Raiffeisen BANK

SEMI-ANNUAL REPORT 2022

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Comments on the Consolidated Results of the Raiffeisenbank Group for the First Half of the Year 2022

In the first two quarters of 2022, we focused fully on satisfying our clients, the recovery of the Czech economy bringing new opportunities for our clients, and the smooth progress of the merger with Equa bank and the integration of products and services of Raiffeisen stavební spořitelna.

During this period, we brought in more new clients than at any time in the history of Czech Raiffeisenbank, and we are one of the banks with the highest acquisitions on the Czech market. In addition, after the merger with Equa bank, we became number three on the Czech consumer loan market. We greatly appreciate that our clients put their trust in us in this manner and appreciate the stability and credibility of the bank, our long-term focus on client satisfaction, and many innovations.

The number of our clients making full use of Raiffeisenbank's first-rate online banking options is constantly increasing. Today, 9 out of 10 clients actively use these services, and during 2022, we also witnessed a record number of clients who opened an account with Raiffeisenbank fully online. During the first half of 2022, we introduced several innovations (e.g. the new look of Internet banking and enable our clients to use the Bank Identity), but above all, we prepared a number of fundamental and unique innovations for the second half of 2022. Hence, our clients can look forward to the new mobile banking, combining the best of Raiffeisenbank's and Equa bank's applications, as well as a completely new investment application (Raiffeisenbank will be the first bank on the Czech market to enable more complex investments fully online) or loans approved for everyone fully online within a few minutes of submitting the application. We have prepared, tested, and fine-tuned all of these products and services with the active involvement of our clients so that they are intuitive, comfortable, and make their lives easier.

We greatly appreciate both the increasing satisfaction of our clients and the awards received from the professional public and clients. Among the most important ones is Zlatá koruna, where we won three medals – one for our current account for private individuals, one for our current account for entrepreneurs, and the third for our payment card, i.e. the most important areas for our clients.

Raiffeisenbank has long felt a very strong sense of social responsibility. Hence, in addition to continuing to support Czech culture (our general partnership with the National Theatre), supporting children with illnesses and their families (long-term support for Good Angel), or supporting financial literacy, we immediately responded to the war in Ukraine. As one of the first companies, we financially supported victims of the war in Ukraine and refugees in the Czech Republic. In addition to financial support, we also arranged 700 accommodation places for refugees and focused on making their adjustment to the Czech Republic easier. We greatly appreciate the active and selfless involvement of our employees in providing assistance.

One of our priorities is sustainable development, and this is why we greatly appreciate our victory in the seventh annual Climate Bond Awards in the Green Market Pioneer category, i.e. in a competition focused on awarding pioneers in the sector of sustainable financing and efforts to solve the climate crisis. We received this award for the successful issue of green bonds.

The result of extraordinary commitment, record-breaking acquisitions, and the many innovations was, above all, appreciation from our clients. Their satisfaction and interest in our products and services was also reflected in our profit, which increased by 82.4% year-on-year. We appreciate this very much and will continuously invest in the trust and satisfaction of our clients and employees. Therefore, we will continue to work on improving and innovating our services, fair conditions for our employees, sustainability, and we will also strengthen Raiffeisenbank's role in the area of social responsibility.

Detailed Information on Economic Results for the First Half of 2022

Net profit and income

The consolidated net profit of the Group for the first half of 2022 reached CZK 3.719 billion, which is a year-on-year increase of 82.4%. The Group's total operating revenues increased by 66.4% year-on-year.

The Group's net interest income reached CZK 7.7 billion, which is an increase of 97.6% compared to the same period last year. The increase is mainly due to the increase in market interest rates as a result of tightening monetary policy relating to the fight against inflation. Net income from fees increased by 31.8% year-on-year to CZK 2.4 billion. The positive trend is mainly due to the increase in client margins from foreign currency transactions, which saw a noticeable increase in both transaction numbers and volumes. Income from fees relating to insurance and investments also increased year-on-year.

The loss from the Group's financial operations amounted to CZK 457 million, which is an increase of CZK 448 million compared to the first half of 2021.

Costs

The Group's operating costs, which include employee costs, general operating costs, and depreciation of tangible and intangible assets, increased by 37.0% year-on-year to CZK 5.3 billion. Employee costs increased by 23.5% year-on-year to CZK 2.1 billion. General operating costs for the first half of the year amounted to CZK 2.0 billion, which is an increase of 41.2%. Depreciation of tangible and intangible assets increased by 61.4% to CZK 1.2 billion. This increase of costs is affected due to the merger with Equa bank a.s. and related integration costs mainly for IT and consulting services.

Risk management

The Group continues to maintain a very high-quality loan portfolio. Losses from impairment on loans and other receivables in absolute value increased by CZK 797 million in a year-on-year comparison. This increase is caused by the creation of provisions, mainly for households.

Assets

The Group's total assets reached CZK 659.8 billion, which is an increase of 1.4% for the six-month period up to June 2022. Financial assets at amortised cost slightly decreased by 0.2% to CZK 605.3 billion. Thereof the volume of loans granted to the Group's clients increased by 8.6% to CZK 403.6 billion for the first half of 2022, this growth occurred mainly for companies in the form of investment loans. On the other hand, loans and advances to banks decreased by 18.4% to CZK 161.5 billion.

Liabilities

The Group's total liabilities reached CZK 610.9 billion, which is an increase of 1.0% compared to the end of 2021. Financial liabilities at amortised cost slightly increased by 0.2% to CZK 597.0 billion. Thereof the volume of deposits received from the Group's clients decreased by 1.1% to CZK 546.8 billion, the main reason is lower balances on current accounts in the corporate segment. On the other hand, deposits from banks increased by 34.3% to CZK 17.6 billion.

Capital

The Group's equity amounted to CZK 48.9 billion at the end of the first half of the year, compared to CZK 45.9 billion as at 31 December 2021. The Group's capital adequacy at the end of the first half of 2022 reached 17.14%. At the end of April 2022, the Bank's General Meeting decided not to pay dividends to shareholders from the profit in the individual financial statements for the year 2021, which reached CZK 4.69 billion. This amount, CZK 4.69 billion, was transferred to the Bank's retained earnings. The increase in the Bank's retained earnings had a positive impact on the Group's capital adequacy.

Rating

On 25 May 2021, the rating agency Moody's Investors Service assigned a long-term rating of A3. The short-term rating is at the level of Prime-2, and the outlook is stable.

Major Events During the First Half of 2022

Products and services

Raiffeisenbank continues to offer its flagship CHYTRÝ účet (SMART bank account), which is free of charge and without conditions and is currently one of the best-selling accounts on the Czech market. We also reacted very quickly to the situation with refugees from Ukraine and prepared for them a special offer for a free AKTIVNÍ účet (ACTIVE bank account) with one-time financial support of CZK 2,500. In the second quarter of 2022, we then introduced the new HIT PLUS savings account, which with a rate of 4.5% p.a., has one of the highest rates available for savings accounts. Thanks to the acquisition of Equa bank, our market share in consumer financing is successfully growing, and we are already number 3 on the Czech market in this area.

Awards

Thanks to last year's successful issue of green bonds, Raiffeisenbank won this year's seventh annual Climate Bond Awards in the Green Market Pioneer category. The awards are granted to organisations that are pioneers in the sustainable finance sector and are working towards resolving the climate crisis.

As in previous years, Raiffeisenbank received several awards in June for this year's jubilee 20th anniversary of the prestigious and oldest competition on the Czech market, Zlatá koruna. The expert panel awarded Raiffeisenbank second place in the category of Accounts for the Equa bank Current Account, third place in the category of Payment Cards for the Equa bank Gold Card, and third place in the category of Accounts for Entrepreneurs for the Raiffeisenbank CHYTRÝ účet (SMART bank account) for Entrepreneurs.

Digitalization

With respect to digitalization, we prepared in particular for the smooth progress of the merger with Equa bank during the first half of 2022 and the new mobile application, which we plan to launch in September 2022. Nonetheless, we did not forget about our existing clients either and prepared several new innovations for them as well. The main ones include the new design of Internet banking, connecting to the services of Bankovní identita a.s. or extending integrations to accounting systems and improving the online financing used by our corporate clients. In addition, we have expanded the functions of the RaiPay mobile wallet. It is now possible, for example, to get an overview of which prepaid service providers a client's debit or credit card is stored with.

CSR

Raiffeisenbank helps the innocent victims of the conflict in Ukraine and refugees to the Czech Republic. Thus, through the non-profit organization Člověk v tísni (People in Need), Raiffeisenbank donated in the very first days of the conflict an amount of CZK 10 million to help victims. Following this, the employees also pitched in, donating CZK 4.68 million.

In addition, we signed a memorandum with the Ministry of the Interior on the provision and financing of accommodation for 700 refugees and committed to allocating CZK 50 million for this assistance. In cooperation with CZECH INN HOTELS and Fidurock, we provided accommodation and food for 150 Ukrainian refugees and handed over accommodation and food for another 550 people for use by the Czech Ministry of the Interior. Part of our assistance included the provision of education for accommodated children in cooperation with Trade Fides and the Czech Ministry of Education.

In addition, Raiffeisenbank returned all fees for foreign payments to Ukraine in the first half of 2022. A special project of the Konto Bariéry Foundation is Education without Barriers. As part of this long-term project, a special Ukraine Fund was launched in 2022, the aim of which is to help integrate Ukrainian children into Czech schools. Raiffeisenbank donated CZK 1 million during the spring meeting of clients in Žofín Palace, which took place on 12 April 2022.

We continue our long-term support of financial education, and we financially and professionally support the website zlatka.in, which helps not only children improve their financial literacy.

In the area of culture, we continue to support the largest Czech theatre, the National Theatre, as a general partner.

Employees

1. MY JSME RAJFKA

In January 2022, we launched a cultural transformation project referred to as My jsme Rajfka. We focus on development in the areas of empowerment and customer centricity, which will help us meet the needs of employees while respecting Raiffeisenbank's vision *"to be the most recommended financial group"*. We are transforming our corporate culture in cooperation with the external agency Atairu, and over 50 volunteer ambassadors throughout the bank are actively involved in the project, including members of the board of directors.

2. SODEXO

In this year's 20th anniversary of the Sodexo Employer of the Year award, we placed 3rd in the Prague region in the category of 5,000 employees or less. As an employer, we perform very well when compared with the market in areas such as education, internal career advancement, success in accepting job offers, and CSR activities. The ranking is compiled by PwC Czech Republic, which uses its own Saratoga evaluation methodology.

3. EQUAL PAY DAY

In this respect, we have decided this year to become a partner of the work-experience conference Equal Pay Day for the first time, which already has a thirteen-year tradition in the Czech Republic. The goal of this event is to draw the public's attention to the principles of fair remuneration, inequality in the remuneration of men and women, but at the same time, it provides space for expert discussions on economic and social topics. Helena Horská, our chief economist and member of the supervisory board, spoke at the conference.

4. UKRAINE

During #denproukrajinu (Day for Ukraine), 1,039 employees from the entire Czech group, including Raiffeisenbank, Equa bank, Raiffeisen stavební spořitelna, Raiffeisen leasing, and Raiffeisen investiční společnost, decided to donate voluntarily their daily wages to support people affected by the war in Ukraine. Our employees donated a total of CZK 4,680,000 through the organisation People in Need.

Anticipated Economic Development in the Second Half of 2022

The Czech **economy** has experienced a successful first half of the year. In Q1 2022, it grew quarterly in real terms by 0.9% and, according to the Czech Statistical Office's preliminary estimate, by 0.2% in Q2 2022. The improved situation with the supply chains has had a positive impact, which supported the industrial production and fixed investments of companies. The catch-up effect of deferred consumption from the period of economic closures in connection with the pandemic had a positive impact on household consumption. This effect was counteracted by an increase in the price level and a drop in consumer confidence. As a result, household consumption has already fallen twice in a row quarter-on-quarter. In the second half of the year, we expect a slight technical recession mainly due to a weakening of domestic and foreign demand resulting from stricter financing conditions contributing to higher operating costs and a decrease in real incomes following the price shock associated with the war in Ukraine. A number of leading indicators across the individual sectors have already started in this direction. The weakening of economic activity will dampen fiscal aid and the continued absorption of EU funds. In Q3 2022 and Q4 2022, we expect real GDP to fall close to 0.5% quarter-on-quarter, followed only by a gradual improvement during the first half of 2023 due to the assumption of a protracted conflict in Ukraine, which is also related to the predicted slow recovery in the Eurozone. Thanks to the strong performance of the economy in the first two quarters of this year, we keep our forecast for economic growth at 2.5% this year and, due to a technical recession in the winter months followed by a slow recovery, at only 0.9% for 2023. GDP will reach pre-Covid levels in our forecast in Q3 2022. Prediction risks are skewed downward due to the possibility of gas supply interruptions. When modelling the interruption of gas supplies as a sudden shock, the impact on the economy is up to 4%. In the meantime, however, preparations were made for this alternative in the form of replenishing gas reservoirs or securing access to LNG terminals. The economic impact would thus be significantly lower than the mentioned 4% decrease.

The same as in many neighbouring countries, **unemployment** in the Czech Republic is close to historic lows. The gap remains open between the number of vacancies and the number of applicants, with approximately 1.4 offers per applicant. In recent months, the number of vacancies had begun to decline. However, this was largely due to the influx of refugees from Ukraine when some of the jobs offered for a longer period of time were filled. The continuing decrease in the number of available applicants thus slows down the closing of the gap. The number of job seekers is at its lowest since March 2020, when the covid-19 pandemic broke out. Hence, the labour market remains extremely tight, and no major change is expected in the near future. Although the economic cooling taking place especially at the end of the year may contribute to a slight increase in unemployment, we do not expect a major turnaround. We assume that unemployment for all of 2022 will reach an average of 3.3%, and the announced economic cooling will bring a slight increase in 2023 to 3.6%. However, together with economic recovery, unemployment will fall back to 3% over the longer term. In addition, greater pressure on employers from employees concerning their wages can be expected. This year, wages will decrease in real terms, but next year, thanks to double-digit nominal growth, they could exceed even the expected high increase in price levels.

For the global financial system, the key central banks (the Fed, the ECB, or the Bank of England) are in a cycle of monetary policy tightening. With rates at 7%, the Czech National Bank (**CNB**) approached the peak of the cycle. With the changed CNB Bank Board, a majority voted in favour of a dovish stance. According to Governor Michl, there is no need to increase the rates further as inflation is primarily caused by cost factors. However, the problem with this position is significantly unmoored inflationary expectations. When inflationary expectations increase, it is necessary ceteris paribus to increase nominal interest rates so that they rise above the neutral level in real terms and so that monetary policy has a restrictive effect. Interventions on the foreign exchange market in favour of the Czech crown will probably continue to be an important tool for the CNB in suppressing inflation.

During the second quarter, the **banking sector** fully felt the impact of the current economic and political situation. The total volume of loans slowed down the growth rate, both in the corporate and private sectors. The dynamics of new credit transactions also slowed down significantly. While in the first quarter non-financial corporations concluded new loan agreements for a volume of CZK 136 billion, i.e. far exceeding the volume of new loans in the record year 2021, the second quarter brought about a decline of roughly 26% and a return to pre-Covid values. Since the beginning of the year, companies underwrote 31% fewer loans than last year, and thanks to the expected macroeconomic development, this drop will be even more significant during the second half of the year. According to a fairly similar scenario, lending to private individuals is also developing, especially in the form of mortgages. In the first quarter, new mortgages slightly declined with the increase in interest rates, but the re-introduction of stricter regulatory limits by the CNB motivated many households to hasten their decisions to take on mortgages. Thus, although new mortgages in the first three months were a third less than in 2021, they were still well above the level of 2020 or 2019. With additional increases in interest rates and the rapid tempo of inflation, there was a significant drop in the demand for mortgages, and their volume decreased quarterly by 31% during the second quarter. However, when we compare the results of the first half of this year with 2020 and 2019, new mortgages are still higher, by 12% and 42% respectively.
For this year, we expect approximately a 50% decline in the volume of new mortgages, i.e. an annual volume of around

CZK 200 billion, which would not be a bad result considering the circumstances. For now, consumer loans are maintaining a brisk growth rate. During the second quarter, they were even 4.5% more than in the first quarter. Since the beginning of the year, households have drawn almost CZK 50 billion, which is more than in the previous three years. The truth is, however, that consumer loans make up only a little more than a quarter of new loans to households, and their increase will not offset the decline in new mortgages.

So far, there has been no significant shift in the development of deposits. The logical solution to higher living and operating costs seemed to be the use of excess deposits that households and companies accumulated in the banking sector during the quarantine closures. However, this is not happening. The total volume of deposits saved above the pre-Covid 2019 trend remains above CZK 300 billion, and this fluctuates without a clear trend. The continued growth of deposits supported by higher interest rates more or less confirms that households with a vision of worse times to come save more, and companies postpone development investments and deposit their current profits to bank accounts.

Sources: Czech Statistical Office, CNB, Ekonomický výzkum Raiffeisenbank a.s. (Raiffeisenbank Economic Research)

Outlook up to the end of 2022

Despite the unexpected complications associated with the conflict in Ukraine, Raiffeisenbank will continue to pursue a long-term strategy aimed at the satisfaction of our clients and an increase in the number of clients. This strategy is primarily based on simple, client-attractive, and free-of-charge products and services that make life easier for clients and stable growth in receivables with a balanced ratio of loans to deposits. The continued digitalization of services and modernization of banking will continue to be a main strategy for Raiffeisenbank in all key areas, from current accounts to loans, investments, mobile and internet banking, mortgages, and insurance. Emphasis will also be placed on improving the quality of service and comfort when using products, which can now be arranged and managed completely online in more than 95% of the cases.

Even with regard to the ongoing merger with Equa bank, we continue to focus intensively on product innovations, simplifying services and making life easier for our clients, and delivering the best of Raiffeisenbank and Equa bank to all of our clients.

The bank's semi-annual report is available at

https://www.rb.cz/en/obligatory-published-information/annual-reports

Raiffeisenbank a.s.

Interim Consolidated Financial Statements Prepared in Accordance with International Financial Reporting Standards as Adopted by the European Union for the Period Ended 30 June 2022.

Components of the Interim Consolidated Financial Statements:

- Interim Consolidated Statement of Comprehensive Income
- Interim Consolidated Statement of Financial Position
- Interim Consolidated Statement of Changes in Equity
- Interim Consolidated Cash Flow Statement
- Notes to the Interim Consolidated Financial Statements

Interim Consolidated Statement of Comprehensive Income For the Period Ended 30 June 2022

CZK million	Note	30.6.2022	30.6.2021 restated
Interest income and similar income calculated using the effective interest rate method	8	12,809	4,321
Other interest income	8	1,107	478
Interest expense and similar expense	8	(6,171)	(880)
Net interest income		**7,745**	**3,919**
Fee and commission income	9	3,066	2,311
Fee and commission expense	9	(643)	(472)
Net fee and commission income		**2,423**	**1,839**
Net gain/(loss) on financial operations		(457)	(9)
Net gain on financial assets other than held for trading mandatorily measured at fair value in profit or loss		(34)	11
Net gain/(loss) from hedge accounting		(5)	2
Dividend income		1	1
Impairment gains/ (losses) on financial instruments		(430)	367
Gains/(losses) from derecognition of financial assets measured at amortised cost		1	8
Personnel expenses		(2,148)	(1,739)
General operating expenses	10	(1,974)	(1,398)
Depreciation/amortisation of property and equipment and intangible assets		(1,159)	(718)
Other operating income		449	443
Other operating expenses		(116)	(176)
Gains/(losses) on the sale of subsidiaries and joint ventures	11	196	–
Gains/(losses) from non-current assets and disposal groups		9	(1)
Operating profit		**4,501**	**2,549**
Share in income of associated companies	14	16	1
Profit before tax		**4,517**	**2,550**
Income tax		(798)	(511)
Net profit for the year attributable to:		**3,719**	**2,039**
– shareholders of the parent company		3,719	2,039
– non-controlling interests		–	–
Other comprehensive income			
Items that will not be reclassified to profit or loss in future:			
Gains/(losses) from remeasurement of equity securities at FVOCI		–	–
Deferred tax relating to items that will not be reclassified to profit or loss in following periods		–	–
Items that will be reclassified to profit or loss in future:			
Cash flow hedge		(559)	(67)
Deferred tax relating to items that will be reclassified to profit or loss in following periods		106	13
Total other comprehensive income attributable to:		**(453)**	**(54)**
– shareholders of the parent company		(453)	(54)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**3,266**	**1,985**
– shareholders of the parent company		**3,266**	**1,985**

The accompanying notes are an integral part of these interim consolidated financial statements.

Interim Consolidated Statement of Financial Position As at 30 June 2022

CZK million	Note	30. 6. 2022	31. 12. 2021
ASSETS			
Cash in hand and other cash equivalents	17	18,200	9,461
Financial assets held for trading		7,408	4,082
Derivatives held for trading		7,237	3,917
Securities held for trading		171	165
Non-trading financial assets mandatorily at fair value through profit or loss		250	498
Financial assets measured at FVOCI		25	20
Financial assets at amortised cost	12	605,322	606,264
Loans and advances to banks	12	161,475	197,963
Loans and advances to customers	12	403,568	371,751
Debt securities	12	40,279	36,550
Finance leases	13	8,159	8,019
Change in fair value of portfolio-remeasured items (loans and advances to customers and debt securities)	12	(7,337)	(4,453)
Hedging derivatives with positive fair value		8,394	5,062
Tax receivables		10	1
Deferred tax asset		33	18
Equity investments in associated companies	14	118	102
Intangible assets		5,958	6,180
Property and equipment		4,154	4,199
Investment property		241	183
Other assets		8,902	11,372
TOTAL ASSETS		**659,837**	**651,008**
Liabilities and equity			
Financial liabilities held for trading		6,538	4,604
Derivatives held for trading		6,538	4,604
Financial liabilities at amortised cost		596,982	595,899
Deposits from banks	15	17,598	13,107
Deposits from customers	15	546,807	553,090
Debt securities issued	15	19,831	19,984
Subordinated liabilities and bonds	15	5,365	5,526
Other financial liabilities	15	7,381	4,192
Fair value remeasurement of portfolio-remeasured items (deposits from customers)	15	(15,820)	(9,285)
Hedging derivatives with negative fair value		18,384	10,160
Provisions	16	1,254	1,473
Current tax liability		522	339
Deferred tax liability		361	448
Other liabilities		2,722	1,445
TOTAL LIABILITIES		**610,943**	**605,083**
EQUITY			
Attributable to shareholders of the Group		15,461	15,461
Share capital		–	113
Reserve fund		824	825
Fair value reserve		(831)	(378)
Retained earnings		24,890	20,303
Other equity instruments		4,831	4,831
Profit for the year		3,719	4,770
TOTAL EQUITY		**48,894**	**45,925**
TOTAL LIABILITIES AND EQUITY		**659,837**	**651,008**

The accompanying notes are an integral part of these interim consolidated financial statements.

Interim Consolidated Statement of Changes in Equity For the Period Ended 30 June 2022

	Equity attributable to shareholders of the Group							
CZK million	Share capital	Other capital funds	Reservefund	Fair value reserve	Retained earnings	Other equity instruments	Net profit for the year	Total equity
At 1 January 2021	**11,061**	**–**	**825**	**44**	**18,491**	**4,169**	**2,224**	**36,814**
Increase in capital	4,400	–	–	–	–	–	–	4,400
Increase in other equity instruments	–	–	–	–	–	662	–	662
Payment of coupon on other equity instruments	–	–	–	–	(255)	–		(255)
Allocation to retained earnings	–	–	–	–	2,224	–	(2,224)	–
Changes in the consolidated group	–	–	–	–	(54)	–		(54)
Net profit for the year	–	–	–	–	–	–	2,039	2,039
Other comprehensive income, net	–	–	–	(54)	–	–	–	(54)
Total comprehensive income for the year	–	–	–	(54)	–	–	2,039	1,985
At 30 June 2021	**15,461**	**–**	**825**	**(10)**	**20,406**	**4,831**	**2,039**	**43,552**
At 1 January 2022	**15,461**	**113**	**825**	**(378)**	**20,303**	**4,831**	**4,770**	**45,925**
Increase in capital	–	–	–	–	–	–	–	–
Increase in other equity instruments	–	–	–	–	–	–	–	–
Payment of coupon on other equity instruments	–	–	–	–	(296)	–		(296)
Allocation to retained earnings	–	–	–	–	4,770		(4,770)	–
Changes in the consolidated group	–	(113)	(1)	–	113	–		(1)
Net profit for the year	–	–	–	–	–	–	3,719	3,719
Other comprehensive income, net	–	–	–	(453)	–	–	–	(453)
Total comprehensive income for the year	–	–	–	(453)	–	–	3,719	3,266
At 30 June 2022	**15,461**	**–**	**824**	**(831)**	**24,890**	**4,831**	**3,719**	**48,894**

The accompanying notes are an integral part of these interim consolidated financial statements.

Interim Consolidated Cash Flow Statement For the Period since 1 January 2022 till 30 June 2022

(CZK million)	1.1.–30.6.2022	1.1.–30.6.2021
Profit before tax	**4,517**	**2,550**
Adjustments for non-cash transactions		
(Release)/ creation of loss allowances and provisions for credit risks	430	(367)
Depreciation/amortisation of property and equipment and intangible assets	1,159	718
(Release)/ creation of other provisions	(202)	(158)
Change in fair value of derivatives	2,480	(295)
Unrealised losses/(gains) on remeasurement of securities	34	9
Loss/(gain) on the sale of property and equipment and intangible assets	(50)	(8)
Gain on the sale of subsidiaries and joint ventures	(196)	–
Change in the remeasurement of hedged items upon fair value hedge	(3,651)	(358)
Share in profit from associated companies	(16)	(1)
Remeasurement of foreign currency positions	1,107	(537)
Other non-monetary changes	(132)	1,641
Operating profit before changes in operating assets and liabilities	**5,480**	**3,194**
Operating cash flow		
(Increase)/decrease in operating assets		
Mandatory minimum provisions with CNB	527	(7,846)
Loans and advances to banks	36,488	(90,352)
Loans and advances to customers	(31,702)	(4,763)
Debt securities at amortised cost	(3,621)	(1,101)
Securities held for trading	(8)	1,080
Non-trading financial assets mandatorily at fair value through profit or loss	225	–
Finance leases	(140)	242
Other assets	1,945	(791)
Increase/(decrease) in operating liabilities		
Deposits from banks	4,491	16,303
Deposits from customers	(7,894)	76,419
Other financial liabilities	3,118	1,902
Other liabilities	1,278	734
Net operating cash flow before tax	**10,187**	**(4,979)**
Income tax paid	(636)	(528)
Net operating cash flow	**9,551**	**(5,507)**
Cash flows from investing activities		
Acquisition of equity investments	–	(147)
Sale of equity investments	472	–
Acquisition of financial assets at FVOCI	(5)	(16)
Acquisition of property and equipment and intangible assets	(758)	(532)
Proceeds from sale of non-current assets	115	11
Dividends received	1	1
Net cash flow from investing activity	**(175)**	**(683)**
Cash flows from financing activities		
Dividends paid and paid coupons on other equity instruments	(296)	(255)
Increase in share capital	–	4,400
Increase in other equity instruments	–	662
Debt securities issued	–	10,559
Repayment of debt securities issued	–	(5,531)
Drawing of subordinated debt	–	315
Repayment of subordinated deposits	(168)	–
Lease liabilities	(192)	(162)
Net cash flow from financing activities	**(656)**	**9,988**
Net (decrease)/increase in cash and cash equivalents	**8,720**	**3,798**
Cash and cash equivalents at the beginning of the period	9,461	5,852
Foreign exchange gains/losses on cash and cash equivalents at the beginning of the period	19	(83)
Cash and cash equivalents at the end of the period	**18,200**	**9,567**

Interests received	13,620	4,768
Interests paid	(5,874)	(788)

The accompanying notes are an integral part of these interim consolidated financial statements.

Notes to the Consolidated Financial Statements

Prepared in Accordance with International Financial Reporting Standards as Adopted by the European Union for the Period Ended 30 June 2022.

1. Parent company corporate details

Raiffeisenbank a.s. (henceforth the "*Bank*"), with its registered office address at Hvězdova 1716/2b, Prague 4, 140 78, Corporate ID 49240901, was founded as a joint stock company in the Czech Republic. The Bank was registered in the Register of Companies held at the Municipal Court in Prague on 25 June 1993, Volume B, File 2051.

Principal activities of the Bank according to the bank license granted by the Czech National Bank:

- Acceptance of deposits from the general public<
- Provision of credit;
- Investing in securities on its own account;
- Finance leasing – at present, the Bank does not carry out this activity directly;
- Payments and clearing;
- Issuance of payment facilities;
- Issuance of guarantees;
- Opening of letters of credit;
- Collection services;
- Provision of investment services:
- Principal investment services under Section 4 (2) (a) – (h) of Act No. 256/2004 Coll., as amended;
- Additional investment services under Section 4 (3) (a) – (f) of Act No. 256/2004 Coll., as amended ;
- Administration of investment and participation funds;
- Issuance of mortgage bonds;
- Financial brokerage;
- Depositary activities;
- Foreign exchange services (foreign currency purchases);
- Provision of banking information,
- Proprietary or client-oriented trading with foreign currency assets;
- Rental of safe-deposit boxes;
- Activities directly relating to the activities listed in the bank license;
- Mediation of an additional pension savings program;
- Lease of movable and immovable assets;
- Building society savings operation;
- Provision of loans to participants in building society savings; and
- Provision of guarantees for building society savings loans.

In addition to the license to pursue bank operations, the Bank:

- was granted a securities broker licence; and
- has been listed by the Ministry of Finance of the Czech Republic as a limited insurance provider since 20 July 2005.

Performance or provision of the Bank's activities and services were not restricted nor suspended by the Czech National Bank.

Both Bank and Group have to comply with regulatory requirements stated by Czech National Bank or European Union. Such requirements are limits and other restrictions related to capital adequacy, loans and off-balance sheet credit exposure classifications, credit risk in connection with Bank and Group clients, liquidity, interest rate risk and FX position of the Bank and the Group.

2. Shareholders of the Bank

	Voting power in %	
Name, address	**30. 6. 2022**	**31. 12. 2021**
Raiffeisen CEE Region Holding GmbH, Am Stadtpark 9, Vienna, Austria	75%	75%
RLB OÖ Sektorholding GmbH, Europaplatz 1a, 4020 Linz, Austria	25%	25%

The equity interests of the shareholders equal their share in the voting power. All shareholders have a special relation to the Bank in terms of Section 19 of Banking Act No. 21/1992 Coll., as amended.

The ultimate parent company of the Bank is Raiffeisen Bank International AG, Austria.

3. Basis of Preparation of the Interim Consolidated Financial Statements

The interim consolidated financial statements, which include the interim accounting reports of the Bank and its subsidiary companies, were prepared in compliance with IAS 34 – Interim Financial Reporting.

The interim consolidated financial statements were prepared on the accrual principle, i.e. the transactions and other facts were recognized upon their occurrence and posted in the interim consolidated financial statements in the time period to which they apply, and the principle of continuity of the Group.

This interim consolidated financial statements were prepared based on measurement at acquisition cost, except for financial assets and financial liabilities that were measured at fair value through profit or loss (e.g. financial derivatives held for trading, securities held for trading), financial assets at fair value through other comprehensive income, hedging derivatives and hedges items upon fair value hedge. Assets held for sale were measured at fair value decreased by expenses related to sale, in case that had been lower than its book value.

The presentation of the interim consolidated financial statements in compliance with IFRS require that the management of the Group make qualified estimates that have an impact on reported assets, equity and liabilities as well as on contingent assets and liabilities as of the date of preparation of the interim consolidated financial statement as well as on expenses and revenues in the given accounting period. These estimates, which specifically relate to the determination of fair values of financial instruments (where no public market exists), valuation of intangible assets, impairment of assets and provisions, are based on the information available at the balance sheet date.

Effects of the COVID-19 pandemics on the interim consolidated financial statements

The outbreak of the COVID-19 pandemics in Europe in February 2020 had an impact on the operational and strategic objectives of the Group. In connection with the pandemics the Group continued with various measures to protect the health of its employees and clients during the first six months of 2022.

The Group enabled long-term work from home for nearly all its members of staff in the fist half of 2022. As early as 2020, the Group optimised the layout and number of workplaces in the Group's premises in combination with the support for long-term work from home for most employees. The Group was also fully operational throughout the first half of 2022.

As of 30 June 2022, the Group did not identify any significant impairments of fixed assets reported as rights of use. As of 30 June 2021 the Group reported impairment of these assets amounting to CZK 0 million.

The Group continued to provide loans to clients in all segments. Clients were able to deal with the vast majority of their banking operations in a remote regime without having to visit a branch office throughout the first half of 2022.

According to IFRS 9, the loan moratorium (private or public) results in modification of the contractual cash flows of a financial asset. The Group evaluated this modification as an immaterial modification of the financial assets that does not result in derecognition of the original financial asset. The modification gain or loss equals to the difference between the gross book value of the loan before modification and the net current value of the cash flows of the modified financial asset discounted at the original effective interest rate. The Group recognized the modification loss in the consolidated statement of comprehensive income under "*Other operating cost*". As at 30 June 2022, the modification loss caused by COVID-19 effects amounted to CZK 0 million while as at 30 June 2021: CZK 0 million.

The group continues to regularly monitor, with a quarterly frequency, the development of non-retail exposures affected by the COVID 19 pandemic, which were in the moratorium on loan repayments, in particular the following sectors: tourism, hotel industry, as well as the automotive industry, air transport, oil and gas, real estate and some consumer goods sectors.
We currently observe a full recovery of the affected sectors, except for the hotel sector, which is, however, developing according to our original expectation and we do not register any additional risks. Furthermore, there are no additional portfolio adjustments for selected sectors.

Impact of the Russian invasion of Ukraine on the interim consolidated financial statements

The current political and economic situation in Ukraine may lead to increased global economic uncertainty, increased price and exchange rate fluctuations, additional potential disruptions in the supply of energy raw materials, and a potential decline in global economic growth. All economic activities of the Group and its clients with respect to entities from Russia and Ukraine have been limited historically. The credit ratings of certain clients exposed to these risks may result in higher than originally expected credit risk provisions and reserves. All exposures to these risky countries are thoroughly monitored and managed by the Group.

As at the date of drawing up and approving these interim consolidated financial statements, the Group's management has assessed the current political and economic situation and the current and planned measures of the Czech Government, the Czech National Bank, and the European Commission that could have a negative impact on the Group. Based on the assessment of the current situation and various scenarios of development, on the basis of public information available as at the date of approval of these interim consolidated financial statements, the Group's management does not expect the economic impact of this situation on the Group to significantly affect the Group's liquidity and capital position and the quality of the Group's assets, and thus at this time, no significant uncertainty in connection with these events has arisen that could fundamentally cast doubt on the Group's ability to continue as a going concern.

Currently, due to the uncertainty of the subsequent development of the ongoing conflict, it is difficult to quantify the potential impact on the Group's economic results up to the end of 2022 and beyond. The overall subsequent economic impact on the Group and its clients who have economic ties to this geographical region will depend mainly on the duration of the war and also on the intensity of political and economic measures and restrictions in connection with this situation.

From the beginning of 2022, the Group has continuously analysed the impact of this conflict on its non-retail portfolio. At the first level, exposures with direct territorial and political risk were identified and examined. Potential losses are substantially minimized by the security provided by credit export insurance companies with a high-quality risk profile. Additional levels of assessment of the portfolio of exposures took place with a focus on supply chains, payments originating from conflict-affected countries, sectors economically connected to the affected areas in the form of portfolio identification of exposures, and subsequent individual assessment with a resulting impact of up to 1% on the overall non-retail portfolio. From the standpoint of the overall quality and development of the portfolio, the Group assesses this result as an impact of an immaterial nature, and the Group also does not expect any significant impact of this ongoing conflict on the quality of the loan portfolio in the upcoming period.

Currently, the negative impact of this situation on the economic environment in which the Group operates, as well as the negative impact on the Group's financial condition and performance in the medium term, cannot be ruled out. The Group's management monitors and manages the situation thoroughly on an ongoing basis and is ready to take appropriate measures accounting for current developments. These potential future measures of the Group for the changing situation may be primarily in the areas of accounting estimates and methods of calculating provisions and reserves for credit risk according to the IFRS 9 standard.

Forward looking information

The assessment of significant increase in credit risk and the calculation of expected credit losses both incorporate forward-looking information. The Group Raiffeisen Bank International (further as "*RBI*") has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

In addition to the base economic scenario, Raiffeisen Research also estimates an optimistic and a pessimistic scenario to ensure non-linearities are captured.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The RBI Group considers these forecasts to represent its best estimate of the future outcomes and cover any potential non-linearities and asymmetries within the RBI Group's different portfolios.

The most significant assumptions used as a starting point for the expected credit loss estimates at year-end 2020 are shown below (Source: Raiffeisen Research, May 2022):

Real GDP	Scenario	2022	2023	2024
	Optimistic	3.8%	2.4%	3.8%
Czech Republic	Base	2.8%	0.9%	3.3%
	Pesimistic	0.7%	(2.3)%	2.2%

Unemployment	Scenario	2022	2023	2024
	Optimistic	2.6%	2.5%	2.8%
Czech Republic	Base	3.3%	3.7%	3.2%
	Pesimistic	4.1%	4.7%	3.9%

Long-term bond rate	Scenario	2022	2023	2024
	Optimistic	2.9%	2.6%	3.1%
Czech Republic	Base	3.5%	3.5%	3.4%
	Pesimistic	5.3%	6.2%	4.3%

The weightings assigned to each scenario at the end of the reporting year end are as follows: 25 per cent optimistic, 50 per cent base and 25 per cent pessimistic scenarios.

Management overlays within the meaning of IFRS 9

In situations where the existing input parameters, assumptions and modelling do not cover all relevant risk factors, post-model adjustments and additional risk factors are the most important types of management overlays within the meaning of IFRS 9. These are used in circumstances where existing inputs, assumptions and model techniques do not capture all relevant risk factors. Existing inputs, assumptions and model techniques might not capture all relevant risk factors due to transient circumstances, insufficient time to appropriately incorporate relevant new information into the rating or re-segmentation of portfolios, and situations when individual lending exposures within a group of lending exposures react to factors or events differently than initially expected. Due to the given situation, such as the pandemic and the war in Ukraine, it is necessary to reflect additional risks in the impairments. Due to these developments, ECL models will be re-evaluated and recalibrated throughout the year. All these adjustments are approved by the Group Risk Committee (GRCM). In addition to the COVID-19 specific adjustments, there are also other portfolio specific adjustments, which are presented in the category "*Other*".

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

The overlays relevant for the periods ending 30.6.2022 and 31.12.2021 are shown in the table below and split according to the relevant categories.

30. 6. 2022 – Accumulated impairment (Stage 1 and 2)

	Modelled ECL	Other risk factors		Post-model adjustments		Total
CZK million		Covid-19	Other	Covid-19	Other	
Retail exposures	1,410	–	–	–	1,054	2,464
Non-retail exposures	799	76	400	–	–	1,275
Total	**2,209**	**76**	**400**	**–**	**1,054**	**3,739**

31. 12. 2021 – Accumulated impairment (Stage 1 and 2)

	Modelled ECL	Other risk factors		Post-model adjustments		Total
CZK million		Covid-19	Other	Covid-19	Other	
Retail exposures	1,366	–	–	44	649	2,059
Non-retail exposures	682	99	199	–	–	980
Total	**2,048**	**99**	**199**	**44**	**649**	**3,039**

Other risk factors

The other special risk factors include sanctions, geopolitical risks and other effects as inflation, steep rise in interest rates, supply chain problems or a potential gas shock.

The Group takes into account the ongoing development of the geopolitical situation with its impact on gas supply restrictions, including other risk factors, such as inflation, interest rate increases, the rising prices of commodities, energy, or the disruption of supply chains in the calculation of expected potential losses. The model is based on the assessment and identification of a list of affected sectors with a possible negative impact on individual exposures and includes a transfer from Stage 1 to Stage 2 for individual exposures in the respective sectors. The model is evaluated regularly on a quarterly basis.

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

Post-model adjustments

The COVID-19 related post-model adjustments reflected the collective impact on the sectors that were especially hard hit by the pandemic: tourism, hotels, further related industries as well as automobile, air travel, oil and gas, real estate and some consumer goods industries. The effects were due to demand shock, supply chain disruptions and crisis containment measures. The related post-model adjustments involve a qualitative assessment of exposures for the expected significant increase in credit risk and their subsequent transfer from Stage 1 to Stage 2. The criteria for the identification of such exposures were predominantly based on the above listed industries (for SMEs) and employment industries (for households) and further refined, where relevant, with information related to the application of the specific moratorium measures.

In 2021, the gradual reduction of the COVID-19 related post-model adjustments for households was started, and this is expected to be completed by the end of 2022. The accounts will either naturally default by this time or no longer be considered as increased credit risk, and the adjustment will be reversed.

In light of concerns about the impending risk of a steep increase in interest rates, which would above all affect mortgages at the time of interest rate refixation, the principle of moving mortgage contracts from Stage 1 to Stage 2 was introduced depending on the estimated level of DSTI (crossing the 45% threshold) at the time of refixing.

The post-model adjustments are reversed either after the risks have materialised by transferring the affected receivables to Stage 3 or if the expected risks do not materialise.

Going concern assumption

These consolidated interim financial statements are prepared by following the principle of the accounting entity continuing as a going concern as the Group's management believes that the Group has sufficient resources required to continue in its business in the foreseeable future. This belief of the Group's management is based on an extensive range of information and analyses relating to the current and future development of the economic environment including possible scenarios and their impacts on the Group's profitability, liquidity and capital adequacy, while there is no significant uncertainty relating to events or circumstances that might crucially challenge the Group's ability to continue as a going concern.

The provided data have not been audited.

All data are in millions of Czech Crowns (CZK) unless stated otherwise. The numbers in parenthesis are negative numbers.

4. Accounting policies

Significant Accounting Policies and Principles

For the preparation of interim consolidated financial statements have been used the same accounting policies and principles, methods of calculation and estimates as for consolidated financial statements for the year ended 31 December 2021 except for those that relate to new standards effective for the first time for periods beginning on 1 January 2022, and will be adopted in the 2022 annual consolidated financial statements.

5. Newly Applied IFRS Standards

a) Newly applied standards and interpretations the application of which had a significant impact on the consolidated financial statements

In 2022, the Group did not start using any standards and interpretations which would have a significant impact on the interim consolidated financial statements.

b) Newly Applied Standards and Interpretations the Application of which Had No Significant Impact on the Interim Consolidated Financial Statements

During the year 2022, the following standards, interpretations and amended standards issued by the IASB and adopted by the EU took effect:

- **Amendment to IFRS 3 – Business Combination** – Reference to the Conceptual Framework (effective for annual periods beginning on or after 1 January 2022);
- **Amendment to IAS 16 – Property, Plant and Equipment** – Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022);
- **Amendment to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets** – Onerous Contracts – Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022);
- **Annual improvements to IFRS (cycle 2018 – 2020)** – improvements to IFRS 1, IFRS 9, IFRS 16 a IAS 41 (effective for annual periods beginning on or after 1 January 2022).

The adoption of these amendments resulted in no changes in the Group's accounting policies.

c) Standards and interpretations issued by IASB and adopted by the EU that are not effective yet

- **IFRS 17 – Insurance Contracts** (effective for annual periods beginning on or after 1 January 2023.);
- **Amendments to IAS 1 Presentation of Financial Statements** - Disclosure of Accounting policies (effective for annual periods beginning on or after 1 January 2023);
- **Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors** – Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023).

d) Standards and Interpretations issued by the IASB, but not yet adopted by the European Union

At present, the version of standards adopted by the European Union does not significantly differ from the standards approved by the IASB. The exception are the following standards, amendments and interpretations that were not adopted for use in the EU as of the consolidated financial statements approval date (the effective dates listed below are for IFRS issued by the IASB):

- **Amendments to IFRS 10 a IAS 28 (2018 – 2020)** – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (the European Commission has decided to postpone the approval indefinitely);
- **Amendments to IFRS 17 Insurance contracts** – Initial Application of IFRS 17 and IFRS 9 – Comparative Information (effective for annual periods beginning on or after 1 January 2023);
- **Amendment to IAS 1 – Presentation of Financial Statements** – Classification of Liabilities as Current or Non-current - Deferral of Effective Date (effective for annual periods beginning on or after 1 January 2023);
- **Amendments to IAS 12 Income Taxes** - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023).

The Group anticipates that the adoption of the above stated standards, amendments to existing standards and interpretations in the period of their first-time adoption will have no significant impact on the Group's consolidated financial statements.

6. Companies Included in the Consolidation

As of 30 June 2022, the Group comprised the following entities:

	The Bank's effective holding				
Company	in % 2022	in % 2021	Indirect holding through	Consolidation method in 2022	Registered office
Equa bank a.s.	–	100%	–	–	Praha
Equa Sales & Distribution s.r.o.	100%	100%	–	Full method	Praha
Raiffeisen investiční společnost a.s.	100%	100%	–	Full method	Praha
Raiffeisen stavební spořitelna a.s.	100%	100%	–	Full method	Praha
Konevova s.r.o.	–	100%	–	Full method	Praha
Raiffeisen – Leasing, s.r.o.	100%	100%	–	Full method	Praha
Raiffeisen FinCorp, s.r.o.	100%	100%	Raiffeisen – Leasing, s.r.o.	Full method	Praha
Appolon Property, s.r.o.	100%	100%	Raiffeisen – Leasing, s.r.o.	Full method	Praha
Luna Property, s.r.o.	100%	100%	Raiffeisen – Leasing, s.r.o.	Full method	Praha
RLRE Carina Property, s.r.o.	100%	100%	Raiffeisen – Leasing, s.r.o.	Full method	Praha
Orchideus Property, s. r. o.	100%	100%	Raiffeisen – Leasing, s.r.o.	Full method	Praha
Viktor Property, s.r.o.	100%	100%	Raiffeisen – Leasing, s.r.o.	Full method	Praha
Hestia Property, s.r.o.	100%	100%	Raiffeisen – Leasing, s.r.o.	Full method	Praha
Raiffeisen Direct Investments CZ s.r.o.	100%	100%	Raiffeisen – Leasing, s.r.o.	Full method	Praha
RDI Management s.r.o.	100%	100%	Raiffeisen Direct Investments CZ s.r.o.	Full method	Praha
RDI Czech 1 s.r.o.	100%	100%	Raiffeisen Direct Investments CZ s.r.o.	Full method	Praha
RDI Czech 3 s.r.o.	100%	100%	Raiffeisen Direct Investments CZ s.r.o.	Full method	Praha
RDI Czech 4 s.r.o.	100%	100%	Raiffeisen Direct Investments CZ s.r.o.	Full method	Praha
RDI Czech 5 s.r.o.	100%	100%	Raiffeisen Direct Investments CZ s.r.o.	Full method	Praha
RDI Czech 6 s.r.o.	100%	100%	Raiffeisen Direct Investments CZ s.r.o.	Full method	Praha
Akcenta CZ a.s.	30%	–	–	Equity method	Praha

As of 1 January 2022, a legal merger by amalgamation took place between Raiffeisenbank a.s. and Equa bank a.s., see also note 7 Significant events in 2022.

In January 2022, the Group commenced a gradual transfer of all activities and operations of Equa Sales & Distribution s.r.o. to the Bank. This company is expected to enter into liquidation by the end of 2022.

In June 2022 the company KONEVOVA s.r.o. was sold out of the Group.

As of 30.6.2022, the Group did not included in its consolidation following companies due to its immateriality: Aglaia Property, s.r.o., Ananke Property, s.r.o., Darmera Property, s.r.o., Eleos Property, s.r.o., Epifron Property, s.r.o., Erginos Property, s.r.o., Fallopia Property, s.r.o., Fittonia Property, s.r.o., Fortunella Property, s.r.o., Kalypso Property, s.r.o., Kleta Property, s.r.o., Klymene Property, s.r.o., Krios Property, s.r.o., Létó Property, s.r.o., Médea Property, s.r.o., Pronoe Property, s.r.o., Proteus Property, s.r.o., Raiffeisen Broker, s.r.o., RESIDENCE PARK TŘEBEŠ, s.r.o., RLRE Ypsilon Property, s.r.o., Senna Property, s.r.o., Sky Solar Distribuce s.r.o., Thallos Property, s.r.o., Thoe Property, s.r.o., Uniola Property, s.r.o., Xantoria Property, s.r.o., Akcenta Logistic a.s., Akcenta DE GmbH, Nerudova Property s.r.o., True Finance s.r.o.

Companies Argos Property, s.r.o., Cymo Property, s.r.o., Eudore Property, s.r.o., Hefaistos Property, s.r.o., Mneme Property, s.r.o., PLACHTAPARK s.r.o. were excluded from the consolidation group during the first six months of 2022. These companies ceased to meet the criteria of International Financial Reporting Standards for being included in the consolidated group since, based on concluded contracts, Raiffeisen – Leasing, s.r.o. does not have the power to control and manage relevant activities of these entities; these entities are not the controlled entities, jointly controlled entities, or associates.

With the exception of the above mentioned changes the structure of the Consolidation Group is the same as the structure as of 31 December 2021.

7. Significant events in 2022

Merger

As of 1 January 2022, a legal merger by amalgamation took place between Raiffeisenbank a.s. and Equa bank a.s. Raiffeisenbank a.s., as the successor company, assumed the assets of the dissolving company, Equa bank a.s. As of 1 January 2022, total assets increased by CZK 67,513 million and total liabilities by CZK 67,588 million.

Profit for 2021 distribution and dividend payment

Shareholders on the regular general meeting of the Bank in April 2022 agreed on distribution of the profit from individual financial statemet for year 2020 in the amount of CZK 4,687 million. No dividend was paid during the first six months of 2022. Amount of CZK 4,687 million was transferred into Bank's retained earnings. From Bank's retained earnings coupon in amount CZK 296 million was paid to the holders of AT1 capital investment certificates.

8. Net interest income

CZK million	30. 6. 2022	30. 6. 2021
Interest income and similar income calculated using the effective interest rate method		
Financial assets measured at amortised cost	**11,537**	**4,670**
from debt securities	344	303
from loans and advances to banks	4,294	238
from loans and advances to customers	6,899	4,129
Non-trading financial assets mandatorily at fair value through profit or loss	**3**	**3**
from debt securities	3	3
Negative interest on financial liabilities at amortised cost	**26**	**25**
Other assets	**259**	**10**
Hedging interest rate derivatives	**984**	**(387)**
Interest income and similar income calculated using the effective interest rate method	**12,809**	**4,321**
Other interest income		
Finance leases	**91**	**99**
Financial assets held for trading	**1,016**	**379**
Derivatives held for trading	1,015	378
of which derivatives in the bank's portfolio	*10*	*2*
Debt securities	1	1
Other interest income	**1,107**	**478**
Interest expense		
Financial liabilities held for trading	**(1,002)**	**(332)**
Derivatives held for trading	(1,002)	(332)
of which derivatives in the bank's portfolio	*(2)*	*(1)*
Financial liabilities at amortised cost	**(3,527)**	**(823)**
from deposits from banks	(336)	(16)
from deposits from customers	(2,955)	(689)
from securities issued	(142)	(31)
from subordinated liabilities	(94)	(87)
From lease liabilities	**(14)**	**(11)**
Hedging interest rate derivatives	**(1,603)**	**290**
Negative interest on financial assets at amortised cost	**(25)**	**(4)**
Total interest expense and similar expense	**(6,171)**	**(880)**
Net interest income	**7,745**	**3,919**

The Group changed the presentation of hedging interest rate derivatives in the items "*Interest income and similar income calculated using the effective interest rate method*" – "*Hedging interest rate derivatives*" and „*Interest expense*" - "*Hedging interest rate derivatives*" depending on whether the hedged item generates interest income or interest expense. Net interest income/ (expense) of hedging interest rate derivatives upon a hedge of financial assets at amortised costs is presented in the item "*Interest income and similar income calculated using the effective interest rate method*" – "*Hedging interest rate derivatives*", net interest expense of hedging interest rate derivatives upon a hedge of financial liabilities at amortised costs is presented in the item „*Interest expense*" - "*Hedging interest rate derivatives*".

The items "Interest income and similar income calculated using the effective interest rate method" – "*Hedging interest rate derivatives*" and "*Interest expense*" – "*Hedging interest rate derivatives*" comprise net interest expense from hedging financial derivatives upon a cash flow hedge of CZK (79) million (2021: net interest income of CZK 17 million), net interest income from hedging financial derivatives upon a fair value hedge of mortgage loans of CZK 875 million (2021: net interest expense of CZK (343) million), net interest income from hedging financial derivatives upon a fair value hedge of the debt securities portfolio measured at amortised cost of CZK 189 million (2021: net interest expense of CZK (61) million), net interest expense from hedging financial derivatives upon a fair value hedge the portfolio of current and savings accounts of CZK (1,623) million (2021: net interest income of CZK 279 million), and net interest income from hedging financial derivatives upon a fair value hedge of the portfolio of securities issued measured at amortised cost in the total amount of CZK 19 million (2021: net interest income of CZK 11 million).

9. Net fee and commission income

CZK million	30. 6. 2022	30. 6. 2021
Fee and commission income arising from		
Securities transactions	68	65
Clearing and settlement	2	14
Asset management	38	21
Administration, custody and safekeeping of values	25	20
Payment services	909	861
Product distribution for customers	233	153
Administration of credits	92	120
Provided guarantees	93	72
Fund management and distribution of units	235	180
Foreign exchange operations	1,243	749
Other	128	56
Total fee and commission income	**3,066**	**2,311**
Fee and commission expense arising from		
Clearing and settlement	(33)	(32)
Administration, custody and safekeeping of values	(33)	(2)
Payment services	(432)	(298)
Received guarantees	(12)	(7)
Product distribution for customers	(56)	(55)
Other	(77)	(78)
Total fee and commission expense	**(643)**	**(472)**
Net fee and commission income	**2,423**	**1,839**

10. General administrative expenses

CZK million	30. 6. 2022	30. 6. 2021
Rent, repairs and other office management services	(109)	(72)
Marketing expenses	(300)	(232)
Costs of legal and advisory services	(343)	(235)
IT support costs	(497)	(297)
Deposit and transaction insurance	(146)	(74)
Telecommunication, postal and other services	(39)	(33)
Security costs	(30)	(26)
Training costs	(10)	(9)
Office equipment	(15)	(15)
Travel costs	(10)	(4)
Company cars expenses	(8)	(5)
Contribution to the crisis resolution fund	(390)	(338)
Other administrative expenses	(77)	(58)
Total	**(1,974)**	**(1,398)**

11. Gains/(losses) on the sale of subsidiaries and joint ventures

Disposals

In June 2022 the company Konevova, s.r.o. was sold.

CZK million	Book value as of the disposal date
Value of investment as of the disposal date	264
Selling price of the equity investment	460
Profit/(loss) arising from the disposal	196
Cash inflow arising from the disposal	472

12. Financial Assets at Amortised Cost

a) Financial Assets at Amortised Cost by Segment

	30. 6. 2022				
CZK million	Stage 1	Stage 2	Stage 3	POCI	Total
Debt securities					
Credit institutions	201	–	–	–	**201**
Government institutions	32,325	–	–	–	**32,325**
Other financial institutions	675	739	–	–	**1,414**
Non-financial entities	5,241	1,142	–	–	**6,383**
Debt securities – gross	**38,442**	**1,881**	**–**	**–**	**40,323**
Loss allowances	(3)	(41)	–	–	**(44)**
Debt securities – net	**38,439**	**1,840**	**–**	**–**	**40,279**
Loans and advances to banks					
Central banks	159,753	–	–	–	**159,753**
Credit institutions	1,709	13	–	–	**1,722**
Loans and advances to banks – gross	**161,462**	**13**	**–**	**–**	**161,475**
Loss allowances	–	–	–	–	**–**
Loans and advances to banks – net	**161,462**	**13**	**–**	**–**	**161,475**
Loans and advances to customers					
Government institutions	613	6	–	–	**619**
Other financial institutions	22,057	1,990	162	–	**24,209**
Non-financial entities	113,176	28,106	3,218	190	**144,690**
Households	173,251	63,088	3,005	564	**239,908**
Loans and advances to customers – gross	**309,097**	**93,190**	**6,385**	**754**	**409,426**
Loss allowances	(873)	(2,301)	(2,863)	179	**(5,858)**
Loans and advances to customers – net	**308,224**	**90,889**	**3,522**	**933**	**403,568**
Total financial assets at amortised cost	**508,125**	**92,742**	**3,522**	**933**	**605,322**

	31. 12. 2021				
CZK million	Stage 1	Stage 2	Stage 3	POCI	Total
Debt securities					
Credit institutions	205	–	–	–	**205**
Government institutions	30,571	2,317	–	–	**32,888**
Other financial institutions	926	–	–	–	**926**
Non-financial entities	2,534	–	–	–	**2,534**
Debt securities, gross	**34,236**	**2,317**	**–**	**–**	**36,553**
Loss allowances	(3)	–	–	–	**(3)**
Debt securities, net	**34,233**	**2,317**	**–**	**–**	**36,550**
Loans and advances to banks					
Central banks	197,020	–	–	–	**197,020**
Credit institutions	943	–	–	–	**943**
Loans and advances to banks – gross	**197,963**	**–**	**–**	**–**	**197,963**
Loss allowances	–	–	–	–	**–**
Loans and advances to banks – net	**197,963**	**–**	**–**	**–**	**197,963**
Loans and advances to customers					
Government institutions	560	13	–	–	**573**
Other financial institutions	13,020	726	113	–	**13,859**
Non-financial entities	106,370	25,367	2,220	265	**134,222**
Households	167,559	56,848	3,546	632	**228,585**
Loans and advances to customers – gross	**287,509**	**82,954**	**5,879**	**897**	**377,239**
Loss allowances	(772)	(1,767)	(3,090)	141	**(5,488)**
Loans and advances to customers – net	**286,737**	**81,187**	**2,789**	**1,038**	**371,751**
Total financial assets at amortised cost	**518,933**	**83,504**	**2,789**	**1,038**	**606,264**

b) Financial Assets at Amortised Cost by Category

CZK million	30. 6. 2022	31. 12. 2021
Debt securities		
Debt securities	40,323	36,553
Debt securities – gross	**40,323**	**36,553**
Loss allowances	(44)	(3)
Debt securities – net	**40,279**	**36,550**
Loans and advances to banks		
Term deposits	1,709	926
Factoring	13	17
Reverse repo transactions with Czech National Bank	159,753	197,020
Loans and advances to banks – gross	**161,475**	**197,963**
Loss allowances	–	–
Loans and advances to banks – net	**161,475**	**197,963**
Loans and advances to customers		
Loans and advances from current accounts	2,016	1,027
Term loans	226,625	203,135
Mortgage loans	168,706	162,884
Reverse repo transactions	3,429	1,418
Credit card receivables	3,066	3,111
Factoring	5,584	5,664
Loans and advances to customers – gross	**409,426**	**377,239**
Loss allowances	(5,858)	(5,488)
Loans and advances to customers – net	**403,568**	**371,751**
Total financial assets at amortised cost	**605,322**	**606,264**

The Group applies hedge accounting upon the fair value hedge of the portfolio of receivables from mortgage loans.. The remeasurement of the hedged items as of 30 June 2022 was CZK: (7,337) million (as of 31 December 2021: CZK (4,453) million).

13. Finance Lease

	30. 6. 2022				
CZK million	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Government institutions	3	–	–	–	**3**
Other financial institutions	6	2	–	–	**8**
Non-financial entities	6,200	1660	106	–	**7,966**
Households	225	61	9	–	**295**
Finance lease – gross	**6,434**	**1,723**	**115**	**–**	**8,272**
Loss allowances	(16)	(45)	(52)	–	**(113)**
Finance lease – net	**6,418**	**1,678**	**63**	**–**	**8,159**

	31. 12. 2021				
CZK million	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Government institutions	3	–	–	–	**3**
Other financial institutions	7	–	–	–	**7**
Non-financial entities	6,781	917	134	–	**7,832**
Households	227	61	16	–	**304**
Finance lease – gross	**7,018**	**978**	**150**	**–**	**8,146**
Loss allowances	(24)	(36)	(67)	–	**(127)**
Finance lease – net	**6,994**	**942**	**83**	**–**	**8,019**

14. Equity Investments in Associates

CZK million	30. 6. 2022	31. 12. 2021
Opening balance	**102**	–
Additions	–	83
Increase/(decrease) in net assets of associates	16	19
Disposals	–	–
Closing balance	**118**	**102**

The item „*Additions*" represents a purchase of equity investment in the company Akcenta CZ a.s. as of 1 June 2021.

15. Financial Liabilities at Amortised Costs

a) Deposits from Banks

CZK million	30. 6. 2022	31. 12. 2021
Current accounts/One-day deposits	4,280	1,106
Term deposits of banks	9,010	10,197
Deposits with notice	103	104
Repo transactions	4,205	1,700
Total	**17,598**	**13,107**

b) Deposits from Customers

Analysis of deposits from customers by type

CZK million	30. 6. 2022	31. 12. 2021
Current accounts/One-day deposits	395,847	448,505
Term deposits	111,377	73,831
Deposits with notice	28,573	30,754
Repo transactions	11,010	–
Total	**546,807**	**553,090**

Analysis of deposits from customers by sector

CZK million	30. 6. 2022	31. 12. 2021
Government sector	22,155	9,128
Other financial institutions	11,752	12,739
Non-financial entities	138,000	154,803
Households	374,900	376,420
Total	**546,807**	**553,090**

The Group applies hedge accounting upon the fair value hedge of the current and savings accounts portfolio. The remeasurement of the hedged items as of 30 June 2022 was CZK: (15,820) million (as of 31 December 2021: CZK (9,285) million).

c) Debt Securities Issued

Analysis of issued debt securities by type

CZK million	30. 6. 2022	31. 12. 2021
Mortgage bonds	8,511	8,614
Senior non-preferred bonds	11,320	11,370
Total	**19,831**	**19,984**

Analysis of mortgage bonds

CZK million							
				Nominal value		Net carrying amount	
Issue date	**Maturity date**	**ISIN code**	**Currency**	**30. 6. 2022**	**31. 12. 2021**	**30. 6. 2022**	**31. 12. 2021**
8.3.2017	8.3.2023	XS1574150857	EUR	7,422	7,458	2,990	3,027
8.3.2017	8.3.2024	XS1574151236	EUR	7,422	7,458	4,006	4,058
15.7.2020	15.7.2030	CZ0002007057	CZK	41,000	1,000	–	–
8.3.2017	8.4.2022	XS1574149842	EUR	–	7,458	–	–
15.11.2021	15.11.2031	XS2406886973	CZK	12,370	12,430	–	–
19. 3. 2020	19.3. 2025	CZ0002006893	CZK	1,500	1,500	1,515	1,529
Total				**69,714**	**37,304**	**8,511**	**8,614**

During the first half of 2022, mortgage bond XS1574149842 issued by the Group reached its maturity. The emission of mortgage bond CZ0002007057 was increased by CZK 40,000 million, which remains completely in the Group's own books. Mortgage bond XS2406886973 also remains completely in the Group's own books. Mortgage bonds XS1574150857 and XS1574151236 remain partially in the Group's own books.

Analysis of senior non-preferred bonds

CZK million							
				Nominal value		Net carrying amount	
Issue date	Maturity date	ISIN code	Currency	30. 6. 2022	31. 12. 2021	30. 6. 2022	31. 12. 2021
22. 3. 2021	22. 3. 2026	XS2321749355	CZK	2,680	2,689	2,723	2,694
9. 6. 2021	9. 6. 2028	XS2348241048	EUR	8,592	8,701	8,597	8,676
Total				**11,272**	**11,390**	**11,320**	**11,370**

d) Subordinated Liabilities and Bonds

Subordinated debt

CZK million	30. 6. 2022	31. 12. 2021
Raiffeisen Bank International AG (parent company)	3,233	3,250
Raiffeisenlandesbank Oberösterreich AG	1,078	1,083
Raiffeisen Bausparkassen Holding GmbH	310	302
Total	**4,621**	**4,635**

Subordinated deposits

CZK million	30. 6. 2022	31. 12. 2021
Other financial institutions	–	26
Non-financial enterprises	68	175
Households	55	82
Total	**123**	**283**

Subordinated Debt Securities Issued

CZK million							
				Nominal value		Net carrying amount	
Issue date	Maturity date	ISIN code	Currency	30. 6. 2022	31. 12. 2021	30. 6. 2022	31. 12. 2021
26. 9. 2017	26. 9. 2027	CZ0003704595	CZK	300	300	313	306
16. 9. 2019	18.9. 2029	CZ0003704900	CZK	300	300	308	302
Total				**600**	**600**	**621**	**608**

e) Other Financial Liabilities

CZK million	30. 6. 2022	31. 12. 2021
Liabilities from securities trading	145	73
Liabilities from non-banking activities	330	472
Settlement and suspense clearing accounts	5,360	2,172
Lease liabilities	1,546	1,475
Total	**7,381**	**4,192**

16. Provisions

CZK million	30. 6. 2022	31. 12. 2021
Provisions for commitments and financial guarantees provided	538	555
Other provisions	716	918
Provision for legal disputes	13	14
Provision for outstanding vacation days	15	33
Payroll provisions	513	632
Provision for restructuring	93	153
Other	82	86
Total	**1,254**	**1,473**

Breakdown of provisions for commitments and financial guarantees provided based on stages of impairment

CZK million	30. 6. 2022	31. 12. 2021
Stage 1	174	196
Stage 2	286	241
Stage 3	78	118
POCI	–	–
Total	**538**	**555**

Overview of other provisions

CZK million	Provisions for legal disputes	Provision for outstanding vacation days	Provisions for salary bonuses	Provision for restructuring	Other provisions	Total
1. 1. 2021	**39**	**31**	**514**	**12**	**72**	**668**
Creation of provisions	7	33	632	159	30	**861**
Use of provisions	(29)	(6)	(510)	(12)	(3)	**(560)**
Release of redundant provisions	(3)	(25)	(67)	(6)	(17)	**(118)**
Changes in the consolidated group	–	–	64	–	3	**67**
31. 12. 2021	**14**	**33**	**632**	**153**	**86**	**918**
Creation of provisions	–	1	513	–	5	**519**
Use of provisions	(1)	(16)	(538)	(47)	–	**(602)**
Release of redundant provisions	–	(3)	(94)	(13)	(9)	**(119)**
30. 6. 2022	**13**	**15**	**513**	**93**	**82**	**716**

"*Other provisions*" includes provisions for future potential payments arising from compensation for armed robberies, bonuses for customers, etc. For all types of other provisions, the Group assesses the risk and probability of performance. This item includes the effect of changes in foreign currency rates on provisions denominated in foreign currencies.

17. Cash and Cash Equivalents

CZK million	30. 6. 2022	31. 12. 2021
Cash in hand and other cash equivalents	3,111	2,866
Balances with central banks (including one-day deposits)	1,625	545
Other demand deposits	13,464	6,050
Total cash and cash equivalents	**18,200**	**9,461**

18. Contingent Liabilities

a) Legal disputes

The Group conducted a review of legal disputes outstanding against it as at 30 June 2022. Pursuant to the review of individual legal disputes in terms of the risk of potential losses and the probability of payment, the Group recognised a provision for significant litigations of 30 June 2022 in the aggregate amount of CZK 13 million (as of 31 December 2021: CZK 14 million).

b) Loan commitments, financial guarantees and other commitments

CZK million	30. 6. 2022	31. 12. 2021
Loan commitments given	112,095	114,612
Financial guarantees given	3,702	2,117
Other commitments given	33,141	33,083
Total	**148,938**	**149,812**

19. Fair values of financial assets and liabilities

The following table shows the carrying amounts and fair values of financial assets and liabilities that are not reported at fair value in the statement of financial position:

30. 06. 2022 CZK million	Level 1	Level 2	Level 3	Fair value	Carrying amount	Difference
Assets						
Cash in hand and other cash equivalents	18,200	–	–	18,200	18,200	–
Loans and advances to banks*	–	–	161,475	161,475	161,475	–
Loans and advances to customers*	–	–	389,313	389,313	403,568	(14,255)
Debt securities at amortised cost*	30,003	4,561	231	34,795	40,279	(5,484)
Liabilities						
Deposits from banks	–	–	17,563	17,563	17,598	(35)
Deposits from customers	–	–	546,223	546,223	546,807	(584)
Debt securities issued	–	–	18,119	18,119	19,831	(1,712)
Subordinated liabilities and bonds	–	–	5,353	5,353	5,365	(12)
Other financial liabilities**	–	–	5,835	5,835	5,835	–

*including loss allowances

**without lease liabilities

31. 12. 2021 CZK million	Level 1	Level 2	Level 3	Fair value	Carrying amount	Difference
Assets						
Cash in hand and other cash equivalents	9,461	–	–	9,461	9,461	–
Loans and advances to banks*	–	–	197,963	197,963	197,963	–
Loans and advances to customers*	–	–	368,140	368,140	371,751	(3,611)
Debt securities at amortised cost*	27,113	4,621	2,546	34,280	36,550	(2,270)
Liabilities						
Deposits from banks	–	–	13,112	13,112	13,107	5
Deposits from customers	–	–	553,038	553,038	553,090	(52)
Debt securities issued	–	–	19,955	19,955	19,984	(29)
Subordinated liabilities and bonds	–	–	5,715	5,715	5,526	189
Other financial liabilities**	–	–	2,717	2,717	2,717	–

*including loss allowances

**without lease liabilities

Following table shows financial instruments at fair value split by levels, used for calculation of their fair value as at 30 June 2022:

Financial instruments at fair value

CZK million	Fair Value at 30. 6. 2022			Fair Value at 31. 12. 2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Positive fair value of trading derivatives	–	7,237	–	–	3,917	–
Securities held for trading	171	–	–	165		–
Positive fair value of hedging derivatives	–	8,394	–	–	5,062	–
Financial assets other than held for trading mandatorily reported at fair value in profit or loss	117	133	–	126	130	242
Financial assets at FVOCI	–	–	25	–	–	20
Total	**288**	**15,764**	**25**	**291**	**9,109**	**262**

CZK million	Fair Value at 30. 6. 2022			Fair Value at 31. 12. 2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Negative fair value of trading derivatives	–	6,538	–	–	4,604	–
Negative fair value of hedging derivatives	–	18,384	–	–	10,160	–
Total	**–**	**24,922**	**–**	**–**	**14,764**	**–**

Level 1 category is the category of financial instruments measured at fair value determined based on the price quoted on an active market.

Level 2 category is the category of financial instruments measured at fair value determined based on prices derived from market data. For financial derivatives, the fair values are determined based on discounted future cash flows that are estimated according to market interest rate and currency forward curves and contractual interest rates and currency rates according to individual contracts. The discount factor is derived from market rates. For securities at FVTPL, the fair value is calculated on the basis of discounted future cash flows. The discount factor is derived from market rates.

Level 3 category is the category of financial instruments measured at fair value determined using the techniques based on input information not based on data observable on the market.

The reconciliation of financial instruments measured at fair value determined using the techniques based on the input information not built upon the data observable on the market (Level 3 instruments)

2022

CZK million	Financial assets held for trading (debt securities)	Financial assets other than held for trading mandatorily reported at fair value in profit or loss	Financial assets at FVOCI	Total
Balance at 1. 1. 2022	**–**	**242**	**20**	**262**
Transfer to Level 3	–	–	–	**–**
Purchases	–	–	5	**5**
Comprehensive income/(loss)	–	–	–	**–**
– in the income statement	–	(17)	–	**(17)**
– in equity	–	–	–	**–**
Sales/settlement/transfer	–	(225)	–	**(225)**
Transfer from Level 3	–	–	–	**–**
Balance at 30. 6. 2022	**–**	**–**	**25**	**25**

2021

CZK million	Financial assets held for trading (debt securities)	Financial assets other than held for trading mandatorily reported at fair value in profit or loss	Financial assets at FVOCI	Total
Balance at 1. 1. 2021	**–**	**280**	**1**	**281**
Transfer to Level 3	–	–	–	**–**
Purchases	–		18	**16**
Comprehensive income/(loss)	–	–	–	**–**
– in the income statement	–	(38)	–	**(38)**
– in equity	–	–	1	**1**
Sales/settlement/transfer	–	–	–	**–**
Transfer from Level 3	–	–	–	**–**
Balance at 31. 12. 2021	**–**	**242**	**20**	**262**

The Group measures financial assets held for trading and financial assets measured at using the technique of discounted future cash flows. This valuation method adjusts future amounts (i.e. cash flows, income and expense) to the present (discounted) value. The fair value is determined based on the value acquired from the current market expectation of the future value. In respect of securities that fall into the Level 3 category, the Group uses the discount factor for the calculation that is derived from the internal price for liquidity determined by the Group and concurrently reflects the credit risk of the security issuer. The price of the Group for liquidity and credit risk of the security issuer are inputs that are not observable from the data available on the market. The price of the Group for liquidity determined in the calculation is based on the resolution of the Group's ALCO Committee and reflects the level of available sources of the Group's financing and their price. In the event of a negative development of the Group's liquidity position or changes in the interbank market, the price for liquidity may increase and consequently the price of the financial instrument may decline. The credit risk of the issuer is determined based on the rating of the securities issuer in the Group's rating scale. If the issuer was attributed a worse rating, the price of the financial instrument could decline by 0-10 %.

The amount in Level 3, item "*Financial assets at FVOCI*" primarily comprises an investment in SWIFT of CZK 1 million (2021: CZK 1 million) and the Group's investment Bankovní identita a.s. of CZK 24 million (2021: CZK 19 million).

20. Segment Analysis

The base for the segment analysis according to IFRS 8 are internal reports of the Group which are based on management accounts and serve as the principal financial information for decision-making of the Group's management.

Management accounts are maintained on a margin basis. For this reason, the interest income and expense and fee and commission income and expense of individual operating segments are not reported separately, but on a net basis.

Operating segments are represented as follows:

- Corporate banking,
- Retail banking,
- Treasury and ALM,
- Other.

The Corporate banking segment involves transactions with corporate clients, public sector institutions and financial institutions.

The Retail banking segment generally includes all private individuals including VIP clients, individuals - entrepreneurs and the Group's own employees.

The Treasury and ALM segment includes interbank transactions, trading with financial instruments, securities.

The "*Other*" segment mainly includes equity investments and other non-interest bearing assets and liabilities of the Group that cannot be allocated to segments referred to above, i.e. capital, subordinated deposit, assets, other assets/liabilities, capital investments.

The Group monitors amounts of net interest income and net fee and commission income, net gain/(loss) from financial operations, movements in loss allowances, general operating expenses, income tax, and volume of client and non-client assets and liabilities by segment. Other items are not monitored by segment.

A predominant part of the Group's income is generated in the Czech Republic from transactions with customers who have their permanent residence or place of business in the Czech Republic or from trading with financial instruments issued by Czech entities. The income generated outside the Czech Republic is immaterial for the Group.

The Group has no customer or group of related parties for which income from transactions exceeds 10% of the Group's total income.

At 30. 6. 2022 CZK million	Corporate entities	Retail customers	Treasury	Other	Reconciliation to the statement of comprehensive income	Total
Income statement:						
Net interest income	1,929	4,036	1,450	330	–	**7,745**
Net fee and commission income	885	1,567	(44)	15	–	**2,423**
Net gain/(loss) from financial operations	16	–	(464)	(9)	–	**(457)**
Net gain on financial assets other than held for trading mandatorily measured at fair value in profit or loss	(8)	–	–	(26)	–	**(34)**
Net gain/ (loss) from hedge accounting	–	–	(27)	22	–	**(5)**
Impairment gains/ (losses) on financial instruments	(149)	(286)	–	5	–	**(430)**
Gains/ (losses) arising from derecognition of financial assets measured at amortised cost	–	–	–	1	–	**1**
Other operating expenses	(1,074)	(3,215)	(87)	(572)	–	**(4,948)**
Dividend income	–	–	–	1	–	**1**
Gains/(losses) on the sale of subsidiaries and associated companies	–	–	–	196	–	**196**
Gains/(losses) from non-current assets and disposal groups	–	–	–	9	–	**9**
Share in income of associated companies	–	–	–	16	–	**16**
Profit before tax	**1,599**	**2,102**	**828**	**(12)**	**–**	**4,517**
Income tax	(267)	(258)	(128)	(145)	–	**(798)**
Profit after tax	**1,332**	**1,844**	**700**	**(157)**	**–**	**3,719**
Assets and liabilities:						
Total assets	**144,005**	**254,133**	**238,547**	**23,152**	**–**	**659,837**
Total liabilities	**101,535**	**412,700**	**73,411**	**23,297**	**–**	**610,943**

At 30. 6. 2021 CZK million	Corporate entities	Retail customers	Treasury	Other	Reconciliation to the statement of comprehensive income	Total
Income statement:						
Net interest income	1,182	2,463	289	(14)	(1)	**3,919**
Net fee and commission income	628	1,242	(10)	(21)	–	**1,839**
Net gain/(loss) from financial operations	9	–	(18)	–	–	**(9)**
Net gain on financial assets other than held for trading mandatorily measured at fair value in profit or loss	1	–	–	10	–	**11**
Net gain/ (loss) from hedge accounting	–	–	2	–	–	**2**
Impairment gains/ (losses) on financial instruments	73	288	2	4	–	**367**
Gains/ (losses) arising from derecognition of financial assets measured at amortised cost	8	–	–	–	–	**8**
Other operating expenses	(787)	(2,277)	(88)	(436)	–	**(3,588)**
Dividend income	–	–	–	–	1	**1**
Gains/(losses) from non-current assets and disposal groups	–	–	–	(1)	–	**(1)**
Share in income of associated companies	–	–	–	–	1	**1**
Profit before tax	**1,114**	**1716**	**177**	**(458)**	**1**	**2,550**
Income tax	(186)	(245)	(6)	(74)	–	**(511)**
Profit after tax	**928**	**1,471**	**171**	**(532)**	**1**	**2,039**
Assets and liabilities:						
Total assets	**98,247**	**190,901**	**275,867**	**20,346**	**–**	**585,361**
Total liabilities	**103,285**	**358,943**	**59,040**	**20,541**	**–**	**541,809**

21. Related Party Transactiosn

Balance sheet items

CZK million At 30. 6. 2022	Parent company and Entities with significant influence over the Group	Other	Total
Receivables	9,072	586	**9,658**
Payables	3,553	10,927	**14,480**
Subordinated debt	3,233	1,388	**4,621**
Guarantees issued	470	155	**625**
Guarantees received	149	2,106	**2,255**
CZK million At 31. 12. 2021	**Parent company and Entities with significant influence over the Group**	**Other**	**Total**
Receivables	5,298	2,790	**8,088**
Payables	2,392	5,679	**8,071**
Subordinated debt	3,250	1,385	**4,635**
Guarantees issued	343	48	**391**
Guarantees received	162	2,054	**2,216**

Profit and loss items

CZK million At 30. 6. 2022	Parent company and Entities with significant influence over the Group	Other	Total
Interest income	1,628	24	**1,652**
Interest expense	(2,447)	(84)	**(2,531)**
Fee and commission income	20	9	**29**
Fee and commission expense	(6)	(65)	**(71)**
Dividend income	–	–	**–**
Net profit or loss on financial operations	2,133	(51)	**2,082**
Net profit or loss from hedge accounting	(3,541)	–	**(3,541)**
CZK million AT 30. 6. 2021	**Parent company and Entities with significant influence over the Group**	**Other**	**Total**
Interest income	583	7	**590**
Interest expense	(749)	(22)	**(771)**
Fee and commission income	12	11	**23**
Fee and commission expense	(6)	(48)	**(54)**
Dividend income	–	–	**–**
Net profit or loss on financial operations	(9)	8	**(1)**
Net profit or loss from hedge accounting	(445)	–	**(445)**

22. Subsequent events

No events that would have a material impact on the interim consolidated financial statements for the period ended 30 June 2022 occurred subsequent to the balance sheet date.

Persons Responsible for the Consolidated Semi-Annual Report

We declare that to the best of our knowledge, the consolidated semi-annual report 2022 provides a true and fair view of the financial situation, business activity and financial results of the issuer and its consolidation group for the past accounting period as well as of the expected development of financial situation, business activity and financial results.

This consolidated semi-annual report has been authorized for issue on 16 September 2022.

Igor Vida
Chairman of the Board of Directors
Raiffeisenbank a.s.

Kamila Makhmudova
Member of the Board of Directors
Raiffeisenbank a.s.

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