



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

24.04.2024

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- 03 ESG & Sustainability Framework
- 04 Group Resolution Strategy and Implications for RBHU
- 05 Hungarian Macroeconomic Environment
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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 with **223 mn EUR** as of 2023YE and **195 mn EUR** for pipeline FY2024
- **Several ESG Funds** provided by Raiffeisen AM
- 50mn USD **SP green MREL bond issuance** in July 2022

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 Rating¹

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 Deposits²

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

- **Excellent loan portfolio quality kept with very low corporate PD, mainly mortgage covered retail loans**

4

Liquidity & MPE Strategy

- **Very strong 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 very high 2023 profitability and strong stability indicators**

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RBHU is integral part of a leading Pan-CEE banking group

Raiffeisen Bank International Group is the leading banking group in CEE, with strong presence across 13 countries in the region

RBI Group – Key Financials and Other Indicators ¹

Consolidated profit

31-12/2023

EUR **997** mn

+1% YoY

Core Revenues

31-12/2023, in EUR mn

4 282 **1 724**

NII

NCI

+26% YoY

-1% YoY

Total Assets

31-12/2023

EUR **178 469** mn

-0.01% YoY

Loans to customers

31-12/2023

EUR **92 817** mn

-1% YoY

Ratings²

31-12/2023

A1 stable/
A- (negative)

Consolidated RoE

31-12/2023

7.6%

-1.1 pp YoY

CET1 ratio³

31/12/2023, transitional, incl. result

14.6%

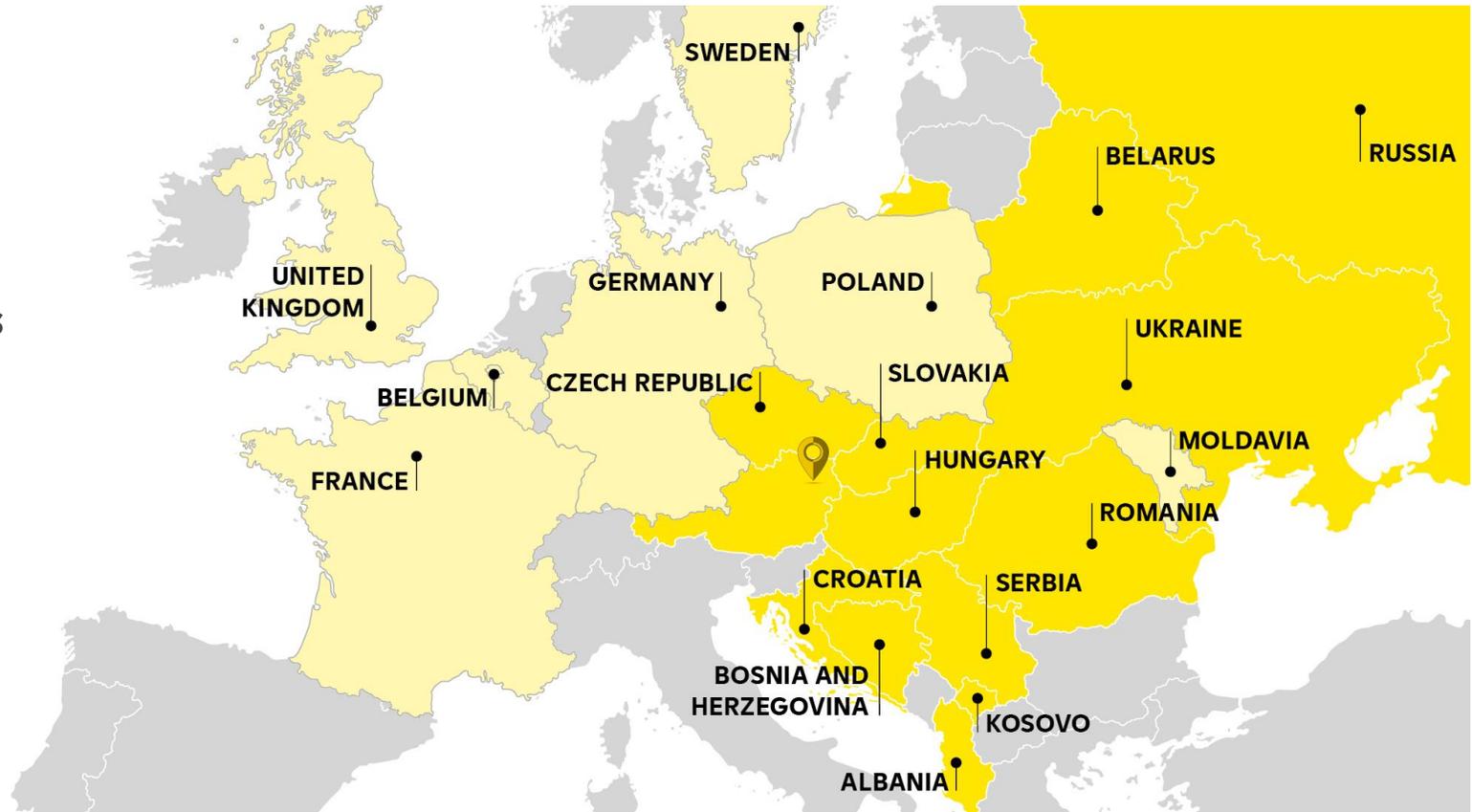
+0.6 pp YoY

CiR

31-12/2023

50.1%

+0.2 pp YoY



 Headquarter in Vienna

 Representative Offices and Branches

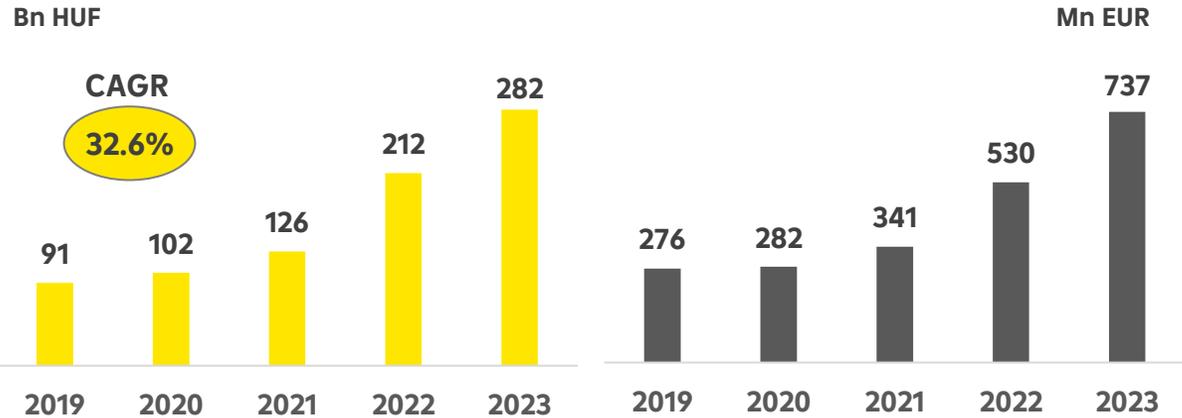
 Network Banks

Note: (1): Excluding Russia, Belarus and Bulgaria (2): Moody's / S&P Global Ratings; Long-Term Deposit Rating (3): CET1 ratio is excluding Russia only. Source: RBI Investor Presentation 2023 April 2024

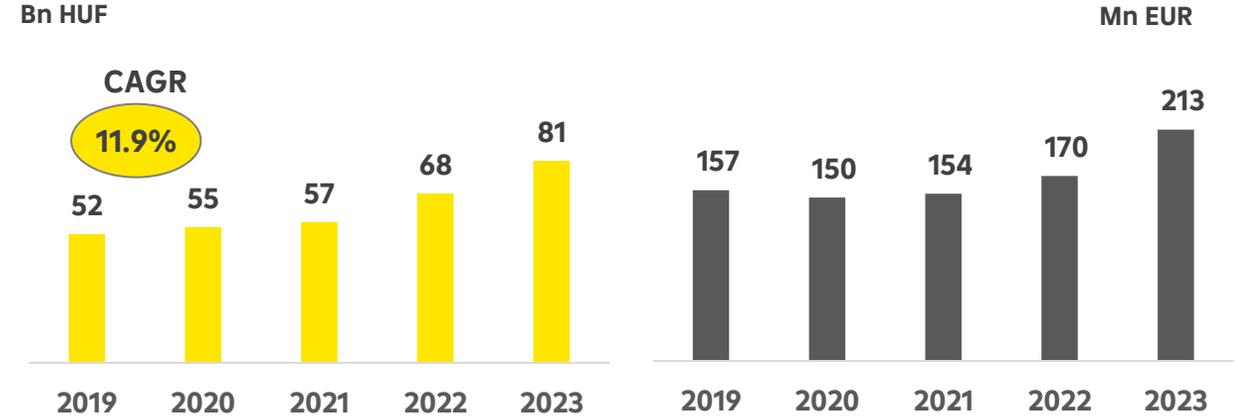
Strong profit generation continued in 2023 driven by core income

Core Income

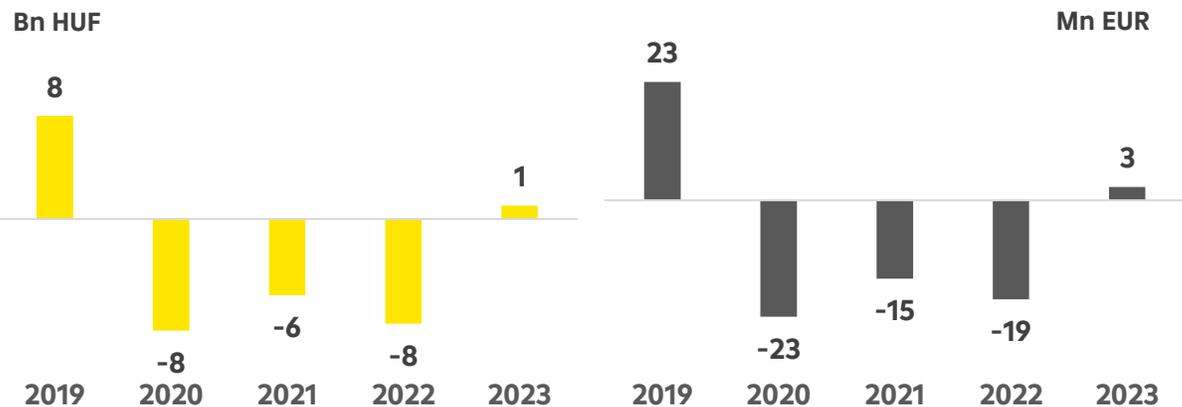
(Net interest income + Net fee and commission)



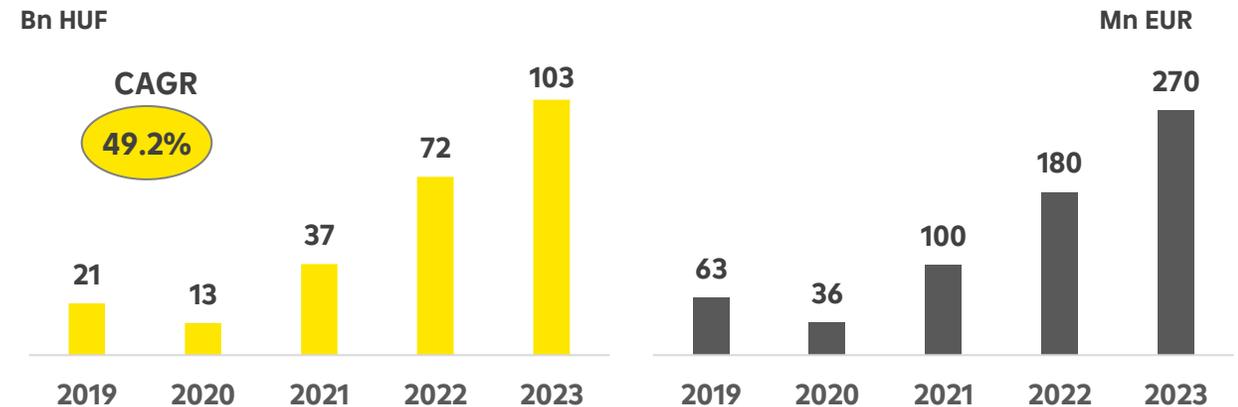
OPEX



Impairment

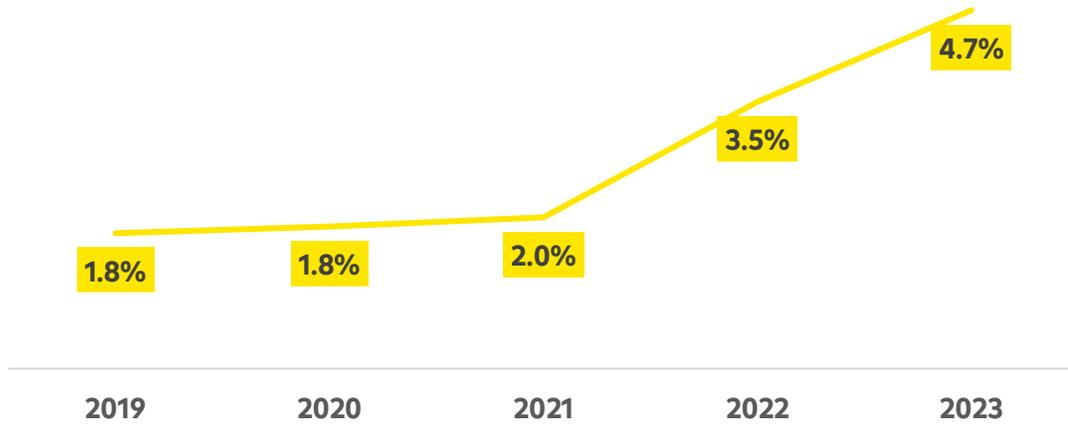


Profit After Tax

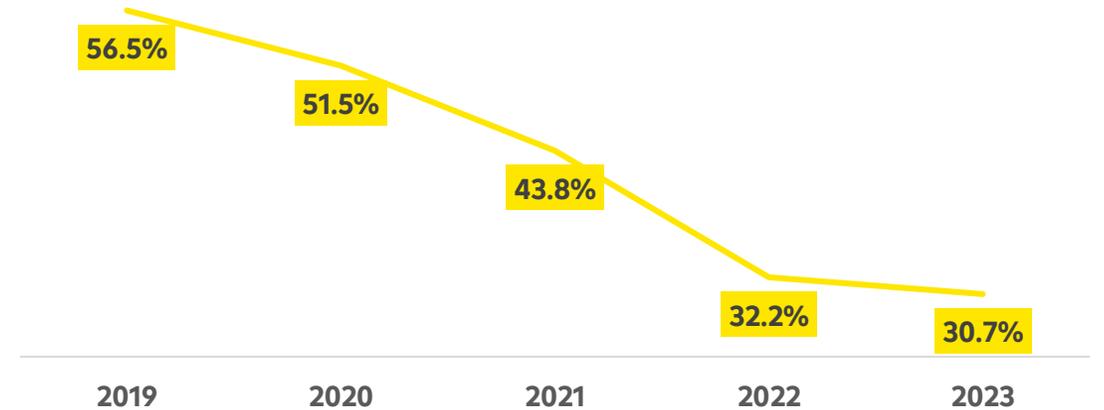


Key Performance Indicators: extraordinary profitability in 2022-23

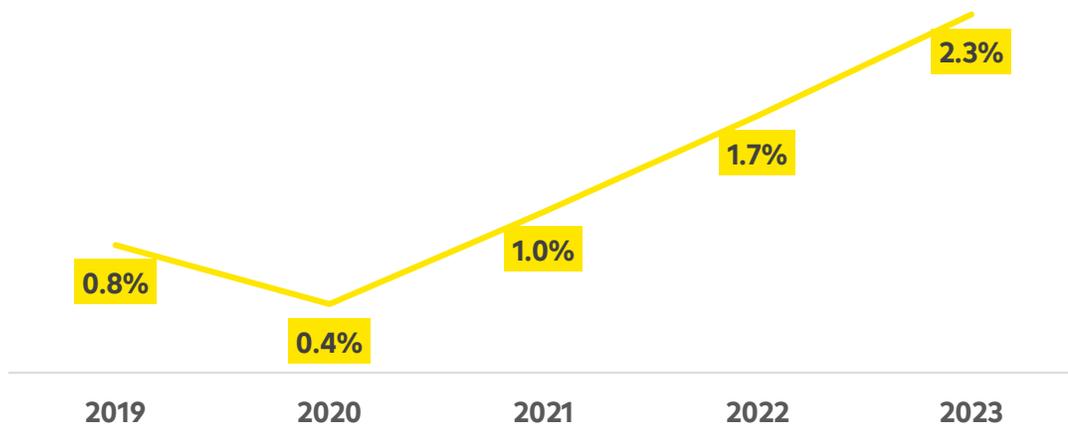
Net Interest Margin



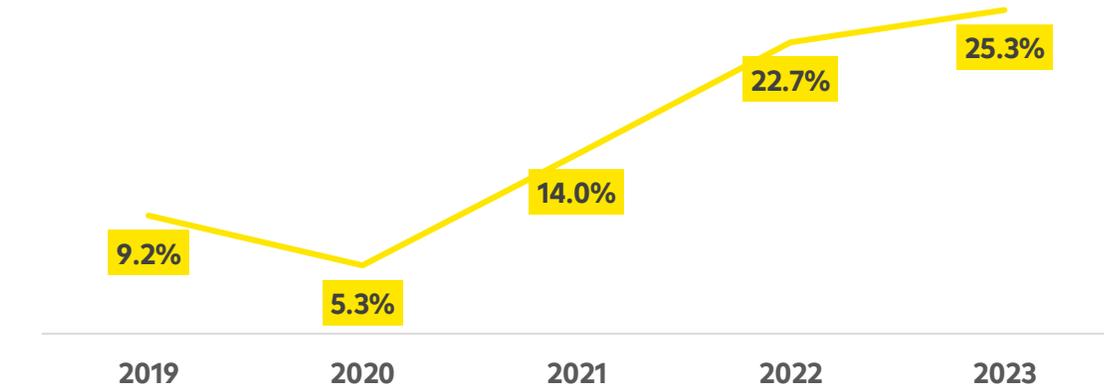
Cost Income ratio (without transaction fee and taxes)



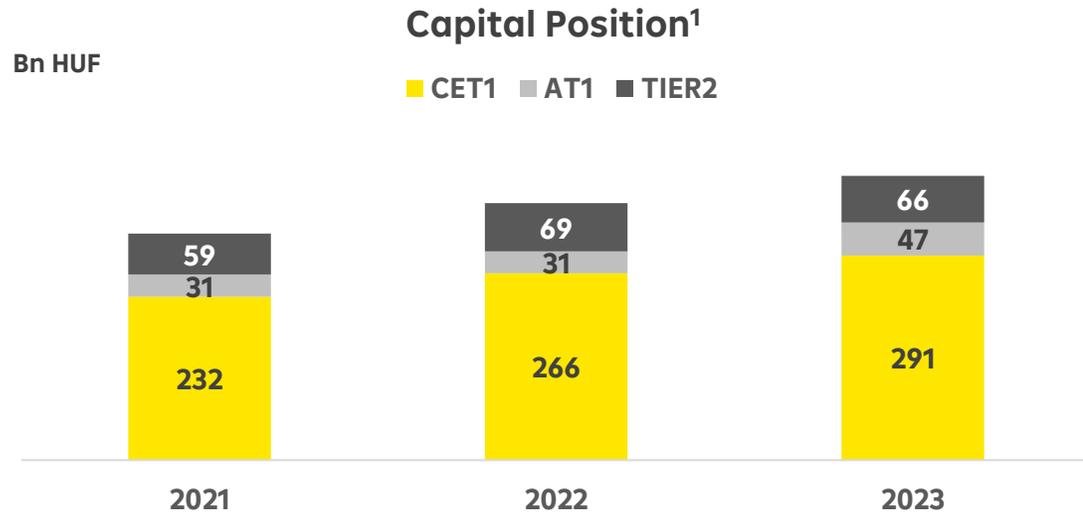
Return on Asset



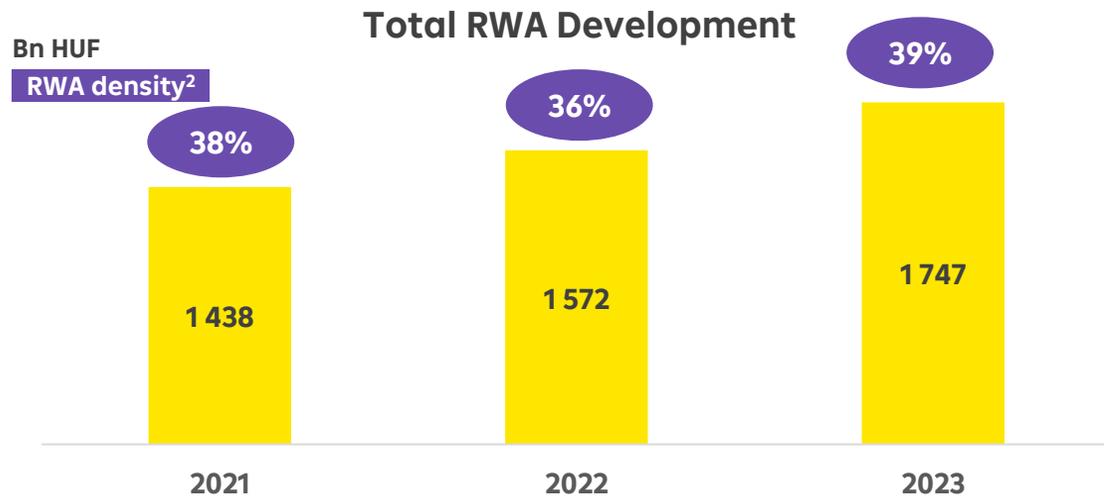
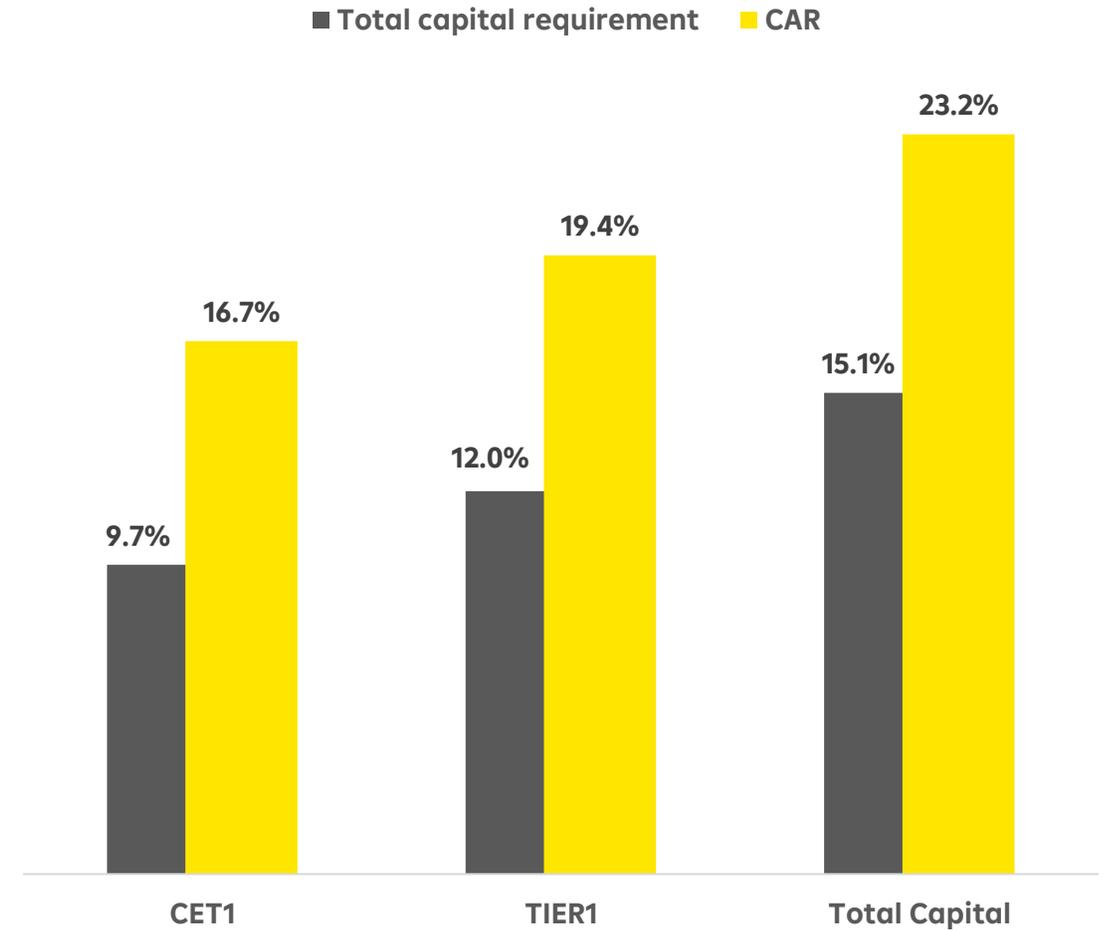
Return on Equity



Healthy capital position



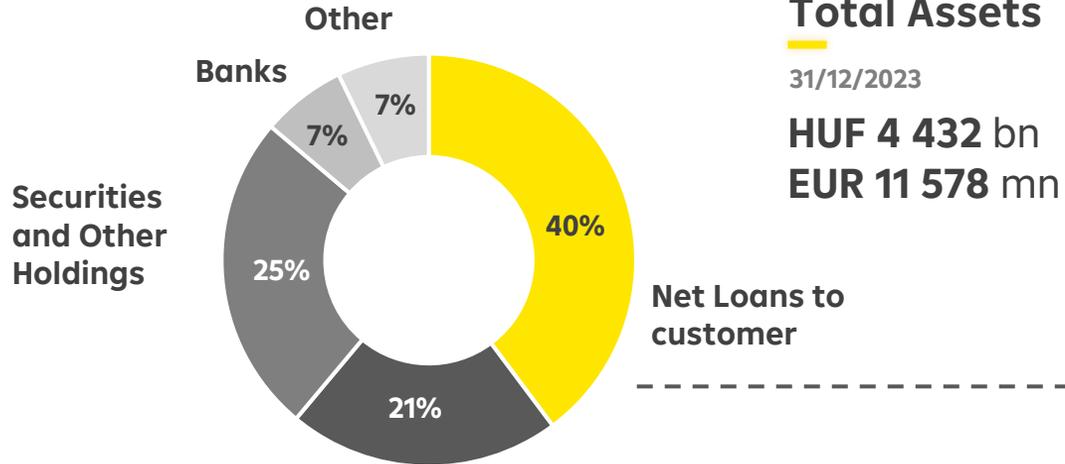
Total capital requirements & capital adequacy ratios¹



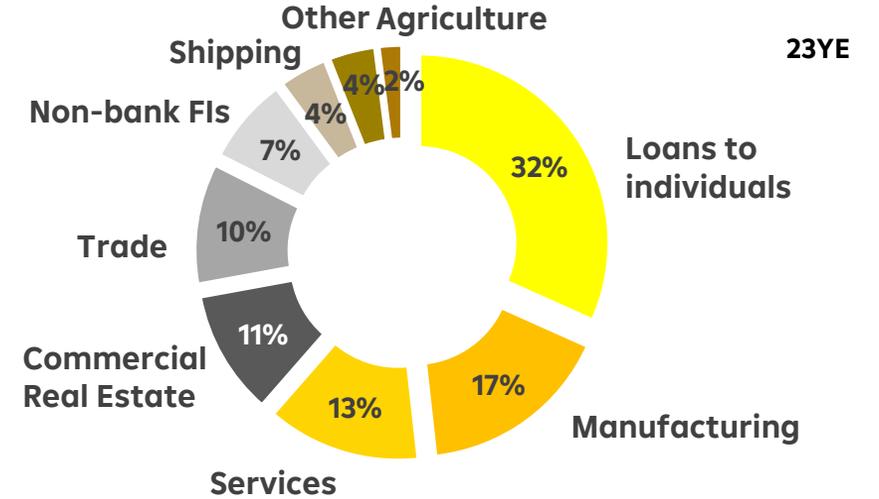
Note: (1) Fully loaded regulatory capital, (2) RWA density calculated by Total RWA/Total Assets. Source: 2023YE Financial Statement Investor presentation April 2024

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

Total Assets



Loan portfolio by gross loans



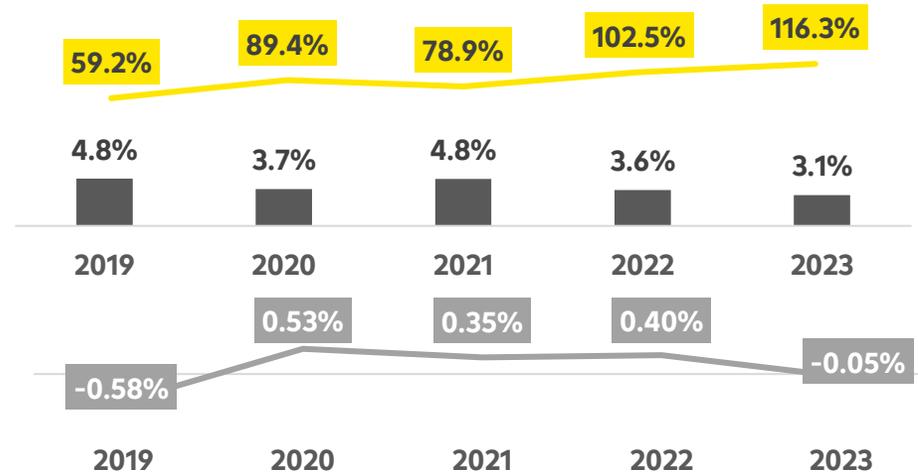
National Bank of Hungary

Asset Quality

NPL coverage

NPL ratio

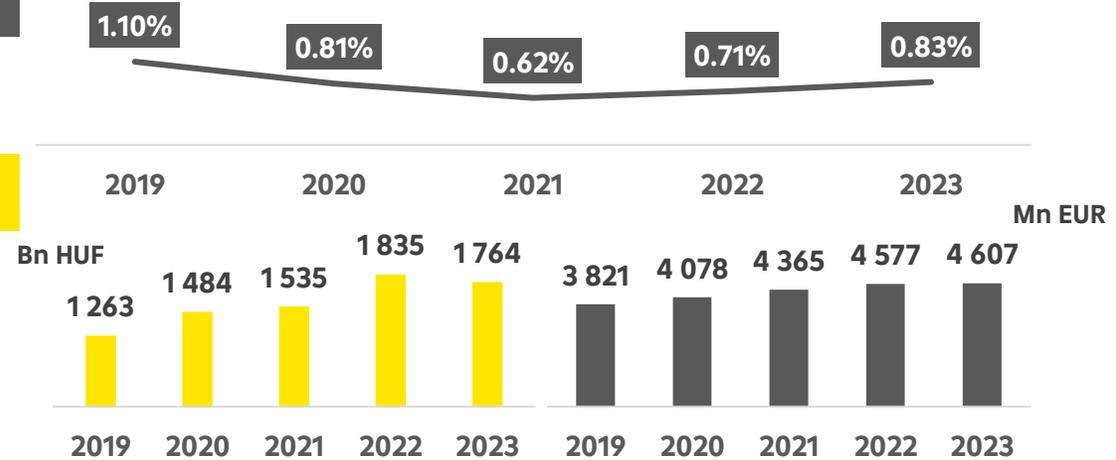
Risk Cost %



Corporate PD

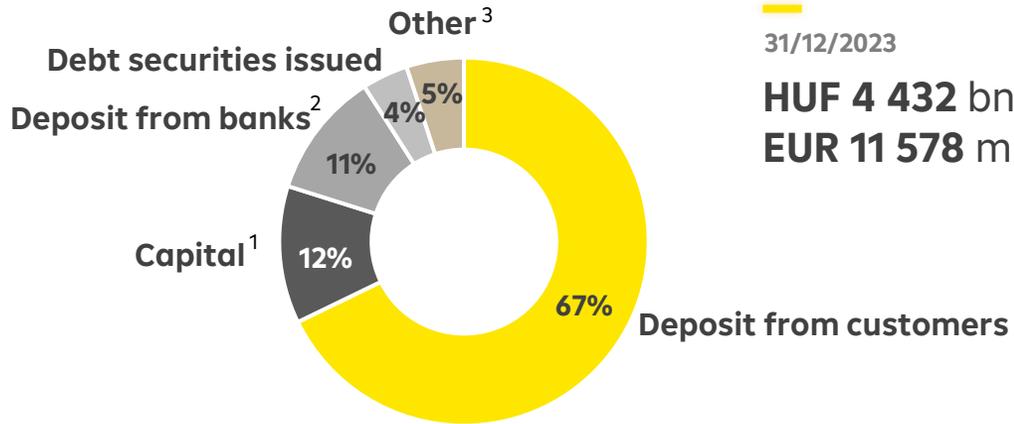
Very low corporate probability of default rates

Total Loans



Diversified deposit base and high liquidity ratios above regulatory requirements

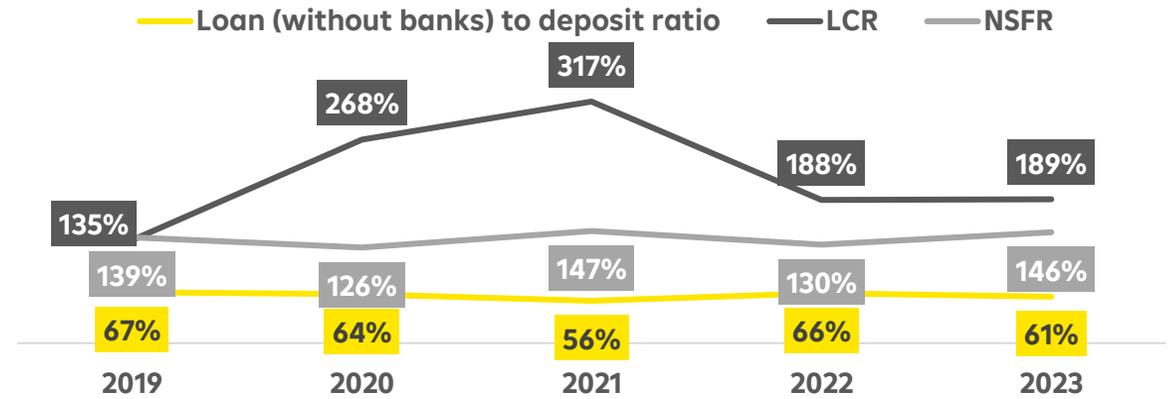
Total Liabilities



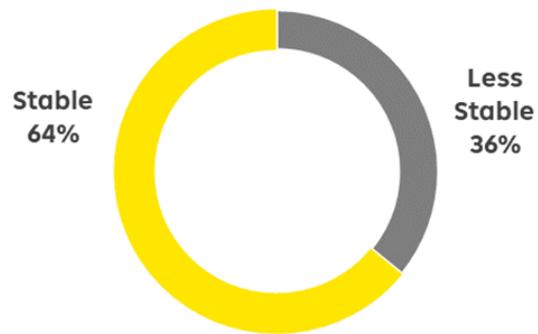
Liabilities & Equity

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

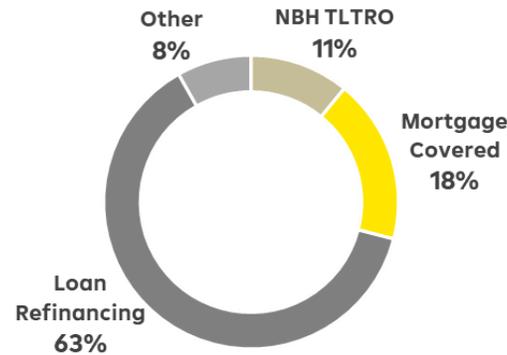
Selected Liquidity Ratios (Bank only)



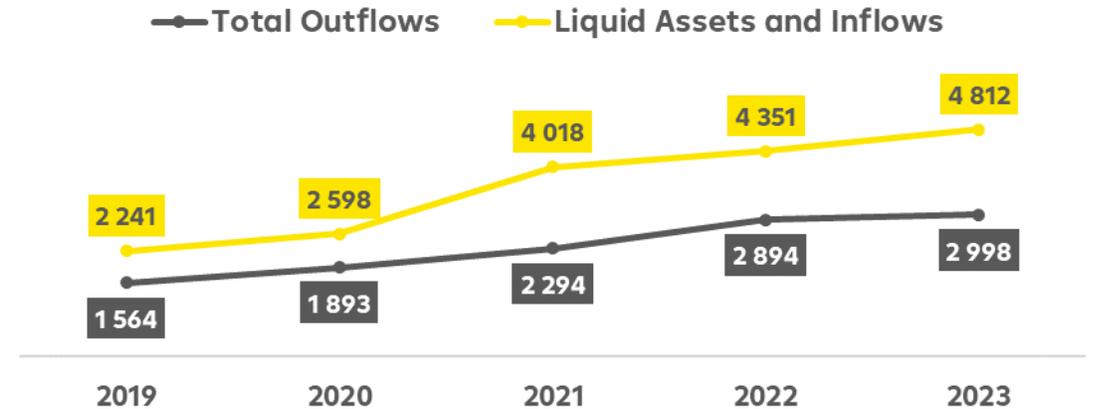
Retail Deposit Breakdown⁴



Deposit from Banks Breakdown⁴



Liquidity Coverage Ratio Components and Highlights⁴



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)



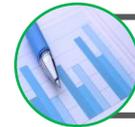
Sustainable Strategy Pillar 2 – Sustainable Finance

- **Strong position in corporate green financing** (223 mn EUR as of YE 2023)
- Initiation of **portfolio strategies** in lending in line with transition **50mn**
- **USD SP green MREL bond issuance in 2022**, potential green issue in 2024
- **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.“

[!\[\]\(b73fbe1f68c0c0158be408bb873fa9d8_img.jpg\) 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

Dynamic projected growth in green corporate lending in line with the sustainability aims of RBI Group

Eligible green assets and pipeline for FY2024

as of 25.03.2024

Allocated amounts of USD 50 mn

- 50 mn USD bond eligible green loan allocated to 50mn USD SP green MREL bond

Unallocated amounts of EUR 373.3 mn (contracted and pipeline)

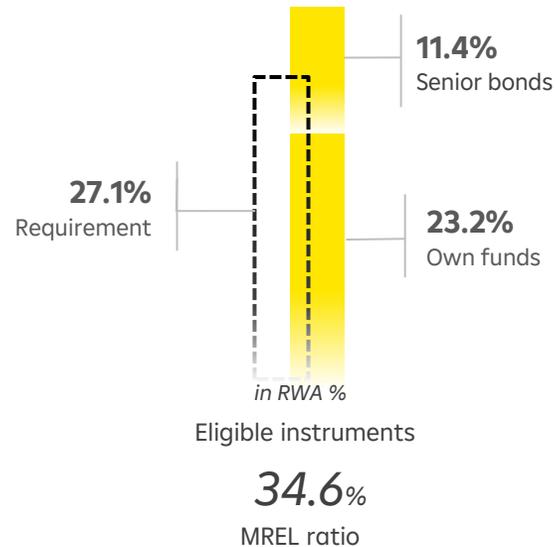
- ~102 mn EUR unallocated bond eligible green loan (renewable energy & green buildings) contracted and disbursed, while EUR 76.3 mn (renewable energy & green buildings) contracted as of 31.12.2023
- ~195 mn EUR bond eligible green loan in pipeline for FY 2024, from which ~55 mn EUR already in a contracting phase

Eligible category under Sustainable Bond Principles of ICMA	Contracted & disbursed / contracted / pipeline FY 2024	Projected outstanding amount in EUR (unallocated)
renewable energy	contracted & disbursed	~10.8 mn
	contracted	~17.0 mn
	pipeline	~95 mn
green buildings	contracted & disbursed	~91.2 mn
	contracted	~59.3 mn
clean transportation	pipeline	~100 mn

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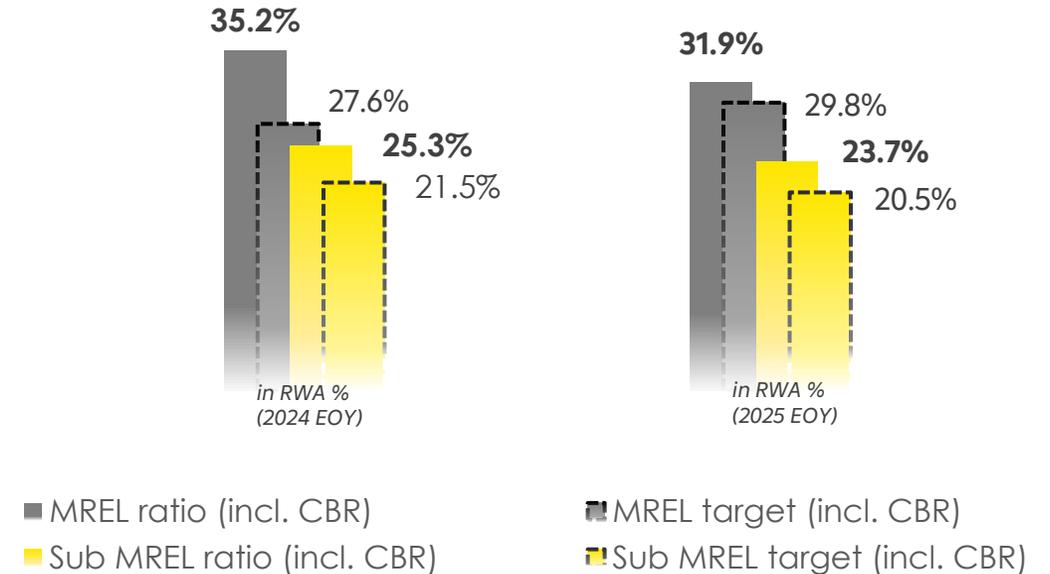
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MREL Compliance as of December 2023



- 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



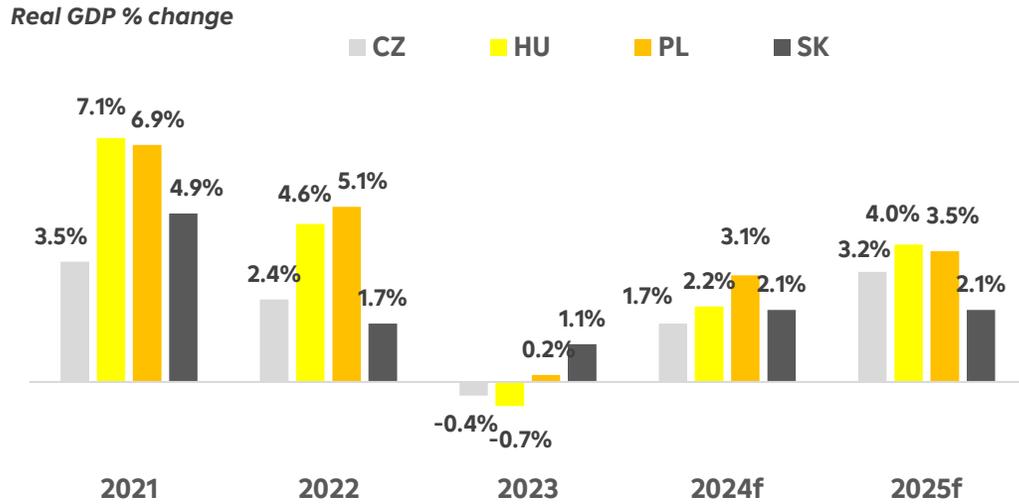
- MREL targets are based on official requirements of NBH as of March 2024
- No issuance need in 2023
- Gross issuance plans in 2024: EUR 300mn Senior Preferred Green International Bond

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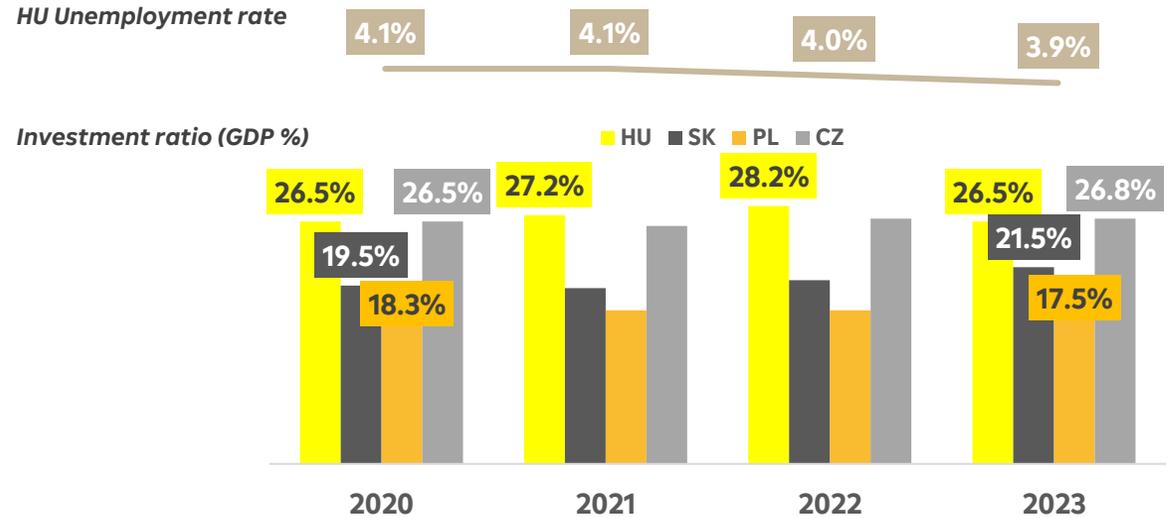
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HU macroeconomic fundamentals supported by high investment ratio, strong employment and restoring of CA balances in 2023

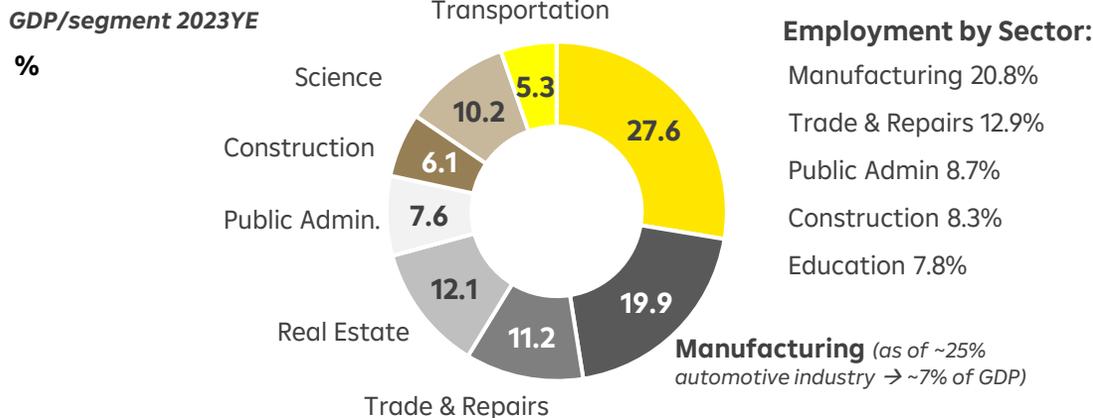
HU GDP aligned with regional peers in 2023



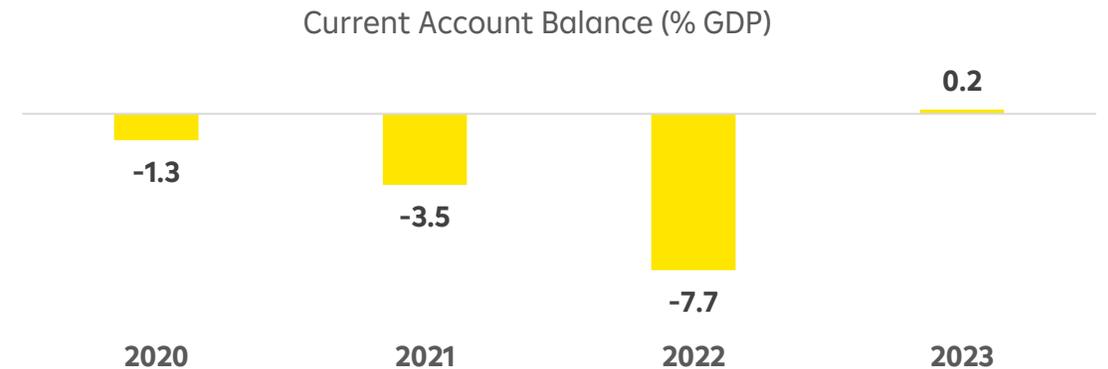
HU investment ratio above region (2020-2023), low unemployment kept at ~4%



Relatively high share of manufacturing segment within HU economic output

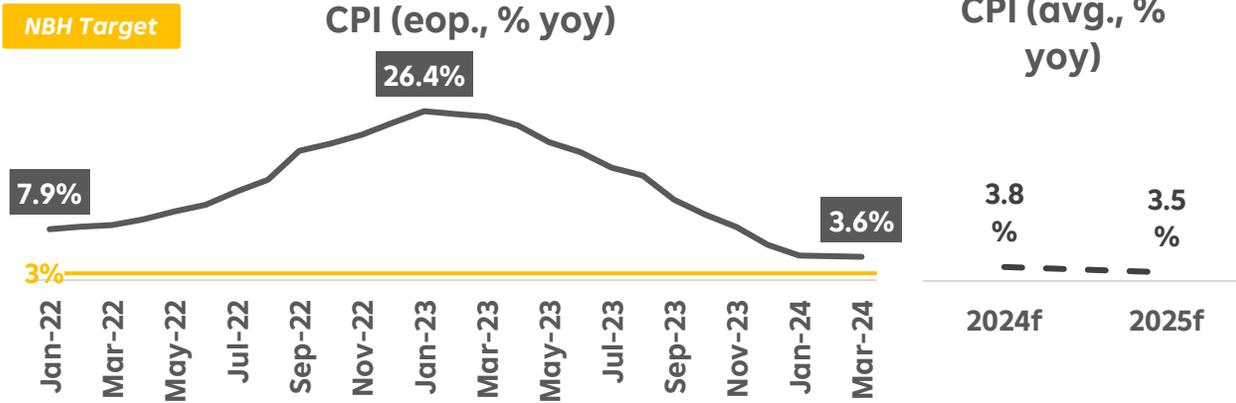


CA surplus in 2023 mainly driven by normalizing energy prices

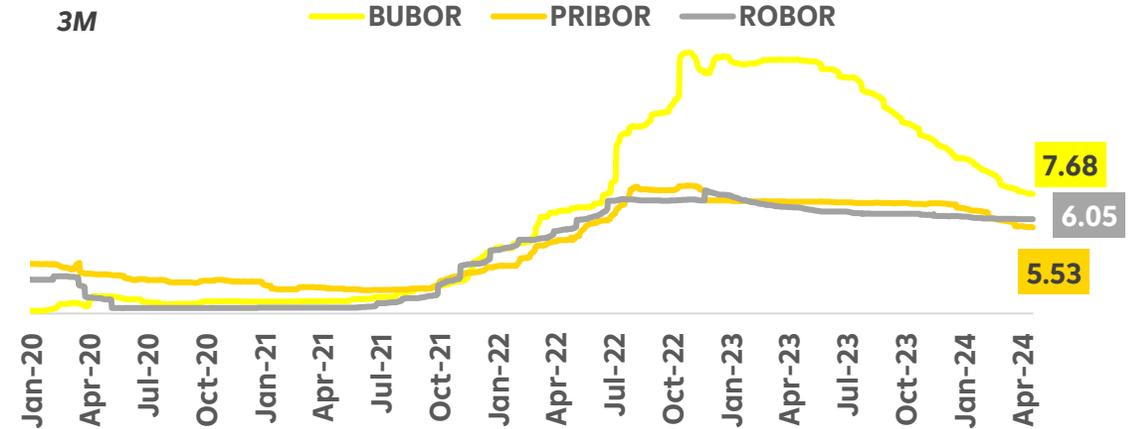


Steady decrease of inflation from 23'Q1 and normalizing rates

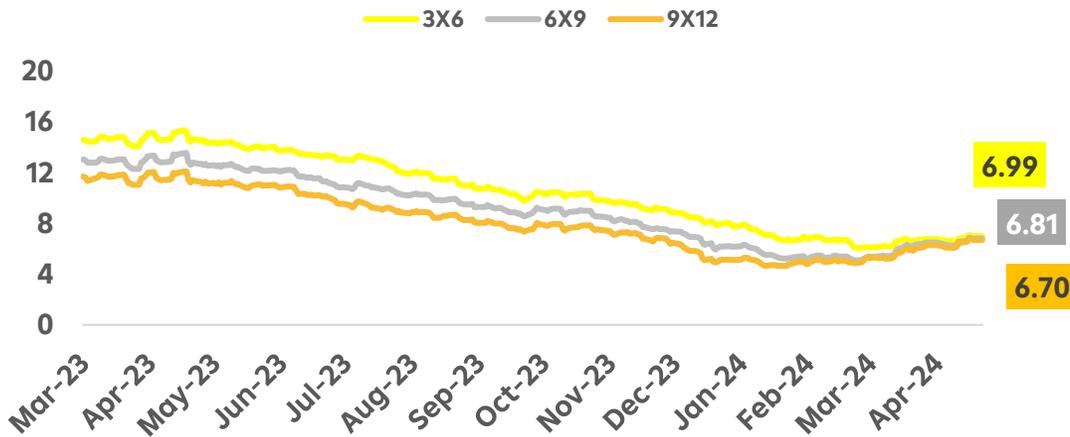
Steady decrease of inflation currently at 3.7% after peak in Q1, 2023



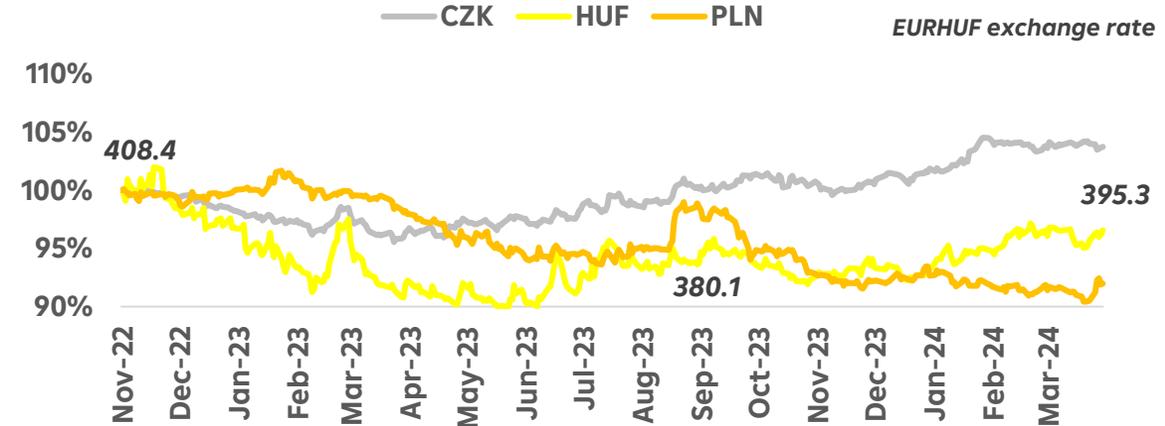
Gradual convergence of rates towards region



Steadily decreasing rates throughout the years

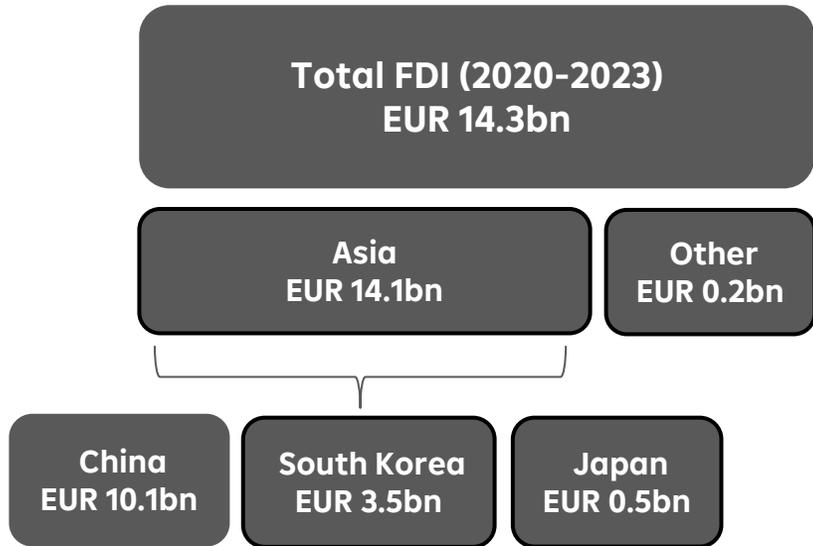


Strengthening HUF currently ranges at 380-400 vs EUR



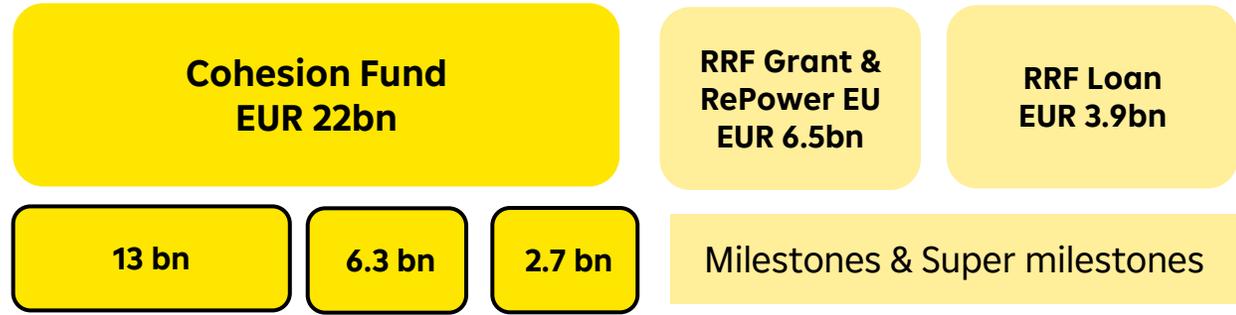
HU government policy to stimulate growth, through lending driven consumption, Asian FDI and EU funds

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

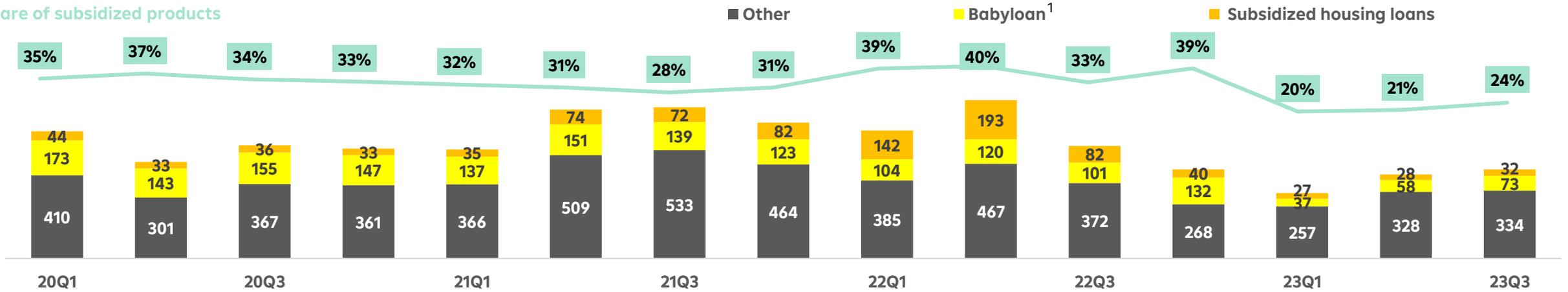
- First tranche (~EUR 780mn) received in 2024 Q1
- Advance payments under RePower EU can be drawn down without milestone Achievement (~ EUR 920mn, in two tranches: 1. ~EUR 450mn in **January 2024**; 2. EUR 470mn in 2025)

Strong subsidized lending programs with focus on SME and family support

New household loans in the credit institution sector

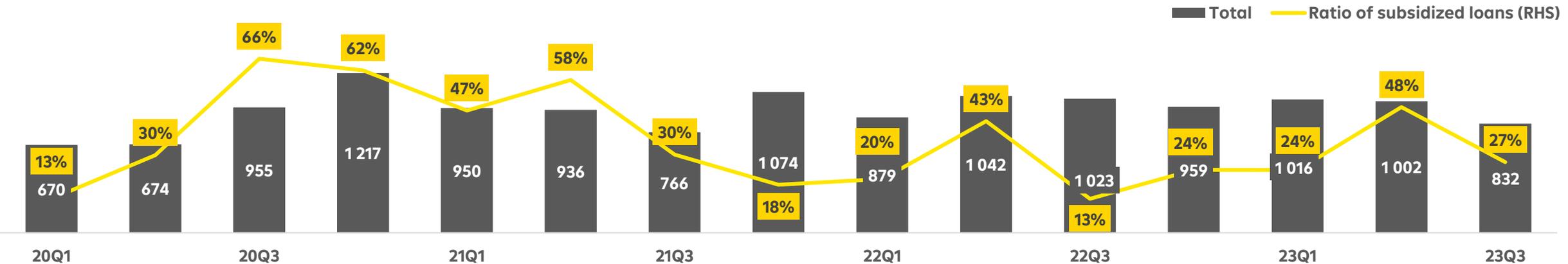
Bn HUF

Share of subsidized products



New corporate loans in the credit institutions sector

Bn HUF



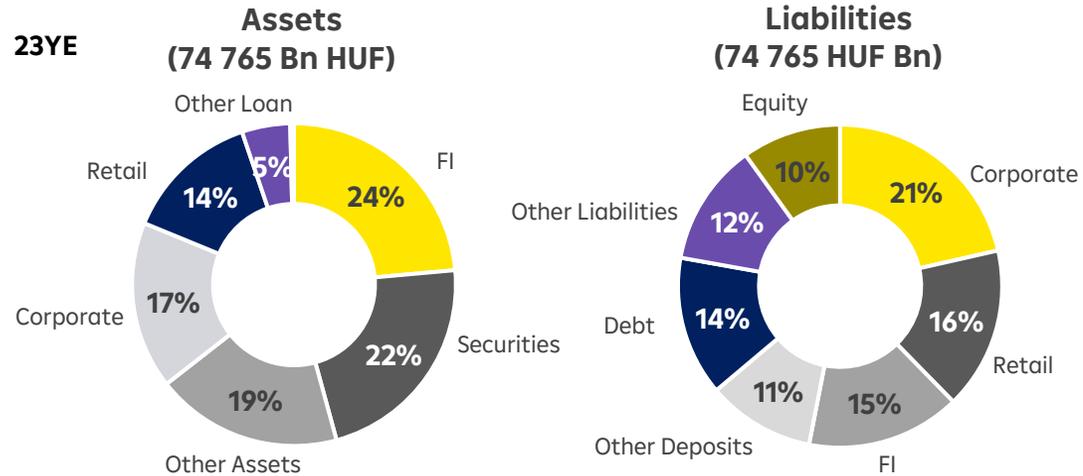
Note: (1) Prenatal baby support loans are state supported loans for families to support childbirth. Source: Central Bank of Hungary
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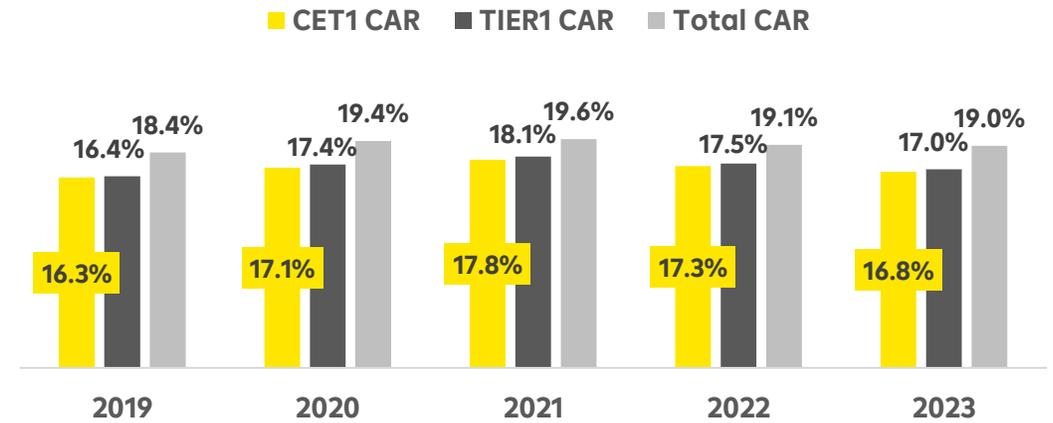
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Healthy HU banking sector with balanced structure, low NPL and high stability indicators

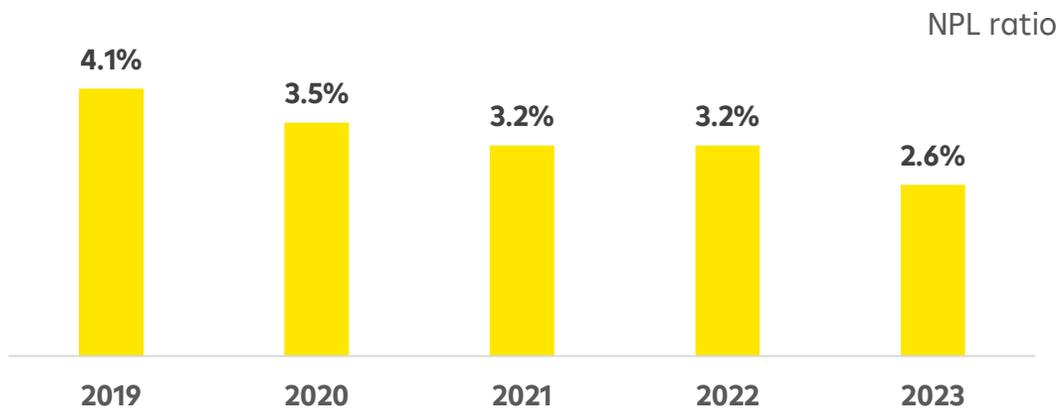
Balanced banking sector assets and liabilities



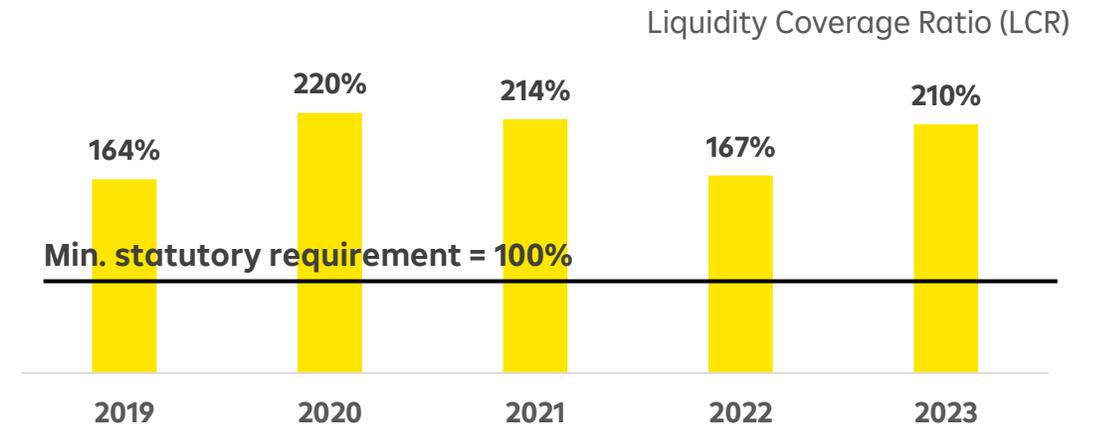
Consistently high capital adequacy ratios



Decreasing NPL trend continued

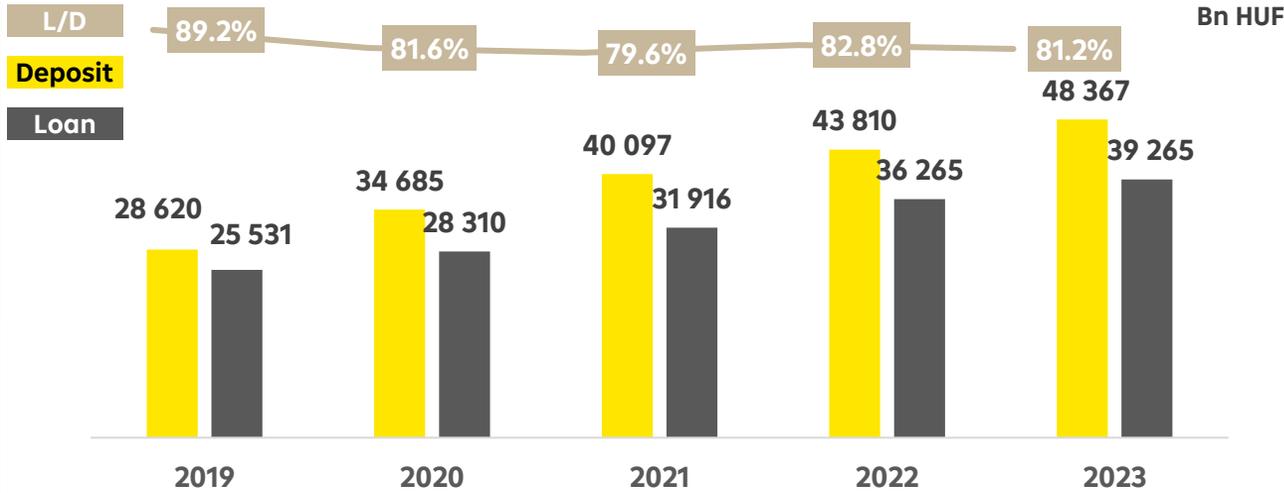


LCR is well above the 100% statutory requirement

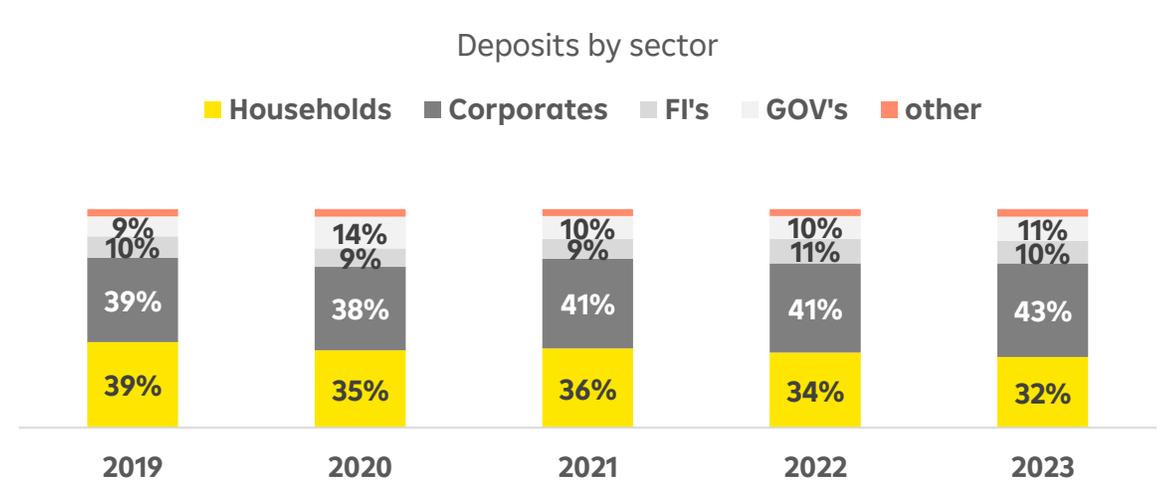


Loan to deposits ratio stable at 80%, retail lending penetration below regional average

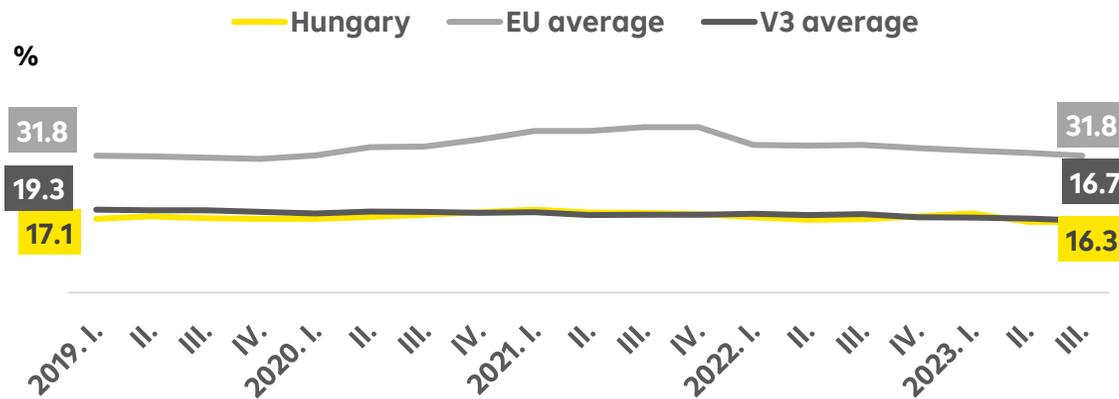
Steady growth continued in both deposits and loans with a persistent ~80% L/D



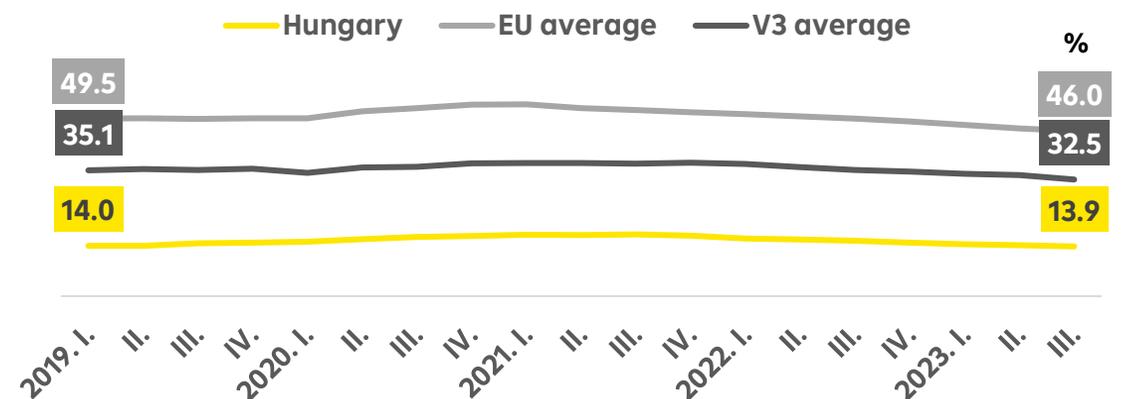
Diversified deposit structure with ~30-40% retail and ~40% corporate segments



HU Corporate¹ debt penetration to GDP is in line with the V3² average



HU household credit to GDP remains lower than V3 average

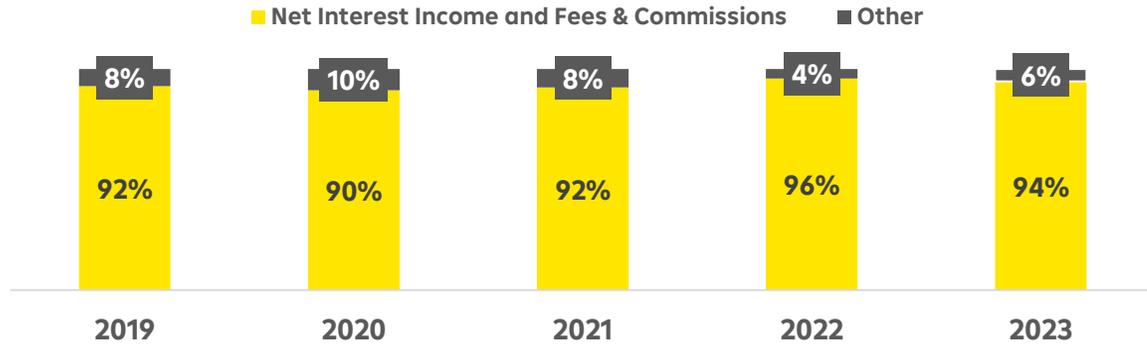


Note: (1) Non-Financial Corporations, (2) Average of data representing the Czech Republic, Poland and Slovakia. Source: Central Bank of Hungary
Investor presentation April 2024

Outstanding 2023 sector profitability driven mainly by NII growth

High share of NII and NCI in revenue composition

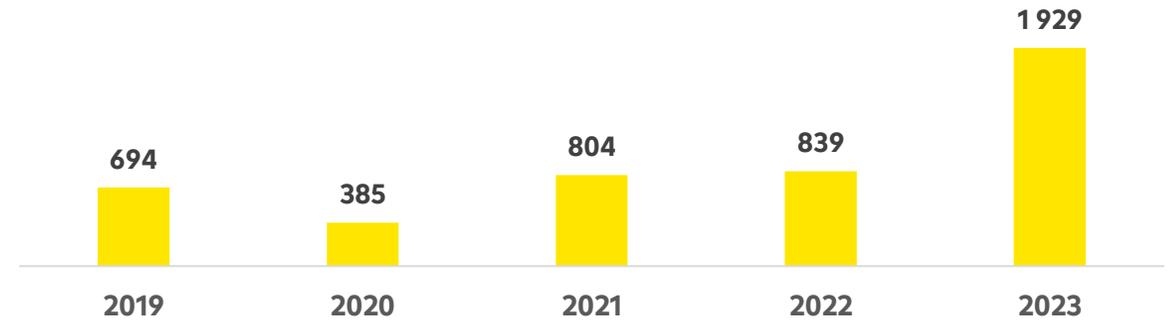
Revenue composition



Extraordinary ~2 000 bn HUF consolidated profit reached in 2023

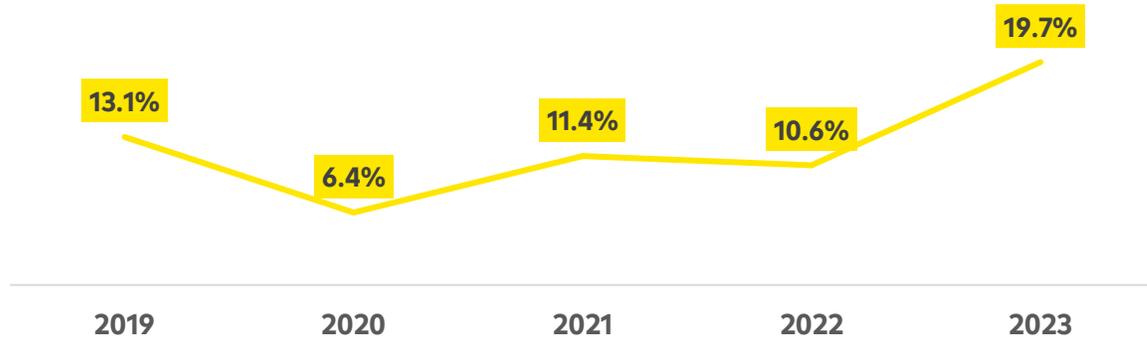
Profit After Tax

Bn HUF



9% improvement in profitability in 2023 YoY

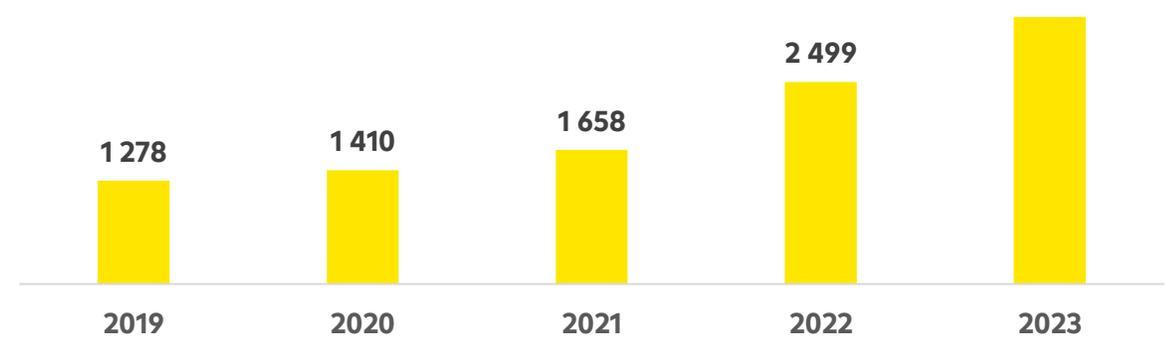
Return on Equity



Outstanding Net Interest Income with > 3 000 bn HUF

Net Interest Income

Bn HUF

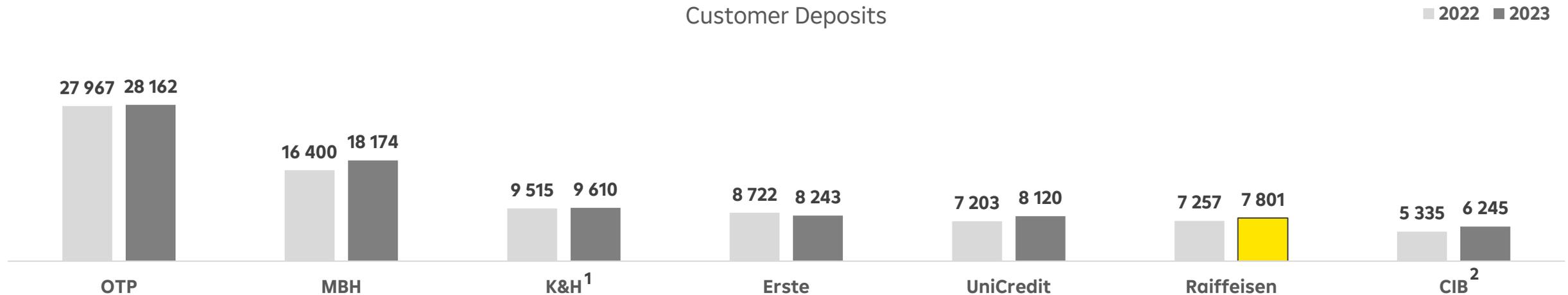


#6 customer lending position kept in 2023, while customer deposit base increased above competition YoY

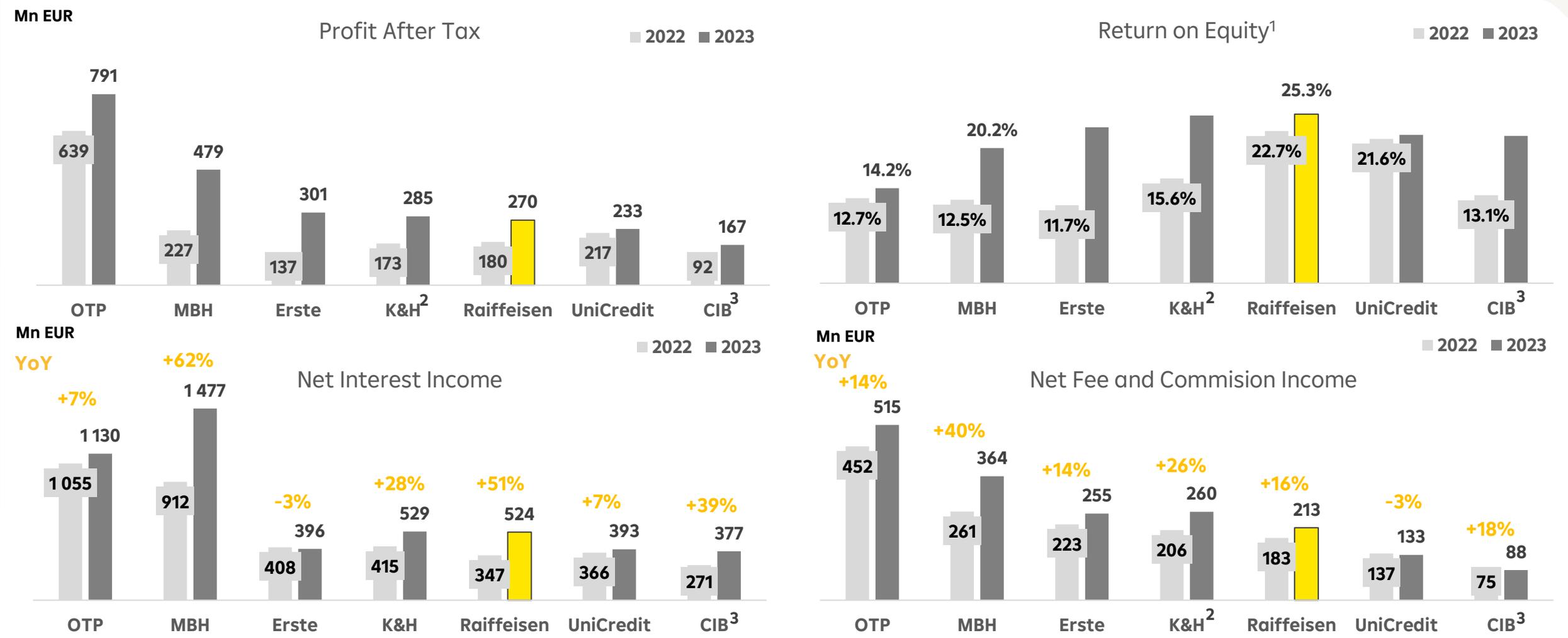
Mn EUR



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), K&H & 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

- **Excellent loan portfolio quality kept with very low corporate PD, mainly mortgage covered retail loans**

4

Liquidity & MPE Strategy

- **Very strong 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 very high 2023 profitability and strong stability indicators**

Presentation **Contents**

- 01 Executive Summary
- 02 Overview of Raiffeisen Bank Hungary
- 03 ESG & Sustainability Framework
- 04 Group Resolution Strategy and Implications for RBHU
- 05 Hungarian Macroeconomic Environment
- 06 Hungarian Banking Sector
- 07 Appendices**

Steadily decreasing business activity in Russia

➤ Reducing business activity further

- EUR/USD: no new lending and run-off of existing portfolio
- Actively steering to reduce deposit volumes
- Trade and export finance restrictions

➤ Reduction in payments

- Volumes capped at pre-war levels; market share down over 50% from peak
- Strict country and industry policies
- All Russian correspondent banks terminated (excl. Raiffeisenbank Russia)

Loans to customers in Russia

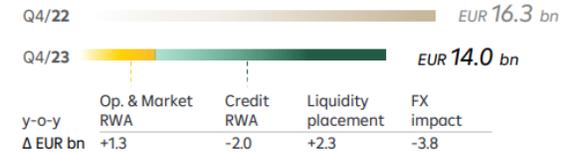
-56% last six quarters



EUR 38 mn
Net-cross border exposure as of 18 January

RWA in Russia under IFRS

EUR -2.3 bn down y-o-y



LCR	324%	EUR 7.2 bn	Loan/ deposit ratio	43%	CET1 ratio	24.02%	EUR 1,761 mn
	26/01/2024	... cushion to 100% LCR		31/12/2023	local standard actual, after dividend in kind	31/12/2023, incl. Q4/2023 profit	... above local requirement of 8.00%

- **Approval process is on track:** All relevant filings submitted, in particular with European competition authorities and Central Bank of Russia

STRABAG – Overview



- Market leader in Austria, Germany, and CEE
- Stable business profile supported by focus on transportation infrastructure, public customers, and limited residential construction
- Strong order backlog at 1.3x expected annual output
- Solid balance sheet with a structural net cash position

RBI Group Core excl. Russia

Assets

- + Equity participation in STRABAG SE valued at EUR 1.4 bn
- + Withheld STRABAG SE dividends for FY 2021/2022 (EUR 83 mn)

Liabilities + Equity

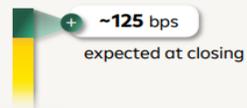
- + EUR 1.5 bn increase in equity

EUR -1.8 bn impact on Raiffeisenbank Russia equal to the purchase price of STRABAG shares, withholding tax (EUR -266 mn) on dividend to head office

Financial impact at closing

➤ CET1 ratio excl. Russia

CET1	EUR +1.2 bn
RWA	EUR +1.2 bn



STRABAG equity participation going forwards

- Consolidation at-equity: RBI's share of STRABAG net income and OCI increase book value of the participation and are reflected in RBI P&L and OCI
- Quarterly impairment testing using higher of Value in Use and the share price on the Vienna stock exchange

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