MOODY'S RATINGS

CREDIT OPINION
8 December 2025

Update

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RATINGS

Raiffeisen Bank d.d. Bosna i Hercegovina

Domicile	Sarajevo, Bosnia and Herzegovina
Long Term CRR	B3
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	Withdrawn
Type	Senior Unsecured MTN - Fgn Curr
Outlook	Not Assigned
Long Term Deposit	B3 / B1
Type	LT Bank Deposits - Fgn Curr / Dom Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Raiffeisen Bank d.d. Bosna i Hercegovina

Update to credit analysis

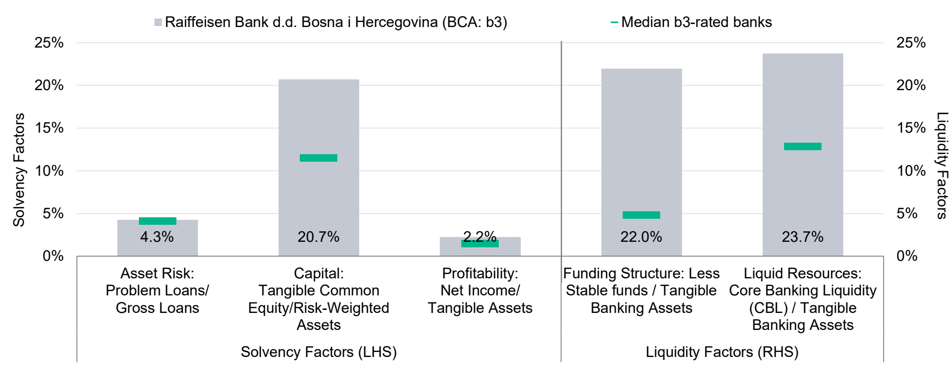
Summary

Raiffeisen Bank d.d. Bosna i Hercegovina's (RBBiH) B1 local-currency deposit rating captures the bank's b3 Baseline Credit Assessment (BCA) and two notches of rating uplift from our assessment of a high probability of affiliate support from Raiffeisen Bank International AG (RBI, A1/A1 stable, baa3[1]), resulting in a b1 Adjusted BCA. The B3 foreign-currency deposit rating is constrained by Bosnia and Herzegovina's (BiH, B3 stable) B3 foreign-currency country ceiling.

RBBiH's b3 standalone BCA reflects its robust capital, including strong leverage, that provides capacity to absorb losses, improved loan quality along with good coverage of problem loans by provisions, and strengthened profitability. These strengths are counterbalanced by high asset risks amid a challenging operating environment. The bank is further challenged from the lack of a lender of last resort given the restrictions from the country's currency board arrangement, although risks are mitigated by a healthy level of high-quality liquid assets.

RBBiH's Financial Profile scorecard outcome is b2, but its BCA is constrained at the B3 sovereign level. While RBBiH's exposure to the domestic government and public sector is low, the bank is indirectly exposed to sovereign event risk at the B3 sovereign rating level, as a sovereign crisis can transmit shocks across the economy and the banking system.

Exhibit 1
Rating Scorecard - Key financial ratios



These are our Banks methodology scorecard ratios. Asset Risk and Profitability reflect the weaker of either the latest figure or the three-year and latest figure average. Capital is the latest reported figure. Funding Structure and Liquid Resources reflect the latest fiscal year-end figures.
Source: Moody's Ratings

Credit strengths

- Capital is robust, including strong leverage, while strengthened profitability has improved internal capital generation
- Healthy level of high quality liquid assets
- A high probability of parental support in case of need

Credit challenges

- High asset risks driven by a challenging operating environment
- Lack of a 'lender of last resort' complicates liquidity management
- Indirect exposure to sovereign event risk at the B3 rating level, although direct exposure to government securities is low

Outlook

The stable outlook on the bank's long-term deposit ratings is aligned with the stable outlook on the sovereign. It reflects both the fact that RBBiH's BCA is constrained by the sovereign rating, and our expectation that its financial performance will remain solid, including capital levels significantly above regulatory requirements, mitigating operating environment pressures.

Factors that could lead to an upgrade

- Because RBBiH's ratings are at the respective domestic and foreign-currency country ceilings, ratings could only be upgraded upon an upgrade of the sovereign rating and related ceilings.
- RBBiH's BCA is also constrained by the sovereign rating and an upgrade would be contingent on an upgrade of the sovereign rating.

Factors that could lead to a downgrade

- RBBiH's ratings could be downgraded if the sovereign rating is downgraded.
- Significantly reduced willingness by RBI to provide support to RBBiH could also result in a ratings downgrade.
- The bank's ratings could also be downgraded if the BCA is downgraded, which may be due to a significant deterioration in the operating environment that would adversely impact RBBiH's asset quality, profitability and capital.

Key Indicators

Exhibit 2
Raiffeisen Bank d.d. Bosna i Hercegovina (Consolidated Financials) [1]

	12-24[2]	12-23[2]	12-22[2]	12-21[2]	12-20[2]	CAGR/Avg.[3]
Total Assets (BAM Million)	5,794.5	5,306.7	5,120.6	4,967.8	4,982.2	3.8[4]
Total Assets (USD Million)	3,067.8	2,997.2	2,794.2	2,888.5	3,127.5	(0.5)[4]
Tangible Common Equity (BAM Million)	721.6	649.1	606.5	564.6	566.3	6.2[4]
Tangible Common Equity (USD Million)	382.0	366.6	330.9	328.3	355.5	1.8[4]
Problem Loans / Gross Loans (%)	3.6	4.0	5.1	7.8	7.7	5.7[5]
Tangible Common Equity / Risk Weighted Assets (%)	20.7	20.8	21.4	20.4	21.0	20.8[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	13.6	15.3	18.0	27.3	27.1	20.3[5]
Net Interest Margin (%)	3.4	3.5	2.7	2.5	2.8	3.0[5]
PPI / Average RWA (%)	4.5	4.6	4.1	3.9	3.6	4.1[6]
Net Income / Tangible Assets (%)	2.4	2.4	1.8	1.5	0.9	1.8[5]
Cost / Income Ratio (%)	51.1	52.7	54.9	54.1	56.4	53.8[5]
Gross Loans / Due to Customers (%)	71.1	72.9	69.1	68.0	67.7	69.7[5]
Core Banking Liquidity (HQLA) / Tangible Banking Assets (%)	23.7	19.7	24.9	28.0	--	24.1[5]
Less-stable Funds (Non-LCR) / Tangible Banking Assets (%)	22.0	18.3	18.4	18.8	17.8	19.1[5]

[1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; IFRS. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.
Further to the publication of our revised methodology in November 2025, only ratios from annual 2024 onwards included in this report apply reported risk weights for all exposures, discontinuing our previously applied standard adjustment for certain government securities. Sources: Moody's Ratings and company filings

Profile

RBBiH is a commercial bank operating almost exclusively in BiH and headquartered in Sarajevo. The bank has been operating in BiH since 1992 as Market banka d.d. Sarajevo. Market banka was acquired in 2000 by the Raiffeisen Group and was renamed RBBiH.

As of June 2025, RBBiH was the second-largest bank in the country with a 13.0% market share in terms of assets. The bank's total assets according to RBI disclosures were equivalent to €3.1 billion as of September 2025.

RBBiH is a 100%-owned subsidiary of RBI, through Raiffeisen SEE Region Holding GmbH.

Source of facts and figures cited in this report

Unless noted otherwise, we have sourced data relating to systemwide trends and market shares from the Central Bank of Bosnia and Herzegovina (CBBH), the Banking Agency of the Federation of BiH (FBA) and the Banking Agency of Republika Srpska. Bank-specific year-end figures originate from the bank's annual reports, while quarterly figures from the parent RBI's quarterly disclosures. All all figures are based on our own chart of account and may be adjusted for analytical purposes. Please refer to the document Financial Statement Adjustments in the Analysis of Financial Institutions published on 17 November 2025.

Detailed credit considerations

High asset risk driven by a challenging operating environment

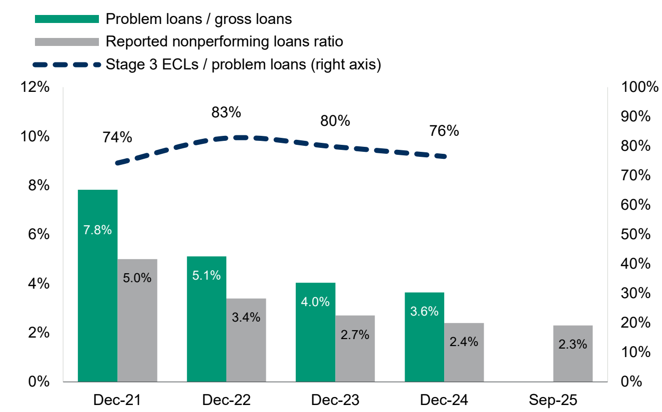
RBBiH's high asset risks are driven by BiH's challenging operating environment, captured by our 'Very Weak' Macro Profile for the country. While RBBiH's exposure to domestic government securities and public sector entities is low, the bank is indirectly exposed to sovereign event risk as sovereign crises can transmit shocks across the economy and the banking system. That said, the bank's asset quality has gradually improved and problem loans are well provisioned. Additionally, underwriting standards are broadly conservative and borrower concentration levels are moderate.

Problem loans (defined as IFRS 9 Stage 3 loans and purchased or originated credit impaired loans that are nonperforming) were 3.6% of gross loans as of the end of 2024, down from 4.0% a year earlier (see Exhibit 3). RBBiH reported nonperforming loans at 2.3% of loans to both customers and banks as of September 2025, slightly lower than 2.4% at year-end 2024. Improvements reflect low problem loan migration, the resolution of a few large problematic exposures, and improvements in the bank's collection process. Coverage of problem loans by Stage 3 expected credit losses (ECLs) was strong at 76%. Riskier Stage 2 loans made up a further 11.0% of total loans at end-2024 and coverage with Stage 2 ECLs was also good at 6.7%, supported by a conservative domestic regulatory framework.[2] Looking ahead, an economic downturn in BiH or the country's large European trading partners, such as Germany, will drive higher problem loan formation.

Cost of risk (loan loss provisions to average gross loss) averaged 0.3% between 2021 to 2024. The bank reported net recoveries during 2024 because of some model adjustments for household loans (see Exhibit 4). According to RBI disclosures, during the first nine months of 2025 provisions continue to remain low. Credit growth moderated to 5% in 2024 from 11% in 2023, while net loans increased by 8% year over year as of September 2025. Average loan growth in the past three years is broadly in line with market trends.

Exhibit 3

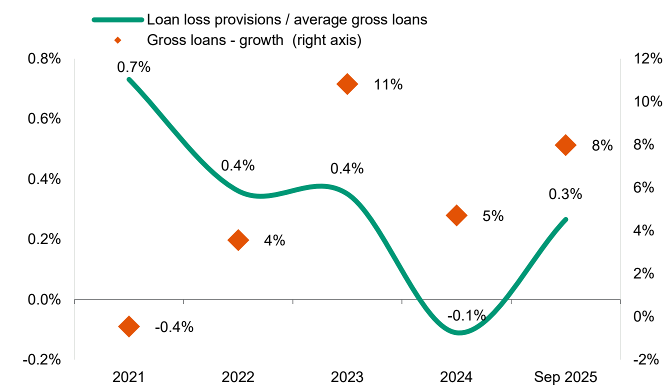
Problem loans are declining and are well-provisioned



Reported NPL ratio as disclosed by RBI that includes exposure to banks, which is a different definition from our problem loans ratio
Sources: Moody's Ratings, RBI Q3 2025 results

Exhibit 4

Cost of risk has been low in recent years

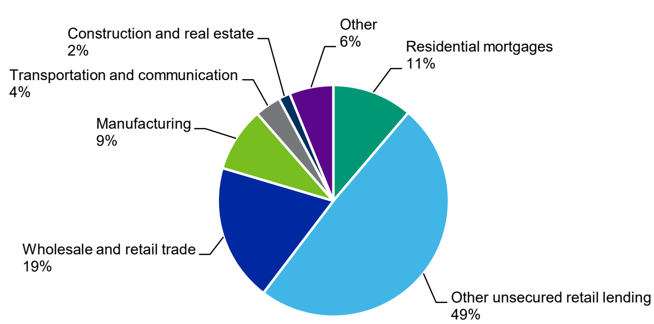


Loan growth as of 9M 2025 corresponds to year-over-year growth from September 2024 to September 2025. For September 2025 the loan loss provisions to average gross loans ratio is obtained for RBI investor presentations
Source: Moody's Ratings, RBI Q3 2025 results

Loans to individuals made up 60% of gross loans (see Exhibit 5), of which around 80% were unsecured loans and 20% housing loans. Higher credit risk for unsecured retail loans, mainly general purpose consumer loans, is mitigated by salary-assignment, while local requirements cap the maturity and the total amount of the loan, and provide for a maximum loan repayment per income bracket. Currency risk for borrowers, given around 20% of the bank's loans have a euro currency clause, is mitigated by the long-standing currency board arrangement that pegs the convertible mark to the euro.

Exhibit 5

Retail loans to individuals dominate RBBiH's loan book
Loan breakdown by sector as of the end of 2024



Sources: Bank's financial statements, Moody's Ratings

New loans to households are now predominantly issued at fully fixed interest rates, which protect borrowers from potential future rises in interest rates. However, this exposes the bank to growing interest rate risk.

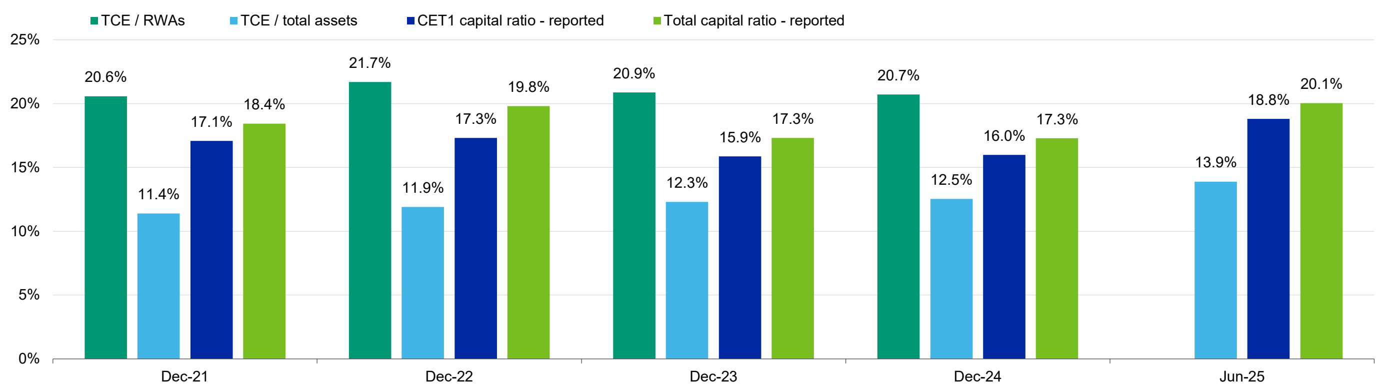
Capital is robust, including strong leverage

RBBiH's high capital levels, including its strong leverage, are a credit strength and coupled with adequate loan loss coverage provide capacity to absorb sizeable unexpected losses. We expect the bank's core capitalisation to remain broadly steady and sufficiently above regulatory requirements, balancing its improved internal capital generation from profitability against loan growth.

RBBiH's tangible common equity (TCE)-to-risk-weighted assets (RWAs) ratio – including all current period profits – was 20.7%, and its TCE-to-total assets ratio was 12.5% as of the end of 2024 (see Exhibit 6).

RBBiH reported a regulatory Common Equity Tier 1 (CET1) capital ratio and total capital ratio of 18.8% and 20.1% respectively as of June 2025.[3] Both metrics were substantially above the bank's requirements for that period. Regulatory requirements were 9.25% for the CET1 ratio and 14.5% for the total capital ratio, which include the 2.5% capital conservation buffer but not the undisclosed Pillar 2 capital charge that is specific to RBBiH. The bank also reported a Basel leverage ratio of 11.2%, which also incorporates off-balance sheet exposures, that is also well above the 6% requirement. In August 2025, the bank was defined as a domestic systemically important bank (D-SIB) and will need to maintain an additional D-SIB capital buffer of 2.0%.

Exhibit 6
Capital is robust and well above requirements



For June 2025 the ratio tangible common equity/total assets reflects equity/total assets
Sources: Moody's Ratings and RBBiH's June 2025 disclosure report, RBI's Q3 2025 results presentation

RBBiH applies the standardised approach to calculate credit-related risk-weighted assets and therefore the bank's capital metrics are less sensitive to potential amendments in regulatory methods to calculating risk-weighted assets, including floor requirements, or to macroeconomic shocks that could increase risk-weights of more risk-sensitive models. Additionally, local regulation mandates higher risk weights for a number of exposures compared to the usual Basel approach and this also drives the strong leverage metrics. We incorporate these elements in our assessment of RBBiH's capital.

Strengthened underlying profitability

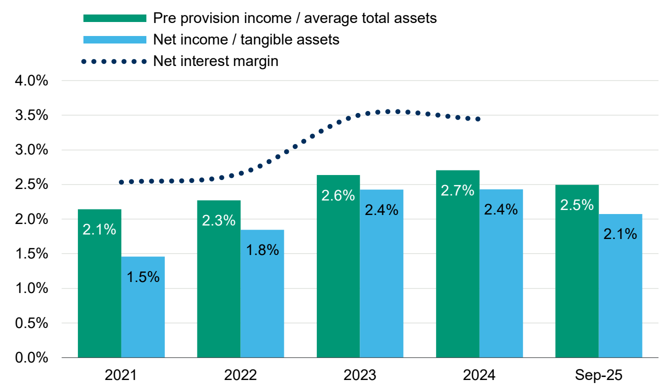
The bank's underlying profitability has strengthened over the recent years and we expect it will remain solid over the coming quarters. Pre-provision profits sufficiently cover cost of risk and bottom-line profitability generates adequate internal capital. Return on equity was 18% in 2024. Net income was 2.4% of tangible assets in 2023 and 2024 (see Exhibit 7), but declined to 2.1% during the first nine months of 2025. Looking ahead, we expect profitability to be lower than the recent high levels because of some margin pressure, a more normalised cost of risk and ongoing investments in IT and staffing, but remain strong.

Profitability has been supported by moderate growth in net interest income, fueled by credit growth and a relatively wide net interest margin (NIM), as well as a low provisioning costs. During 2023 and 2024 margins benefited from gradually higher lending and asset rates[4], while deposit costs grew at a lower pace. We expect the NIM to narrow somewhat as deposit costs catch up, but lending rates will be slow to decline with lower interest rates given a now higher share of fixed rate loans.

The bank benefits from an established franchise, as the second-largest bank in the country and some economies of scale. Non-interest income is high at 44% of revenue during 2024, driven by payments (both transactions and credit cards) and account maintenance fees.

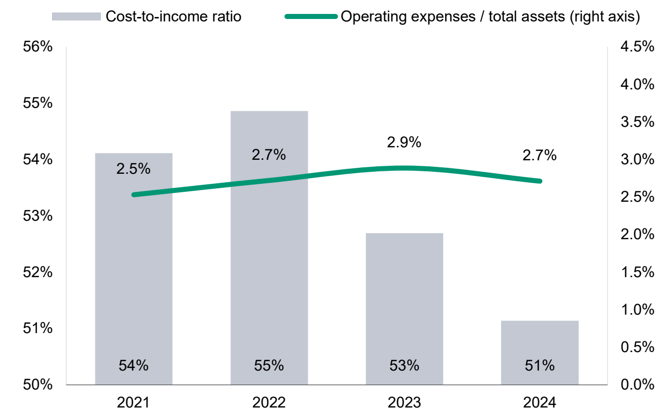
Operating efficiency remains adequate with a cost-to-income ratio of 51% in 2024 (see Exhibit 8). While the bank maintains a tight focus on cost control, its operating expenses increased to 2.7% of total assets in 2024 following wage increases and cost inflation. We expect upward pressure on operating expenses will remain given a tight labour market, but ongoing efforts to digitalise branches, to increase process automation and to move transactions to alternative channels will support efficiency, despite high IT investments.

Exhibit 7
Profitability has strengthened, supported by a higher net interest margin



Sources: Moody's Ratings, September 2025 data sourced from RBI's Q3 2025 results presentation

Exhibit 8
Operating efficiency is adequate



Source: Moody's Ratings

Healthy level of high quality liquid assets mitigates funding risks

RBBiH's share of less-stable funds was moderate at 22% of tangible banking assets as of the end of 2024, mainly driven by deposits from legal entities that made up 43% of total deposits, whereas 57% were from private individuals.

Customer deposits made up 89% of the bank's non-equity funding as of the end of 2024, with around 85% of deposits being low cost current and demand deposits. Around 30% of deposits were denominated in foreign currency, mostly in euro.

Beyond deposits, most the bank's borrowings were from developmental and international financial institutions, or driven by its ongoing compliance with a minimum requirement for own funds and eligible liabilities (MREL), which started in 2023 with a four year phase-in period. This non-deposit funding is therefore more long-term in nature.

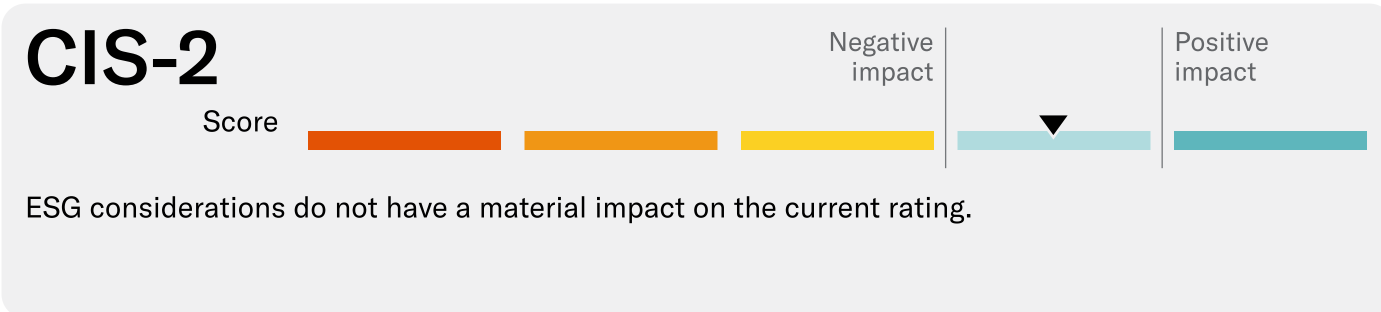
The lack of a lender of last resort because of the country's currency board arrangement complicates liquidity management in a crisis. Further exacerbating this constraint is a lack of developed domestic interbank and capital markets, or a secondary market for government securities.

Mitigating this concern, the bank has some access to funding from its parent, while it also maintains healthy level of liquid assets. RBBiH held core banking liquidity equivalent to 24% of tangible banking assets at the end of 2024. The bulk of liquid assets were cash and money market placements, while the bank also maintains a small portfolio of investment grade securities. RBBiH also reported a liquidity coverage ratio of 266% as of the end of 2024, significantly above the 100% requirement. The bank's net stable funding ratio was 166%, also well above 100%.

ESG considerations

Raiffeisen Bank d.d. Bosna i Hercegovina's ESG credit impact score is CIS-2

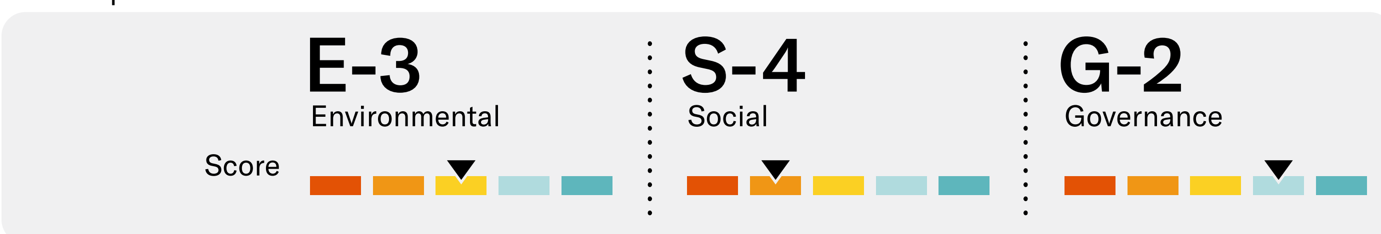
Exhibit 9
ESG credit impact score



Source: Moody's Ratings

RBBiH's **CIS-2** indicates that ESG considerations have no material impact on the current ratings.

Exhibit 10
ESG issuer profile scores



Source: Moody's Ratings

Environmental

RBBiH faces moderate exposure to environmental risks, mainly because of its portfolio exposure to carbon transition risk as a diversified bank with significant corporate exposure. Like peers, RBBiH is facing growing business risks and stakeholder pressure to meet broader carbon transition goals. In response, RBBiH is engaging in further developing its climate risk and portfolio management capabilities.

Social

RBBiH faces high social risks from country-specific demographic and societal trends. The complex institutional framework and lack of consensus in BiH undermine the political and economic reform process and the path toward EU accession, which directly affects banks. Additionally adverse demographics may also affect business opportunities for the bank over time. Industrywide risks from customer relations, related to regulatory risk and litigation exposure, are moderate.

Governance

RBBiH faces low governance risks. Its risk management framework, policies and procedures are in line with industry practices. The bank also has a track record of prudent financial policies and strategies. Because RBBiH is effectively controlled by Raiffeisen Bank International through its full ownership, we have aligned the subsidiary's board structure, policies and procedures score with that of its parent, given the bank's public affiliation with the group, the parent's oversight of its subsidiary board and the regulated nature of both entities.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Support and structural considerations

Affiliate support

We assess the probability of affiliate support from RBI as high given the 100% stake in RBBiH, the parent's ongoing operational support and oversight, and the subsidiary's use of the Raiffeisen logo and name. RBBiH is also a strategic fit to RBI's Western Balkans presence given its established and sustainable franchise as one of BiH's largest banks. This assessment results in two notches of rating uplift for RBBiH's Adjusted BCA to b1 (from the bank's standalone BCA of b3).

Government support considerations

RBBiH's ratings do not benefit from government support uplift given that the bank's Adjusted BCA and therefore the preliminary rating assessments (PRAs) for its ratings are already above the sovereign rating of BiH.

Methodology and scorecard

About Moody's Bank Scorecard

Our Bank Scorecard is designed to capture, express and explain in summary form our Rating Committee's judgment. When read in conjunction with our research, a fulsome presentation of our judgment is expressed. As a result, the output of our scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating methodology and scorecard factors

Exhibit 11
Rating Factors

Macro Factors							
Weighted Macro Profile	**Very Weak**	**100%**					
Factor		**Historic Ratio**	**Initial Score**	**Expected Trend**	**Assigned Score**	**Key driver #1**	**Key driver #2**
Solvency							
Asset Risk							
Problem Loans / Gross Loans		4.3%	caa1	↑	caa1	Geographical concentration	Collateral and provisioning coverage
Capital							
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)		20.7%	b2	↔	b1	Recognition of risk-weighted assets	Nominal leverage
Profitability							
Net Income / Tangible Assets		2.2%	b2	↔	b2	Expected Trend	
Combined Solvency Score			b3		b2		
Liquidity							
Funding Structure							
Less-stable Funds / Tangible Banking Assets		22.0%	caa1	↔	caa1	Market funding quality	Deposit quality
Liquid Resources							
Core Banking Liquidity / Tangible Banking Assets		23.7%	caa1	↔	b2	Quality of liquid assets	Contingent liquidity
Combined Liquidity Score			caa1		b3		
Financial Profile			b3		b2		
Qualitative Adjustments					Adjustment		
Business and Geographic Diversification					0		
Complexity and Opacity					0		
Strategy, Risk Appetite and Governance					0		
Total Qualitative Adjustments					0		
Sovereign or Affiliate constraint					B3		
BCA Scorecard-indicated Outcome - Range					b2 - caa1		
Assigned BCA					b3		
Affiliate Support notching					2		
Adjusted BCA					b1		

Instrument Class	**Loss Given Failure notching**	**Additional notching**	**Preliminary Rating Assessment**	**Government Support notching**	**Local Currency Rating**	**Foreign Currency Rating**
Counterparty Risk Rating	1	0	b1	0	B1	B3
Counterparty Risk Assessment	1	0	b1 (cr)	0	B1(cr)	
Deposits	0	0	b1	0	B1	B3

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.
Source: Moody's Ratings

Ratings

Exhibit 12

Category	Moody's Rating
RAIFFEISEN BANK D.D. BOSNA I HERCEGOVINA	
Outlook	Stable
Counterparty Risk Rating -Fgn Curr	B3/NP
Counterparty Risk Rating -Dom Curr	B1/NP
Bank Deposits -Fgn Curr	B3/NP
Bank Deposits -Dom Curr	B1/NP
Baseline Credit Assessment	b3
Adjusted Baseline Credit Assessment	b1
Counterparty Risk Assessment	B1(cr)/NP(cr)
PARENT: RAIFFEISEN BANK INTERNATIONAL AG	
Outlook	Stable
Counterparty Risk Rating	A1/P-1
Bank Deposits	A1/P-1
Baseline Credit Assessment	baa3
Adjusted Baseline Credit Assessment	baa2
Counterparty Risk Assessment	A1(cr)/P-1(cr)
Senior Unsecured -Dom Curr	A1
Junior Senior Unsecured -Dom Curr	Baa2
Junior Senior Unsecured MTN -Dom Curr	(P)Baa2
Subordinate -Dom Curr	Baa2
Pref. Stock Non-cumulative -Dom Curr	Ba2 (hyb)

Source: Moody's Ratings

Endnotes

1 The ratings shown here are RBI's deposit rating, senior unsecured debt rating and Baseline Credit Assessment.

2 The regulatory framework mandates minimum ECLs by IFRS 9 stage. Under local rules, the minimum ECL for Stage 1 exposures is 0.1% for low risk exposures, such as to the country's central bank and state and entity governments, and 0.5% for all other exposures, 5% for Stage 2 exposures and minimum ECLs start at 15% for Stage 3 exposures, rising gradually to 100% depending on days past due and whether the exposure is secured or unsecured.

3 There is a timing difference in the recognition of the bank's profits in regulatory capital ratios, hence these appear lower than our capital metrics, which include prior profits.

4 Since July 2023, CBBH remunerates commercial banks at 0.50% for required reserves on local currency funds and 0.30% on required reserves for foreign currency funds and those in local currency but with currency indexation. Placements at the central banks in excess of reserves are not be remunerated.

REPORT NUMBER 1465530

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454