Raiffeisen BANK

REPORT ON TRANSPARENT AND PUBLICATION REQUIREMENTS OF INFORMATION

31 December 2021

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 investment companies 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.*

- ✓ *EBA/GL/2020/07 Guide on reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis*

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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 investment companies 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 31 December 2021 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.

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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 31st December 2021, the structure of the Bank's **Supervisory** Board was as follows:

- Johann Strobl, president
- Hannes Mösenbacher, vicepresident
- Peter Lennkh, member
- Andreas Gschwenter, Member
- Ana-Maria Mihaescu , independent member
- Lukasz Janusz Januszewski, member
- Andrii Stepanenko, member
- Pedro Miguel Weiss, independent member
- Claudia Pendred, independent member

Considering:
- the provisions of *Regulation 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment companies*
- 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 8 non-executive mandates, counted as 1 term in executive office according to Law No. 29/2015;
- Hannes Mösenbacher: 1 executive mandates and 6 non-executive mandates, counted as 1 term in executive office according to Law No. 29/2015;
- Peter Lennkh: 1 executive mandate and 10 non-executive mandates, counted as 1 term in executive office and 1 term in non-executive office according to Law No. 29/2015;

- Andreas Gschwenter: 1 executive mandate and 8 non-executive mandates, counted as 1 term in executive office according to Law No. 29/2015.
- Lukasz Janusz Januszewski: 1 executive mandate and 6 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 mandate, counted as 4 term in non-executive office according to Law No. 29/2015;
- Ana-Maria Mihaescu: 4 non-executive mandates, counted as 4 non-executive mandates according to Law No. 29/2015;
- Pedro Miguel Weiss: 4 non-executive mandates, counted as 4 non-executive mandates according to Law No. 29/2015;As of December 31, 2021, the structure of the Bank's

Management Board was as follows:
- Steven van Groningen – president
- Vladimir Kalinov – Vice-President
- Cristian Sporis – Vice President
- Mircea Busuioceanu – Vice-President
- Bogdan Popa – Vice-President
- Mihail-Catalin Ion – Vice-President.

(1 position of Vice-President was vacant)

Considering:

- the provisions of *Regulation 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment companies*
- 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 Directorate in different companies are detailed below:

- Steven van Groningen: 1 executive mandate and 1 non-executive mandate, counted as 1 term in executive office under Law No. 29/2015;
- Vladimir Kalinov: 1 executive mandate and 3 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 counted as 1 term in executive office according to Law No. 29/2015;
- Mircea Busuioceanu: 1 executive mandate counted as 1 mandate in executive office according to Law No. 29/2015;
- Bogdan Popa: 1 executive mandate counted as 1 mandate in executive office according to Law No. 29/2015;
- Mihail-Catalin Ion: 1 executive mandate counted as 1 mandate 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 **300 branches**, as of **31.12.2021**. These branches are grouped into **13 Retail Regions** which in turn, consist of branches coordinated by a Branch Director and 35 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., both being under the direct coordination of the Regional Corporations and Public Sector Directorate. In addition, we mention that clients in the category of large corporations are served by the Directorate of Large Corporations.

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, 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 unitarily 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.

Cuantification 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.

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B. ***Organization of risk management***

The risk management activity is a core activity of the bank and therefore all the bank's structures are implicated. 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 Committes 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 Executive Credit Committee is empowered to approve credit granting, including credit lines and contingent/off balance sheet liabilities to a single debtor (or to one or several debtors in an "economic unit") and to take decisions regarding country risk, which requires approval of the Supervisory Board, according to the Credit Committee Bylaws approved by the Supervisory Board.

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 twice during the year 2021.

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 in addition to and 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 auditing companies.

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, ie 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 practive		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.	Internal Capital is 100% used by economic capital	Own funds are 100% used by regulatory capital requirements	chosen at risk appetite
Risk tolerance	Thee 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, set internally.	chosen at risk appetite
Risk appetite	The level of planned and budgeted risk that is aligned with the bank's business objectives.	Bugeted 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 inftrastructure, 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.

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.

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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 Balance Sheet and Portfolio Management 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 SA 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 reprot (at Raiffeisen Bank level and at consolidated level); testing the liquidity position in crisis conditions (stress test); liquidity structure indicators (liquidity scorecard, liquidity surplus); real-time measurement of the liquidity position, statutory liquidity ratio; 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).

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- in RON thousands

		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on	Dec-21	Sep-21	Jun-21	Mar-21	Dec-21	Sep-21	Jun-21	Mar-21
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)					16,440	15,540	14,528	13,740
CASH – OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	34,368	33,264	32,043	30,964	2,527	2,458	2,380	2,322
3	*Stable deposits*	22,103	21,220	20,252	19,368	1,105	1,061	1,013	968
4	*Less stable deposits*	12,266	12,044	11,791	11,597	1,422	1,397	1,367	1,354
5	Unsecured wholesale funding	10,305	9,909	9,698	9,581	4,331	4,159	4,090	4,103
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	2,090	1,989	1,889	1,816	521	492	460	443
7	*Non-operational deposits (all counterparties)*	8,215	7,920	7,809	7,766	3,810	3,666	3,630	3,661
8	*Unsecured debt*	-	-	-	-	-	-	-	-
9	*Secured wholesale funding*					-	-	-	-
10	Additional requirements	-	-	4,130	4,087	397	396	384	378
11	*Outflows related to derivative exposures and other collateral requirements*	61	60	54	49	61	60	54	49
12	*Outflows related to loss of funding on debt products*	-	-	-	-	-	-	-	-
13	*Credit and liquidity facilities*	4,274	4,162	4,076	4,038	335	336	331	329
14	Other contractual funding obligations	-	-	-	-	-	-	-	-
15	Other contingent funding obligations	10,093	9,629	9,424	9,259	303	289	283	278

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		Total unweighted value (average)				Total weighted value (average)			
EU 1a	**Quarter ending on**	**Dec-21**	**Sep-21**	**Jun-21**	**Mar-21**	**Dec-21**	**Sep-21**	**Jun-21**	**Mar-21**
EU 1b	**Number of data points used in the calculation of averages**	**12**	**12**	**12**	**12**	**12**	**12**	**12**	**12**
16	TOTAL CASH OUTFLOWS					8,526	8,207	8,000	7,896
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	1,839	1,612	1,214	1,038	-	-	-	-
18	Inflows from fully performing exposures	3,675	3,710	3,583	3,284	3,206	3,233	3,126	2,866
19	Other cash inflows	16	19	18	21	16	19	18	21
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	5,530	5,341	4,815	4,343	3,222	3,252	3,144	2,887
EU-20a	*Fully exempt inflows*	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
EU-20b	*Inflows subject to 90% cap*	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
EU-20c	*Inflows subject to 75% cap*	5,530	5,341	4,815	4,343	3,222	3,252	3,144	2,887
		-	-	-	-	-	-	-	-
TOTAL ADJUSTED VALUE									
EU-21	**LIQUIDITY BUFFER**					**16,440**	**15,540**	**14,528**	**13,740**
22	**TOTAL NET CASH OUTFLOWS**					**5,304**	**4,956**	**4,856**	**5,010**
23	**LIQUIDITY COVERAGE RATIO**					**318%**	**318%**	**302%**	**276%**

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 evolution during 2021 with an upward evolution of the average values during the analyzed period, being at high levels, well above the regulatory limit of 100%. The high level of CRL 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 was the result of the increase in high-quality assets that registered a higher increase compared to the increase in net outflows.

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 2020, in Q4 of 2021 the stock of high-quality assets increased by RON 3.7 billions from RON 16.8 billions to RON 20.5 billions. At the end of 2021, the stock of assets with a high level of liquidity was represented by: cash in hand and cash in vaults and ATMs (RON 4 billions), amounts held in account with the Central Bank (RON 3.7 billions) and holdings of securities in the amount of RON 12.7 billions.

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 34,368 millions at December 2021, of which RON 2,527 millions represents potential outflows in the next 30 days, as well as unsecured wholesale financing with an average value of RON 10,305 millions at December 2021, of which RON 4,331 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 2021 was approx. RON 61 million, representing approx. 0.10% of the average value of the total net cash outflows included in the LCR calculation in Q4 of 2021.

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.

Other elements of the LCR calculation that are not included in the form regarding the quantitative information related to the LCR, but which the institution considers to be relevant for its liquidity profile

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

		a	b	c	d	e
(in RON mio)		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	-	-	-	6,125	6,125
2	*Own funds*	-	-	-	6,125	6,125
3	*Other capital instruments*		-	-	-	-
4	Retail deposits		37,058	1	4	34,558
5	*Stable deposits*		24,004	1	4	22,809
6	*Less stable deposits*		13,054	-	-	11,749
7	Wholesale funding:		12,811	280	291	6,622
8	*Operational deposits*		1,843	-	-	-
9	*Other wholesale funding*		10,968	280	291	6,622
10	Interdependent liabilities					
11	Other liabilities:	-	1,153	-	1,608	1,608
12	*NSFR derivative liabilities*	-				
13	*All other liabilities and capital instruments not included in the above categories*		1,153	-	1,608	1,608
14	**Total available stable funding (ASF)**					48,914
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					188
EU-15a	Assets encumbered for more than 12m in cover pool					
16	Deposits held at other financial institutions for operational purposes					

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		a	b	c	d	e
(in RON mio)		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
17	Performing loans and securities:		4,418	2,750	22,330	21,183
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		418	-	-	-
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:*		3,260	2,165	9,596	10,869
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:*		422	475	12,083	9,573
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		200	225	5,731	3,937
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*		319	109	652	742
25	Interdependent assets					
26	Other assets:		160	88	6,282	6,530
27	*Physical traded commodities*				-	-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*					
29	*NSFR derivative assets*		7	-	-	7
30	*NSFR derivative liabilities before deduction of variation margin posted*		-	-	-	-
31	*All other assets not included in the above categories*		154	88	6,282	6,524
32	Off-balance sheet items		5,609	-	-	296
33	**Total RSF**					28,197
34	**Net Stable Funding Ratio (%)**					173%

D.4. Operational risk

Within Raiffeisen Bank, 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 SA 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 applying the operational risk policy 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 some 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:

- 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.
- Reports to management regarding significant risk incidents with potential losses above a defined threshold.
- 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 by risky in itself, threatening the business continuity of an organization, if and when the risks materialize.
Strategic risk was evaluated as immaterial in Raiffeisen Bank S.A. This risk is not quantifiable, the bank using qualitative methods for its evaluation and reduction.
For reducing this risk, Raiffeisen Bank SA 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

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.

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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.

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 31st of December 2021, the internal capital of Raiffeisen Bank S.A. amounted to 5,747 RON Millions.

The economic capital calculated for quantifiable risks was of 3,093 RON Millions, 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 5,747 RON Millions is higher than the economic capital in total amount of 3,093 RON Millions, at 31st of December 2021 Raiffeisen Bank S.A. had an adequate level of internal capital for covering risks.

As at 31st of December 2021, the internal capital of the Group Raiffeisen Bank amounted to 5,903 RON Millions.

As the internal capital of 5,903 RON mil is higher than the economic capital in total amount of 3,148 RON Millilions, at 31st of December 2021 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 banks is willing to asume 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 policie, processed and systemes 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 2021 the Bank had an ample liquidity position which was also reflected in the value of internal and regulatory liquidity indicators. From internal perspective in 2021 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 2021 was of 313% at individual level and 318% at consolidated level, significantly over th regulatory limit of 100%).

In conclusion, in 2021 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, independency, 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 Babnk 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.

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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% women compared to 25% men, and for managerial positions the division is 65% women compared to 35% men.
At the level of the management structure, the Directorate and the Supervisory Board, the gender diversity is represented by the share of 13% women and 87% 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 1 person over 60 years old, the rest belonging to the age range of 40 - 51 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 6 members, the distribution is balanced: 4 are Romanian citizens and 2 are foreign citizens.

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6. Article436 CRR Scope of application

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

Starting with financial year 2020 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% (2020: 99.99%) interest in Raiffeisen Leasing IFN S.A.;
- 99.99% (2020: 99.99%) interest in Aedificium Banca Pentru Locuinte SA;
- 99.99% (2020: 99.99%) investment in Raiffeisen Asset Management S.A., an asset management company with the purpose of administrating fund.

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. offers a product denominated in RON that is based on the combination of the saving and the lending phase (Bauspar) and offers to customers the financing of housing domain improvements by affordable RON denominated loans with fixed interest rates.

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, 2021.

(ii) Joint venture

The Group does not hold any joint ventures (2020: nil).

(iii) Associates

The Bank holds:

- 33.33% (2020: 33.33%) interest in Fondul de Garantare a Creditului Rural IFN S.A.
- 33.33% (2020: 33.33%) interest in CIT One S.R.L.

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 IFRS 11 "Investments in Associates". 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 Leasing IFN S.A.	Consolidated by the method of global consolidation	X					Leasing company
Raiffeisen Assets Management S.A.	Consolidated by the method of global consolidation	X					Financial institution
Aedificium Bank Pentru Locuinte S.A.	Consolidated by the method of global consolidation	X					Credit institution
FONDUL DE GARANTARE A CREDITULUI RURAL S.A.	Putting in equivalence			X			Another institution
CIT one	Putting in equivalence			X			Another institution

Participation deducted from own funds items

According to art. 36 (1) 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.

LI1 - 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 consolidiation and the correspondence between the categories of elements from the financial statement and some regulatory risk categories.

GROUP Article 436			Carrying values of items				
In RON thousand	Carrying values as reported in published financial statements	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	11,288,325	11,288,325	11,288,325	-	-	-	-
Loans and advances to banks at amortised cost	1,518,422	1,518,422	1,518,422	-	-	-	-
Derivative assets held for risk management	8,305	8,305	-	8,305	-	-	-
Trading assets	135,174	135,174	-	-	-	135,174	-
Financial assets mandatorily at fair value through profit or loss	257,908	257,908	257,908	-	-	-	-
Investment securities at fair value through other comprehensive income	3,660,744	3,660,744	3,660,744	-	-	-	-
Equity instruments at fair value through other comprehensive income	49,766	49,766	49,766	-	-	-	-
Investment in subsidiaries, associates and joint ventures	32,243	32,243	32,243	-	-	-	-
Loans and advances to customers at amortised cost	32,973,112	32,973,112	32,203,315	-	769,797	-	-
Investment securities at amortised cost	8,550,464	8,550,464	8,550,464	-	-	-	-
Current tax receivable	74,336	74,336	74,336	-	-	-	-
Other assets	407,256	407,256	407,256	-	-	-	-
Deferred tax assets	50,591	50,591	50,591	-	-	-	-

GROUP Article 436			Carrying values of items				
In RON thousand	**Carrying values as reported in published financial statements**	**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**
Property, equipment and right-of-use assets	477,715	477,715	477,715	-	-	-	-
Intangible assets	349,100	349,100	186,566	-	-	-	162,534
Total assets	**59,833,461**	**59,833,461**	**58,757,651**	**8,305**	**769,797**	**135,174**	**162,534**
Liabilities							
Trading liabilities	20,861	20,861	-	-	-	-	-
Derivative liabilities held for risk management	3,268	3,268	-	-	-	-	-
Deposits from banks	357,562	357,562	-	-	-	-	-
Deposits from customers	49,702,577	49,702,577	-	-	-	-	-
Loans from banks and other financial institutions	345,077	345,077	-	-	-	-	-
Fair value changes of the hedged items-liability	3,466	3,466	-	-	-	-	-
Derivatives – hedge accounting	8,298	8,298	-	-	-	-	-
Current tax liabilities	37,837	37,837	-	-	-	-	-
Other liabilities	1,124,225	1,124,225	-	-	-	-	-
Debt securities issued	2,118,575	2,118,575	-	-	-	-	-
Subordinated liabilities	323,334	323,334	-	-	-	-	-
Provisions	433,582	433,582	-	-	-	-	-
Total liabilities	**54,478,662**	**54,478,662**	-	-	-	-	-

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

Group Article 436		Subject to the framework			
In RON thousand	**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)	59,833,461	58,757,651	769,797	8,305	135,174
Liabilities carrying value amount under the regulatory scope of consolidation (as per template LI1)	54,478,662	-	-	-	-
Total net amount under the regulatory scope of consolidation	5,354,799	-	-	-	-
Off-balance-sheet amounts	16,899,755	16,899,755	-	-	-
Exposure amounts considered for regulatory purposes	**76,733,216**	**75,657,406**	**769,797**	**8,305**	**135,174**

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Template EU PV1: Prudent valuation adjustments (PVA)

In RON thousands		a	b	c	d	e	EU e1	EU e2	f	g	h
		Risk category					Category level AVA - Valuation uncertainty		Total category level post-diversification		
	Category level AVA	Equity	Interest Rates	Foreign exchange	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA		Of which: Total core approach in the trading book	Of which: Total core approach in the banking book
1	Market price uncertainty	4	16,698	4,415	-	-	7	1	10,562	970	9,592
2	Set not applicable in the EU						-	-			
3	Close-out cost	-	-	-	-	-	-	-	-	-	-
4	Concentrated positions	-	-	-	-	-	-	-	-	-	-
5	Early termination	-	40	10	-	-	-	-	50	10	40
6	Model risk	1,703	579	405	-	-	2	1	1,346	30	1,315
7	Operational risk	-	835	221	-	-	-	-	1,056	97	959
8	Set not applicable in the EU										
9	Set not applicable in the EU										
10	Future administrative costs	-	259	65	-	-	-	-	324	324	-
11	Set not applicable in the EU										
12	**Total Additional Valuation Adjustments (AVAs)**	-	-	-	-	-	-	-	**13,338**	**1,431**	**11,906**

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 31 December 2021 at Group level the common equity tier 1 is in amount of RON 5,010,793 thousand, (31 December 2020: RON 5,506,706 thousand).

Taking into account the recent evolution of the RON government bonds market rates and the requirements of the article 468 from Regulation 575/2013 modified by the regulation no 873/2020 of the European Parlament and of the Council, the Bank received National Bank of Romania approval to apply transitory treatment for the the unrealised gains and losses measured at fair value through other comprehensive income starting with December 31,2021. As of December 31, 2021 the amount of unrealized gains and losses removed was in amount of 84,316 RON thousands.

Tier 2 capital

As of 31 December 2021 at Group level the common equity tier 2 after deductions amounted at RON 872,897 thousand (31 December 2020: RON 910,857 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.

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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	Contracual
	Regulatory treatment	
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 Decembrie 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
	Coupons / dividends	
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

		Qualitative or quantitative information
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)	-
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	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%. The determination as to whether a Trigger Event has occurred shall be made by the Issuer, the Competent Authority or any agent appointed for such purpose by the Competent Authority, and such a calculation shall be binding on the Holders.
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)	(a) Pari passu without any preference among themselves, at all times; (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; (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

		Qualitative or quantitative information
		insolvency of the Issuer; and (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.
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 intrument (signposting)	N/A

Main features of regulatory own funds instruments -T2

		Qualitative or quantitative information
1	Issuer	Raiffeisen Bank S.A.
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	ROJX86UZW1R4
2a	Public or private placement	Private
3	Governing law(s) of the instrument	Romanian law
3a	Contractual recognition of write down and conversion powers of resolution authorities	Contractual recognition
	Regulatory treatment	
4	Current treatment taking into account, where applicable, transitional CRR rules	Tier 2
5	Post-transitional CRR rules	Tier 2
6	Eligible at solo/(sub-)consolidated/ solo& (sub)-consolidated	Group and solo
7	Instrument type (types to be specified by each jurisdiction)	Tier 2
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	480,000,000 RON
9	Nominal amount of instrument	480,000,000 RON
EU-9a	Issue price	480,000,000 RON
EU-9b	Redemption price	Nominal Value plus Interest plus Make Whole Amount
10	Accounting classification	Liability - amortised cost
11	Original date of issuance	19 December 2019
12	Perpetual or dated	Dated
13	Original maturity date	19 December 2029

		Qualitative or quantitative information
14	Issuer call subject to prior supervisory approval	Yes
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.
16	Subsequent call dates, if applicable	At any time after 19 December 2024
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	Total coupon: ROBOR3M + 3.5%
19	Existence of a dividend stopper	No
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory
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)	-
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
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	-
34a	Type of subordination (only for eligible liabilities)	N/A
EU-34b	Ranking of the instrument in normal insolvency proceedings	2

		Qualitative or quantitative information
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	a)pari passu without any preference among themselves, at all times; (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; (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 (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.
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 intrument (signposting)	Prospectus and T&C T2

CC1 - Composition of regulatory own funds

Group RON thousands		31 December 2021	Reference to CC2
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	1,200,000	
	of which: Paid capital instruments	1,200,000	f
2	Retained earnings	2,931,484	h-i+j-l-n
3	Accumulated other comprehensive income (and other reserves)	212,215	h-i+j-l-n
EU-3a	Funds for general banking risk	-	
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	-	
5	Minority interests (amount allowed in consolidated CET1)	-	
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	400,669	h-i+j-l-n
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	4,744,368	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	(13,421)	
8	Intangible assets (net of related tax liability) (negative amount)	(338,227)	b-a
9	Empty set in the EU	-	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	-	
12	Negative amounts resulting from the calculation of expected loss amounts	-	
13	Any increase in equity that results from securitised assets (negative amount)	-	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	
15	Defined-benefit pension fund assets (negative amount)	-	
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-	
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
20	Empty set in the EU	-	
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	-	

Group **RON thousands**		**31 December 2021**	**Reference to CC2**
EU-20c	of which: securitisation positions (negative amount)	-	
EU-20d	of which: free deliveries (negative amount)	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	
22	Amount exceeding the 17,65% threshold (negative amount)	-	
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	
24	Empty set in the EU	-	
25	of which: deferred tax assets arising from temporary differences	-	
EU-25a	Losses for the current financial year (negative amount)	-	
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	
26	Empty set in the EU	-	
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	
27a	Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments when relevant)	379,498	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	27,850	
29	**Common Equity Tier 1 (CET1) capital**	4,772,218	
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	238,575	g
31	of which: classified as equity under applicable accounting standards	238,575	
32	of which: classified as liabilities under applicable accounting standards	-	
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1 as described in Article 486(3) CRR	-	
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	-	
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	-	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	
35	of which: instruments issued by subsidiaries subject to phase out	-	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	238,575	
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	-	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	

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Group RON thousands		31 December 2021	Reference to CC2
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
41	Empty set in the EU	-	
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	
42a	Other regulatory adjustments to AT1 capital	-	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**-**	
44	**Additional Tier 1 (AT1) capital**	238,575	
45	**Tier 1 capital (T1 = CET1 + AT1)**	5,010,793	
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	762,673	c+d-e
47	Amount of qualifying items referred to in Article 484 (5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	-	
EU-47a	Amount of qualifying items referred to in Article 494a (2) CRR subject to phase out from T2	-	
EU-47b	Amount of qualifying items referred to in Article 494b (2) CRR subject to phase out from T2	-	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-	
49	of which: instruments issued by subsidiaries subject to phase out	-	
50	Credit risk adjustments	120,299	
51	**Tier 2 (T2) capital before regulatory adjustments**	882,972	
Tier 2 (T2) capital: regulatory adjustments			
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	
53	Direct, indirect and synthetic goldings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
54a	Empty set in the EU	-	
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
56	Empty set in the EU	-	
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	
EU-56b	Other regulatory adjustments to T2 capital	(10,075)	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**(10,075)**	
58	**Tier 2 (T2) capital**	**872,897**	
59	**Total capital (TC = T1 + T2)**	**5,883,690**	

Group RON thousands		31 December 2021	Reference to CC2
60	**Total Risk exposure amount**	**27,684,008**	
Capital ratios and buffers Ratele de adecvare a capitalului și cerințele de capital, inclusiv amortizoarele			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	17.24%	
62	Tier 1 (as a percentage of total risk exposure amount)	18.10%	
63	Total capital (as a percentage of total risk exposure amount)	21.25%	
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)	11%	
65	of which: capital conservation buffer requirement	2.5%	
66	of which: countercyclical buffer requirement	0%	
67	of which: systemic risk buffer requirement	0%	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	2%	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	0%	
68	**Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)**	12.74%	

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

Group **RON thousands**	**31 December 2021**	**Reference**
Assets		
Cash and cash with Central Bank	11,288,325	
Loans and advances to banks at amortised cost	1,518,422	
Derivative assets held for risk management	8,305	
Trading assets	135,174	
Financial assets mandatorily at fair value through profit or loss	257,908	
Investment securities at fair value through other comprehensive income	3,660,744	
Equity instruments at fair value through other comprehensive income	49,766	
Investment in subsidiaries, associates and joint ventures	32,243	
Loans and advances to customers at amortised cost	32,973,112	
Investment securities at amortised cost	8,550,464	
Income tax receivable	74,336	
Other assets	407,256	
Deferred tax assets	50,591	
of which: Deferred tax for intangible assets	10,873	a
Property, equipment, and right-of-use assets	477,715	
Intangible assets	349,100	b
Total assets	**59,833,461**	
Liabilities		
Trading liabilities	20,861	
Derivative liabilities held for risk management	3,268	
Deposits from banks	357,562	
Deposits from customers	49,702,577	
Loans from banks and other financial institutions	345,077	
Fair value changes of the hedged items-liability	3,466	
Derivatives – hedge accounting	8,298	
Current tax liabilities	37,837	
Other liabilities	1,124,225	
Debt securities issued	2,118,575	
of which: Subordonated debt securities	*480,000*	c
Subordinated liabilities	323,334	d
of which: Subordonated loans amortization and interest accrual	*40,661*	e
Provisions	433,582	
Total liabilities	**54,478,662**	

Group **RON thousands**	**31 December 2021**	**Reference**
Equity		
Share capital	1,200,000	f
Other equity instruments	238,599	g
Retained earnings	3,778,283	h
of which: Estimated dividends to be paid for financial year 2021	*417,884*	i
Other reserves	137,917	j
Of which:		
Legal Reserve	*242,777*	k
of which : income tax on legal reserve	38,400	l
Fair value changes of financial assets measured at fair value through other comprehensive income	*-104,860*	m
Of which: unrealised losses on financial assets at fair value through other comprehensive income according to regulation 873/2020	-84,452	n
Total equity	**5,354,799**	

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8. Article 438 CRR Capital Requirements

Maintaining an adequate level of capital is a core objective of the Group. As of 31 December 2021, 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

Consolidated level, RON thousand	RWA		Capital requirements
	31.12.2021	30.06.2021	31.12.2021
Credit risk (excluding CCR)	**22,169,377**	**21,892,981**	**1,773,550**
Of which the standardised approach	2,146,492	1,871,232	171,719
Of which the foundation IRB (FIRB) approach	10,293,184	10,607,012	823,455
Of which slotting approach	1,302,563	1,296,578	104,205
Of which equities under the simple risk-weighted approach			
Of which the advanced IRB (AIRB) approach	9,613,450	9,302,085	769,076
Of which equity IRB under the simple risk-weighted approach or IMA	116,250	112,651	9,300
CCR	**27,209**	**22,638**	**2,177**
Of which the standardised approach	26,908	22,638	2,153
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	301	-	24
Of which other CCR	-	-	-
Settlement risk	-	-	-
Securitization exposures in the banking book (after the cap)	96,011	116,763	7,681
Of which the SEC-IRBA approach	38,946	98,030	3,116
Of which the SEC-ERBA (inclusiv IAA) approach			
Of which the SEC-SA approach	57,065	18,733	4,565
Of which 1 250 %/deduction			
Market risk	**275,121**	**110,966**	**22,010**
Of which the standardised approach	275,121	110,966	22,010
Of which the IMA	-	-	-
Large exposures	-	-	-
Operational risk	**5,116,290**	**5,058,577**	**409,303**
Of which the basic approach	5,116,290	5,058,577	409,303
Of which the standardised approach	-	-	-
Of which the advanced measurement approach	-	-	-
Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
Total	**27,684,008**	**27,201,925**	**2,214,721**

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

		Risk weighted exposure amount
		31.12.2021
1	**Risk weighted exposure amount as at the end of the previous reporting period**	**21,022,676**
2	Asset size (±)	972,883
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**	**20,049,793**

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As of 31 December 2021, the project finance exposures, based on classification category, are as follows:

EU CR10 – Specialised lending and equity exposures under the simple riskweighted approach

Regulatory categories	Remaining maturity	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	515,790	46,858	50%	578,814	271,364	-
	Equal to or more than 2.5 years	944,651	44,703	70%	1,022,880	685,697	4,092
Category 2	Less than 2.5 years	127,037	300	70%	127,562	78,871	510
	Equal to or more than 2.5 years	186,570	3,464	90%	192,631	173,368	1,541
Category 3	Less than 2.5 years	4,232	251	115%	4,668	4,763	131
	Equal to or more than 2.5 years	78,251	-	115%	78,251	88,501	2,191
Category 4	Less than 2.5 years	-	-	250%	-	-	-
	Equal to or more than 2.5 years	-	-	250%	-	-	-
Category 5	Less than 2.5 years	72,751	1,988	0%	75,137	-	37,569
	Equal to or more than 2.5 years	-	-	0%	-	-	-
Total		**1,929,282**	**97,564**	**0%**	**2,079,945**	**1,302,563**	**46,033**

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

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Template EU CR10.5 – Specialised lending and equity exposures under the simple riskweighted approach

Category	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 31 december 2021 Raiffeisen Bank S.A. did not have exposure for which a deterioration in credit quality could affect collateral level.

As of 31 december 2021 Raiffeisen Bank S.A. did not have credit derivate instruments.

As of December 2021, the value exposed to risk measured with CRR methods usage, for the transactions under credit risk of counterparty, was as follows:

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EU CCR1 – Analysis of CCR exposure by approach

		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
EU-1	EU - Original Exposure Method (for derivatives)	-	-		1.4	-	-	-	-
EU-2	EU - Simplified SA-CCR (for derivatives)	-	-		1.4	-	-	-	-
1	SA-CCR (for derivatives)	13,614	54,609		1.4	93,260	95,512	95,512	25,834
2	IMM (for derivatives and SFTs)	-	-		-	-	-	-	-
2a	*Of which securities financing transactions netting sets*	-	-		-	-	-	-	-
2b	*Of which derivatives and long settlement transactions netting sets*	-	-		-	-	-	-	-
2c	*Of which from contractual cross-product netting sets*	-	-		-	-	-	-	-
3	Financial collateral simple method (for SFTs)	-	-		-	1,808,662	11,383	11,383	1,074
4	Financial collateral comprehensive method (for SFTs)	-	-		-	-	-	-	-
5	VaR for SFTs	-	-		-	-	-	-	-
6	**Total**	**13,614**	**54,609**	**-**	**-**	**1,901,922**	**106,895**	**106,895**	**26,908**

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

		Exposure value	RWEA
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	698	301
EU-4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	-	-
5	**Total transactions subject to own funds requirements for CVA risk**	**698**	**301**

EU CCR5 – Composition of collateral for CCR exposures

		Collateral used in derivative transactions				Collateral used in SFTs			
	Collateral type	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	-	2,647	-	-	-	-
2	Cash – other currencies	-	-	-	6,324	-	-	-	-
3	Domestic sovereign debt	-	-	-	-	-	1,797,279	-	-
4	Other sovereign debt	-	-	-	-	-	-	-	-
5	Government agency debt	-	-	-	-	-	-	-	-
6	Corporate bonds	-	-	-	-	-	-	-	-
7	Equity securities	-	-	-	-	-	-	-	-
8	Other collateral	-	-	-	-	-	-	-	-
9	**Total**	**-**	**140**	**-**	**8,970**	**-**	**1,797,279**	**-**	**-**

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

	Exposure classes	Risk weight											
		0 %	2 %	4 %	10 %	20 %	50 %	70 %	75 %	100 %	150 %	Others	Total exposure value
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**	-	-	-	-	-	-	-	-	-	-	-	-

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

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 amounts
1	0,00 to <0,15	1,891,750	0,00	22,00	0,45	0,88	20,232	0,01
2	0,15 to <0,25	5,168	0,00	1,00	0,45	0,78	2,158	0,42
3	0,25 to <0,50	394	0,00	2,00	0,45	0,98	160	0,41
4	0,50 to <0,75	4,799	0,01	5,00	0,45	0,77	2,623	0,55
5	0,75 to <2,50	1,681	0,03	8,00	0,45	1,66	1,264	0,75
6	2,50 to <10,00	383	0,03	2,00	0,45	0,30	470	1,23
7	10,00 to <100,00	-	0,00	0,00	0,00	0,00	-	0,00
8	100,00 (Default)	-	0,00	0,00	0,00	0,00	-	0,00
Total (all CCR relevant exposure classes)		**1,904,174**	-	**40,00**	**0,45**	**0,51**	**26,908**	-

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 amounts
1	0,00 to <0,15	459,745	0,00	17,00	0,50	0,86	9.950	0,02
2	0,15 to <0,25	5,168	0,00	1,00	0,45	0,78	2.158	0,42
3	0,25 to <0,50	-	0,00	0,00	0,00	0,00	-	0,00
4	0,50 to <0,75	87	0,01	2,00	0,45	4,88	76	0,88
5	0,75 to <2,50	624	0,01	2,00	0,45	0,93	612	0,98
6	2,50 to <10,00	321	0,03	1,00	0,45	0,14	416	1,30
7	10,00 to <100,00	-	0,00	0,00	0,00	0,00	-	0,00
8	100,00 (Default)	-	0,00	0,00	0,00	0,00	-	0,00
Total (all CCR relevant exposure classes)		**465.943**	**0,00**	**23,00**	**0,06**	**0,49**	**13,213**	**0,03**

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 amounts
1	0,00 to <0,15	1,432,005	0,00	5,00	0,01	0,52	10,2812	0,01
2	0,15 to <0,25	-	0,00	0,00	0,00	0,00	-	0,00
3	0,25 to <0,50	-	0,00	0,00	0,00	0,00	-	0,00
4	0,50 to <0,75	-	0,00	0,00	0,00	0,00	-	0,00
5	0,75 to <2,50	-	0,00	0,00	0,00	0,00	-	0,00
6	2,50 to <10,00	-	0,00	0,00	0,00	0,00	-	0,00
7	10,00 to <100,00	-	0,00	0,00	0,00	0,00	-	0,00
8	100,00 (Default)	-	0,00	0,00	0,00	0,00	-	0,00
Total (all CCR relevant exposure classes)		**1,432,005**	**0,00**	**5,00**	**0,01**	**0,52**	**10,282**	**0,01**

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 amounts
1	0,00 to <0,15	-	0,00	0,00	0,00	0,00	-	0,00
2	0,15 to <0,25	-	0,00	0,00	0,00	0,00	-	0,00
3	0,25 to <0,50	353	0,00	1,00	0,45	1,08	146	0,41
4	0,50 to <0,75	873	0,01	1,00	0,45	1,64	436	0,50
5	0,75 to <2,50	562	0,02	1,00	0,45	0,97	330	0,59
6	2,50 to <10,00	-	0,00	0,00	0,00	0,00	-	0,00
7	10,00 to <100,00	-	0,00	0,00	0,00	0,00	-	0,00
8	100,00 (Default)	-	0,00	0,00	0,00	0,00	-	0,00
Total (all CCR relevant exposure classes)		**1,788**	**0,01**	**3,00**	**0,45**	**1,32**	**913**	**0,51**

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	0,00	0,00	0,00	-	0,00
2	0,15 to <0,25	-	0,00	0,00	0,00	0,00	-	0,00
3	0,25 to <0,50	41	0,00	1,00	0,45	0,11	14	0,35
4	0,50 to <0,75	3,840	0,01	2,00	0,45	0,48	2,111	0,55
5	0,75 to <2,50	494	0,03	5,00	0,90	0,95	322	0,65
6	2,50 to <10,00	62	0,03	1,00	0,45	1,14	54	0,87
7	10,00 to <100,00	-	0,00	0,00	0,00	0,00	-	0,00
8	100,00 (Default)	-	0,00	0,00	0,00	0,00	-	0,00
Total (all CCR relevant exposure classes)		**4,437**	**0,01**	**9,00**	**0,45**	**0,48**	**2,501**	**0,56**

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Correlation risk

As of 31 Dec 2021, for capital charge calculation, the bank did not recognized the collaterals(subject to correlation risk).

10. Article 440 CRR countercyclical capital buffer

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

EU CCyB2 - Amount of institution-specific countercyclical capital buffer		31.12.2021
1	Total risk exposure amount	27,684,008
2	Institution specific countercyclical capital buffer rate	0.0%
3	Institution specific countercyclical capital buffer rate	0.0%

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. Article442 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 (ie quarterly/ annually), depending on the client status/financial performance/exposure or at certain events (ie 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 stetments, 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 (implemented starting 1st of January 2018)
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 POCI;
- Forborne exposure;
- The customer has another exposure marked with default;
- Holistic flag.

Quantative 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 methodology is the following:
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:

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, as presented in the above methodology. 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.

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 (ie 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 (ie 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.

The purpose of estimating expected credit losses is neither to estimate a worst-case scenario nor to estimate the best-case scenario. 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 recognising the financial asset resulting from the loan commitment. This is because for the purpose of applying the impairment requirements, a financial asset that is recognised 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 been 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 1,000 RON

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:

- material exposures which are more than 90 days past-due;
- 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:

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

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 tamplates EU CR2a, EU CQ2, EU CQ6 and EU CQ8 are not applicable.

CQ1: Credit quality of forborne exposures

	Group RON thousands	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				
1	Loans and advances	481,304	391,397	391,396	371,369	(11,241)	(277,884)	480,272	80,733
2	*Central banks*	-	-	-	-	-	-	-	-
3	*General governments*	-	-	-	-	-	-	-	-
4	*Credit institutions*	-	-	-	-	-	-	-	-
5	*Other financial corporations*	-	-	-	-	-	-	-	-
6	*Non-financial corporations*	426,292	152,012	152,012	152,012	(8,257)	(102,961)	399,915	30,800
7	*Households*	55,013	239,386	239,385	219,358	(2,984)	(174,923)	80,357	49,933
8	Debt Securities	-	-	-	-	-	-	-	-
9	Loan commitments given	14,801	24,001	24,001	24,001	417	11,427	6,249	2,797
10	***Total***	**496,105**	**415,398**	**415,397**	**395,370**	**(10,824)**	**(266,457)**	**486,521**	**83,530**

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

Group RON thousands		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
			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<= 90 zile	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***	**34,962,069**	**34,856,048**	**106,021**	**1,221,329**	**513,351**	**96,838**	**117,380**	**176,714**	**231,526**	**57,175**	**28,345**	**1,220,960**
2	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-
3	*General governments*	791,338	791,335	3	-	-	-	-	-	-	-	-	-
4	*Credit institutions*	1,612,069	1,612,069	-	1,541	-	-	-	-	1,541	-	-	1,541
5	*Other financial corporations*	578,565	578,510	56	-	-	-	-	-	-	-	-	-
6	*Non-financial corporations*	14,825,019	14,813,667	11,352	412,449	149,541	16,352	21,266	41,399	140,642	24,806	18,444	412,424
7	*Of which SMEs*	9,839,460	9,828,118	11,343	305,622	92,763	16,341	21,266	35,034	100,219	21,568	18,432	305,622
8	*Households*	17,155,078	17,060,468	94,610	807,339	363,810	80,486	96,114	135,315	89,343	32,369	9,901	806,994
9	*Debt securities*	12,256,299	12,256,299	-	-	-	-	-	-	-	-	-	-
10	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-
11	*General governments*	11,942,344	11,942,344	-	-	-	-	-	-	-	-	-	-
12	*Credit institutions*	270,419	270,419	-	-	-	-	-	-	-	-	-	-
13	*Other financial corporations*	43,535	43,535	-	-	-	-	-	-	-	-	-	-
14	*Non-financial corporations*	-	-	-	-	-	-	-	-	-	-	-	-
15	***Off-balance-sheet exposures***	**16,848,947**			**127,601**								**127,031**
16	*Central banks*	-			-								-
17	*General governments*	322,395			-								-
18	*Credit institutions*	1,882,135			-								-
19	*Other financial corporations*	45,900			-								-
20	*Non-financial corporations*	11,342,048			111,971								111,401
21	*Households*	3,256,470			15,630								15,630
22	***Total***	**64,067,315**	**47,112,347**	**106,021**	**1,348,930**	**513,351**	**96,838**	**117,380**	**176,714**	**231,526**	**57,175**	**28,345**	**1,347,991**

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CQ4: Quality of non-performing exposures by geography

CQ4 tamplate 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.

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

Grup mii RON		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			
010	Agriculture, forestry and fishing	1,227,655	17,765	17,763	1,224,163	(41,662)	-
020	Mining and quarrying	70,213	577	577	70,213	(916)	-
030	Manufacturing	2,618,686	78,326	78,317	2,618,686	(64,938)	-
040	Electricity, gas, steam and air conditioning supply	369,883	6,564	6,564	369,883	(6,788)	-
050	Water supply	154,569	1,397	1,397	154,569	(3,377)	-
060	Construction	1,125,822	49,451	49,450	1,125,822	(72,445)	-
070	Wholesale and retail trade	4,566,797	85,590	85,584	4,566,660	(123,739)	-
080	Transport and storage	1,277,881	37,852	37,850	1,277,881	(46,066)	-
090	Accommodation and food service activities	377,554	14,484	14,483	377,554	(12,811)	-
100	Information and communication	174,957	37,682	37,682	174,957	(39,106)	-
110	Financial and insurance actvities	556,539	109	109	556,539	(807)	-
120	Real estate activities	1,590,645	62,221	62,221	1,590,645	(73,675)	-
130	Professional, scientific and technical activities	445,478	5,709	5,709	445,478	(16,347)	-
140	Administrative and support service activities	176,161	5,902	5,899	176,161	(6,942)	-
150	Public administration and defense, compulsory social security	2,949	-	-	2,949	(6)	-
160	Education	47,714	362	362	47,714	(919)	-
170	Human health services and social work activities	337,946	4,358	4,358	337,946	(7,067)	-
180	Arts, entertainment and recreation	24,003	3,350	3,350	24,003	(2,957)	-
190	Other services	92,017	751	750	92,017	(1,733)	-
200	***Total***	**15,237,469**	**412,450**	**412,425**	**15,233,840**	**(522,301)**	**-**

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CQ7: Collateral obtained by taking possession and execution processes

Group RON thousands		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
1	Property, plant and equipment (PP&E)	-	-
2	Other than PP&E	22,860	(9,715)
3	*Residential immovable property*	1,206	(119)
4	*Commercial Immovable property*	21,654	(9,595)
5	*Movable property*	-	-
6	*Equity and debt instruments*	-	-
7	*Other collateralr*	-	-
8	**Total**	**22,860**	**(9,715)**

CR1: Performing and non-performing exposures and related provisions.

Gorup RON thousands		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			
1	*Loans and advances*	**34,962,069**	**30,086,747**	**4,543,029**	**1,221,329**	**-**	**1,075,344**	**(525,760)**	**(209,323)**	**(311,787)**	**(870,138)**	**-**	**(777,177)**	**-**	**15,009,572**	**185,126**
2	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	*General governments*	791,338	766,503	24,835	-	-	-	(228)	(211)	(17)	-	-	-		-	-
4	*Credit institutions*	1,612,069	1,600,152	11,917	1,541	-	1,541	(121)	(9)	(112)	(1,541)	-	(1,541)		-	-
5	*Other financial corporations*	578,565	577,800	766	-	-	-	(5,757)	(5,751)	(7)	-	-	-		63,717	-
6	*Non-financial corporations*	14,825,019	12,431,297	2,389,730	412,449	-	360,496	(246,467)	(110,082)	(136,385)	(275,832)	-	(235,566)		7,610,330	79,557
7	*Of which SMEs*	9,839,460	7,775,711	2,059,954	305,622	-	293,789	(214,231)	(87,827)	(126,404)	(200,871)	-	(195,593)		6,244,357	67,286
8	*Households*	17,155,078	14,710,995	2,115,781	807,339	-	713,307	(273,187)	(93,270)	(175,266)	(592,765)	-	(540,070)		7,335,525	105,569
9	*Debt securities*	12,256,298	12,203,724	9,039	-	-	-	(1,556)	(1,540)	(16)	-	-	-	-	-	-
10	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-		-	-
11	*General governments*	11,942,344	11,933,305	9,039	-	-	-	(1,536)	(1,520)	(16)	-	-	-		-	-
12	*Credit institutions*	270,419	270,419	-	-	-	-	(20)	(20)	-	-	-	-		-	-
13	*Other financial corporations*	43,535	-	-	-	-	-	-	-	-	-	-	-		-	-
14	*Non-financial corporations*	-	-	-	-	-	-	-	-	-	-	-	-		-	-
15	***Off-balance-sheet xposures***	**16,848,948**	**14,970,312**	**1,806,158**	**127,601**	**-**	**124,641**	**20,583**	**11,902**	**8,673**	**56,427**	**-**	**54,376**		**1,276,311**	**6,926**
16	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-		-	-
17	*General governments*	322,395	322,395	-	-	-	-	140	140	-	-	-	-		301	-
18	*Credit institutions*	1,882,135	1,533,819	348,316	-	-	-	8	7	1	-	-	-		-	-
19	*Other financial corporations*	45,900	45,284	-	-	-	-	60	60	-	-	-	-		13,518	-
20	*Non-financial corporations*	11,342,048	10,787,155	485,993	111,971	-	111,310	15,187	9,978	5,209	47,116	-	47,062		1,262,492	6,926
21	*Households*	3,256,470	2,281,659	971,849	15,630	-	13,331	5,188	1,717	3,463	9,311	-	7,314		-	-
22	***Total***	**64,067,315**	**57,260,783**	**6,358,226**	**1,348,930**	**-**	**1,199,985**	**(506,733)**	**(198,961)**	**(303,130)**	**(813,711)**	**-**	**(722,801)**	**-**	**16,285,883**	**192,052**

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CR1-A: Maturity of exposures

Group Ron thousands		Net exposure value					
		On demand	**<= 1 year**	**> 1 year <= 5 years**	**> 5 years**	**No stated maturity**	**Total**
1	Loans and advances	131,706	9,792,450	15,190,405	9,672,939	-	34,787,500
2	Debt securities	0	1,069,830	8,299,952	2,952,630	48,591	12,371,003
3	***Total***	**131,706**	**10,862,280**	**23,490,357**	**12,625,569**	**48,591**	**47,158,503**

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

Group

Article 442 CRR **Thousand RON**	**Gross carrying value defaulted exposures December 31, 2021**
Initial stock of non-performing loans and advances	**1,190,568**
Inflows to non-performing portfolios	423,469
Outflows from non-performing portfolios	(67,726)
Outflows due to write-offs	(177,756)
Outflow due to other situations	(176,249)
Final stock of non-performing loans and advances	**1,192,306**

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
		010	030	040	050	060	080	090	100
010	**Assets of the reporting institution**	198,899	186,939			59,634,564	19,167,263		
030	Equity instruments	-	-	-	-	49,766	-	49,766	-
040	Debt securities	186,939	186,939	187,983	187,983	12,184,065	11,454,365	12,034,724	11,304,491
050	of which: covered bonds	-	-	-	-	-	-	-	-
060	of which: securitisations	-	-	-	-	-	-	-	-
070	of which: issued by general governments	186,939	186,939	187,983	187,983	11,870,130	11,454,365	11,720,256	11,304,491
080	of which: issued by financial corporations	-	-	-	-	313,935	-	314,469	-
090	of which: issued by non-financial corporations	-	-	-	-	-	-	-	-
120	Other assets	6,548	-			5,277,387	3,994,985		

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
		010	030	040	060
130	**Collateral received by the reporting institution**	**-**	**-**	**1,859,951**	**1,443,418**
140	Loans on demand	-	-	-	-
150	Equity instruments	-	-	-	-
160	Debt securities	-	-	1,859,951	1,443,418
170	of which: covered bonds	-	-	-	-
180	of which: securitisations	-	-	-	-
190	of which: issued by general governments	-	-	1,859,951	1,443,418
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 asset-backed securities issued and not yet pledged**			**-**	**-**
250	**TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED**	**198,899**	**186,939**		

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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
		010	030
010	**Carrying amount of selected financial liabilities**	(2,057)	11,265

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

The Group utilises 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 ECB.

Exposure breaks down

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

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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

Consolidated level – Values in RON thousand	Risk weight *						Total	Of which unrated
	0%	20%	35%	75%	100%	150%		
Standardised approach (SA) exposure classes	**22,324,209**	**1,132,572**	**35,661**	**617,638**	**1,644,213**	**3,885**	**25,758,177**	**25,758,177**
Central governments or central banks	21,924,650	-	-	-	-	-	21,924,650	21,924,650
Regional government or local authorities	-	1,132,572	-	-	-	-	1,132,572	1,132,572
Public sector entities	-	0	-	-	-	-	0	0
Multilateral development banks	399,559	-	-	-	-	-	399,559	399,559
International organisations	-	-	-	-	-	-	-	-
Institutions	-	-	-	-	4,029	-	4,029	4,029
Corporates	-	-	-	-	664,099	-	664,099	664,099
Retail	-	-	-	616,859	-	-	616,859	616,859
Secured by mortgages on immovable property	-	-	35,661	779	17,956	-	54,396	54,396
Exposures in default	-	-	-	-	18,436	3,885	22,320	22,320
Exposures associated with particularly high risk	-	-	-	-	-	-	-	-
Covered bonds	-	-	-	-	-	-	-	-
Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-
Collective investment undertakings	-	-	-	-	-	-	-	-
Equity	-	-	-	-	-	-	-	-
Other items	-	-	-	-	939,693	-	939,693	939,693

** 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 appropiate 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 Raiffeisn Bank SA includes the Directorate, the Assets and Liabilities Committee (ALCO), the Risk Committee, the Capital Markets Trading Department, the Balance Sheet and Portfolio Management directorate and the Integrated Risk Management Department from Grou 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 Balance Sheet and Portfolio Management 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 /213 on prudential requirements for credit institutions and investment companies.

EU MR1 form – Market risk according to the standardized approach (consolidated level) as at 31 December 2021

in RON tds		RWEA	Capital requirement
	Outright products		
1	Interest rate risk (general and specific)	105,125	8,410
2	Equity risk (general și specific)	-	-
3	Foreign exchange risk	169,996	13,600
4	Commodity risk	-	-
	Options	-	-
5	Simplified approach	-	-
6	Delta-plus approach	-	-
7	Stress test approach	-	-
8	Securitization (specific risk)	-	-
9	**Total**	275,120	22,010

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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 SA 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 valueperspective 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
- 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 scenarios milioane RON		Economic value changes		Net interest income changes	
		December 2021	December 2020	December 2021	December 2020
1	Parallel shock up +200 bp	263	248	261	270
2	Parallel shock down - 200bp	293	279	(434)	(417)
3	Steepener shock (short rates down and long rates up), max + 200 bp at 5 years	220	222	10	12
4	Flattener shock (short rates up and long rates down), max - 200 bp at 5 years	247	252	(43)	(40)
5	Short rates up, shock applied to short tenors up to 1 year starting with +200 bp at overnight	44	40	252	259
6	Short rates down, shock applied to short tenors up to 1 year starting with -200 bp at overnight	45	41	(385)	(376)

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 Balance Sheet and Portfolio Management Directorate within the Treasury 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 responsabile 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.

At RBI Group's level, the level of the capital adequate to the operational risk profile is calculated for both internal and prudential purposes using the Advanced Measurement Approach, Raiffeisen Bank being part of the entities for which this calculation method is applied.
The RBI Group received European Central Bank (ECB) approval at the end of 2016.

	Banking activities - **Consolidated Level**	**Relevant indicator**			**Own funds requirements**	**Risk weighted exposure amount**
		Year–3	**Year-2**	**Last year**		
1	Banking activities subject to basic indicator approach (BIA)	2,758,264	2,681,633	2,746,168	409,303	5,116,290
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	-	-	-	-	-
3	*Subject to TSA:*	-	-	-	-	-
4	*Subject to ASA:*	-	-	-	-	-
5	Banking activities subject to advanced measurement approaches AMA	-	-	-	-	-

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

Group RON thousands		31-Dec-21	30-Jun-21	31-Dec-20
	Available own funds (amounts)			
1	Common Equity Tier 1 (CET1) capital	4,772,217	5,207,513	5,268,130
2	Tier 1 capital	5,010,792	5,446,088	5,506,705
3	Total capital	5,883,689	6,343,801	6,417,562
	Risk-weighted exposure amounts			
4	Total risk-weighted exposure amount	27,684,008	27,202,283	25,673,505
	Capital ratios (as a percentage of risk-weighted exposure amount)			
5	Common Equity Tier 1 ratio (%)	17.24%	19.14%	20.52%
6	Tier 1 ratio (%)	18.10%	20.02%	21.45%
7	Total capital ratio (%)	21.25%	23.32%	25.00%
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)			
EU 7a	Additional CET1 SREP requirements (%)	3.57%	3.57%	3.15%
EU 7b	Additional AT1 SREP requirements (%)	2.00%	2.00%	1.76%
EU 7c	Additional T2 SREP requirements (%)	2.68%	2.68%	2.36%
EU 7d	Total SREP own funds requirements (%)	11.57%	11.57%	11.15%
	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 (%)	0.00%	0.00%	0.00%
EU 9a	Systemic risk buffer (%)	0.00%	0.00%	1.00%
10	Global Systemically Important Institution buffer (%)	0.00%	0.00%	0.00%
EU 10a	Other Systemically Important Institution buffer	2.00%	2.00%	2.00%
11	Combined buffer requirement (%)	4.50%	4.50%	4.50%
EU 11a	Overall capital requirements (%)	16.07%	16.07%	15.65%
12	CET1 available after meeting the total SREP own funds requirements (%)	10.74%	12.64%	14.26%
	Leverage ratio			
13	Leverage ratio total exposure measure	63,103,739	57,511,398	56,668,794
14	Leverage ratio	7.79%	9.47%	9.72%

Group RON thousands		31-Dec-21	30-Jun-21	31-Dec-20
	Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)			
EU 14a	Additional CET1 leverage ratio requirements (%)	0.0%	0.0%	0.0%
EU 14b	Additional AT1 leverage ratio requirements (%)	0.0%	0.0%	0.0%
EU 14c	Additional T2 leverage ratio requirements (%)	0.0%	0.0%	0.0%
EU 14d	Total SREP leverage ratio requirements (%)	0.0%	0.0%	0.0%
EU 14e	Applicable leverage buffer	0.0%	0.0%	0.0%
EU 14f	Overall leverage ratio requirements (%)	0.0%	0.0%	0.0%
	Liquidity Coverage Ratio			
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	16,440,439	14,528,492	12,782,772
EU 16a	Cash outflows - Total weighted value	8,525,878	8,000,295	7,873,997
EU 16b	Cash inflows - Total weighted value	3,222,144	3,143,948	2,726,829
16	Total net cash outflows (adjusted value)	5,303,734	4,856,347	5,147,168
17	Liquidity coverage ratio (%)	240.54%	309.68%	255.69%
	Net Stable Funding Ratio			
18	Total available stable funding	48,913,728	44,690,329	41,773,071
19	Total required stable funding	28,197,208	25,753,444	25,637,865
20	NSFR ratio (%)	173.47%	173.53%	162.94%

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19. Publishing and reporting requirements on Exposures subject to measures applied in the context of COVID-19

Following the outbreak of the COVID-19 pandemic, many businesses may face liquidity shortages and difficulties in timely payment of their commitments. This has an impact on the credit institutions, as delays in the repayment of the credit obligations may lead to an increase in the non-performing loans on credit institutions' balance sheets.

As a response to the negative impact that the COVID-19 pandemic may have on the banking sector, in Romania the government introduced a legislative moratoria, while also other forms of similar initiatives were offered by the banking sector (private moratoria).

The legislative moratoria, introduced by Government Emergency Ordinance no. 37/2020 offered the bank customers the following conditions:

- The delay in payment of bank installments up to 9 months, but no later than December 31, 2020;
- Interest is capitalized for personal consumer loans, while the one related to mortgage is repaid during 60 monthly installments);
- Customers could apply for the legislative moratoria until May 15 and later extended to June 15;
- This form of moratoria does not automatically lead to default, in accordance with the EBA Guidelines on legislative and non-legislative moratoria on loan repayments in relation to COVID-19.

At the end of 2020, the Government has extended the legislative moratoria, as required by the Government Emergency Ordinance no. 227/2020. The eligible debtors are those who meet the following criteria:

- Were not granted during 2020 any form of public and / or private moratoria which suspended their installments for a period of nine months. If such a moratoria was granted, the debtor is eligible for the remaining period until a total suspension period of 9 months applied to all forms of moratoria;
- Have their revenues / collections decreased by at least 25%;
- Are not insolvent;
- Do not have any overdue amounts at the date of request.

The deadline for applying to this programme was March 15, 2021.

In addition to the legislative measures, the Bank has implemented internal programmes for payment deferral, for supporting the customers facing liquidity shortages.

As of December 31, 2021, the Bank has approved to 34,859 customers a form of payment deferral.

The national aid package of state guarantees and interest subsidies to support the financing of the SME sector under the IMM INVEST loan facility programme of EUR 3 billion package approved in 2020 was supplemented by EUR 3 billion.in 2021. More specifically, the eligible customers receive grants in the form of interest and fees for the loans originated within this programme. As of 31 December 2021, a number of 3,716 applications have been approved by the BANK, amounting to financed amounts of RON 2,469 million. The interest and related fees subject to the grant are an integral part of the gross carrying amount of respective loans and as of December 2021, they are in amount of RON 39.3 million. For the expected loss calculation, they are considered as receivables from the government.

Given the COVID-19 situation, the macro-economic forecast was adjusted four times for RETAIL and two times for Non Retail in 2021. Overall, improvement of the macroeconomic scenarios is expected in the following years, as compared to December 2020 macro-economic forecast.

The methodology of **non-retail** impairment estimation was continually revised and adapted to support a prudent approach and to capture the expected credit risk evolution in the context of the uncertainties triggered by the Covid-19 outbreak. During 2021 Non Retail impairment methodology was revised as follows:

- parameters un-freeze and update;
- extend the methodology regarding impact of forward looking information: PD and LGD parameters were modelled based on the industry matrix , factoring in the specific industry classification for each country;
- Special risk factors were implemented to adjust the model results with estimations regarding additional potential loss, not captured by the current model parameters. The highest overlay applied by the Bank is related to retarted Stage 3 migration, since very low default rates/ NPEs were recorded during the pandemics, possibly on account of the extensive support measures available for legal entities.

The cumulated effect during 2021 for the measures described above and the update of the macro-economic forecast is an increase by EUR 0.05 million in provision amount for Stage 1&2 non-retail portfolio.

In order to maintain an adequate provisioning coverage for **Retail** portfolio and taking into consideration the one-off unpredictable event (COVID-19), difficult to be modelled given the lack of similar previous events, the Group has followed a conservatory approach with an immediate reaction which consisted of:

- adding holistic treatment based on industry risk and potential risk of public and private moratorium. Until the end of year 2020, the approach was reviewed and in light of observed data (default events for expired moratoria) it was substituted with a more accurate estimation through on overlay amount/ post model adjustment applied for not expired moratoria for Retail and part of Non-retail portfolio; moreover, in 2021 an additional overlay amount was implemented for Retail customers with OUG227 moratorium.
- adjusting in a conservative manner the rating allocation system for public and private moratorium exposures of retail clients, considering the impact of COVID crisis, triggering adequate staging

Starting with March 2021, an overlay provision amount was introduced on **Retail** portfolio subject to OUG227 moratoria measures, which estimates the probability to migrate in Stage 3 after the moratorium expires (the same principle and treatment used for OUG37 moratoria was applied). The impact in Stage 2 provisions was EUR 0.4 million for personal individual loans and EUR 0.4 million for micro loans. Therefore, the total moratorium overlay was increased from EUR 11 million to EUR 12 million, out of which EUR 6.2 million for personal individual loans and EUR 5.8 million micro loans.

Based on evolution of 90+/default entries until May 2021 and since that there was no observed data up to 12 months from moratorium expiration at that moment, the moratoria monitoring period was extended from 4 months to 12 months. Starting with August 2021, Retail moratoria monitoring period was extended from 12 months to 24 months to have a complete imagine over the moratoria performance and capture their full effects.

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Template 1: Information on loans and advances subject to legislative and non-legislative moratoria

Group RON thousands		Gross carrying amount						
			Performing			Non performing		
				Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days
1	Loans and advances subject to moratorium	1,157,036	1,156,983	28,511	1,062,275	53	-	53
2	of which: Households	-	-			-		
3	*of which: Collateralised by residential immovable property*	-	-			-		
4	of which: Non-financial corporations	1,157,036	1,156,983	28,511	1,062,275	53	-	53
5	*of which: Small and Medium-sized Enterprises*	1,020,388	1,020,334			53		
6	*of which: Collateralised by commercial immovable property*	31,023	31,023			-		

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Template 1: Information on loans and advances subject to legislative and non-legislative moratoria (continued)

Group RON thousands		Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
			Performing			Non performing			Inflows to non-performing exposures
				Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days	
1	Loans and advances subject to moratorium	(32,047)	(32,013)	(73)	(27,851)	(33)	-	(33)	-
2	of which: Households	-	-			-			-
3	*of which: Collateralised by residential immovable property*	-	-			-			-
4	of which: Non-financial corporations	(32,047)	(32,013)	(73)	-27,851	(33)	-	(33)	-
5	*of which: Small and Medium-sized Enterprises*	(27,002)	(26,969)			(33)			-
6	*of which: Collateralised by commercial immovable property*	(883)	(883)			-			-

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Template 2: Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria

Group RON thousands		Number of obligors	Gross carrying amount							
				Of which: legislative moratoria	Of which: expired	Residual maturity of moratoria				
						<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
1	Loans and advances for which moratorium was offered	36,376	2,460,437							
2	Loans and advances subject to moratorium (granted)	34,859	2,460,437	2,279,696	1,885,352	389,636	2,279,696	-	-	-
3	of which: Households			1,180,375	1,055,172	171,810	1,180,375	-	-	-
4	*of which: Collateralised by residential immovable property*			685,479	614,294	81,290	685,479	-	-	-
5	of which: Non-financial corporations			1,010,411	776,386	164,031	1,010,411	-	-	-
6	*of which: Small and Medium-sized Enterprises*			599,979	457,709	56,603	599,979	-	-	-
7	*of which: Collateralised by commercial immovable property*			522,273	422,326	122,248	522,273	-	-	-

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Template 3: Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis

Group RON thousands		Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
			of which: forborne	Public guarantees received	Inflows to non-performing exposures
1	**Newly originated loans and advances subject to public guarantee schemes**	1,157,036	28,511	814,558	-
2	of which: Households	-			-
3	of which: Collateralised by residential immovable property	-			-
4	of which: Non-financial corporations	1,157,036	28,511	814,558	-
5	of which: Small and Medium-sized Enterprises	1,020,388			-
6	of which: Collateralised by commercial immovable property	31,023			-

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20. Article 449 CRR Exposure to securitization positions

Banks securtization 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. This initiative is organized in Romania throught **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 instituation to cover the loans granted to SME.

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

In December 2010, Raiffeisen Bank concluded a synthetic securitization transaction under the JEREMIE initiative, through which the European Investment Fund (EIF) offers credit risk protection for a portfolio of loans granted by the bank to medium- and small-enterprises (SME). Cosme program was concluded in 2017 and EAsi in 2020. The financial instrument used in this transaction is a first loss portfolio guarantee. 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

At the end of 2021, the volume of loans portfolio included in securitization was as follows:

Group - In RON thousand					
Total amount of securitisation exposures originated	Credit protection to the securitised exposures	Securitisation positions: original exposure			Risk-weighted exposure amount
		Total, of which:	Deducted from own funds	Subject to risk weights	
769,797	(129,726)	640,070	-	640,070	96,011

**Based on SUPERVISORY FORMULA METHOD*

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

		Institution acts as originator							Institution acts as sponsor				Institution acts as investor			
		Traditional				Synthetic		Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Subtotal
		STS		Non-STS			of which SRT		STS	Non-STS			STS	Non-STS		
			of which SRT		of which SRT											
1	**Total exposures**	-	-	-	-	640,070	640,070	640,070	-	-	-	-	-	-	-	-
2	Retail (total)	-	-	-	-	380,433	380,433	380,433	-	-	-	-	-	-	-	-
3	residential mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	credit card	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	other retail exposures	-	-	-	-	380,433	380,433	380,433	-	-	-	-	-	-	-	-
6	re-securitisation	-	-	-	-		-	-	-	-	-	-	-	-	-	-
7	Wholesale (total)	-	-	-	-	259,637	259,637	259,637	-	-	-	-	-	-	-	-
8	loans to corporates	-	-	-	-	259,637	259,637	259,637	-	-	-	-	-	-	-	-
9	commercial mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	lease and receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	other wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

	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% RW	>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
Total exposures	640,070	-	-	-	-	259,637	380,433	-	38,946	57,065	-	3,116	4,565	-
Traditional transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Securitisation	-	-	-	-	-	-	380,433	-	-	57,065	-	-	4,565	-
Retail underlying	380,433	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which STS	380,433	-	-	-	-	-	-	-	-	-	-	-	-	-
Wholesale	259,637	-	-	-	-	259,637	-	-	38,946	-	-	3,116	-	-
Of which STS	259,637	-	-	-	-	259,637	-	-	38,946	-	-	3,116	-	-
Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Synthetic transactions	640,070	-	-	-	-	259,637	380,433	-	38,946	57,065	-	3,116	4,565	-
Securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

		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	640,070	7,855	(17,168)
2	Retail (total)	380,433	6,547	(11,993)
3	residential mortgage	-	-	-
4	credit card	-	-	-
5	other retail exposures	-	-	-
6	re-securitisation	-	-	-
7	Wholesale (total)	259,637	1,308	(5,175)
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 program was closed.

The roles of the bank in the securitization process

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

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21. 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 (eg 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.
- The performance of the Group / unit is the product of the results obtained starting from quantitative measures, based on a set of KPIs.

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- ○ 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 (eg 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:
  - ▪ 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).
  - ▪ 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.
  - ▪ The minimum criteria applicable by law for the Bank to make variable payments are met.
  - ▪ 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.

- 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 2021, the Remuneration Committee met once and made two decisions by circulation. At 31.12.2021, the composition of the Remuneration Committee was as follows: Ana-Maria Mihaescu-Chairman, Claudia Pendred - Member, Johann Strobl – Member.

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

		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 in FTE (HC for SB & BoM)	9	7						
(2)	Total number of Staff in FTE (HC for SB & BoM)			309	2,766	-	1,222	336	-
(3)	Total Net profit in year								159,291,437
(4)	Total remuneration	435,631	4,377,759	12,464,602	58,923,818	-	39,723,596	11,359,218	-
(4.1)	of which: total variable remuneration	-	706,616	1,472,517	4,897,539	-	2,517,364	622,985	-
(1)	Number of identified staff in FTE (HC for SB & BoM)	9	7						
(2)	Number of identified staff in FTE (HC for SB & BoM)			29	13	-	8	36	-
(3)	of which: Number of identified staff in senior management positions			12	5	-	8	9	-
(4)	Total fixed remuneration of identified staff (EURO)	435,631	3,671,144	2,498,549	1,405,986	-	1,031,551	2,472,063	-
(4.1)	of which: total fixed remuneration in cash	435,631	3,671,144	2,498,549	1,405,986	-	1,031,551	2,472,063	-
(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	-	706,616	542,394	233,598	-	235,296	449,390	-
(5.1)	of which: total variable remuneration in cash	-	353,308	542,394	233,598	-	235,296	449,390	-
(5.2)	of which: total variable remuneration in equity	-	353,308	-	-	-	-	-	-
(5.3)	of which: total variable remuneration in other instruments								
(6)	Total amount of variable remuneration deferred	-	329,773	-	-	-	-	-	-
(6.1)	of which: total deferred variable remuneration in cash	-	164,886	-	-	-	-	-	-
(6.2)	of which: total deferred variable remuneration in equity	-	164,886	-	-	-	-	-	-

		MB Supervisory function (SB)	MB Management function (BoM)	Investment Banking	Retail Banking	Asset Managem ent	Corporate functions	Independent control functions	All other
(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	-	1,211,018	-	-	-	-	-	-
(8)	Amount of explicit ex post peformance 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	-	-	-	-	-	-	-	-

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Template EU REM1 - Remuneration awarded for the financial year

			MB Supervisory function	MB Management function	Other senior management	Other identified staff
1	Fixed remuneration	Number of identified staff	9	7	34	52
2		Total fixed remuneration	2,156	18,171	20,436	16,233
3		Of which: cash-based	2,156	18,171	20,436	16,233
4		(Not applicable in the EU)				
EU-4a		Of which: shares or equivalent ownership interests	-	-	-	-
5		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
EU-5x		Of which: other instruments	-	-	-	-
6		(Not applicable in the EU)				
7		Of which: other forms	-	-	-	-
8		(Not applicable in the EU)				
9	Variable remuneration	Number of identified staff	-	7	33	50
10		Total variable remuneration	-	3,498	4,614	2,616
11		Of which: cash-based	-	1,749	4,614	2,616
12		Of which: deferred	-	816	-	-
EU-13a		Of which: shares or equivalent ownership interests	-	-	-	-
EU-14a		Of which: deferred	-	-	-	-
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments	-	1,749	-	-
EU-14b		Of which: deferred	-	816	-	-
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)**		**2,156**	**21,669**	**25,050**	**18,849**

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

In Ron thousands

	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	5,994	3,169	2,826	-	-	-	3,169	1,584
8	Cash-based	2,997	1,584	1,413	-	-	-	1,584	-
9	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
10	Share-linked instruments or equivalent non-cash instruments	2,997	1,584	1,413	-	-	-	1,584	1,584

	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
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**	**5,994**	**3,169**	**2,826**	**-**	**-**	**-**	**3,169**	**1,584**

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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	-

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

	Management body remuneration			Business areas						-
In RON thousands	MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
Total number of identified staff										-
Of which: members of the MB	9	7	16							
Of which: other senior management				12	5	-	8	9	-	
Of which: other identified staff				17	8	-	-	27	-	
Total remuneration of identified staff	2,156	21,669	23,825	15,052	8,116	-	6,271	14,461	-	
Of which: variable remuneration	-	3,498	3,498	2,685	1,156	-	1,165	2,224	-	
Of which: fixed remuneration	2,156	18,171	20,328	12,367	6,959	-	5,106	12,236	-	

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 etc.

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.

22. 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 SA 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
A
s at 31 December 2021 the leverage ratio of Raiffeisen Bank SA amounted to app 8%, as follows (values in Ron thousands).

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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
Total assets as per published financial statements	59,833,463
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	-
(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	
(Adjustment for temporary exemption of exposures to central bank (if applicable))	
(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 429 a(13) CRR)	-
Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-
Adjustment for eligible cash pooling transactions	-
Adjustments for derivative financial instruments	54,609
Adjustment for securities financing transactions (SFTs)	-
Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	3,115,403
(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-
(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (j) of Article 429a(1) CRR)	-
Other adjustments	27,849
Leverage ratio total exposure measure	**63,031,325**

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EU LR2 - LRCom: Leverage ratio common disclosure

Presentation of common information regarding leverage effect indicator	**Group**
On-balance sheet items (excluding derivatives, SFTs, but including collateral)	1,808,662
Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-
(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-
(General credit risk adjustments to on-balance sheet items)	-
(Asset amounts deducted in determining Tier 1 capital)	27,849
Total on-balance sheet exposures (excluding derivatives and SFTs)	**1,836,511**
Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	40,903
Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-
Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	54,609
Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	-
Exposure determined under Original Exposure Method	-
(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-
(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-
(Exempted CCP leg of client-cleared trade exposures) (Original exposure method)	-
Adjusted effective notional amount of written credit derivatives	-
(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
Total derivatives exposures	**95,512**
Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	58,099,585
(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
Counterparty credit risk exposure for SFT assets	-
Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	-
Agent transaction exposures	-
(Exempted CCP leg of client-cleared SFT exposure)	-
Total securities financing transaction exposures	**58,099,585**
Off-balance sheet exposures at gross notional amount	17,136,329
(Adjustments for conversion to credit equivalent amounts)	(14,064,198)
(General provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	-
Off-balance sheet exposures	**3,072,131**

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Presentation of common information regarding leverage effect indicator	Group
(Exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-
(Exposures exempted in accordance with point (j) of Article 429a (1) CRR (on and off balance sheet))	-
(Excluded exposures of public development banks - Public sector investments)	-
(Excluded promotional loans of public development banks: - Promotional loans)	-
(Excluded passing-through promotional loan exposures by non-public development banks (or units)	-
(Excluded guaranteed parts of exposures arising from export credits)	-
(Excluded excess collateral deposited at triparty agents)	-
(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	-
(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	-
(Reduction of the exposure value of pre-financing or intermediate loans)	-
(Total exempted xposures)	**-**
Tier 1 capital	**5,010,792**
Total exposure measure indicator	**63,103,739**
Leverage ratio total exposure measure	**7.94%**
Leverage ratio (without the adjustment due to excluded exposures of public development banks - Public sector investments) (%)	7.94%
Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	7.94%
Regulatory minimum leverage ratio requirement (%)	3.00%
Additional leverage ratio requirements used to manage the risk of excessive leverage	-
Of which: will consist of tier 1 common equity	-
Required leverage buffer (%)	-
Global requirement for leverage ratio (%)	-
Of which: will consist of tier 1 common equity	-
Global requirement for leverage ratio (%)	-
Of which: will consist of tier 1 common equity	-

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

As at 31 December 2021 the leverage ratio amounted to 7.9% as compared to 9.7% at year-end 2020. The annual evolution was mainly driven by a growth in leverage exposure by 15%, linked to business increase.

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

Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)	Consolidated level
Trading book exposures	58,099,585
Banking book exposures, of which:	116,259
Covered bonds	57,983,326
Exposures treated as sovereigns	-
Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	18,917,359
Institutions	1,103,540
Secured by mortgages of immovable properties	629,089
Retail exposures	339,214
Corporate	18,097,475
Exposures in default	12,306,200
Other exposures (eg equity, securitisations, and other non-credit obligation assets)	463,136
Trading book exposures	6,127,313

23. 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 Standardazed 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 SA
- 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 counterparts 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 Proffesionals clients (from the Micro portfolio), have the approval to temporarily use the standard approach, until approval to use IRB approach is granted.

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

		Exposure value as defined in Article 166 CRR for exposrues 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 exposurevalue subject to a roll-out plan (%)
1	Central governments or central banks	45,207	18,918,123	100%	0%	0%
1.1	*Of which Regional governments or local authorities*	-	-	0%	0%	0%
1.2	*Of which Public sector entities*	-	-	0%	0%	0%
2	Institutions	2,171,399	3,509,367	38%	0%	62%
3	Corporates	15,437,822	16,201,700	5%	0%	95%
3.1	*Of which Corporates - Specialised lending, excluding slotting approach*	-	-	0%	0%	0%
3.2	*Of which Corporates - Specialised lending under slotting approach*	2,105,951	2,105,951	0%	0%	100%
4	Retail	20,796,159	21,553,046	3%	1%	96%
4.1	*of which Retail – Secured by real estate SMEs*	150,590	167,017	0%	10%	90%
4.2	*of which Retail – Secured by real estate non-SMEs*	8,691,670	8,691,670	0%	0%	100%
4.3	*of which Retail – Qualifying revolving*	3,476,216	3,476,216	0%	0%	100%
4.4	*of which Retail – Other SMEs*	878,008	1,618,469	38%	8%	54%
4.5	*of which Retail – Other non-SMEs*	7,599,674	7,599,674	0%	0%	100%
5	Equity	205,295	205,295	0%	0%	100%
6	Other non-credit obligation assets	242,581	242,581	0%	0%	100%
7	**Total**	38,898,463	61,387,000	36%	0%	63%

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										
	CORP	LCO	SMB	SLOT	INS	SOV	LRG	FIN	CIU	PI	Micro
Retail										X	X
Central banks and central governments						X					
Public sector entities and non-commercial organizations	X	X				X	X				
Financial institutions								X			
Corporate	X	X	X		X			X	X		
Project financing				X							
Private (non-retail)	X	X									
Equity exposures	X	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: Project financing, INS: Insurance companies, SOV: Sovereigns, LRG: Local and regional governments, 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 annualy 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
- 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-redevelopment of the Non Retail rating models, monitorization and implementation of the actions proposed by Rating Model Validation Department. Rating Model Validation Department isresponsible 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 lthe local portfolio.

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. The quantitative score also takes into account current trends and forecasts of the customer's financial status.

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 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 residence 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.

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B.3.3 Rating model Large Corporations

Scope of application
Corporate clients are allocated to the Large Corporates, the 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 sales 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 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.

The large corporate client's rating ultimately emerges from the combination of the quantitative and the qualitative assessments, the trends and forecasts, and possible warning signals. The Large Corporates rating model differentiates risk depending on the industry sector and the country of residence 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.

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 is determined by experienced SMB relationship managers and small business credit risk staff with in-depth knowledge of this segment. The SMB relationship manager is only allowed to propose a rating, which is subsequently reviewed by an SMB credit analyst in the risk department and thoroughly researched again. As a final step, the rating is confirmed by the risk department keeping with the "four-eyes principle" (dual control). 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 SMB 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 SMB client's creditworthiness.

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B.3.5 Rating model Central Administration (Country Rating)

Scope of application

The country rating is applied as:

- A counterparty rating for the central bank and central governments and administrative entities directly answerable to the sovereign.
- A country rating to estimate the country risk when country limits are set up for cross-border transactions.
- A country ceiling for the estimation of transfer risks.

If applied as a counterparty rating, the rating is used for local and foreign currency exposures.

Development and objective

The country rating model was first introduced in December 1999 as a result of the Asia crisis in 1997/98. The model was re-developed 2021, when the current expert-based model was replaced by a statistical model with a 27-grade (non-defaulted) rating scale (previous 9-grade rating scale), following a similar design as the external agencies' SOV. With the country rating model, the Bank can evaluate the country risk of any country based on publicly accessible data on the economic and political situation prevailing in that country.

The country rating is the only rating allowed to be used for applications for sovereign counterparties and country risks.

Rating model

The rating model consists in 13 risk drivers: quantitative factors are based on macroeconomic indicators while the qualitative factors relate to: World Bank (WB) regulatory quality indicator which is updated yearly, access to international capital markets, economic policy, political environment, economic outlook, unemployment.

Rating process

The rating model introduces country transfer risk thus resulting in different grades for the same obligor dependent on whether the exposures are denominated in local and foreign currency. The starting point of the rating process is the Sovereign (ISO-Code) FC rating calculated via the Sovereign Rating Model, potentially enriched with negative information signals and manually adjusted if deemed necessary by the responsible Country Analyst to arrive at the Final Sovereign FC rating.

The country rating is also automatically used as a country ceiling in other rating models.

The quantitative analysis is carried out using publicly available data from reliable sources such as the IMF, the World Bank, EIU (Economist Intelligence Unit). The qualitative risk factors in the rating process have to be filled out according to the Country Analyst's best knowledge by taking into account relevant public and internally available information. Sources of information are news articles, reports published by specialized agencies (like Moody's, S&P, Fitch, EIU, IIF, IMF, WB, EBRD, OECD) and any other available research reports.

A rating is determined for all countries for which the Bank has a country limit and thus not only in the case of counterparty exposures to a sovereign or central bank. That means the number of countries is greater than the number of active exposures to sovereigns or central banks.
The client departments initiate country ratings when new country limits are to be set or applications are submitted for new sovereign counterparties.

Ratings are usually determined at least once a year and reviewed constantly by analysts to take into account any possible negative trends.
As in all Bank's rating models, the strict "four-eyes" principle (dual control) applies to the determination of the rating.

B.3.6 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 2015. The revised rating model received regulatory approval in October 2016 and since November 2016 it is used in all risk management processes.

The rating model for banks and bank-like institutions was statistically developed by experts using internal as well as external 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 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) Final Rating (i.e. rating after considering support)
In the support module ownership support and/or systemic support are assessed with respect to ability and willingness of giving support. Based on this assessment and following a strict logic the viability rating can be improved leading to the final rating.

3) 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 macro economic 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 final 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 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.3.7 Rating model Insurance Campanies

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 madel 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.3.8 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 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.3.9 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.

Takeover financing therefore does not fall under the specialized lending subsegment according to the above definition; it is classified under corporates in the narrower sense.
Rating model cover the following subcategories:

Real estate finance
Object finance (movable assets such as airplanes, ships, etc.)
Project finance in the narrower sense (immovable assets such as industrial plants, power stations, etc.)

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
In accordance with the EU Directive, the specialized lending rating model consists of two components: the economic performance of the project and the situation of the bank as regards collateral.
Economic performance is measured by hard facts and soft facts, which are combined into a single economic score ("grade"):

Hard facts grade:
The model is based on an assessment of the economic performance of the project over the maximum acceptable loan tenor in relation to debt service. The maximum acceptable loan tenor is aligned to the risk policy of the bank. The assessment is focused on the "average coverage ratio for debt service" over this term, which is evaluated using certain benchmarks.

Qualitative analysis ("soft facts grade"):
Fundamental parameters relating to project success are evaluated in the qualitative analysis, e.g.:

- Management and sponsor (experience specifically related to the project, reference projects)
- Basic project conditions (location, technical equipment)
- Structure of the financing (amortizing loan or bullet loan, residual value).

Collateral valuation is the second component of the rating and is carried out largely according to market criteria.

Rating model output
The economic score and collateral evaluation are combined to allocate the project to the individual risk classes (in this case: slots).

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 CRO.

B.3.10 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 will be implemented in production, 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 porfolio 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:

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. t 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. The material threshold has to be calculated according to the following formula, and must 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 1,000 RON.

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, is 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 unlikeliness to pay of an obligor, besides those specified in Article 178(3) of Regulation (EU) No 575/2013. 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 instalments;
- 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 ombined 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 unlikeliness 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 unlikeliness 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 unlikeliness to pay in accordance with Article 178 of the CRR.

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 is an individual probability of default (PD) on a scale of 0 to 1 allocated to each client. PDs are recalibrated based on average long-term default rates (DRs). A margin of prudence is added to reach the final result. 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 portfolios – Central Administrations and 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 Placement Organizations the probabilities of default for a period of 12 months are estimated on the basis of external credit risk ratings and an internal analysis of the degree of indebtedness.

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 tendancy 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 wich lower or no repayment of the respective outstanding is expected
- Distressed restructuring
- Bankrupcy/insolvency
- Fraud
- Death
- Cross default
- Additional unlikeliness 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, accoding 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 2021 there were ex-ante notifications on the update of the scoring models, PDs and LGDs for retail exposures, as a result of the redevelopment process. Changes of technical nature were also notified, with regards to the update of the platform used for RWA calculation.

B.5. Significant deviations from the definition of default

This is not the case, the definition of default used by Raiffeisen Bank S.A. 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 Reg. 5/2018.

Raiffeisen BANK

C. *Credit exposure breakdown*

In the following tables, as of 31 Decembrie 2021 total exposures value, value of exposures as a result of risk mitigation techniques and prior conversion factors, as well as the used average risk share and value adjustment of volume and provisions related to exposures for which the capital request is determined by applying the Approach based on rating internal models:

Group- RON thousands	Risk exposure*	Exposure after CRM	Average RWA	Capital charge	Credit value adjustments*
IRB Approach	**51,362,991**	**47,878,887**	**27%**	**786,057**	**1,513,598**
F-IRB Approach	***28,316,187***	***26,705,573***	***0%***	**-**	***408,912***
Exposure to central governments and central banks	45,207	45,696	0%	-	1,258
Exposure to institutions	3,559,237	3,606,113	0%	-	140
Exposure to corporates -IMM	7,499,612	6,048,734	0%	-	201,997
Exposure to corporates - specialised lending	2,150,717	2,124,410	0%	-	71,934
Exposure to corporates - Others	15,061,414	14,880,619	0%	-	133,583
A-IRB Approach	***22,183,245***	***20,439,482***	***50%***	***769,076***	***1,087,518***
Retail Exposure - SME secured by immovable property	153,977	146,098	0%	5,034	8,688
Retail Exposure - secured by immovable property	8,691,670	7,187,541	46%	263,502	407,899
Retail Exposure- qualifying revolving	4,849,261	4,849,261	20%	55,050	66,687
Retail Exposure -SME	888,662	656,907	33%	16,881	114,000
Retail Exposure - other	7,599,674	7,599,674	70%	428,609	490,244
Equity	***93,762***	***93,762***	**0%**	***9,300***	**-**
Securitization	***769,797***	***640,070***	**0%**	***7,681***	***17,168***
here of: resecuritization	-	-	**0%**	-	-
Others	***4,367,043***	***4,367,043***	**0%**	***29,765***	**-**

** EAD (gross exposures) and credit value adjustments determined based on prudential requirements - local standards (stop accruals are not applied)*

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

Group – in Ron thousands	Gross exposure		Average CCF	EAD post CRM & CCF	No of obligors	Average PD	Average LGD	RWA	RWA Density	EL	Value adjustments and provisions
	On-Balance Sheet exposure	Off-Balance Sheet exposure									
F-IRB Approach	**13,533,482**	**12,942,376**		**14,144,502**	**6,751**			**10,052,149**		**264,958**	**606,788**
0,00 to <0,15	1,539,596	3,838,483	6%	1,634,164	488	0.1%	45%	541,384	33%	712	6,972
0,15 to <0,25	1,154,964	1,622,993	19%	1,392,468	331	0.2%	44%	634,660	46%	1,317	4,056
0,25 to <0,50	510,836	1,486,091	17%	684,139	321	0.4%	42%	368,630	54%	1,019	5,729
0,50 to <0,75	2,340,654	2,496,071	21%	2,699,733	508	0.7%	44%	1,909,682	71%	7,469	24,643
0,75 to <2,50	3,681,750	2,392,368	22%	3,564,114	1,239	1.4%	44%	3,321,770	93%	22,892	61,831
2,50 to <10,00	1,809,122	837,936	24%	1,626,961	813	3.2%	44%	1,710,124	105%	22,236	31,642
10,00 to <100,00	117,694	58,230	52%	131,676	2,356	14.9%	44%	263,189	200%	8,662	12,658
100,00 (Default)	328,700	111,440	14%	331,303	644	99.9%	47%	147	0%	154,618	345,660
Project finance	2,050,164	98,764	0%	2,079,945	51	0.0%	0%	1,302,563	63%	46,033	113,599
A-IRB Approach	**18,708,225**	**3,475,020**		**19,052,396**	**1,272,833**			**9,613,450**		**872,923**	**1,087,173**
0,00 to <0,15	25,754	61,227	86%	71,595	1,154	0.1%	51%	9,044	13%	51	904
0,15 to <0,25	301,644	931,266	59%	788,760	90,802	0.2%	48%	63,958	8%	820	3,063
0,25 to <0,50	2,824,679	1,293,942	57%	3,081,460	247,178	0.4%	42%	664,841	22%	5,106	41,677
0,50 to <0,75	4,058,028	735,585	62%	4,056,286	203,273	0.6%	42%	1,323,745	33%	10,598	37,981
0,75 to <2,50	8,420,572	319,648	66%	7,993,768	351,179	1.2%	53%	4,659,919	58%	51,666	106,624
2,50 to <10,00	1,748,960	84,948	62%	1,734,385	97,120	6.1%	54%	1,637,253	94%	58,274	69,210
10,00 to <100,00	410,711	33,883	55%	410,391	239,280	27.8%	50%	631,329	154%	58,923	54,041
100,00 (Default)	917,877	14,521	54%	915,751	42,847	100.0%	81%	623,362	68%	687,485	773,673

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

Exposure to central governments and central banks

Bank – in Ron thousands	Gross exposure		Average CCF	EAD post CRM & CCF	No of obligors	Average PD	Average LGD	RWA	RWA Density	EL	Value adjustments and provisions
	On-Balance Sheet exposure	Off-Balance Sheet exposure									
F-IRB Approach	**46,304**	**-**	**-**	**46,913**	**2**	**0**	**2**	**19,364**	**2**	**34**	**20**
0,00 to <0,15	-	-	0%	-	0	0.0%	0%	-	0%	-	-
0,15 to <0,25	46,304	-	0%	46,304	1	0.2%	45%	19,113	41%	34	13
0,25 to <0,50	-	-	0%	-	0	0.0%	0%	-	0%	-	-
0,50 to <0,75	-	-	0%	-	0	0.0%	0%	-	0%	-	-
0,75 to <2,50	-	-	0%	71	0	0.2%	45%	29	41%	0	-
2,50 to <10,00	-	-	0%	106	0	0.2%	45%	44	41%	0	-
10,00 to <100,00	0	-	0%	267	1	0.2%	45%	110	41%	0	-
100,00 (Default)	-	-	0%	165	0	0.2%	45%	68	41%	0	7
Project finance	-	-	0%	-	-	0.0%	0.0%	-	0%	-	-
A-IRB Approach	**-**	**-**		**-**	**-**	**0%**		**-**	**0%**	**-**	**-**
0,00 to <0,15	-	-	0%	-	-	0.00%		-	0%	-	-
0,15 to <0,25	-	-	0%	-	-	0.00%		-	0%	-	-
0,25 to <0,50	-	-	0%	-	-	0.00%		-	0%	-	-
0,50 to <0,75	-	-	0%	-	-	0.00%		-	0%	-	-
0,75 to <2,50	-	-	0%	-	-	0.00%		-	0%	-	-
2,50 to <10,00	-	-	0%	-	-	0.00%		-	0%	-	-
10,00 to <100,00	-	-	0%	-	-	0.00%		-	0%	-	-
100,00 (Default)	-	-	0%	-	-	0.00%		-	0%	-	-

Institution

Bank – in Ron thousands	Gross exposure		Average CCF	EAD post CRM & CCF	No of obligors	Average PD	Average LGD	RWA	RWA Density	EL	Value adjustments and provisions
	On-Balance Sheet exposure	Off-Balance Sheet exposure									
F-IRB Approach	**684,375**	**1,442,857**	**1**	**780,620**	**128**	**0**	**3**	**350,097**	**7**	**515**	**365**
0,00 to <0,15	468,909	1,283,088	3%	504,110	61	0.1%	45%	206,721	41%	217	71
0,15 to <0,25	150,969	106,292	15%	190,473	29	0.2%	45%	48,909	26%	11	151
0,25 to <0,50	14,498	32,421	3%	15,582	6	0.3%	0%	12,550	81%	24	6
0,50 to <0,75	38,076	640	20%	38,217	2	0.6%	45%	34,199	89%	104	9
0,75 to <2,50	11,922	20,000	75%	31,496	5	1.0%	45%	47,292	150%	178	128
2,50 to <10,00	-	416	20%	740	1	1.3%	45%	424	57%	4	1
10,00 to <100,00	1	-	0%	1	24	39.4%	45%	2	255%	0	0
100,00 (Default)	-	-	0%	-	0	0.0%	0%	-	0%	-	-
Project finance	-	-	0%	-	-	0.0%	0.0%	-	0%	-	-
A-IRB Approach	**-**	**-**	**0%**	**-**	**-**	**0%**		**-**	**0%**	**-**	**-**
0,00 to <0,15	-	-	0%	-	-	0.00%		-	0%	-	-
0,15 to <0,25	-	-	0%	-	-	0.00%		-	0%	-	-
0,25 to <0,50	-	-	0%	-	-	0.00%		-	0%	-	-
0,50 to <0,75	-	-	0%	-	-	0.00%		-	0%	-	-
0,75 to <2,50	-	-	0%	-	-	0.00%		-	0%	-	-
2,50 to <10,00	-	-	0%	-	-	0.00%		-	0%	-	-
10,00 to <100,00	-	-	0%	-	-	0.00%		-	0%	-	-
100,00 (Default)	-	-	0%	-	-	0.00%		-	0%	-	-

Corporate

Bank – in Ron thousands	Gross exposure		Average CCF	EAD post CRM & CCF	No of obligors	Average PD	Average LGD	RWA	RWA Density	EL	Value adjustments and provisions
	On-Balance Sheet exposure	Off-Balance Sheet exposure									
F-IRB Approach	**6,166,939**	**8,428,532**		**7,378,327**	**2,401**			**5,675,107**	**668%**	**122,934**	**308,246**
0,00 to <0,15	858,504	2,381,816	6%	1,010,856	53	0.1%	45%	316,090	31%	453	352
0,15 to <0,25	723,682	1,325,792	20%	947,994	46	0.2%	45%	437,614	46%	831	295
0,25 to <0,50	312,195	1,195,070	18%	520,273	38	0.4%	41%	299,874	58%	770	883
0,50 to <0,75	1,615,779	2,010,711	21%	2,026,962	96	0.7%	44%	1,557,846	77%	5,706	14,154
0,75 to <2,50	1,759,883	1,118,648	18%	1,900,288	255	1.3%	44%	1,990,288	105%	11,145	18,251
2,50 to <10,00	636,252	289,801	35%	684,123	98	2.8%	44%	886,592	130%	8,431	8,368
10,00 to <100,00	58,635	31,967	81%	84,380	1,321	14.5%	45%	186,717	221%	5,483	8,023
100,00 (Default)	202,009	74,728	14%	203,451	494	99.8%	44%	86	0%	90,114	257,920
Project finance	-	-	0%	-	-	0.0%	0%	-	0%	-	-
A-IRB Approach	**-**	**-**		**-**	**-**			**-**		**-**	**-**
0,00 to <0,15	-	-	0%	-	-	0.0%	0%	-	0%	-	-
0,15 to <0,25	-	-	0%	-	-	0.0%	0%	-	0%	-	-
0,25 to <0,50	-	-	0%	-	-	0.0%	0%	-	0%	-	-
0,50 to <0,75	-	-	0%	-	-	0.0%	0%	-	0%	-	-
0,75 to <2,50	-	-	0%	-	-	0.0%	0%	-	0%	-	-
2,50 to <10,00	-	-	0%	-	-	0.0%	0%	-	0%	-	-
10,00 to <100,00	-	-	0%	-	-	0.0%	0%	-	0%	-	-
100,00 (Default)	-	-	0%	-	-	0.0%	0%	-	0%	-	-

Project finance

Bank – in Ron thousands	Gross exposure		Average CCF	EAD post CRM & CCF	No of obligors	Average PD	Average LGD	RWA	RWA Density	EL	Value adjustments and provisions
	On-Balance Sheet exposure	Off-Balance Sheet exposure									
F-IRB Approach	**2,050,164**	**98,764**		**2,079,945**	**51**			**1,302,563**	**63%**	**46,033**	**113,599**
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	2,050,164	98,764	0%	2,079,945	51	0%	0%	1,302,563	63%	46,033	113,599
A-IRB Approach	**-**	**-**		**-**	**-**			**-**		**-**	**-**
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

Bank – in Ron thousands	Gross exposure		Average CCF	EAD post CRM & CCF	No of obligors	Average PD	Average LGD	RWA	RWA Density	EL	Value adjustments and provisions
	On-Balance Sheet exposure	Off-Balance Sheet exposure									
F-IRB Approach	**4,562,952**	**2,932,223**		**3,806,070**	**4,163**			**2,509,701**	**66%**	**94,194**	**184,825**
0,00 to <0,15	212,184	173,579	15%	119,197	374	0.1%	44%	18,573	16%	42	6,549
0,15 to <0,25	211,262	150,909	15%	154,949	252	0.2%	40%	39,609	26%	119	3,864
0,25 to <0,50	184,143	258,600	12%	148,283	277	0.4%	43%	56,206	38%	225	4,840
0,50 to <0,75	686,798	484,721	21%	634,555	454	0.6%	44%	335,138	53%	1,780	10,480
0,75 to <2,50	1,909,945	1,253,721	24%	1,632,279	932	1.5%	43%	1,160,716	71%	10,545	43,452
2,50 to <10,00	1,172,870	547,719	18%	942,010	714	3.4%	43%	823,072	87%	13,801	23,274
10,00 to <100,00	59,059	26,263	17%	47,092	1,010	15.5%	44%	76,386	162%	3,179	4,635
100,00 (Default)	126,691	36,712	14%	127,704	150	100.0%	51%	-	0%	64,503	87,731
Project finance	-	-	0%	-	-	0.0%	0.0%	-	0%	-	-
A-IRB Approach	**-**	**-**		**-**	**-**			**-**		**-**	**-**
0,00 to <0,15	-	-	0%	-	-	0.00%	0.00%	-	0%	-	-
0,15 to <0,25	-	-	0%	-	-	0.00%	0.00%	-	0%	-	-
0,25 to <0,50	-	-	0%	-	-	0.00%	0.00%	-	0%	-	-
0,50 to <0,75	-	-	0%	-	-	0.00%	0.00%	-	0%	-	-
0,75 to <2,50	-	-	0%	-	-	0.00%	0.00%	-	0%	-	-
2,50 to <10,00	-	-	0%	-	-	0.00%	0.00%	-	0%	-	-
10,00 to <100,00	-	-	0%	-	-	0.00%	0.00%	-	0%	-	-
100,00 (Default)	-	-	0%	-	-	0.00%	0.00%	-	0%	-	-

Retail Exposure - secured by immovable property

Bank – in Ron thousands	Gross exposure		Average CCF	EAD post CRM & CCF	No of obligors	Average PD	Average LGD	RWA	RWA Density	EL	Value adjustments and provisions
	On-Balance Sheet exposure	Off-Balance Sheet exposure									
F-IRB Approach	-	-		-	-			-	0%	-	-
0,00 to <0,15	-	-	0%	-	-	0.0%	0%	-	0%	-	-
0,15 to <0,25	-	-	0%	-	-	0.0%	0%	-	0%	-	-
0,25 to <0,50	-	-	0%	-	-	0.0%	0%	-	0%	-	-
0,50 to <0,75	-	-	0%	-	-	0.0%	0%	-	0%	-	-
0,75 to <2,50	-	-	0%	-	-	0.0%	0%	-	0%	-	-
2,50 to <10,00	-	-	0%	-	-	0.0%	0%	-	0%	-	-
10,00 to <100,00	-	-	0%	-	-	0.0%	0%	-	0%	-	-
100,00 (Default)	-	-	0%	-	-	0.0%	0%	-	0%	-	-
Project finance	-	-	0%	-	-	0.0%	0%	-	0%	-	-
A-IRB Approach	**8,684,438**	**6,816**	**100.00%**	**7,187,125**	**55,682**	**5.0%**	**30.5%**	**3,292,961**	**45.8%**	**195,697**	**381,945**
0,00 to <0,15	-	-	0%	-	-	0.0%	0%	-	-	-	-
0,15 to <0,25	-	-	0%	-	-	0.0%	0%	-	-	-	-
0,25 to <0,50	2,526,053	263	100.0%	2,045,317	15,395	0.4%	30.1%	557,352	27.3%	3,532	38,020
0,50 to <0,75	3,128,324	5,357	100.0%	2,777,327	22,322	0.6%	29.8%	996,215	35.9%	6,658	27,426
0,75 to <2,50	2,320,988	458	100.0%	1,735,805	13,171	0.9%	30.3%	860,588	49.6%	6,957	44,322
2,50 to <10,00	269,237	0	100.0%	212,151	1,770	5.2%	28.6%	274,725	129.5%	4,063	18,030
10,00 to <100,00	128,185	52	100.0%	112,451	838	19.8%	27.8%	221,104	196.6%	8,529	17,953
100,00 (Default)	311,650	686	100.0%	304,073	2,186	100.0%	44.4%	382,977	125.9%	165,959	236,193

Retail Exposure- qualifying revolving

Bank – in Ron thousands	Gross exposure		Average CCF	EAD post CRM & CCF	No of obligors	Average PD	Average LGD	RWA	RWA Density	EL	Value adjustments and provisions
	On-Balance Sheet exposure	Off-Balance Sheet exposure									
F-IRB Approach	-	-		-	-			-	0%	-	-
0,00 to <0,15	-	-	0%	-	-	0.0%	0%	-	0%	-	-
0,15 to <0,25	-	-	0%	-	-	0.0%	0%	-	0%	-	-
0,25 to <0,50	-	-	0%	-	-	0.0%	0%	-	0%	-	-
0,50 to <0,75	-	-	0%	-	-	0.0%	0%	-	0%	-	-
0,75 to <2,50	-	-	0%	-	-	0.0%	0%	-	0%	-	-
2,50 to <10,00	-	-	0%	-	-	0.0%	0%	-	0%	-	-
10,00 to <100,00	-	-	0%	-	-	0.0%	0%	-	0%	-	-
100,00 (Default)	-	-	0%	-	-	0.0%	0%	-	0%	-	-
Project finance	-	-	0%	-	-	0.0%	0%	-	0%	-	-
A-IRB Approach	**1,627,564**	**3,243,074**	**90.0%**	**3,497,592**	**963,612**	**11.7%**	**51.3%**	**701,989**	**20.1%**	**72,728**	**89,219**
0,00 to <0,15	1,217	2,204	73.6%	2,401,43	237	0.1%	53.3%	108	4.5%	2	14
0,15 to <0,25	143,083	874,504	72.9%	638,607,81	89,706	0.2%	47.4%	35,656	5.6%	636	303
0,25 to <0,50	260,057	1,293,679	72.8%	997,574,24	231,224	0.4%	49.0%	91,126	9.1%	1,820	2,232
0,50 to <0,75	373,676	661,625	86.4%	762,379,76	179,367	0.7%	48.4%	110,938	14.6%	2,499	2,984
0,75 to <2,50	550,207	293,036	106.7%	733,501,94	145,850	1.5%	49.0%	202,856	27.7%	5,598	8,322
2,50 to <10,00	199,865	79,312	113.6%	246,787,76	52,896	5.3%	48.5%	156,333	63.3%	6,204	6,033
10,00 to <100,00	53,155	25,238	99.9%	63,247,57	227,673	30.3%	52.6%	87,404	138.2%	8,105	7,583
100,00 (Default)	46,303	13,475	96.9%	53,091,63	36,659	100.0%	93.2%	17,568	33.1%	47,865	61,747

REPORT ON TRANSPARENT AND
PUBLICATION REQUIREMENTS OF INFORMATION
31 December 2021

Retail Exposure -SME

Bank – in Ron thousands	Gross exposure		Average CCF	EAD post CRM & CCF	No of obligors	Average PD	Average LGD	RWA	RWA Density	EL	Value adjustments and provisions
	On-Balance Sheet exposure	Off-Balance Sheet exposure									
F-IRB Approach	-	-		-	-			-	0%	-	-
0,00 to <0,15	-	-	0%	-	-	0.0%	0%	-	0%	-	-
0,15 to <0,25	-	-	0%	-	-	0.0%	0%	-	0%	-	-
0,25 to <0,50	-	-	0%	-	-	0.0%	0%	-	0%	-	-
0,50 to <0,75	-	-	0%	-	-	0.0%	0%	-	0%	-	-
0,75 to <2,50	-	-	0%	-	-	0.0%	0%	-	0%	-	-
2,50 to <10,00	-	-	0%	-	-	0.0%	0%	-	0%	-	-
10,00 to <100,00	-	-	0%	-	-	0.0%	0%	-	0%	-	-
100,00 (Default)	-	-	0%	-	-	0.0%	0%	-	0%	-	-
Project finance	-	-	0%	-	-	0.0%	0%	-	0%	-	-
A-IRB Approach	**817,680**	**224,958**	**132.2%**	**788,964**	**39,132**	**42.0%**	**60.4%**	**273,931**	**34.7%**	**110,827**	**126,170**
0,00 to <0,15	24,537	59,024	96.9%	69,193.90	1,309	0.1%	50.1%	8,936	12.9%	54.29	809.34
0,15 to <0,25	158,561	56,761	111.1%	150,151.99	2,611	0.2%	44.8%	28,302	18.8%	228.39	2,591.95
0,25 to <0,50	-	-	0%	-	-	0%	0%	-	0%	-	-
0,50 to <0,75	278,756	68,603	166.9%	239,307.50	5,098	0.5%	45.2%	74,376	31.1%	722.28	5,753.49
0,75 to <2,50	178,158	26,154	206.4%	153,242.92	3,820	1.2%	47.0%	71,391	46.6%	990.61	8,078.91
2,50 to <10,00	48,094	5,636	137.1%	43,682.89	1,177	5.1%	48.1%	32,106	73.5%	1,092.02	3,252.42
10,00 to <100,00	18,439	8,421	129.2%	23,588.82	15,212	42.1%	50.9%	29,270	124.1%	4,030.79	3,056.82
100,00 (Default)	111,135	359	100.0%	109,796.42	9,905	100.0%	95.1%	29,551	26.9%	103,708.85	102,627.48

Retail – Others

Bank – in Ron thousands	Gross exposure		Average CCF	EAD post CRM & CCF	No of obligors	Average PD	Average LGD	RWA	RWA Density	EL	Value adjustments and provisions
	On-Balance Sheet exposure	Off-Balance Sheet exposure									
F-IRB Approach	-	-		-	-			-	0%	-	-
0,00 to <0,15	-	-	0%	-	-	0.0%	0%	-	0%	-	-
0,15 to <0,25	-	-	0%	-	-	0.0%	0%	-	0%	-	-
0,25 to <0,50	-	-	0%	-	-	0.0%	0%	-	0%	-	-
0,50 to <0,75	-	-	0%	-	-	0.0%	0%	-	0%	-	-
0,75 to <2,50	-	-	0%	-	-	0.0%	0%	-	0%	-	-
2,50 to <10,00	-	-	0%	-	-	0.0%	0%	-	0%	-	-
10,00 to <100,00	-	-	0%	-	-	0.0%	0%	-	0%	-	-
100,00 (Default)	-	-	0%	-	-	0.0%	0%	-	0%	-	-
Project finance	-	-	0%	-	-	0.0%	0%	-	0%	-	-
A-IRB Approach	**7,578,543**	**171**	**100.0%**	**7,578,715**	**319,590**	**8.8%**	**60.4%**	**5,344,770**	**70.5%**	**544,803**	**474,590**
0,00 to <0,15	-	-	0%	-	-	0%	0%	-	0%	-	-
0,15 to <0,25	-	-	0%	-	-	0%	0%	-	0%	-	-
0,25 to <0,50	38,569	0	100.0%	38,569	926	0.5%	58.4%	16,363	42.4%	104	115
0,50 to <0,75	277,272	0	100.0%	277,272	8,820	0.7%	58.4%	142,216	51.3%	1,052	846
0,75 to <2,50	5,371,218	0	100.0%	5,371,218	226,504	1.2%	58.4%	3,525,105	65.6%	38,582	44,889
2,50 to <10,00	1,231,764	0	100.0%	1,231,764	53,538	6.7%	58.4%	1,174,125	95.3%	46,964	41,197
10,00 to <100,00	210,932	171	100.0%	211,103	11,899	32.8%	58.4%	293,634	139.1%	38,273	24,601
100,00 (Default)	448,790	0	100.0%	448,790	17,903	100.0%	93.8%	193,327	43.1%	419,829	362,943

24. 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, apparaisal and discounting of the values assigned to de most important and frequently used collateral and guarantees , such as morgages and pledges, financial collateral , receivables, letters of guarantees and securitie.

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

1. the collateral is legally enforceable under the applicable jurisdiction;
2. there is sustainable market value of the collateral;
3. possibility of realization and willingness to realize;
4. 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 ot be applied to the collateral value.

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

Cash Collateral consists of a deposit held within Raiffeisen Bank SA or with other credit institution. The Collateral value is the deposit value in relevant CCY. For the cash hel 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 regurarly updated.

B.3. Equities and convertibile bonds

Equities or convertible bonds which are listed on a recognised exchange are recongnized as risk mitigants.
Nominal collateral value is the mark-to-market value on the Stock Exchange and has to be regurarly 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 in-cluded in a main index).

Effect on credit risk mitigation

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 exposured 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 aproaches

Raiffeisen 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 develpments.

According to National Bank of Romaina explanations, plot of lands free of constructions are assimilated to “Other RE collateral” therefore are not eligibile 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 eligibiler for credit risk mitigation.

Revaluation

Nominal collateral value si 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 Standfards for Assets and NBR regulations, and it is performed by certified appraisers (by ANEVAR) with certification of Realestate Appriaser; valuators (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 futher reduced by prior ranking liens. Neverheless, Raiffeisen Bank Sa accept as collateral only realestates that free of encumbrances/ liens to a third party.

Effect on credit risk mitigation

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 colateralisation 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 pe 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 companiea within the group are not eligible.

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

Effect on credit risk mitigation

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 goverments;
- 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 ia considered not eligible.

Unfunded protection by a counterguarantee

In such case an unfunded protection is backed by another unfundede protection of one of the following providers, a PD change can be made between the guanrantor 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 goverments

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Effect on credit risk mitigation

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 31 December 2021, 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

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
Total loans	17,920,848	12,111,489	8,658,854	3,452,635	-
Total debt securities	9,068,934	-	-	-	-
Total exposures	26,989,781	12,111,489	8,658,854	3,452,635	-

Consolidated level – in Ron Thousand	Other	Real estate	Unfunded protection	Financial collateral s
Exposure classes in STD	**-**	**37,254**	**-**	**1,274**
Central governments or central banks	-	-	-	-
Regional government or local authorities	-	-	-	301
Public sector entities	-	-	-	-
Multilateral development banks	-	-	-	-
International organisations	-	-	-	-
Institutions	-	-	-	-
Corporates	-	-	-	-
Retail	-	-	-	933
Secured by mortgages on immovable property	-	37,254	-	40
Exposures in default	-	-	-	-
Exposures associated with particularly high risk	-	-	-	-
Covered bonds	-	-	-	-
Institutions and corporates with a short-term credit assessment	-	-	-	-
Collective investment undertakings	-	-	-	-
Equity	-	-	-	-
Other items	-	-	-	-
Exposure classes in IRB	**30,244**	**10,954,055**	**4,057,839**	**2,029,241**

Consolidated level – in Ron Thousand	Other	Real estate	Unfunded protection	Financial collaterals
Exposure to central governments and central banks	-	-	-	-
Exposure to institutions	-	-	178,000	1,390,209
Exposure to corporates	30,244	472,726	2,006,350	582,944
Exposure to Retail	-	10,481,329	1,743,763	56,088
Equity	-	-	-	-
Securitization	-	-	129,726	-
Other exposure	-	-	-	-

Bank do not have exposure covered by credit derivatives.

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

Consolidated level – Values in RON thousand	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 exposures	RWAs	RWAs density (%)
Standardised approach (SA) exposure classes	22,196,576	417,527	25,513,870	295,881	2,146,492	8%
Central governments or central banks	18,872,153	-	21,814,849	109,801	-	0%
Regional government or local authorities	993,071	289,345	993,071	139,501	226,514	20%
Public sector entities	-	-	-	-	-	20%
Multilateral development banks	-	-	399,523	36	-	0%
International organisations	-	-	-	-	-	0%
Institutions	55,229	-	55,229	-	14,586	2%
Corporates	639,622	75,286	639,582	24,516	555,181	0%
Retail	618,829	48,851	596,353	20,507	356,735	58%
Secured by mortgages on immovable property	55,998	101	54,345	50	29,520	54%
Exposures in default	21,687	3,943	20,851	1,469	24,263	109%
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	939,987	-	940,066	-	939,693	100%

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25. 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.

26. 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.

27. 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.

On 8th of June 2022, National Bank of Romania (NBR) in its role as Romanian Resolution Authority has communicated the new MREL targets for Raiffeisen Bank S.A. (RBRO) in accordance with BRRD2 provisions, set in a joint decision with the Single Resolution Board (SRB), in its capacity of Resolution Authority of Raiffeisen Bank International Group.

Based on the joint decision, it was determined that Bank shall comply on a consolidated basis at the level of the resolution group with an MREL target of 26.37% in terms of Total Risk Exposure Amount (TREA) and 5.90% in terms of Leverage Ratio Exposure Measure (LRE) as of 1 January 2024. On a fully loaded basis, the subordinated requirements are set at the levels of 22.87% in terms of TREA and 5.90% of LRE, effective from 1 January 2024. The first intermediate binding MREL levels shall be met starting with 1 July 2022 and shall be equal to 21.10% of TREA and 5.9% of LRE. The minimum interim subordination requirement for the first target is set at 19.88% of TREA and 5.90% of LRE. Moreover, in order to ensure a gradual build-up of the MREL capacity, the NBR has communicated an MREL target to be fulfilled by the Bank starting with 1 January 2023: 23.48% in terms of TREA and 5.9% in terms of LRE. The corresponding subordination target for 1 January 2023 is set at 21.71% in terms of TREA and 5.90% in terms of LRE.

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).

Under the EMTN programme established in April 2021, the Bank issued in 2021 in a premiere for the local capital markets two MREL eligible green notes in total amount of EUR 324 mn equivalent. Through these two issuances, the Bank has strengthened its own funds and eligible liabilities position, in line with the requirements set out by the EU Directive BRRD2, thus creating the premises for a sustainable development of its loan portfolio. At the end of 2021, the bank held a comfortable own funds and eligible liabilities position, with a capital adequacy (21.25%) and MREL ratio (26.96%) significantly above the minimum regulatory requirements.