and related provisions

Group	Gross carrying amount/nominal amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received		
	Performing exposures		Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures	
	Of which stage 1	Of which stage 2	Of which stage 2	Of which stage 3	Of which stage 1	Of which stage 2	Of which stage 2	Of which stage 3	Of which stage 2	Of which stage 3					
10 Loans and advances	42,430,793	37,132,250	5,058,457	1,136,401	–	1,008,128	(499,847)	(230,681)	(268,292)	(743,765)	–	(663,101)	–	18,214,176	192,979
20 Central banks	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30 General governments	1,380,830	1,366,875	13,955	–	–	–	(1,547)	(1,531)	(17)	–	–	–	–	–	–
40 Credit institutions	376,889	364,674	12,215	–	–	–	(158)	(80)	(78)	–	–	–	–	–	–
50 Other financial corporations	1,184,053	1,137,054	46,999	–	–	–	(971)	(598)	(373)	–	–	–	–	849,464	–
60 Non-financial corporations	21,559,155	19,207,515	2,349,875	357,468	–	315,205	(270,777)	(148,039)	(122,738)	(217,962)	–	(184,943)	–	9,984,704	73,748
70 Of which SMEs	12,703,684	10,659,802	2,042,117	315,206	–	276,472	(175,021)	(58,538)	(116,483)	(192,967)	–	(161,223)	–	7,636,599	71,861
80 Households	17,929,866	15,056,132	2,635,413	778,933	–	692,923	(226,394)	(80,433)	(145,086)	(525,803)	–	(478,158)	–	7,380,008	119,231
90 Debt securities	12,798,560	12,543,533	214,160	–	–	–	(5,865)	(5,189)	(677)	–	–	–	–	–	–
100 Central banks	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
110 General governments	12,118,277	12,112,755	5,522	–	–	–	(5,128)	(5,116)	(12)	–	–	–	–	–	–
120 Credit institutions	639,416	430,778	208,638	–	–	–	(737)	(73)	(665)	–	–	–	–	–	–
130 Other financial corporations	40,867	–	–	–	–	–	–	–	–	–	–	–	–	–	–
140 Non-financial corporations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
150 Off-balance-sheet exposures	20,554,292	18,225,355	2,220,709	96,987	–	94,087	15,983	12,214	3,767	38,235	–	36,820	–	1,574,826	6,786
160 Central banks	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
170 General governments	232,669	232,669	–	–	–	–	112	112	–	–	–	–	–	132	–
180 Credit institutions	2,076,577	1,642,963	433,614	–	–	–	9	6	4	–	–	–	–	–	–
190 Other financial corporations	251,891	212,741	38,971	–	–	–	267	49	218	–	–	–	–	14,137	–
200 Non-financial corporations	14,478,748	13,832,824	539,782	83,242	–	82,688	12,467	10,422	2,045	30,159	–	30,046	–	1,560,557	6,786
210 Households	3,514,407	2,304,158	1,208,342	13,745	–	11,399	3,128	1,625	1,500	8,076	–	6,774	–	–	–
220 Total	75,783,645	67,901,138	7,493,326	1,233,388	–	1,102,215	(489,729)	(223,656)	(265,202)	(705,530)	–	(626,281)	–	19,789,002	199,765

CR1-A: Maturity of exposures

Group RON thousand	Net exposure value					Total
	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	
1 Loans and advances	148,235	12,848,254	18,858,503	10,468,587	–	42,323,579
2 Debt securities	–	2,262,297	5,964,373	4,725,373	18,553	12,970,596
3 Total	148,235	15,110,551	24,822,876	15,193,960	18,553	55,294,175

CR2: Changes in the stock of non-performing loans and advances

Article 442 CRR

Group
RON thousand

Gross carrying amount

10 Initial stock of non-performing loans and advances	1,091,246
20 Inflows to non-performing portfolios	546,302
30 Outflows from non-performing portfolios	(100,342)
40 Outflows due to write-offs	(33,282)
50 Outflow due to other situations	(367,524)
60 Final stock of non-performing loans and advances	1,136,400

13. Article 443 CRR Unencumbered assets

The main object of activity of the Bank consists of banking services for individuals and legal entities. The services offered include: current account openings, domestic and international payments, foreign exchange operations, granting financing for operational needs, medium-term financing, bank guarantees, letters of credit.

The main source of encumbered assets comes from pledged debt securities followed by collateral deposits. The largest volume of unencumbered assets comes from loans and advances granted to customers followed by cash and Central Bank deposits and debt securities.

Table AE1 Group RON Thousands	Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
	of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA	
	10	30	40	50	60	80	90	100
10 Assets of the reporting institution	210,166	187,273			70,567,679	21,141,221		
30 Equity instruments	-	-	-	-	90,579	-	90,579	-
40 Debt securities	187,273	187,273	187,273	187,273	12,783,322	11,437,222	12,598,241	11,258,291
50 of which: covered bonds	-	-	-	-	-	-	-	-
60 of which: securitisations	-	-	-	-	-	-	-	-
70 of which: issued by general governments	187,273	187,273	187,273	187,273	12,103,776	11,437,222	11,924,865	11,258,291
80 of which: issued by financial corporations	-	-	-	-	679,546	-	673,376	-
90 of which: issued by non-financial corporations	-	-	-	-	-	-	-	-
120 Other assets	1,329	-			3,127,825	1,863,562		

Table AE2

Group

RON Thousands

	Fair value of encumbered collateral received or own debt securities issued		Unencumbered Fair value of collateral received or own debt securities issued available for encumbrance	
	of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA	
	10	30	40	60
130 Collateral received by the disclosing institution	2,902	-	761,227	756,970
140 Loans on demand	-	-	-	-
150 Equity instruments	-	-	-	-
160 Debt securities	2,902	-	761,227	756,970
170 of which: covered bonds	-	-	-	-
180 of which: securitisations	-	-	-	-
190 of which: issued by general governments	2,902	-	761,227	756,970
200 of which: issued by financial corporations	-	-	-	-
210 of which: issued by non-financial corporations	-	-	-	-
220 Loans and advances other than loans on demand	-	-	-	-
230 Other collateral received	-	-	-	-
240 Own debt securities issued other than own covered bonds or securitisations	-	-	-	-
241 Own covered bonds and securitisation issued and not yet pledged	-	-	-	-
250 TOTAL COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED	213,068	187,273	-	-

Table AE3

Group

RON Thousands

	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
	10	30
10 Carrying amount of selected financial liabilities	(50,507)	21,719

14. Article 444 CRR Use of ECAIs (External Credit Assessment Institution)

The Group uses the external sovereign ratings from Standard and Poor's, Moody's and Fitch Ratings for the calculation under the standardised approach. For all other exposure classes, if available, the ratings of Standard and Poor's are applied.

The external ratings applied are mapped to the credit quality steps (rating notches) defined in the standardised approach for credit risk in accordance with standard mapping pursuant to CRR. This mapping is the regulatory one provided by European Central Bank.

Exposure break down

The table below shows the CCR exposures post conversion factor and post risk mitigation techniques by type of counterparties and by risk weight.

EU CR5 – standardised approach: the table below shows the CCR exposures post conversion factor and post risk mitigation techniques by type of counterparties and by risk weight

Group	Risk weight*						Total	Of which unrated
	0 %	20 %	35 %	75 %	100 %	150 %		
RON thousands								
Standardised approach (SA) exposure classes	27,656,947	1,854,428	386	453,488	1,698,753	2,196	31,666,197	31,666,197
1 Central governments or central banks	27,101,063	–	–	–	–	–	27,101,063	27,101,063
2 Regional government or local authorities	–	1,854,427	–	–	–	–	1,854,427	1,854,427
3 Public sector entities	–	1	–	–	–	–	1	1
4 Multilateral development banks	555,884	–	–	–	–	–	555,884	555,884
5 International organisations	–	–	–	–	–	–	–	–
6 Institutions	–	–	–	–	3,146	–	3,146	3,146
7 Corporates	–	–	–	–	898,276	–	898,276	898,276
8 Retail exposures	–	–	–	–	–	–	–	–
9 Exposures secured by mortgages on immovable property	–	–	–	453,488	–	–	453,488	453,488
10 Exposures in default	–	–	386	–	10,908	–	11,294	11,294
11 Exposures associated with particularly high risk	–	–	–	–	7,019	2,196	9,215	9,215
12 Covered bonds	–	–	–	–	–	–	–	–
13 Exposures to institutions and corporates with a short-term credit assessment	–	–	–	–	–	–	–	–
14 Units or shares in collective investment undertakings	–	–	–	–	–	–	–	–
15 Equity exposures	–	–	–	–	–	–	–	–
16 Other items	–	–	–	–	779,403	–	779,403	779,403

* Risk weights 2%,4%,10%,50%,70%,250%,370%,1250%, Other and Deducted are not presented in the table above since the bank does not have qualified exposures for the respective risk weights.

15. Article 435 and article 445 Market risk

Market risk is the risk of loss due to adverse and unexpected changes in market risk factors (such as interest rates, exchange rates, stock and commodity prices, etc.). Market risk arises from the change in the value of the balance sheet and off-balance sheet positions, both in the trading book and in the banking book positions.

The scope of the market risk management process refers to all the market risks to which the bank is exposed both at individual and consolidated level. The objective of market risk management is to monitor and maintain in acceptable parameters the exposure to market risk while optimizing the return on the risks taken. Also, the bank's objective regarding market risk management is to control the bank's exposure to this type of risk by setting appropriate market risk limits. A single type of limit is generally insufficient to control market risk; several types of limits complement each other. The structure of the market risk limits is detailed in the "Market Risk Policy", which presents the main types of market risks to which the bank is exposed (exchange rate risk and interest rate risk), the structure and value of market limits, as well as the process of reporting excesses and approving limits.

Currently, the following types of market risk limits are implemented at the Bank level:

- Basis point value limits on total, on currencies and on different reprice gap buckets (for interest rate risk).
- Value at Risk Limits (considering interest rate risk, currency risk, credit spread risk).
- Stop loss limits for interest rate and foreign exchange risk and warning levels for interest rate risk.
- Limits for the maximum overnight open foreign exchange position on individual and total currencies level (for foreign exchange risk).

The market risk limits are set both at the business line level (Treasury and Capital Markets) as well as at total Bank level.

The Bank calculates, monitors and reports daily the exposure to market risk (through the indicators mentioned above) and the usage of the market risk limits, as well as monthly during the meetings of the Assets and Liabilities Committee (ALCO). Therefore, the monitoring of the market risks to which the bank is exposed is carried out with daily frequency, and the reporting of exposures to this risk is made to the Bank's management (daily) and to the Assets and Liabilities Committee (monthly).

The organizational structure for the management of market risk in Raiffeisen Bank S.A. includes the Directorate, the Assets and Liabilities Committee (ALCO), the Risk Committee, the Capital Markets Trading Department, Treasury Directorate and the Integrated Risk Management Department from Group Risk Control and Portfolio Management Directorate from Risk Division.

The Directorate approves the bank's market risk policy.

ALCO is the committee responsible for the supervision/management of market risks and for the approval of market risk limits. ALCO also assesses the market risks involved by the launch of new Treasury products.

The Risk Committee has a role in ensuring the efficiency of the systems/limits used to calculate/monitor market risks, including the correctness of the financial models.

The Capital Markets Trading Department is the unit that takes risk positions within the approved limits and on the approved products.

The Treasury Directorate is responsible for developing strategies to manage the interest rate risk and within the existing limits.

The Integrated Risk Management Department is an independent unit that quantifies, monitors and analyzes market risks. The Integrated Risk Management Department exercises the control function of the market risk in accordance with the Organization and Functioning Regulation of the Bank. This department prepares reports for the bank's management and for ALCO.

Article 445

Raiffeisen Bank S.A. calculates the capital requirement for market risk using the standardized methodology described in the EU Regulation 575/2013 on prudential requirements for credit institutions and investment companies.

EU MR1 form – Market risk according to the standardized approach

Group		RWEAs	Capital requirement
RON thousands			
Outright products			
1	Interest rate risk (general and specific)	98,100	7,848
2	Equity risk (general and specific)		
3	Foreign exchange risk	16,322	1,306
4	Commodity risk		
Options			
5	Simplified approach		
6	Delta-plus approach		
7	Scenario approach		
8	Securitisation (specific risk)		
9	Total	114,422	9,154

16. Article 448 Exposures to interest rate risk in banking book

The main risk to which banking book is exposed is the risk of loss as a result of changes in future cash flows or the market value of financial instruments caused by the fluctuation of interest rates. Interest rate risk arises due to discrepancies between the Bank's assets and liabilities that are sensitive to changes in interest rates (changes in both the level and shape of the yield curves).

The main sources of interest rate from banking book are represented by the maturity mismatch and repricing data related to short and long-term assets, liabilities and off-balance sheet positions (repricing risk); changes in the slope and shape of the yield curve (the risk associated with the yield curve); covering the exposure to a single interest rate with exposure to a rate that is repriced under slightly different conditions (basic risk); the risks associated with the options, including the incorporated options (e.g. the risk of prepayment, the risk of the option).

The central objective of the Interest rate risk in banking book Strategy of Raiffeisen Bank S.A. is the definition of a coherent framework for identifying, measuring, monitoring, controlling and limiting the interest rate risk, processes having as purpose the reduction of the volatility of the net interest income and the control of the impact of the changes in the interest rates both on the economic value of the balance sheet, as well as the bank's profit and loss account.

In line with the European Banking Authority recommendations, the quantification and monitoring of the interest risk in banking book is carried out both from the economic value perspective and from the perspective of the volatility of the net interest income.

In order to estimate the impact of the change in the interest rate curves on the net interest income and on the economic value, a series of interest scenarios have been defined in order to capture the aforementioned risks, namely:

- Parallel changes on the yield curve (+/-200 bps);
- Changes in the shape of the yield curve (+/-200 bps): non-parallel changes in interest rates in the short/medium/long term;
- Parallel changes on the yield curve (+/-200 bps) applied separately for foreign currency exposures.

The estimation of the impact of the change in the yield curves on the net interest income is made considering a constant balance sheet (each balance sheet element that reaches maturity is replaced by a balance sheet element with similar characteristics), a time horizon of one year and simultaneous shocks.

The analysis of the economic value reflects the change in the present value of the balance sheet as a result of the change in the interest rates following the shocks mentioned above. Interest rate-sensitive assets and liabilities are considered according to the characteristics of the contractual revaluation of the interest rate or the maturity, except for items without contractual maturity (sight deposits from customers) which are considered in accordance with the modeled interest rate profile calculated on the basis of statistical models.

In the table below is presented the potential impact on the economic value and on the volatility of the net interest income from the application of the interest scenarios.

EU IRRBB1 Form – Interest rate risk in banking book

Interest rate shock scenario

Bank

RON thousands

	Economic value changes		Net interest income changes	
	December 2023	December 2022	December 2023	December 2022
1 Parallel shock up +200 bp	155,062	404,702	158,081	151,815
2 Parallel shock down - 200bp	166,515	451,929	(354,734)	(376,967)
3 Steepener shock (short rates down and long rates up), max + 200 bp at 5 years	136,460	358,275	36,261	39,518
4 Flattener shock (short rates up and long rates down), max - 200 bp at 5 years	160,670	401,623	(41,983)	(46,074)
5 Short rates up, shock applied to short tenors up to 1 year starting with +200 bp at overnight	94,675	47,772	121,786	113,414
6 Short rates down, shock applied to short tenors up to 1 year starting with -200 bp at overnight	96,853	48,839	-	(328,561)

The potential impact on economic value and on the volatility of net interest income is calculated monthly. For both indicators, the bank has set warning levels, and the results are presented and analyzed during the meetings of the Assets and Liabilities Committees (ALCO).

In addition to the two indicators mentioned above, the monitoring of interest rate risk from banking book is also done through the set of market risk limits mentioned in the previous point. Also, in order to measure and analyze the interest rate risk, the bank calculates an interest rate gap, in which the cash flows related to the assets and liabilities sensitive to interest rates are grouped according to the contractual maturity or the contractual interest rate repricing date.

The elements without contractual maturity and without contractual rules for the interest reset, such as current accounts and savings accounts, are modeled according to statistical models and distributed on reprice tenor buckets.

The hedging of interest rate risk can be achieved through balance sheet instruments or derivatives. The derivatives used by the Bank to reduce interest rate risk include interest rate swaps whose value changes depending on changes in interest rates.

At the Bank level, management of the interest rate risk in banking book is done by the Treasury Directorate within the Financial Controlling and Accounting Division in accordance with Interest rate risk in banking strategy approved by the Assets and Liabilities Committee (ALCO) and within the approved set of market risk limit system.

The Integrated Risk Management Department is responsible for the risk controlling the interest rate risk in banking book through the approved market risk limit system.

17. Article 446 CRR Operational Risk

Within Raiffeisen Bank, the level of the capital adequate to the operational risk profile is calculated for internal purposes through **Advance Measurement Approach** and for prudential scopes, at local level, it is used the **Standard Measurement Approach** for individual level and **Basic Indicator Approach** for subconsolidated level.

At RBI Group's level, the level of the capital adequate to the operational risk profile is calculated for internal purposes using the **Advanced Measurement Approach** and for prudential purposes through **Standard Measurement Approach**.

The RBI Group received European Central Bank (ECB) approval at the end of 2022 to revert **Advance Measurement Approach** for calculating the capital for prudential scopes.

Group RON thousands	Relevant indicator			Own funds requirements	Risk weighted exposure amount
	Year-3	Year-2	Last year		
1 Banking activities subject to basic indicator approach (BIA)	2,746,168	3,328,131	3,908,677	499,149	6,239,360
2 Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	-	-	-	-	-
3 <u>Subject to TSA:</u>	-	-	-	-	-
4 <u>Subject to ASA:</u>	-	-	-	-	-
5 Banking activities subject to advanced measurement approaches AMA	-	-	-	-	-

18. Article 447 and article 438 (b) CRR Key metrics overview

Group RON thousands	31/12/2023	30/6/2023	31/12/2022
Available own funds (amounts)			
1 Common Equity Tier 1 (CET1) capital	5,825,729	5,360,299	5,148,261
2 Tier 1 capital	6,435,027	5,969,597	5,757,677
3 Total capital	7,289,039	6,846,585	6,620,840
Risk-weighted exposure amounts			
4 Total risk-weighted exposure amount	33,600,206	34,296,095	31,040,203
Capital ratios (as a percentage of risk-weighted exposure amount)			
5 Common Equity Tier 1 ratio (%)	17.34 %	15.63 %	16.59 %
6 Tier 1 ratio (%)	19.15 %	17.41 %	18.55 %
7 Total capital ratio (%)	21.69 %	19.96 %	21.33 %
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)			
EU 7a Additional CET1 SREP requirements (%)	4.69 %	4.69 %	4.88 %
EU 7b Additional AT1 SREP requirements (percentage points)	2.64 %	2.64 %	2.75 %
EU 7c Additional T2 SREP requirements (percentage points)	3.52 %	3.52 %	3.66 %
EU 7d Total SREP own funds requirements (%)	12.69 %	12.69 %	12.88 %
Combined buffer requirement (as a percentage of risk-weighted exposure amount)			
8 Capital conservation buffer (%)	2.50 %	2.50 %	2.50 %
EU 8a Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.00 %	0.00 %	0.00 %
9 Institution specific countercyclical capital buffer (%)	1.00 %	0.50 %	0.50 %
EU 9a Systemic risk buffer (%)	0.00 %	0.00 %	0.00 %
10 Global Systemically Important Institution buffer (%)	0.00 %	0.00 %	0.00 %
EU 10a Other Systemically Important Institution buffer (%)	1.00 %	1.00 %	1.00 %
11 Combined buffer requirement (%)	4.50 %	4.00 %	4.00 %
EU 11a Overall capital requirements (%)	17.19 %	16.69 %	16.88 %
12 CET1 available after meeting the total SREP own funds requirements (%)	14.70 %	12.99 %	13.84 %
Leverage ratio			
13 Leverage ratio total exposure measure	74,253,664	71,188,775	66,629,390
14 Leverage ratio (%)	8.67 %	8.39 %	8.64 %

Group		31/12/2023	30/6/2023	31/12/2022
RON thousands				
Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)				
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00 %	0.00 %	0.00 %
EU 14b	of which: to be made up of CET1 capital (percentage points)	0.00 %	0.00 %	0.00 %
EU 14c	Total SREP leverage ratio requirements (%)	0.00 %	0.00 %	0.00 %
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)				
EU 14d	Leverage ratio buffer requirement (%)	0.00 %	0.00 %	0.00 %
EU 14e	Overall leverage ratio requirements (%)	0.00 %	0.00 %	0.00 %
Liquidity Coverage Ratio				
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	17,107,520	15,554,979	16,219,538
EU 16a	Cash outflows - Total weighted value	10,238,960	10,368,713	10,425,956
EU 16b	Cash inflows - Total weighted value	1,509,958	1,320,164	2,025,200
16	Total net cash outflows (adjusted value)	8,729,002	9,048,549	8,400,757
17	Liquidity coverage ratio (%)	197.11 %	172.56 %	201.95 %
Net Stable Funding Ratio				
18	Total available stable funding	57,171,968	52,247,381	50,404,428
19	Total required stable funding	34,797,411	36,328,430	35,062,106
20	NSFR ratio (%)	164.30 %	143.82 %	143.76 %

Impact of transitional and temporary treatments on capital ratio		31/12/2023	30/9/2023	30/6/2023	31/3/2023
Available capital (Group, RON thousands)					
	Common Equity Tier 1 (CET1)	5,825,729	5,563,526	5,360,299	5,108,893
1	Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	5,825,729	5,563,526	5,360,299	5,108,893
	Common Equity Tier 1 (CET1) capital as if temporary treatment of the unrealised gains and losses measured at fair value through other comprehensive income (art 468 of CRR) had not been applied	5,825,729	5,563,526	5,360,299	5,108,893
	Tier 1 capital	6,435,027	6,172,824	5,969,597	5,718,192
2	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	6,435,027	6,172,824	5,969,597	5,718,192
	Tier 1 capital as if temporary treatment of the unrealised gains and losses measured at fair value through other comprehensive income (art 468 of CRR) had not been applied	6,435,027	6,172,824	5,969,597	5,718,192
	Total capital	7,289,039	7,042,075	6,846,585	6,592,199
3	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	7,289,039	7,042,075	6,846,585	6,592,199
	Total capital as if temporary treatment of the unrealised gains and losses measured at fair value through other comprehensive income (art 468 of CRR) had not been applied	7,289,039	7,042,075	6,846,585	6,592,199
Risk-weighted assets (Group, RON thousands)					
4	Total risk-weighted assets	33,600,206	34,037,772	34,296,095	33,999,035
	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	33,600,206	34,037,772	34,296,095	33,999,035
Capital ratios					
	Common Equity Tier 1 (as a percentage of risk exposure amount)	17.34 %	16.35 %	15.63 %	15.03 %
5	Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	17.34 %	16.35 %	15.63 %	15.03 %
	Common Equity Tier 1 (as a percentage of risk exposure amount) as if temporary treatment of the unrealised gains and losses measured at fair value through other comprehensive income (art 468 of CRR) had not been applied	17.34 %	16.35 %	15.63 %	15.03 %
	Tier 1 (as a percentage of risk exposure amount)	19.15 %	18.14 %	17.41 %	16.82 %
6	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	19.15 %	18.14 %	17.41 %	16.82 %
	Tier 1 (as a percentage of risk exposure amount) as if temporary treatment of the unrealised gains and losses measured at fair value through other comprehensive income (art 468 of CRR) had not been applied	19.15 %	18.14 %	17.41 %	16.82 %
	Total capital (as a percentage of risk exposure amount)	21.02 %	20.06 %	19.32 %	18.77 %
7	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	21.02 %	20.06 %	19.32 %	18.77 %
	Total capital (as a percentage of risk exposure amount) as if temporary treatment of the unrealised gains and losses measured at fair value through other comprehensive income (art 468 of CRR) had not been applied	21.02 %	20.06 %	19.32 %	18.77 %
Leverage ratio					
8	Leverage ratio total exposure measure	74,253,664	72,400,966	71,188,775	69,431,541
	Leverage ratio	8.67 %	8.53 %	8.39 %	8.24 %
9	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	8.67 %	8.53 %	8.39 %	8.24 %
	Leverage ratio as if temporary treatment of the unrealised gains and losses measured at fair value through other comprehensive income (art 468 of CRR) had not been applied	8.67 %	8.53 %	8.39 %	8.24 %

19. Article 449 CRR Exposure to securitization positions

The Bank's securitization position is represented by a synthetic securitization and it's originated due to bank participation in JEREMIE initiative.

JEREMIE, COSME and EASI initiatives represents a set of action having the goal to increase the medium- and small-enterprises (SME) acces to financing funds. These initiatives are organized in Romania through **European Investment Fund (EIF)**, which is part of European Investment Bank and represents the main instrument for promoting European Commission financing (Structural Funds - Increase of Economical Competitivity). EIF offer risk capital for SME and guarantee for financial institution to cover the loans granted to SME.

The goals which the Bank pursues with respect to its securitization activities

In December 2010, Raiffeisen Bank S.A. concluded a synthetic securitization transaction under the JEREMIE initiative, through which the European Investment Fund (EIF) offers partial credit risk protection for a portfolio of loans granted by the Bank to medium and small enterprises (SME). COSME program was concluded in 2017, EASI in 2020, ROOF synthetic securitization of existing portfolio in December 2022 and Microfinance in June 2023.

The financial instrument used in this transaction is a first loss portfolio guarantee and mezzanine guarantee for ROOF transaction. By joining this program, the Bank's objective is to improve the utilization of capital, the benefit being passed to the end-customer, in the form of a lower price of loan and diminished collateral requirements.

Raiffeisen Bank as originator

Under JEREMIE program, by contract, EIF guarantees 80% of each eligible loan included in the portfolio, covering losses up to a maximum cap of 25% of the total portfolio volume.

Under COSME program, by contract, EIF guarantees 50% or 80% of each eligible loan included in the portfolio, covering losses up to a maximum cap of 9.7% of the total portfolio volume.

Under EASI program, by contract, EIF guarantees 90% of each eligible loan included in the portfolio, covering losses up to a maximum cap of 15% of the total portfolio volume.

Under ROOF program, by contract, EIF guarantees 95% of each eligible loan included in the portfolio, covering losses up to a maximum cap of 12% of the total portfolio volume after the first loss retained by the Bank is exceed (app 4%).

Under Microfinance program, by contract, EIF guarantees 80% of each eligible loan included in the portfolio, covering losses up to a maximum cap of 12% of the total portfolio volume.

As of December 31, 2023 the volume of loans portfolio included in securitization was as follows:

Group, RON thousand						
Total amount of securitisation exposures originated	Credit protection to the securitised exposures	Securitisations positions: original exposure			Risk-weighted exposure amount	
		Total, of which:	Deducted from own funds	Subject to risk weights*		
1,931,546	-261,018	1,654,743	15,781	1,638,962	225,481	

*Based on SUPERVISORY FORMULA METHOD

EU-SEC1 - Securitisation exposures in the non-trading book

Group RON thousands	Institution acts as originator							Institution acts as sponsor			Institution acts as investor			
	Traditional		Synthetic		Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total	
	STS	Non-STS	of which SRT			STS	Non-STS			STS	Non-STS			
	of which SRT	of which SRT												
1 Total exposures	-	-	-	-	1,638,962	1,638,962	1,638,962	-	-	-	-	-	-	-
2 Retail (total)	-	-	-	-	184,845	184,845	184,845	-	-	-	-	-	-	-
3 residential mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4 credit card	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5 other retail exposures	-	-	-	-	184,845	184,845	184,845	-	-	-	-	-	-	-
6 re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7 Wholesale (total)	-	-	-	-	1,454,118	1,454,118	1,454,118	-	-	-	-	-	-	-
8 loans to corporates	-	-	-	-	1,454,118	1,454,118	1,454,118	-	-	-	-	-	-	-
9 commercial mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 lease and receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 other wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-

SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor

Group	Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)			RWEA (by regulatory approach)			Capital charge after cap		
	≤20% RW	>20% to 50% RW	>50% to 100% R	>100% to <1250% RW	1250% RW/ deductions	SEC-IRBA	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-SA	1250%/ deductions
1 Total exposures	1,623,182	-	-	-	15,781	1,623,182	-	15,781	273,579	-	15,781	21,886	-	15,781
2 Traditional transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3 Securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4 Retail underlying	184,845	-	-	-	-	184,845	-	-	27,727	-	-	2,218	-	-
5 Of which STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Wholesale	1,438,337	-	-	-	15,781	1,438,337	-	15,781	245,852	-	15,781	19,668	-	15,781
7 Of which STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8 Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Synthetic transactions	1,623,182	-	-	-	15,781	1,638,962	-	15,781	273,579	-	15,781	21,886	-	15,781
10 Securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 Retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-

SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments

Group RON thousands	Exposures securitised by the institution - Institution acts as originator or as sponsor		
	Total outstanding nominal amount	Total amount of specific credit risk adjustments made during the period	
		Of which exposures in default	
1 Total exposures	1,638,962	21,067	(25,566)
2 Retail (total)	184,845	6,789	(6,799)
3 residential mortgage	-	-	-
4 credit card	-	-	-
5 other retail exposures	-	-	-
6 re-securitisation	-	-	-
7 Wholesale (total)	1,454,118	14,278	(18,767)
8 loans to corporates	-	-	-
9 commercial mortgage	-	-	-
10 lease and receivables	-	-	-
11 other wholesale	-	-	-
12 re-securitisation	-	-	-

*Capital charge is determined Based on Supervisory Formula Method

In December 2014, Jeremie financing program was closed.

The roles of the Bank in the securitization process

Raiffeisen Bank does not invest in securitization/ re-securitization positions.

20. Article 450 and Article 435 (2) (b) CRR Remuneration and recruitment practices

The remuneration system of Raiffeisen Bank S.A. promotes a correct and efficient risk management and does not encourage the taking of risks that exceed the tolerated levels. It is in line with the business strategy, objectives, values and long-term interests of the Bank and the RBI Group and incorporates measures to avoid conflicts of interest.

The Remuneration policies of Raiffeisen Bank S.A. are approved by the Bank Supervisory Board, through the Remuneration Committee.

The remuneration system in Raiffeisen Bank S.A. is governed by the following principles:

- The remuneration system supports the company's business strategy and long-term objectives, interests and values, by using the set of RBI KPIs and key cultural competencies.
- The compensation principles incorporate measures to avoid conflicts of interest.
- The compensation policy and principles are consistent and promote sound and efficient risk management practices and avoid variable payment for risk taking that exceeds the tolerated level for the institution, through KPIs and process management (e.g. Performance Management process, risk committees).
- Compensation is based on a functional structure and is related to performance. In addition, special rules apply to staff whose professional activity has a material impact on the risk profile ("identified staff").
- Compensation is competitive, sustainable and reasonable and is defined according to the relative value of labor, market and local practice.
- The compensation structure (the proportion of the variable payment relative to the fixed compensation) is balanced, which allows each employee an adequate level of remuneration, based on the fixed salary.
- The granting of variable payments does not limit the Bank's ability to strengthen its capital base.
- All variable payment programs include minimum performance levels and maximum payment thresholds.
- Performance is the basis for all variable compensation schemes and takes into account:
 - RBI, the Bank, unit performance (if applicable) and individual performance (including compliance with the code of conduct and compliance requirements).
 - Risk, financing and capital costs.
- Individual performance is the product of the obtained results and of the behaviors / competencies, based on both quantitative and qualitative measures, evaluated within the performance management process and taking into account financial and non-financial criteria.

December 31, 2023

- The performance of the Group / unit is the product of the results obtained starting from quantitative measures, based on a set of KPIs.
- The personnel employed in control positions are compensated independently of the business unit they supervise, they have the adequate authority and the remuneration of these employees is determined based on the achievement of their own objectives, not taking into account the results of the area they monitor. The fixed and variable remuneration structure must be in favor of fixed remuneration.
- Guaranteed variable payments are used exceptionally and can be offered in the first year of the contract.

Variable compensation is an important element of the total compensation approach, the Bank's purpose being to attract, motivate and retain employees. Therefore, in defining any performance management system, quantitative and qualitative criteria are set, related to the value added adjusted for risk.

If an employee receives variable compensation, this is done for the measured performance. Performance translates into results and behaviors: "what" and "how", according to the performance management system.

Variable compensation is reasonable and balanced compared to the base salary and in line with local market practices. Each variable payment scheme defines a variable payment target level. The variable payment target can be expressed as a percentage of salary or in absolute amount and represents the level of variable payment at a standard performance.

Performance measurement for employees in control functions (e.g. risk, audit, compliance) reflects the specific requirements of these functions.

Variable compensation can be of two types:

- Compensation within risk-adjusted variable payment schemes, directly related to performance, team and individual results, for employees in the area of retail sales, collection operations, call center
- Variable compensation for employees eligible for the annual performance bonus - for which the bonus amount is based on quantitative and qualitative objectives at the level of RBI Group, Bank, team and individual. In their case, the variable compensation, including any deferred part, is allocated and paid only if the following minimum qualification criteria are met:
 - i. Allocation is not prohibited by regulations established by the competent authorities for the RBI Group and / or Bank (for example, by the European Central Bank or the NBR).
 - ii. The allocation of variable compensation is sustainable according to the financial situation of the RBI Group, but also of the Bank and justified, according to the performance of the Group, Bank, the business unit and the data subject.
 - iii. The minimum criteria applicable by law for the Bank to make variable payments are met.
 - iv. The required legal level of Common Equity Tier 1 is reached for the RBI Group, there is compliance with all capital requirements provided by CRD and CRR for the RBI Group and the allocation and / or actual payment is not in opposition to maintaining a solid capital base for the RBI Group.
 - v. the Bank has reached the minimum regulated economic capital base, in accordance with the legislation in force and the allocation and / or effective payment is not in opposition to maintaining a solid capital base for the Bank.

If the variable compensation is paid to those persons defined as "identified staff fully affected", the payment of the bonus (and any other form of variable remuneration) will comply with the following rules:

- At least 50% of the allocated variable payment will be paid in non-cash financial instruments, respectively phantom-shares, which will be kept for one year;
- At least 40% of the variable payment will be subject to deferral and will be paid pro-rata;
- Any variable compensation, including the deferred part, is paid only if the minimum criteria are met.

The RBI Board may decide on the adjustment factors that should be used by the Bank for the final calculation of the variable compensation granted.

If the variable remuneration is paid to those Bank employees defined as "partially affected", the requirement regarding payment in financial instruments (including retention), deferral and ex-post incorporation of the risk for variable payment (Malus or Clawback) may be subject of neutralization.

If the total variable compensation of an "identified employee" does not exceed a certain "low level of variable payment", payment in financial instruments (including their retention), deferral, ex-post incorporation of the risk for variable remuneration (Malus and Clawback) may be subject to neutralization.

In 2023, the Remuneration Committee met once. As of December 31, 2023, the composition of the Remuneration Committee was as follows: Claudia Pendred - Member, Johann Strobl - Member.

Situation regarding the reporting exercise by credit institutions of information on the identified staff remuneration

Bank RON thousands	MB Supervisory function (SB)	MB Management function (BoM)	Investment Banking	Retail Banking	Asset Management	Corporate functions	Independent control functions	All other
(1) Total number of Staff (members of the MB)	9	7						
(2) Total number of Staff in FTE			374	2,672		1,455	379	-
(3) Total Net profit in year								1,719,490
(4) Total remuneration	2,236	24,054	91,899	354,124	-	293,651	80,628	-
(4.1) of which: total variable remuneration	-	4,918	11,529	29,163	-	21,971	5,872	-
(1) Number of identified staff in FTE (members of the MB)	9	7						
(2) Number of identified staff in FTE			30	15	-	10	42	-
(3) of which: Number of identified staff in senior management positions			3	3	-	9	9	-
(4) Total fixed remuneration of identified staff	2,236	19,136	15,822	7,747	-	7,067	17,291	-
(4.1) of which: total fixed remuneration in cash	2,236	19,136	15,822	7,747	-	7,067	17,291	-
(4.2) of which: total fixed remuneration in equity	-	-	-	-	-	-	-	-
(4.3) of which: total fixed remuneration in other instruments	-	-	-	-	-	-	-	-
(5) Total variable remuneration of identified staff	-	4,918	3,321	1,149	-	1,156	3,058	-
(5.1) of which: total variable remuneration in cash	-	2,459	3,321	1,149	-	1,156	3,058	-
(5.2) of which: total variable remuneration in equity	-	2,459	-	-	-	-	-	-
(5.3) of which: total variable remuneration in other instruments	-	-	-	-	-	-	-	-
(6) Total amount of variable remuneration deferred	-	2,223	-	-	-	-	-	-
(6.1) of which: total deferred variable remuneration in cash	-	1,112	-	-	-	-	-	-
(6.2) of which: total deferred variable remuneration in equity	-	1,112	-	-	-	-	-	-
(6.3) of which: total deferred variable remuneration in other instruments	-	-	-	-	-	-	-	-
(7) Total amount of outstanding deferred variable remuneration awarded in previous periods and not in year N	-	5,939	-	-	-	-	-	-
(8) Amount of explicit ex post performance adjustments applied in year N for previously awarded remuneration	-	-	-	-	-	-	-	-
(9) Number of recipients of guaranteed variable remuneration (new sign-on payments)	-	-	-	-	-	-	-	-
(10) Total amount of guaranteed variable remuneration paid	-	-	-	-	-	-	-	-
(11) Number of recipients of severance payments	-	-	-	-	-	-	-	-
(12) Total amount of severance payments paid	-	-	-	-	-	-	-	-
(13) Highest severance payment to a single person	-	-	-	-	-	-	-	-
(14) Number of beneficiaries of contributions to discretionary pension benefits in year N	-	-	-	-	-	-	-	-
(15) Total amount of contributions to discretionary pension benefits in year N	-	-	-	-	-	-	-	-
(16) Total amount of variable remuneration awarded for multi-year periods under programmes which are not revolved annually	-	-	-	-	-	-	-	-

Template EU REM1 - Remuneration awarded for the financial year

Bank			MB Supervisory function	MB Management function	Other senior management	Other identified staff
RON thousands						
1		Number of identified staff	9	7	34	63
2		Total fixed remuneration	2,236	19,136	24,061	23,866
3		Of which: cash-based	2,236	19,136	24,061	23,866
EU-4a	Fixed remuneration	Of which: shares or equivalent ownership interests	-	-	-	-
5		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
EU-5x		Of which: other instruments	-	-	-	-
7		Of which: other forms	-	-	-	-
9		Number of identified staff	-	7	34	63
10		Total variable remuneration	-	4,918	4,453	4,230
11		Of which: cash-based	-	2,459	4,453	4,230
12		Of which: deferred	-	1,112	-	-
EU-13a		Of which: shares or equivalent ownership interests	-	-	-	-
EU-14a		Of which: deferred	-	-	-	-
EU-13b	Variable remuneration	Of which: share-linked instruments or equivalent non-cash instruments	-	2,459	-	-
EU-14b		Of which: deferred	-	1,112	-	-
EU-14x		Of which: other instruments	-	-	-	-
EU-14y		Of which: deferred	-	-	-	-
15		Of which: other forms	-	-	-	-
16		Of which: deferred	-	-	-	-
17		Total remuneration (2 + 10)	2,236	24,054	28,514	28,096

Template EU REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)

This is not the case.

Template EU REM3 - Deferred remuneration

Bank, RON thousand

Deferred and retained remuneration		Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1	MB Supervisory function	-	-	-	-	-	-	-	-
2	Cash-based	-	-	-	-	-	-	-	-
3	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
4	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
5	Other instruments	-	-	-	-	-	-	-	-
6	Other forms	-	-	-	-	-	-	-	-
7	MB Management function	5,939	2,544	3,395	-	-	-	2,544	1,272
8	Cash-based	2,970	1,272	1,698	-	-	-	1,272	-
9	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
10	Share-linked instruments or equivalent non-cash instruments	2,970	1,272	1,698	-	-	-	1,272	1,272
11	Other instruments	-	-	-	-	-	-	-	-
12	Other forms	-	-	-	-	-	-	-	-
13	Other senior management	-	-	-	-	-	-	-	-
14	Cash-based	-	-	-	-	-	-	-	-
15	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
16	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
17	Other instruments	-	-	-	-	-	-	-	-
18	Other forms	-	-	-	-	-	-	-	-
19	Other identified staff	-	-	-	-	-	-	-	-
20	Cash-based	-	-	-	-	-	-	-	-
21	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
22	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
23	Other instruments	-	-	-	-	-	-	-	-
24	Other forms	-	-	-	-	-	-	-	-
25	Total amount	5,939	2,544	3,395	-	-	-	2,544	1,272

Template EU REM4 - Remuneration of 1 million EUR or more per year

	EUR	Identified staff that are high earners as set out in Article 450(i) CRR
1	1 000 000 to below 1 500 000	1
2	1 500 000 to below 2 000 000	-
3	2 000 000 to below 2 500 000	-
4	2 500 000 to below 3 000 000	-
5	3 000 000 to below 3 500 000	-
6	3 500 000 to below 4 000 000	-
7	4 000 000 to below 4 500 000	-
8	4 500 000 to below 5 000 000	-
9	5 000 000 to below 6 000 000	-
10	6 000 000 to below 7 000 000	-
11	7 000 000 to below 8 000 000	-

Template EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)

Bank RON thousand	Management body remuneration			Business areas						Total
	MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	
1 Total number of identified staff										113
2 Of which: members of the MB	9	7	16							
3 Of which: other senior management				13	3	-	9	9	-	
4 Of which: other identified staff				17	12	-	1	33	-	
5 Total remuneration of identified staff	2,236	24,054	26,290	19,143	8,896	-	8,223	20,348	-	
6 Of which: variable remuneration	-	4,918	4,918	3,321	1,149	-	1,156	3,058	-	
7 Of which: fixed remuneration	2,236	19,136	21,372	15,822	7,747	-	7,067	17,291	-	

In Raiffeisen Bank S.A., the recruitment policy for the selection of members of the management body sets the criteria and the procedure according to which it needs to be assessed the compatibility of the proposed/ appointed members of the management body, also for those who fulfill the key positions.

The Bank Fit & Proper Policy sets the principles regarding the qualification and the experience including the process, the criteria and the minimum assessment requirements of the suitability of the individuals, as members in the management body or those entitled with the key positions in order to ensure the framework for a robust governance and an adequate supervision of this process within the financial institution, in accordance with the local legal provisions (NBR Regulation no 5/ 2013 regarding the prudential requirements of the credit institutions with subsequent amendments, NBR Regulation no. 12/2020 regarding the authorization of credit institutions and changes to their situation).

Also, the policy defines the measures to be applied in the situations when these persons are not compatible with the positions and how the permanent compatibility to be assured.

Because of the EBA adviser and NBR Regulation no 5/ 2013 enclose mentions regarding the importance of the diversity at the superior management level, additional versus the standard set of the compatibility criteria set regulated through the policy on the qualification and experience, we are aware on the gender, cultural, education, experience differences of the superior management members can bring more value to our organization.

Taking into account the current structure of the management body, we mention the diversity principle regarding the gender, it was applied by the appointment of Mrs. Anca Ioan and Mrs. Ana Maria Mihaescu in the Supervisory Board of the Raiffeisen Bank S.A.

21. Article 451 CRR Leverage

Within the framework of CRR and in addition to the Total Capital requirements the leverage ratio was implemented as a new instrument to limit the risk of excessive indebtedness.

According to Article 429 CRR, the leverage ratio is the ratio of capital to the leverage exposure. This means Tier 1 capital in relation to unweighted exposure on and off the statement of financial position.

Description of the processes used to manage the risk of excessive leverage

As part of the recurring internal risk reporting, Raiffeisen Bank S.A. monitors the development and value of the leverage ratio according to CRR, as part of ICAAP process.

Description of the factors with impact on the leverage ratio during the reference period

As at December 31, 2023 the leverage ratio of Raiffeisen Bank S.A. amounted to app 8.7%, as follows (values in RON thousand):

EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

Summary of accounting assets and exposures reconciliation for calculation of the leverage ratio indicator		Group RON thousands
1	Total assets as per published financial statements	70,777,845
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	-
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-
4	(Adjustment for temporary exemption of exposures to central bank (if applicable))	-
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with point (i) of point (i) of Article 429a(1) CRR)	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustment for eligible cash pooling transactions	-
8	Adjustments for derivative financial instruments	3,855
9	Adjustment for securities financing transactions (SFTs)	-
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	3,701,228
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-
EU-1 1a	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-
EU-1 1b	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (j) of Article 429a(1) CRR)	-
12	Other adjustments	(229,264)
13	Leverage ratio total exposure measure	74,253,664

EU LR2 - LRCom: Leverage ratio common disclosure

Presentation of common information regarding leverage effect indicator		Group RON thousands	
		2023 Q4	2023 Q2
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	70,115,302	66,169,817
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-	-
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(General credit risk adjustments to on-balance sheet items)	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	(229,264)	(184,140)
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	69,886,038	65,985,677
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	49,483	45,183
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-	-
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	3,855	5,035
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	-	-
EU-9b	Exposure determined under Original Exposure Method	-	-
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original exposure method)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	Total derivatives exposures	53,338	50,218
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	746,454	841,982
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	Counterparty credit risk exposure for SFT assets	-	-
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	-	-
17	Agent transaction exposures	-	-
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	-	-

		Group RON thousands	
		2023 Q4	2023 Q2
Presentation of common information regarding leverage effect indicator			
18	Total securities financing transaction exposures	746,454	841,982
19	Off-balance sheet exposures at gross notional amount	20,526,254	21,504,144
20	(Adjustments for conversion to credit equivalent amounts)	(16,958,420)	(17,193,245)
21	(General provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	-	-
22	Off-balance sheet exposures	3,567,834	4,310,899
EU-22a	(Exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-	-
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a (1) CRR (on and off balance sheet))	-	-
EU-22c	(Excluded exposures of public development banks - Public sector investments)	-	-
EU-22d	(Excluded promotional loans of public development banks: - Promotional loans)	-	-
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))	-	-
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	-	-
EU-22g	(Excluded excess collateral deposited at triparty agents)	-	-
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	-	-
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	-	-
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	-	-
EU-22k	(Total exempted exposures)	-	-
23	Tier 1 capital	6,435,027	5,969,597
24	Leverage ratio total exposure measure	74,253,664	71,188,775
25	Leverage ratio	8.67 %	8.39 %
EU-25	Leverage ratio (without the adjustment due to excluded exposures of public development banks - Public sector investments) (%)	8.67 %	8.39 %
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	8.67 %	8.39 %
26	Regulatory minimum leverage ratio requirement (%)	3.00 %	3.00 %
EU-26a	Additional leverage ratio requirements (%)	0.00 %	0.00 %
EU-26b	out of which: CET1	0.00 %	0.00 %
27	Required leverage buffer (%)	0.00 %	0.00 %
EU-27 a	Global requirement for Leverage ratio	0.00 %	0.00 %
EU-27b	Choice on transitional arrangements for the definition of the capital measure	yes	yes
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	989,380	844,333
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	746,454	841,982
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	74,496,590	71,191,127
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	74,496,590	71,191,127
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	8.64 %	8.39 %
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	8.64 %	8.39 %

Description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers

The Leverage ratio increase from 8.39% at June 30, 2023 to 8.64% is linked to increase of Tier 1 level by 8% due to June 2023 profit incorporation.

EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

Group RON thousand	Amount
Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	70,115,302
Trading book exposures	177,901
Banking book exposures, of which:	69,937,401
Covered bonds	-
Exposures treated as sovereigns	23,632,116
Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	1,796,964
Institutions	1,527,139
Secured by mortgages of immovable properties	504,263
Retail exposures	19,331,979
Corporate	17,759,977
Exposures in default	232,259
Other exposures (eg equity, securitisations, and other non-credit obligation assets)	5,152,704

22. Article 452 CRR Use of the IRB approach to credit risk

A. Approaches or transition arrangements approved by the competent authorities

A.1. Internal Ratings Based Approach (IRB)

Raiffeisen Bank S.A. calculate risk-weighted exposure amounts using the Internal Ratings Based Approach IRB, except the following type of exposure for which an approval was received to apply Permanent or Temporary Standardized Approach:

A.2. STD Permanent Partial Use (STD-PPU)

According to art. 150 CRR, for the following exposure classes, the bank meets the criteria to used STD-PPU:

- Exposures to central governments or central banks, expressed in the currency of the state (EU member state);
- Exposure to International Organisations;
- Exposures to multilateral development banks;
- Exposures rated by the Local and Regional Governments (LRG) rating model;
- Exposure to subsidiary Raiffeisen Leasing IFN S.A.;
- Exposures to public sector entities, including churches and religious communities;
- Retail exposures related to non-retail clients, car purchase loans, those who benefit from exposures in the form of guarantee letters, or personal needs loans from the portfolio acquired from Citibank in 2013.

The application of the Permanent Standard Approach for these exposure classes is due to the limited number of counterparties and the implementation of a rating system for those counterparties constitutes an excessive effort for the bank, or due to membership in small operational units, exposure classes or exposure types that are not significant in terms of size and risk profile.

A.3. STD Temporary Partial Use (STD-TPU)

Retail exposures, represented by the portfolios of Professionals clients (from the Micro portfolio), and Aedificium Banca pentru Locuinte portfolio have the approval to temporarily use the standard approach, until approval to use IRB approach is granted.

For the above presented portfolios, starting with 2023 IRB method is applied taking into consideration the following:

- As part of the IRB Repair Program, after the implementation of the New Default Definition, all statistical models for Micro portfolio were subject to redevelopment – new models cover all Micro portfolio (including Micro Professionals). The new models were approved in 2022 and implemented in Q1 2023.
- TPU application for "Aedificium - Banca pentru Locuinte" was submitted and rollout plan to IRB was approved – IRB approach for all ABL exposure was applied starting with Q2 2023

EU CR6-A – Scope of the use of IRB and SA approaches

Group RON thousands	Exposure value as defined in Article 166 CRR for exposures subject to IRB approach	Total exposure value for exposures subject to the Standardised approach and to the IRB approach	Percentage of total exposure value subject to the permanent partial use of the SA (%)	Percentage of total exposure value subject to IRB Approach (%)	Percentage of total exposure value subject to a roll-out plan (%)	
1	Central governments or central banks	–	27,101,063	100 %	0 %	0 %
1.1	<i>Of which Regional governments or local authorities</i>	–	–	0 %	0 %	0 %
1.2	<i>Of which Public sector entities</i>	–	–	0 %	0 %	0 %
2	Institutions	2,199,522	4,750,072	54 %	0 %	46 %
3	Corporates	17,458,824	18,357,100	5 %	0 %	95 %
3.1	<i>Of which Corporates - Specialised lending, excluding slotting approach</i>	–	–	0 %	0 %	0 %
3.2	<i>Of which Corporates - Specialised lending under slotting approach</i>	2,807,347	2,807,347	0 %	0 %	100 %
4	Retail	20,120,669	20,594,666	2 %	0 %	98 %
4.1	<i>of which Retail – Secured by real estate SMEs</i>	119,404	119,404	0 %	0 %	100 %
4.2	<i>of which Retail – Secured by real estate non-SMEs</i>	7,137,754	7,149,048	0 %	0 %	100 %
4.3	<i>of which Retail – Qualifying revolving</i>	3,913,816	3,913,816	0 %	0 %	100 %
4.4	<i>of which Retail – Other SMEs</i>	1,115,169	1,559,399	28 %	0 %	72 %
4.5	<i>of which Retail – Other non-SMEs</i>	7,834,525	7,843,783	0 %	0 %	100 %
5	Equity	219,607	219,607	0 %	0 %	100 %
6	Other non-credit obligation assets	2,281,132	3,060,550	25 %	0 %	75 %
7	Total	42,279,755	74,083,058	43 %	0 %	57 %

B. Structure of the internal rating systems

External ratings are applied directly only for securitization items.

For all other items, an already existing external rating does not replace an internal rating and thus does not cancel the general obligation to create an internal rating. External ratings are not used as a model input factor in any rating model; they are solely used for the purpose of comparing them with internal ratings. When a rating is determined, external ratings and their documentation are viewed solely as additional information.

The comparison of external ratings against internal ratings in mapping tables is a central element particularly in the validation of low-default portfolios.

Below is a summary table on the exposure classes and the used rating methods for each:

Exposure class	Rating model						CIU PI Mic
	CORP	LCO	SMB	SLOT	INS	FIN	
Retail							X
Central banks and central governments							
Public sector entities and non-commercial organizations	X	X					
Financial institutions						X	
Corporate	X	X	X		X	X	X
Specialised Lending				X			
Private (non-retail)	X	X					
Equity exposures	X	X			X	X	

PI: Private individuals (retail), Micro SME: Small and medium enterprises, CORP: Corporate/Companies, LCO: Large companies, SMB: Small and medium business, SLOT: Specialised Lending, INS: Insurance companies, FIN: Financial institutions, CIU: Collective investment undertakings.

B.1 Use of internal estimates

Under the IRB approach, internal risk-parameter estimates are used not only to calculate capital requirements but are an essential part of credit decisions and credit management processes and also determine the standard risk costs, profitability assessment and economic capital (Internal Capital Adequacy Assessment Process (ICAAP)).

B.2 Control mechanism for rating systems

The non-retail rating models are annually validated by the Rating Model Validation Department within Raiffeisen Bank International. The rating systems are reviewed using prescribed validation tests comprising the following methods:

- Assessment of the documentation of the rating models
- Assessment of the assumptions underlying the rating models (model design)
- Assessment of the data used for validation (data quality)
- Assessment of the application of rating results
- Distribution analyses (on rating classes)
- Review of the discriminatory power of the final rating
- Assessment of the discriminatory power of the individual rating inputs and in certain sub-portfolios
- Comparison of the predicted and observed default rate (backtesting)
- Assessment of the stability of the rating model
- Calculation of the migration matrices and their analysis
- Review of the relationship between internal and external ratings (benchmarking)

Retail rating models are initially and periodically validated locally in the Model and Validation Committee, and afterwards in the Validation Committee at RBI level. The independence of development and validation functions is ensured by the existence of two separate entities within the Retail Risk Division. The role of the reviewer belongs to members of the Credit Risk Methodology and Validation Department, whereas the role of the developer belongs to the Model Development team.

The mechanism used in initial validation process entails checking of all aspects that are used and result in the modelling process, such as data quality, correctness of codes used in development, quantitative and qualitative information which impacts historical evolutions, but also the performance of resulting models, in line with the initial validation concept applicable for retail exposures.

In case of periodic validation, such aspects that have been previously mentioned are also checked, and statistical tests/validation methodologies are applied accordingly to the applicable periodic validation concept for retail exposures.

The Non Retail rating models are independently validated by the Model Validation Department. Department 'Rating Model Development' within Raiffeisen Bank International is responsible for: annual estimation of the probability of default in case of all Non Retail rating models, development and re-development of the Non Retail rating models, monitorization and implementation of the actions proposed by Rating Model Validation Department. Rating Model Validation Department is responsible for preparation of the annual validation, quarterly monitorization of the rating models performance, initial validation of the new developed or re-developed models. Complementary to the annual validation process, the Local Validation Process aims to assess the performance of the models on the local portfolio. Non Retail rating models are periodically validated locally in the Model and Validation Committee.

B.3 Description of the internal rating process

B.3.1 General information

A client is assigned to a certain rating method based on the exposure class at the time the rating is determined. This mapping between the client's exposure class and the adequate rating model is a fixed part of the rating databases, which document the individual steps in the creation of a rating along with the rating process itself.

In all rating models, the strict "four-eyes principle" (dual control) applies to the determination of the rating. Compliance is documented in the rating databases. All individuals and committees involved in the rating process must be recorded in that database.

Clients classified as equity exposures are subject to the same rating model as clients classified as corporate or institutional exposures depending on client type. Risk-weighted exposure amounts are determined for these items using the PD/LGD method.

B.3.2 Rating corporates

Scope of application

Corporate clients are either allocated to Large Corporates, Corporates or the SMB rating model. The split between the Corporates and the SMB model is based on country specific thresholds for two criteria: "corporate client's turnover" and "exposure to bank". The split between Corporate and Large Corporate customers is based on thresholds for "total revenues" and "total assets", both of which have to be exceeded by Large Corporates.

Development and objective

The Corporates rating model was developed by experts using internal data and state-of-the-art statistical methods as well as expert opinions of rating analysts.

Quantitative and qualitative factors are statistically combined to obtain a comprehensive assessment of the client's creditworthiness.

Rating model

The Corporates rating model has essentially two components:

Quantitative analysis

The model is based on the assessment of the corporate client's financial data. The quantitative variables as well as their weights have been estimated statistically with the aim to maximize discriminatory power over a one year horizon.

Qualitative analysis

The qualitative model uses a set of key questions, which are answered by the analyst. The questions are operationalized to a high extent so as to assure an objective assessment. The qualitative variables and their weights as well as the weights of the answers have been statistically estimated to maximize predictive power over a one year horizon.

The two module scores are statistically combined to a total score which also include differentiation on industry, region, availability of the quantitative or qualitative information. The quality of financial information, the ownership support, and the recent development and forecast/projections are also considered in the final score.

The corporate client's rating ultimately emerges from the optimal combination of the quantitative and qualitative assessments and possible warning signals. The Corporates rating model differentiates risk depending on the industry sector and the country of risk of the customer.

Rating model output

The Corporates rating model results in a rating grade on a 27 grade scale which is assigned a certain probability of default.

This client rating is an essential factor in the loan decision and significantly influences the terms granted to the customer. The rating subsequently serves as the basis for determining capital adequacy.

Rating process

The customer relationship manager obtains the financial data and supplementary information required for the rating. He then forwards these documents to the rating expert along with a request that the expert determines a rating. From this point on, the customer relationship manager has no direct influence on the determination of the rating.

The input data are recorded and processed in the Corporates rating model solely by the rating expert. The process outcome is the issuance of a rating and thus an assignment of the client to an internal risk class. Ratings created in this manner are then documented in the rating database.

The rating analyst bears final responsibility for the rating and must critically assess the corporate client's financial data as well as relevant soft facts. Where necessary, the rating expert can adjust the rating to ensure a correct and fair assessment of the corporate client's creditworthiness.

B.3.3 Rating model Large Corporations

Scope of application

The split between Corporate and Large Corporate customers is based on thresholds for "total revenues" and "total assets", both of which have to be exceeded by Large Corporates.

Development and objective

The Large Corporates rating model was developed by experts using external rating and balance sheet data, internal data available and state-of-the-art statistical methods as well as expert opinions of rating analysts.

Quantitative and qualitative factors are combined to obtain a comprehensive assessment of the client's creditworthiness.

Rating model

The Large Corporates rating model has essentially the following components:

Quantitative analysis

The model is based on the assessment of the corporate client's financial data. The quantitative variables as well as their weights have been estimated statistically with the aim to maximize discriminatory power over a one year horizon.

Qualitative analysis

The qualitative model uses a set of key questions, which are answered by the analyst. The questions are operationalized to a high extent so as to assure an objective assessment.

Country risk factor based on rule of law from World Bank

The module scores including Rule of Law/Country risk factor are combined to a total score. The quality of financial information, the ownership support, and the recent development and forecast/projections are also considered in the final score. The corporate client's rating ultimately emerges from the optimal combination of the final score and possible warning signals. The Large Corporates rating model differentiates risk depending on the industry sector and the country of risk of the customer.

Rating model output

The Large Corporate rating model results in a rating grade on a 27-grade scale, which is assigned a certain probability of default.

This client rating is an essential factor in the loan decision and significantly influences the terms granted to the customer. The rating subsequently serves as the basis for determining capital adequacy.

Rating process

The customer relationship manager obtains the financial data and supplementary information required for the rating. He then forwards these documents to the rating expert along with a request that the expert determines a rating. From this point on, the customer relationship manager has no direct influence on the determination of the rating.

The input data are recorded and processed in the Large Corporates rating model solely by the rating expert. The process outcome is the issuance of a rating and thus an assignment of the client to an internal risk class. Ratings created in this manner are then documented in the rating database.

The rating analyst bears final responsibility for the rating and must critically assess the corporate client's financial data as well as relevant soft facts. Where necessary, the rating expert can adjust the rating to ensure a correct and fair assessment of the corporate client's creditworthiness.

B.3.4 Rating model Small and Medium Enterprises (SMEs)

Scope of application

Corporate clients are allocated to either the Corporates or the SMB rating model according to the given country's threshold and based on two criteria: "corporate client's sales turnover" and "exposure to bank".

Development and objective

The SMB rating model was developed by experts using internal data, state-of-the-art statistical methods as well as expert opinions of rating analysts.

Quantitative, qualitative and behavioral factors are statistically combined to obtain a comprehensive assessment of the client's creditworthiness.

Rating model

The SMB rating model has three components:

Quantitative analysis

This rating model is based on the client's financial data. The quantitative rating is determined from financial ratios selected statistically based on strong predictive power.

Qualitative analysis

The qualitative model uses a set of parameters which are answered by the analyst. The questions are operationalized to a high extent so as to assure an objective assessment. The qualitative variables and their weights have been statistically estimated to maximize predictive power over a one year horizon.

Behavioral analysis

In the behavioral component, information from SMB clients' current accounts, loans and leasing products is evaluated. Data is delivered automatically and in a monthly frequency for rating evaluation.

The SMB client's rating ultimately emerges from the combination of the quantitative, qualitative and behavioral assessments, and allocates the client to the correct rating grade.

Rating model output

The SMB model rating results in a rating grade on a 27-grade scale, which is assigned a certain probability of default. This client rating is an essential factor in the loan decision and significantly influences the terms granted to the customer.

Rating process

The rating analyst bears final responsibility for the correctness and validity of all input data (financials or qualitative factors) used in the rating process and must critically assess the SMB client's financial data as well as relevant soft facts.

The rating assignment can be automated, resulting in a system-approved rating if all necessary financial information is available.

In the manual rating process the calculated rating is confirmed by the risk department in keeping with the "four-eyes principle" (dual control). Where necessary, the rating expert can adjust the rating to ensure a correct and fair assessment of the SMB client's creditworthiness.

B.3.5 Rating model Banks and Financial Institutions

Scope of application

The rating model for banks and bank-like institutions is applied when the creditworthiness of FI counterparties is assessed. The rating is a central element in the decision on whether or not to grant credit.

Development and objective

The rating model for banks and bank-like institutions was revised in 2022. The revised rating model received regulatory approval in February 2023 and since May 2023 it is used in all risk management processes.

The rating model for banks and bank-like institutions was statistically developed by experts using internal data applying the same best practice methodology as was used for developing the corporate rating models. During the development process close cooperation with the rating analysts was maintained.

The structure of the revised rating model for banks and bank-like institutions was chosen to be consistent with approaches used by external rating agencies.

The rating is created in three steps:

1. Viability rating (i.e. stand-alone view or rating before considering of support). Quantitative factors (e.g. balance sheet ratios), qualitative factors and the risk of the financial sector are statistically combined in the rating before considering support.
2. Risk classification (i.e. rating after considering of support). In the support module ownership support and/or systemic support are assessed with respect to ability and willingness to provide support. Based on this assessment and following a strict logic the viability rating can be improved leading to the risk classification rating.

3. Final rating (after consideration of Country Ceiling). In order to take into consideration the transfer risk of cross-border transactions, a country ceiling is applied.

Rating model

The rating model for banks is subdivided into the following modules (or risk functions): the quantitative modules, the qualitative modules, the financial sector risk assessment and the support module.

The following aspects are assessed in the quantitative module using ratios derived from the financial statements:

- Profitability
- Asset Quality
- Liquidity
- Balance Sheet Metrics
- Income Structure

The following aspects are assessed in the qualitative module using a questionnaire with standardized possible answers:

- General & Business Position
- Asset Quality
- Funding & Liquidity
- Capitalization
- Profitability
- Outlook

The financial sector risk assessment (FiSRA) is designed to assess the riskiness and instability of the business and economic environment the client has to operate in. The module is based on macroeconomic inputs.

The quantitative module and the qualitative module together with the FiSRA module lead to the viability rating, i.e. the stand-alone (or before support) assessment of the client's creditworthiness. In the support module ownership support and/or systemic support are assessed in terms of willingness and ability to support. Depending on the results from the support module and following a fixed logic the viability rating can be improved by some notches or grades to yield the risk classification rating. In order to take into consideration the transfer risk of cross-border transactions, a country ceiling is applied.

Rating model output

The rating model for banks and bank-like institutions results in a rating grade on a 27-grade scale (the same 27-grade scale as is used for the Corporate rating models) which is assigned a certain probability of default.

During the process of rating the client, the analyst writes an analysis text containing the essential background details, basic information and qualitative assessments of the counterparty.

The rating of the client is an essential factor in the loan decision and significantly influences the terms granted. The rating subsequently serves as the basis for determining capital adequacy.

Rating process

The first rating for banks and bank-like institutions is determined when a relationship is established with a new client. Every active client is rated once a year and/or after circumstances become known that lead to a rating change.

The rating analyst bears final responsibility for the rating and must critically assess the client's financial data as well as all relevant soft facts. If necessary, the rating expert can adjust the rating to ensure an appropriate assessment of the client's creditworthiness.

B.3.6 Rating model Insurance Companies

Scope of application

The rating model for insurance companies and undertakings similar to them is applied to assess the creditworthiness of these companies and undertakings and is a central element in the decision on whether or not to grant credit.

Development and objective

The model was developed in-house in 2002 based on the experience gained from the banking model already in use since the mid-1990s. The model is applied uniformly worldwide to all insurance companies and undertakings similar to them. The quantitative section of the model is based on a benchmark system and qualifies as an expert model.

Rating model

The rating model for insurance companies is divided into the following sections: the quantitative section, the qualitative section and risk assessment. The ratios applied to life and to non-life insurance differ, as do the weightings.

The following parameters are reviewed in the quantitative section:

- Income
- Premium structure
- Capitalization and solvency
- Actuarial provisions
- Liquidity

The qualitative section assesses the company's environment and background information based, for example, on the following parameters:

- Owners and their creditworthiness
- Probability of internal and external support
- Changes in the legal environment
- General economic risk in the local market and in the local insurance market
- The position of the insurance company within the insurance sector

To estimate risk, the risk of the activities conducted by the insurance carrier is assessed based on activity type, the balance sheet and income structure of the activities, and the dependence of the activities on the economic and social environment.

Rating model output

The model has ten notches (nine non-default notches and one default notch). Parallel to scoring, the analyst produces an analysis text containing the essential background details, basic information and qualitative assessments of the client.

Rating process

The initial rating is determined when a relationship is established with a new client. Every active client is rated once a year and/or after circumstances that lead to a rating change become known.

B.3.7 Rating model Collective Investment Undertaking (CIU)

Scope of application

The rating model for CIUs is applied when the creditworthiness of fund counterparties is assessed. The rating is a central element in the decision on whether or not to grant credit.

Development and objective

CIU rating model was developed in 2006. The model is applied uniformly for funds worldwide, taking especially into consideration the special regulations for funds regulated under EU directive (UCITS funds).

The CIU rating is a credit risk rating, not an investment rating. The objective of the rating is to estimate the credit risk of counterparties which are organized in the legal or organizational structure of a Collective Investment Undertaking.

Rating model

The model has two components: quantitative scoring and qualitative scoring. In quantitative scoring, the scores are automatically calculated for the individual indicators based on benchmarks. The analysts assign qualitative scores manually with the aid of a scoring manual.

Rating model output

The model has ten notches (nine non-default notches and one default notch). Parallel to scoring, the analyst writes an analysis text containing the essential background details, basic information and qualitative assessments of the counterparty.

Rating process

The initial rating for CIUs is determined when a relationship is established with a new client. Every active client is rated once a year and/or after circumstances that lead to a rating change become known.

B.3.8 Rating model Specialized Finances

Scope of application

The term "specialized lending" as used in the EU Directive refers to structured financing and is a segment in the Corporates client class. This segment is differentiated from corporates in the narrower sense using the criteria defined in the EU Directive:

- Financing of assets
- Control over and access to the cash flow generated by the asset
- Control over and access to the asset itself
- The source of repayment of a project loan must be predominantly based on the cash flows generated by the assets (at least 80% over the maximum acceptable loan term), rather than on the cash flows produced by a broadly operating company.

The rating model has the following sub-modules:

- Real estate finance
- Project finance

Development and objective

The model applies what is referred to as the "slotting criteria" approach. That means the projects are classified in five risk classes specified under law. These risk classes do not substantively denote probabilities of default but rather a combination of economic performance (PD) and the situation of the bank as regards collateral (LGD).

Rating model

The rating model is fully in compliance with Regulatory Technical Standards (RTS) for Specialized Lending:

- All required Factors and Sub-factors are implemented in the model and must be answered to calculate the rating;
- Weights assigned to Factors and Sub-factors are compliant with RTS limitations (5%-60%);
- Cash flow projection parameters and financed asset parameters are part of the rating information.

Rating model output

Rating slot is assigned based on answers to the Factors and Sub-factors questions, in compliance with RTS. Weights for each Factor/Sub-factor were set internally.

Rating process

The product advisor/customer relationship manager proposes a rating. The "four-eyes principle" (dual control) applies, so the risk manager with rating responsibility is entitled to confirm the rating suggested by the advisor or to suggest another one. The rating tool shows both suggestions: the product advisor's and the risk manager's.

If the product advisor and risk manager suggested different ratings and fail to reach agreement on the rating, the rating suggested by the risk manager applies. However, the product advisor can initiate an "escalation process", which can culminate in an overruling of the rating by the Chief Risk Officer (CRO).

B.3.9 Rating model for retail exposures (individuals and Micro companies)

Scope of application

The scoring model is used in Raiffeisen Bank S.A. to assess the creditworthiness of retail counterparts and SME (Micro) counterparts with standard products for retail exposures; retail exposures are present in all 3 sub-segments, i.e. retail exposures secured by real estate, renewable retail exposures and other retail exposures. The score is the decision-maker in the lending process.

Development and objective

The Retail Scoring Models were originally developed between 2005 and 2007 by Raiffeisen Bank S.A. in cooperation with The RBI Group or external experts. Depending on the performance of the models, which reflect both the structure of the acquisition and the evolution of the macro-economic framework, they have been redeveloped over time.

Given the go-live of new default definition in November 2019 and the update of EBA guidelines on parameter estimation methodology, all retail credit risk models are subject to redevelopment and were implemented in production in 2023, after regulatory approval is granted.

Since December 2013, the bank has received approval to use the results of the rating model to determine capital requirements. Rating models were developed based on local data. The responsibility for developing risk models lies with the Model Development team.

Rating model (PD, LGD and CF)

The probability of default (PD) rating system is based on the score of each individual exposure and the corresponding calibration function. For each of the products, performance is assessed either by using the associated application score or the behavior score, depending on the age of the exposure in the portfolio. All exposures with less than 6 MOB are assessed using application score, and for the others, behavior score is used.

Loss given default (LGD) is determined at portfolio level for both unsecured products in PI as well as for Micro clients. For secured products, allocation to an LGD rating grade is based on the segmentation in default/non-default and each individual value of LGD and of the expected recovery rate. Collateral used in LGD estimation is compliant with the eligibility criteria in CRR.

Conversion factors (CF) are determined at the level of each exposure, based on the risk segment it belongs to, according to the CF model. Conversion factors estimation is performed for qualifying revolving exposures, by incorporating all relevant data and methodologies for this purpose. The estimation process output is an individual value of CF, which is applied to each individual exposure in the scope of the model, for the purpose of risk weighted assets calculation.

Risk parameters are re-estimated on a regular basis, to capture recent portfolio evolution. Obtained results and utilised methodologies during the estimation process are rigorously documented and undergo the validation process, in order to determine whether they remain appropriate for the current portfolio and external conditions.

Besides the calculation of the risk weighted asset calculation, internal estimates are used when reporting to the Group, in the calculation of economic capital and the usual business processes (selection of the clients based on pre-defined criteria).

Rating model output

The result of the scoring system is calibrated on a ten rating scale class, default class included.

Scoring process

Scoring for private individuals and Micro have been developed locally, based on Raiffeisen Bank's available data, internally and externally. The departments responsible with clients first perform a pre-scoring when the client initially applies for the loan. Pre-scoring becomes score once all the necessary data is checked and finalized.

For all active clients, scoring is updated after 6 months, based on client's payment behaviour.

Neither the analyst nor another authority in the Group can modify the final score produced by the model.

B.4 Definitions, methods and data used to estimate and validate the probability of default

The estimation of the default probabilities for a period of 12 months is based on the definition used internally for the default status, which represents a specific implementation of the default definition according to Basel II. The following concrete elements are taken into account regarding the default status:

D1 – Bankruptcy/Insolvency:

This indicator is to be used when:

- a. The bank or the lead manager of a credit consortium starts bankruptcy / insolvency or similar proceedings against the customer or undertakes to start out-of-court negotiations about settlement of debt.
- b. A business contact of the customer (not related to the bank/lead manager) starts bankruptcy / insolvency or similar proceedings against the customer or undertakes to start out-of-court negotiations about settlement of debt and the bank (consortium) is subject to a payment default. If it is not possible for any member of RBI Group to recognize the start of these proceedings when a third party starts them, the actual opening of the bankruptcy / insolvency shall be taken as the default indicator.
- c. The obligor filed for bankruptcy/insolvency or similar protection where this would avoid or delay repayment of the credit obligation to the bank (consortium).
- d. Other type of arrangement is treated as an order or as a protection similar to bankruptcy, taking into account all relevant legal frameworks as well as the following typical characteristics of such protection:

- the protection scheme encompasses all creditors or all creditors with unsecured claims;
 - the terms and conditions of the protection scheme are approved by the court or other relevant public authority;
 - the terms and conditions of the protection scheme include a temporary suspension of payments or partial redemption of debt;
 - the measures involve some sort of control over the management of the company and its assets;
 - if the protection scheme fails, the company is likely to be liquidated.
- e. All types of arrangements (insolvency proceedings) listed in Annex A to Regulation (EU) 2015/8485 are to be treated as an order or as a protection similar to bankruptcy.

D2 – Direct write-off:

Claims against customers are (partially) written off where specific provisions for the customer have not been made. Write-off occurs when it is no longer expected that a credit obligation can be collected in full.

D3 – Claim written-off against provisions:

Claims towards a non-retail customer are (partially) written off against previously created specific provisions. This default classification has only to be applied for provisions built in the past, as assigning an Individual Loan Loss Provision (ILLP) is a default trigger for itself.

D4 – Loan/facility called:

A loan/facility to a non-retail customer is accelerated/called immediately due before the scheduled maturity because the bank expects an economic loss.

D5 – Distressed Restructuring:

According to the article 178(3)(d) CRR, distressed restructuring are measures that are likely to result in a diminished financial obligation caused by the material forgiveness or postponement of principal, interest or (where relevant) fees.

In order to be consistent with the supervisory reporting framework it has been specified in the Guidelines EBA/GL/2016/07 on the application of the definition of default that **distressed restructuring** has to be considered to have occurred when concession/ forbearance measures in combination with a loss expectation (detected by an impairment test) has been granted towards a debtor.

The assessment of whether the financial obligation has diminished has to be calculated according to the following formula, and has **not to be higher than 1%**:

$$D \{0\} = (NPV \{0\} - NPV \{1\}) / NPV \{0\}$$

where:

D {0} is the % of the diminished financial obligation

NPV {0} is net present value of cash flows (including unpaid interest and fees) expected under contractual obligations before the changes in terms and conditions of the contract discounted using the customer's original effective interest rate;

NPV {1} is net present value of the cash flows expected based on the new arrangement discounted using the customer's original effective interest rate.

For the purposes of unlikeliness to pay as referred to in point (d) of Article 178(3) of Regulation (EU) No 575/2013, for each distressed restructuring, at the moment of decision for extension of a forbearance measure, the diminished financial obligation has to be calculated and compared with the threshold as defined above. Where the diminished financial obligation is higher than this threshold, the exposures must be considered defaulted.

Any concession extended to an obligor already in default leads to classify the obligor as a distressed restructuring.

Where any of the modifications of the schedule of credit obligation is the result of financial difficulties of an obligor, it has to be assessed whether a distressed restructuring has taken place and whether an indication of unlikeliness to pay has occurred.

D6 – Interest payment cancelled:

The obligor is unlikely to pay where interest related to credit obligations is no longer recognised in the income statement due to the decrease of the credit quality of the obligation. In this case the bank no longer charges the customer interest (all or part) for the open claims towards the customer. This is independent of the time frame given for not paying interest (this can be either for a pre-defined period or without deadline but based on certain events).

D7 – Claim sold with losses:

The credit institution sells the credit obligation at a material credit-related economic loss which should not be higher than 5%.

D8 – Overdue more than 90 days payment:

The debtor has overdue in paying by more than 90 days for any material obligation from loans to the Bank or to any of the units of the RBI group according to the materiality threshold of 1% and RON 1,000.

The counting of the DPD starts only when the total value of the overdue amounts exceeds the materiality threshold detailed above (cumulative condition on the 2 absolute and relative values). If the overdue amounts are partially or fully reimbursed so that this materiality threshold is no longer met, then the DPD is reset to 0. Only if the conditions of exceeding the materiality threshold are met again, the counting resumes from 0.

D9 – License withdrawn:

Occurs when the license of a Financial Institution is withdrawn by the competent authorities, equivalent to the initiation of insolvency / bankruptcy proceedings for a normal non-retail client.

D10 – Payment moratorium:

Occurs when a moratorium on all external payments is imposed by local authorities and the counterparts of the State and Public Institutions can no longer transfer funds abroad.

D11 – Expected economic loss:

D11 is a general default classification where an economic loss for the Bank is expected.

D11 also includes the event of "value adjustment resulting from a significant perceived decline in credit quality subsequent to the credit institution taking on the exposure".

Moreover, EBA regulates in article 58 EBA/GL/2016/07 that institutions should specify in their internal policies and procedures also other additional indications of unlikelihood to pay of an obligor, besides those specified in Article 178(3) of Regulation (EU) No 575/2013. The Bank applies the indicators specified by the regulator based on internal or external information as follows:

On the basis of internal information

- a borrower's sources of recurring income are no longer available to meet the payments of installments;
- there are justified concerns about a borrower's future ability to generate stable and sufficient cash flows;
- the borrower's overall leverage level has significantly increased or there are justified expectations of such changes to leverage;
- the borrower has breached the covenants of a credit contract;
- the institution has called any collateral including a guarantee;

On the basis of external information

- significant delays in payments to other creditors have been recorded in the relevant credit register;
- a crisis of the sector in which the counterparty operates combined with a weak position of the counterparty in this sector;
- disappearance of an active market for a financial asset because of the financial difficulties of the debtor;
- an institution has information that a third party, in particular another institution, has filed for bankruptcy or similar protection of the obligor.

D11 includes also cases where financial asset was purchased or originated by bank at a material discount. In this case it must be assessed whether that discount reflects the deteriorated credit quality of the obligor and whether there are any indications of default. The assessment of unlikelihood to pay refers to the total amount owed by the obligor regardless of the price that the institution has paid for the asset.

D11 expected economic loss also includes confirmed credit fraud identified before any other default trigger has been recognized. Typically, when credit fraud is identified, the exposure is already defaulted. However, if the credit fraud has been identified for non-defaulted debtor, the situation has to be analysed for potential indications of unlikelihood to pay and could lead to default in case there is a loss as a result of the credit fraud driven by material delay in payment of the debtor or any other indicator of unlikelihood to pay in accordance with Article 178 of the CRR (default triggers).

It has to be considered that as default recognition is always related to 'primary source', Collateral Coverage cannot prevent a default event – i.e. default is given if economic loss is expected irrespective if an ILLP is assigned to the customer

or not. Moreover, cases when the bank is forced to realise the collateral due to the fact that the borrower is not able to meet his obligation are also to be considered as expected loss (D11) default event.

D12 – Cross default:

If a borrower has active credit relationships with several units of the RBI Group, the exposure / exposures are treated as being in a "cross default", even if only in one of the units it meets the criteria of the default definition.

The output of statistical rating models (PI, Micro SME, Corporate, Large Corporate, SMB and FI) is an individual probability of default (PD) on a scale of 0% to 100% allocated to each client. PDs are recalibrated based on average long-term default rates (DRs), including potential adjustments. Based on this PD, clients are assigned to rating classes; minimum and maximum limits for the probability of default are defined for each rating class. Only one representative PD value for each rating class shall be used for the calculation of risk-weighted assets.

For low-default portfolio Insurance Companies – which have a very small number of default cases, default information from Moody's Credit Risk Calculator is used since January 1983. These data are adjusted to reflect in a prudent manner the specifics of the Bank's portfolio and the history of default events.

For the low-default portfolio Collective Investment Undertakings the probabilities of default for a period of 12 months are estimated on the basis of internal default analysis and by applying conservative add-ons.

The quality of the process and the results of the PD estimate is checked annually in the validation process comparing the historically estimated PDs with the DRs observed at the rating class level. If this comparison does not lead to a satisfactory result, additional analyses are necessary, which can lead to the adaptation to the central tendency used, if deemed necessary.

Retail customer rating models:

Default probabilities (PD) are estimated internally. Probability of default, refers to a period of 12 months and contains an appropriate prudential margin. The estimation of default probabilities for a period of 12 months is based on the internal definition of default.

Default definition is described in the internal Default Definition Policy for Retail and is in line with the regulation provisions of *Regulation EU no. 575/2013 (CRR)*, *EBA Guidelines on the application of the definition of default (GL on Default Definition)* and *EBA Regulatory Technical Standards on the materiality threshold of past due credit obligations (RTS on Materiality Threshold)*; *NBR regulations: Regulation no.5/2013 supplemented by provisions in Regulation no.5/2018*.

In case of retail exposures, the default status is determined based on the following types of events:

- Overdue payment for more than 90 days on any material credit obligation
- Non-accrual status
- Specific credit risk adjustment
- Sale of an exposure with a deteriorated credit quality and for which lower or no repayment of the respective outstanding is expected
- Distressed restructuring
- Bankruptcy/insolvency
- Fraud
- Death
- Cross default
- Additional unlikelihood to pay indicators

The output of statistical rating models (Micro/PF) is an individual probability of default (PD) on a scale of 0 to 1 allocated to each client or account. Each client/account in the portfolio is assessed monthly by means of a score, on the basis of which it is allocated to the corresponding rating class. The value of PD associated with the rating class shall be used for the calculation of risk-weighted assets.

The models used in the rating allocation process (scorecards, PD, LGD, CF) are validated with a quarterly frequency. Their review is carried out by the Credit Risk and Validation Methodology Department, fulfilling the condition of independence from the modeling officers, respectively the Model Development team. The review (periodic validation) of the models is carried out with an annual frequency, and the resulting documentation is subject to validation in a validation committee at both local and at RBI Group level, in designated Validation Committees.

Changes of the Retail Rating systems:

Changes of the rating systems are analyzed on a permanent basis, according to internal norms and procedures, according to Regulation no. 529/2014. Modifications that are classified as ex-post (according to the criteria from the mentioned regulation) are analyzed and notified by the Credit Risk Methodology and Validation Department, on a semi-annual basis.

Modifications that are classified as ex-ante, which require notification and /or approval of the regulation authorities prior implementation are documented and approved in the local Model and Validation Committee. Afterwards they are communicated and agreed with RBI and notified further to the regulation authorities.

In 2023 there were ex-ante notifications on the update of the behavior scoring model applicable for secured exposures. Also, integration of "Aedificium Banca pentru Locuinte" portfolio under IRB approach.

B.5. Significant deviations from the definition of default

This is not the case, the definition of default used by the Bank is in accordance with the provisions of art. 178 of the CRR, EBA guidelines on the application of the definition of default and NBR Regulation no. 5/2013, supplemented by provisions in Regulation no. 5/2018.

C. Credit exposure breakdown

EU CR6 – IRB approach – Credit risk exposures by exposure class and PD range

Group RON thousand	On-balance sheet exposures	Off-balance- sheet exposures pre-CCF	Average CCF	EAD post CRM & CCF	No of obligors	Average PD	Average LGD	RWA*	RWA Density	EL	Value adjustments and provisions
F-IRB Approach	19,914,668	16,286,309		20,119,621	6,653			12,614,321	65 %	207,004	495,268
0.00 to <0.15	1,994,451	3,716,014	9 %	2,112,896	662	0 %	49 %	567,380	27 %	684	1,058
0.15 to <0.25	5,238,664	3,370,230	18 %	5,749,391	421	0 %	46 %	2,751,887	48 %	5,133	35,636
0.25 to <0.50	634,501	3,021,164	17 %	984,741	423	0 %	41 %	503,796	51 %	1,439	3,114
0.50 to <0.75	3,075,716	2,521,323	21 %	3,178,856	624	1 %	44 %	2,384,486	75 %	9,341	42,376
0.75 to <2.50	4,535,005	2,832,026	17 %	3,851,907	1,242	1 %	44 %	3,456,395	90 %	23,079	46,051
2.50 to <10.00	1,373,077	559,900	17 %	1,058,064	624	3 %	44 %	1,086,080	103 %	13,936	21,001
10.00 to <100.00	5,478	502	18 %	5,067	2,163	18 %	44 %	7,304	144 %	394	246
100.00 (Default)	330,873	61,351	16 %	305,168	439	100 %	45 %	72	0 %	135,854	279,602
Project finance	2,726,903	203,798	0 %	2,873,531	55	0 %	0 %	1,856,923	65 %	17,144	66,184
A-IRB Approach	20,065,581	3,825,935		21,094,919	1,304,443			11,007,672	52 %	959,722	974,250
0.00 to <0.15	1,217,285	62,305	64 %	880,935	12,946	0 %	20 %	50,505	6 %	223	189
0.15 to <0.25	5,421	96,187	18 %	22,852	11,442	0 %	47 %	1,678	7 %	17	8
0.25 to <0.50	1,169,144	570,956	35 %	1,105,179	79,621	0 %	32 %	159,802	14 %	1,084	935
0.50 to <0.75	2,114,210	1,045,718	44 %	2,371,123	161,194	1 %	28 %	415,826	18 %	4,022	1,333
0.75 to <2.50	7,537,180	1,059,237	62 %	7,870,010	329,995	1 %	36 %	3,152,274	40 %	38,167	23,897
2.50 to <10.00	5,548,109	861,820	94 %	6,282,175	348,905	4 %	49 %	4,618,938	74 %	136,978	112,109
10.00 to <100.00	1,564,481	114,270	94 %	1,639,444	329,011	25 %	48 %	2,090,675	128 %	193,005	124,380
100.00 (Default)	909,751	15,443	224 %	923,201	31,329	100 %	68 %	517,974	56 %	586,226	711,399

*a regulatory maturity of 2.5 years (913 days) is used

Exposure to central governments and central banks

Group RON thousand	On-balance sheet exposures	Off-balance- sheet exposures pre-CCF	Average CCF	EAD post CRM & CCF	No of obligors	Average PD	Average LGD	RWA*	RWA Density	EL	Value adjustments and provisions
F-IRB Approach	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.00 to <0.15	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.15 to <0.25	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.25 to <0.50	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.50 to <0.75	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.75 to <2.50	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
2.50 to <10.00	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
10.00 to <100.00	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
100.00 (Default)	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
Project finance	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
A-IRB Approach	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.00 to <0.15	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.15 to <0.25	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.25 to <0.50	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.50 to <0.75	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.75 to <2.50	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
2.50 to <10.00	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
10.00 to <100.00	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
100.00 (Default)	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-

Institutions

Group RON thousand	On-balance sheet exposures	Off-balance- sheet exposures pre-CCF	Average CCF	EAD post CRM & CCF	No of obligors	Average PD	Average LGD	RWA*	RWA Density	EL	Value adjustments and provisions
F-IRB Approach	2,102,408	1,578,952	0 %	2,181,232	113	0 %	0 %	813,992	37 %	1,143	812
0.00 to <0.15	1,431,800	1,462,324	4 %	1,492,921	75	0 %	53 %	391,290	26 %	421	165
0.15 to <0.25	648,457	91,784	9 %	656,606	22	0 %	53 %	395,396	60 %	627	544
0.25 to <0.50	-	24,514	20 %	4,903	6	0 %	45 %	4,102	84 %	7	4
0.50 to <0.75	22,151	-	0 %	22,151	2	1 %	45 %	21,288	96 %	74	-
0.75 to <2.50	-	-	0 %	4,127	1	0 %	45 %	1,578	0 %	2	99
2.50 to <10.00	-	-	0 %	458	1	0 %	45 %	134	29 %	-	-
10.00 to <100.00	-	330	20 %	66	6	39 %	45 %	203	308 %	12	-
100.00 (Default)	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
Project finance	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
A-IRB Approach	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.00 to <0.15	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.15 to <0.25	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.25 to <0.50	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.50 to <0.75	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.75 to <2.50	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
2.50 to <10.00	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
10.00 to <100.00	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
100.00 (Default)	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-

December 31, 2023

Corporate

Group RON thousand	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post CRM & CCF	No of obligors	Average PD	Average LGD	RWA*	RWA Density	EL	Value adjustments and provisions
F-IRB Approach	9,992,231	11,298,868	0 %	11,523,858	2,599			7,763,842	67 %	135,228	332,300
0.00 to <0.15	239,747	2,035,458	12 %	479,036	45	0 %	45 %	154,260	32 %	216	355
0.15 to <0.25	4,414,086	3,052,520	19 %	4,991,809	73	0 %	45 %	2,329,936	47 %	4,422	34,663
0.25 to <0.50	283,626	2,589,899	15 %	680,306	51	0 %	40 %	378,208	56 %	941	1,716
0.50 to <0.75	2,124,906	1,862,521	21 %	2,461,326	113	1 %	44 %	2,009,515	82 %	7,245	30,649
0.75 to <2.50	2,220,795	1,437,277	16 %	2,246,458	223	1 %	44 %	2,351,429	105 %	13,109	32,243
2.50 to <10.00	473,052	271,550	16 %	431,317	69	3 %	44 %	539,387	125 %	5,028	8,534
10.00 to <100.00	433	-	0 %	433	1,701	48 %	46 %	1,035	239 %	95	36
100.00 (Default)	235,586	49,644	15 %	233,174	324	100 %	45 %	72	0 %	104,172	224,104
Project finance	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
A-IRB Approach	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.00 to <0.15	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.15 to <0.25	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.25 to <0.50	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.50 to <0.75	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.75 to <2.50	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
2.50 to <10.00	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
10.00 to <100.00	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
100.00 (Default)	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-

Project finance

Group RON thousand	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post CRM & CCF	No of obligors	Average PD	Average LGD	RWA*	RWA Density	EL	Value adjustments and provisions
F-IRB Approach	2,726,903	203,798	0 %	2,873,531	55			1,856,923	65 %	17,144	66,184
0.00 to <0.15	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.15 to <0.25	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.25 to <0.50	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.50 to <0.75	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.75 to <2.50	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
2.50 to <10.00	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
10.00 to <100.00	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
100.00 (Default)	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
Project finance	2,726,903	203,798	0 %	2,873,531	55	0 %	0 %	1,856,923	65 %	17,144	66,184
A-IRB Approach	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.00 to <0.15	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.15 to <0.25	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.25 to <0.50	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.50 to <0.75	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.75 to <2.50	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
2.50 to <10.00	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
10.00 to <100.00	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
100.00 (Default)	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-

Corporate SME

Group RON thousand	On-balance sheet exposures	Off-balance- sheet exposures pre-CCF	Average CCF	EAD post CRM & CCF	No of obligors	Average PD	Average LGD	RWA*	RWA Density	EL	Value adjustments and provisions
F-IRB Approach	5,093,126	3,204,691	0 %	3,541,000	3,886			2,179,564	62 %	53,490	95,972
0.00 to <0.15	322,904	218,231	20 %	140,939	542	0 %	44 %	21,829	15 %	48	538
0.15 to <0.25	176,122	225,927	14 %	100,977	326	0 %	44 %	26,554	26 %	84	429
0.25 to <0.50	350,875	406,751	29 %	299,532	366	0 %	44 %	121,487	41 %	491	1,395
0.50 to <0.75	928,659	658,803	22 %	695,380	509	1 %	44 %	353,682	51 %	2,023	11,727
0.75 to <2.50	2,314,209	1,394,749	18 %	1,601,322	1,018	1 %	44 %	1,103,388	69 %	9,967	13,708
2.50 to <10.00	900,026	288,350	19 %	626,288	554	3 %	44 %	546,559	87 %	8,908	12,467
10.00 to <100.00	5,045	172	15 %	4,569	456	14 %	44 %	6,066	133 %	287	210
100.00 (Default)	95,286	11,707	18 %	71,994	115	100 %	44 %	-	0 %	31,682	55,497
Project finance	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
A-IRB Approach	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.00 to <0.15	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.15 to <0.25	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.25 to <0.50	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.50 to <0.75	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.75 to <2.50	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
2.50 to <10.00	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
10.00 to <100.00	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
100.00 (Default)	-	-	0%	-	-	0 %		-	0%	-	-

December 31, 2023

Retail Exposure - secured by immovable property

Group RON thousand	On-balance sheet exposures	Off-balance- sheet exposures pre-CCF	Average CCF	EAD post CRM & CCF	No of obligors	Average PD	Average LGD	RWA*	RWA Density	EL	Value adjustments and provisions
F-IRB Approach	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.00 to <0.15	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.15 to <0.25	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.25 to <0.50	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.50 to <0.75	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.75 to <2.50	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
2.50 to <10.00	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
10.00 to <100.00	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
100.00 (Default)	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
Project finance	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
A-IRB Approach	8,351,579	5,415	0 %	7,366,582	51,543			2,370,801	32 %	194,204	228,828
0.00 to <0.15	1,192,474	171	100 %	825,477	8,954	0 %	18 %	45,165	0 %	191	163
0.15 to <0.25	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.25 to <0.50	845,490	566	100 %	617,100	5,935	0 %	19 %	64,791	10 %	333	355
0.50 to <0.75	1,738,532	269	100 %	1,592,972	7,392	1 %	20 %	283,805	18 %	1,789	521
0.75 to <2.50	3,362,473	2,665	100 %	3,169,673	21,727	2 %	17 %	922,630	29 %	8,293	3,956
2.50 to <10.00	653,459	1,388	100 %	622,350	4,325	6 %	19 %	427,145	69 %	6,661	9,039
10.00 to <100.00	272,017	300	100 %	265,660	1,461	27 %	23 %	365,981	138 %	17,012	11,540
100.00 (Default)	287,135	57	100 %	273,349	1,749	100 %	66 %	261,284	96 %	159,926	203,253

Retail Exposure - qualifying revolving

Group RON thousand	On-balance sheet exposures	Off-balance- sheet exposures pre-CCF	Average CCF	EAD post CRM & CCF	No of obligors	Average PD	Average LGD	RWA*	RWA Density	EL	Value adjustments and provisions
F-IRB Approach	-	-	0 %	-	-	0 %	0 %	-	0%	-	-
0.00 to <0.15	-	-	0 %	-	-	0 %	0 %	-	0%	-	-
0.15 to <0.25	-	-	0 %	-	-	0 %	0 %	-	0%	-	-
0.25 to <0.50	-	-	0 %	-	-	0 %	0 %	-	0%	-	-
0.50 to <0.75	-	-	0 %	-	-	0 %	0 %	-	0%	-	-
0.75 to <2.50	-	-	0 %	-	-	0 %	0 %	-	0%	-	-
2.50 to <10.00	-	-	0 %	-	-	0 %	0 %	-	0%	-	-
10.00 to <100.00	-	-	0 %	-	-	0 %	0 %	-	0%	-	-
100.00 (Default)	-	-	0 %	-	-	0 %	0 %	-	0%	-	-
Project finance	-	-	0 %	-	-	0 %	0 %	-	0%	-	-
A-IRB Approach	1,914,847	3,522,162	0 %	3,969,962	741,347			1,820,448	46%	143,404	56,146
0.00 to <0.15	263	24,669	31 %	7,900	3,288	0 %	50 %	313	4%	5	6
0.15 to <0.25	530	96,187	18 %	17,960	11,003	0 %	47 %	758	4%	13	3
0.25 to <0.50	15,205	529,682	31 %	181,254	62,085	0 %	48 %	13,897	8%	266	114
0.50 to <0.75	128,314	978,321	41 %	532,954	151,613	1 %	48 %	77,702	15%	1,757	512
0.75 to <2.50	576,286	942,336	58 %	1,123,967	197,935	1 %	48 %	294,496	26%	8,020	2,595
2.50 to <10.00	866,364	834,085	94 %	1,648,997	228,644	4 %	49 %	899,636	55%	33,489	7,025
10.00 to <100.00	284,609	101,729	93 %	379,251	73,404	24 %	51 %	507,903	134%	44,948	11,364
100.00 (Default)	43,277	15,153	227 %	77,678	13,375	100 %	73 %	25,744	33%	54,905	34,527

Retail Exposure - SME

Group RON thousand	On-balance sheet exposures	Off-balance- sheet exposures pre-CCF	Average CCF	EAD post CRM & CCF	No of obligors	Average PD	Average LGD	RWA*	RWA Density	EL	Value adjustments and provisions
F-IRB Approach	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.00 to <0.15	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.15 to <0.25	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.25 to <0.50	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.50 to <0.75	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.75 to <2.50	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
2.50 to <10.00	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
10.00 to <100.00	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
100.00 (Default)	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
Project finance	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
A-IRB Approach	1,263,989	276,117	0 %	1,213,352	27,591			535,881	44 %	95,076	98,183
0.00 to <0.15	23,277	31,056	89 %	42,111	669	0 %	46 %	4,637	11 %	25	18
0.15 to <0.25	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.25 to <0.50	87,598	36,648	85 %	84,567	1,181	0 %	44 %	14,814	0 %	100	98
0.50 to <0.75	194,404	62,422	91 %	190,595	2,193	1 %	38 %	44,315	23 %	398	260
0.75 to <2.50	519,628	110,211	89 %	497,008	5,153	2 %	41 %	193,933	39 %	3,283	3,359
2.50 to <10.00	190,978	25,842	86 %	173,835	1,970	5 %	49 %	102,342	59 %	4,590	10,632
10.00 to <100.00	135,459	9,707	99 %	119,751	13,226	30 %	47 %	110,624	92 %	17,338	15,102
100.00 (Default)	112,644	232	62 %	105,484	3,199	100 %	71 %	65,217	62 %	69,341	68,713

December 31, 2023



Retail – Others

Group RON thousand	On-balance sheet exposures	Off-balance- sheet exposures pre-CCF	Average CCF	EAD post CRM & CCF	No of obligors	Average PD	Average LGD	RWA*	RWA Density	EL	Value adjustments and provisions
F-IRB Approach	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.00 to <0.15	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.15 to <0.25	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.25 to <0.50	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.50 to <0.75	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.75 to <2.50	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
2.50 to <10.00	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
10.00 to <100.00	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
100.00 (Default)	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
Project finance	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
A-IRB Approach	8,401,153	-	0 %	8,401,034	528,589			6,177,550	74 %	501,956	526,377
0.00 to <0.15	338	-	0 %	338	2	0 %	16 %	10	0 %	-	-
0.15 to <0.25	4,892	-	0 %	4,892	441	0 %	47 %	919	0 %	4	4
0.25 to <0.50	213,458	-	0 %	213,458	10,408	0 %	48 %	65,066	30 %	377	360
0.50 to <0.75	32,156	-	0 %	32,156	140	1 %	15 %	4,197	13 %	31	15
0.75 to <2.50	3,023,851	-	100 %	3,023,791	115,101	1 %	50 %	1,710,265	57 %	18,212	13,613
2.50 to <10.00	3,818,535	-	0 %	3,818,481	130,252	4 %	54 %	3,162,160	83 %	91,668	84,638
10.00 to <100.00	864,163	-	0 %	864,163	249,613	24 %	54 %	1,084,725	126 %	112,283	85,651
100.00 (Default)	443,760	-	0 %	443,754	22,632	100 %	66 %	150,209	34 %	279,381	342,098

December 31, 2023

Retail – Secured by real estate SME

Group RON thousand	On-balance sheet exposures	Off-balance- sheet exposures pre-CCF	Average CCF	EAD post CRM & CCF	No of obligors	Average PD	Average LGD	RWA*	RWA Density	EL	Value adjustments and provisions
F-IRB Approach	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.00 to <0.15	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.15 to <0.25	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.25 to <0.50	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.50 to <0.75	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.75 to <2.50	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
2.50 to <10.00	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
10.00 to <100.00	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
100.00 (Default)	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
Project finance	-	-	0 %	-	-	-	-	-	0 %	-	-
A-IRB Approach	134,013	22,240		143,989	720	0 %	0 %	87,611	72 %	25,083	24,585
0.00 to <0.15	932	6,409	65 %	5,108	48	0 %	34 %	381	7 %	2	2
0.15 to <0.25	-	-	0 %	-	-	0 %	0 %	-	0 %	-	-
0.25 to <0.50	7,394	4,060	65 %	8,800	60	0 %	35 %	1,235	0 %	8	8
0.50 to <0.75	20,804	4,706	75 %	22,446	155	1 %	38 %	5,808	26 %	47	25
0.75 to <2.50	54,942	4,025	83 %	55,570	311	1 %	43 %	30,951	56 %	358	374
2.50 to <10.00	18,774	505	100 %	18,512	83	5 %	55 %	27,655	149 %	570	776
10.00 to <100.00	8,233	2,534	100 %	10,618	58	30 %	45 %	21,441	202 %	1,424	723
100.00 (Default)	22,934	-	0 %	22,934	5	100 %	48 %	139	29 %	22,673	22,678

23. Article 453 and article 435 (1) (d) CRR Credit risk mitigation

A. Risk mitigation techniques – management and recognition

The following section outlines the policies and processes for collateral valuation and management, used to ensure the CRR eligibility of the collaterals recognized for capital charge calculation. There are rules of eligibility, appraisal and discounting of the values assigned to the most important and frequently used collateral and guarantees, such as mortgages and pledges, financial collateral, receivables, letters of guarantees and securities.

Collateral is only used for credit risk mitigation purposes if the following conditions are fulfilled:

- a. the collateral is legally enforceable under the applicable jurisdiction;
- b. there is sustainable market value of the collateral;
- c. possibility of realization and willingness to realize;
- d. there is no significant correlation between the quality of the secured exposure and the value of the collateral, i.e. the collateral value is not linked to the creditworthiness of the borrower.

In such case the collateral original CCY differs from the loan CCY a FX haircut has to be applied to market value of the collateral.

In case of maturity mismatch (protection maturity is shorter than loan maturity) the risk protection shall not be recognized if the initial maturity of the protection is lower than 1 year or the collateral residual maturity is lower than 3 months. If the guarantor has the option to terminate the protection, the collateral maturity must be the nearest date of contractual termination. In these cases a maturity mismatch discount is to be applied to the collateral value.

Volatility discounts, FX haircuts or maturity mismatch are the ones within CRR and are automatically applied by the Bank systems.

The assessment of the guarantees is provided by the Bank personnel, which is independent regarding the approval process and has the necessary ability and competences (for estate properties and facilities the bank employs authorized assessors, according to the legislation applicable in Romania).

Regular evaluations make sure that the revaluation of the collateral is done at least once a year. Minimum revaluation frequency for financial collateral is 6 months. If required (e.g. change of market situation) a revaluation is done more often. Regarding financial collateral a revaluation at current market prices is done automatically on a daily basis. A longer revaluation interval leads to higher discounts.

Collateral valuation is based on current market prices, with an amount that can be recovered within a reasonable period taken into account. The methods of calculating the value and the setting of the haircut are specified by Collateral Management.

The following types of collateral are accepted:

B. Financial Collateral

Financial Collateral is used for economic capital calculation under the minimum eligibility criteria of CRR.

Types of financial collateral and their valuation:

B.1. Cash collateral

Collateral consists of a deposit held within the Bank or with other credit institution. The Collateral value is the deposit value in relevant CCY. For the cash held with Raiffeisen Bank SA there is no discount to be applied but for the cash held with other credit institution, a discount is applied based on FI RBI internal rating.

B.2. Debt Securities and receivables

The following types of debt securities are used as credit mitigants:

- Debt securities issued by central governments or central banks, which have a rating equal or better than credit quality step 4;
- Debt securities issued by international organisations with risk weight of 0%;
- Debt securities issued by institutions which have a rating equal or better than credit quality step 3;
- Debt securities which have a rating equal or better than credit quality step 3;
- Debt securities issued by institutions (mainly banks) which are not rated, but under the CRR criteria.

Nominal collateral value is the mark-to-market value on the Stock Exchange and has to be regularly updated.

B.3. Equities and convertible bonds

Equities or convertible bonds which are listed on a recognised exchange are recognized as risk mitigants. Nominal collateral value is the mark-to-market value on the Stock Exchange and has to be regularly updated. The volatility adjustment for equities and convertible bonds is not dependent on external ratings but whether these securities are included in a main index (ex: DAX, Mdax, SDax, NEMAX, TecDAX, DowJones (DJI), S+P 500, Euro Stoxx, Nasdaq, etc.) or listed on a recognised exchange (if not included in a main index).

Effect on capital charge of financial collaterals

Apart from cash deposits held by a third party bank, all financial collateral provided as security reduces the LGD (Loss Given Default) to 0% for the respective collateral market value (reduced by the haircut according to the above described criteria: volatility discounts, FX haircuts or maturity mismatch). Accordingly, the RWA is zero for the exposures covered by these collaterals (limited to the collateral market value).

Regarding cash deposits held by a third party bank, the PD (Probability of Default) of the borrower is replaced by the PD of the third party bank.

C. Tangible collateral (Real estate collateral)

Tangible collateral is considered as credit risk mitigant and used for Economic Capital calculation under the CRR eligibility criteria.

Types of tangible collateral and valuation approaches

The Bank uses as credit risk mitigant the following collateral types:

- **Residential Real-estates** defined as properties that are or will be used by or rented by the owner for residential purposes
- **Commercial Real-estates** that are defined as offices, retail areas and other types that represents commercial developments.

According to National Bank of Romania explanations, plot of lands free of constructions are assimilated to "Other RE collateral" therefore are not eligible for credit risk mitigation.

Any other type of real-estate is included in "Other types of RE" category and cannot be used as risk mitigants.

Tangible collateral like movables and inventories are included in Other Physical Collateral and are not eligible for credit risk mitigation.

Revaluation

Nominal collateral value is market value of the property.

Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

Valuation and re-valuation of RE is made and documented according to National Valuation Standards for Assets and NBR regulations, and it is performed by certified appraisers (by ANEVAR) with certification of Real estate Appraiser; evaluators (either internal or external) are independent form the decision process.

Valuation approaches used are those used by the international practice, and by the National Valuation Standards in force at valuation date and issued under the Romanian Law, and compliant with IVS. Approaches used are: market approach and income approach, with cost approach as control-method.

This value is further reduced by prior ranking liens. Nevertheless, the Bank S.A. accept as collateral only real estates that free of encumbrances/ liens to a third party.

Effect on capital charge of tangible collaterals

For retail customers (PI and Micro) the bank has an internal process to measure LGD-loss given default, based on the historical statistics.

For the rest of the clients, the LGD-loss given default is the one regulated by CRR, thus an LGD of 35% is to be applied to the exposure covered 140% by the collateral value adjusted as shown before. In such case the exposure is not 140% - it is split in a covered amount (considering the threshold of 140%) and an uncovered amount. If the collateralization degree is under 30% no LGD reduction can be applied.

D. Receivables

The receivables are used as credit risk mitigants and considered in economic capital calculation under IRB approach only CRR criteria are met.

Types of receivables and valuation technique

The receivables can be used as credit mitigant if they are born by a commercial contract or contracts, with an original maturity under or equal to 1 year. Receivables born by securitization, under-participations, derivatives or by companies within the group are not eligible.

Receivable value is established by list of debtors or invoices, delivered by the client on regular basis, lists to be reviewed by the Bank.

Effect on capital charge of receivables

The bank applies and LGD of 35% for the exposure covered 125% by receivables - except for Retail customers. In such case the exposure is not 125% - it is split in a covered amount (considering the threshold of 125%) and an uncovered amount.

E. Unfunded credit protection

The unfunded credit protection is provided by the personal guarantees issued by the eligible protection providers as mentioned below according to CRR.

Types of collateral and valuation approach

Eligible protection providers for unfunded protection are:

- central governments and central banks;
- regional governments or local authorities;
- multilateral development banks;
- International organisations with risk-weight of 0 %;
- public sector entities, if claims on that entity are treated like central governments;
- institutions (which include mainly banks);
- other corporate entities, including the parent entity, subsidiaries, and affiliated entities.

The value of unfunded protection is equal to the guaranteed amount, namely the amount that must be paid by the protection provider in case of default.

In such case the guarantor is not able to pay the guaranteed amount, or the conditions stipulated in the letter of guarantee limit the obligation either the value of the protection is reduced accordingly or the protection is considered not eligible.

Unfunded protection by a counter guarantee

In such case an unfunded protection is backed by another unfunded protection of one of the following providers, a PD change can be made between the guarantor and the counter-guarantor, provided that CRR eligibility criteria are met:

- central governments and central banks;
- regional governments or local authorities;
- multilateral development banks;
- international organisations with risk-weight of 0%;
- public sector entities, if claims on that entity are treated like central governments.

Effect on capital charge of unfunded credit protection

For the unfunded protected exposure, a PD change between debtor and guarantor can be made.

F. Volume of recognized credit risk mitigation techniques

As of December 31, 2023, gross value of exposures covered by credit risk mitigation recognized techniques, post volatility and other value adjustments due to currency mismatch or maturity, applying prudential standards (stop accruals are not applied) were as follows:

EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

Group, RON thousands

Eligible collaterals (CRM)	Exposures unsecured – Carrying amount	Exposures secured – Carrying amount	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
Loans and advances	24,236,989	17,863,285	12,078,815	5,784,470	–
Debt securities	12,723,821	–	–	–	–
Total	36,960,810	17,863,285	12,078,815	5,784,470	–

The Bank does not have exposure covered by credit derivatives.

EU CR4 – standardised approach – Credit risk exposure and CRM effects

Group	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
	On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet amount	RWAs	RWAs density (%)
Standardised approach (SA) exposure classes	27,667,643	353,804	31,702,873	100,431	2,758,539	9 %
Central governments or central banks	23,632,116	–	27,101,063	–	484,019	2 %
Regional government or local authorities	1,747,979	191,231	1,759,076	95,351	370,885	20 %
Public sector entities	48,985	2,273	48,985	–	48,984	100 %
Multilateral development banks	–	–	555,884	–	–	0 %
International organisations	–	–	–	–	–	0 %
Institutions	91,253	–	91,253	–	20,769	2 %
Corporates	898,810	134,764	898,227	48	772,357	0 %
Retail	448,456	25,536	448,456	5,031	260,765	58 %
Secured by mortgages on immovable property	11,294	–	11,294	–	11,043	98 %
Exposures in default	9,330	–	9,215	–	10,313	112 %
Exposures associated with particularly high risk	–	–	–	–	–	0 %
Covered bonds	–	–	–	–	–	0 %
Institutions and corporates with a short-term credit assessment	–	–	–	–	–	0 %
Collective investment undertakings	–	–	–	–	–	0 %
Equity	–	–	–	–	–	0 %
Other items	779,419	–	779,419	–	779,403	100 %

24. Article 454 CRR Use of the advanced measurement approaches to operational risk

This article does not apply to Bank, because, currently, the method used to determine the level of capital adequate to the operational risk profile is calculated for local prudential purposes using the Standard Measurement Approach.

25. Article 455 CRR Use of internal models for market risk

This article does not apply because Raiffeisen Bank S.A. does not use internal models to calculate the market risk capital requirement.

26. Minimum Requirement for Own Funds and Eligible Liabilities (MREL)

The Bank Recovery and Resolution Directive (BRRD), transposed into national legislation via Law no 312/2015, provides that institutions established in the European Union (EU) should meet a minimum requirement for own funds and eligible liabilities (MREL) to ensure an effective and credible application of the bail-in tool. The requirement has been established to ensure that banks have sufficient own funds and eligible liabilities for loss absorption and recapitalization which would be necessary to implement the preferred resolution strategy in the case of potential bank failure.

The Bank Recovery and Resolution Directive (BRRD) has been modified by Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending the Bank Recovery and Resolution Directive as regards the loss-absorbing and recapitalization capacity of credit institutions and investment firms and Directive 98/26/EC (BRRD2). Romanian law provisions transposing BRRD2 provide for a 180 days period as of the date of their entry into force (i.e. 3 January 2022) for the fulfilment of the intermediate target levels.

The National Bank of Romania (NBR), in its role as Romanian Resolution Authority, updates periodically the MREL requirements for Raiffeisen Bank S.A. (RBRO), based on a joint decision with the Single Resolution Board in its capacity of Resolution Authority of Raiffeisen Bank International Group.

Based on the joint decision from May 2023, starting with 1st January 2024, the Bank shall comply on a consolidated basis at the level of the resolution group with an MREL target of 27.98% in terms of Total Risk Exposure Amount (TREA) and 5.91% in terms of Leverage Ratio Exposure Measure (LRE). At the same time, the subordination requirements have been set at the level of 24.48% of TREA and 5.91% of LRE.

In April 2024, a new joint decision has been communicated to the Bank, based on which the MREL requirements for the Bank have been set at 27.50% of TREA and 5.90% of LRE, while the subordination requirements stand at 24.00%. The new requirements are applicable starting with the date of the communication of the new targets (26.04.2024).

The MREL risk-based targets (TREA) do not include the Combined Buffer Requirements ("CBR") of the Bank (which are determined in line with the Government Emergency Ordinance 99/2006 on credit institutions and capital adequacy). Own funds held to meet CBR shall not be taken into account for the MREL – TREA targets (stacking order principle).

As of December 31, 2023, the Bank had outstanding seven eligible green and sustainability bonds with a total volume of over RON 4.9 billion. Thus, the Bank further strengthened its MREL ratio to over 36%, a level significantly higher than the regulatory requirements (including CBR) applicable on 1st of Jan 2024 (32.48%).

27. Article 449a Disclosure of environment, social and governance risk

This chapter consists of qualitative and quantitative information on ESG risks in line with EBA Implementing Technical Standards on prudential disclosures on ESG risks, in accordance with Article 449a CRR. As such, this chapter provides qualitative explanations and complements the quantitative information on environmental risks provided in each template of Annex I, explaining the methods applied by the Bank as well as where applicable, the Bank's interpretation of the data to be disclosed.

Environmental risks are driven by environmental factors. They should be understood as the financial risks posed by the institutions' exposures to counterparties that may both potentially contribute to or be affected by climate change and other forms of environmental degradation (such as air pollution, water pollution, scarcity of fresh water, land contamination, biodiversity loss and deforestation).

Social risks arise from the financial impact generated by the misuse of human capital such the rights, well-being and interests of people and communities. This could refer to working conditions, health and safety, employee relations and diversity, employee training, inclusiveness, equality, community programs.

Governance risks refer to the governance practices of the institutions' counterparties or own invested assets, including the inclusion of ESG factors in policies and procedures under the governance of the counterparties. This may include, but it is not limited to, executive pay, board diversity and structure, stakeholder rights, bribery and corruption, compliance, etc.

The Bank views **Environmental, Social and Governance (ESG) risks as cross-dimensional risks** that affect all areas of risk management. As such, considerations about ESG risk factors are continuously being embedded in the management of risk types in the already existing risk management framework. The largest focus with respect to risk assessment/ measurement and methodologies for scenario analysis is currently on the environmental factors and on climate change.

The climate-related and environmental risk transmitters may affect mainly the credit and operational risk of a financial institution and as such the Bank is extending its risk framework to include the climate-related and environmental risk as a potential additional driver of the already existing risk types.

We emphasize that lack of ESG relevant data points is one of the main challenges when it comes to proper ESG risk assessment and further its management: the assessment of a counterparty's sustainability level needs to be based on accurate ESG data and retrieving such data poses major challenges for customers and Banks alike.

When it comes to energy efficiency information, EPCs (Energy Performance Certificate) are available on the local market. The Bank has in place a process for collection of EPCs for mortgage loans, aiming to increase level of EPC coverage on the collateral portfolio. Still, there is very limited public data available and currently there is no national data base with energy audit information or a list with climate areas mapped on counties and cities. Lack of ESG relevant data points is one of the main challenges when it comes to ESG risk assessment and its management. Methodologies to quantify ESG risks as well as the underlying data that is used as inputs to these methodologies are evolving.

This Report reflects currently available data, as well as methods developed to be in line with, where available, current best practices – both points are expected to improve over the coming years.

The assessing process of a counterparty's ESG data relies on the completeness and correctness of data and documents received from such counterparty. Assessments regarding the fulfillment of technical criteria are also based on details and information provided by the counterparty.

In view of the above, the Report is based on currently available information, our best understanding of the regulatory requirements as well as Banking diligence. Due to the outlined shortcomings in data quality, a lack of precise methodological guidance and widely shared and aligned practices, the interpretation of the results is subject to limitations and is expected to improve over the next years.

A. Business strategy and processes

ER a), SR a)

As part of a leading financial group in Central and Eastern Europe and Austria and one of the leading players in the Romanian financial industry, **we are committed to sustainable development, focusing on reducing our impact on climate and environment (Climate & Environment – C&E).**

We aim to make a positive impact from the strong growth of a sustainable portfolio with long-term benefits from a social and environmental perspective. To increase the contribution of reduced environmental impact transactions and operations, we focus on products that promote sustainable lifestyles for our customers and aim to improve internal processes to reduce our own ecological footprint.

Moreover, we aim to create measurable impact that supports the Group's commitment to the Principles for Responsible Banking (PRI), Sustainable Development Goals (SDGs), Science Based Target Initiative (SBTi), as well as meet regulatory requirements.

To improve the effectiveness and scope of our sustainability management across the Bank, we have approved in 2023 the Sustainability Strategy. This strategy consists of three strategic pillars: "responsible Banker", "fair partner" and "engaged citizen", supported by a strong governance and expertise.

In the responsible Banker pillar, our goal is to stimulate economic growth while considering climate, environmental and social aspects in our core business. As such, one aim supports the objectives of the Paris Agreement, by identifying and measuring the impact and steering business towards this goal. Also, we aim to support our customers during their transition to a more climate and environmentally friendly business activities through innovative products and services.

In the fair partner pillar, we aim to generate positive social and environmental impact, both through the way we operate and by acting as a fair partner to our suppliers and employees.

In the engaged citizen pillar, we aim to support the transition to sustainability through the ecosystem of partners involved in developing sustainable businesses and communities, and through skills development required for a sustainable transformation.

To systematically address these core areas, which are also important to our stakeholders, we continuously seek to improve our sustainability strategy.

The ESG Rulebook establishes standardized definitions across the entire Group for sustainable corporate customers and delineates criteria for green, social, and ESG-linked financial products within the organization. In the classification of transactions, the Group has chosen to adhere to these internal definitions and, where feasible, to integrate the guidelines stipulated by the current iteration of the EU Taxonomy, thus ensuring a robust framework for evaluating and aligning with sustainable finance principles.

In 2022, the Sustainability Bond Framework was adopted, through which the Bank allocates the funds raised through green and sustainable bond issuance to aligned green projects - green buildings, renewable energy projects, energy efficiency, transport and organic agriculture, pollution prevention and control projects, circular economy, sustainable agriculture, but also social projects - access to essential health services, education and infrastructure, affordable housing and financing of small and medium-sized enterprises in underdeveloped regions at national level. The Sustainability Bond Framework was assessed by the ESG rating agency, Sustainalytics, which confirmed the credibility and positive environmental impact of eligible projects defined in the Framework, as well as its alignment with the highest market standards (ICMA Principles for Sustainability, Green and Social Bonds).

ER b), SR b)

Regarding ESG related KPIs, these have been set for the Bank's Board Members, aligned with group KPIs, and then further cascaded down in the organization and monitored regularly. The management objectives targets are reviewed on a yearly basis.

Actual figures and progress regarding the Bank's sustainability objectives are annually disclosed within the Banks Sustainability Report.

ER c)

Our goal is to provide our customers with robust support as they transition to a more environmentally friendly business model. To do this, we offer our clients in the corporate and retail segments necessary expertise, but also dedicated products. We have individual engagement conversations with our customers to understand and support their transition paths.

The Bank has developed and offers wide range of sustainable financial products, such as:

- a. "casa ta verde" green mortgage loans dedicated to private individuals, to finance acquisition of residential buildings with an energy certificate level A
- b. solutions in supporting private individual customers in measuring and better understanding their carbon footprint (our Smart Market app was the first Banking application in Romania with an integrated estimated carbon footprint calculator).

For the SME client's business, we aim to support their transition with:

- a. Term Loan Invest: intended to finance ESG projects in the renewable energy category, having as purpose the installation of photovoltaic panels for production of electricity using solar energy. The energy will be used mainly by the company, and this will contribute to the sustainable development of the SME client's business. Within the Bank, there is a rule and procedure by which these loans are assessed for alignment with the requirements of the EU Taxonomy,
- b. Term Loan Capital Agribio: the lending product aimed at encouraging and supporting sustainable agriculture.

The portfolio includes various types of corporate clients whose activities entail ESG components. We endeavor to accommodate the needs of our corporate clients by offering tailored products and services incorporating ESG principles. The specific green finance categories targeted include:

- green buildings
- renewable energy
- clean transportation
- circular economy
- pollution prevention and control.

The Bank extends support to its corporate clientele in navigating their sustainability process by providing the expertise of ESG specialists within the institution, who draw upon the comprehensive knowledge and assistance offered by the wider Group whenever extended knowhow is requested.

In 2023, the Bank furthered its prosperous collaboration with European Investment Fund (EIF) Invest EU by signing three new guarantee agreements, for Microfinancing, Competitiveness and Sustainability. These new agreements will support the growth of micro companies, aid the transition to a greener economy, and promote sustainable and inclusive projects for Medium and Small Companies, ultimately enhancing competitiveness and advancing the ongoing shift towards a sustainable, environmentally conscious economy.

ER d) SR c)

By implementing solid practices and policies, we are committed to responsible Banking and helping to promote a positive organizational culture among employees, customers, suppliers, and other stakeholders.

In addition to complying with the legislation in force, and the regulations of the Corporate Governance Code of the Bucharest Stock Exchange, our activity is guided by the provisions of the implemented Code of Conduct.

The Code of Conduct is a binding regulatory framework that is applicable for all employees and available in the national language on both the Bank and Group website. The Code is based on the Bank's values of collaboration, proactivity, learning and responsibility.

The Bank also expects all suppliers and partners of the Bank to comply with the Code of Conduct or other identical or similar rules, regulations, and standards.

Moreover, suppliers are required to acknowledge and sign the Supplier's Code of Conduct, unless they demonstrate that they have their own code and standards equivalent to the Bank/ Group. The Supplier Code of Conduct includes a section dedicated to environmental mandatory standards of conduct and responsible practices, with a focus on environmental protection and resource and waste management, as well as sections dedicated to social and governance mandatory standards of conduct and responsible practices, covering freedom of association and the right to collective bargaining, adequate remuneration, working time, health and safety at work, diversity, inclusion and non-discriminatory treatment of own employees, prohibition of child and forced labor, prevention of corruption and financial crime, prevention of money laundering and terrorist financing, respect for the principles of free competition, sponsorship and political contributions, intellectual property, security and data protection.

From a legal entity financing perspective, the Bank applies ESG risk management principles starting from 2014, when the Environment & Social risk Policy has been developed and implemented. The main principles of the policy have been:

- to finance those projects which are environmentally and socially sound and sustainable in the long run.
- to minimize environmental and social risk both for the Bank, and for our partners (clients and/or suppliers).
- to comply with the national and international requirements and standards regarding the environmental and social risks.

This policy has been implemented through working procedures, rules, and regulations specific to loans to legal entities. Both SME ESG products, Term Loan Invest ESG and Agri BIO, have a specific norm and procedure, in which the characteristics of the product and the workflows are defined. Information for ESG reporting purposes is also included as well as the way in which the flagging is done in the source systems.

For relevant industries, considered exposed to transition risk, in order to define support, transformation and restriction factors, we will determine under which conditions, the companies in these sectors would be supported and/or assisted for their transformation. Companies that do not align with the policies could be subject to restriction/exit.

In order to identify corporate customers sustainable transactions, the Bank covers both dimensions – customer and commercial transaction – and focuses on greenwashing avoidance. The conditions and framing flow were made based on Group rules and are included in the working procedure of Corporate deal flow credit applications.

The Bank defines sponsorships themes a community investment and therefore must be in line with the following 3 principles:

- are SMART investments: specific, measurable, realistic, relevant, time-bound
- are best practice projects
- have a positive impact on the quality of life of beneficiaries.

Our Donations Policy aims to ensure that sustainability accounts for the largest share of the community investment budget and to provide support in increasing the fundraising and impact project implementation capacity of the company's community partners engage the Bank's employees in volunteering in community projects supported by the Bank.

B. Governance

ER e), SR d), GR b)

The Supervisory Board has the approval competence regarding the annual financial statements, the Bank's activity report and its non-financial declaration.

The Bank's Management Board is the most senior decision-making body for ESG-related strategies, policies, and commitments. Each Executive Board area must implement the ESG & sustainability strategy in existing strategic plans, in line with the Bank's overall strategy and integrate strategic objectives/pillars into their performance incentive systems with the support of ESG & Sustainability Directorate.

The Bank's Management Board is also the ultimate approval body of the ESG-risk framework, which defines the overarching management of ESG risks including environment, social and governance risk. The environment and social risks defined within the ESG risk framework are assessed at counterpart level, via the Industry Base score, country score and specific counterpart environment, social and governance risk score. The framework is under revision and the reviewed version will be approved by the Bank's competent governance bodies.

The Bank's Recruitment Policy for the selection of members of the management bodies sets out the criteria and procedure according to which the compatibility of those proposed/appointed as members of the management body have to be assessed. The Qualification and Experience Policy (Fit & Proper) of the Bank sets out the applicable internal procedures and criteria for assessing compatibility, in accordance with the local legal provisions (NBR Regulation no. 5/2013 on prudential requirements of credit institutions, NBR Regulation no. 12/2020 on the authorization of credit institutions and changes in their situation). The policy also defines the measures to be applied in situations where these persons are not compatible for the positions concerned and how to ensure continued compatibility.

Since both EBA guidance and NBR Regulation no. No 5/2013 mentions the importance of diversity at senior management level, in addition to the standard set of compatibility criteria regulated by the Qualification and Experience Policy, we are aware that gender, cultural, educational and experience differences of senior management can only add more value to our organization.

ER f)

The integration of the environmental factors in the business lines is done via appropriate annual targets and integrated into the performance assessment.

Sustainability standards for products are defined at Group level in accordance with applicable market standards and the Bank is applying the defined standards. The Bank has implemented a Greenwashing Prevention Check in the lending process focusing on the financial product structure.

Lastly, policies governing strategically important topics are a key element and form the basis of our effective internal control systems. Collectively, these policies are core to our company principles. They include the approval authority as well segregation of duties policies. As such for identified environmental, social and governance risks appropriate internal controls are developed and implemented to manage those risks, to be further enhanced.

ER g), SR e), GR a), c)

ESG & Sustainability governance

The Bank's Board of Management as the final decision-making body for ESG & Sustainability strategies, policies and commitments dedicates regular Sustainability Board meetings to supervising and monitoring of the company's ESG & Sustainability performance. The Sustainability Board is chaired by the Bank's CEO and all board members are voting members. Meetings take place at least twice a year and are organized by the ESG and Sustainability Directorate.

The Sustainability Committee (B-1 Working Group, where B-1 is the first level of management, after top-management/directorate) is a cross-functional and interdepartmental working group with operational responsibilities regarding ESG topics. This B-1 working group as governance instrument, ensures cross-cutting discussions involving all relevant functions. The Sustainability Committee meets regularly and is chaired by the Vice President of the Corporate Division focusing on an intensive incorporation of ESG and sustainability strategy in each area: business, internal ecology, employees, and society.

ESG & Sustainability Directorate operates under the direct supervision of the CEO and its main role is to set up and implement the sustainability strategy, steering the internal processes and projects necessary for its implementation and proposing ESG & Sustainability related initiatives, acting as a center of expertise, and promoting sustainability principles through awareness and training actions both for internal and external stakeholders. This role includes ongoing dialogue with key stakeholders, collaboration with national and international sustainability bodies and committees, and active participation in related affiliations. ESG and sustainability responsibilities are detailed for each relevant area of the organization involved in the implementation of ESG and sustainability related topics.

The Bank's Environmental and Social Risk Policy in force is applicable with respect to the management of social and environmental risks to its lending operations for legal entities customers whose activity is regulated by environmental and labor legislation. Responsibility related to the Environmental and Social Risk Policy implementation lies with the following competent Bank bodies and organizational units:

- **Credit Committee or delegated Approval Authority:** Responsible for implementing lending policies, as well as ensuring that the underlying principles, including ESG related ones and the underwriting criteria are observed.
- **Business units/Retail Sales and Distribution Area:** Responsible for applying the Environmental and Social Risk Procedure as part of the deal flows.
- **Corporate and SME/Micro Credit Risk:** Responsible for applying the Environmental and Social Risk Procedure as part of deal flows.
- **Group Risk Controlling and Portfolio Management:** reporting the breakdown of lending portfolio by environmental and social risk categories as defined by national and international requirements (BERD & IFC requirements) and internal standards.

At corporate customer level, ESG customer score has been developed by measuring the impact of ESG-related risk through individual scores. ESG risks are viewed as cross-dimensional risks that affect all areas of risk management. Part of the assessment hence incorporates information from Rating Analysts which can be obtained from the company's Annual Reports, Sustainability Reports or other documents.

With regards to ESG Scoring (covering also Social as a sub-score) of customers, the social dimension has already been integrated. Social risks arise from the financial impact generated by the misuse of human capital, e.g., regarding the rights, well-being and interests of people and communities. This could refer to working conditions, health and safety, employee relations and diversity, employee training, inclusiveness, equality, or community programs. Governance risks refer to the governance practices of the institutions' counterparties, including the inclusion of ESG factors in policies and procedures under the governance of the counterparties. In the context of the ESG customer score the governance-related risks at customer level are measured by scoring questions on transparency, business ethics, diversity and strategy and risk management.

Main tools to manage and supervise environmental related performance:

- Environmental, Social and Governance score
- Green Asset Ratio (simplified GAR)
- Financed GHG emissions
- Special Business Policies

By implementing sound practices and policies, the Bank is committed to responsible Banking and to contributing to promoting a positive organizational culture, both among employees, customers, suppliers, and other stakeholders. Within the Bank, the Compliance Directorate supervises and ensures an ethical business environment and prioritizes responsible business practices in all Bank operations.

The Bank's Conflict of Interest Policy is defined and in place for both the Bank's staff and management bodies (Management Board and Supervisory Board). Management bodies are responsible for establishing, approving and overseeing the effective implementation of conflicts of interest policy.

Conflicts of interest are monitored to prevent any conduct that could negatively impact the Bank's clients and partners. The internal policy on managing conflicts of interest is intended to help identify, assess, manage, and mitigate or prevent actual and potential conflicts of interest, including those related to financial services provided by the Bank, as well as with respect to the private, personal interests of members of management bodies, which could negatively influence the performance of their duties and responsibilities.

The internal policy requires staff and management bodies to immediately report any situation that could lead to a conflict of interest. These may result from close personal relationships, additional employment contracts, participation in events, gifts, invitations, and transactions in financial instruments, etc. Conflicts of interest could also arise in relation to corruption, fraud, and market abuse. Where conflicts of interest arise, the Bank shall assess their materiality and take appropriate measures to mitigate them.

Regarding policies applying to management bodies, members of management bodies who intend to accept positions as members of the Supervisory Board, the Management Board or directors in entities outside the Group are required to seek

the prior approval of the Bank's Supervisory Board. Prior approval of the Bank's Supervisory Board is also required if members of management bodies intend to engage in other activities on their own account or on behalf of a third party or associate with another company as a partner/manager. The appointment to the above-mentioned positions is subject to prior notice from the Compliance Directorate.

The Compliance Directorate acts as a function responsible for assessing possible conflicts of interest in relation to members of management bodies. **The Bank's Supervisory Board** acts as the final decision-maker and assumes the implicit risks resulting from the application of the proposed mitigation measures (as well as the / or the residual risks that can be accepted related to the respective conflict of interest).

Employees are also required to disclose potential and actual conflicts of interest in accordance with defined system-based reporting guidelines. Reports filed are assessed by the Compliance department and remedial action is taken as required. Provision is also made for regular monitoring and disclosure of conflicts of interest. The Management Board receives regular reports, and an appropriate escalation procedure is in place. The Bank discloses conflicts of interest to its stakeholders in accordance with statutory requirements relating to capital markets or other relevant regulations.

The Bank pursues a **policy of "zero tolerance"** when it comes to illegal or unethical business behaviors such as fraud, bribery, and corruption. In the Bank, the anti-corruption activity is managed by the Compliance Directorate, through the Investigations, Anti-Fraud, Anticorruption and Financial Services Department and aims at the following aspects:

- promoting high standards of ethical and moral conduct within the Bank, based on compliance with legislation, local regulations, standards imposed by the Group and internal procedures and implementation of applicable legislation.
- implementation of the legislation in force and of the group standard on preventing and combating corruption and bribery and monitoring their compliance.

The Bank's activity in preventing and combating corruption, fraud and bribery is regulated by the Anti-corruption and Anti-Bribery Procedure, revised in January 2023 and an Anti-Fraud Policy, updated in February 2022.

All the Bank's new suppliers are informed about anti-corruption policies and procedures throughout the year. All new suppliers must confirm that they understand and agree to the anti-corruption policies as part of the process of opening the relationship with the Bank.

Since 2018, the Bank workplace **Diversity Policy** has ensured that all employees benefit equal opportunities in the workplace. In the spirit of supporting an inclusive environment for all employees, the Bank practices a zero-tolerance policy towards any form of discrimination. Because we strongly believe that diversity plays an important role both in the performance of a company and for the well-being of the entire society, we have become signatories of the Diversity Charter since 2018, publicly assuming the respect and promotion of values such as equal opportunities, combating discrimination and social inclusion.

At the end of 2019, the Bank appointed a Diversity & Inclusion Officer to act as a central point of contact for diversity management. This role is supported and aligned with all relevant stakeholders to implement local diversity management, through the development and implementation of local diversity policy and strategy, aligned with the Group's strategy. At the same time, all employees have at their disposal a dedicated communication channel where they can send notifications related to any type of dissatisfaction with the manner and conditions of the employment relationship.

In accordance with its ethical principles and donations policy, the Bank does not make direct or indirect political contributions, nor grant donations in cash or in kind (in-kind) to political parties or politicians.

Actual figures and KPIs regarding all the above-mentioned aspects are annually disclosed within the Bank's Sustainability Report.

Regarding managing its supply chain from the ESG perspective, all suppliers are required to acknowledge and sign the **Supplier's Code of Conduct**, unless they demonstrate that they have their own code and standards equivalent to the Bank Group.

The Supplier Code of Conduct includes a section dedicated to environmental mandatory standards of conduct and responsible practices, with a focus on environmental protection and resource and waste management, as well as sections dedicated to social and governance mandatory standards of conduct and responsible practices, covering freedom of association and the right to collective bargaining, adequate remuneration, working time, health and safety at work, diversity, inclusion and non-discriminatory treatment of own employees, prohibition of child and forced labor, prevention of corruption and financial crime, prevention of money laundering and terrorist financing, respect for the principles of free competition, sponsorship and political contributions, intellectual property, security and data protection.

Employees received training on identifying certain signals which indicate that certain activities and sectors are particularly critical from a sustainability perspective. All employees are encouraged to report any suspicion of compliance violations, ethical violations, or violations of the Code of Conduct, such as: bribery and corruption, suspicions of money laundering and violations of the financial sanctions' regime, fraud and theft, conflicts of interest and other violations of the Code of Conduct. Thus, they have at their disposal two channels through which they can submit complaints safely, without repercussions and confidentially:

- The Whistleblowing Platform - Whispli - managed at Group level,
- Whistleblowing Email - whistle.blowing@raiffeisen.ro - dedicated local email address.

ER h), SR f)

As part of the rating process for corporate customers, the ESG Score is assessed with the credit rating update. Thus, in the Analyst's report, an explanation and reasoning of the outcome is provided and will be added to any limit applications (e.g., for those presented in the Credit Committee).

In line with the Bank's Environmental and Social Risk Policy, the Bank will report semi-annually to the management of the Bank through internal portfolio reports the breakdown of lending portfolio by environmental risk categories defined by national and international standards. As a result, environmental and social risks are continuously embedded in the Bank's internal risk reporting framework.

ER i), SR g)

Performance assessment considers risk-sensitive performance criteria and appropriate financial, non-financial, qualitative, and quantitative performance criteria. The non-financial performance criteria are intended to adequately reflect the business strategy and include, in addition to strategic objectives, adherence to risk management policy, governance and compliance requirements, criteria related to corporate social responsibility, environmental factors and employee related goals, including diversity.

ESG related KPIs have been set for each of the Bank's Board Member, aligned with group KPIs, and then further cascaded down in the organization and monitored regularly. The management objectives targets are reviewed on a yearly basis.

The remuneration system of the Bank promotes fair and efficient risk management and does not encourage risk-taking exceeding tolerated levels. It is in line with the Bank's business strategy, objectives, values, and long-term interests and incorporates measures to avoid conflict of interest. The remuneration policies of the Bank are approved by the Supervisory Board of the Bank, through the Remuneration Committee.

C. Risk Management

ER j) ER k), SR h), GR d)

The Social and Environmental Risk Policy of the Bank is elaborated taking into account the Romanian laws governing environmental and social practices, other legal acts and international treaties of the Romanian state on environmental and labor protection.

The Supranational standards & requirements (BERD & IFC) are applicable to all internal lending/investment for legal entities customers portfolio.

The standards are given by the E&S risk categories which are grouped by industry sector, as described below:

- **Category Low risk:** activities, projects, or actions whose environmental or social impacts are expected to be negligible, for which no further environmental and social appraisal would be required.
- **Category Medium risk:** activities, projects, or actions within sectors where it is likely that potential environmental impacts can be readily identified and, if necessary, standard preventive and/or remedial measures can be prescribed within the borrower's financial and technical/managerial capabilities.
- **Category High risk:** activities, projects, or actions within sectors where there may be highly significant, negative and/or long-term environmental or social impacts and contingent liabilities, the magnitude of which are difficult to determine at the loan application stage.

The Bank is in the process of alignment with Group standards in using and assessing the following for corporate customers.

ESG industry base score measures vulnerabilities at industry and country level for non-retail portfolio, based on an internal methodology which uses Moody's ESG assessment and data.

ESG customer score

The ESG Scoring Model is finalized for Corporate Customers starting 2023, measuring the impact of ESG related risks through individual scores. It has the following components:

- **Environmental:** it measures the impact of transition risk; focus areas are to support net zero, circular economy and biodiversity; in addition, the Bank will be able to identify those customers that need to be further supported: either on their way to a low carbon economy, as a contributor to the circular economy, or due to their low impact / enabling function vis-à-vis the environment (already green industries).
- **Social:** it captures social risks at customer level and identifies those customers with a negative impact on society and / or that contradict the Bank's internal societal standards and reflect negatively on the reputation. Positive impacts will also be considered and potential support for such customers might subsequently be envisaged. Compliance with existing health and human rights regulations is already considered, potentially an exclusion list to be set up as a next step.
- **Governance:** governance-related risks at customer level are measured by scoring questions on transparency, business ethics, diversity and strategy and risk management. Governance risks refer to the governance practices of the institutions' counterparties, including the inclusion of ESG factors in policies and procedures under the governance of the counterparties. This may include, but is not limited to, executive pay, board diversity and structure, shareholder rights, bribery and corruption, compliance, ethical standards (e.g., data ethics), fair tax strategy, etc.

As a result, in the context of the ESG customer score the social and governance-related risks at customer level are assessed by scoring questions on human rights, diversity, transparency and corporate governance-related principles, business ethics, strategy and risk management.

ER I) SR i)

Credit risk

The Bank's Environmental and Social Risk Policy is implemented through working procedures, rules and regulations specific to loans to legal entities.

Before structuring any financing transaction, the potential, and the portfolio customers (legal entities) are screened and those operating in industries that are on the Exclusion list are not further promoted.

Additionally, during the screening stage, the level of environmental and social risk is classified based on the national's and international's Environmental and Social Risk Categorization List and activities, projects or actions within sectors are checked in order to ensure the compliance with the Environmental and Social National Laws and Regulations (requires relevant documents, permits and licenses).

In the credit documentation, the clients (legal entities) commit to comply their business operations with applicable regulations which refer to standards for environment protection, health and safety and labor including, where applicable, EU standards of good international practices relevant for environment protection, health and safety and labor. Furthermore, the legal entities customers also undertake to inform the Bank about any litigation, significant accident, incident of non-compliance with applicable environmental, social and health and safety regulations and standards.

For corporate critical customers and/or projects, an ESG expert opinion is prepared. This analyses ESG factors at project level and at company level and assesses their impact on the environment and social issues. The ESG expert opinion is considered in the lending decision process and thus plays a key role in preventing negative impacts from an ESG perspective.

The nature of the collateral is evaluated with regards to environmental risk, as per internal guidelines. The evaluation of the collateral is made by requesting the environmental authorizations/ certificates in accordance with national legislation (if applicable).

Operational risk:

The operational risk framework is being further enhanced in order to include ESG risk specifics. New scenarios were defined to account for forward-looking risks triggered by environmental risks and assessed the potential impact of legal and regulatory compliance risks, litigation, and liability costs associated with climate-sensitive investments and businesses but also physical hazards. The results are input parameters to the Pillar 2 Operational risk model.

Regarding supporting the assessment of customers' creditworthiness, an ESG-Score has been developed. Customers sensitive to environmental risks are identified via the E-Score. The E-Score is a benchmark model: it benchmarks the performance of a certain customer to a global industry related portfolio.

ESG Rulebook stipulates the Group wide ESG definitions used for qualification and flagging of business transactions as well as form the basis for the greenwashing prevention check process, which shall be followed for Corporate customer in relation to Sustainable Finance Products.

The greenwashing prevention check shall be applicable for all Sustainable Finance Products, including products which use the expression 'social' besides 'green', 'sustainability', 'transition', 'sustainable', 'environmental', 'sustainability-linked', 'ESG' or any equivalently labelled expression as part of the product definition, where Group and/or the Bank acts as leading arranger and/or (sustainability) structurer of such a product. It also applies in cases, where the Bank acts as lender only for the corresponding part of the credit risk of the Sustainable Finance Product as described within the rulebook.

Furthermore, all potential Eligible ESG Loans are subject to standard credit process in line with the normal course of business. Only loans that have been approved through standard regular credit process can be further considered for Sustainable Bond eligibility. Eligible ESG Loans are sourced from the various eligible sectors and result from the application of the eligibility criteria for each client's segments within the Bank. Colleagues involved into the process (product/relationship managers, ESG experts, etc.) have been trained accordingly to identify sustainable finance products.

Qualification of the business transaction shall be performed based on the "four-eye principle". The Bank uses for SME the definitions set at EU level, in line with Group approach.

ER m) SR j)

For corporate customers we have a uniform definition for green, social and ESG-linked finance, aligned with the Group and/or derived from European frameworks such as EU Taxonomy. The definitions of sustainable business transactions are used for qualification and flagging of business transactions, as well as for preventing greenwashing, within Corporate customer segments in relation to Sustainable Finance Products. For relevant clients (above EUR 10 million financing) the Bank is conducting an extended due diligence, according to IFC Performance Standards.

In order to respect, promote and comply with human rights, the Bank refers to its sphere of influence among employees, suppliers and customers.

ER n), q) SR k), l)

The Environmental and Social due diligence is conducted when entering into the credit relationship with the client, during the reviewing process of the credit relationship done annually, based on client's GCC (Group of Customers) exposure level and internal rating, and also if by approval terms requested so, on different stages of project's completion follow-up.

The Environmental and Social due diligence is done on periodical on-site visits at client's premises, by requiring and verifying authorizations, licenses and permits and also latest monitoring reports and conformity plans issued by national institutions responsible with Social and Environmental activity and latest environment and labor related reports sent by the client to these organizations, eventual environment and labor related incidents/ accidents documentation.

The result of the review is presented in loan approval request documentation and assessed by the risk analyst during the decision process. These requirements are included and detailed in specific credit procedures for each customer segment.

As an outcome of the Environmental and Social Due Diligence process, if E&S risks are revealed, the Bank will make sure that the borrower/investor will comply with the necessary mitigation or corrective measures for their operations as included in the conformity plan required by national authorities responsible with E&S within the authorizations, licenses and permits provided.

In case of Investment Projects (IP) - for all risk categories (low, medium and high) - which are comprising a construction stage, during the availability period of each investment loans, the following documents will be requested by the Bank, before first drawing: -building permit, accompanied by all authorizations, including environmental and social Decisions -if the case. The Environmental Authorization (EA) will be obtained by the Borrower and checked by the Bank, after the Investment Project- subject of the above-mentioned financing, will be put into operation.

The Group uses several indices for the customer assessment, which form the basis for excluding business relationships, such as sanctioned units or sensitive areas of business as well as restricted sectors.

Every product was assessed based on the reputational risk, AML product risk, transparency level and cash intensity, among others.

ER o)

ESG risks are assessed annually as part of the Bank's risk profile assessment (ICAAP). For 2023, this risk has been assessed as low to moderate, with significant developments in terms of governance, tools implemented for evaluation and collection of necessary data.

ER p)

The Bank started the data collection on multiple levels (e.g., approaching customers directly via an internally developed ESG questioner, EPC labels).

The assessment of a counterparty's sustainability level needs to be based on accurate ESG data. Retrieving such data poses major challenges for customers and Banks alike. Lack of relevant ESG data points is one of the main challenges when it comes to ESG risk assessment and its management.

Methodologies to quantify ESG risks, and the underlying data used as inputs to these methodologies are evolving. This Report reflects currently available data, as well as methods developed to be in line with, where available, current best practices – both points are expected to change/ improve.

ER r) SR m)

The ESG risks for corporate customers have been included in the risk methods for already existing risk types. The identification of ESG risk is mainly through the counterparty level ESG-scoring, the initial focus has been on the environmental risk transmission channels.

Quantitative disclosure

For numerical information on the ESG prudential disclosure (templates 1, 2, 4, templates 5 to 8 and template 10) please refer to the dedicated document in tabular form.