



Annual General Meeting  
**Raiffeisen Bank International AG**

*20 October 2020*

# Welcome

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**Erwin Hameseder**

Chairman of the Supervisory Board

# 1<sup>st</sup> Agenda Item

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Presentation of the approved annual financial statements, including the management report, the consolidated financial statements and consolidated management report, each as at 31 December 2019, and the proposal for the utilization of profit, the separate non-financial report, the report of the Supervisory Board for the 2019 financial year, as well as the Management Board's Corporate Governance Report.

# Supervisory Board Report

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**Erwin Hameseder**

Chairman of the Supervisory Board

# Management Board Report

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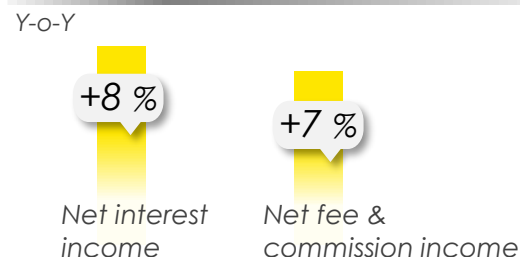
**Johann Strobl**  
CEO

# FY 2019 Earnings and Financial Performance

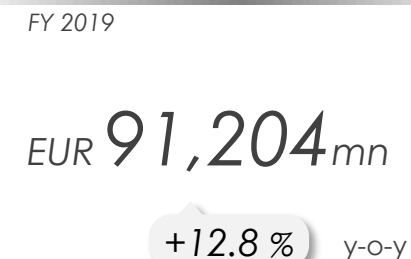
## Continued growth in 2019

- Strong NII and net fee and commission income development<sup>1</sup>
- Double digit growth in loans to customers

### Core revenues excl. Poland<sup>1</sup>



### Loans to customers



## Asset quality improved further

- S&P long-term rating upgraded to A- (March 2020)
- Low risk costs as well as further recoveries and write-backs

### NPE ratio

FY 2019

**2.1 %**

**-52 bps** y-o-y

### NPE coverage ratio

FY 2019

**61.0 %**

**+2.7 pp** y-o-y

### Rating upgrade

**A-**

S&P long-term rating

## Robust capital position to begin 2020

- Heading into volatile H1/2020 with CET 1 ratio well above 13 per cent target

### Consolidated Profit

FY 2019

EUR **1,227**mn

**-3.4 %** y-o-y

### CET 1

FY 2019, fully loaded, incl. result

**13.9 %**

**+58 bps** y-o-y

<sup>1</sup> Excl. Poland: core banking operations in Poland were sold in October 2018

# FY 2019 Income Statement and Key Ratios

(in EUR mn)

	FY 2019	FY 2018	Δ
Net interest income	3,412	3,362	+1.5%
Net fee and commission income	1,797	1,791	+0.3%
Net trading income & fair value result	-17	17	-
Other operating components <sup>1</sup>	284	207	+37.2%
<b>Operating income</b>	<b>5,475</b>	5,377	+1.8%
General administrative expenses	-3,093	-3,048	+1.5%
<b>Operating result</b>	<b>2,382</b>	2,330	+2.3%
Impairment losses on financial assets	-234	-166	+41.2%
<b>Consolidated profit</b>	<b>1,227</b>	1,270	-3.4%

## Net interest margin

FY 2019

**2.44%**

-7 bps y-o-y

## Cost income ratio

FY 2019

**56.5%**

-19 bps y-o-y

## Consolidated return on equity

FY 2019

**11.0%**

-1.6 pp y-o-y

- **Operating result up 2.3% in 2019**
- **NIM down slightly, reflecting rate cuts and balance sheet growth**
- **Consolidated ROE of 11% in line with target**

<sup>1)</sup> Incl. dividend income, current income from investments in associates, net gains/losses from hedge accounting, other net operating income

# Balance Sheet FY 2019

(in EUR mn, Δ y-o-y)

	FY 2019	Δ
<b>Assets</b>	<b>152,200</b>	<b>+8.6%</b>
Loans to banks	9,435	-5.6%
Loans to customers	91,204	+12.8%
Securities	19,538	-1.2%
Cash and other assets	32,022	+8.6%

	FY 2019	Δ
<b>Liabilities</b>	<b>152,200</b>	<b>+8.6%</b>
Deposits from banks	23,607	-1.6%
Deposits from customers	96,214	+10.5%
Debt issued and other liabilities	18,614	+11.6%
Equity	13,765	+10.9%

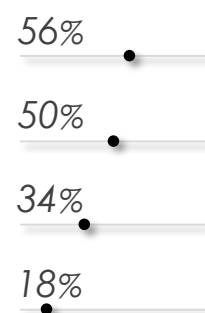
## Loans to customers

(in EUR mn)

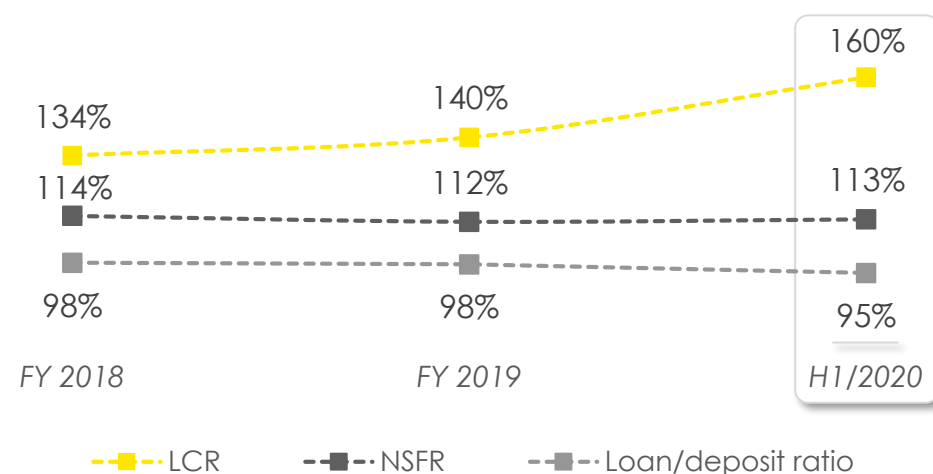
Total growth loans to customers (y-o-y)

CE	+6.7%	Hungary +14%	Slovakia +9%
SEE	+8.8%	Bulgaria +16%	Serbia +16%
EE	+30.1%	Russia +33%	Ukraine +21%
GC&M	+10.3%		

Share of households<sup>1</sup>



## Liquidity



<sup>1</sup> Remaining share: non-financial corporations, general governments, other financial corporations



# Capital Ratios Well Above Requirements

## Strong capital ratios at FY 2019

### CET 1

Fully loaded, incl. result

FY 2019  
**13.9%**

+58 bps y-o-y

### Tier 1

Fully loaded, incl. result

**15.4%**

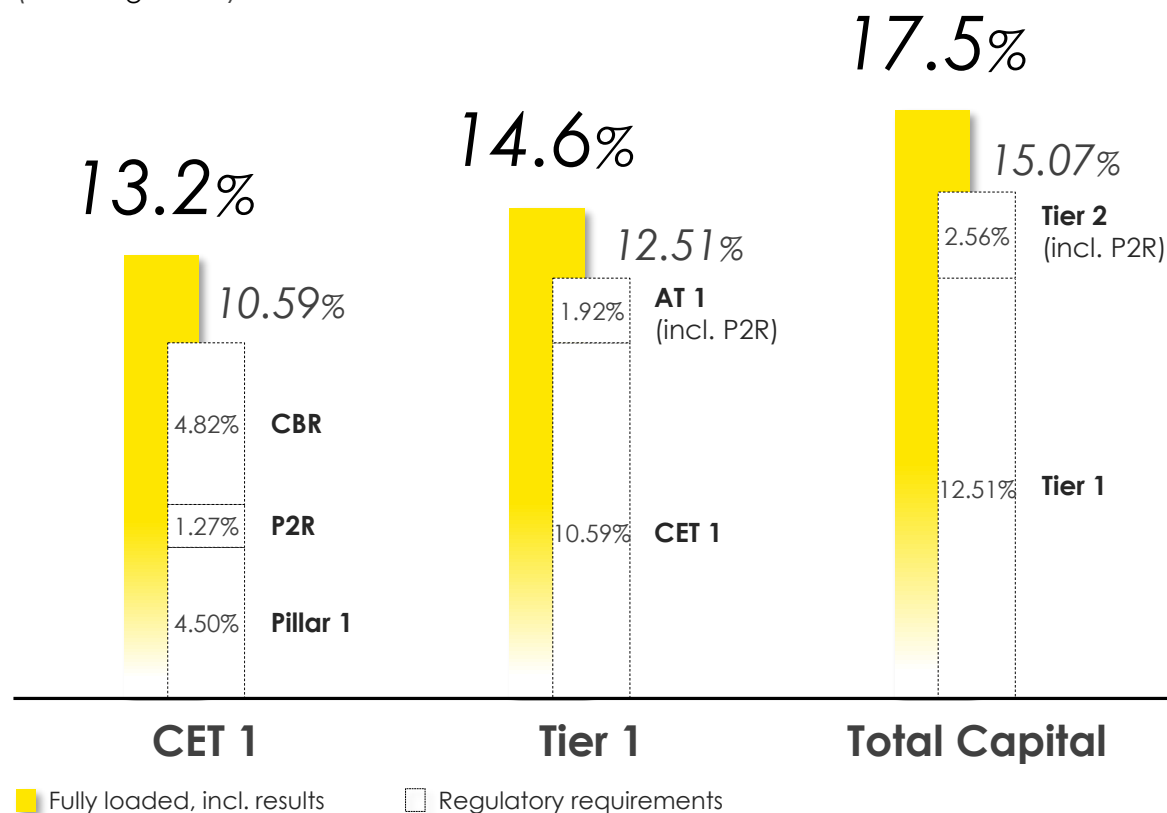
### Total capital

Fully loaded, incl. result

**17.9%**

## Capital structure (H1/2020)

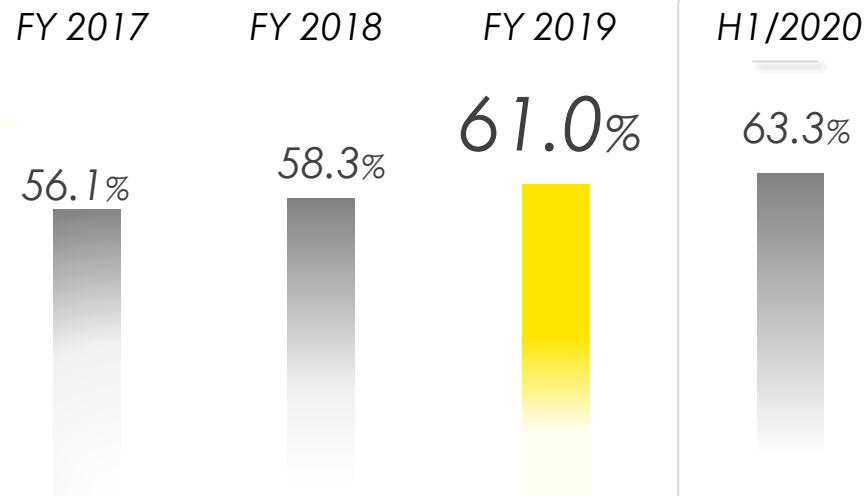
(including results)



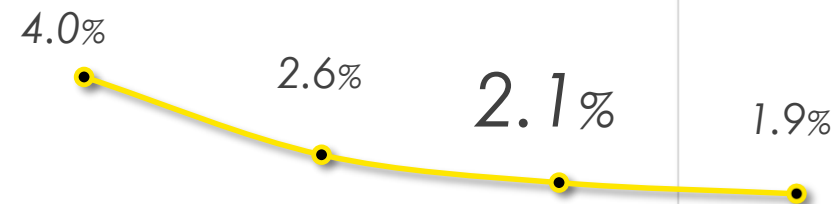
Capital structure further optimized with **Tier 2 issuance** in June and **AT1** in July

# Further Improved Asset Quality and Well-Positioned for 2020

## NPE coverage ratio

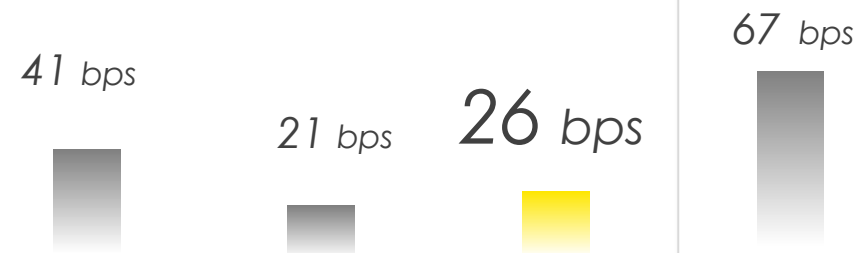


## NPE ratio



## Provisioning ratio

(Average loans to customers)



- Stage 3 NPE coverage ratio continues to increase
- Coverage ratio (including stage 1 and stage 2 provisions) of 85% at H1/2020
- NPE ratio at record low by H1/2020
- Provisioning ratio stable in 2019, benefitting from further recoveries and write-backs, as well as few new defaults

## Q1

- **Strong loan growth** in most markets in local currency terms
- **Sharp slowdown of business activities** following implementation of COVID-19 measures
- **Key rate cuts** across CEE and **depreciation of numerous CEE currencies**

## Q2

- **Slower loan growth in April and May**, reflecting lower activity in retail business
- **Pick up in business activity across the region** since May, following easing of lockdown measures in most markets
- **Capital structure further optimized** with Tier 2 issuance in June and AT1 issuance in July

### Operating result

H1/2020

EUR 1,216<sub>mn</sub>

+20.6% y-o-y

### Consolidated Profit

H1/2020

EUR 368<sub>mn</sub>

-35.5% y-o-y

### Loans to customers

H1/2020

EUR 93,876<sub>mn</sub>

+2.9% YTD

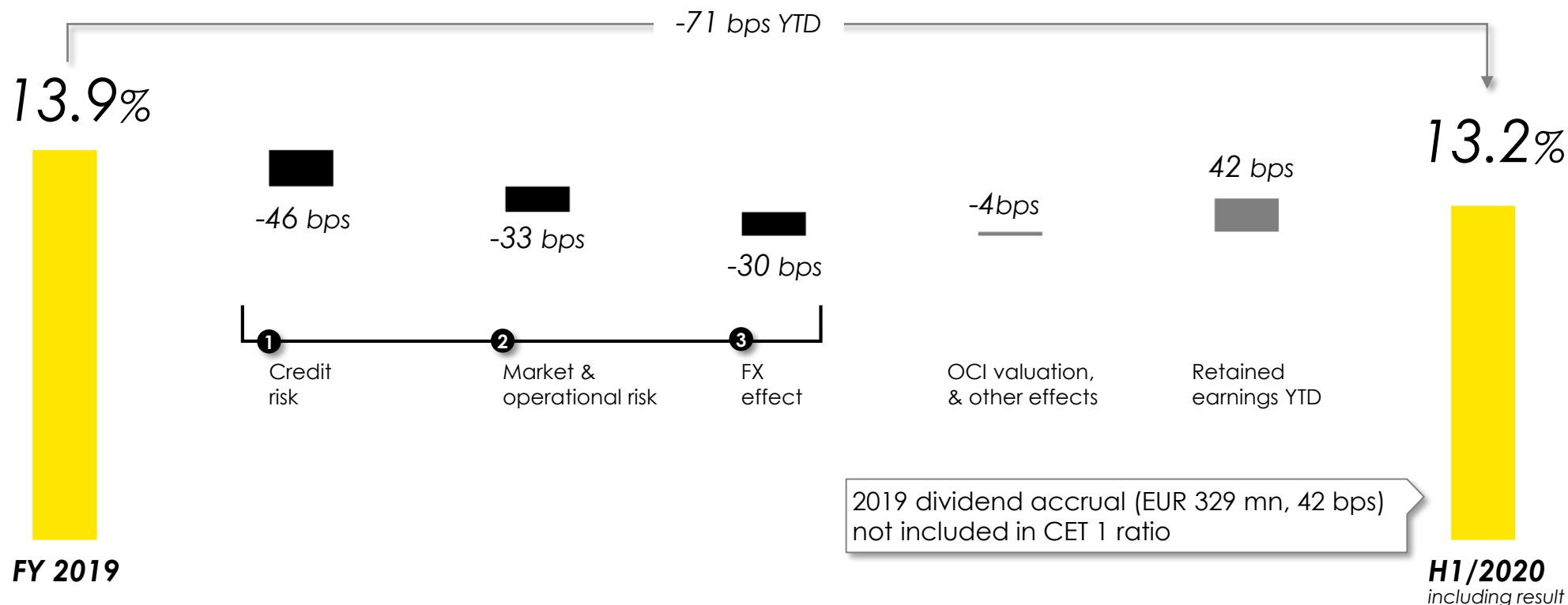
### CET 1

H1/2020 (fully loaded, incl. result)

13.2%

-71 bps YTD

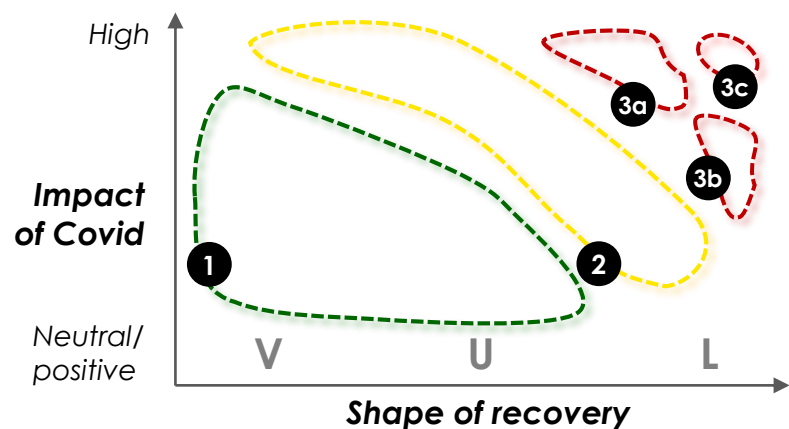
# CET 1 Ratio Development in First Half of 2020



- ① New business & drawdowns -36 bps, EUR 2.1 bn
- Rating migration -25 bps, EUR 1.5 bn
- SME support factor +15 bps, EUR -0.9 bn

- ②
  - Market Risk increased by EUR 1.2 bn due to increased sovereign bond spreads and general market volatility
  - Operational risk increased by EUR 0.7 bn mainly due to incorporation of FX mortgage litigation cost in Poland
- ③
  - Negative FX impact of EUR -2.1 bn, mainly due to RUB

# Recovery Assumptions by Industry



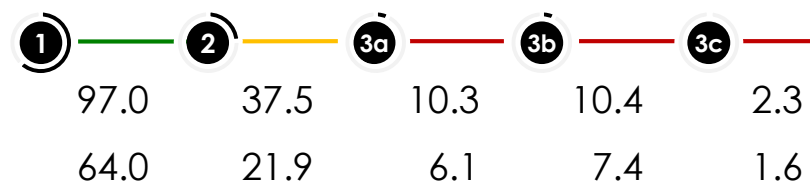
For each industry recovery assumptions based on:

- Shape of recovery and assumptions on the post-pandemic outlook
- Impact of Covid: Severity and direct impact of lockdown measures

Total in EUR bn, H1/2020

**Gross exposure 157.5**

**Net exposure 101.1**



## 1 Limited Covid impact and fast recovery

Retail distribution
Food, beverages & discretionary products
Health care
Agriculture
Telecom
Containers & packaging
Chemicals & fertilizers
Financial institutions
Consumer finance/ insurance
Sovereigns

## 2 Moderate Covid impact and U-shaped recovery

in EUR mn, H1/2020

	Gross	Net
Construction	6,274	2,147
Transportation	3,891	2,526
O&G (trading, refining)	3,645	1,803
Utilities	3,392	2,373
Capital goods <sup>1</sup>	3,076	1,667
Retail distribution	2,846	1,665
Real estate (industrial, residential)	2,321	1,355
Chemicals & fertilizers	1,922	1,454
Non-ferrous metals	1,785	1,437

<sup>1</sup> Agricultural and construction machinery, heavy trucks

## 3 Most impacted by Covid and lengthy recovery

in EUR mn, H1/2020

	Gross	Net
3a Automotive suppliers	3,180	1,771
Capital goods (heavy and other electronic equipment)	2,043	800
O&G (E&P, Services, transportation)	1,893	1,509
Semicond., office electr., hardware	1,186	818
3b Real estate (office, development, operating, retail)	7,651	5,250
Steel and mining	2,783	2,188
3c Hotels and resorts	1,070	815
Airlines and airports	475	344
Leisure facilities	300	211

# Digital Banking Increased During Lockdown Measures

## Digital customers

(in mn)



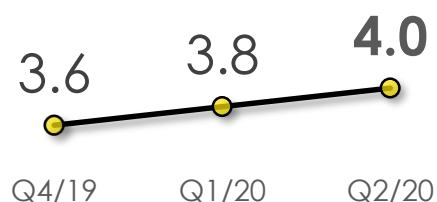
44%

of total private individual customer base

**Over 65% digital customers** in Russia, Slovakia and Czech Republic

## Mobile banking users

(in mn, at least 1 login / month)



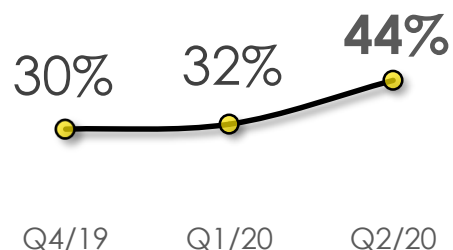
38%

of total private individual customer base

**Double digit growth** across all markets in H1/2020

## Digitally initiated sales

(share)



Personal loans

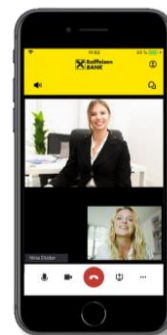
**Over 45%** of personal loans **digitally initiated** in Czech Republic, Slovakia and Russia

# Driving Digital Innovation Forward

## New products and functionalities enhancing the user experience



Launch of Raiffeisen Android wallet **RaiPay** in August 2019 in select markets: over 220,000 virtual cards already registered



Launch of **RaiConnect** in Q1/2020, enabling in-app video calls with relationship managers and secure document transfers

## Excellent customer satisfaction

★ **Consistently high ratings** (above 4.5 stars) of RBI apps confirming users' satisfaction in Russia, Czech Republic, Slovakia and Bulgaria

★ **Updates in April and June significantly increased the ratings** in Romania, Bulgaria, Croatia and Ukraine

★ **RaiPay** with consistently high ratings of 4.8 stars on average

## Widely available in RBI's local mobile applications:

- End-to-end onboarding



- Biometrics in everyday banking



- Virtual cards



- Cross-selling including pre-approved lending



# Outlook and Targets

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## Loan Growth

We expect modest loan growth in 2020

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## Risk Costs

The provisioning ratio for FY 2020 is currently expected to be around 75 basis points, depending on the length and severity of disruption

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## Cost / Income Ratio

We aim to achieve a cost / income ratio of around 55 per cent in the medium term and are evaluating how the current circumstances will impact the ratio in 2021

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## Profitability

In the medium term we target a consolidated return on equity of approximately 11 per cent. As of today, and based on our best estimates, we expect a consolidated return on equity in the mid-single digits for 2020

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## CET 1 Ratio

We confirm our CET 1 ratio target of around 13 per cent for the medium term

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## Payout Ratio

Based on this target we intend to distribute between 20 and 50 per cent of consolidated profit.





## 2<sup>nd</sup> Agenda Item

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Resolution on the utilization of net profit, as shown in the annual financial statements as at 31 December 2019.

## 3<sup>rd</sup> Agenda Item

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Resolution on the release of the members of the Management Board from liability for the 2019 financial year.

## 4<sup>th</sup> Agenda Item

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Resolution on the release of the members of the Supervisory Board from liability for the 2019 financial year.

## **5<sup>th</sup> Agenda Item**

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Appointment of an auditor (bank auditor) for the audit of the annual financial statements and consolidated financial statements for the 2021 financial year.

# 6<sup>th</sup> Agenda Item

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Elections to the Supervisory Board.

# 7<sup>th</sup> Agenda Item

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Resolution on the principles for the remuneration of the members of the Management Board and the Supervisory Board (remuneration policy).

## 8<sup>th</sup> Agenda Item

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Resolution to authorize the purchase and, if applicable, the retirement of own shares pursuant to sec. 65 para. 1 sub-para. 8 as well as para. 1 a and para. 1 b of the Stock Corporation Act and in connection therewith authorization of the Management Board, subject to consent of the Supervisory Board, to exclude shareholders' tender rights and authorization, with the consent of the Supervisory Board, to sell own shares by other means than on the stock exchange or through a public offering with exclusion of shareholders' subscription rights.

## 9<sup>th</sup> Agenda Item

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Resolution on the authorization to acquire own shares pursuant to sec. 65 para. 1 sub-para. 7 of the Stock Corporation Act for the purpose of securities trading.



# 10<sup>th</sup> Agenda Item

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Resolution on the authorization to issue convertible bonds pursuant to sec. 174 para. 2 of the Stock Corporation Act or contingent mandatory convertible bonds pursuant to sec. 26 of the Banking Act (*Bankwesengesetz*) and the exclusion of subscription rights.

# 11<sup>th</sup> Agenda Item

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Resolution on the establishment of conditional capital.

# 12<sup>th</sup> Agenda Item

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Resolution on the amendments to Articles 4, 10, 14 and 15 of the Articles of Association.

# 13<sup>th</sup> Agenda Item

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Resolution on the demerger of the equity banking division (Equity Value Chain) from Raiffeisen Centrobank AG as transferring company through a proportional demerger through absorption by way of universal succession as of the demerger date of 30 June 2020 to Raiffeisen Bank International AG as acquiring company, with continuity of Raiffeisen Centrobank AG, without granting of shares in the acquiring company and approval of the demerger and takeover contract.

Group Investor Relations

**The next annual general meeting is planned for 22 April 2021.**

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