

# Raiffeisen Bank Hungary **Financial Update of 2024YE<sup>1</sup> - Investor Presentation** **February 2025**

04.02.2025

Raiffeisen Bank Hungary | Member of RBI Group

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*Note: (1) Based on preliminary 2024Q4 RBI report*

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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 4.5 % share of RWA
- **Strong corporate client base** in Hungary
- **~7% of market share** by loans to customers

## ESG Factors

- **Received award from CBH as the „Green Bank of the Year” in 2024**, second time after 2022
  - **Green issues: 50mn USD SP privately placed** bonds in 2022, **300mn EUR SP international** issued bonds in 2024
  - Steady increase in bond eligible green loans as of 2023YE
- Several ESG Funds** provided by Raiffeisen AM

### Total assets

31/12/2024

**HUF 4 614 bn / EUR 11 217 mn**

+4.2% YoY

### Net customer loans

31/12/2024

**HUF 1 872 bn / EUR 4 551 mn**

+6.2% YoY

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

05/12/2024

**A3 negative**

### Profit after tax

1-12/2024

**HUF 122 bn / EUR 297 mn**

+20.9% YoY

### Customer deposits

31/12/2024

**HUF 3 211 bn / EUR 7 807 mn**

-1.0% YoY

### CET1/CAR

30/06/2024

**15.4% / 21.8%**

+10 bps YoY

+0.1 bps YoY

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

31/12/2024

**61.4%**

+0.9 pp YoY

### Net interest income

1-12/2024

**HUF 194 bn / EUR 472 mn**

-3.4% 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 Negative 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 expected high 2024 profitability and strong stability indicators

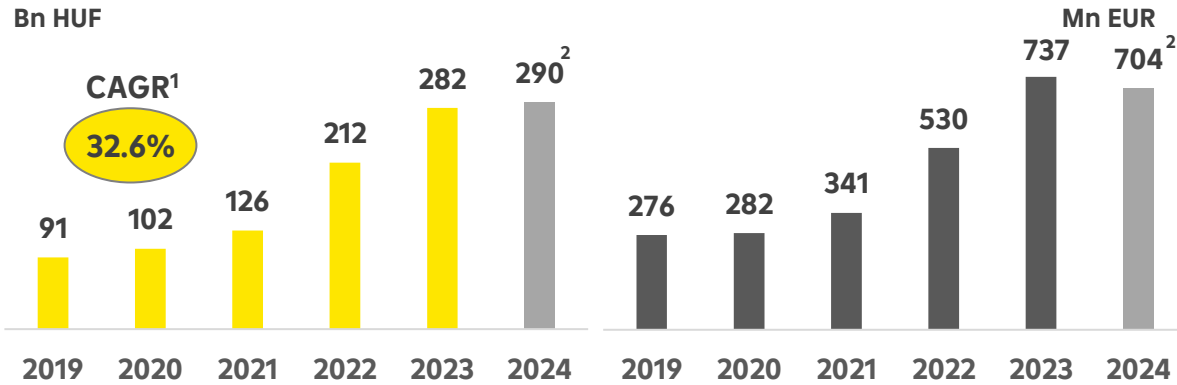
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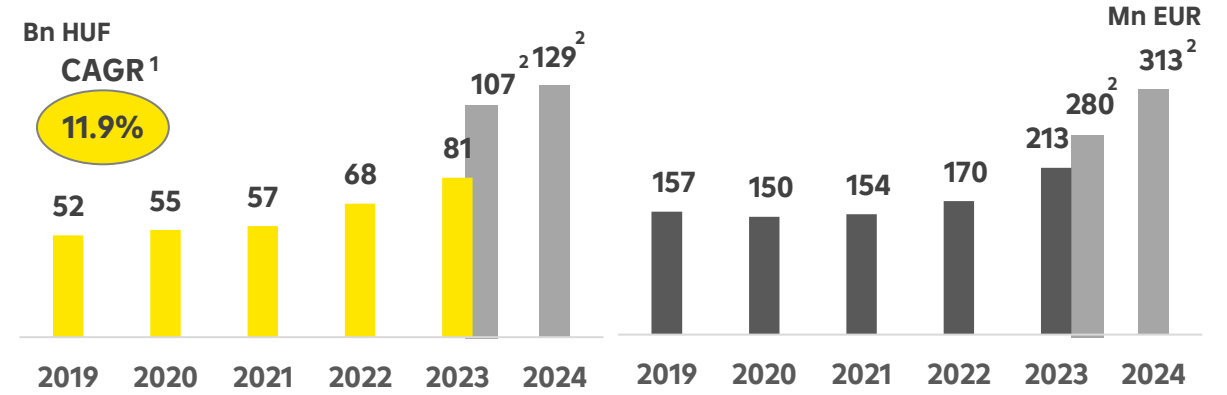
# Strong profit generation continued in 2024 driven by core income

## Core income

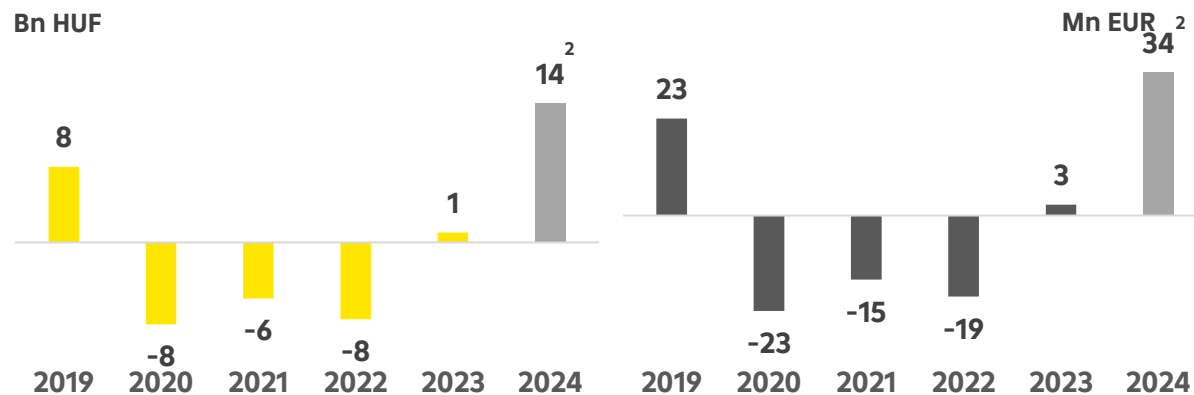
(Net interest income + Net fee and commission)



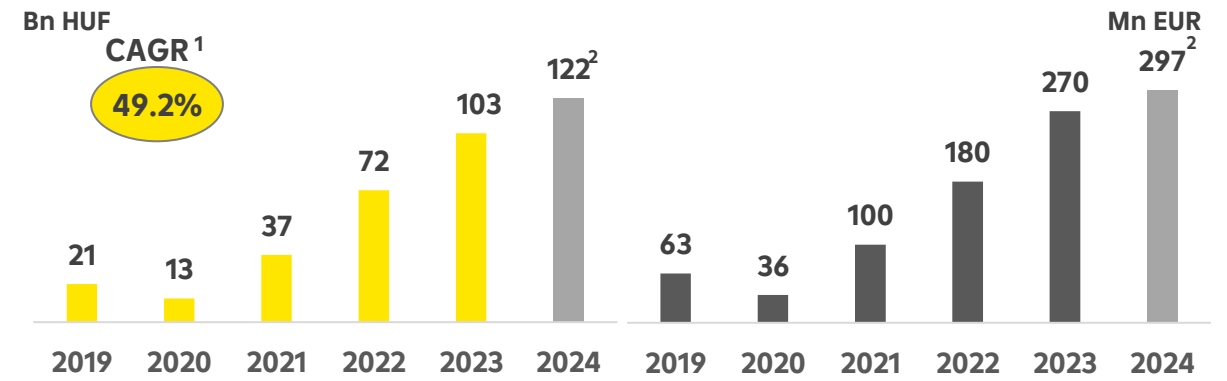
## OPEX



## Impairment



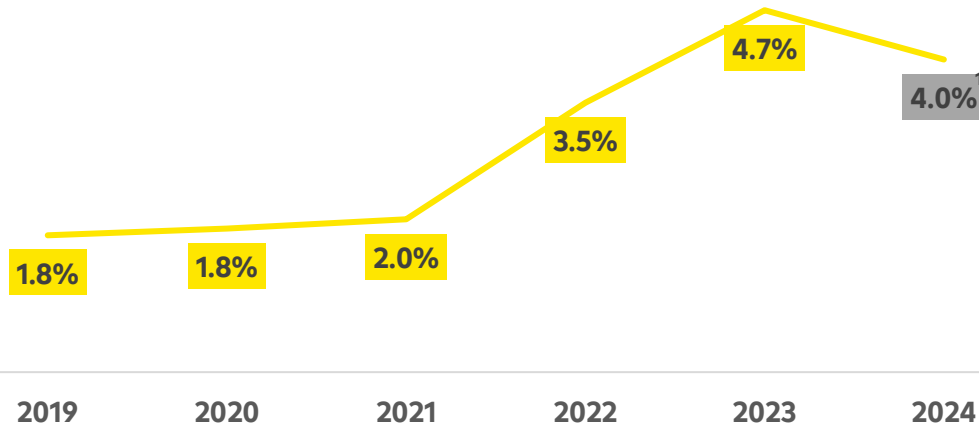
## Profit after tax



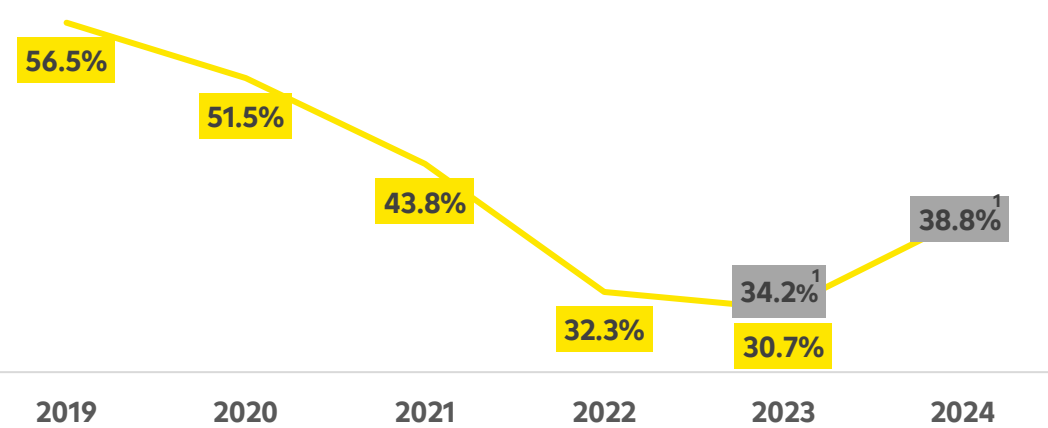
Note: (1) Compound Annual Growth Rate from 2019 until 2023. (2) Financials based on preliminary 2024Q4 RBI report (2024 HUF figures were converted at an exchange rate of 411.35, and OPEX figures are transactional tax included) Source: IFRS consolidated financial statements, Company information

# Key performance indicators show high profitability in 2022-24

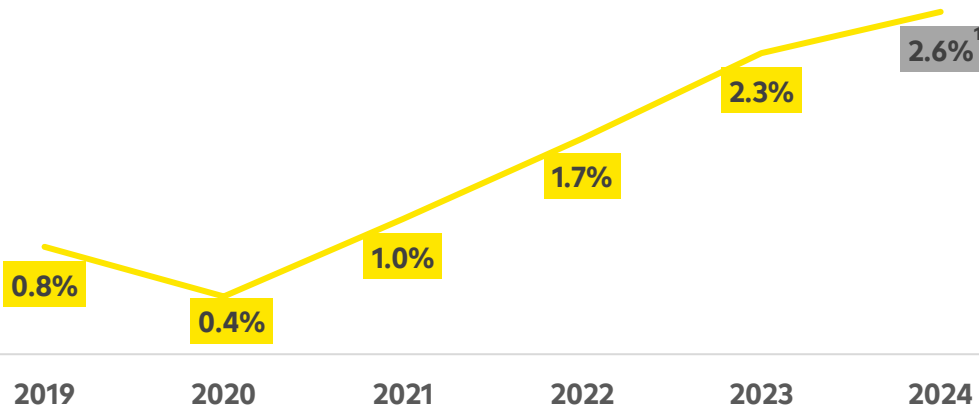
### Net interest margin



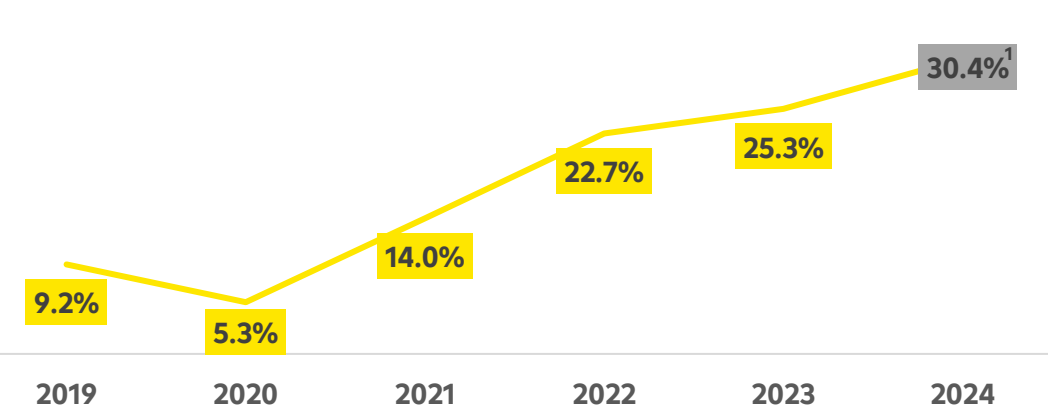
### Cost income ratio (without transaction fee and taxes)



### Return on Asset

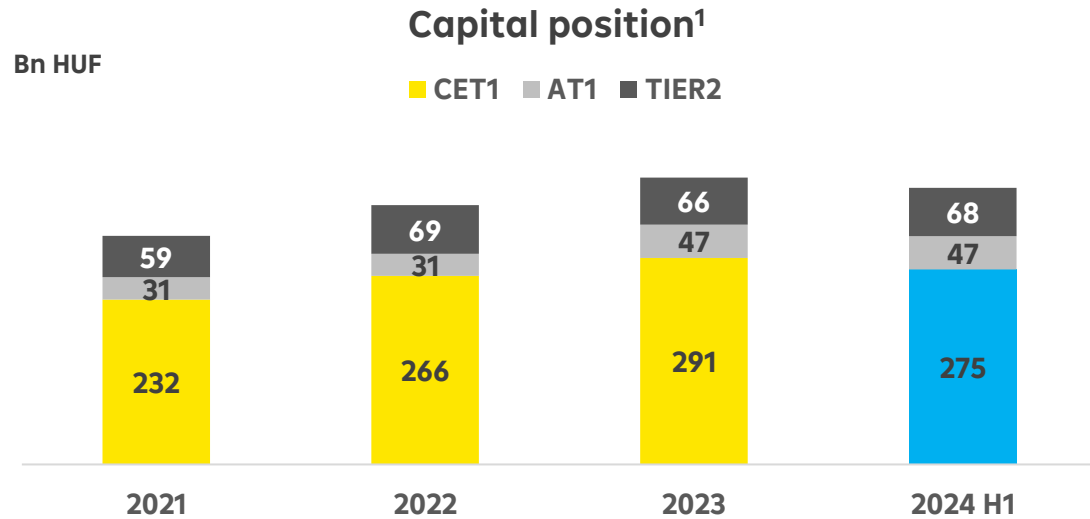


### Return on Equity



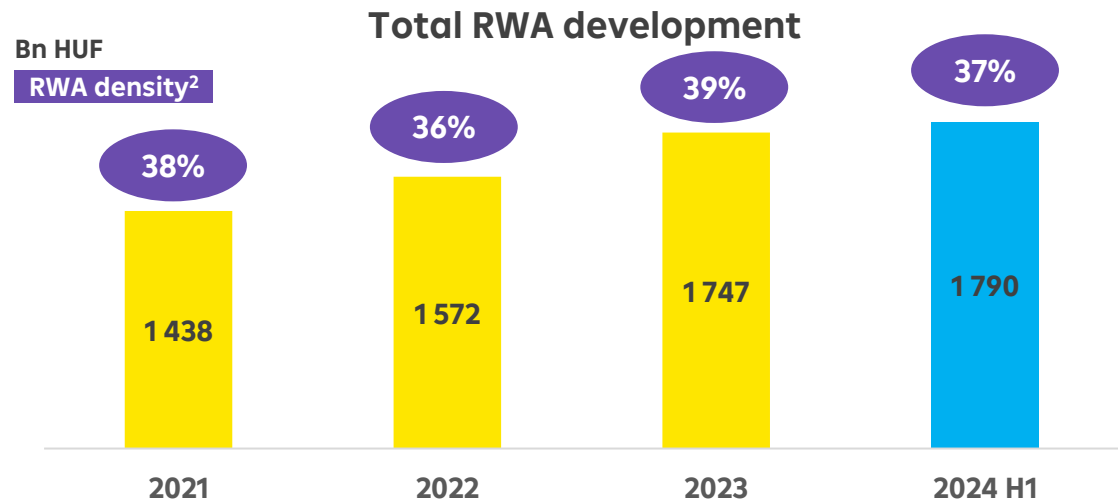
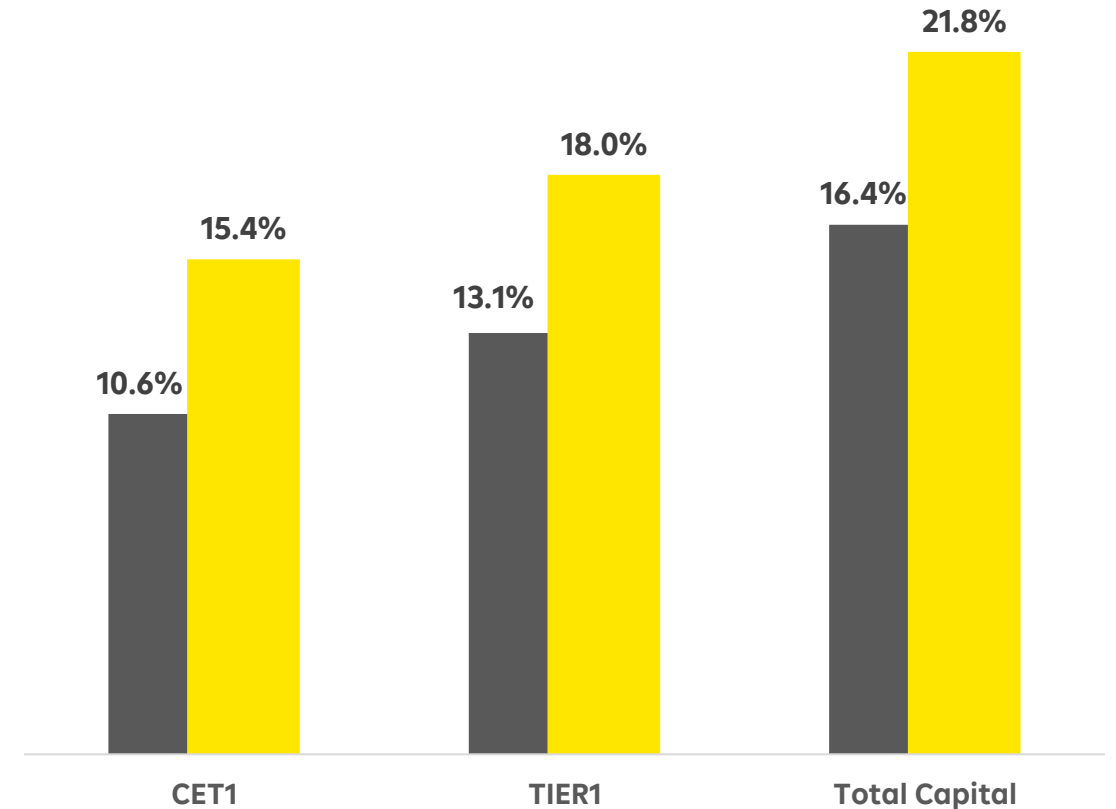
Note: (1) Financials based on preliminary 2024Q4 RBI report. Source: IFRS consolidated financial statement, Company information





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

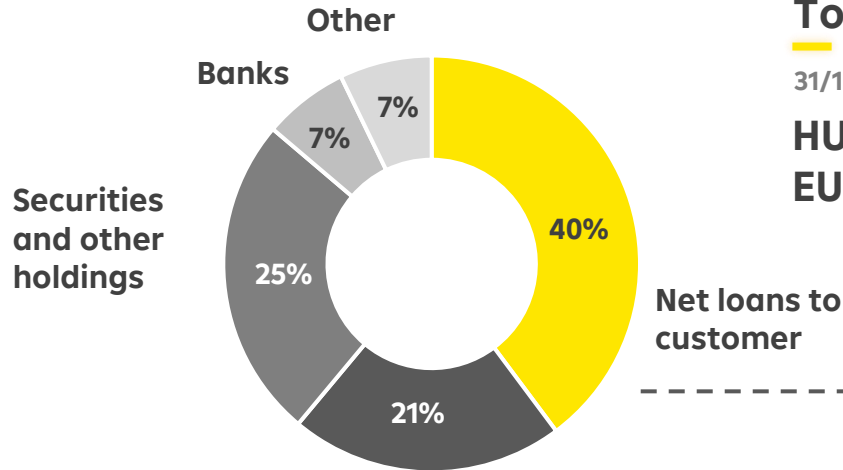
■ Total capital requirement ■ CAR 2024H1



Note: (1) Fully loaded regulatory capital, (2) RWA density calculated by Total RWA/Total Assets. Source: 2024 H1 Financial Statement Investor presentation February 2025

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

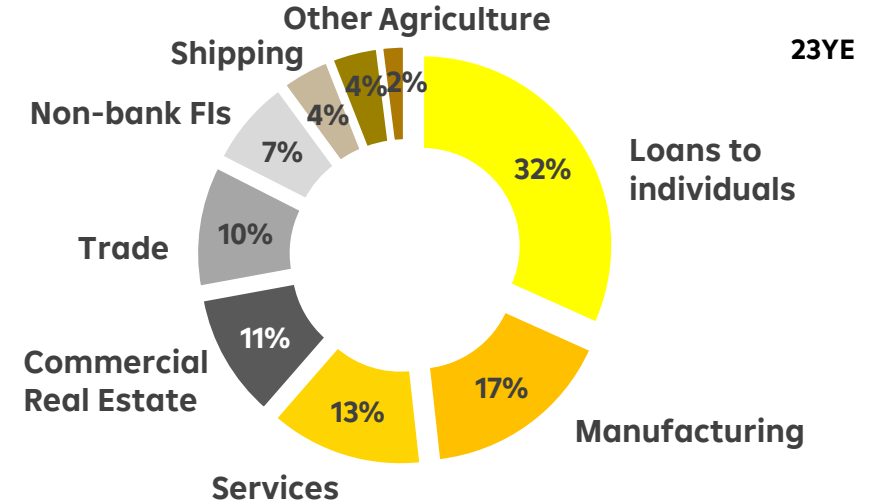
**Total assets**



**Total assets**

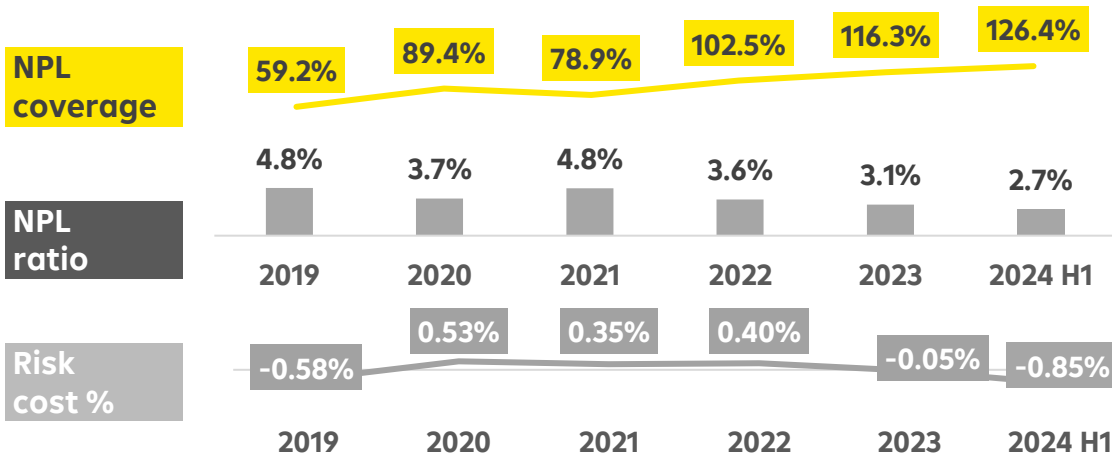
31/12/2023  
**HUF 4 432 bn**  
**EUR 11 578 mn**

**Loan portfolio by gross loans**



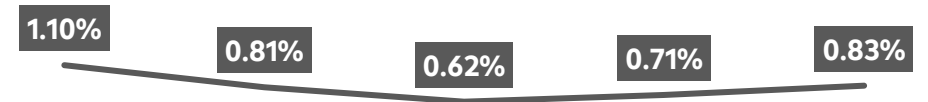
**National Bank of Hungary**

**Asset quality**

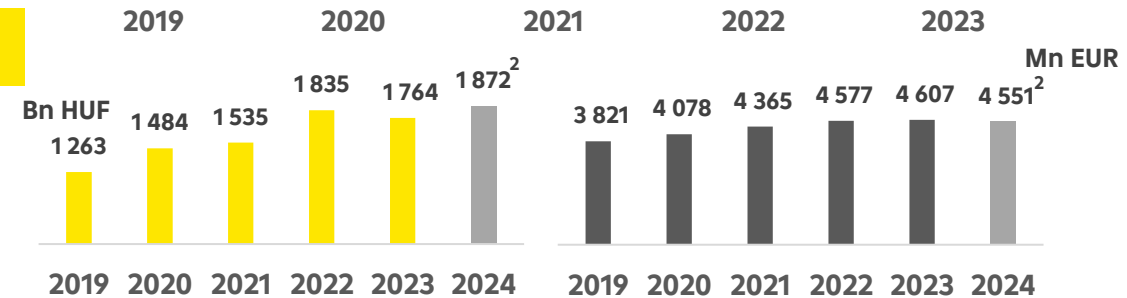


**Corporate PD<sup>1</sup>**

**Low corporate probability of default rates**



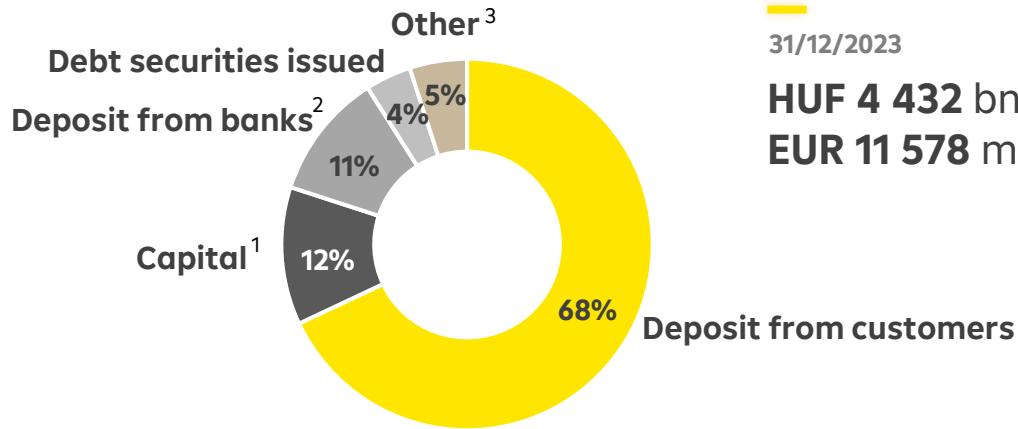
**Total loans**



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. (2) Financials based on preliminary 2024Q4 RBI report. Source: 2024 H1 Financial Statement, IFRS consolidated financial statements, Company information Investor presentation

# Diversified deposit base and high liquidity ratios above regulatory requirements

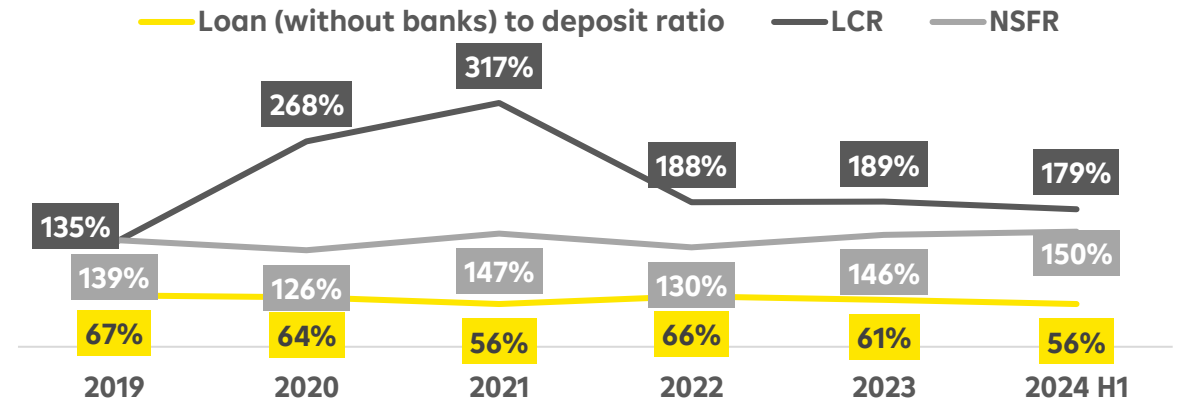
**Total liabilities**



## Liabilities & Equity

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

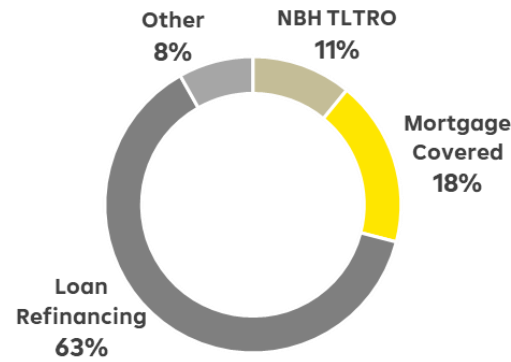
**Selected liquidity ratios (Bank only)**



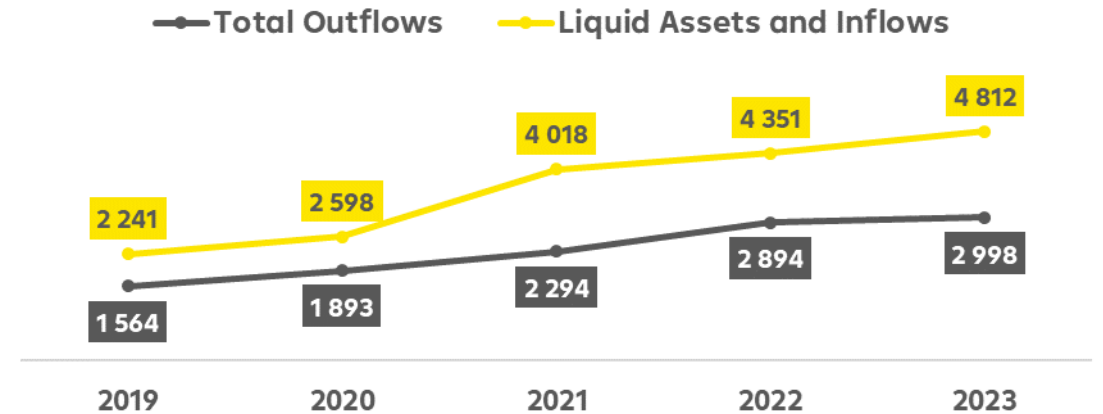
**Retail deposit breakdown<sup>4</sup>**



**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: 2024 H1 Financial Statement, Company information

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# Robust grow in sustainable corp. portfolio backed by green funding

## Risk, measurement and reporting functions materially enhanced in 2024



### Sustainable Strategy Pillar 1 – Governance and Strategy Analysis

- Semi-annual **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 comprehensive **GAP analysis** and **action plan to address the Recommendations of ECB/CBH**
- Periodical **climate horizon analysis** to identify climate vulnerability and opportunities
- **ESG framework** will be elaborated in line with CSRD and international standards (2024)



### Sustainable Strategy Pillar 2 – Sustainable Finance

- **Robust grow and strong position in corporate green lending**
- **ESG lending process implemented** for corporate loans, along with **flagging of sustainable transactions** under various standards
- 50 mn USD SP green MREL bond issuance in 2022 and **300 mn EUR SP green MREL bond issuance 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 Bank of the Year 2024“**, **„Green Asset Management Fund of 2022“** from the NBH



### Sustainable Strategy Pillar 3 – ESG Risk Assessment

- **Financed emission targets (2030)** set and to be disclosed in CSRD in 2025
- **Sensitivity & stress test**, plus **scenario analysis** implemented
- **ESG Risk Framework** introduced in alignment with RBI Group standards, initiating **policies connecting** directly or indirectly to ESG factors
- **Quantification of ESG risk** by DMA, ESG scoring methodology and end-to-end ESG data capturing, reporting and monitoring
- Further development of **measurement tools to quantify and tackle environmental risk** is led by RBI



### Sustainable Strategy Pillar 4 – ESG Reporting

- **Preparations** for reporting under **CSRD** through 2024
- Voluntary **non-financial** and **climate related reporting**, and obligatory **governance report** within the framework of the annual report in 2024
- Reporting **ESG risks** under CRR 449a from 2025
- 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.“*

 [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

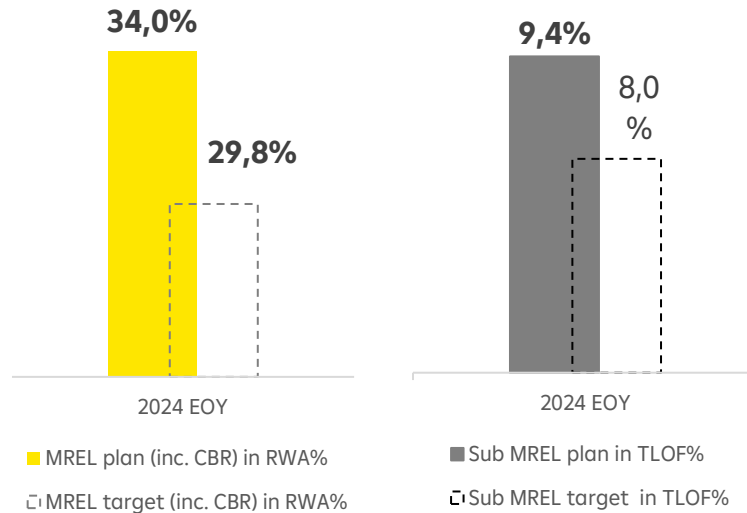
Annual Allocation and Impact report on the use of proceeds containing the total volume, amount breakdown by categories and balance of unallocated proceeds

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

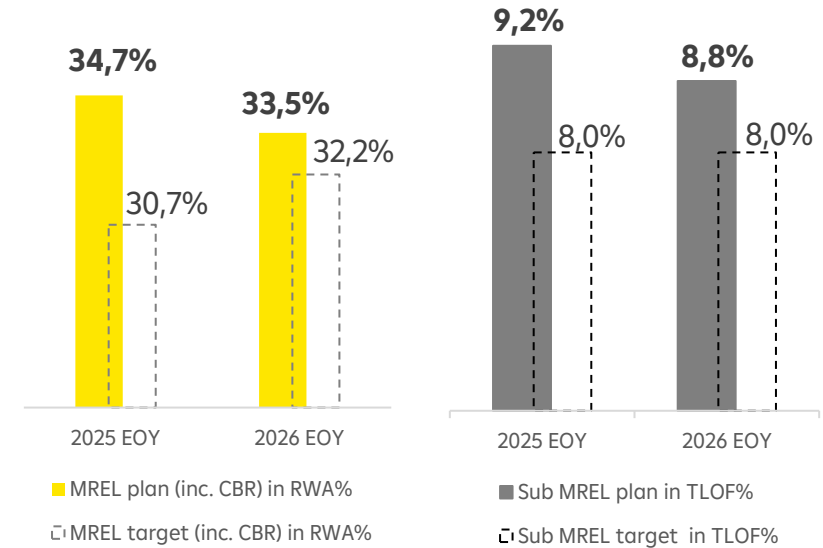
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**MREL compliance as of December 2024**



**MREL and Subordination requirement/plans as of December 2025**



- Buffer to MREL requirements:
  - TREA based: 424 bps as of 01.01.2025
  - TLOF based subordination: 144 bps as of 01.01.2025
- TREA EUR 4,197 mn; TLOF EUR 10 684
- MREL requirements for resolution group HU is 29.80% incl. CBR of 3.50% starting from June 2024
- 2025 MREL targets are based on official requirements of NBH as of June 2024
- Gross issuance plans in 2025-2026: EUR 0-150mn SeniorPreferred and/or Non-Preferred Bond

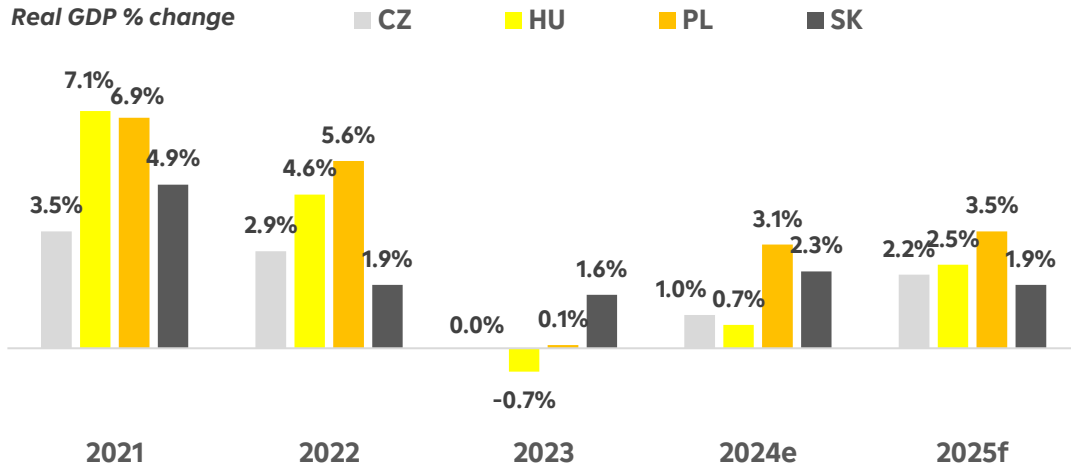


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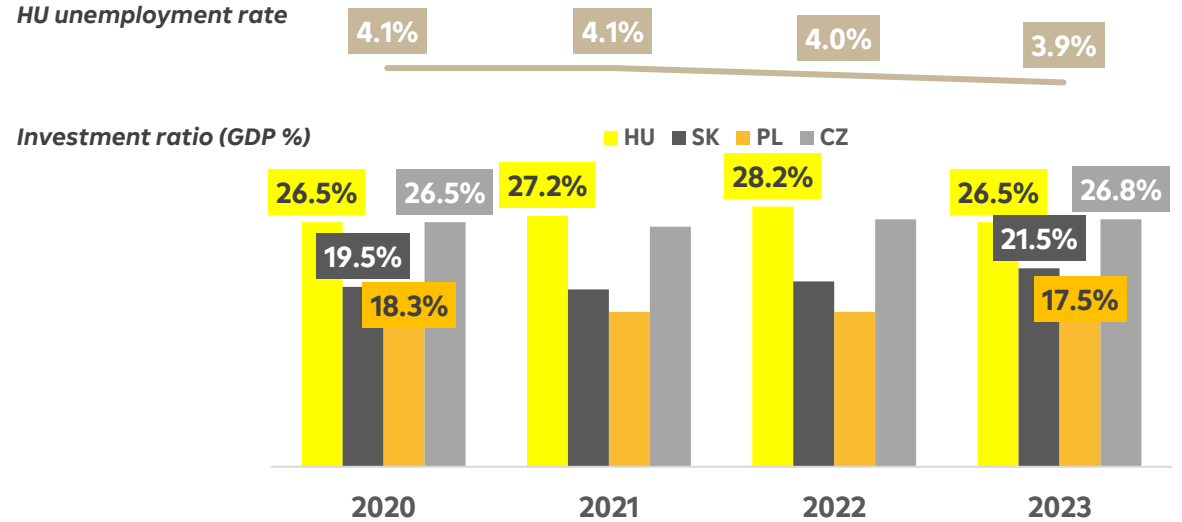
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# HU macroeconomic fundamentals supported by high investment ratio, strong employment and positive CA balance in 2024

HU GDP is slightly below than regional peers in 2024, ~3% growth is expected in 2025 aligned with region

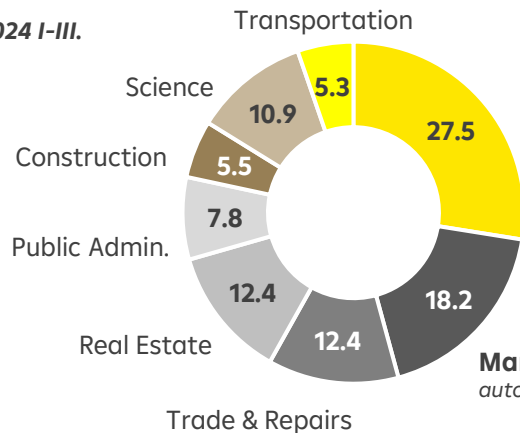


HU investment ratio above region (2020-2023), low unemployment kept at ~4%



Relatively high share of manufacturing segment within HU economic output

GDP/segment 2024 I-III. %

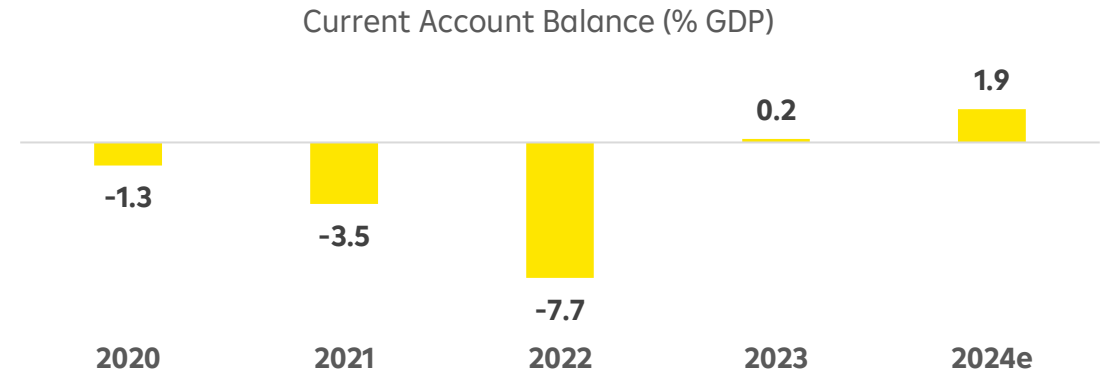


2023: Employment by Sector:

- Manufacturing 20.8%
- Trade & Repairs 12.9%
- Public Admin 8.7%
- Construction 8.3%
- Education 7.8%

Manufacturing (as of ~25% automotive industry → ~7% of GDP)

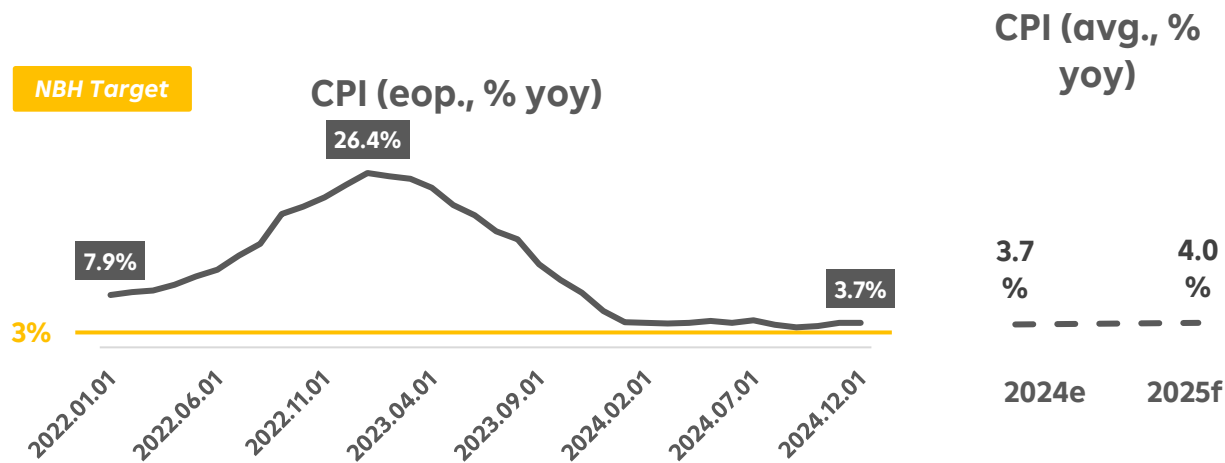
CA surplus in 2024 further increased



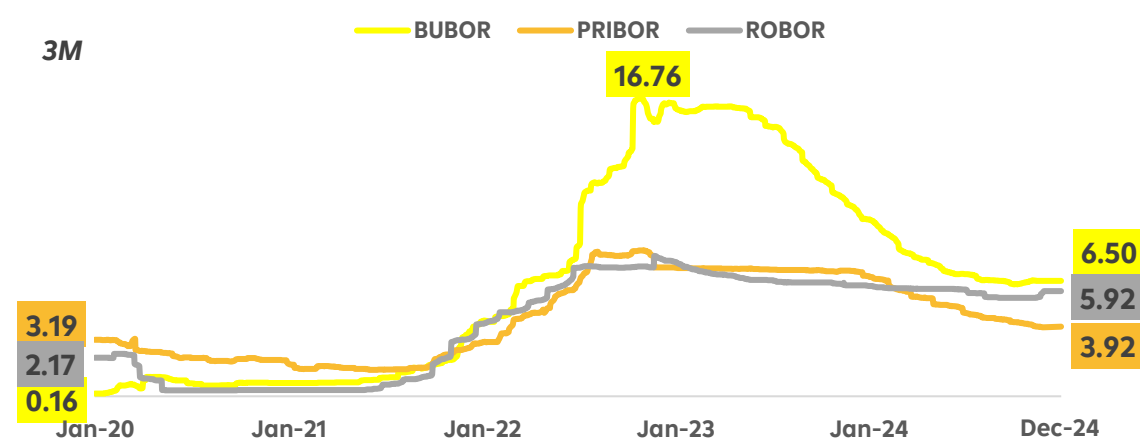


# Normalizing rates with regional peers, balancing against inflation and further depreciation of HUF

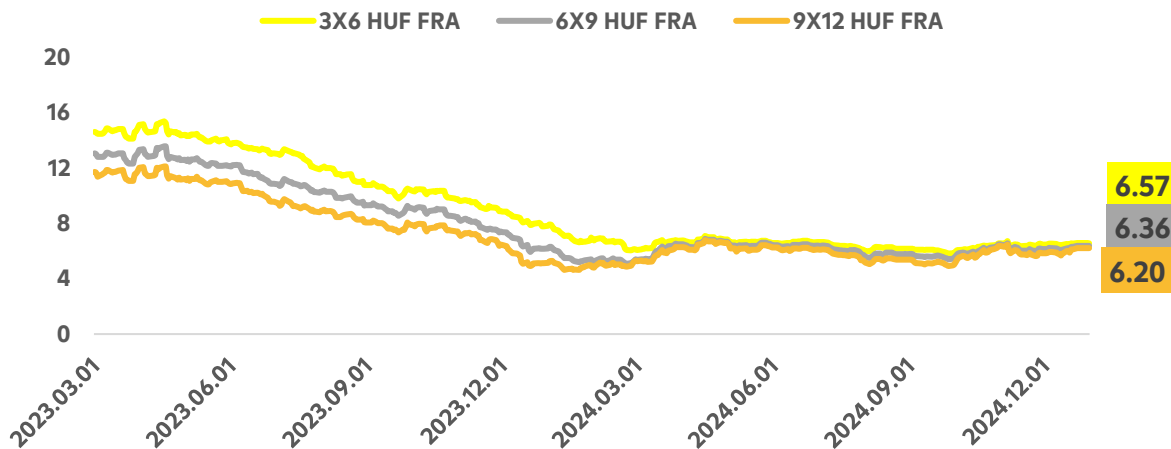
Inflation is down at targeted levels of 3-4% and expected to be maintained



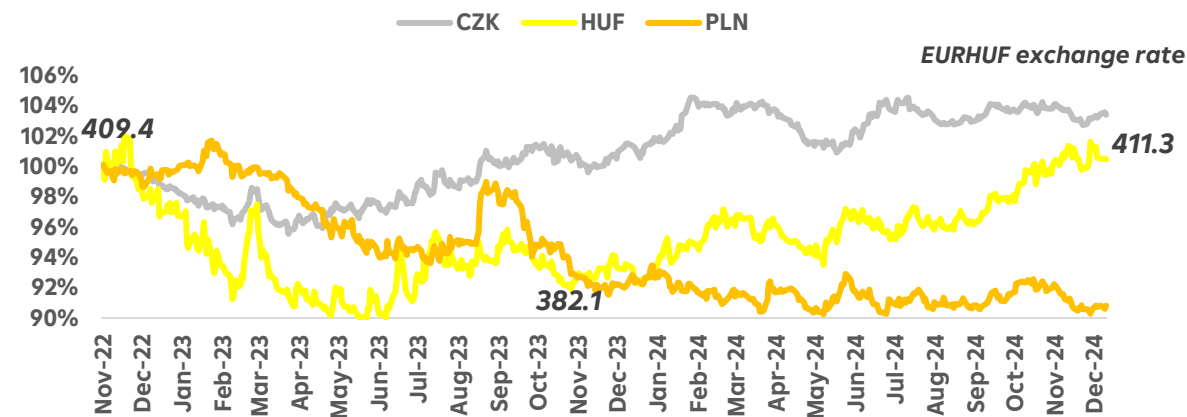
Gradual convergence of rates towards region



Decrease of FRA rates throughout 2023-2024

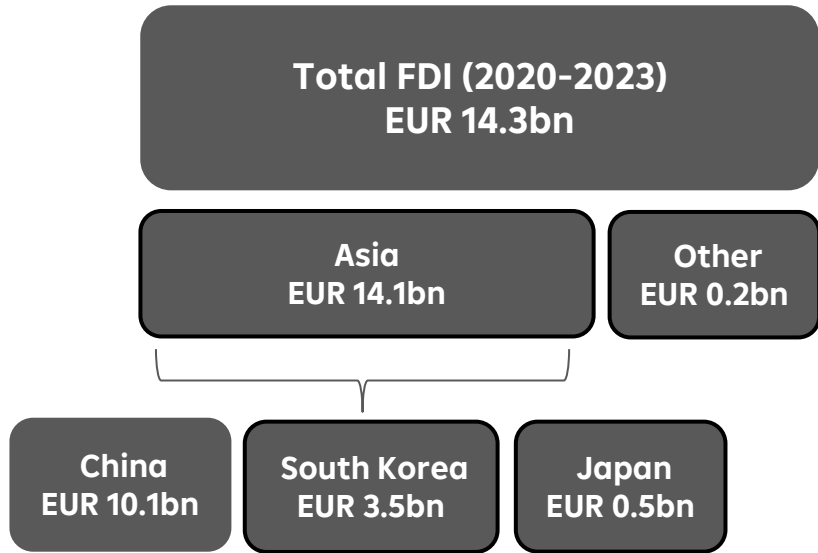


EUR/HUF is currently at 400-415 ranges



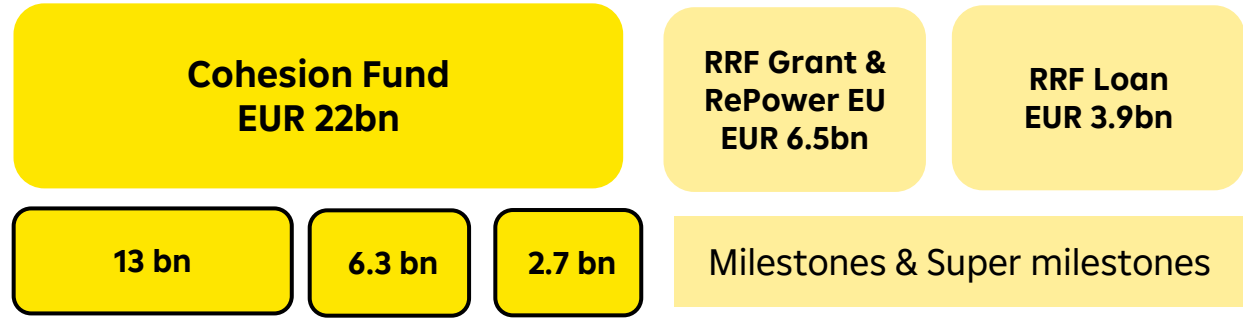
# HU government policy to stimulate growth, through lending driven consumption, Asian FDI and EU funds

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

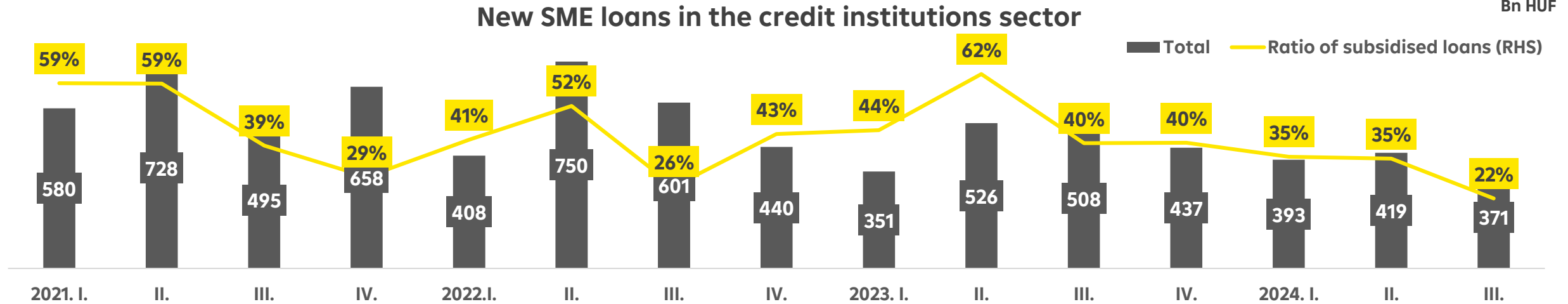
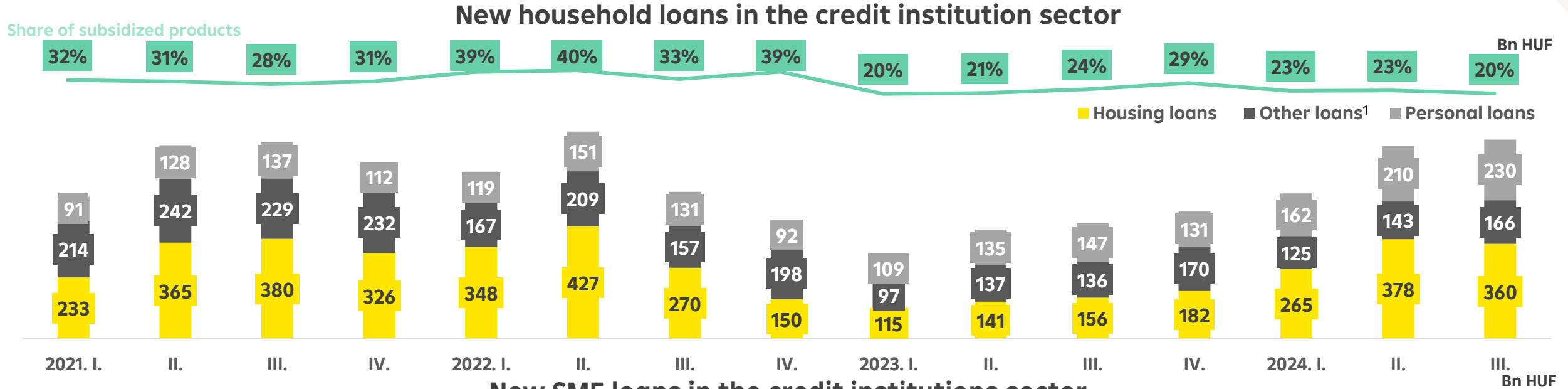


Horizontal enabling conditions + additional requirements

- 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
- According to 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



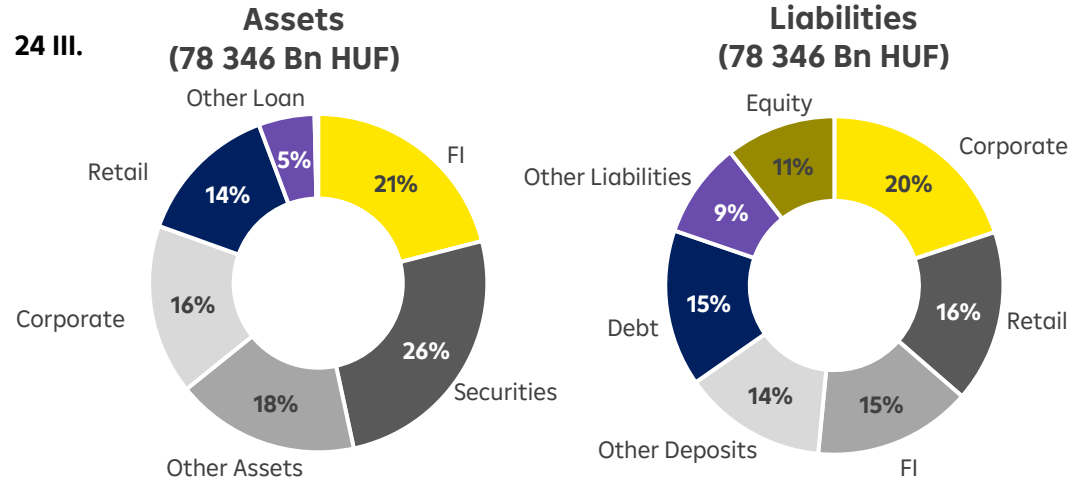
Note: (1) Including home equity loans, baby loans, other consumer loans and other loans. Source: Central Bank of Hungary Investor presentation February 2025

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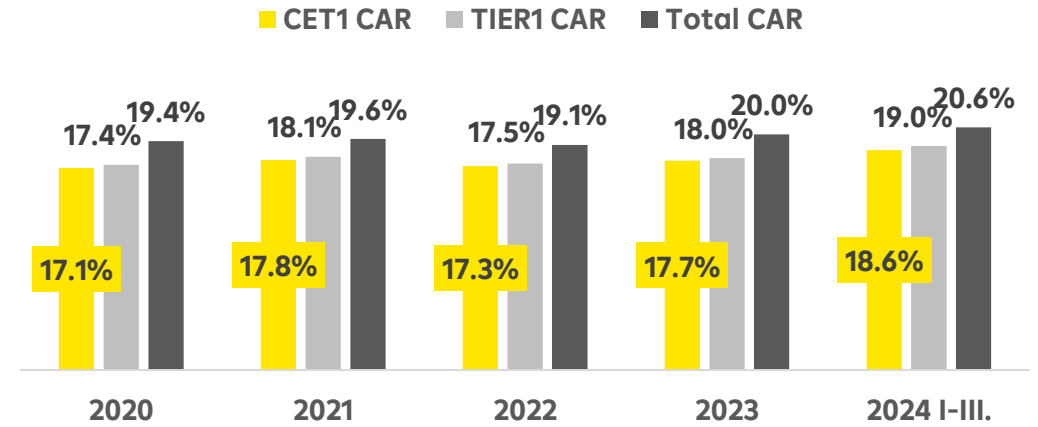
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# Healthy HU banking sector with balanced structure, low NPL and high stability indicators

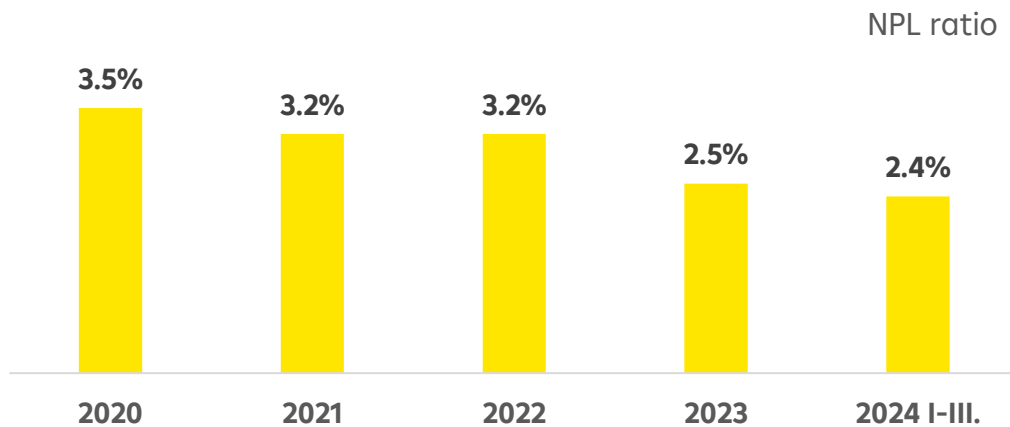
## Balanced banking sector assets and liabilities



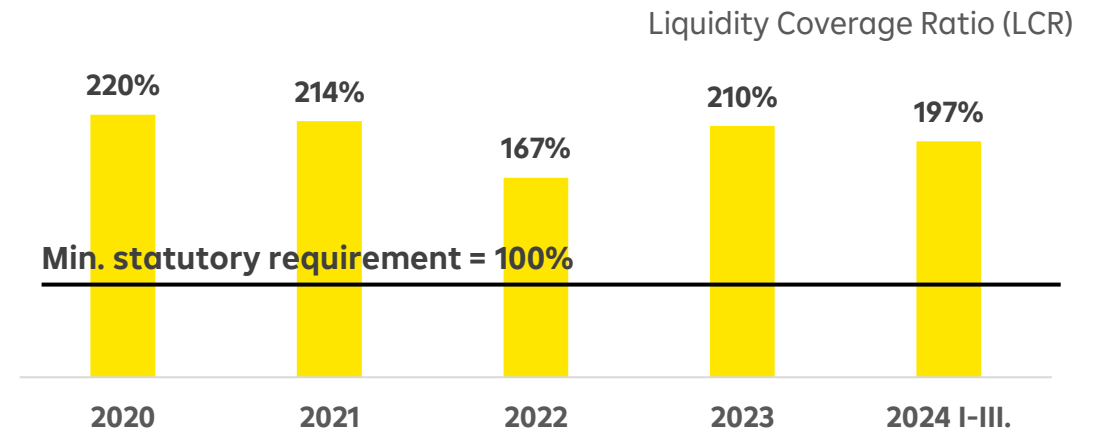
## Consistently high capital adequacy ratios



## Decreasing NPL trend continued

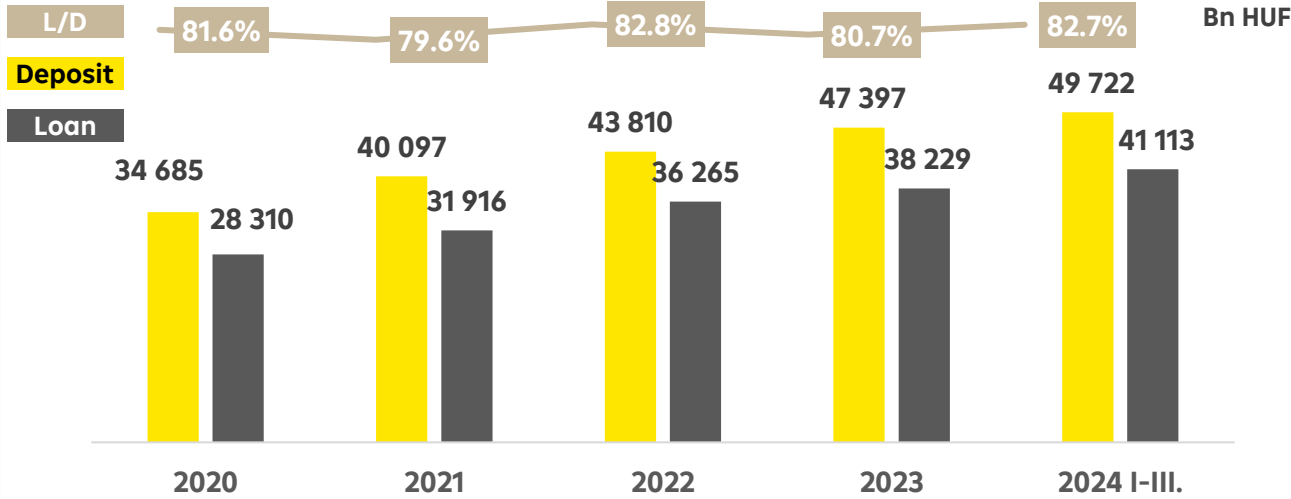


## LCR is well above the 100% statutory requirement

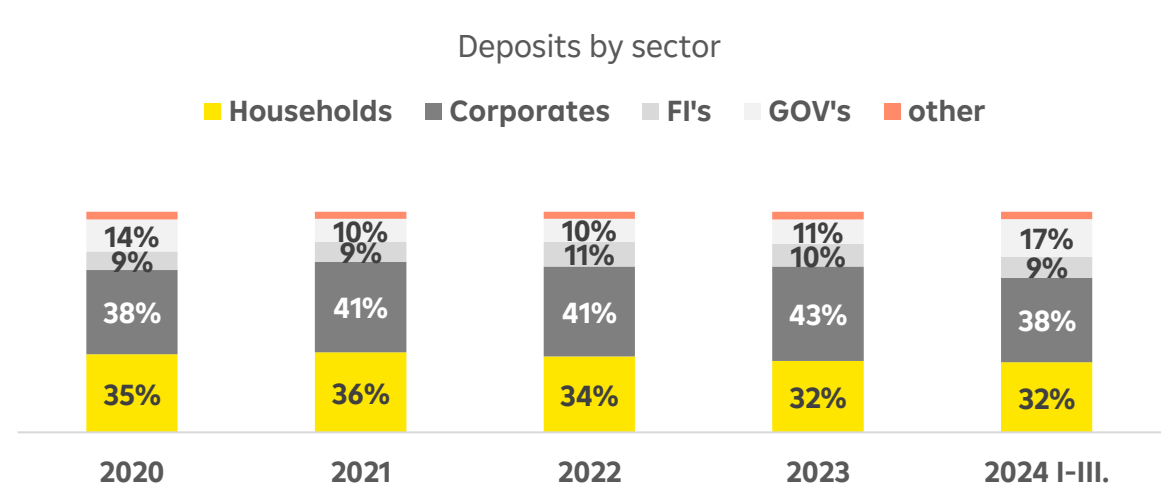


# Loan to deposits ratio stable at 80%, retail lending penetration below regional average

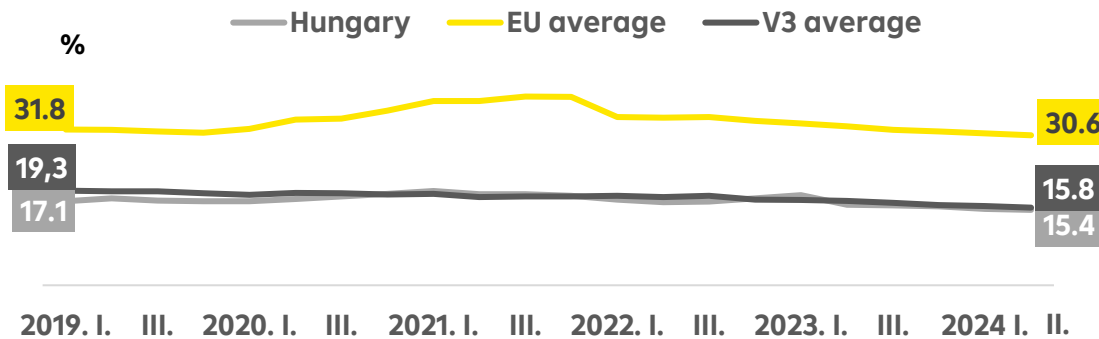
Steady growth continued in both deposits and loans with a persistent ~80% L/D



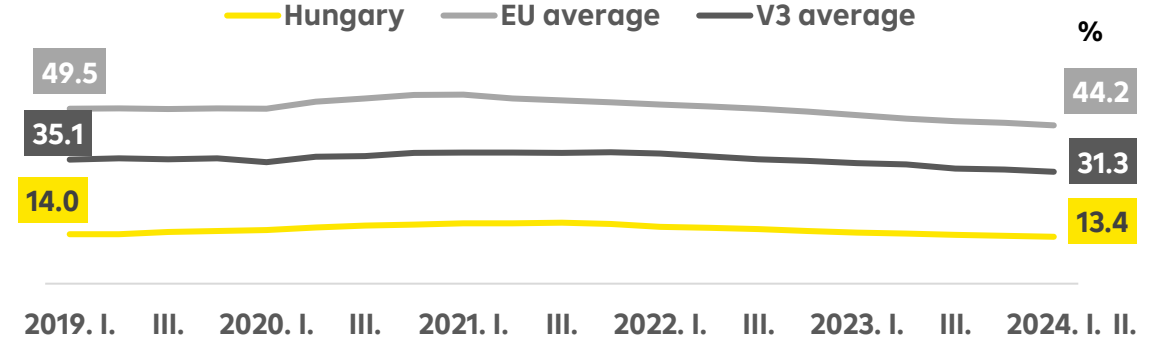
Diversified deposit structure with ~30-40% retail and ~40% corporate segments



HU 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



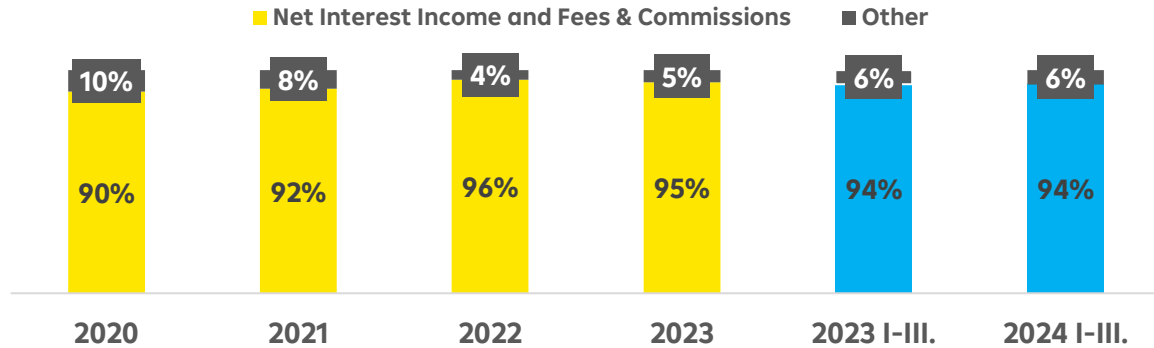
Note: (1) Non-Financial Corporations, (2) Average of data representing the Czech Republic, Poland and Slovakia. Source: Central Bank of Hungary  
Investor presentation February 2025



# High 2024 sector profitability continued mainly driven by strong NII generation

## High share of NII and NCI in revenue composition

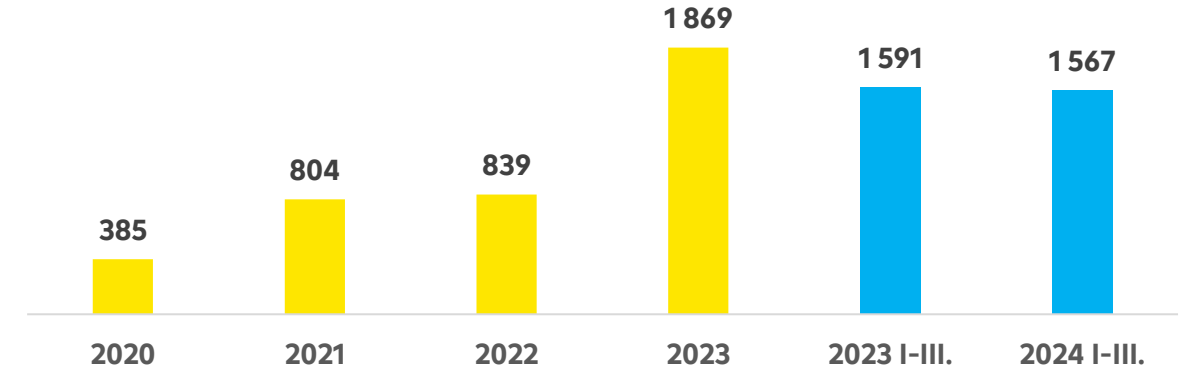
Revenue composition



## Very strong ~1 600 bn HUF consolidated profit reached in 2024 Q1-Q3

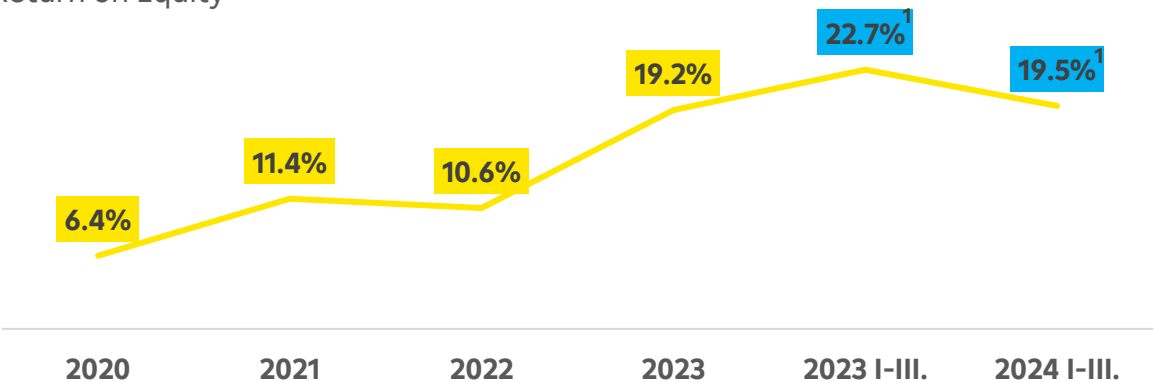
Profit after tax

Bn HUF



## ~20% consolidated sector ROE for 2024 based on Q1-Q3 results

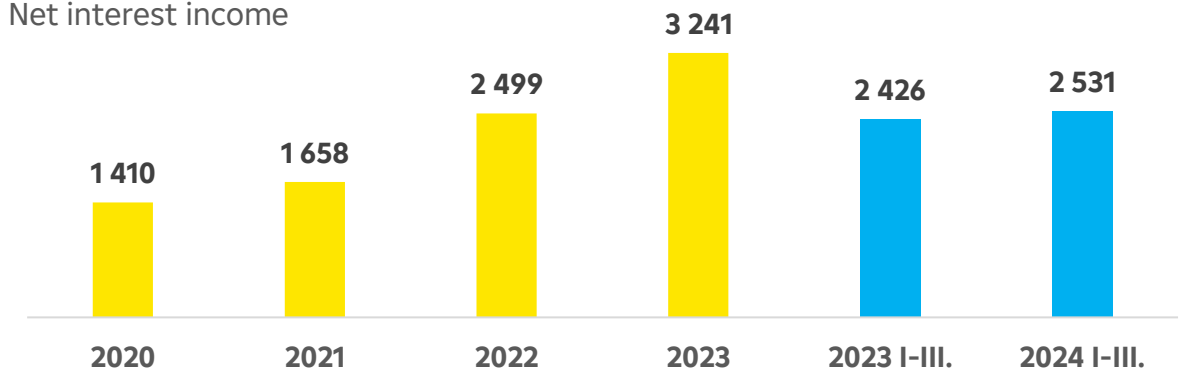
Return on Equity



## Net Interest Income with > 2 500 bn HUF based on Q1-Q3 results

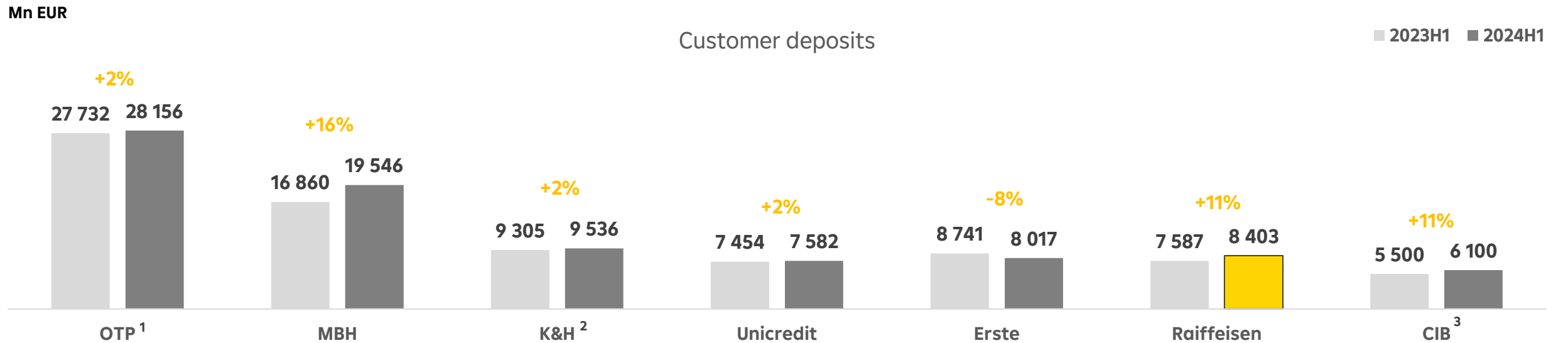
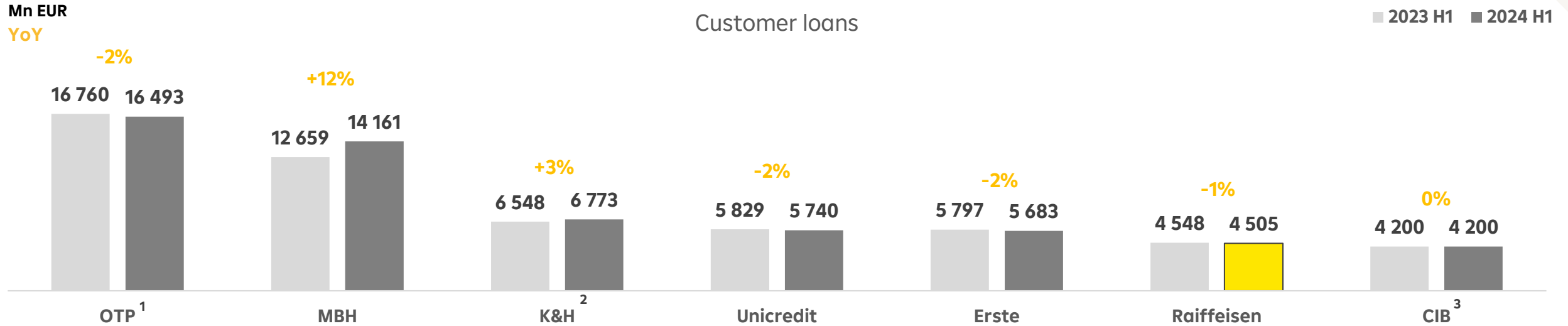
Net interest income

Bn HUF



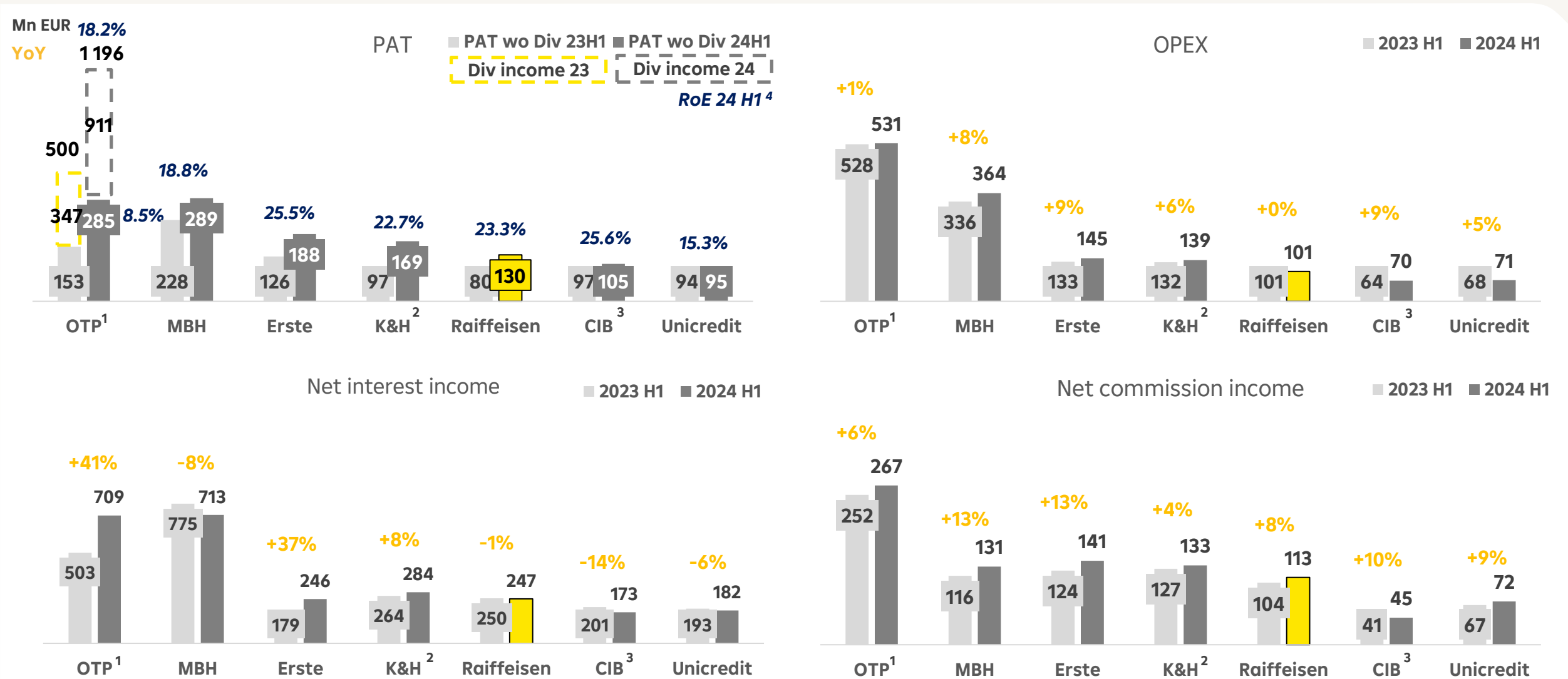
Note (1): The quarterly representations of ROE were annualized. Source: Central Bank of Hungary  
Investor presentation

# #6 customer lending position kept in 2024H1, while customer deposit base increased above competition YoY



Note (1): OTP Core (2): K&H represents the Hungarian subsidiary of KBC Group (3): CIB represents the Hungarian subsidiary of Intesa Sanpaolo Group. Source: 2024 H1 Financial Statements & Quarterly Group Investor Reports 2024 H1  
Investor presentation

# Very strong profit generation of sector continued in 24H1'



Note (1): OTP Core (2): K&H represents the Hungarian subsidiary of KBC Group (3): CIB represents the Hungarian subsidiary of Intesa Sanpaolo Group. (4) Return on Equity ratio was calculated by the division of 2 X 24 H1 PAT and average equity of 23YE and 24 H1. Source: 2024 H1 Financial Statements & Quarterly Group Investor Reports 2024 H1

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 Negative 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 expected high 2024 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**

	2019	2020	2021	2022	2023	2023 III.	2024 III.	2024
EUR/HUF	330.58	363.90	351.68	400.87	382.80	389.50	396.88	411.35