



**Tatra banka**

**Investor Presentation**

Issuance of Inaugural Green Senior Preferred Bonds

April 2021



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## Tatra banka: Presenters



**Dr. Johannes Schuster**

Chief Financial Officer  
and Member of the Board  
of Directors



**Pavol Truchan, CFA**

Head of Treasury



**Pavol Kiralvarga**

Debt Capital Markets  
specialist



**Juraj Valachy**

Senior Analyst, Research  
and Strategy department



**Miroslav Hladky**

ESG specialist





# Tatra banka

## Inaugural Green Senior Preferred Notes Issuance

### Key Facts

#### Slovakia

- Highly competitive, **service-oriented economy**
- **Fully integrated** into the product / supply chains in Western Europe
- **Low public debt burden** (around 60% of GDP)
- Rating **A2 (stable) by Moody's, A+ (stable) by S&P and A (negative) by Fitch**
- The economy is expected to grow **5.0%** in 2021

#### Banking Sector

- Stable and well-capitalized banks belonging to the strong Western European banking group with **strong profitability dynamics**
- Regulated jointly by the **ECB and NBS**
- **No FX loans** and persistently **low volume** of non-performing loans due to the strong regulator and risk management discipline across the banks
- Significant potential for loan **portfolio expansion**

#### Raiffeisen Bank International Group

- Leading banking group in CEE
- Serving **approx. 17.2mn** customers
- Covering **13 CEE countries and Austria**
- Rating **A3 (stable) by Moody's and A- (negative) by S&P**
- Total assets of RBI Group amount to **EUR 166bn**

#### Tatra banka

- Stable and well-established universal bank
- **Strong brand recognition** in Slovakia
- **Top #3** largest bank in the country
- Regional leader in banking innovations
- Long term deposit rating **A3 (stable) by Moody's**
- Expected **rating of Baa1 by Moody's** for the envisaged Senior Preferred issuance

#### Sustainability Contribution and Green Bond Issuance

- **"Responsible banker", "fair partner" and "active corporate citizen"** are key pillars of corporate culture
- Undertaking to contribute to all **17 UN SDGs**
- Established **Green Bond Framework**
- Eligible loans to include projects related to **green buildings, renewable energy, energy efficiency, clean transportation, agriculture and forestry, and water / waste water management**





# Tatra banka

## Inaugural Green Senior Preferred Notes Issuance

## Executive Summary

### Investment Case

- First private bank in Slovakia with 30 years of track record
- TOP #3 largest bank, #1 in corporate business with over 20% share in Slovakia
- Part of the strongest Austrian banking group RBI Group (78.8% owned)
- Issuer of Covered Notes
- Listed on Bratislava Stock Exchange
- Regional leader in banking innovations, asset management and private banking

### Key Figures (EUR)

Net Interest Income	Profit after Tax	Total Assets	Adequacy of Own Funds
291 680 <sup>th</sup> as of 31. 12. 2020	105 707 <sup>th</sup> as of 31. 12. 2020	15.6 <sup>bn</sup> as of 31. 12. 2020	20.80% as of 31. 12. 2020
292 966 <sup>th</sup> as of 31. 12. 2019	135 078 <sup>th</sup> as of 31. 12. 2019	14.5 <sup>bn</sup> as of 31. 12. 2019	17.75% as of 31. 12. 2019

*Buffer of 6.32%*

### ESG Commitment

- Envisaged transaction to be in **green format**
- Contributing to **the RBI Group's sustainability-focused activities**
- The **Green Bond Framework** is **in line with ICMA Principles and verified by Sustainalytics**. UN Sustainable Development Goals ("SDGs"), EU Taxonomy and EU GBS were taken into account
- **Expected positive environmental impact** pursuant to the SDGs, specifically SDG 2, 6, 7, 9, 11, 13 and 15

### Envisaged Transaction

- **First Senior Unsecured international EUR issuance** from Tatra banka, a.s.
- New issue denominated in EUR by Tatra banka, a.s. in **inaugural green Senior Preferred format**
- The planned issuance expected to fill in **MREL requirement for 2021**





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Sustainability Strategy & Green Bond Framework

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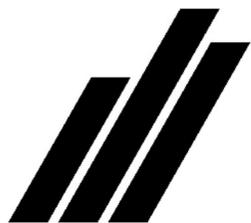
Envisaged Transaction

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Annex. Financial Statements

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# Slovak Republic – Macroeconomic Overview

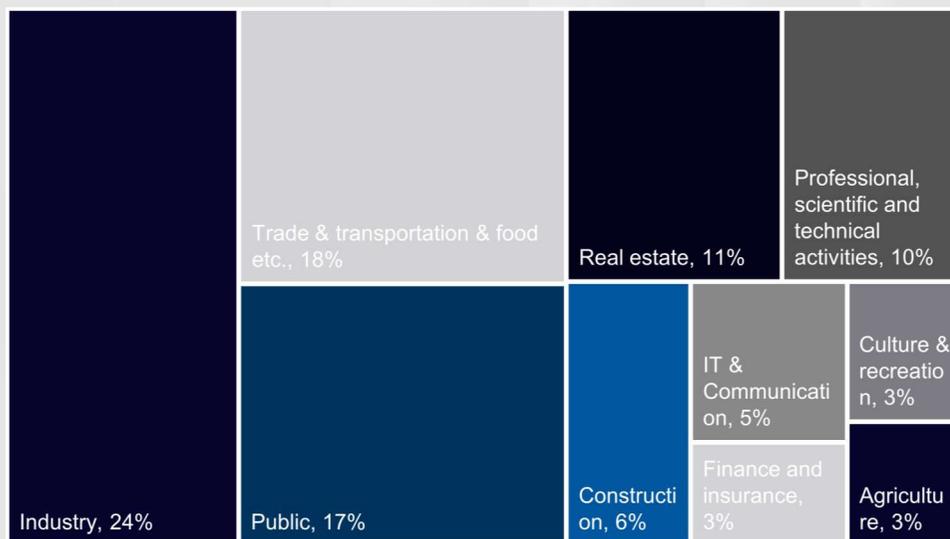




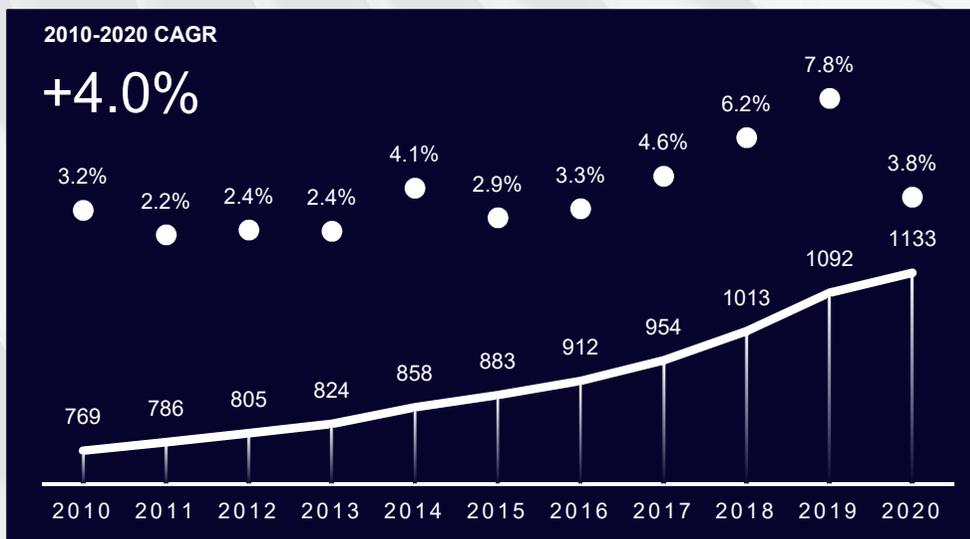
## Strong Economy with high growth dynamics

### Slovakia's 2020 Gross Value Added by Sector, % to Total

Economy size in 2020: EUR 91.1bn (EUR 81.5bn if excluding net taxes on products)



### Average Salary Evolution in Slovakia, in EUR per month per employee



Source: Statistical Office of the Slovak Republic

- Slovakia is **fully integrated into the EU production chain**; 84% / 64% of export / import goes into / from the EU; Germany is the single most significant trading partner with 22% / 16.4% share of export / import in 2019
- The economy is **services-oriented**, with industry following the lead (1/4 of Slovakia's GVA)

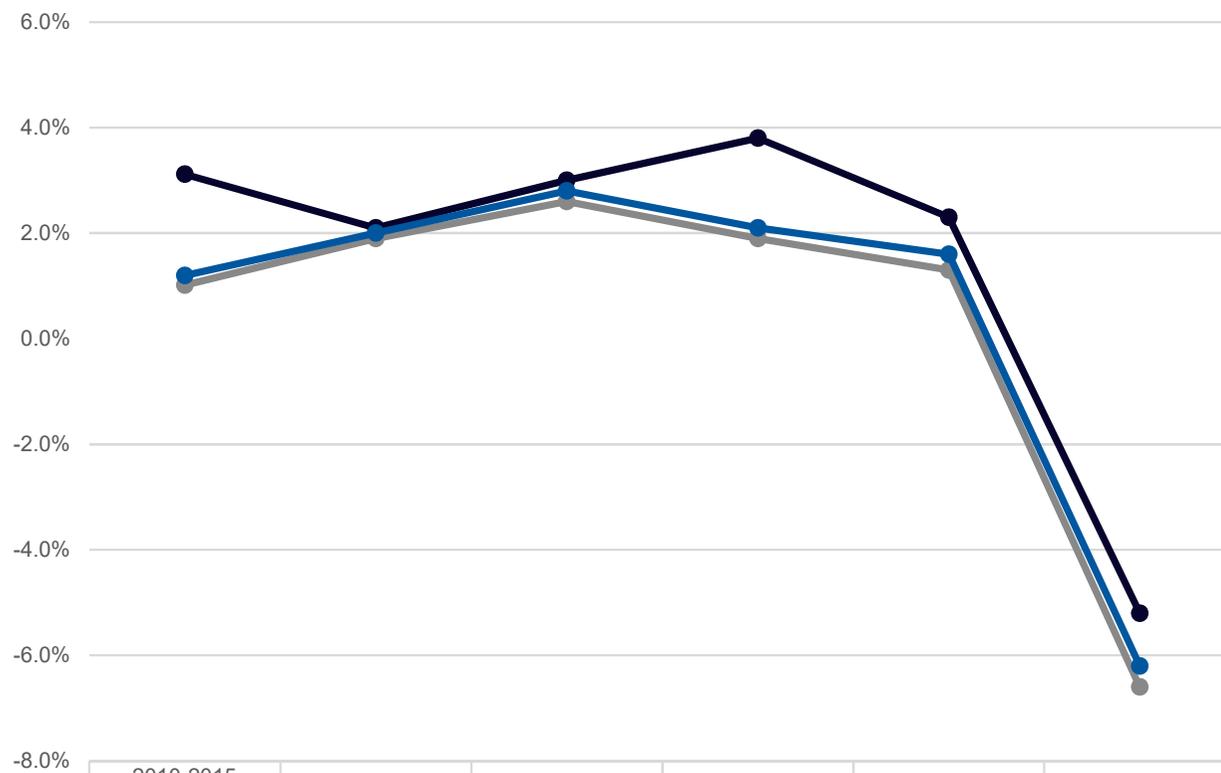




# Key Historical Macroeconomic Metrics

Slovakia's GDP proved to be more resilient to Covid-19 shock

**GDP Growth**  
(in %)



	2010-2015 (average)	2016	2017	2018	2019	2020
● Slovakia	3.1%	2.1%	3.0%	3.8%	2.3%	-5.2%
● Euro area	1.0%	1.9%	2.6%	1.9%	1.3%	-6.6%
● EU	1.2%	2.0%	2.8%	2.1%	1.6%	-6.2%

Source: Eurostat

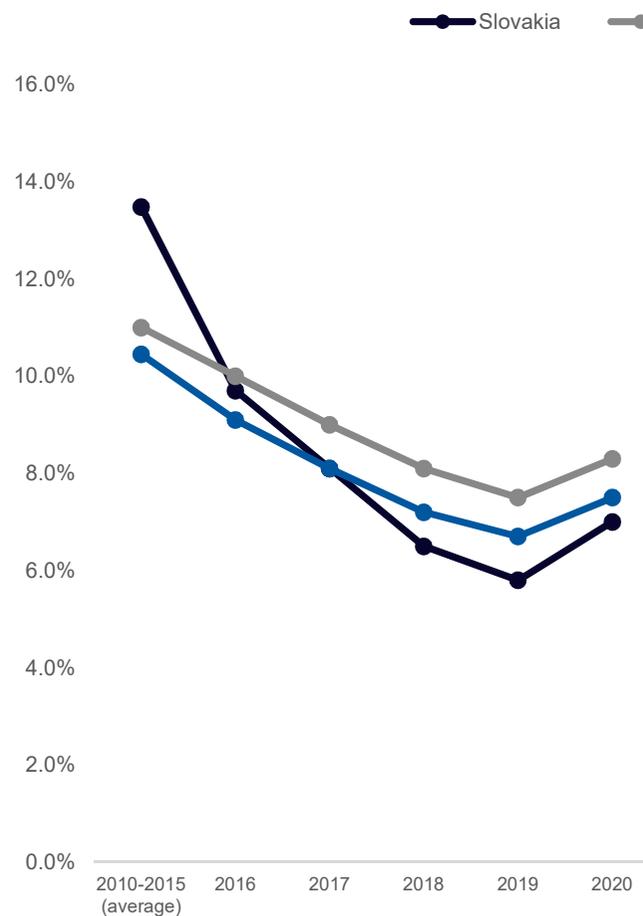




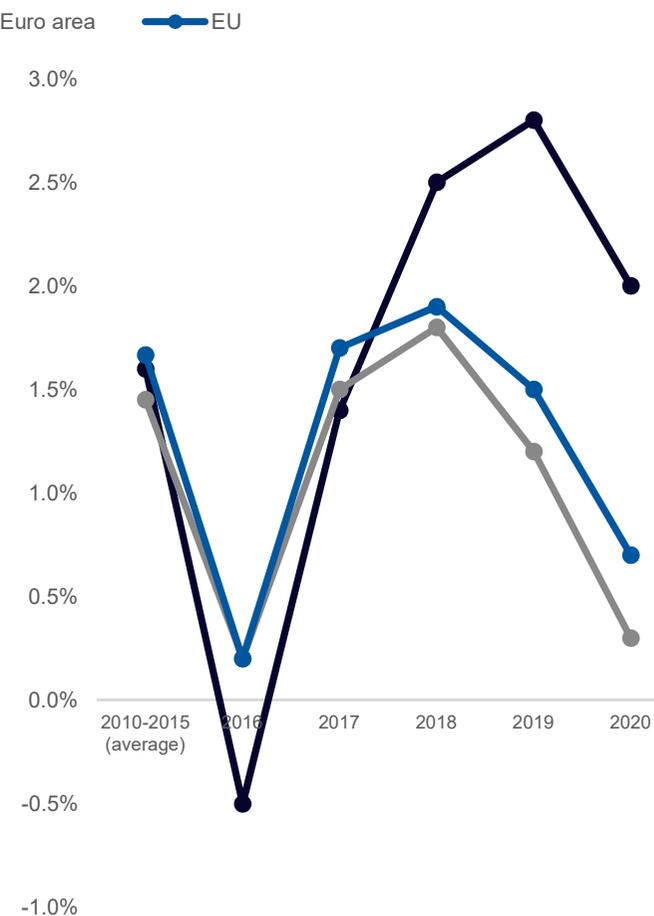
# Key Historical Macroeconomic Metrics

Macroeconomic metrics portray **Slovakia's economy as a healthier one than that of an average EU / Euro area country**, which suffers from higher unemployment and deflationary fears

**Unemployment**  
(in %)



**Inflation**  
(in %)



Source: Eurostat



# Vaccinations progressing and restrictions easing is expected to release pent-up demand

## Macroeconomic Forecasts for the Slovak Republic



2020 GDP

-5.2%

2021F GDP

+5.0%



	2021F	2022F	2023F
GDP Growth	5.0%	3.5%	2.5%
6m Interbank rate (eop)	-0.45%	-0.40%	-0.35%
Unemployment rate (avg)	7.3%	6.3%	5.7%
HICP (avg)	1.6%	2.0%	2.0%

Note: baseline assumptions for GDP growth, interest rates, unemployment rate and inflation as forecasted by most recent (March 2021) RBI Research are cited above

## CEE Economies Macro Outlook

- Despite new lockdowns, **CEE economies showed more resilience in late 2020**, with Q4 GDP surprised to the upside, leading to smaller contractions than previously estimated.
- With vaccinations progressing and restrictions to be eased in Q2, **pent up demand will support consumption during the second half of the year.**
- **Disbursement of EU recovery funds later in 2021 is a positive factor for CEE member states**, with first disbursements expected in late H1/2021 and gaining speed in H2/2021.

## Slovakia Macro Outlook

- The pandemic situation forced the government to apply really **strict measures as of January 1<sup>st</sup>**. That means the closing of all services, shops other than groceries and restricted mobility. On the other hand, industrial production proved to be strong.
- In 2020, the **year-on-year decline in GDP** of the Slovak Republic reached **5.2%**.
- The weak performance of the economy is expected to continue until a substantial part of the population does not get vaccinated by a vaccine that is effective against the COVID-19 coronavirus.
- In December 2020, the Council for Budget Responsibility estimated that the **total public finance deficit of the Slovak Republic will reach 6.7% of GDP** and its **estimate for the deficit in 2021** (published in January 2021) **is 6.8% of GDP.**
- The high deficit for 2020 was accompanied by an increase in **public debt**, which, according to estimates by the Ministry of Finance of the Slovak Republic, should end at an effective **62.2% of GDP at the end of 2020.**





# Raiffeisen Bank International



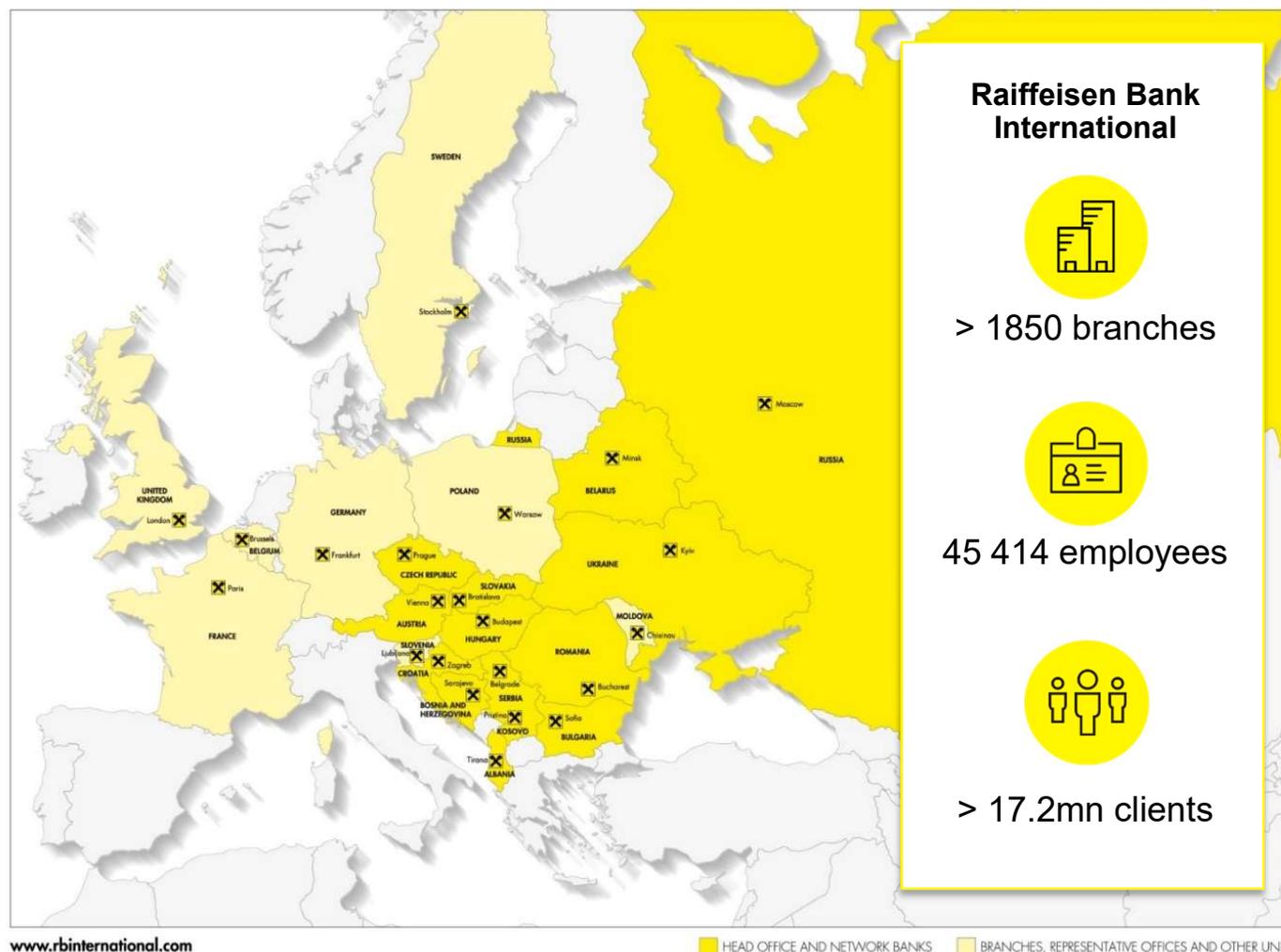


## Leading Banking Group in CEE

Leading regional player with CEE presence of **>30 years**

Covering Austria and **13 CEE markets**, of which six are EU members. **Top 5** market position in **12 countries**

RBI is a leading banking group in CEE with total assets of **EUR 166 bn**





# RBI Group Key Financial Indicators

RATING	Long term	Outlook	Short term
Moody's	A3	Stable	P-2
Standard & Poor's	A-	Negative	A-2



## Profit and loss account (in EUR mn)

Profit after tax

910

as of 31. 12. 2020

1 365

as of 31. 12. 2019



## Balance sheet (in EUR mn)

Loans to clients

90 671

as of 31. 12. 2020

91 204

as of 31. 12. 2019

Deposits from customers

102 112

as of 31. 12. 2020

96 214

as of 31. 12. 2019

Assets in total

165 959

as of 31. 12. 2020

152 200

as of 31. 12. 2019



## Key indicators

Consolidated Return on equity after tax

6.8%

as of 31. 12. 2020

11.0%

as of 31. 12. 2019

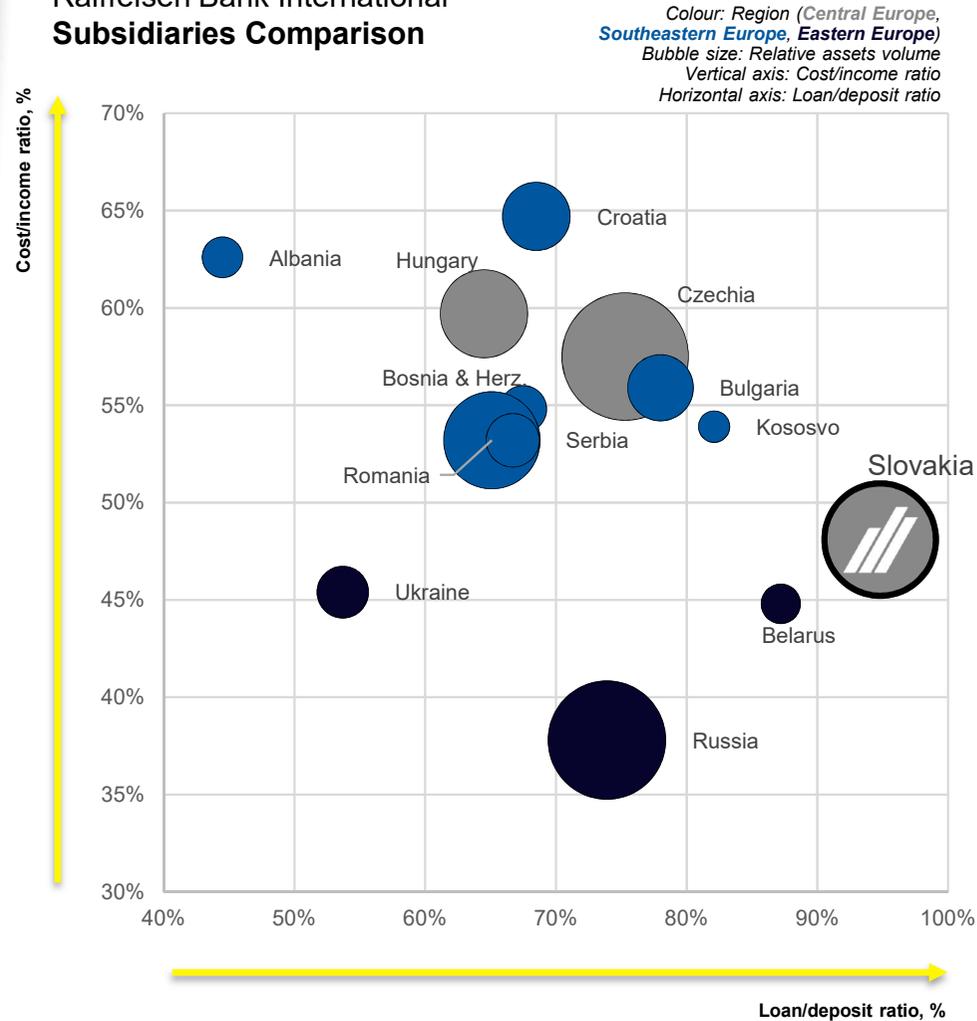




# Country and Segment Overview

**Slovakia**, with Tatra banka as a flagship entity in the country, remains in focus for the RBI Group within Central European segment of subsidiaries

Raiffeisen Bank International  
Subsidiaries Comparison



**Slovakia**  
in focus of RBI



**9.5%** share of **Total Assets**



**3<sup>rd</sup>** largest **country exposure** of RBI



The highest **loan-to-deposit ratio** among RBI countries of operations





# Tatra banka

Member of Raiffeisen Bank International



## Tatra banka at a glance



### Strong brand recognition in the region

Branches **163**

Track record **since 1990**

Number of employees **3 591**

Number of customers **930** thous.



### Resilient operations and profitability

Operating income **460** EUR mn

Cost-to-income ratio **48.7%**

Profit after tax **106** EUR mn

Return on equity **8.5%**



### Balance sheet metrics remain stable

Total assets **15.6** EUR bn

Loans to customers **11.3** EUR bn

Loan-to-deposit ratio (average 2020) **92%**

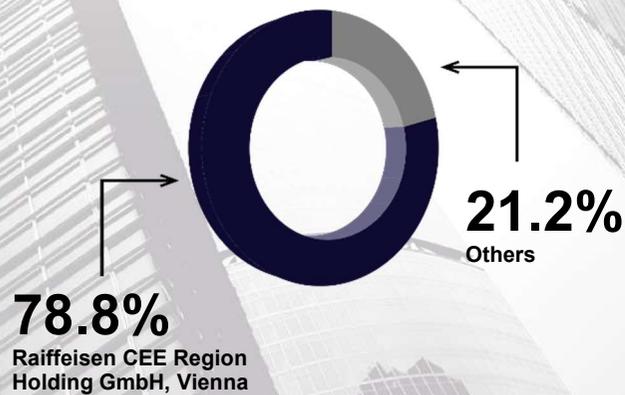
NPE Ratio /  
NPE Coverage Ratio **1.8% /  
67.8%**





# Tatra banka

## Shareholder Structure



Bank established as greenfield company in 1990



First private bank in Slovakia



The most awarded bank and one of the largest banks in Slovakia



Part of the leading Austrian banking group RBI Group



Over 130 awards from 30 awarding authorities



Leader in innovations

Global Finance: The most Innovative Digital Bank in the World (2019)

Global Finance: Best Digital bank in Slovakia 2020

The Banker – Bank of the Year 2020

Euromoney: Slovakia's Best Bank



Leader in asset management, corporate and private banking



No. 1 in corporate business with over 20% share





- 3<sup>rd</sup> largest bank in the Slovak Republic
- Highest amount of awards for quality of banking services in Slovakia
- Market leader in corporate banking



- 23 years in the market
- One of the leaders in Supplementary Pension Saving



- 23 years in the market
- One of the leaders in the market of mutual funds
- Assets under management over 2 EUR bn



- 29 years in the market
- Founding member of Leasing Companies Association



# Our Mission

We transform continuous innovation into superior customer experience

# Our Values

We are creative, ambitious, courageous and we behave like partners

# Our Vision

We are the most recommended banking group in Slovakia

# Our Focus



Youth  
as key consumer base



Premium  
banking



Private  
banking



Mass retail as a  
multi-brand



Micro and Small  
Enterprises



Middle Market and  
Large Corporate



# Tatra banka – Innovation Leader



40% of sales to retail clients initiated via digital

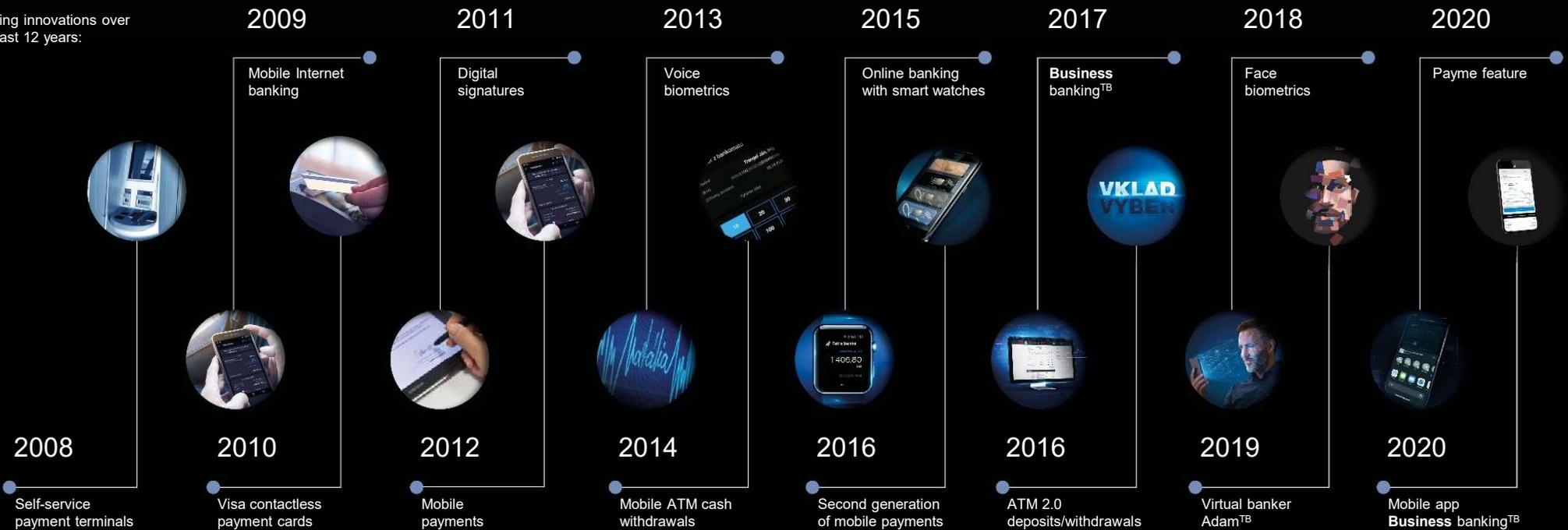
50% of client acquisitions done via digital platforms

60% of clients are active in voice biometrics

65% of active users of Mobile App (and growing)

>20% of reduction in call center workload during weekends

Leading innovations over the past 12 years:



# Tatra banka Financials





# TBG Key Performance Indicators

International rating by Moody's

Long term	A3
Short term	P-2
Issuer rating	Baa1
Outlook	Stable



## Profit and loss account (in EUR mn)

Profit after tax

<b>106</b>	<b>135</b>
as of 31. 12. 2020	as of 31. 12. 2019



## Balance sheet (in EUR mn)

Loans to clients

**11 316**  
as of 31. 12. 2020

**10 958**  
as of 31. 12. 2019

Deposits from clients

**12 270**  
as of 31. 12. 2020

**11 903**  
as of 31. 12. 2019

Assets in total

**15 640**  
as of 31. 12. 2020

**14 511**  
as of 31. 12. 2019



## Key indicators

Return on equity after tax

<b>8.5%</b>	<b>12.1%</b>
as of 31. 12. 2020	as of 31. 12. 2019

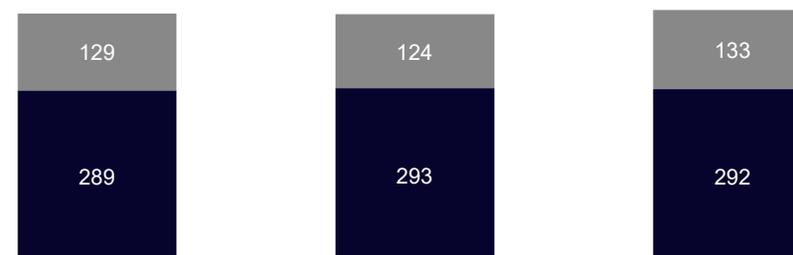




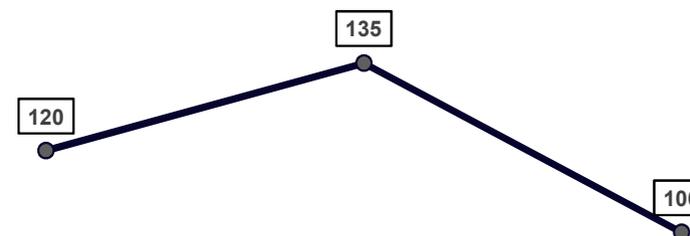
A proven track  
record of  
Earnings  
resilience...

**Net Interest Income  
& Net Fee Income**  
(in %)

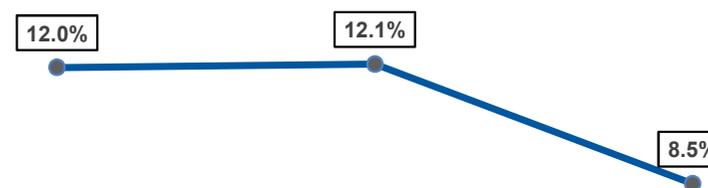
■ Net Interest Income\*  
■ Net Fee and Commission Income



**Profit after tax** (in EUR mn)



**Return on Equity** (in %)



2018

2019

2020

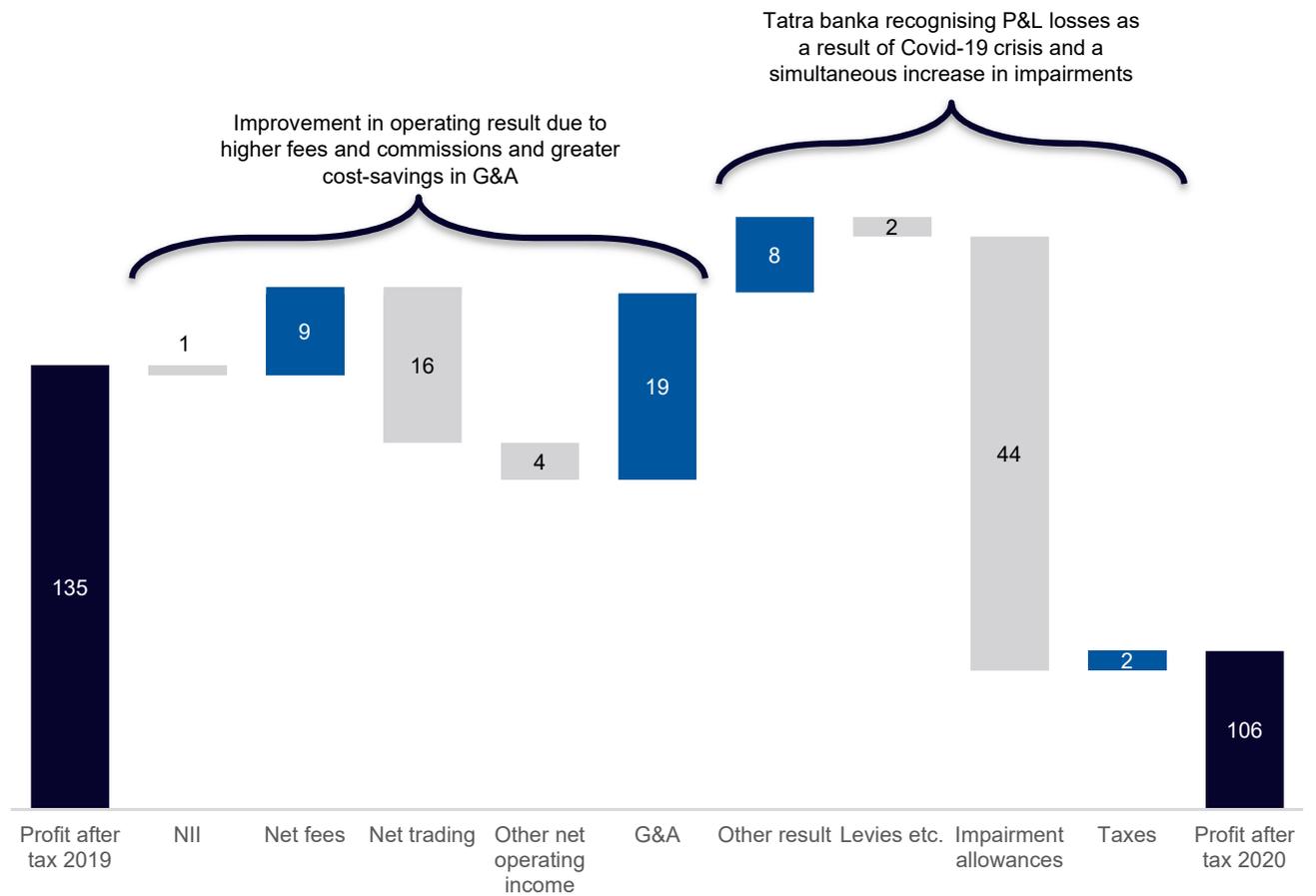
\*NII includes dividend income





...with operational  
income remaining  
solid during  
Covid-19, but  
higher  
impairments

**Profit & Loss Bridge – 2019 to 2020** (in EUR mn)





# ...and Balance Sheet expansion

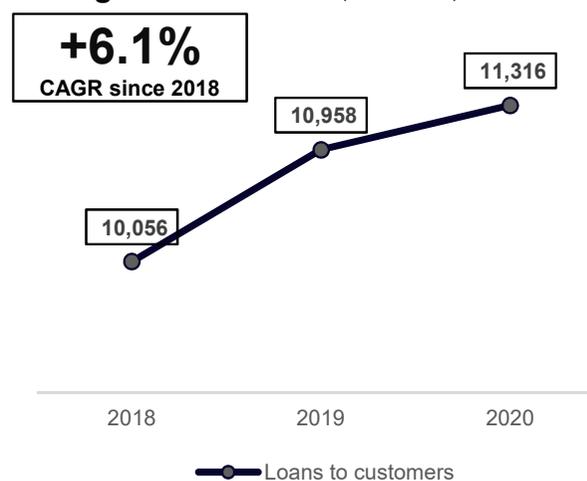
## Assets (in EUR th)

	2019	2020	Delta
<b>Assets</b>	14,511,053	15,640,731	<b>+8%</b>
<b>Loans to banks</b>	201,837	109,854	<b>-46%</b>
<b>Loans to customers</b>	10,957,275	11,316,033	<b>+3%</b>
<b>Securities</b>	1,349,524	1,919,163	<b>+42%</b>
<b>Cash, cash balances and demand deposits</b>	1,296,552	1,714,341	<b>+32%</b>

## Liabilities and Equity (in EUR th)

	2019	2020	Delta
<b>Liabilities and Equity</b>	14,511,053	15,640,731	<b>+8%</b>
<b>Deposits from banks</b>	362,324	1,129,176	<b>+212%</b>
<b>Deposits from customers</b>	11,903,452	12,270,445	<b>+3%</b>
<b>Debt issued and other liabilities</b>	787,512	628,830	<b>-20%</b>
<b>Equity</b>	1,241,375	1,345,246	<b>+8%</b>

## Strong Loans Growth (in EUR mn)

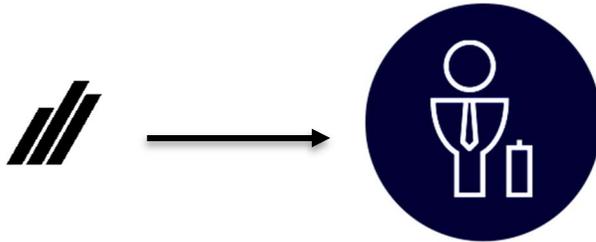


Note: figures above are stated at amortised costs (where applicable)

## Loan Portfolio Growth is expected to persist

- The introduction of COVID-19 vaccinations is set to improve the economic outlook over the year 2021, with risks of setbacks still in the first half of 2021, but more stability and growth in the second half of the year, when the activity (including customer borrowing) is expected to pick up
- Therefore, we expect modest loan growth in the first half of 2021, accelerating further in the second half of the year





...with healthy  
business  
segments  
diversification  
and a focus on  
**Retail clients**

### Selected P&L and Balance Sheet Items by Reportable Segment

(figures below exclude the effect of "equity investments and other" segment in the Consolidated Financials, where taxes and equity investments are recognized)

End of 2020	<b>Core Revenues*</b> (in EUR mn)	YoY (%)	<b>Profit after tax</b> (in EUR mn)	YoY (%)	<b>Total Assets</b> (in EUR mn)	YoY (%)
<b>Corporate customers</b>		<b>+3%</b>		<b>-61%</b>		<b>+2%</b>
<b>Financials and public sector</b>		<b>+24%</b>		<b>+62%</b>		<b>+22%</b>
<b>Retail customers</b>		<b>-1%</b>		<b>-16%</b>		<b>+5%</b>
<b>IB and treasury</b>		<b>+24%</b>		<b>+153%</b>		<b>+24%</b>

■ 2020 ■ 2019

\*Core revenues include net fees and net interest income





...and low  
concentration risk  
due to the well-  
diversified loans  
portfolio

Only **18.9%** of Tatra banka's loan  
exposure\* is to sectors, which were  
significantly impacted by Covid-19

**Loans Portfolio** by segment (at amortised cost)

	Retail clients	Corporate clients	Public sector	Banks
2020	<b>50.9%</b> 6 799 297 th EUR	<b>33.9%</b> 4 528 973 th EUR	<b>13.7%</b> 1 829 671 th EUR	<b>1.4%</b> 187 109 th EUR
2019	<b>51.6%</b> 6 452 352 th EUR	<b>36.0%</b> 4 504 466 th EUR	<b>10.0%</b> 1 250 921 th EUR	<b>2.4%</b> 300 897 th EUR

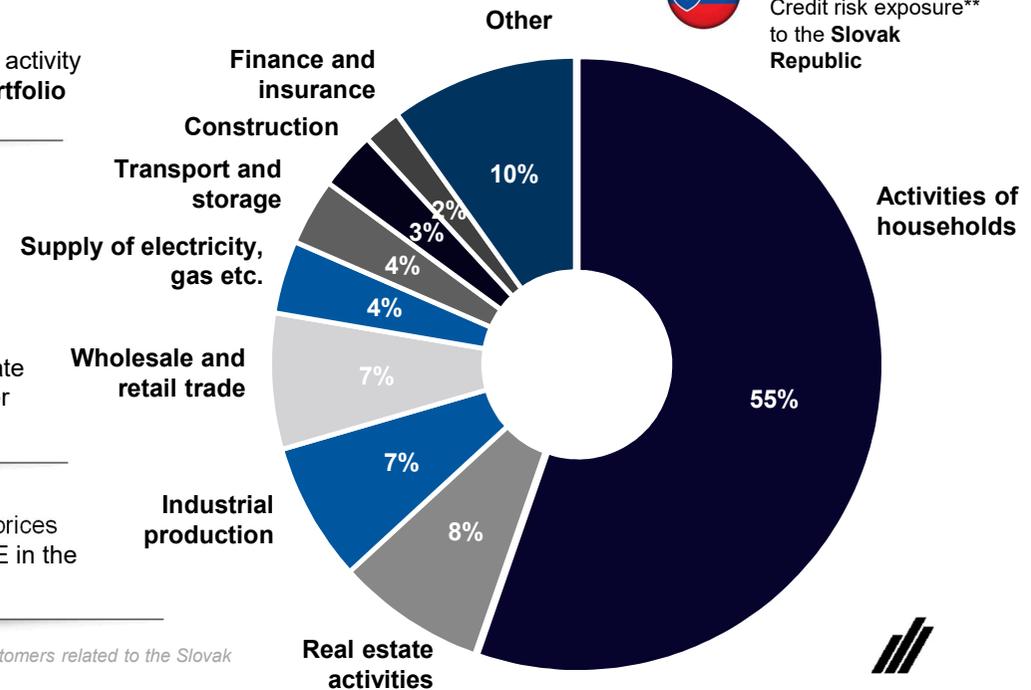
**Loans Portfolio** by industry exposure (in % to total portfolio)  
as of end 2020

Fast-growing domestic consumer activity  
drive the growth behind **retail portfolio**

SMEs are key to non-retail  
segment of Tatra banka

Diverse industry **split** of corporate  
loans portfolio provides for greater  
counter-cyclicalit

Modest exposure to **real estate** prices  
fluctuations given 8% share of RE in the  
portfolio





## ...with effective and conservative Risk Management

Despite Covid-19, NPE exposure was not materially impacted, albeit with cost of risk experiencing an increase as a result of credit models adjustments and loan losses provisions balancing

### NPE Coverage (in %)

67.75% 69.07% 67.79%

### NPE Ratio (in %)

2.13% 1.83% 1.77%

### Cost of Risk (bps)

26 19 59

2018 2019 2020



## Strong self-funding with Loans-to-deposit ratio at >90%

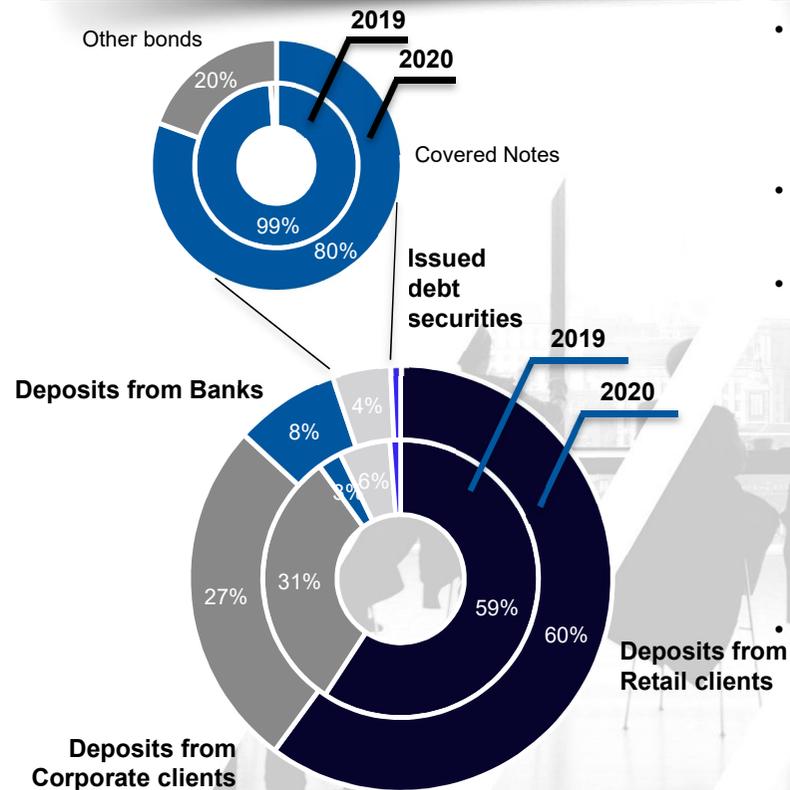
### Liquidity ratios\*



2018 2019 2020

● Loan to deposit ratio ● LCR ● NSFR

### Funding mix



### Commentary

- **95% of Tatra banka's funding is from deposits**, out of which the majority are from retail clients, followed by **corporate accounts and financial institutions** after.
- Inflows remain strong with high stickiness despite low interest rates.
- **4% of the funding is received through issued debt securities**, with the majority of securities being issued in the form of Covered Notes (80% in 2020):
  - **EUR 110mn** Senior Preferred MREL-eligible Notes were placed locally in 2020
  - Retained EUR 500mn Covered Notes in 2020
- *Within the TLTRO programme, the Issuer has drawn approximately EUR 3.1bn under the ECB's programme. Out of that amount, approximately EUR 2.2bn was drawn in March 2021, using EUR 1bn of newly issued Covered Notes retained by the Issuer as well as certain other assets of the Issuer as collateral*





# MREL Requirements and MREL Issuance Plans

Tatra banka expects to finance its MREL requirement in the coming years by issuing EUR Senior Preferred bonds

RBI pursues a Multiple Point of Entry (MPE) resolution strategy, with each EU network unit forming a separate resolution group, in line with RBI's group structure



Tatra banka is under direct supervision of ECB (interactions with JST)

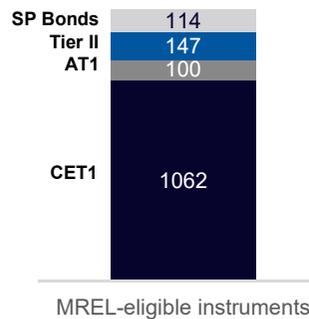
Resolvability under SRB's remit

Majority of Tatra banka's functions fall under "critical functions"

Tatra banka intends to fund MREL needs by means of issuing approx. 300mn Senior Notes in 2021, 2022 and 2023

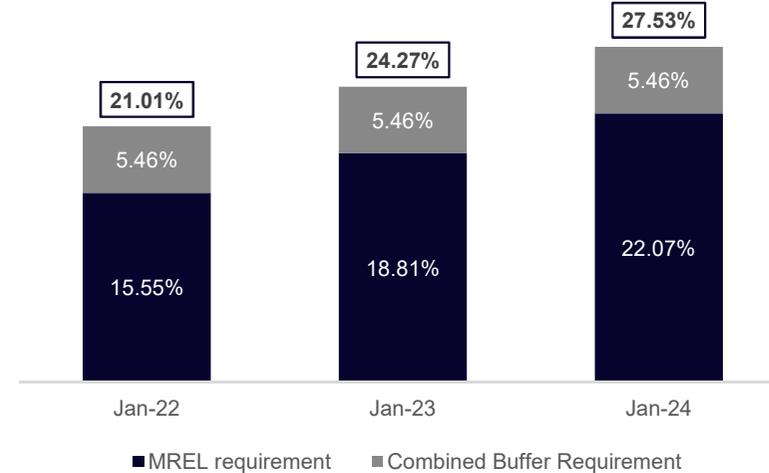
## Current MREL Calibration (in EUR mn) As of end 2020

**22.60%** MREL ratio  
TREA at 6 295mn



## MREL Targets for Tatra banka (in %) based on SRB draft decision

**Combined buffer requirement of 5.46%:**  
2.5% capital conservation buffer, 1.0% systemic risk buffer, 0.5% other systematically important institutions buffer, 1.46% countercyclical buffer



As of 1<sup>st</sup> August 2020 part of CBR, countercyclical capital buffer, **was decreased from 1.50% to 1%**.

The CCyB rate reduction is a response to coronavirus-related headwinds. The main purpose of the rate reduction is to allow banks to use their capital buffer for further loan-loss provisioning and to ensure they have sufficient available capital for increasing their lending activity. Given the temporary nature of the CCyB reduction, Tatra banka uses a conservative **pre-Covid-19 level of 5.46%**.



# One of the Best SREP Ratings in Slovakia due to **Solid Capital Ratios**

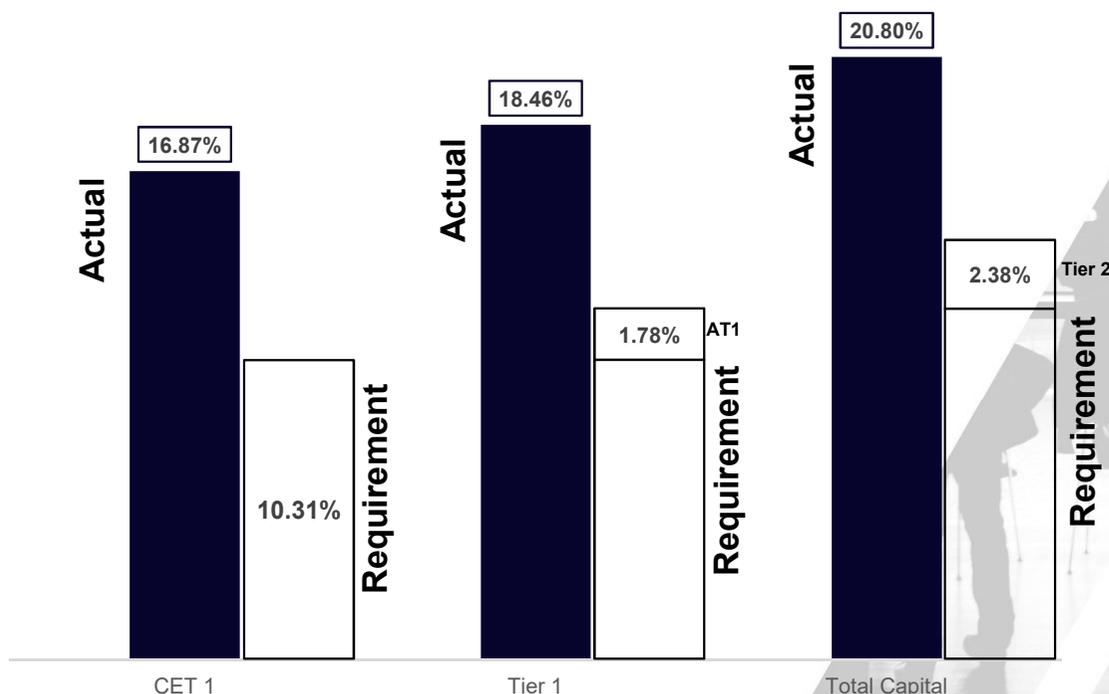
## Regulatory Capital Requirements

As of end 2020

Buffer: **6.55%**

**6.35%**

**6.32%**



## Commentary

- Tatra banka shall meet, on a sub-consolidated basis and on an individual basis, a Total SREP capital requirement of **9.50%**
  - includes a Pillar 2 additional own funds requirement of **1.50%**, to be held in the form of CET1 capital
- ECB expects Tatra banka to adhere, on an individual and on a sub-consolidated basis, to the Pillar 2 capital guidance of **1.00%**
  - which should consist entirely of CET1 capital and held over and above the OCR

## 2020 vs. 2019

- In the crisis times of 2020, Tatra banka managed to increase its capital security by increasing “own funds” and reducing risk-weighted assets size, which resulted in higher adequacy of own funds





# Tatra banka Maturity Profile

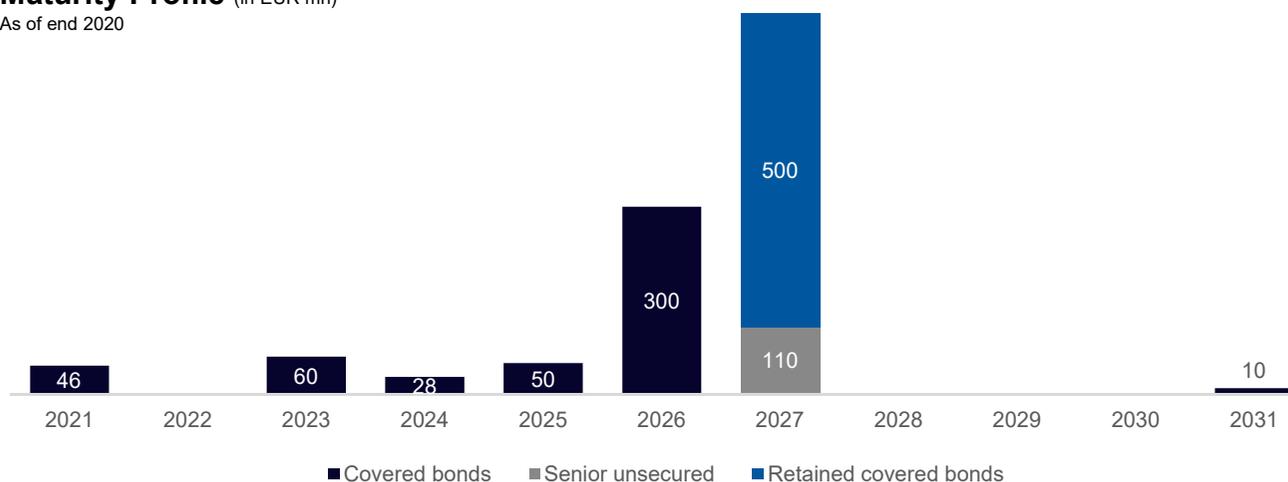
Total volume of Tatra banka issued and outstanding bonds is at **EUR 1,104mn** as of end 2020

In 2019 issued EUR 250mn Covered Notes, sold to international investors

In 2020, Tatra banka issued EUR 110mn Senior Preferred MREL eligible bonds placed locally and retained EUR 500mn worth of Covered Notes. The latter was not sold but pledged as collateral within the TLTRO programme

In March 2021, Tatra banka obtained financing of approximately EUR 2.2bn under TLTRO, using 2x EUR 500mn Covered Notes with maturities 2024 / 2025, which were retained and used as collateral

**Maturity Profile** (in EUR mn)  
As of end 2020





## Covid-19 Impact: decisive macroeconomic response and prudent measures implemented by Tatra banka

Moratoria of almost EUR 1bn worth  
of loans expired already in 2020  
with no significant impact on NPE

### Impact of Covid-19 Coronavirus pandemic

#### Macro

- Subsidies to employers and self-employed persons
- Postponement of mortgage / loan / leasing instalments
- Financial aid for small- and medium-sized companies
- Short-term loans for SMEs with subsidy on interest rate

#### Tatra banka level

- New priorities – smooth provision of services and help to those affected
- In 2020, the Bank benefitted from its digital focus by as evidenced by the highest share of mobile app transactions and the highest number of users ever observed
- **2 000** employees were able to efficiently work from home
- **>4 000** sole traders and companies received aid from the Group\*\* in the amount of **EUR 212mn** (of which EUR 189mn state-guaranteed) – Tatra banka has become a leader in providing such loans in the Slovak market
- Online platform to enable deferral of instalments – **available only 2 days after the law was passed**
- **30 000 households and companies** applied for deferrals (now most clients have returned to their repayment schedules)

#### Tatra banka – Loans and advances to customers subject to moratoriums (in EUR mn)

As of end 2020

##### Retail

Gross carrying amount	...of which expired:	...of which <=3 months
<b>914</b>	<b>567</b>	<b>279</b>
as of 31. 12. 2020	62% of Retail GCA*	31% of Retail GCA*

Stage 1	Stage 2	Stage 3
<b>353</b>	<b>542</b>	<b>19</b>
39% of Retail GCA*	59% of Retail GCA*	2% of Retail GCA*

##### Corporates

Gross carrying amount	...of which expired:	...of which <=3 months
<b>708</b>	<b>411</b>	<b>256</b>
as of 31. 12. 2020	58% of Corp GCA*	36% of Corp GCA*

Stage 1	Stage 2	Stage 3
<b>36</b>	<b>659</b>	<b>12</b>
5% of Corp GCA*	93% of Corp GCA*	2% of Corp GCA*

\*GCA stands for Gross Carrying Amount; \*\*over the 6 months period in 2020





# Sustainability Strategy & Green Bond Framework





# Tatra Banka's Sustainability Contribution and Green Bond Issuance



## Sustainability and Responsibility arising from Corporate Culture

- Ideas of solidarity, self-help and sustainability by **Friedrich Wilhelm Raiffeisen** apply for the whole Group
- RBI's sustainability strategy is based on three pillars - We are:



**Responsible  
banker**



**Fair partner**



**Engaged  
citizen**

- Contributing to the **RBI Group's** sustainability commitment



## Enhancing all elements of E-S-G locally and on the RBI level

- Reducing environmental impact by introducing several initiatives, such as **operating paperless and by using electric cars** for commuting etc.
- Increasing awareness and engagement of employees in social responsibility through **More for Regions** (Viac pre regióny TB) employee grant programme
- The **Tatra banka Foundation** is a prominent philanthropic institution (> EUR 8.4mn worth of projects) with focus on the Art, Education and Technology
- Committed to **Sustainable Finance** via the Framework, in particular



## Undertaking to contribute to **all 17 SDGs** will be supported by Green Bond, achieving following targets:



## Green Bonds Framework and Issuance: Rationale

- Fund the growth of Tatra banka's green portfolio
- Enhance corporate / private investments across ESG-friendly businesses and project finance
- Build-up MREL resources of Tatra banka with ESG-friendly liabilities
- Improving liquidity metrics
- Establish Tatra banka as an issuer in ESG primary market

# Green Bond Framework

## Use of proceeds

## Project evaluation and selection

## Management of proceeds

## Reporting

## External review

An amount equivalent to the net proceeds raised by the issuance of Green Bonds shall be used to finance or re-finance, in part or in full, **new or existing eligible loans providing distinct environmental benefits** ("Eligible Green Loans"). Eligible Green Loans can be loans provided by Tatra banka or loans / leases provided by the 100% owned subsidiary Tatra-Leasing, s.r.o. in Slovakia as well as in other EU countries



### Green Buildings

- Green commercial and residential real estate with:
  - ✓ Recognized certificates (LEED Gold, BREEAM Very Good, DGNB/OGNI Gold or Edge Advanced and higher) or
  - ✓ Top 15% of low carbon real estate in the country or
  - ✓ EPC with a min. level A
- Refurbished buildings leading to reduction of Primary energy Demand of at least 30%

### Renewable Energy

- Wind onshore
- Solar Power
- Hydropower (up to 20MW)
- Geothermal projects (with direct emissions < 100gCO<sub>2</sub>/kWh)
- Energy from biomass\*
- Waste-to-energy, including biogas

### Energy Efficiency

Examples include, but are not limited to:

- Energy efficient lighting
- Projects improving the energy efficiency aiming to achieve at least 30% improvement in energy efficiency
- Energy storage projects
- Smart grid solutions for more efficient transmission / distribution of energy

### Clean Transportation

- Zero direct emission or low-carbon vehicles as well as infrastructure for low carbon transport:
  - ✓ Zero direct emissions land transport activities
  - ✓ Zero tailpipe emission vehicles
  - ✓ Hybrid vehicles
  - ✓ Electric charging points
  - ✓ Electricity grid connection upgrades
  - ✓ Hydrogen fueling stations etc.

### Agriculture and Forestry

- Environmentally sustainable forestry, including afforestation or reforestation, and preservation or restoration of natural landscape providing compliance or alignment with international forest certification standards
- Environmentally sustainable agriculture, including organic farming and carbon pools

### Water Management and Wastewater Management

- Water supply system complies:
  - ✓ the average energy consumption equals to or is lower than 0.5 kWh per cubic meter
  - ✓ the leakage level, calculated using the Infrastructure Leakage Index equals to or is lower than 1.5
- The front-to-end wastewater system has net zero energy use



# Green Bond Framework

Use of proceeds

**Project evaluation and selection**

Management of proceeds

Reporting

External review

## GBC

Tatra banka's **Green Bond Committee** ("GBC") is responsible for ensuring that allocations are made to Eligible Green Loans and to oversee the entire issuance process

## Composed of...

Members of the local Asset Liability Management Committee (ALCO) including representatives from the Tatra banka's Board, Treasury, Business and Risk

## Responsible for...

- Ensuring the potential Eligible Green Loans are aligned with the categories and eligibility criteria as specified in the Use of Proceeds section of the framework, and approving any proposed changes to the eligible Green Loan Portfolio in the event that the Loans no longer meet the eligibility criteria
- Ensuring the proposed allocations are aligned with the relevant general company policies and company's ESG strategy
- Approving the Green Bond Reporting

## Following the stages of...



# Green Bond Framework

Use of proceeds

Project evaluation and selection

Management of proceeds

Reporting

External review

An amount equivalent to the net proceeds of any Tatra banka's Green Bonds will be managed by the **Green Loan Portfolio Manager (GPM)** on a portfolio basis

Tatra banka assumes the full allocation of proceeds within **36 months from Green Bonds issuance**

All Eligible Green Loans to be included in the Eligible Green Loan Portfolio are entered in Tatra banka's **Green Bond Register**

**On an annual basis**, Tatra banka will check the eligibility and availability of the Eligible Green Loans in the Green Bond Register

Tatra banka **will strive to substitute any redeemed or maturing Eligible Green Loans** with other Eligible Green Loans and/or if any such loans cease to be an Eligible Green Loan

Pending the allocation or reallocation of an amount equivalent to the net proceeds of Green Bond, Tatra banka will invest the balance through its treasury in money market instruments or cash or equivalent



# Green Bond Framework

Use of proceeds

Project evaluation and selection

Management of proceeds

**Reporting**

External review

## Allocation reporting

Tatra banka has the ambition to publish an **annual report on the use of proceeds** from any Green Bonds outstanding under this framework, disclosing the below:

- Total amount of green bonds issued
- Total amount and number of Eligible Green Loans
- Breakdown by Eligible Category
- Breakdown of Green Building loans
- The geographic distribution of Eligible Green Loans
- Share of proceeds allocated
- Share of proceeds yet unallocated, if any
- Share of financing / refinancing

## Impact reporting

Where feasible, and on a best effort basis, Tatra banka intends to publish an **impact report on an annual basis** that will provide information on the environmental impact of its Eligible Green Loan Portfolio by category

### Examples of Possible KPIs

<b>Green Buildings</b>	Annual energy savings (MWh)
	Estimated annual GHG emission avoided (tCO <sub>2</sub> e)
<b>Renewable Energy</b>	Installed renewable energy capacity (MW)
	Expected ann. renewable energy generation (MWh) Estimated annual GHG emission avoided (tCO <sub>2</sub> e)
<b>Energy Efficiency</b>	Annual energy savings (MWh)
	Estimated annual GHG emission avoided (tCO <sub>2</sub> e)
<b>Clean Transportation</b>	Number of people using public mass transportation
	Number of retail vehicles financed Estimated annual GHG emission avoided (tCO <sub>2</sub> e)
<b>Agriculture and Forestry</b>	Total land area certified by FSC and PEFC
	Estimated annual GHG emissions avoided (tCO <sub>2</sub> e)
<b>Water Management and Waste Water Man.</b>	Annual water savings (m <sup>3</sup> )
	Volume of wastewater treated (m <sup>3</sup> )



# Green Bond Framework

Use of proceeds

Project evaluation and selection

Management of proceeds

Reporting

External review

To confirm the transparency and robustness of Tatra banka's Green Bond Framework, it is verified and approved by an external second opinion provider, Sustainalytics, confirming the alignment with the ICMA Green Bond Principles (2018) and the EU Green Bond Standard, where applicable



## Use of proceeds

The eligible categories for the UoP are aligned with those recognized by Green Bond Principles 2018



## Project evaluation

Green Bond Committee to be established to select and review Green Loans portfolio



## Management of proceeds

Green Loan Portfolio Manager will be in charge of managing the net proceeds through the Loan Portfolio that will be tracked by an internal register



## Reporting

Allocation reporting on an annual basis until full allocation  
Reporting on relevant quantitative impact where feasible

## Post-issuance Allocation Report Audit

Tatra banka's external auditor will verify on an annual basis until full allocation of any Green Bonds issued under this Framework that Tatra banka duly applied the defined procedures of approval of the Green Bond Committee and that an amount equal to the net proceeds of a Green Bond has been allocated to Eligible Green Loans as defined in the present Framework



*"...Tatra Banka Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles"*



[Online access to Tatra banka Green Bond Framework and Second-Party Opinion](#)





# Envisaged Transaction



Issuer	Tatra banka, a.s.
Size	EUR 300mn
Expected Issue Rating	Baa1 from Moody's
Type	Unsubordinated and unsecured notes qualifying as Green Notes and MREL Eligible Notes
Status	Obligations from the Senior Notes constitute direct, general, unsecured, unconditional and unsubordinated obligations of the Issuer which rank pari passu among themselves and always rank at least pari passu with any other direct, general, unsecured, unconditional and unsubordinated obligations of the Issuer, present and future, save for those obligations of the Issuer as may be stipulated by mandatory provisions of law
Structure	7NC6
Interest	Payable annually in arrear on [●] and [●] of each year at a fixed rate of [●]% p.a. resettable after the first call date
Early Redemption Clauses	The Issuer is, on the basis of its decision, entitled to early redeem all (not only some) Notes issued and outstanding as of [●] April 2027 (the Early Maturity Date). If there is a change in the regulatory classification of the Notes or in the applicable tax terms in respect of the Notes, in each case as will be provided in the relevant provisions of the CRR applicable and effective at that time, the Issuer may, by a written notice addressed to the Holders, determine that all (and not only some) Notes may become early redeemable
Use of Proceeds	Net proceeds will be used to finance or re-finance, in part or in full, new or existing eligible loans providing distinct environmental benefits as described in Tatra banka's Green Bond Framework ( <a href="https://www.tatrabanka.sk/files/archiv/financne-ukazovatele/emisne-podmienky/TatraBankaGreenBondFramework.pdf">https://www.tatrabanka.sk/files/archiv/financne-ukazovatele/emisne-podmienky/TatraBankaGreenBondFramework.pdf</a> )
Form / Listing	Reg S, Category 2, Bearer / Bratislava Stock Exchange (Regulated Free Market)
Denominations	€100,000 + €100,000
Documentation	Issuer's EUR 3,000,000,000 Debt Securities Issuance Programme. Base Prospectus dated 29 March 2021 ( <a href="https://www.tatrabanka.sk/web/images/pdf/Prospectus_2021.pdf">https://www.tatrabanka.sk/web/images/pdf/Prospectus_2021.pdf</a> )
Governing Law	Slovak law
Events of Default	No events of default
Joint Lead Managers	BNP Paribas, Landesbank Baden-Württemberg, Raiffeisen Bank International AG



 Annex

# Profit & Loss Account

(in EUR mn)	2020	2019	Y-o-Y
Net interest income	292	293	0%
Net fee and commission income	133	124	7%
Net trading income	33	48	-33%
Other net operating income	3	7	-56%
<b>Operating income</b>	<b>460</b>	<b>472</b>	<b>-2%</b>
General administrative expenses	-232	-251	-8%
<b>Operating result</b>	<b>228</b>	<b>221</b>	<b>3%</b>
Other result	1	-6.3	-121%
Levies and special governmental measures	-26	-24	8%
Impairment losses on financial assets	-64	-20	220%
<b>Profit/loss before tax</b>	<b>140</b>	<b>171</b>	<b>-18%</b>
<b>Profit/loss after tax</b>	<b>106</b>	<b>135</b>	<b>-21%</b>
<b>Return on equity after tax</b>	<b>8.5%</b>	<b>12.1%</b>	<b>-3.6pp</b>



 Annex

# Balance Sheet

(in EUR mn)	2020	2019	Y-o-Y
<b>Assets</b>	<b>15,641</b>	<b>14,511</b>	<b>8%</b>
Cash and other deposits payable on demand	142	161	-12%
Cash balances at central banks	1,572	135	1063%
Financial assets at amortized costs	13,345	12,509	7%
<i>Loans and advances to banks</i>	110	202	-46%
<i>Loans and advances to customers</i>	11,316	10,957	3%
<i>Debt securities</i>	1,919	1,350	42%
Non-current tangible assets	110	114	-4%
Non-current intangible assets	57	54	6%
Other assets	414	1,538	-73%
<b>Equity and liabilities</b>	<b>15,641</b>	<b>14,511</b>	<b>8%</b>
Financial liabilities held for trading	84	38	121%
<b>Financial liabilities held at amortized cost</b>	<b>14,089</b>	<b>13,117</b>	<b>7%</b>
<i>Deposits from banks</i>	1,129	362	212%
<i>Deposits from customers</i>	12,270	11,903	3%
<i>Liabilities from debt securities</i>	629	788	-20%
<i>Other financial liabilities (incl. leases)</i>	61	64	-5%
Provisions	71	84	-16%
Other liabilities	51	30	71%
<b>Equity (excluding profit for current year)</b>	<b>1,240</b>	<b>1,106</b>	<b>12%</b>
Profit after tax	106	135	-22%





Ďakujeme!  
Thank you!

