

Budget of Raiffeisen Bank S.A. for 2025

I. Macro Outlook supporting the budget

Economy: We expect that economic growth intensity will improve during in 2025 after the very poor performance materialized in 2024. Thus, we see possible a real GDP growth of 2.5% in 2025 compared to 2024. The economic advance forecasted for 2025 should be supported by the continued increase in household consumption, although the prospects indicate deceleration of the growth pace compared to 2024. Also, investments in the economy should remain on a growth trajectory in 2025 amid the maintenance of an intense investment activity in the public and private sectors and a smoother contraction of housing investments. At the same time, we expect the gradual improvement in external demand to contribute to the resumption of the growth trend in exports of goods and services in 2025 after the decline materialized in 2023-2024.

The process of reducing the public deficit initiated in 2025 could have a negative impact on economic growth this year, especially given the high uncertainty regarding the final form of fiscal consolidation measures.

We believe that the initiation of the fiscal consolidation process would keep the inflationary pressures at high levels in 2025. Thus, we foresee that the annual inflation rate would be at 5% at 2025 year-end. Against the backdrop of inflationary risks, as well as of high uncertainty about future inflation developments, we expect the Central Bank (NBR) to continue to behave cautiously with regard to key rate cutting cycle. Thus, we expect the NBR to reduce the monetary policy interest rate to 5.5% by the end of 2025.

Other risks whose materialization could determine an economic performance below expectations in 2025 can be: the escalation of global geopolitical conflicts, the increase in foreign investors' aversion towards Romania amid large macroeconomic imbalances (budget deficit and current account deficit), political instability.

Developments in the banking industry: Favourable developments in lending activity should continue in 2025 as we expect economic growth to improve, investment activity to remain at a high level, positive labour market developments and some interest rate declines. However, the economic outlook for 2025 is characterized by a high degree of uncertainty. We believe that the risks to our baseline macroeconomic scenario for this year are more on the negative side as fiscal consolidation could lead to increases in taxes and to higher inflationary pressures. On the other hand, the low level of financial intermediation and the access to large allocations of EU funds contribute to maintaining a high potential for growth in lending activity in the medium and long term.

We believe that among the risks that could limit the growth of lending activity in 2025 are the delay in interest rate cuts by the Central Bank, as well as weak economic performance. Keeping interest rates high could also be determined by investors' increased risk aversion towards RON assets in the context of broad macroeconomic imbalances and the emergence of tensions on the political scene.

Our positioning: Our perspectives regarding business activity and financial performance are largely reflected in the Bank's budget for 2025. We anticipate that in the upcoming period, the macroeconomic context will support the growth on financial intermediation in Romania, facilitating at the same time the real economy development through a sustainable lending activity on the private sector. Our strategic objectives are leaned towards investments and business initiatives which can ensure the organic growth on lending business in a balanced manner, increase customer base and the excellence in offering financial advisory services to our clients in order to meet their financial planning objectives.

We are focusing on three major drivers of resilient long-term financial strength: our customer experience, our people and the path to a digital environment through the implementation of advanced digital solutions. We will focus on these objectives in order to strengthen our market position. All-in-all, our strategy on a medium and long-term horizon is correlated with the allocation of investments in the three crucial success factors for the future of the Bank.

II. Our priorities for 2025

Sustainable growth in lending

The budget for 2025 was built on the premise of economic growth with the aim of generating sustainable value for customers, employees, shareholders and to support the transition to a green economy as a whole. We are working on developing the lending infrastructure, with a constant focus on increasing the quality of customer experience. Another top priority for us is to maintain a relevant market share for both personal loans and mortgages offered to private individuals. We continue to support the financing of investments made by non-financial companies also by using the new guaranteed schemes in partnership with supra-national institutions.

Excellence in personal financial planning

Our focus on continuous improvement of services and products and understanding our clients' needs have directed our efforts towards the goal of excellence in financial advice to clients. We continue the BANKING 1:1 initiative started in 2023, which involves a personal and interactive way of building a financial plan, together with the clients, through the innovation of Raiffeisen

Bank represented by Smart Finance application, which is used by the Bank's experts through mobile electronic tablets during the interactions with our clients. Clients are guided through 1:1 discussions in creating a personalized financial plan, according to their needs and income with practical, useful and easy-to-understand financial information. In 2024 we focused on developing the infrastructure and reshaping the range of investment and saving products and we will continue this effort also in 2025 by extending the use of tablets to other customer segments as well.

Digital customer experience

Our customers' digital experience remains one of our priorities also in 2025. We aim to maintain last year's growth trend based on the three important pillars of the digital experience: active digital customers, loan access through 100% digital flow and self-service while focusing on actions that ensure improved application and system stability. The strategy of the Bank aims at a solid growth of the activity and profitability of the business model, a superior customer experience based on data excellence and on a deep understanding of customer needs, as well as high adaptability to rapidly changing market developments and harnessing the advantages of new technologies, with the ambition to become the most recommended financial institution in Romania.

III. Relevant Financials (RON millions)

Balance sheet	2023	2024	variation %	2025 objectives
Total assets	70,158	82,131	+17%	
Loans and advances to customers, net	40,743	44,215	+ 9%	systematic growth
Private Individuals	17,938	19.070	+6%	
Legal Entities	22,795	25.145	+10%	
Deposits from customers	54,144	65,194	+20%	systematic growth
Private Individuals	33,566	38.185	+14%	
Legal Entities	20,588	27.009	+31%	
Deposits from banks	844	716	-15%	
Subordinated loans	806	810	+1%	no issuances planned
Debt instruments issued	5,073	5,073	0%	no significant issuances planned
Profit and loss	2023	2024	variation %	2025 objectives

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Gross income	3,773	4,027	+7%	moderate growth
Operating expenses	-1,635	-1,787	+9%	investment in HR and digital capabilities
Pre-provisioning result	2,138	2,201	+5%	growing trend
Risk costs	30	-23	-176%	cautious approach
Net profit after tax	1,719	1,670	-3%	solid profitability
Metrics	2023	2024	variation %	2025 objectives
Return on equity	27.2%	24.1%	-3,1 pp	above market average
Cost to income ratio*	43.7%	44.6%	+0,9 pp	high operational efficiency
Loans, net / Deposits	75%	68%	-7 pp	systematic increase
Capital adequacy ratio**	21.4%	21.8%	+0,4 pp	solid capital position

* CIR is calculated according to reporting standards to Group RBI as Total Operating expenditure excluding SRF and deposit insurance, divided by sum of Total Gross income and Other operating result

** The indicator for 2024 does not account for the GSM decision on profit distribution for the 4th quarter of 2024

Note: all figures are in accordance with IFRS and Group RBI reporting standards

We submit for the approval of the budgeted Income Statement and Statement of financial position for the 12-months period ending on 31 December 2025, as presented above.

This Report was analyzed and approved by the Management Board of Raiffeisen Bank S.A. in the meeting on March 18th, 2025.

Zdenek Romanek

President of the Management Board

Raiffeisen Bank S.A.