MOODY'S INVESTORS SERVICE

CREDIT OPINION
17 November 2023

Update

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Raiffeisenbank Austria d.d.

Update following ratings upgrade

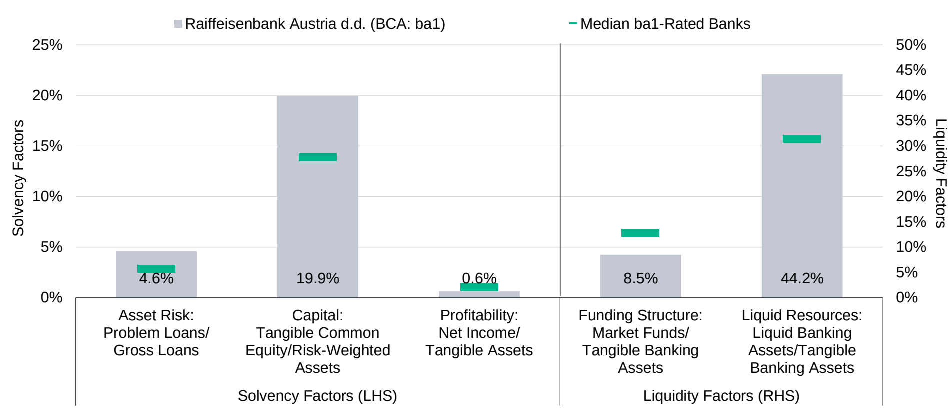
Summary

On 14 November, we upgraded Raiffeisenbank Austria d.d. (RBA)'s long-term deposit ratings to Baa1 from Baa2 and its foreign currency long-term senior unsecured debt rating to Baa2 from Baa3.

RBA's Baa1 deposit ratings incorporate the bank's ba1 BCA, our assumption of a high probability of affiliate support from Raiffeisen Bank International AG (RBI, A1/A1 stable, baa3[1]), resulting in one notch of rating uplift to RBA's baa3 Adjusted BCA and two notches of rating uplift from the application of our Advanced Loss Given Failure (LGF) analysis.

RBA's ba1 standalone BCA reflects the bank's strong capital buffers, a stable deposit-based funding structure and high liquidity. These strengths are moderated by relatively high asset risks, even though problem loans have declined. RBA's reported nonperforming loan ratio improved to 2.1% as of September 2023 from 3.3% at end-2021. We also expect litigation risks – relating to legacy Swiss-franc loans – to gradually abate.

Exhibit 1
Rating Scorecard - Key financial ratios



These are our Banks Methodology scorecard ratios. Asset Risk and Profitability reflect the weaker of either the latest figure or the three-year and latest figure average. Capital is the latest reported figure. Funding Structure and Liquid Resources reflect the latest fiscal year-end figures.
Source: Moody's Investors Service

RATINGS

Raiffeisenbank Austria d.d.

Domicile	Zagreb, Croatia
Long Term CRR	A3
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	Baa2
Type	Senior Unsecured - Fgn Curr
Outlook	Positive
Long Term Deposit	Baa1
Type	LT Bank Deposits - Fgn Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Credit strengths

» Strong capital buffers

» Stable deposit-based funding structure and robust liquidity

» High likelihood of affiliate support, which provides rating uplift

Credit challenges

» Relatively high asset risk, reflecting high share of unsecured loans and macroeconomic headwinds and past high provisioning costs

Outlook

The stable outlook on RBA's deposit ratings reflects our view that the bank's capital will remain strong, despite the recent decline, buffering the bank from unexpected losses; and its financial performance will remain resilient despite an economic slowdown and high inflation.

The positive outlook on the bank's senior unsecured debt rating is driven by potentially lower loss-given-failure as indicated by higher Advanced LGF notching if the bank's excess in bail-inable debt is maintained.

Factors that could lead to an upgrade

» RBA's debt and deposit ratings could be upgraded following higher volumes of debt which would buffer senior creditors resulting in lower losses in case of resolution.

» There is limited upside to the bank's Adjusted BCA, which is currently positioned at the same level as RBI's BCA. RBA's standalone BCA could be upgraded following additional sustained improvement in its solvency, mainly its asset quality and capitalisation, and further improvements in Croatia's operating environment.

» The bank's Baa1(cr) CR Assessment in accordance with Moody's Banks methodology is constrained at one notch above the Croatian government rating and can only be upgraded if the sovereign rating is upgraded.

Factors that could lead to a downgrade

» RBA's ratings could be downgraded due to a reduction in the volume of bail-in-able debt resulting in increased losses for senior creditors in case of resolution or owing to a lower BCA and Adjusted BCA.

» The bank's BCA could be downgraded in case there is a significant deterioration in its asset quality eroding its profitability or a larger than expected decline in its capitalisation. The BCA could also be downgraded in case ligation risks re-emerge.

Key indicators

Exhibit 2
Raiffeisenbank Austria d.d.

	12-22 [2]	12-21 [2]	12-20 [2]	12-19 [2]	12-18 [2]	CAGR/Avg. [3]
Total Assets (EUR Million)	6,676.8	5,920.6	5,316.2	4,951.5	4,746.7	8.9 [4]
Total Assets (USD Million)	7,125.8	6,708.6	6,504.7	5,558.0	5,426.1	7.0 [4]
Tangible Common Equity (EUR Million)	652.3	629.7	570.0	568.7	564.0	3.7 [4]
Tangible Common Equity (USD Million)	696.2	713.5	697.4	638.4	644.7	1.9 [4]
Problem Loans / Gross Loans (%)	3.7	4.8	5.4	5.4	8.4	5.5 [5]
Tangible Common Equity / Risk Weighted Assets (%)	19.9	17.4	16.7	16.2	16.6	17.4 [6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	15.4	18.9	21.1	21.2	29.2	21.2 [5]
Net Interest Margin (%)	1.8	1.9	2.2	2.5	2.5	2.2 [5]
PPI / Average RWA (%)	1.7	2.2	1.7	2.3	2.3	2.0 [6]
Net Income / Tangible Assets (%)	0.6	1.1	0.2	1.2	0.8	0.8 [5]
Cost / Income Ratio (%)	74.0	62.3	70.0	63.8	64.1	66.9 [5]
Market Funds / Tangible Banking Assets (%)	8.5	5.5	8.3	8.9	7.3	7.7 [5]
Liquid Banking Assets / Tangible Banking Assets (%)	44.2	44.1	42.5	39.0	44.1	42.8 [5]
Gross Loans / Due to Customers (%)	66.3	67.6	73.4	78.9	71.1	71.5 [5]

[1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; IFRS. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.
Sources: Moody's Investors Service and company filings

Profile

RBA was established in 1994 as the first bank founded with foreign capital in Croatia. RBA provides banking and factoring services to corporates, small and medium-sized enterprises (SMEs), and retail clients. It also offers leasing and consulting services through its subsidiary companies.

RBA was the fifth-largest bank in Croatia with a market share of 8.8% as of the end of June 2023, according to data from the Croatian National Bank (CNB). As of end September 2023, RBA had total consolidated assets of €7.2 billion and the bank operated through 71 branches with more than 1,770 employees, as per RBI disclosures.

Note on the figures

Although the bank's operational currency was the Croatian kuna until the end of 2022, we have converted all balance sheet and income statement figures into euro at the prevailing rate for each period given the country's accession to the euro area as of 1 January 2023. Therefore, comparisons and relevant growth rates between periods prior to 2023 are influenced by movements in the kuna/euro exchange rate.

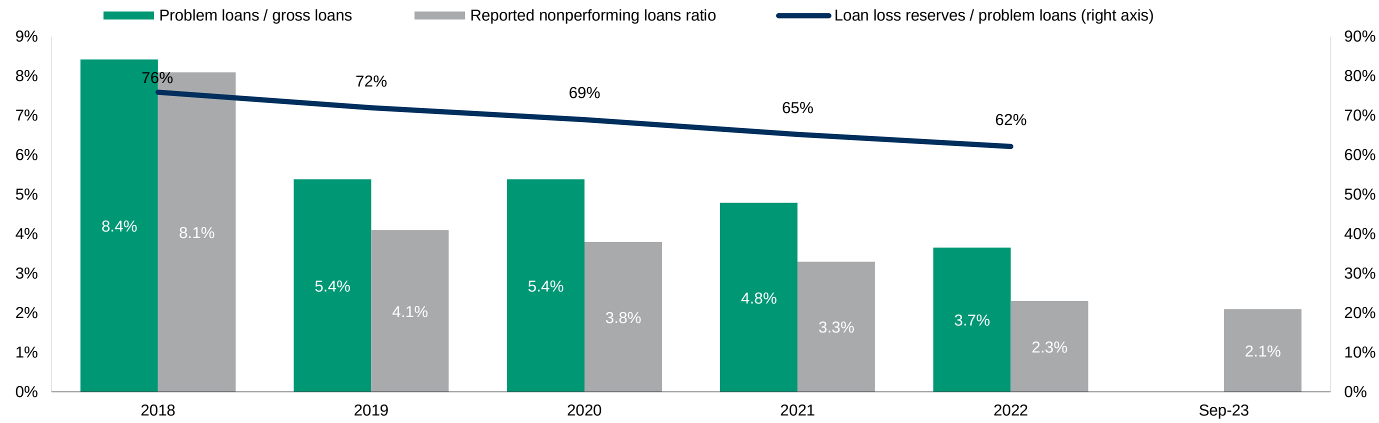
Detailed credit considerations

Problem loan levels continue to decline, but asset risk remains elevated

Our assessment of RBA's asset risk considers the gradual improvement in loan quality in recent years, as well as, a relatively high cost of risk in the past. A high share of unsecured personal loans drives our expectation of moderate new problem loan formation resulting from higher interest rates, high inflation and an economic slowdown. Litigation risk from legacy Swiss-franc borrowers has declined[2], although there is still a risk that losses may be higher than ongoing provisions.

The bank's problem loans (defined as IFRS 9 Stage 3 loans and purchased or originated credit impaired loans that are in Stage 3) declined to 3.7% of gross loans as of the end of 2022, from 8.4% in 2018 (see Exhibit 3). According to RBI disclosures, RBA reported a nonperforming loan ratio of 2.1% as of September 2023, also slightly lower than year-end 2022. Improved risk management, some deleveraging by local corporates (although corporate debt levels in Croatia were still above regional peers at 49% of GDP in 2022, compared to 40% for Slovenia and 30% for Romania based on latest Eurostat data), as well as problem loan recoveries and sales have been the main drivers for the improvement. Strong net loan growth of 11% in 2022 also drove some of the improvement in the problem loan ratio because of the denominator effect.

Exhibit 3
Relatively high asset risk, although problem loan levels have been declining

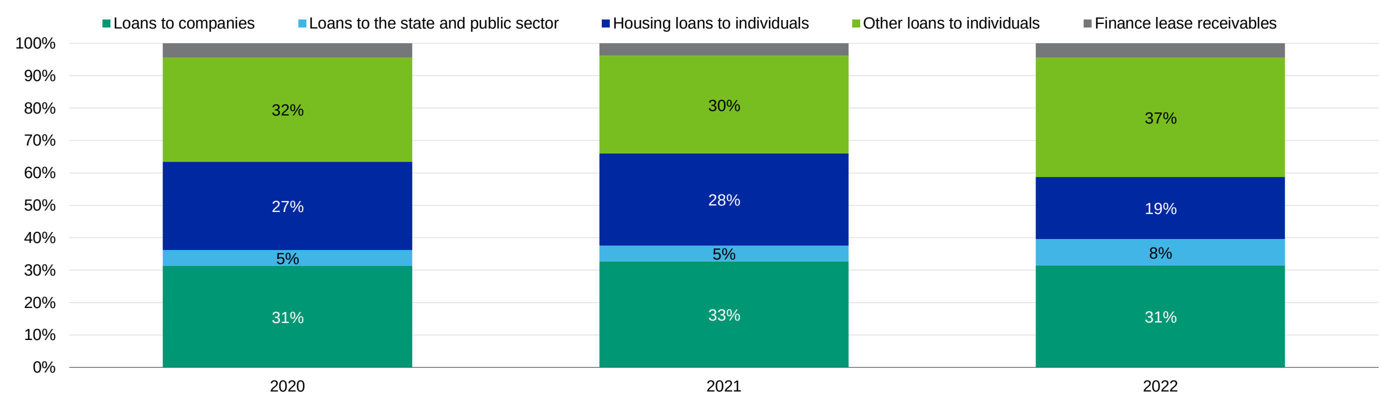


Reported nonperforming loans as disclosed by RBI, which is a different definition from our problem loans. For 2019, 2020, 2021 and 2022, loan-loss reserves reflect expected credit losses for Stage 3 and purchased or originated credit impaired loans under the IFRS 9 accounting standard
Sources: Moody's Investors Service, RBI results presentations

Meanwhile, the coverage of problem loans by Stage 3 provisions was adequate at 62% as of the end of 2022. Furthermore, the bank's share of Stage 2 loans (with a significant increase in credit risk) declined to 12% as of year end 2022 from 18% as of year end 2021 when the bank had proactively classified borrowers into this category.

We expect some new but manageable problem loan formation because of the macroeconomic headwinds. Around 37% of the bank's loans are unsecured loans to individuals[3] (see Exhibit 4) and would therefore be more vulnerable to these challenges. Nevertheless, a gradual rise in lending rates in Croatia supports loan quality overall. There has also been a significant shift towards fixed-rate loans for households in the bank's portfolio, in line with market trends. This lowers borrowers' exposure to interest rate risk and is positive from a credit risk perspective, but increases the bank's own interest rate exposure, which it hedges using derivatives.

Exhibit 4
Unsecured loans to individuals make up a significant part of RBA's loan book
Loan book breakdown



Sources: Moody's Investors Service, bank's financial statements

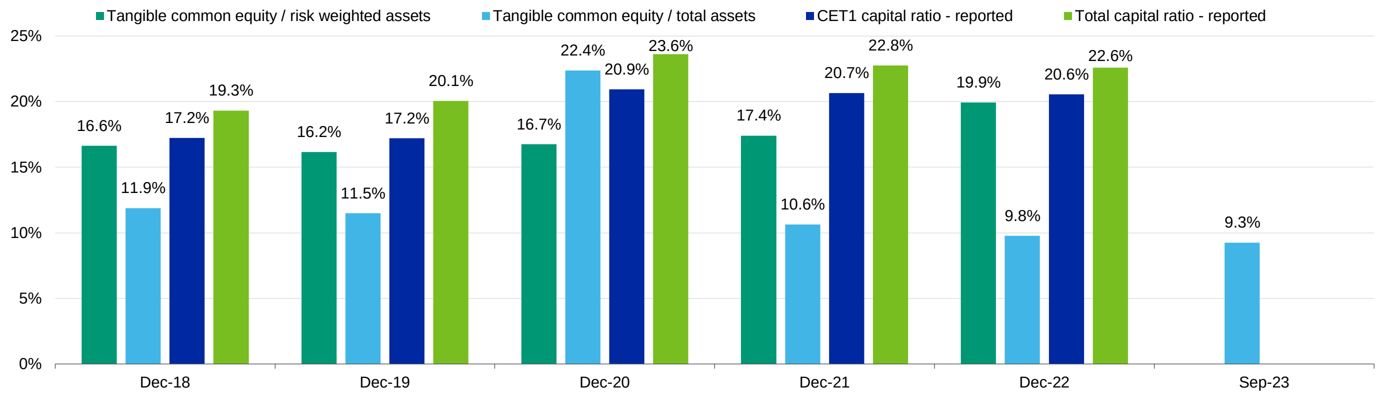
Concentration to individual corporate borrowers is moderate. Furthermore, Croatia's adoption of the euro at the start of 2023 largely eliminated currency-induced credit risk in the bank's portfolio. Around 70% of the bank's gross loans at the end of 2022 were in foreign currency, with most of them being denominated or linked to the euro.

Strong capital buffers

RBA maintains significant capacity to absorb unexpected losses because of its strong capital buffers. The bank's Moody's adjusted tangible common equity (TCE)/risk-weighted assets ratio (RWAs) ratio where we risk-weight government exposures according to

Croatia's sovereign rating was 19.9%, and TCE/total assets was 9.8% as of the end of 2022 (see Exhibit 5). We expect RBA's capital buffers to decline moderately as the bank resumes dividend payments but to remain strong, although some strain may arise if litigation losses and provision requirements are higher than current projections. An announced dividend payment of €120 million on past profits is equivalent to about 20% of bank's TCE and will reduce capital ratios by roughly four percentage points.

Exhibit 5
High capital buffers are a credit strength



For September 2023 the ratio tangible common equity/total assets reflects equity/total assets
Sources: Moody's Investors Service, September 2023 data sourced from RBI's Q3 2023 results presentation

Reported regulatory capital metrics remain significantly higher than capital requirements. The bank reported a Common Equity Tier 1 (CET1) capital ratio of 20.6% and a total capital ratio of 22.6% as of the end of 2022. These were substantially above the prevailing regulatory requirement of 10.5% for the CET1 ratio and 14.0% for the total capital ratio, which included a 1.5% systemic risk buffer applicable to all Croatian banks and a 2.0% other systemically important bank buffer. From 1 January 2023, RBA has to meet a 2.0% Pillar 2 add-on, although its other systemically important bank buffer decreased to 1.5%. Additionally, from March 2023, the CNB introduced a 0.5% countercyclical capital buffer (CCyB) requirement for credit institutions, which will increase to 1.0% in December 2023 and 1.5% in June 2024, but we believe RBA will easily meet the higher requirements.

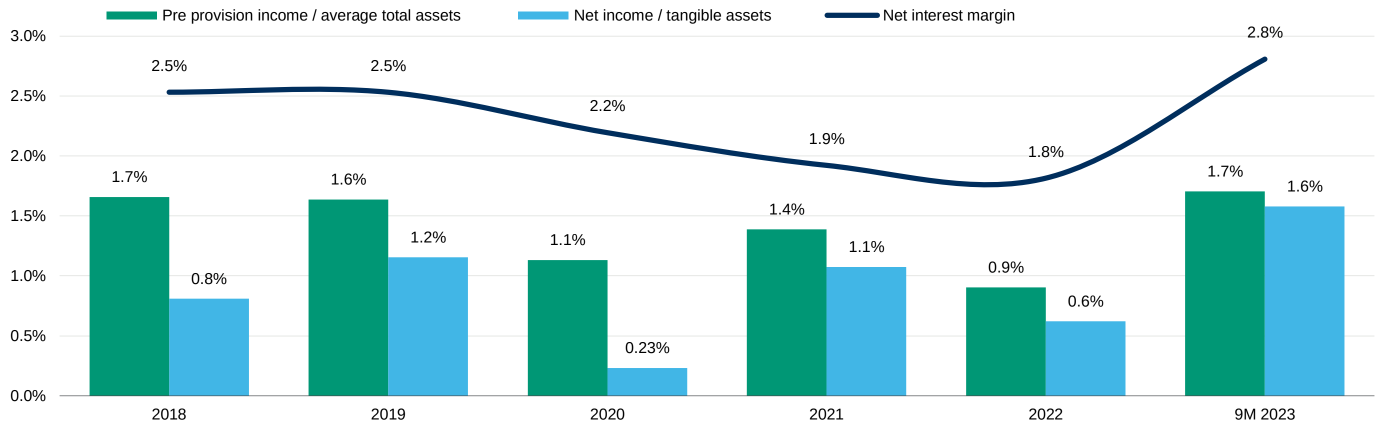
Moderate ongoing profitability

RBA's ongoing profitability is moderate, with a net income to tangible assets averaging 0.8% during 2018 to 2022 and ranging from 1.2% in 2019 to 0.2% in 2020. This level has been sufficient to support ongoing lending growth and internal capital generation. In the coming quarters, profitability will continue to benefit from higher interest rates, although cost of risk will likely increase, as well as gradually lower costs for Swiss-franc lending related litigation.

Based on RBI disclosures, RBA's profitability has risen materially during the first nine months of 2023 (see Exhibit 5) as tighter monetary policy has gradually translated into higher lending rates, while deposit costs remain low, widening its net interest margin (NIM). Additionally, following Croatia's adoption of the euro, the bank is now remunerated for placements at the central bank in excess of reserves at the ECB deposit facility rate from zero previously. We also note that adoption of the euro has led to reduced fee income from foreign exchange transactions.

Exhibit 6

RBA has moderate earnings-generation capacity, but profitability has increased in 2023



Sources: Moody's Investors Service, nine-month (9M) 2023 data sourced from RBI's Q3 2023 results presentation

Results for 2022 were lower than usual because they included one-off costs from the introduction of the euro, along with significant investment in technology, fair value losses on securities and higher impairment losses. The bank's NIM had declined slightly to 1.8% during 2022 from 1.9% in 2021 because of higher interest expense on debt issuances to meet minimum requirement for own funds and eligible liabilities (MREL), high liquidity and a slow transmission of increased interest rates to lending rates in Croatia because of high liquidity and regulation that limits interest rates on variable rate loans.[4]

The bank's profitability has been constrained by legal provisions against litigation from consumers who had borrowed in Swiss francs and claim to have suffered losses as a result of the currency depreciation or banks' unilateral change of interest rates. These costs should gradually decline given a gradually lower inflow of new cases. The statute of limitations for lawsuits on the currency clause expired in June 2023. As of September 2023, RBA's accumulated provisions for such court cases amounted to €67 million.

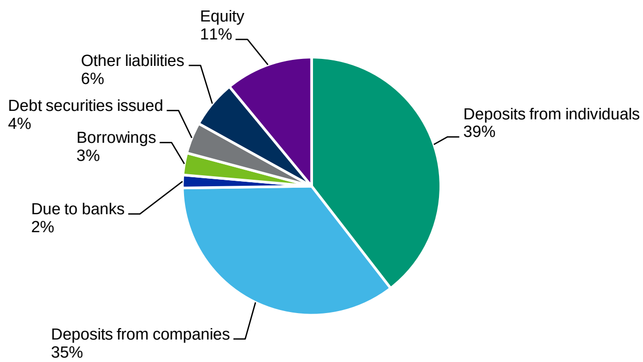
Operating expenses were 2.4% of assets in 2022 (2.2% in 2021), higher than larger local peers also reflecting relatively limited economies of scale. However, we expect operating efficiency to improve in light of ongoing digitalisation and automation initiatives by the bank, supporting resiliency at times of stress.

Stable deposit-based funding structure and robust liquidity

RBA benefits from a broadly stable predominantly deposit-based funding structure. Deposits have grown strongly in recent years and are sufficient to fund the bank's lending operations. The net-loan-to-deposit ratio was broadly stable at 64% as of September 2023 at the same levels compared to a year earlier, according to RBI disclosures. Croatia's euro area accession eliminated foreign currency risk from the large share of deposits in euro or linked to euro as of the end of 2022.

Customer deposits made up 75% of total liabilities as of the end of 2022 (see Exhibit 7). Customer deposits are relatively granular with deposits from individuals making up 53% of total deposits at the end of 2022. Our assessment of RBA's funding structure, however, also considers the substantial share of deposits from companies and some level of confidence-sensitivity in the bank's deposit base overall.[5]

Exhibit 7
RBA is predominantly funded by customer deposits
Funding structure breakdown as of the end of 2022



Sources: Moody's Investors Service, bank's financial statements

Reliance on potentially more confidence sensitive market funding remains limited. Market funds accounted for 8.5% of tangible banking assets as of the end of 2022. These funds included interbank exposures, parent-bank borrowings, borrowings from developmental institutions and MREL-related senior unsecured debt issuances. Going forward, following a €300 million senior unsecured issuance in June we expect market funding reliance to stabilise at around 12% of tangible assets over the coming quarters.

High liquidity buffers also further mitigate funding risks. Liquid assets were 44% of tangible banking assets at the end of 2022. Cash and interbank balances accounted for 31% of assets, while the remaining was invested in securities, mainly government bonds. The bank's consolidated liquidity coverage ratio was a robust 241% in 2022, with a net stable funding ratio at 178%. Our assigned liquidity score reflects some modest asset encumbrance and our expectation that liquid assets will decline slightly from year-end 2022 highs when kuna notes were deposited at banks because of the change to euro.

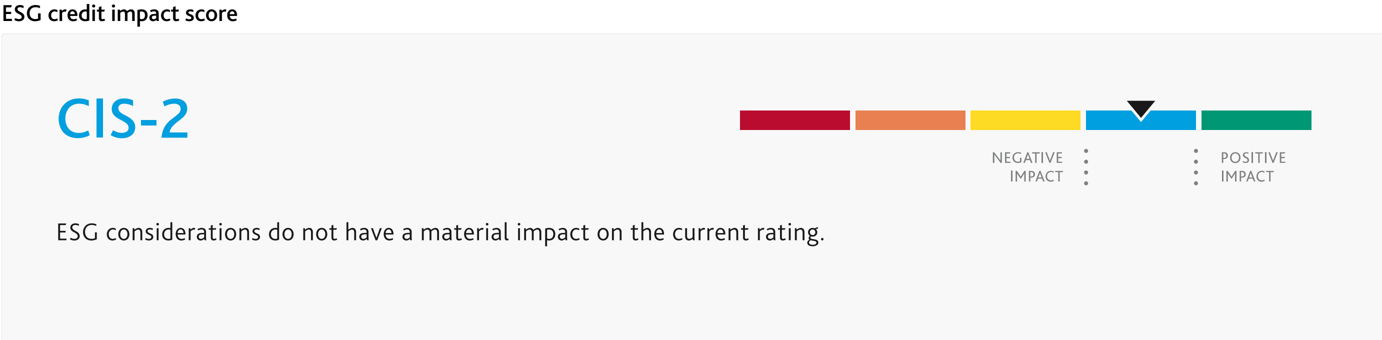
Sources of facts and figures cited in this report

Unless noted otherwise, we have sourced data relating to systemwide trends and market shares from the central bank. Bank specific figures originate from banks' reports and figures are based on our own chart of account and may be adjusted for analytical purposes. Please refer to the document Please refer to the document Financial Statement Adjustments in the Analysis of Financial Institutions published on 9 August 2018.

ESG considerations

Raiffeisenbank Austria d.d.'s ESG credit impact score is CIS-2

Exhibit 8
ESG credit impact score



Source: Moody's Investors Service

Raiffeisenbank Austria d.d. (RBA)'s **CIS-2** indicates that ESG considerations have no material impact on the current ratings.

Exhibit 9
ESG issuer profile scores

Source: Moody's Investors Service

Environmental

RBA faces moderate exposure to environmental risks, mainly because of its portfolio exposure to carbon transition risk as a diversified bank with significant corporate exposures. In line with its peers, RBA is facing growing business risks and stakeholder pressure to meet broader carbon transition goals. RBA is engaging in further developing its comprehensive risk management and climate risk reporting frameworks.

Social

RBA faces high social risks from customer relations, related to regulatory risk and litigation exposure and is required to meet high compliance standards. RBA, like other Croatian banks, continues to face litigation risk from legacy Swiss franc borrowers, although these risks have significantly abated. There is significant focus on consumer protection in Croatia and banks have to abide by a number of limits and caps, including a maximum interest rate on variable rate loans which is updated twice per year. Croatia's adverse demographics, including net migration outflows is a moderate risk as it may over time affect business opportunities for the bank.

Governance

RBA faces low governance risks, and its risk management framework, policies and procedures are in line with industry practices. The bank also has a track record of prudent financial policies and strategies. Because RBA is effectively controlled by Raiffeisen Bank International through its full ownership, we have aligned the subsidiary's board structure, policies and procedures score with that of its parent, given the bank's strategic importance and public affiliation with the group, the parent's oversight of its subsidiary board and the regulated nature of both entities.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Support and structural considerations

Affiliate support

We believe that there is a high probability of support from RBA's parent, RBI. Our assessment is based on RBI's 100% stake in RBA, the parent's strong operational support and oversight, and the subsidiary's use of the Raiffeisen logo and name. RBA is a strategic fit in RBI and the Raiffeisen group and we consider both RBA and the Croatian market important to RBI's operations. Hence, the risk of the parent disposing of its subsidiary is low. This assessment results in one notch of rating uplift for RBA's Adjusted BCA to baa3 from the bank's standalone BCA of ba1.

Loss Given Failure (LGF) analysis

RBA operates in Croatia, which is a European Union member. Croatian banks are subject to the EU Bank Recovery and Resolution Directive (BRRD), which we consider an operational resolution regime. In accordance with our methodology, we therefore apply our Advanced LGF analysis to RBA's liabilities, which takes into account the risks faced by the different debt and deposit classes across the liability structure should the bank enter resolution.

In our Advanced LGF analysis, we use our standard assumptions and assume residual tangible common equity of 3% and post-failure losses of 8% of tangible banking assets, a 25% runoff in junior wholesale deposits and a 5% runoff in preferred deposits. We also assign a 25% probability to deposits being preferred to senior unsecured debt. However, we assume junior deposits equivalent to 10% of total deposits because the junior-most deposits, which rank pari passu with senior unsecured debt, in Croatia are those that are excluded from deposit insurance. Excluded deposits are predominantly those from other financial institutions, insurance companies, pension funds and public administrative bodies.

Under these assumptions, for RBA's Baa1 deposits our Advanced LGF analysis indicates a very low loss given failure reflecting the likely reduction in expected loss because of the loss absorption provided by the substantial volume of deposits and issued senior unsecured debt, translating into two notches of uplift from the bank's baa3 Adjusted BCA. For RBA's Baa2 senior unsecured debt our LGF analysis indicates a low loss given failure, leading to a one-notch uplift above the bank's baa3 Adjusted BCA,

Government support considerations

We do not incorporate any government support uplift into RBA's ratings because we consider the probability of government support, in case of need, to be low. Our government support assumptions are driven by the authorities history of preferring market-based solutions for troubled banks and the implementation of the EU's BRRD in Croatia, which limits the authorities' flexibility to provide support.

Counterparty Risk Ratings (CRRs)

RBA's CRRs are A3/P-2

RBA's CRRs are positioned three notches above the baa3 Adjusted BCA, reflecting the extremely low loss given failure from the buffer provided by the high volume of instruments that are more junior to CRR liabilities.

Counterparty Risk (CR) Assessment

RBA's CR Assessment is Baa1(cr)/P-2(cr)

The CR Assessment is positioned at Baa1(cr)/Prime-2(cr), two notches above the bank's baa3 Adjusted BCA, as in accordance with Moody's Banks methodology is constrained at one notch above the Croatian government rating.

Methodology and scorecard

About Moody's Bank Scorecard

Our Bank Scorecard is designed to capture, express and explain in summary form our Rating Committee's judgment. When read in conjunction with our research, a fulsome presentation of our judgment is expressed. As a result, the output of our scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating methodology and scorecard factors

Exhibit 10

Raiffeisenbank Austria d.d.

Macro Factors		
Weighted Macro Profile	**Moderate**	**100%**

Factor	**Historic Ratio**	**Initial Score**	**Expected Trend**	**Assigned Score**	**Key driver #1**	**Key driver #2**
Solvency						
Asset Risk						
Problem Loans / Gross Loans	4.6%	ba1	↔	ba3	Long-run loss performance	Expected Trend
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	19.9%	a2	↓↓	baa2	Expected trend	Stress capital resilience
Profitability						
Net Income / Tangible Assets	0.6%	ba2	↑	ba1	Return on assets	
Combined Solvency Score		baa2		ba1		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	8.5%	baa1	↓	baa3	Expected trend	Deposit quality
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	44.2%	baa1	↓↓	baa2	Expected trend	Asset encumbrance
Combined Liquidity Score		baa1		baa3		
Financial Profile				ba1		
Qualitative Adjustments				Adjustment		
Business Diversification				0		
Opacity and Complexity				0		
Corporate Behavior				0		
Total Qualitative Adjustments				0		
Sovereign or Affiliate constraint				Baa2		
BCA Scorecard-indicated Outcome - Range				baa3 - ba2		
Assigned BCA				ba1		
Affiliate Support notching				1		
Adjusted BCA				baa3		

Balance Sheet	**in-scope (EUR Million)**	**% in-scope**	**at-failure (EUR Million)**	**% at-failure**
Other liabilities	1,026	15.5%	1,075	16.2%
Deposits	4,993	75.4%	4,643	70.1%
Preferred deposits	4,493	67.9%	4,269	64.5%
Junior deposits	499	7.5%	374	5.7%
Senior unsecured bank debt	345	5.2%	645	9.7%
Dated subordinated bank debt	20	0.3%	20	0.3%
Preference shares (bank)	40	0.6%	40	0.6%
Equity	199	3.0%	199	3.0%
Total Tangible Banking Assets	6,622	100.0%	6,622	100.0%

Debt Class	De Jure waterfall		De Facto waterfall		Notching		LGF Notching Guidance vs. Adjusted BCA	Assigned LGF notching	Additional Notching	Preliminary Rating Assessment
	Instrument volume + subordination	Sub-ordination	Instrument volume + subordination	Sub-ordination	De Jure	De Facto				
Counterparty Risk Rating	19.3%	19.3%	19.3%	19.3%	3	3	3	3	0	a3
Counterparty Risk Assessment	19.3%	19.3%	19.3%	19.3%	3	3	3	3	0	baa1 (cr)
Deposits	19.3%	3.9%	19.3%	13.6%	2	3	2	2	0	baa1
Senior unsecured bank debt	19.3%	3.9%	13.6%	3.9%	2	1	2	1	0	baa2

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Rating	3	0	a3	0	A3	A3
Counterparty Risk Assessment	3	0	baa1 (cr)	0	Baa1(cr)	
Deposits	2	0	baa1	0	Baa1	Baa1
Senior unsecured bank debt	1	0	baa2	0	(P)Baa2	Baa2

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.
Source: Moody's Investors Service

Ratings

Exhibit 11

Category	Moody's Rating
RAIFFEISENBANK AUSTRIA D.D.	
Outlook	Stable(m)
Counterparty Risk Rating	A3/P-2
Bank Deposits	Baa1/P-2
Baseline Credit Assessment	ba1
Adjusted Baseline Credit Assessment	baa3
Counterparty Risk Assessment	Baa1(cr)/P-2(cr)
Senior Unsecured	Baa2
PARENT: RAIFFEISEN BANK INTERNATIONAL AG	
Outlook	Stable
Counterparty Risk Rating	A1/P-1
Bank Deposits	A1/P-1
Baseline Credit Assessment	baa3
Adjusted Baseline Credit Assessment	baa2
Counterparty Risk Assessment	A1(cr)/P-1(cr)
Senior Unsecured -Dom Curr	A1
Junior Senior Unsecured -Dom Curr	Baa2
Junior Senior Unsecured MTN -Dom Curr	(P)Baa2
Subordinate -Dom Curr	Baa2
Pref. Stock Non-cumulative -Dom Curr	Ba2 (hyb)

Source: Moody's Investors Service

Endnotes

1 The ratings shown here are RBI's deposit rating, senior unsecured debt rating and Baseline Credit Assessment.

2 This relates to consumers who had borrowed in Swiss francs and are suing the bank claiming to have suffered losses on the basis of exchange rate differences and interest rate changes.

3 These include personal loans, credit cards and overdrafts.

4 The interest rate on variable rate housing loans may not be higher by more than one-third above the weighted average interest rate on existing housing loans in a particular currency. For non-housing variable rate loans, the interest rate may not be higher by more than one half of the weighted average interest rate of existing consumer loans in a particular currency. For the cap applicable as of 1 January, the average weighted interest rates are calculated based on the data available on 31 October of the previous year, while for the cap applicable as of 1 July they are calculated based on the data available on 30 April of the current year

5 Because of RBI's presence in Russia and Ukraine, at the start of the Russia-Ukraine military conflict the bank experienced some deposit outflows from February to March 2022, but liquidity remained robust and deposit growth picked up subsequently. Deposits grew by 12% in 2022.

REPORT NUMBER 1386744

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

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