

# Raiffeisen Bank Hungary **Financial Update of 2023 - Investor Presentation** **May 2024**

13.05.2024

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## The 6th largest bank in Hungary and the 5th largest network bank within Raiffeisen Bank International Group 5th largest network unit in the Group

- Greenfield launch in 1987
- Part of **Raiffeisen Bank International** (100% owned)
- **5.8% share** of RBI's **total assets** and 4.8 % share of RWA
- **Strong corporate client base** in Hungary
- **~7% of market share** by loans to customers

## ESG Factors

- **RBI** first Austrian banking group **to sign UN Principles for Responsible Banking**
- Steady increase in bond eligible green loans as of 2023YE
- **Several ESG Funds** provided by Raiffeisen AM
- Following the **50mn USD SP privately placed bonds**, the contemplated syndicated transaction will be committed

### Total assets

31/12/2023

**HUF 4 432 bn / EUR 11 578 mn**

+2.6% YoY

### Net customer loans

31/12/2023

**HUF 1 764 bn / EUR 4 607 mn**

-3.9% YoY

### MOODY'S rating<sup>1</sup>

10/05/2022

**A3 stable**

### Profit after tax

1-12/2023

**HUF 103 bn / EUR 270 mn**

+43.2% YoY

### Customer deposits

31/12/2023

**HUF 2 986 bn / EUR 7 801 mn**

+2.7% YoY

### CET1/CAR

31/12/2023

**16.7% / 23.2%**

-22 bps YoY

-12 bps YoY

### Loans to Deposits<sup>2</sup>

31/12/2023

**61.3%**

-4.2 pp YoY

### Net interest income

1-12/2023

**HUF 201 bn / EUR 524 mn**

+44.4% YoY

1

**Established franchise**

- Sixth largest player by assets with more than 30 years presence in the HU market

2

**Strong capital position & profitability**

- High profitability with appropriate capital adequacy ratios, integral part of RBI Group , A3 Stable rating by Moody's

3

**Portfolio quality & risk control**

- Good loan portfolio quality kept with low corporate PD, mainly mortgage covered retail loans

4

**Liquidity & MPE strategy**

- High liquidity position, Multiple-Point-of-Entry (MPE) chosen as resolution strategy

5

**ESG commitment**

- Steady increase in green loan volumes with a significant pipeline in clean transportation and renewable energy

6

**Strong macroeconomic fundamentals**

- Recent GDP growth aligned with peers, while maintaining strong economic fundamentals

7

**Attractive sector**

- Solid Hungarian banking sector with high 2023 profitability and strong stability indicators

# Indicative Terms and Conditions: New Issue of Green Ordinary Senior Eligible Notes

<b>Issuer</b>	Raiffeisen Bank Zrt.
<b>LT Counter Party Risk Rating</b>	Moody's: A3 (stable)
<b>Expected Issue Rating</b>	Moody's: Baa3
<b>Principal Amount</b>	EUR 300,000,000
<b>Type of Notes</b>	Direct, unsecured and Unsubordinated and unsecured notes (the Senior Preferred Notes) qualifying as Green Notes and MREL Eligible liabilities instruments
<b>Joint Lead Managers</b>	BNP Paribas, J.P. Morgan SE, Raiffeisen Bank International AG (B&D), UniCredit Bank GmbH
<b>Tenor</b>	[6NC5]
<b>Early Redemption at the Issuer Option</b>	Applicable. The Issuer may redeem the Notes in whole or in part, on the Optional Redemption Date at 100 per cent of the Principal Amount. Subject to the prior permission of the Resolution Authority.
<b>Early Redemption for Taxation Reasons</b>	Applicable. Redemption in whole but not in part at 100 per cent of the Principal Amount if as a result of any change in, or amendment to, the laws or regulations of Hungary or any political subdivision or taxing authority thereto or therein affecting taxation or the obligation to pay duties of any kind, or any change in, or amendment to, an official interpretation or application of such laws or regulations (including relevant court decision), which amendment or change is effective on or after the date on which the last tranche of this series of Notes was issued, the Issuer is required to pay Additional Amounts and this obligation cannot be avoided by the use of reasonable measures available to the Issuer. Subject to the prior permission of the Resolution Authority.
<b>Early Redemption for Regulatory Reasons</b>	Applicable. Redemption in whole but not in part at 100 per cent of the Principal Amount if there is a change in the regulatory classification of the Notes that occurs on or after the Issue Date of the Notes and that would be likely to result or has resulted in their exclusion in full or in part from liabilities eligible for the minimum requirement for own funds and eligible liabilities (MREL) of the Issuer pursuant to the Hungarian Recovery and Resolution Act on an unlimited and uncapped basis, except where such exclusion is due to the remaining maturity of the Notes being less than the period prescribed by the relevant Capital Regulations or to a subordination requirement being imposed by the Resolution Authority in respect of the Notes. Subject to the prior permission of the Resolution Authority.
<b>Coupon</b>	[ ]% p.a., payable annually each [x May], Act/Act (ICMA), resettable after the first call date
<b>Denomination</b>	EUR 100k + 100k
<b>Form of Notes</b>	Bearer Form; New Global Note, Temporary Global Note exchangeable for Permanent Global Note
<b>Target Market</b>	Manufacturer Target Market (MIFID II and UK MIFIR product governance) is professional clients and eligible counterparties only (all distribution channels). No EU PRIIPs or UK PRIIPs key information document (KID) has been prepared as not available to retail in EEA or the UK.
<b>Selling Restrictions</b>	Reg S, TEFRA D
<b>Listing</b>	Luxembourg SE
<b>Documentation</b>	The Notes will be issued under the base prospectus of the Issuer's EUR 2,000,000,000 Euro Medium Term Note Programme (dated 29 April 2024)
<b>Events of Default</b>	No events of default
<b>Governing Law</b>	German law, with exception of the status provisions of the Notes, which shall be governed by, and shall be construed exclusively in accordance with, Hungarian law
<b>Use of Proceeds</b>	In line with the Issuer's Sustainability Bond Framework, available at:  <a href="https://www.raiffeisen.hu/documents/d/bank/raiffeisen-bank-hungary-sustainability-bond-framework">https://www.raiffeisen.hu/documents/d/bank/raiffeisen-bank-hungary-sustainability-bond-framework</a>

# Indicative Terms and Conditions: Tender Offer

<b>Offeror</b>	Raiffeisen Bank Zrt. (the "Company")
<b>Transaction</b>	Any and All Tender, no pro-rata scaling will apply
<b>Target Notes / ISIN</b>	The Offeror's 8.750 per cent. EUR 300,000,000 Senior Preferred MREL Eligible Notes due 2025 (ISIN: XS2559379529)
<b>Purchase Price</b>	A cash amount payable by the Offeror for the Notes validly tendered in the Tender Offer and accepted for purchase by the Offeror, being equal to 102.45 per cent. of the principal amount of the Notes accepted for purchase
<b>Rationale for the Offer</b>	<p>The Company announced on 13 May 2024 its intention to issue new euro-denominated direct, unsecured and Unsubordinated and green ordinary senior Notes (the "New Notes"), subject to market conditions. The purpose of this Offer and the planned issuance of the New Notes is, among other things, the proactive liability management program with a view to extending the maturity profile of its outstanding indebtedness. The Offer also provides Noteholders with an opportunity to sell their current holdings in the Notes and therefore be eligible to receive priority allocation in the New Notes, subject to the Company's discretion.</p> <p>Notes purchased by the Company pursuant to the Offer are expected to be cancelled and will not be re-issued or re-sold</p>
<b>New Financing Condition</b>	<p>The Company has announced its intention to issue New Notes, subject to market conditions.</p> <p>Whether the Company will accept for purchase any Notes validly tendered in the Offer and complete the Offer is subject (unless such condition is waived by the Company in its sole and absolute discretion), without limitation, to the successful completion (in the sole determination of the Company) of the issue of the New Notes on or prior to the Settlement Date (the "New Financing Condition")</p> <p>The Company is not under any obligation to accept for purchase any Notes tendered pursuant to the Offer. The acceptance for purchase by the Company of Notes tendered pursuant to the Offer is at the sole discretion of the Company and tenders may be rejected by the Company for any reason</p>
<b>Allocation of the New Notes</b>	<p>The Company will, in connection with the allocation of the New Notes, consider among other factors whether or not the relevant investor seeking an allocation of the New Notes has, prior to such allocation, validly tendered or given a firm intention to the Company or the Dealer Managers that it intends to tender Notes pursuant to the Offer and, if so, the aggregate principal amount of Notes tendered or intended to be tendered by such investor</p> <p>All allocations of the New Notes, while being considered by the Company as set out above, will be made in accordance with customary new issue allocation processes and procedures</p>
<b>Expected Timetable of Events</b>	<ul style="list-style-type: none"> <li>• Commencement of the Offer: 13 May 2024</li> <li>• Expiration Deadline: 21 May 2024 (5pm CEST)</li> <li>• Announcement of Results: 22 May 2024</li> <li>• Settlement Date: 23 May 2024</li> </ul>
<b>Dealer Managers</b>	BNP Paribas, J.P. Morgan SE, Raiffeisen Bank International AG (B&D), UniCredit Bank GmbH
<b>Tender Agent</b>	Kroll Issuer Services Limited, Tel: +44 20 7704 0880, Email: rbh@is.kroll.com, Tender Offer Website: <a href="https://deals.is.kroll.com/rbh">https://deals.is.kroll.com/rbh</a>

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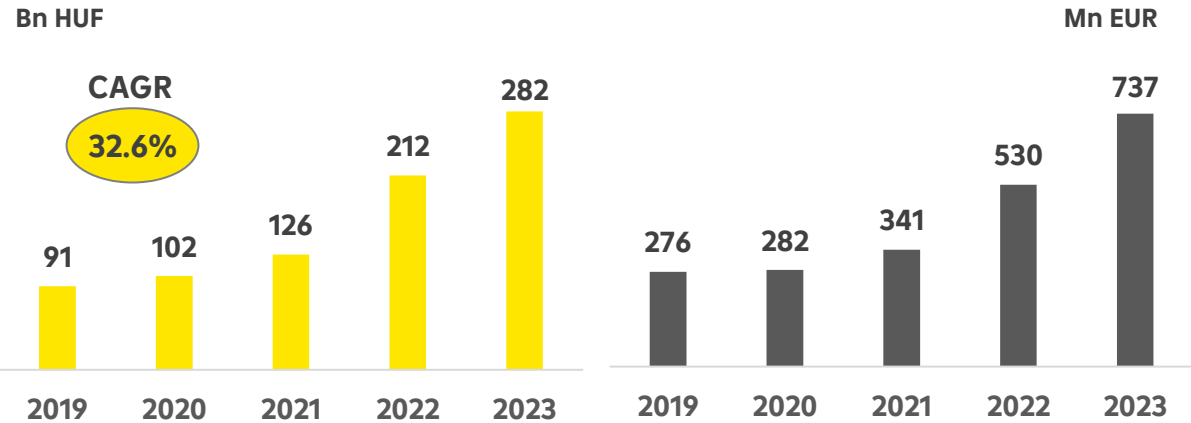
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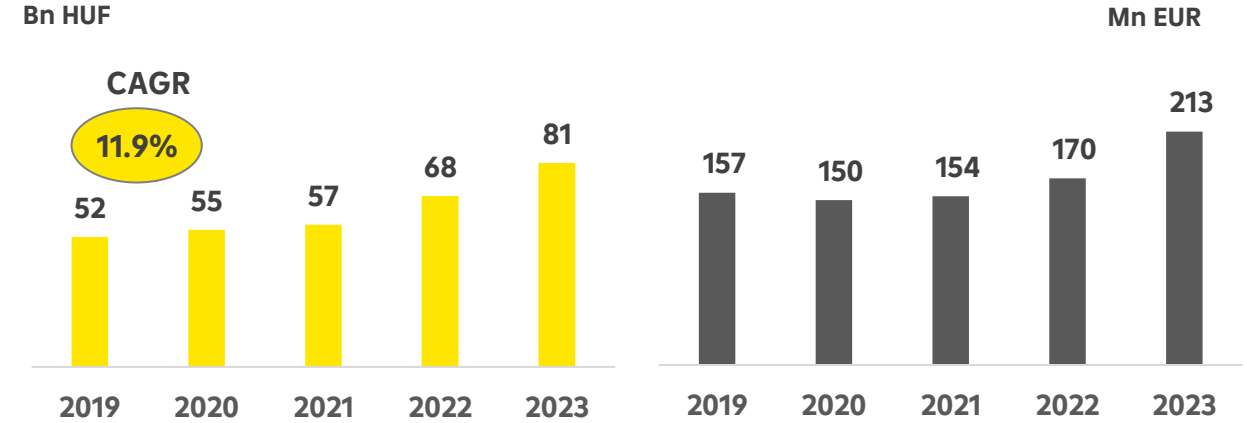
# Strong profit generation continued in 2023 driven by core income

## Core income

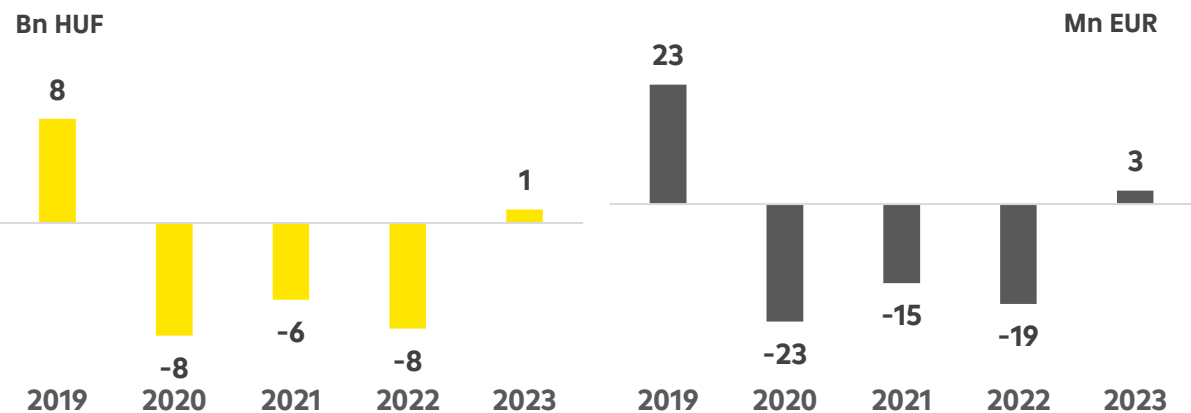
(Net interest income + Net fee and commission)



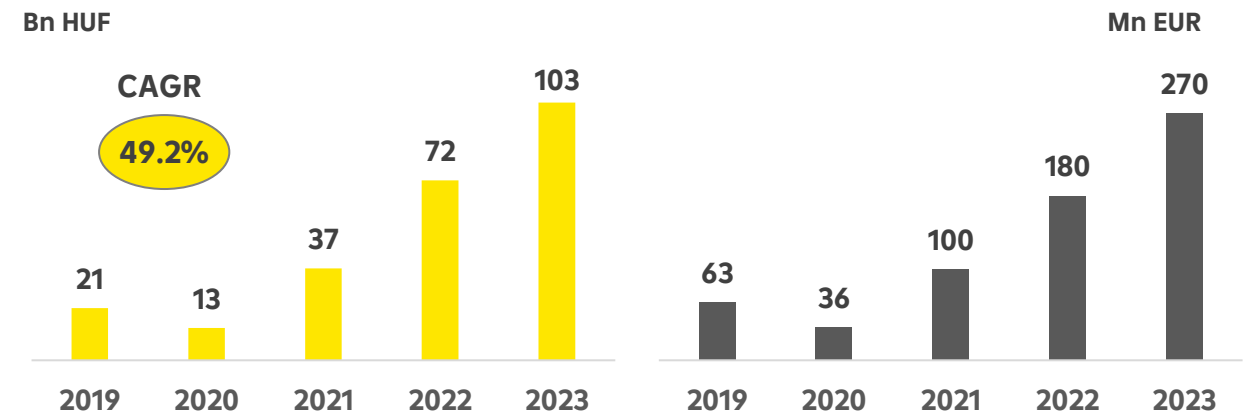
## OPEX



## Impairment

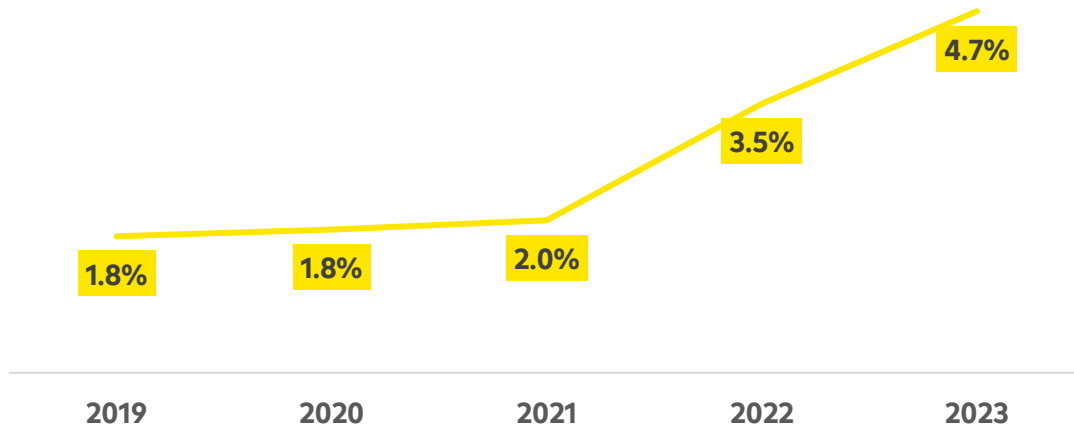


## Profit after tax

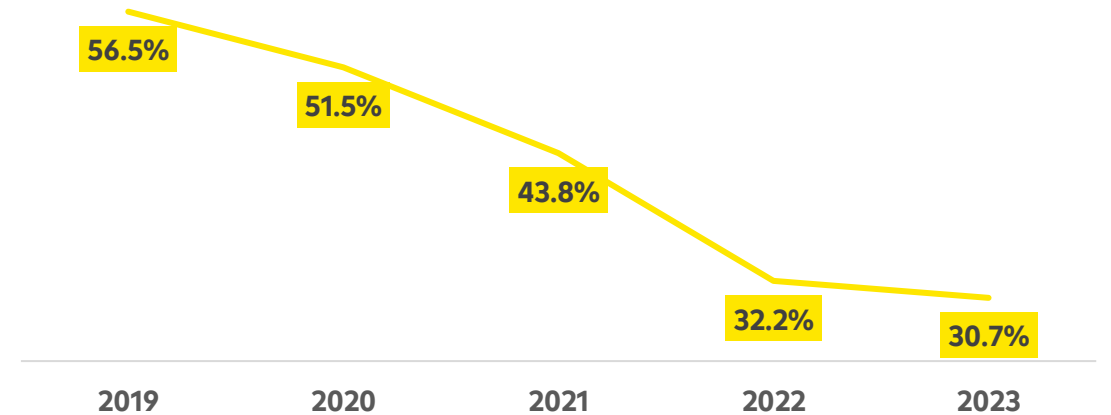


# Key performance indicators show high profitability in 2022-23

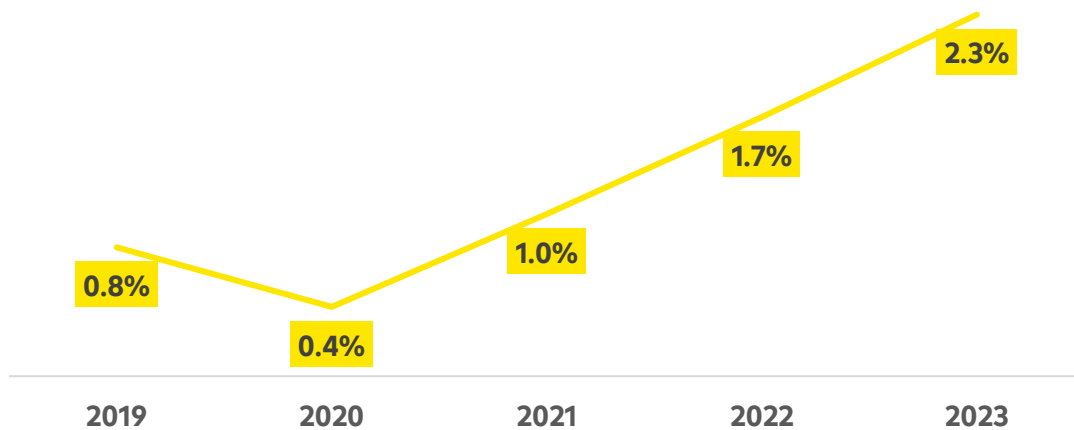
## Net interest margin



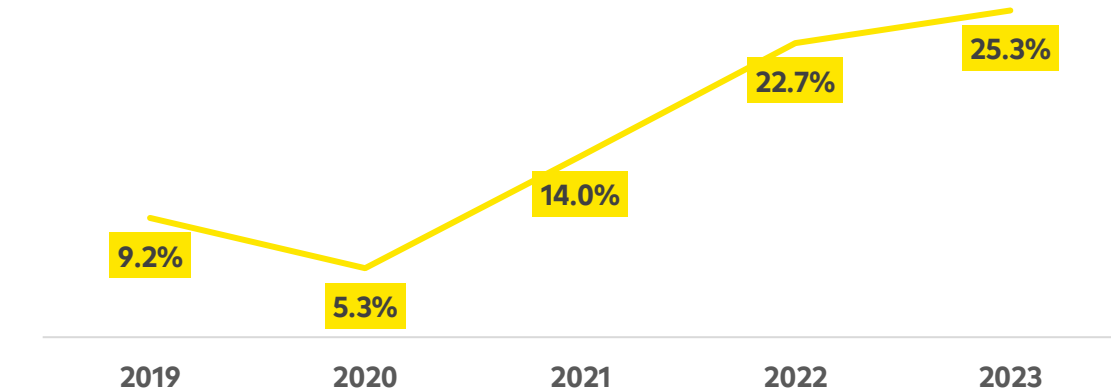
## Cost income ratio (without transaction fee and taxes)



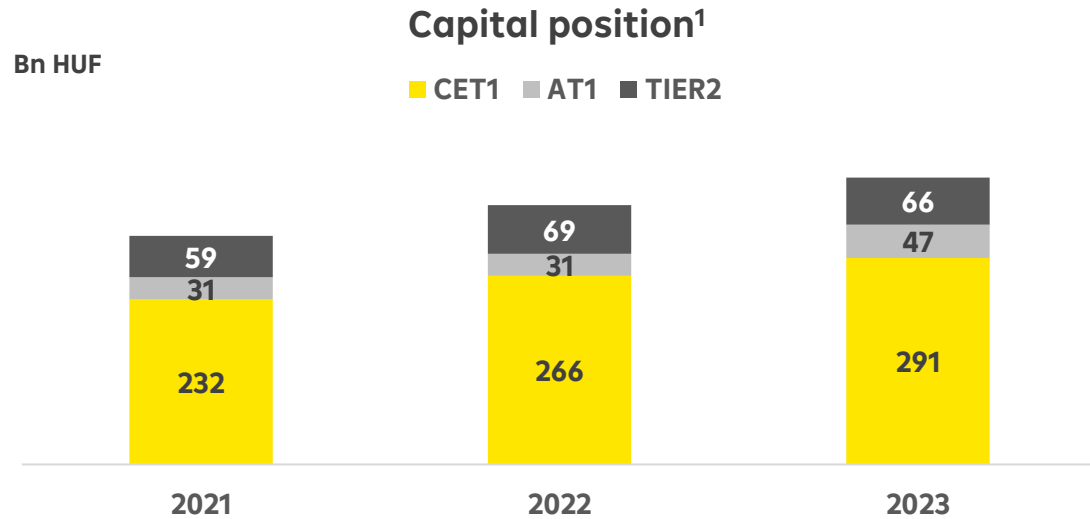
## Return on Asset



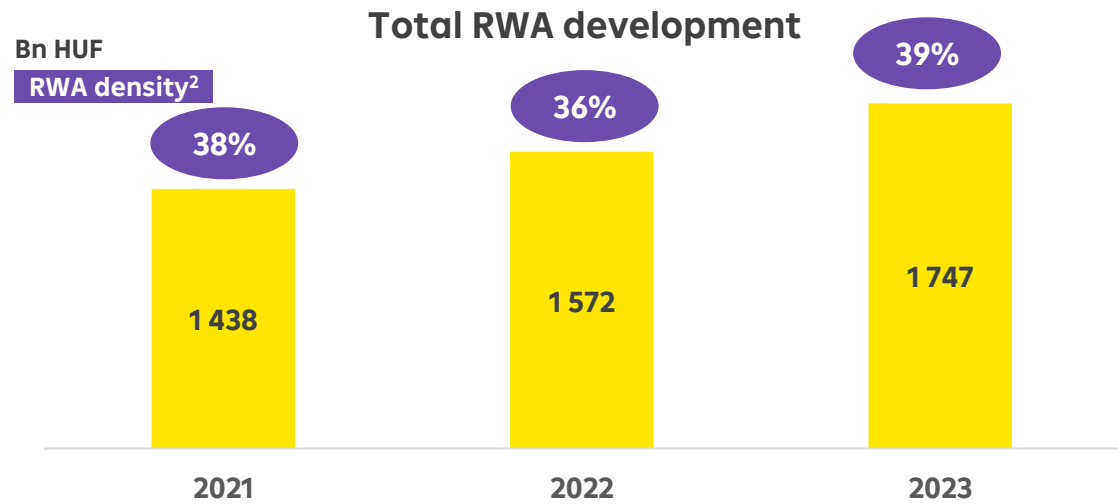
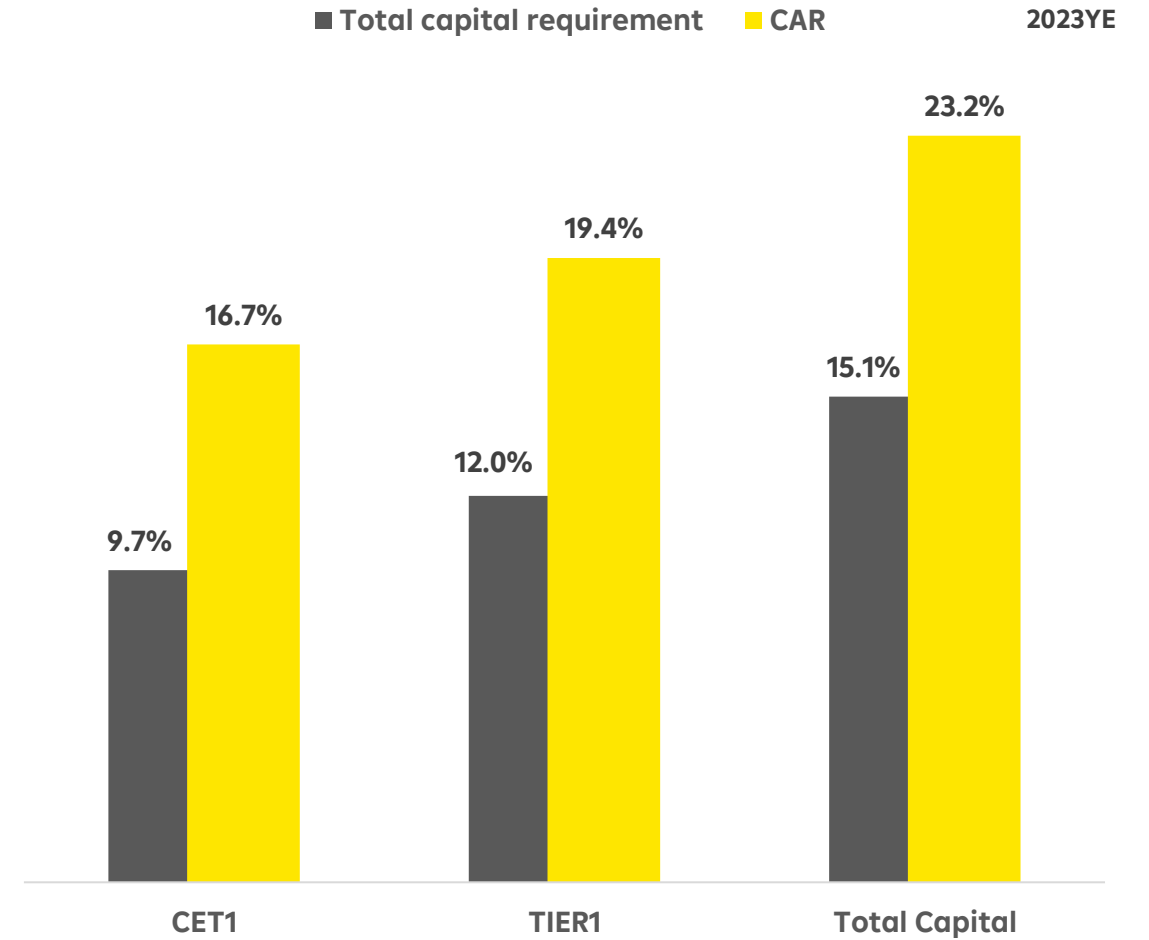
## Return on Equity



# Healthy capital position



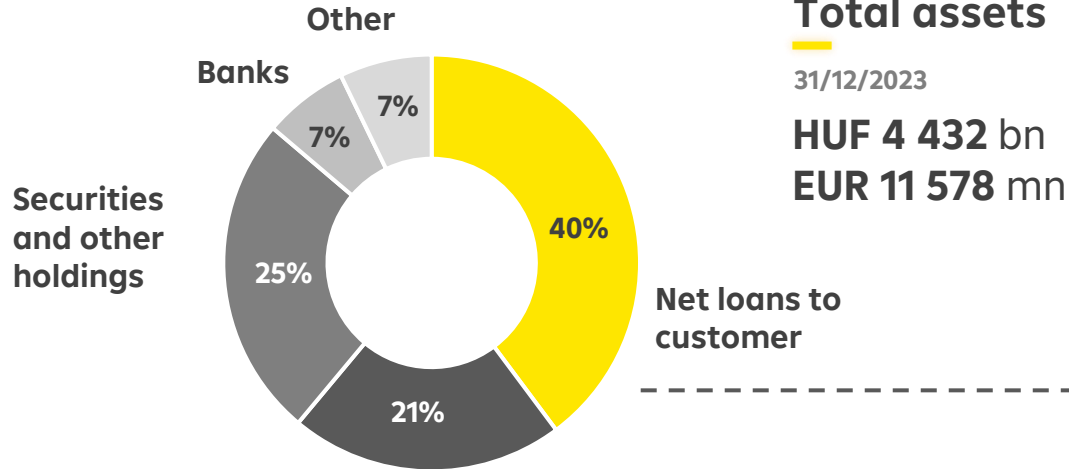
### Total capital requirements & capital adequacy ratios<sup>1</sup>



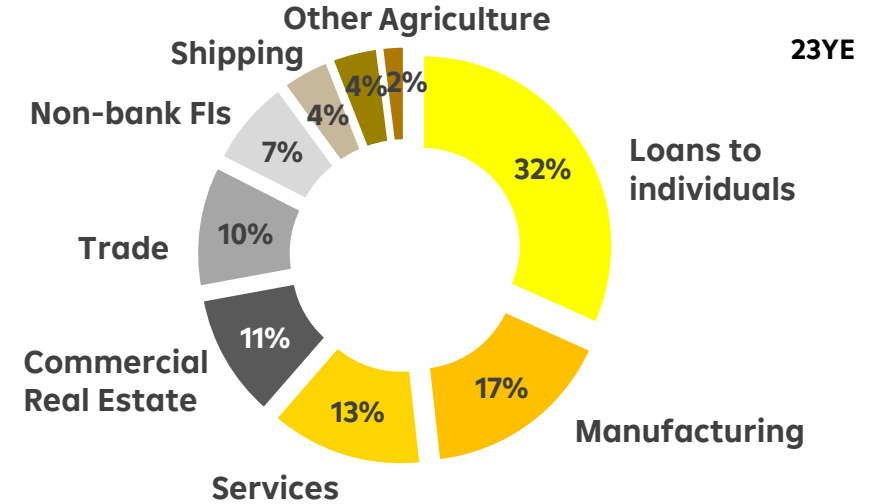
Note: (1) Fully loaded regulatory capital, (2) RWA density calculated by Total RWA/Total Assets. Source: 2023YE Financial Statement Investor presentation May 2024

# Balanced asset structure with 40% loans to customers, quality risk profile very low 83bps corporate PD

**Total assets**



**Loan portfolio by gross loans**



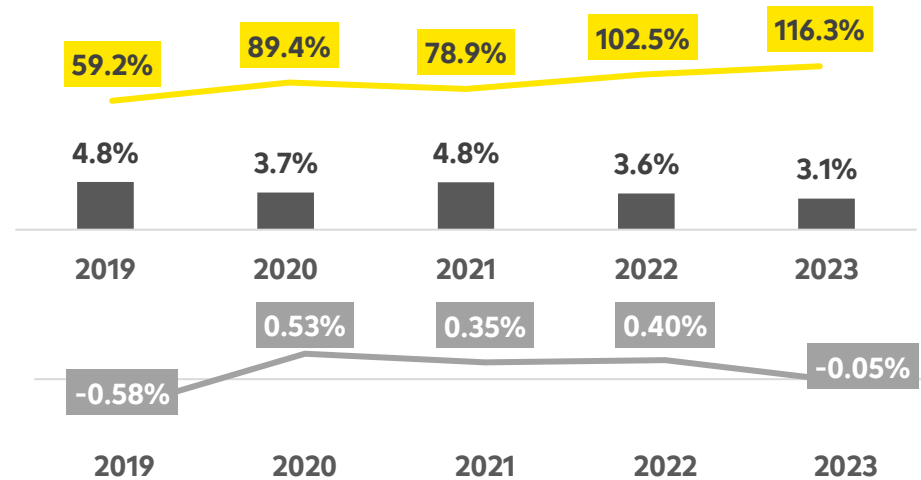
**National Bank of Hungary**

**Asset quality**

**NPL coverage**

**NPL ratio**

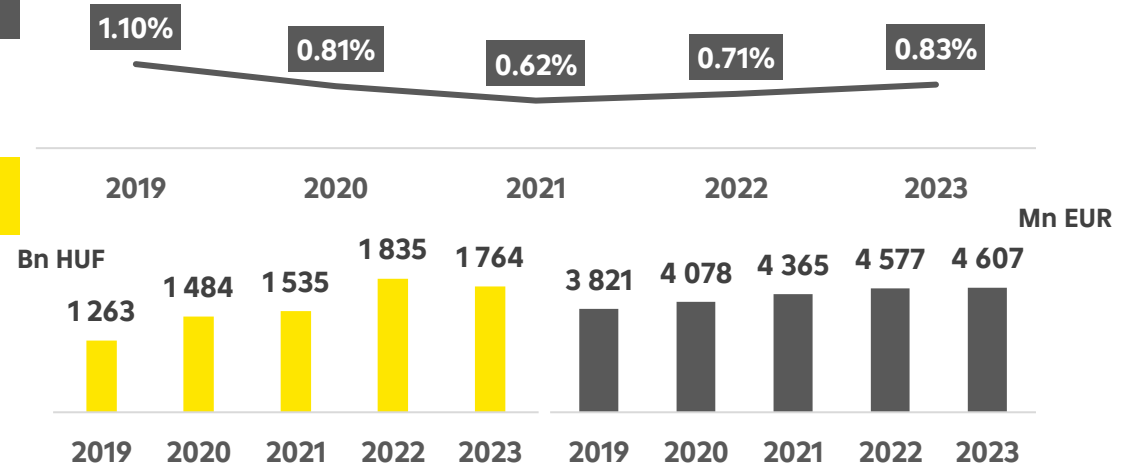
**Risk cost %**



**Corporate PD<sup>1</sup>**

**Low corporate probability of default rates**

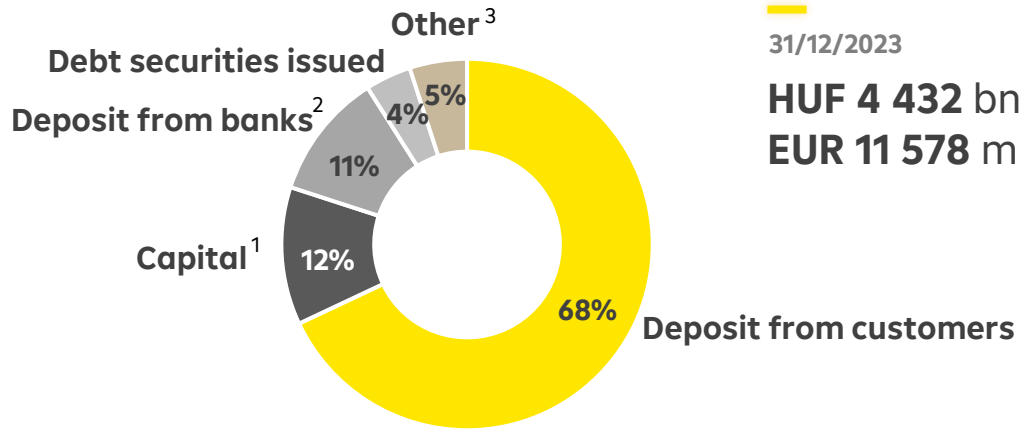
**Total loans**



Note (1): Avg. probability of default measured on exposure at default related to clients which are rated in corporate rating model, and not being in default. Source: 2023YE Financial Statement, Company Information Investor presentation May 2024

# Diversified deposit base and high liquidity ratios above regulatory requirements

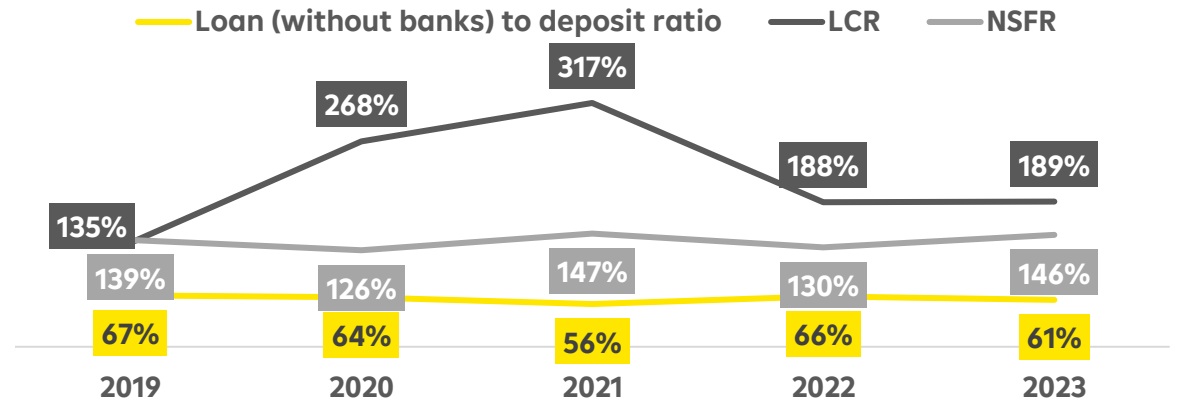
**Total liabilities**



## Liabilities & Equity

31/12/2023  
**HUF 4 432 bn**  
**EUR 11 578 mn**

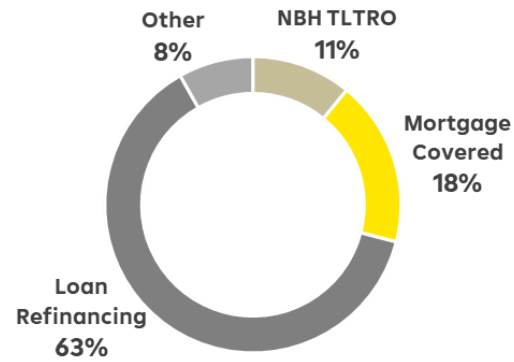
**Selected liquidity ratios (Bank only)**



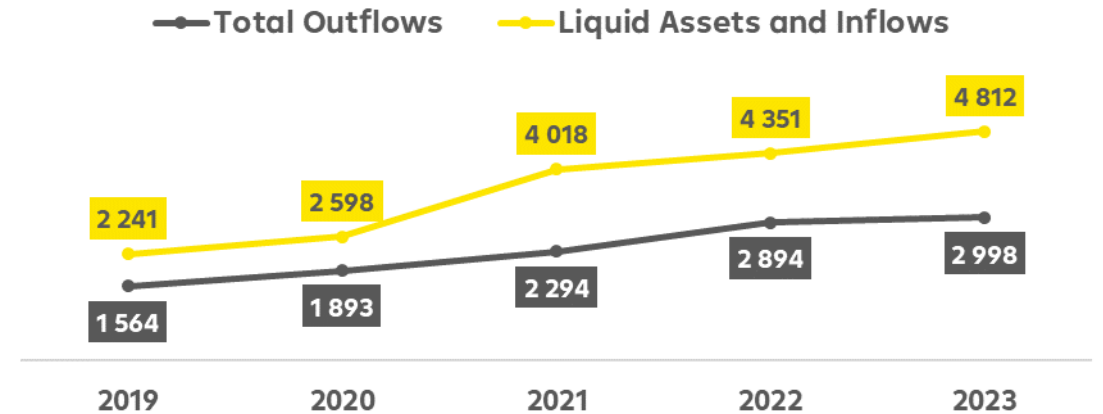
**Retail deposit breakdown<sup>4</sup>**



**Deposit from banks breakdown<sup>4</sup>**



**Liquidity Coverage Ratio components and highlights<sup>4</sup>**



Note: (1) Equity and Subordinated Debt. (2) NBH TLTRO, Covered Mortgage refinancing loan, Other loan refinancing (Exim and NBH), Other Deposits from Banks. (3) Derivatives, Provisions, Current tax liabilities and Other liabilities. (4) Figures based on Risk Disclosure and are yearly averages. Source: 2023YE Financial Statement, Company Information

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# Commitment in ESG via building of sustainable portfolio, sale of ESG funds, and set up of strong governance & risk framework



## Sustainable Strategy Pillar 1 – Governance and Strategy Analysis

- Quarterly **Sustainability Council** meetings introduced with **CRO acting as Chairman**
- Strategy Office appointed to **central function** to maintain overview of ESG, **operational tasks remain within the functional units**
- Periodical MNB Green Recommendation **GAP analysis** and **action plan**
- **Climate horizon analysis** to identify climate vulnerability & opportunities
- **ESG framework** will be elaborated in line with CSRD and international standards (2024)



## Sustainable Strategy Pillar 2 – Sustainable Finance

- **Strong position in corporate green financing**
- Initiation of **portfolio strategies** in lending in line with transition
- **50mn USD SP green MREL bond issuance in 2022**
- **Proven track record in green bond advisory services**
- **5 ESG FoFs** introduced and are **being offered to clients**
- Received the award for being the „**Green Bank of the Year 2022**“ and „**Green Fund Management Company of 2022**“ from the NBH



## Sustainable Strategy Pillar 3 – ESG Risk Assessment

- Introduction of **ESG Risk Framework** aligned with RBI Group standards
- **ESG lending process** implemented for corporate loans
- Initiation of **ESG scoring methodology** to track ESG risks of borrowers
- Development of **measurement tools to quantify and tackle environmental risk** is led by RBI
- Measurement of **Scope 1, Scope 2 and limited Scope 3** already **collected**



## Sustainable Strategy Pillar 4 – ESG Reporting

- Voluntary **non-financial** and **climate related reporting**, and obligatory **governance report**
- Reporting **ESG risks** under CRR 449a from 2025
- **Preparations** for reporting under **CSRD** (concerning FY24)
- Regulatory non-financial information and information under EU Taxonomy is currently **gathered and published on Raiffeisen Group level**

## Sustainability Bond Framework

### Use of proceeds and external review



**SUSTAINABLE  
DEVELOPMENT  
GOALS**



*„...Raiffeisen Bank Sustainability Bond Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2021.“*

[!\[\]\(17acf1afa8cdf0b67c53d4865a5ed469\_img.jpg\) Sustainability Bond Framework and Second Party Opinion](#)

### Asset Evaluation and Management of proceeds

Raiffeisen Bank's Sustainability Bond Committee is responsible for ensuring that allocations are made to Eligible Loans

Raiffeisen's Sustainable Portfolio Manager manage the net proceeds using an internal sustainability bond register

Raiffeisen Bank assumes the full allocation of proceeds within 36 months from Sustainable Bond Issuance

Unallocated proceeds will be held in cash or cash equivalents

### Reporting

Annual Allocation and Impact report on the use of proceeds containing the total volume, amount breakdown by categories and balance of unallocated proceeds

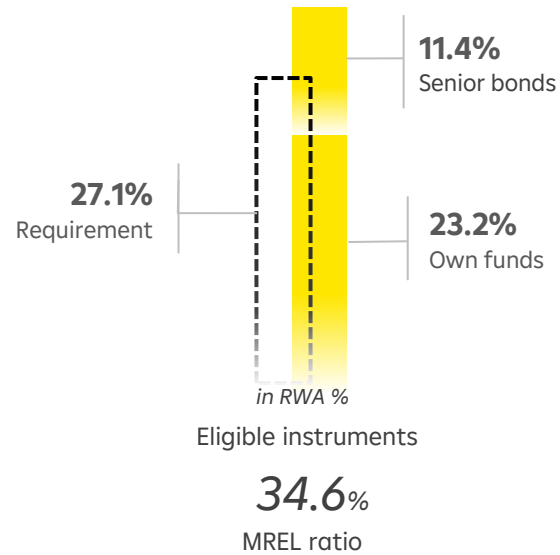
The Allocation and Impact report include several quantitative and qualitative indicators of the Portfolio



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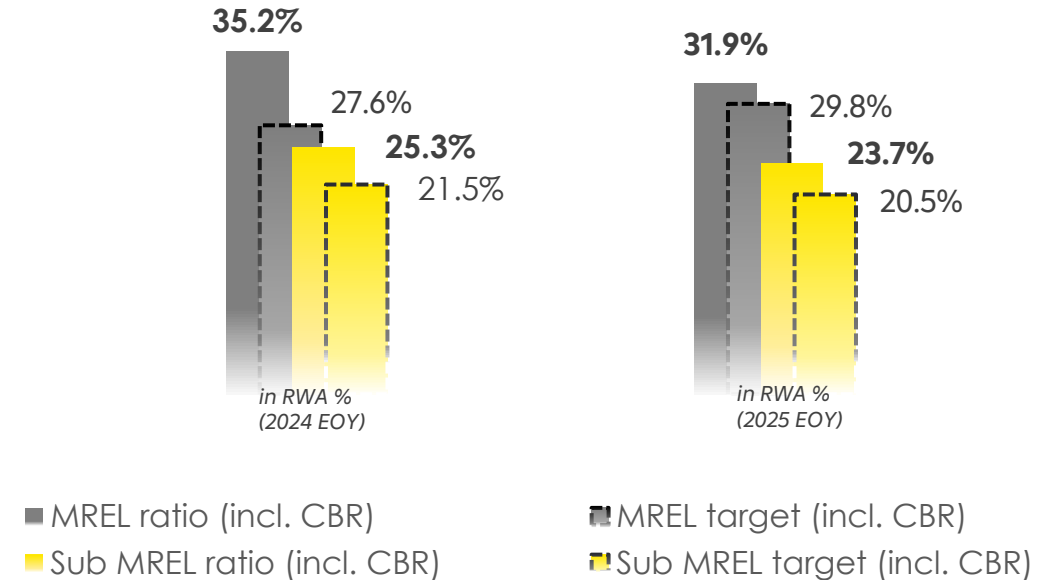
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## MREL compliance as of December 2023



- Buffer to MREL requirement: 745 bps as of 01.01.2024
- TREA EUR 4,287 mn
- MREL requirements for resolution group HU is 27.14% incl. CBR of 3.00% starting from 2024

## MREL targets and plans as of March 2024



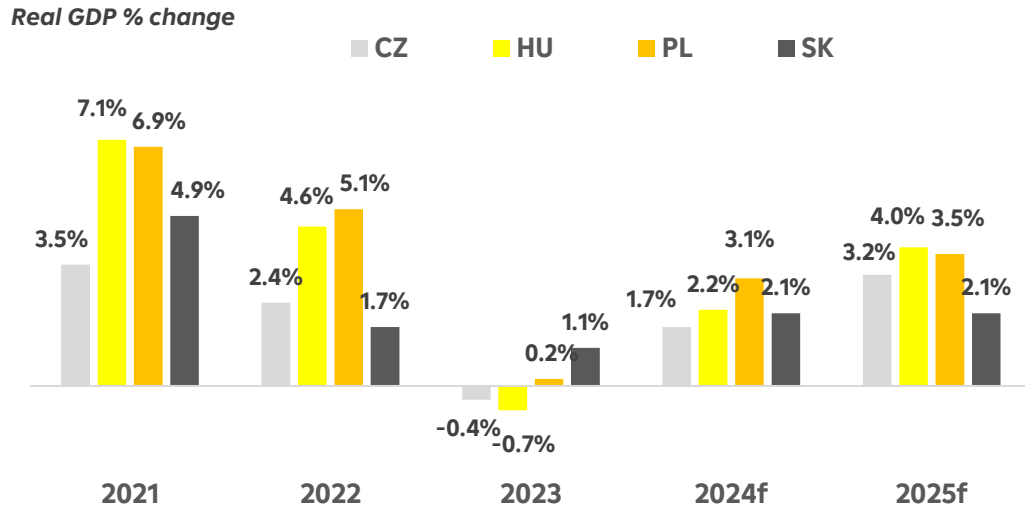
- MREL targets are based on official requirements of NBH as of March 2024
- Gross issuance plans in 2024: EUR 300mn Senior Preferred Green International Bond

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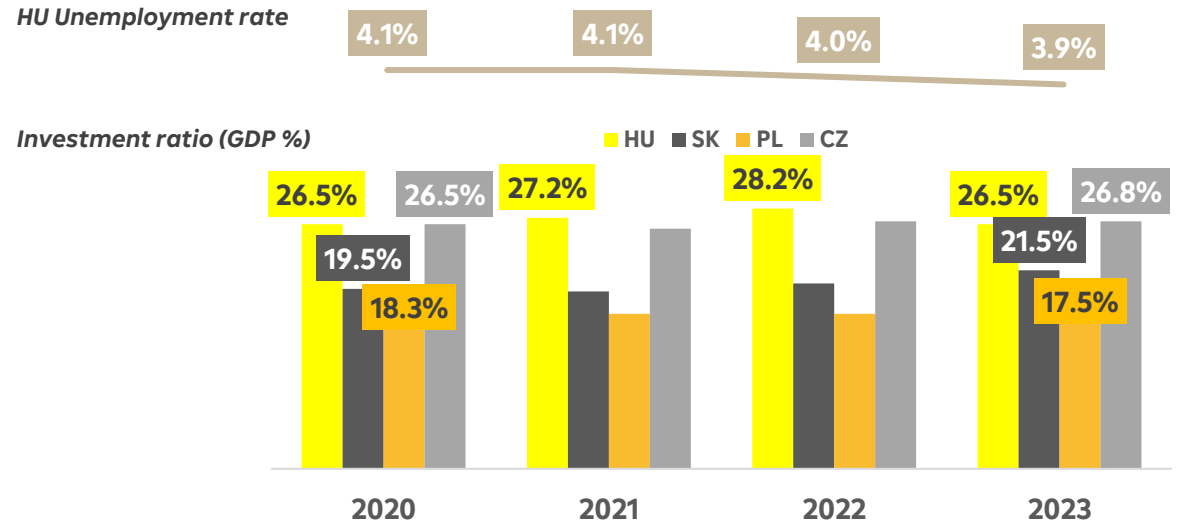
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# HU macroeconomic fundamentals supported by high investment ratio, strong employment and restoring of CA balances in 2023

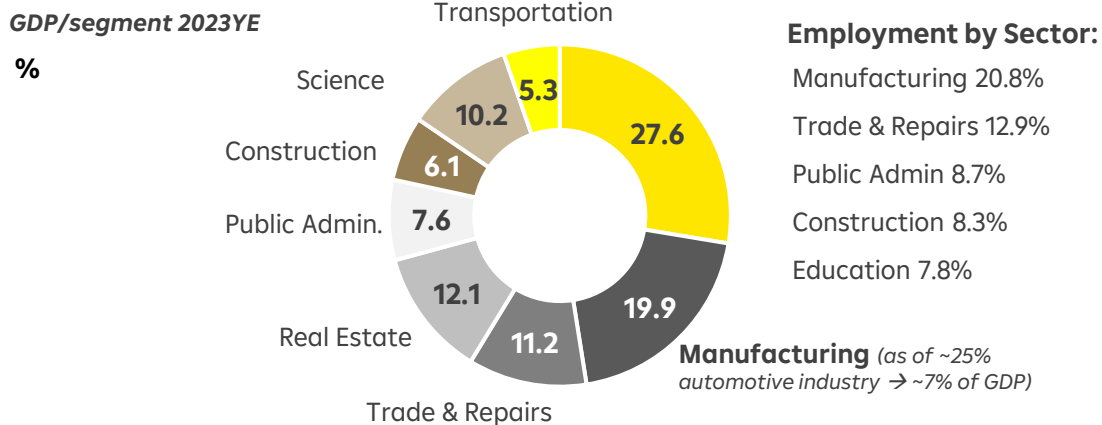
## HU GDP aligned with regional peers in 2023



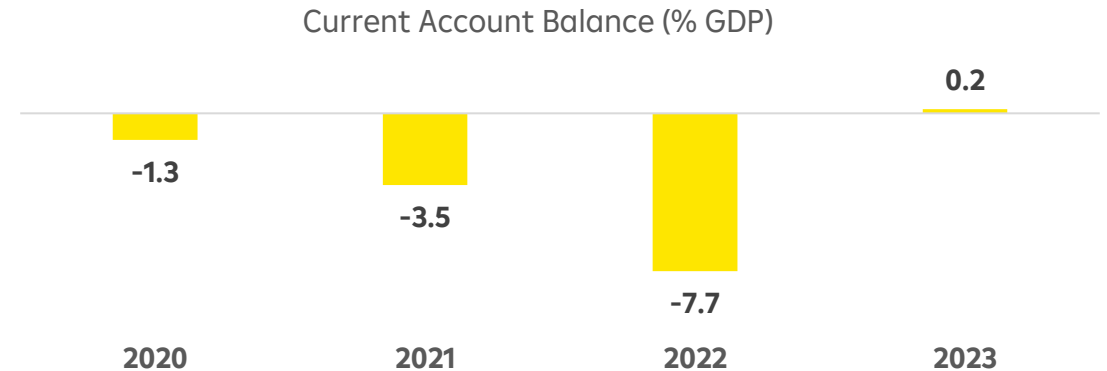
## HU investment ratio above region (2020-2023), low unemployment kept at ~4%



## Relatively high share of manufacturing segment within HU economic output

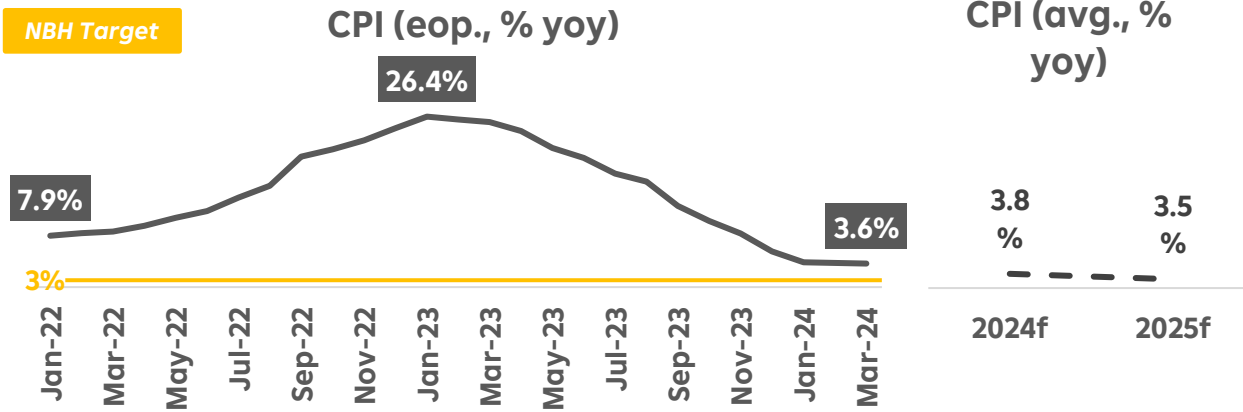


## CA surplus in 2023 mainly driven by normalizing energy prices

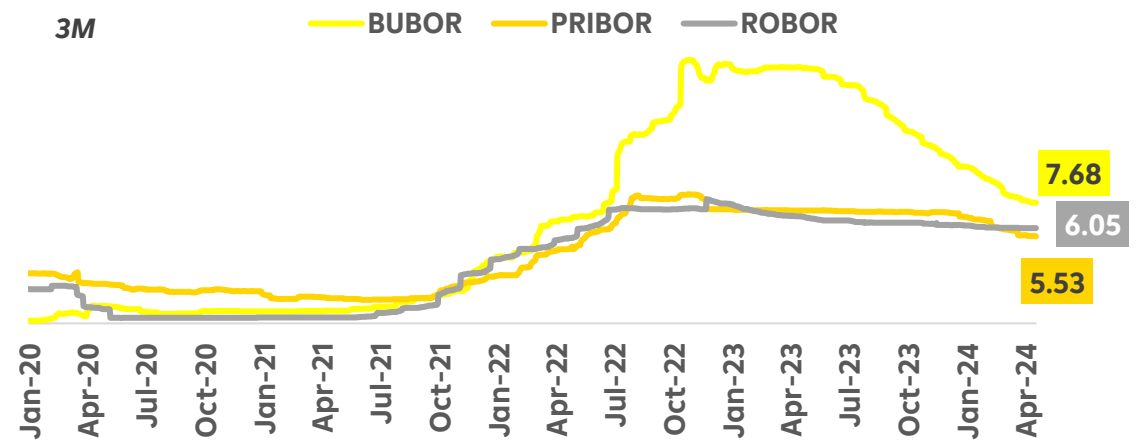


# Steady decrease of inflation from 23'Q1 and normalizing rates

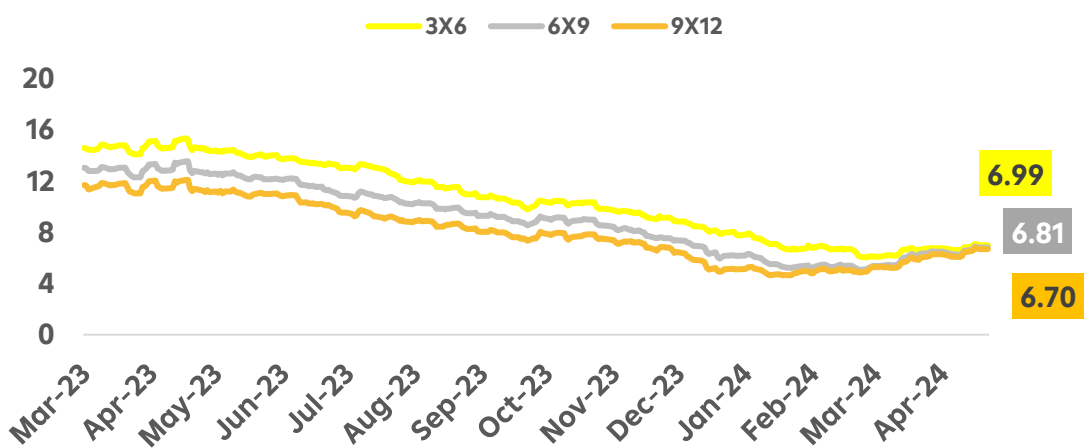
Steady decrease of inflation currently at 3.6% after peak in Q1, 2023



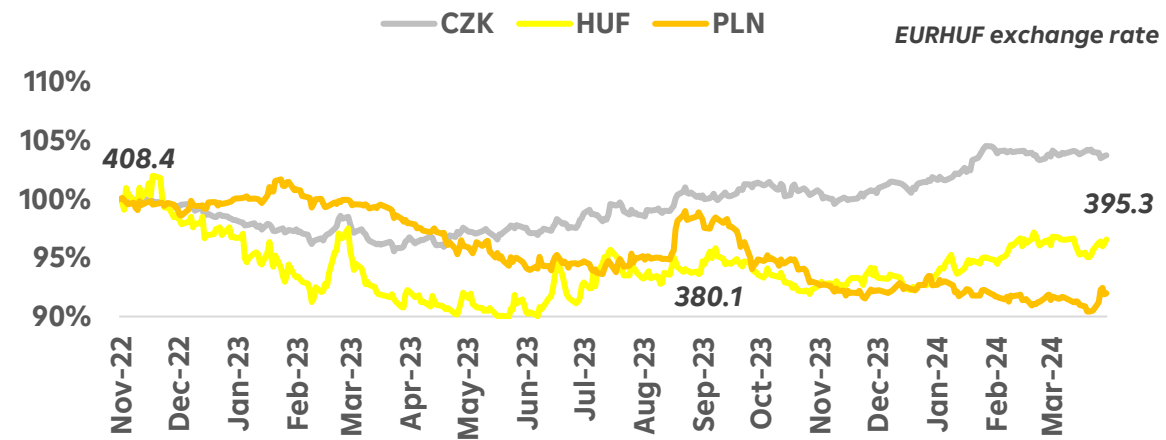
Gradual convergence of rates towards region



Steadily decreasing rates throughout the years



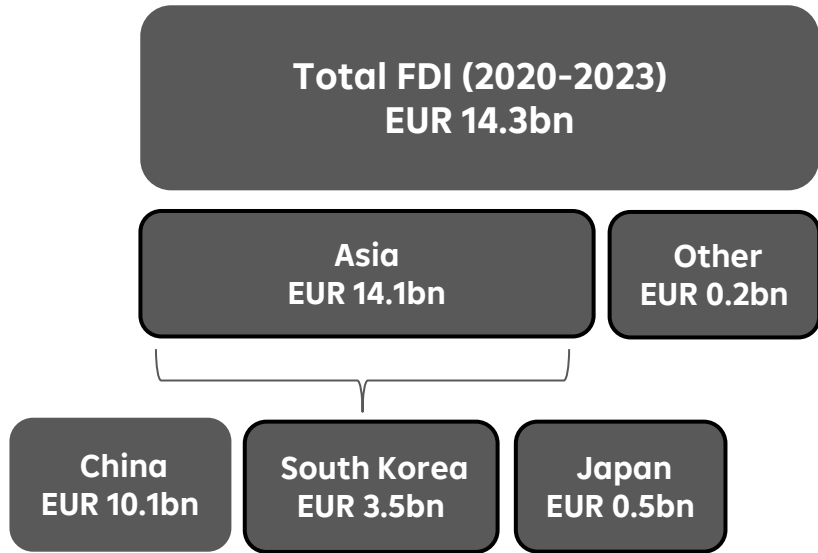
Strengthening HUF currently ranges at 380-400 vs EUR



Source: Hungarian Central Statistical Office, Central Bank of Hungary, Czech National Bank, National Bank of Romania, Eurostat, Bloomberg, RBI Research  
Investor presentation May 2024

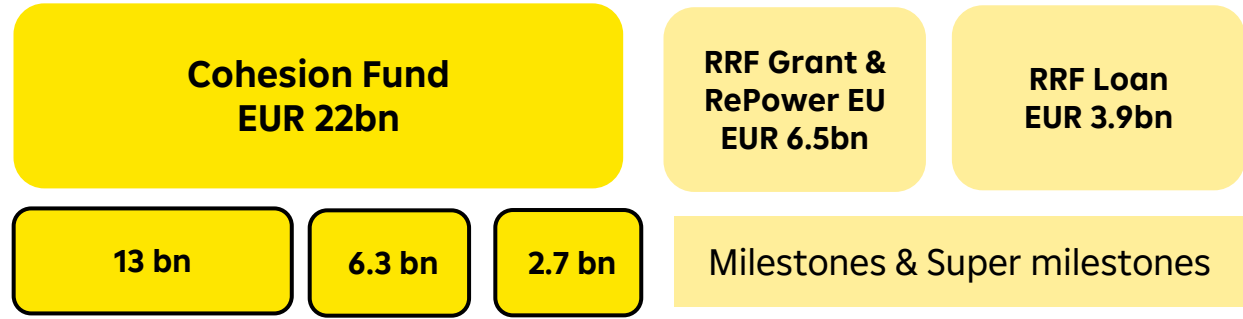
# HU government policy to stimulate growth, through lending driven consumption, Asian FDI and EU funds

Significant investment in HU from Asian FDI mainly driven by battery/EV industry



- In terms of investment type, suppliers and battery are the considerable segments

13bn EUR funds expected to be unblocked from the Cohesion Fund



Horizontal enabling conditions + additional requirements

- EUR 10.2 bn fund is **unlocked** in **2023 December**
- ~EUR 2 bn fund is unblocked in **2024 March**
- **Recent update (12 March 2024):** EP's legal affairs committee took the Commission to court over the 10.2 bn EUR payoff
- As per the EC: HU was in line with the requirements of horizontal enabling conditions – expected to defend their perspective on court

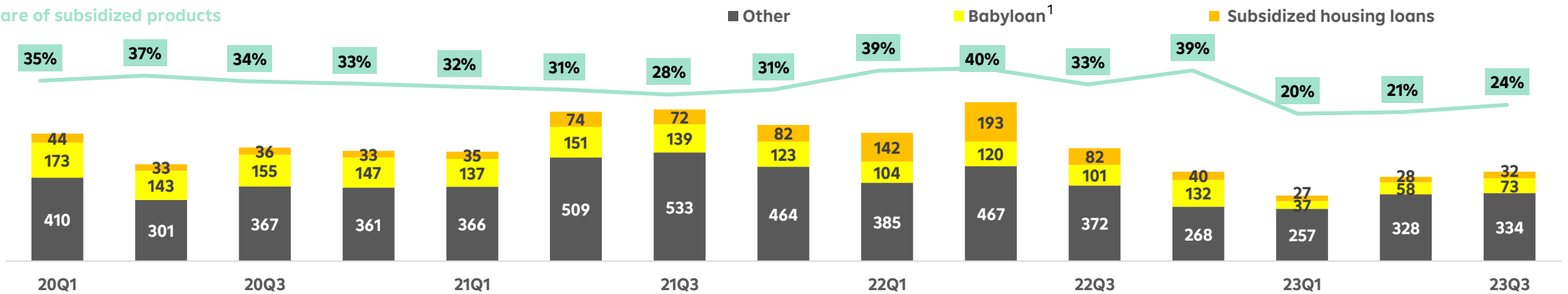
- First tranche (~EUR 780mn) received in 2024 Q1
- Advance payments under RePower EU can be drawn down without milestone Achievement (~ EUR 920mn, in two tranches: 1. ~EUR 450mn in **January 2024**; 2. EUR 470mn in 2025)

# Strong subsidized lending programs with focus on SME and family support

## New household loans in the credit institution sector

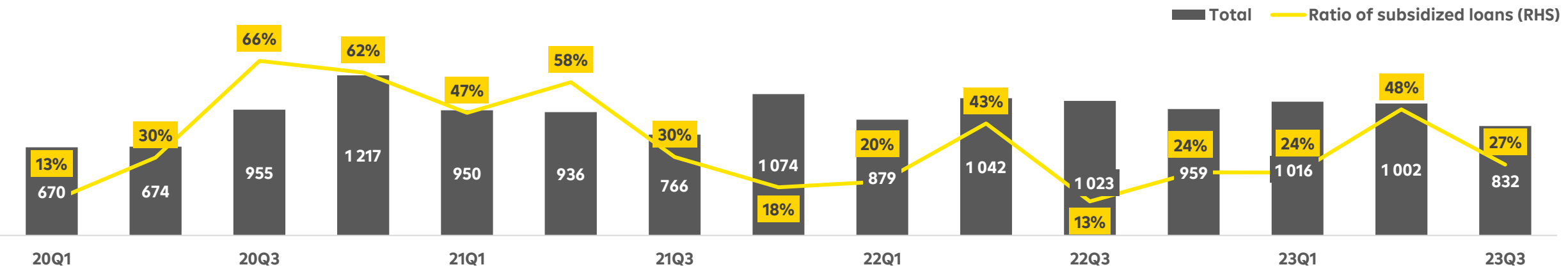
Bn HUF

Share of subsidized products



## New corporate loans in the credit institutions sector

Bn HUF



Note: (1) Prenatal baby support loans are state supported loans for families to support childbirth. Source: Central Bank of Hungary  
Investor presentation May 2024

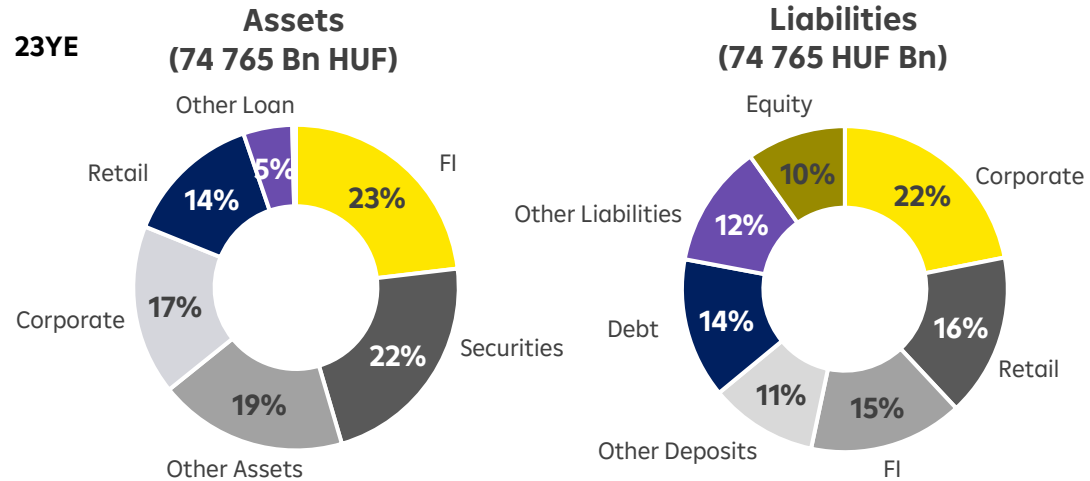
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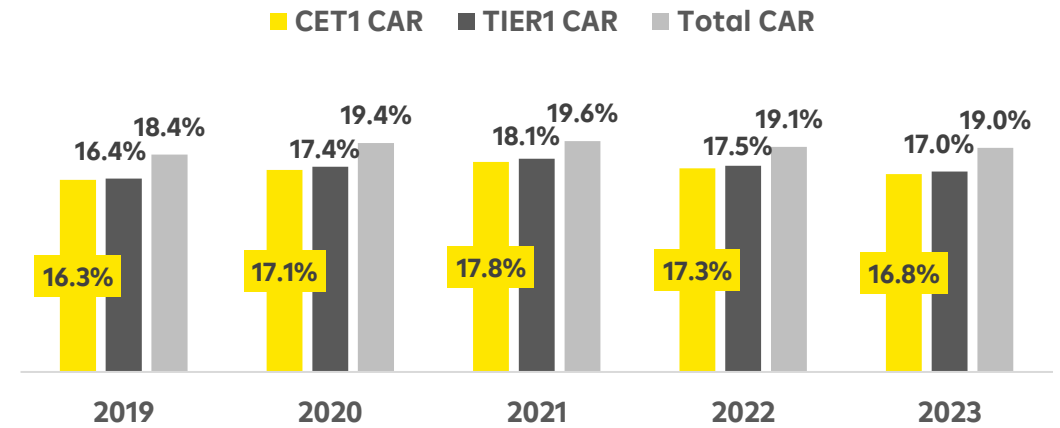


# Healthy HU banking sector with balanced structure, low NPL and high stability indicators

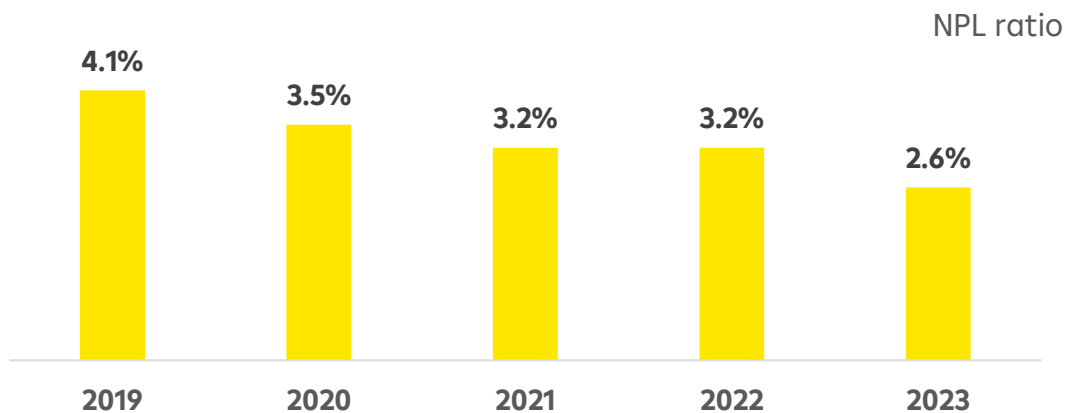
## Balanced banking sector assets and liabilities



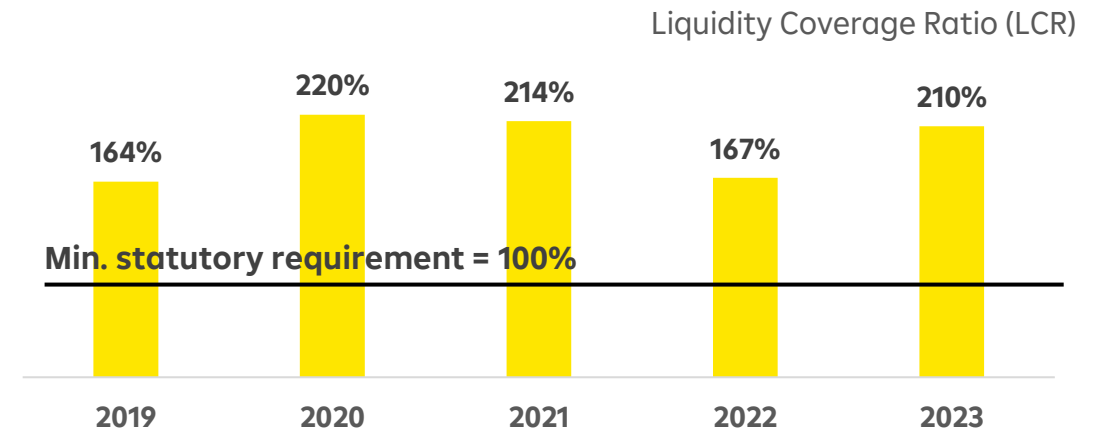
## Consistently high capital adequacy ratios



## Decreasing NPL trend continued

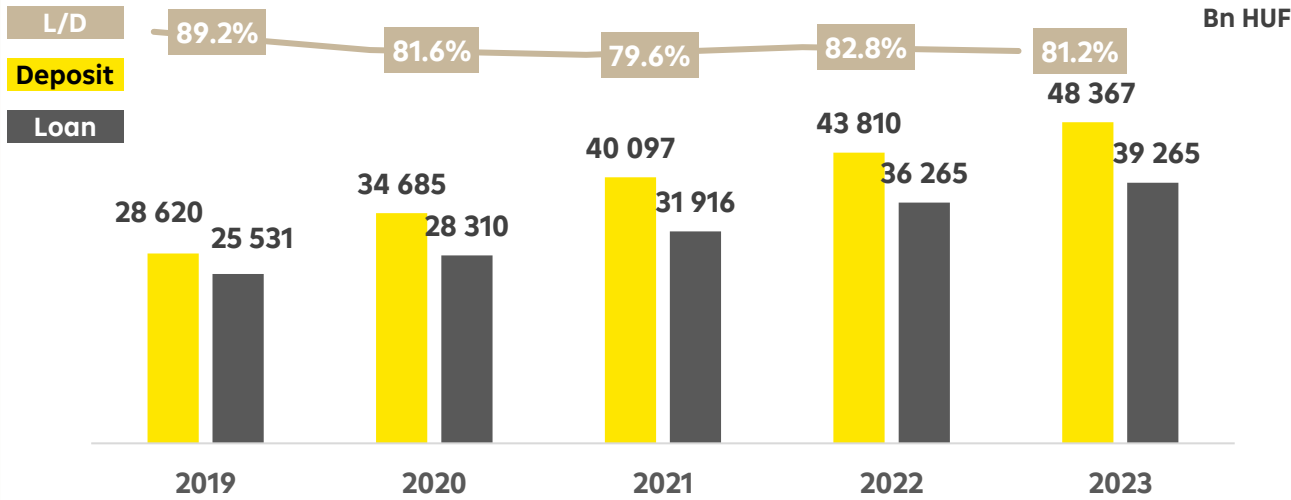


## LCR is well above the 100% statutory requirement

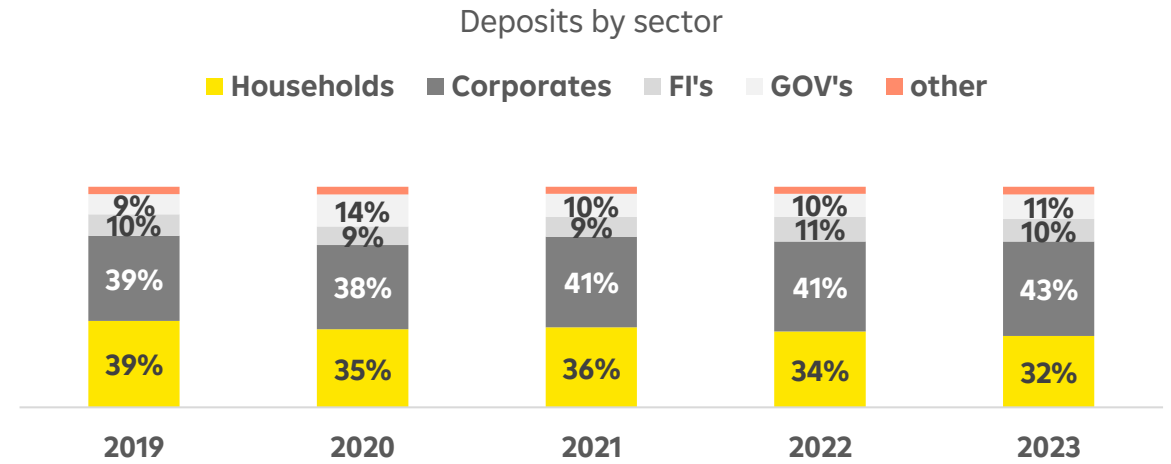


# Loan to deposits ratio stable at 80%, retail lending penetration below regional average

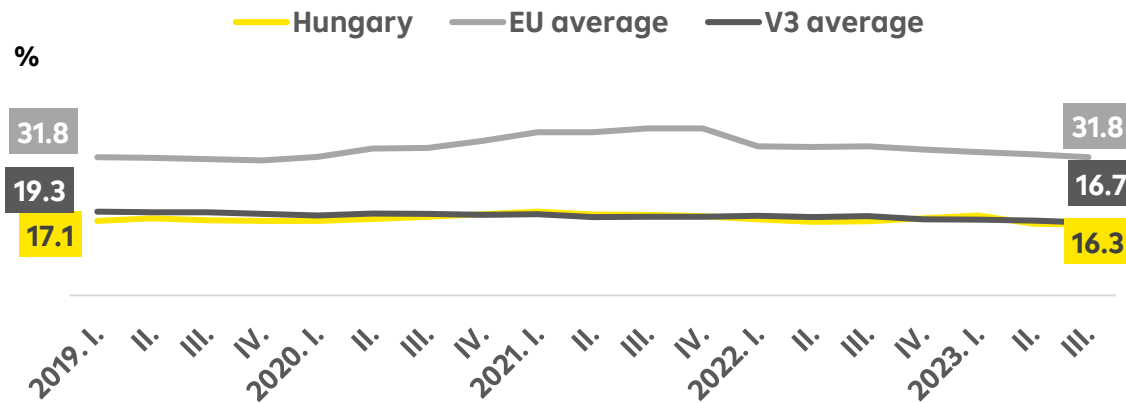
Steady growth continued in both deposits and loans with a persistent ~80% L/D



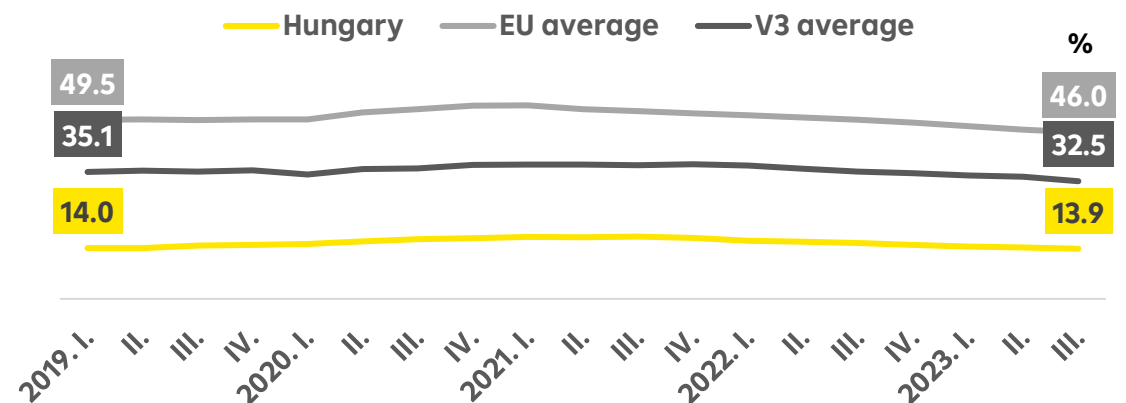
Diversified deposit structure with ~30-40% retail and ~40% corporate segments



HU Corporate<sup>1</sup> debt penetration to GDP is in line with the V3<sup>2</sup> average



HU household credit to GDP remains lower than V3<sup>2</sup> average

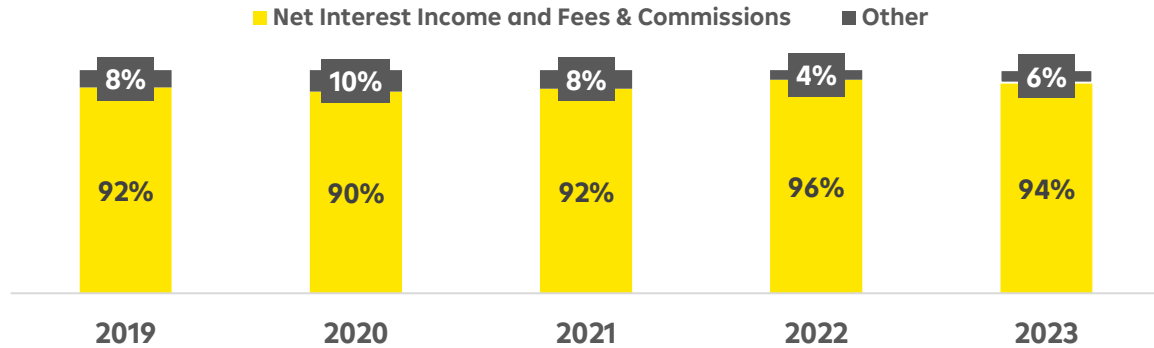


Note: (1) Non-Financial Corporations, (2) Average of data representing the Czech Republic, Poland and Slovakia. Source: Central Bank of Hungary  
Investor presentation May 2024

# High 2023 sector profitability driven mainly by NII growth

## High share of NII and NCI in revenue composition

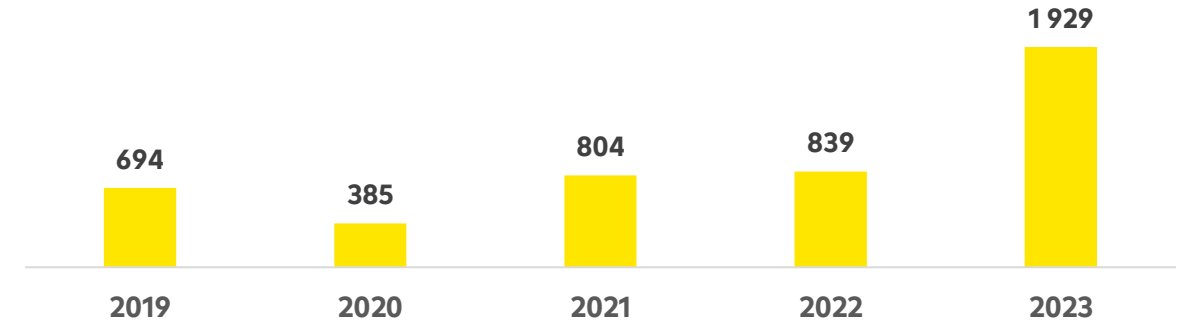
Revenue composition



## High ~2 000 bn HUF consolidated profit reached in 2023

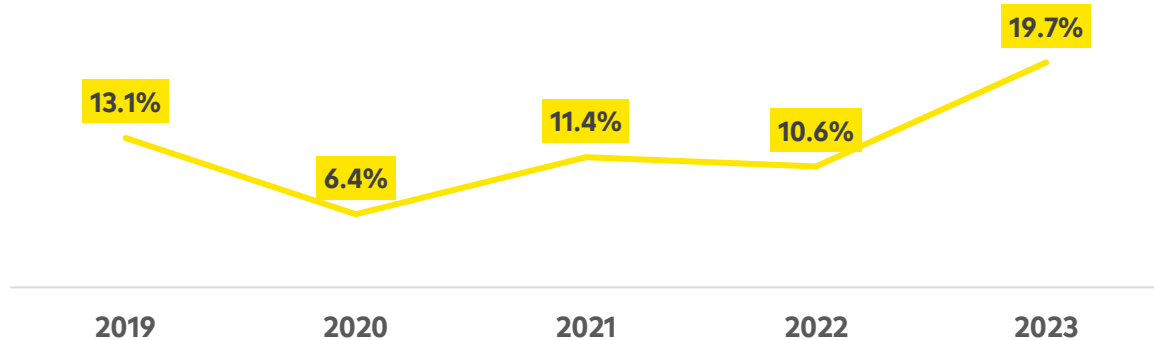
Profit after tax

Bn HUF



## 9% improvement in profitability in 2023 YoY

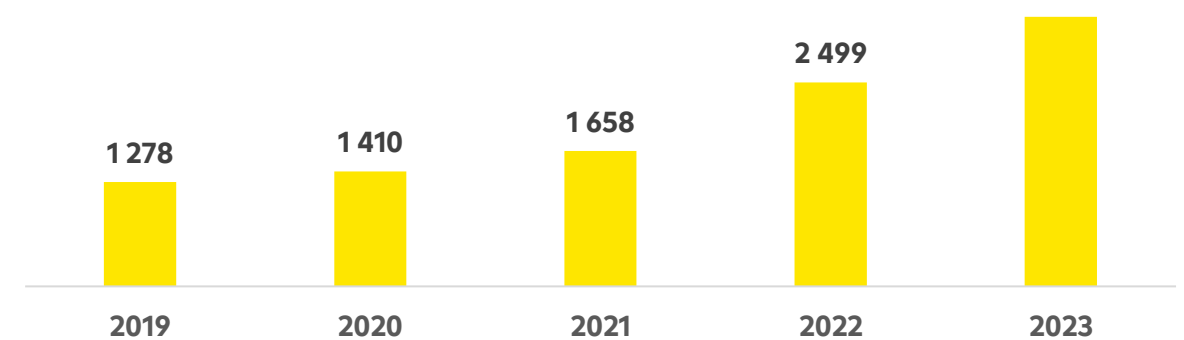
Return on Equity



## High Net Interest Income with > 3 000 bn HUF

Net interest income

Bn HUF

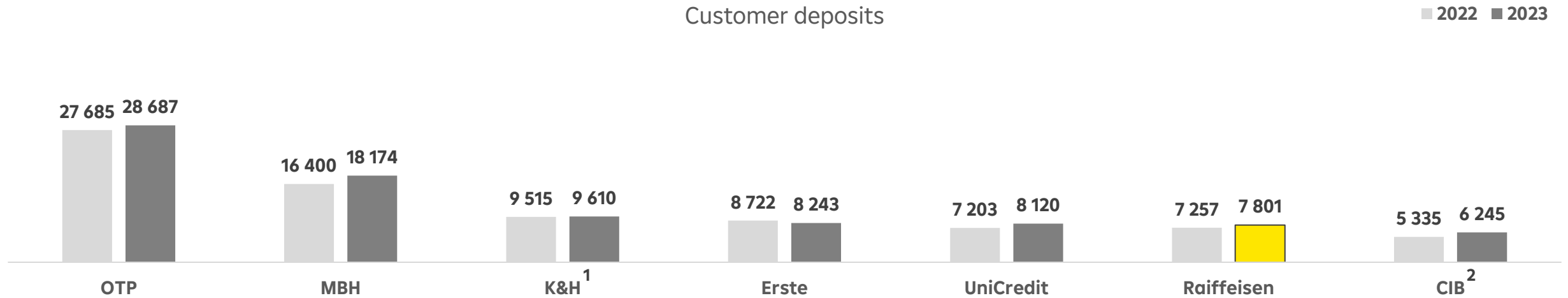


# #6 customer lending position kept in 2023, while customer deposit base increased above competition YoY

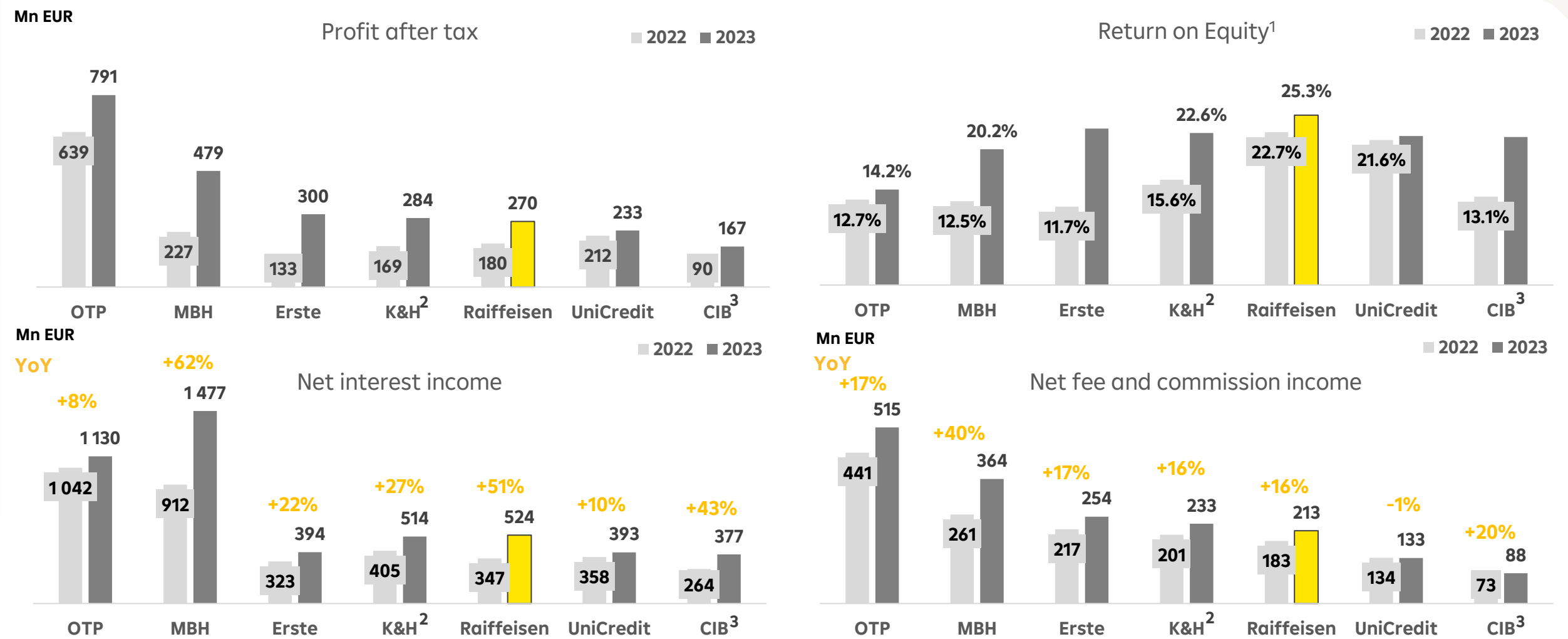
Mn EUR



Mn EUR



# RBHU continues as top performer with 25.3% ROE driven by strong of net interest and commissions



Note: (1) RoE calculations were based on the following methodologies: OTP: adjusted RoE based on the disclosure of Summary of the full-year 2023 results, Erste & Raiffeisen & CIB: 23YE PAT/((4Q22 Equity+4Q23 Equity)/2), Unicredit: 23YE PAT/23Q2 Equity (2): Represents the Hungarian subsidiary of KBC Group (3): Represents the Hungarian subsidiary of Intesa Sanpaolo Group. Source: 2022YE Financial Statements & Quarterly Group Investor Reports 2023Q4

1

**Established franchise**

- Sixth largest player by assets with more than 30 years presence in the HU market

2

**Strong capital position & profitability**

- High profitability with appropriate capital adequacy ratios, integral part of RBI Group , A3 Stable rating by Moody's

3

**Portfolio quality & risk control**

- Good loan portfolio quality kept with low corporate PD, mainly mortgage covered retail loans

4

**Liquidity & MPE strategy**

- High liquidity position, Multiple-Point-of-Entry (MPE) chosen as resolution strategy

5

**ESG commitment**

- Steady increase in green loan volumes with a significant pipeline in clean transportation and renewable energy

6

**Strong macroeconomic fundamentals**

- Recent GDP growth aligned with peers, while maintaining strong economic fundamentals

7

**Attractive sector**

- Solid Hungarian banking sector with high 2023 profitability and strong stability indicators

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	2019	2020	2021	2022	2023
EUR/HUF	330.58	363.90	351.68	400.87	382.80