MOODY'S RATINGS

Rating Action: Moody's Ratings affirms Raiffeisen Bank International AG's A1 long-term deposit and senior unsecured debt ratings, outlook stable

27 May 2025

Frankfurt am Main, May 27, 2025 -- Moody's Ratings (Moody's) has today affirmed the A1 long-term deposit and senior unsecured debt ratings of Raiffeisen Bank International AG (RBI). The rating outlook for these long-term ratings remains stable. Concurrently, we have affirmed the bank's Baa2 junior senior unsecured debt and subordinate debt ratings, the corresponding (P)Baa2 junior senior unsecured MTN and subordinate MTN program ratings, as well as the (P)A1 senior unsecured MTN program rating. Furthermore, we affirmed the Ba2(hyb) rating of RBI's non-cumulative preference shares, the P-1 short-term deposit ratings and the bank's long- and short-term A1/P-1 Counterparty Risk Ratings. In addition, we affirmed the Baa2 senior subordinate debt rating of Raiffeisen Zentralbank Oesterreich AG, an entity assumed by RBI.

We also affirmed RBI's baa3 Baseline Credit Assessment (BCA), its baa2 Adjusted BCA and the bank's A1(cr)/P-1(cr) long- and short-term Counterparty Risk Assessments.

Please click on this link https://www.moodys.com/viewresearchdoc.aspx?docid=PBC_ARFTL507398 for the List of Affected Credit Ratings. This list is an integral part of this Press Release and identifies each affected issuer.

RATINGS RATIONALE

AFFIRMATION OF RBI'S BASELINE CREDIT ASSESSMENT

The affirmation of RBI's baa3 BCA reflects its strong operational performance in its core countries, supporting the bank's capitalisation and profitability. RBI also maintained a prudent approach towards managing its asset risks, in particular regarding exposures towards highly cyclical commercial real estate that have only caused a moderate increase in problem loans and associated loan loss charges to date. The group's conservative liquidity management has further allowed it to limit maturity transformation risks and maintain solid liquidity buffers. These credit strengths will continue to help shield RBI against the uncertainties associated with its adjourned exit from its nonetheless shrinking Russian operations.

The bank is still planning to sell a majority stake in its Russian subsidiary, which would allow it to deconsolidate the local operations from group accounts and reduce reputational and sanction risks associated with the management of potentially conflicting stakeholder interests. While doing so over the past two years, RBI has faced several setbacks and delays in executing on its proposed exit, including a Russian court banning the sale of shares in its Russian subsidiary, AO RAIFFEISENBANK, as well as a Russian court ruling that AO RAIFFEISENBANK is liable to pay €2.04 billion relating to damages claimed by Rasperia Trading Limited. As a result, RBI has been unable to indirectly repatriate parts of its Russian subsidiary's excess capital to Austria. Aside from nonfinancial risks, including potential reputational damage, RBI remains financially well-prepared even in a dire scenario of walking away from Russia without compensation. After deducting the Russian subsidiary's capital and risk-weighted assets, the group's pro forma Common Equity Tier 1 capital ratio would remain at a solid 15.9% as of 31 March 2025, according to RBI, further safeguarding its credit profile.

AFFIRMATION OF RBI'S ADJUSTED BCA

The affirmation of RBI's baa2 Adjusted BCA reflects the affirmation of the bank's baa3 BCA and our assessment that our current affiliate support probabilities remain unchanged. This reflects RBI's role as the central institution of Austria's Raiffeisen Bankengruppe (RBG) and the membership of RBI and of its domestic subsidiaries in the federal institutional protection scheme (IPS) of RBG. The IPS is designed to provide liquidity and capital support for its members, in addition to its role as a deposit guarantee scheme. Following strong financial performance and profit retention in 2024, we believe the federal IPS of the sector has substantial capacity to support RBI in case of need.

AFFIRMATION OF RBI'S RATINGS

The affirmation of RBI's ratings reflects the affirmation of its Adjusted BCA and the unchanged results of our Advanced Loss Given Failure (LGF) analysis. This analysis focuses on the domestic resolution perimeter of RBI and excludes the bank's international subsidiaries. These are neither members of the IPS nor of the resolution perimeter defined by resolution authorities. The latter reflects the multiple point of entry setup of the group for resolution purposes.

RBI's deposits and senior unsecured debt continue to benefit from an extremely low loss-given-failure from ample subordination provided by junior senior unsecured debt as well as by Tier 2 and Additional Tier 1 capital instruments, which results in three notches of rating uplift.

Furthermore, we continue to assume a moderate probability of government support for RBI's senior unsecured and higher-ranking liabilities, which reflects the systemic relevance of RBI as well as the group's membership in the IPS of RBG, and which results in one notch of additional rating uplift for its deposit and senior unsecured debt ratings.

OUTLOOK

The stable outlook on the long-term deposit and senior unsecured debt ratings reflects our view that RBI's and RBG's combined solvency scores and - most importantly - their respective asset quality and capitalisation metrics as well as RBI's liability structure will remain broadly unchanged over the next 12 to 18 months.

The stable outlook also reflects our expectation that it is unlikely that RBI will achieve a full exit from Russia during the outlook horizon, although the ongoing wind-down and partial sale negotiations will likely lead to a significant exposure reduction.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

RBI's ratings could be upgraded in case of an upgrade of the bank's Adjusted BCA, which incorporates the financial strength of RBG, of which RBI is the central institution. The bank's junior senior unsecured and lower-ranking liabilities could also be upgraded in the case of additional issuances of junior senior unsecured debt, subordinated debt or Additional Tier 1 capital instruments, in volumes beyond our current expectations.

RBI's BCA could be upgraded if the bank meaningfully reduces its exposure to reputational and sanctions risk while maintaining a strong profitability in its core operations and safeguarding its achieved capital and liquidity levels.

RBI's ratings could be downgraded in case of a downgrade of its Adjusted BCA, which could be triggered by a material weakening of RBG's financial profile, which reflects the financial strength of all three group layers, i.e. RBI, the regional Raiffeisenlandesbanks and the local primary Raiffeisen banks.

RBI's ratings could also be downgraded in case of a material decrease of RBI's bail-in-able debt, in particular its capital instruments, such that it increases the loss severity and leads to fewer notches of rating uplift under our Advanced LGF analysis.

RBI's BCA could be downgraded in case its fully accessible capital and liquidity held in Austria and its other core countries were to weaken, for example due to unexpected material failures in complying with requirements from authorities or due to significant reputational damage. The BCA could also be downgraded if asset quality and capital deteriorated substantially from current levels.

PRINCIPAL METHODOLOGY

The principal methodology used in these ratings was Banks published in November 2024 and available at https://ratings.moodys.com/rmc-documents/432741. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

The List of Affected Credit Ratings announced here are a mix of solicited and unsolicited credit ratings. For additional information, please refer to Moody's Policy for Designating and Assigning Unsolicited Credit Ratings available on its website https://ratings.moodys.com. Additionally, the List of Affected Credit Ratings includes additional disclosures that vary with regard to some of the ratings. Please click on this link https://www.moodys.com/viewresearchdoc.aspx?docid=PBC_ARFTL507398 for the List of Affected Credit Ratings. This list is an integral part of this Press Release and provides, for each of the credit ratings covered, Moody's disclosures on the following items:

• EU Endorsement Status

• UK Endorsement Status

• Rating Solicitation

• Issuer Participation

• Participation: Access to Management

• Participation: Access to Internal Documents

• Lead Analyst

• Releasing Office

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on https://ratings.moodys.com/rating-definitions.

For any affected securities or rated entities receiving direct credit support/credit substitution from another entity or entities subject to a credit rating action (the supporting entity), and whose ratings may change as a result of a credit rating action as to the supporting entity, the associated regulatory disclosures will relate to the supporting entity. Exceptions to this approach may be applicable in certain jurisdictions.

For ratings issued on a program, series, category/class of debt or security, certain regulatory disclosures applicable to each rating of a subsequently issued bond or note of the same series, category/class of debt, or security, or pursuant to a program for which the ratings are derived exclusively from existing ratings, in accordance with Moody's rating practices, can be found in the most recent Credit Rating Announcement related to the same class of Credit Rating.

For provisional ratings, the Credit Rating Announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating.

Moody's does not always publish a separate Credit Rating Announcement for each Credit Rating assigned in the Anticipated Ratings Process or Subsequent Ratings Process.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Please see https://ratings.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the issuer/deal page on https://ratings.moodys.com for additional regulatory disclosures for each credit rating.

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