

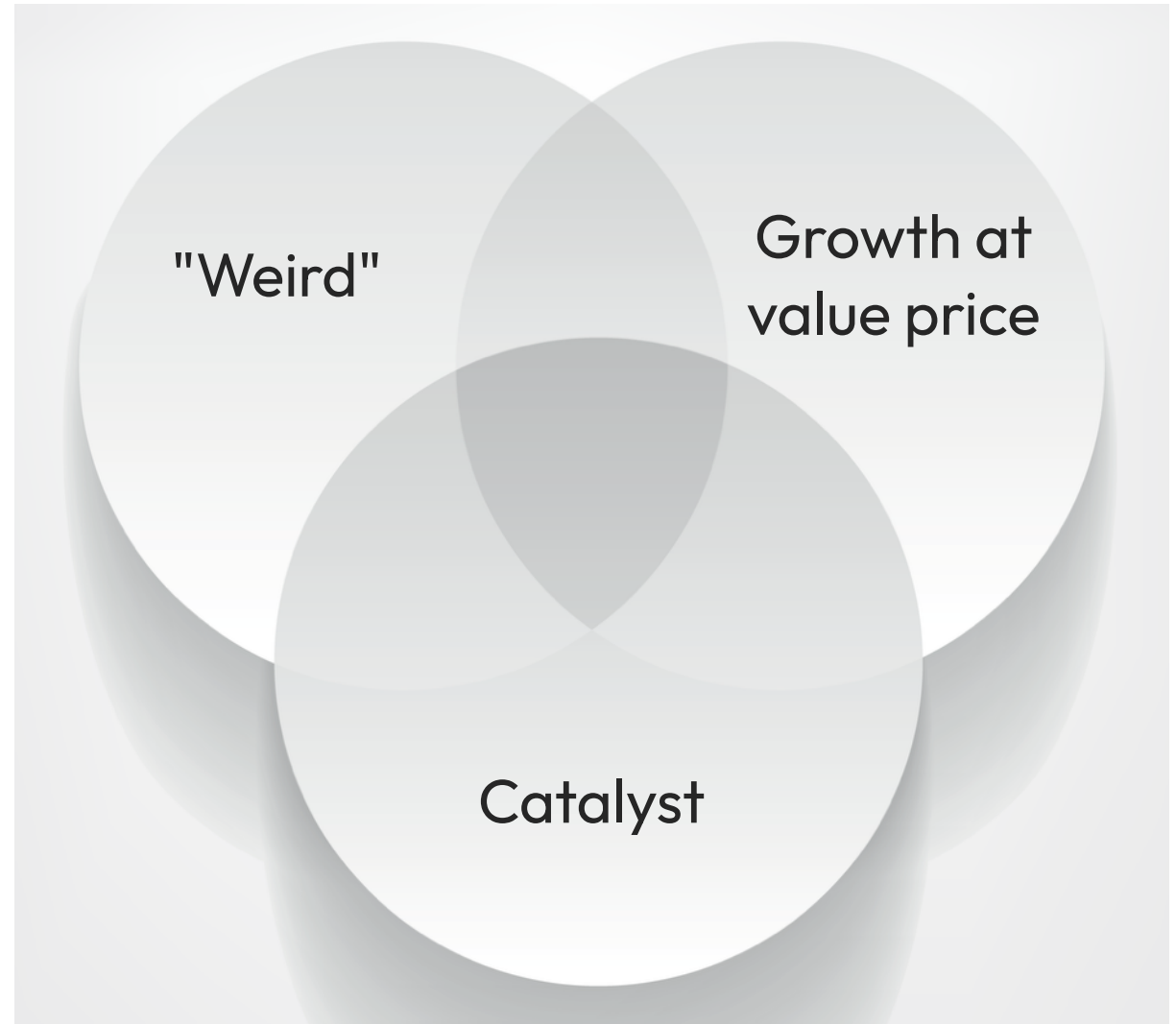
Presentation at Weird Shit Investing 2025

The best (and craziest?)
European banking stock
that no one speaks about

By Swen Lorenz
[Undervalued-Shares.com](https://undervalued-shares.com)



The Challenge: achieve the trifecta



Last year's case



DOWN THE RABBIT HOLE OF LONDON'S LLOYD'S INSURANCE MARKET

Presentation at
Weird Shit Investing 2024

By Swen Lorenz, [Undervalued-Shares.com](https://undervalued-shares.com)

Check [this link](#) for
the entire story

Last year's case



Investment markers

Today's case immediately ticks a lot of the right boxes:

- Complexity
- Pending legal cases
- Russian assets

A sufficient degree of "weird", which made the market overlook the opportunity.



The bad news



I published a report about this stock in November 2023, and it's already up 100% since then.

The good news

There may be **ANOTHER 200% upside**
even from the current level

–

and **NO ONE** is paying attention!

Raiffeisen Bank International

RBI overview:

- Corporate and retail banking
- Founded in Austria
- 58% owned by Austrian coop banks
- 42% listed on Vienna stock exchange
- EUR 8bn market cap

Major player in Austria with a historically strong presence across Central and Eastern Europe, Ukraine, Belarus, and Russia.

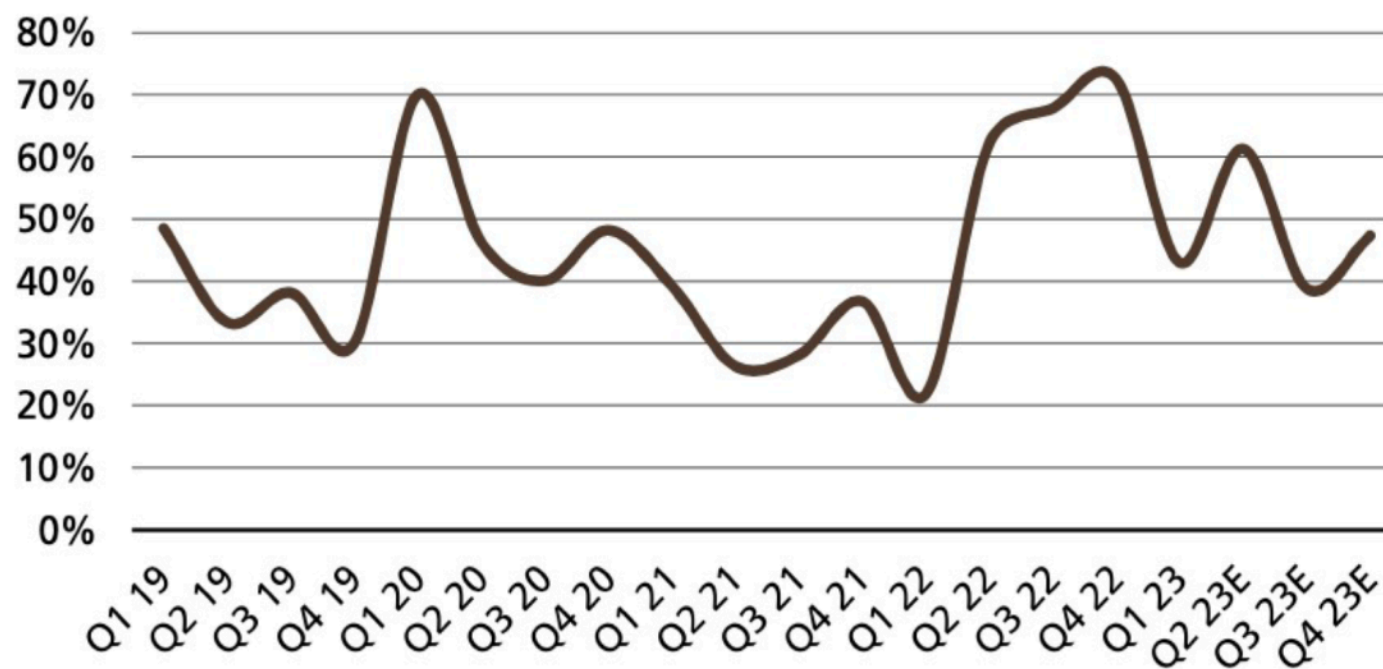


RBI's fall from grace



RBI's fall from grace

Figure 5: Russia's share of RBI Group net profit



In 2019, the Russian subsidiary generated a staggering 70% of RBI group profits.

During most other years of the 2010s, it contributed 25-50%.

RBI's fall from grace

ECB keeping up pressure on banks to loosen ties with Russia -Enria

Reuters

October 30, 2023 8:34 AM GMT · Updated a day ago

FRANKFURT, Oct 30 (Reuters) - The European Central Bank has kept up pressure on banks to loosen ties with Russia but it knows that it is not easy to secure approval from local authorities, ECB supervisor Andrea Enria said in an interview published on Monday.

Source: [Reuters](#),
[30 October 2023](#)

The story so far



October 2023:
Undervalued-Shares.com
readers in Budapest

The story so far

RESEARCH REPORT
1 November 2023



RAIFFEISEN BANK INTERNATIONAL: CAPITAL RELEASE EVENTS



Raiffeisen Bank International owns the most profitable international bank operating in Russia. The market currently values this subsidiary at zero. However, a deal that could yield EUR 1.2-1.8bn is in the offing, with more details likely to be released on 3 November 2023.

The sale and repatriation of funds will likely trigger an entire cascade of events, including significant capital flowing back to shareholders and analysts re-rating the depressed stock.

Raiffeisen Bank International could be one of the most interesting asymmetric investments currently available. It comes with a 50-100% upside over the coming 12-18 months. The Austrian company has a market cap of EUR 4.5bn and daily liquidity in the millions of euros.

Product for Lifetime Members only (USD 999 one-off) - www.undervalued-shares.com

November 2023 report for
Lifetime Members ([available here](#) - \$\$\$)

The story so far

Raiffeisen, Strabag in deal to weaken Russia ties

By Tom Sims

December 20, 2023 8:38 PM GMT+8 · Updated a year ago



Reuters, December 2023

The logo of Raiffeisen Bank International (RBI) is seen at its headquarters in Vienna, Austria, March 14, 2023. REUTERS/Leonhard Foeger/File Photo Purchase Licensing Rights

FRANKFURT, Dec 20 (Reuters) - Raiffeisen Bank International (RBI), one of the banks in Europe most exposed to Russia, plans to take a nearly 28% stake in Austrian construction group Strabag via a deal with sanctioned Russian businessman Oleg Deripaska.

Swap transaction:

- Deripaska holds 24.1% of Strabag (via Rasperia), but the shares are frozen under Western sanctions
- RBI Russia holds EUR 5bn in cash in Russia, but cannot remit to Austria

Deripaska gets RBI cash in Russia.

RBI gets Strabag shares in Austria.

The story so far

Austria's RBI drops bid for stake linked to Russian tycoon after US pressure

By Alexandra Schwarz-Goerlich and John O'Donnell

May 8, 2024 10:44 PM GMT+8 · Updated a year ago



[1/2] Russian billionaire Oleg Deripaska attends the St. Petersburg International Economic Forum (SPIEF) in Saint Petersburg, Russia June 17, 2022. REUTERS/Maxim Shemetov/File Photo [Purchase Licensing Rights](#)



Summary Companies

- Raiffeisen is biggest Western bank in Russia
- Pressure growing on Austrian lender to leave
- Bid for stake linked to sanctioned tycoon dropped

Reuters, May 2024

It's a mess

Raiffeisenbank's accounts in Russia were forcibly debited with 1.9 billion euros

The Central Bank of the Russian Federation has transferred almost EUR 1.9 billion from the Raiffeisenbank Russia account as part of the lawsuit with Rasberry



Vira Kasiyan
news editor at LIGA.net

MAY 6, 16:06



Photo: Depositphotos

[LIGA.net, May 2025](#)

Keep it simple

Assumption:

Value of RBI Russia = ZERO

It's what analysts and even the bank are assuming.

Even with this assumption, RBI stock should double!



RBI ex Russia = "RBI core"

Simple valuation:

- Consensus P/E 2026 "RBI core" = 6x P/E 2026 European banks: 8.8x (+45%)
- 2026 ROTE "RBI core" = 9% Medium-term ROTE target: 13% (+45%)

Catching up with other Euro banks should lead to a share price of ≈EUR 55-60. This assumes the Russian subsidiary is worth zero.



Global Research
6 May 2025

First Read
Raiffeisen Bank Intl
1Q25 results: decent operating P&L, meaningful capital beat

Equities	
Austria	
Banks, Ex-S&P	
12-month rating	Neutral *
12m price target	€20.60
Price (05 May 2025)	€24.30
RIC: 88%Y: 88%: 88%: 88%: 88%	

Decent operating results ex. RU/RY, core revenues slightly better

RBI reported Q1 25 pre-tax profit excl. RU/RY of €679mn, 6% below consensus. Core revenues were slightly better, with NI +1% vs consensus and NFI in-line. Total revenues were 1% below consensus, due to 67% (or €40mn) lower trading, IV and other results. Operating expenses came in 3% above consensus. Loan loss provisions were 37% better than expected and other results also 31% better. As a result, pre-tax profit was 3% above consensus. See detailed results overview table on page 2.

CET1 beat, slow sequential loan growth in Q1, several moving parts in risk costs

Ex. RU/RY, fully loaded CET1 ratio came in at 15.9%, up 60bps q/q and 40bps above consensus. RBI saw CRR3 (day-1 Basel 3 finalisation) benefits of €6bn in RWAs-terms, driving the 5% RWA decline q/q. Customer loans (ex. RU/RY) increased by 1% q/q, with stable new volumes in Retail and sluggish demand in Corporate. Deposits increased 2% q/q. Risk costs excluding Russia reached 20bps in Q1 24, with €77mn in new overlays offsetting 1) Stage 1+2 releases on the back of new retail model in Czech Republic, 2) exposure development in head office, and 3) slight relief on macro provisions based on Feb update (to revert with next update).

2025 outlook unchanged and broadly in line with consensus forecasts

RBI reiterated targets for 2025 (ex. RU/RY): (i) NI at €4.15bn (company cons. €4.16bn) along with 6-7% loan growth YoY (cons. 6.5%), (ii) NFI at €1.95bn (cons. €1.94bn), (iii) Operating expenses €3.45bn (cons. €3.5bn), (iv) Risk costs of below 50bps before release of overlays (vs cons. €40bps total) (v) consolidated ROE of 10% (cons. 7.9%) and (vi) CET1 ratio excl. Russia at 15.2% at year-end (cons. 15.0%).

Valuation: Ex. RU/RY 0.6x P/TNAV for 10% ROTE 2026E, P/E 2026E is 6.4x

RBI performed in-line with the sector in LTM. We expect at least neutral market reaction today on the back of largely in-line core P&L, better capital (which will however revert to lower levels later in the year) as well as consensus meaningfully below the reiterated FY25 guidance. Conf. call at 2pm CEST.

Highlights (€m)	12/21	12/22	12/23	12/24E	12/25E	12/26E	12/27E	12/28E
Revenues	5,662	5,710	5,666	8,041	8,242	7,903	7,863	7,955
Pre-tax profit	1,877	4,203	3,575	2,721	3,277	2,943	2,848	2,849
Net earnings (reported)	1,281	3,136	2,277	1,646	2,285	2,097	2,030	2,072
Net earnings (UBS)	1,281	3,136	2,277	1,646	2,285	2,097	2,030	2,072
Tier 1 ratio %	15.1	18.0	19.5	19.7	21.4	22.6	23.2	23.6
EPS (UBS, diluted) (€)	3.60	8.51	6.92	5.06	6.16	5.61	5.30	5.30

Profitability/valuation	12/21	12/22	12/23	12/24E	12/25E	12/26E	12/27E	12/28E
ROE (UBS) %								
P/BV (diluted) x								
P/BV x								
P/E (UBS, diluted) x								
Dividend yield (UBS) %								

This report has been prepared by UBS AG, Swiss Bank Corporation, 6. UBS does and see firm may have a conflict of interest in making the

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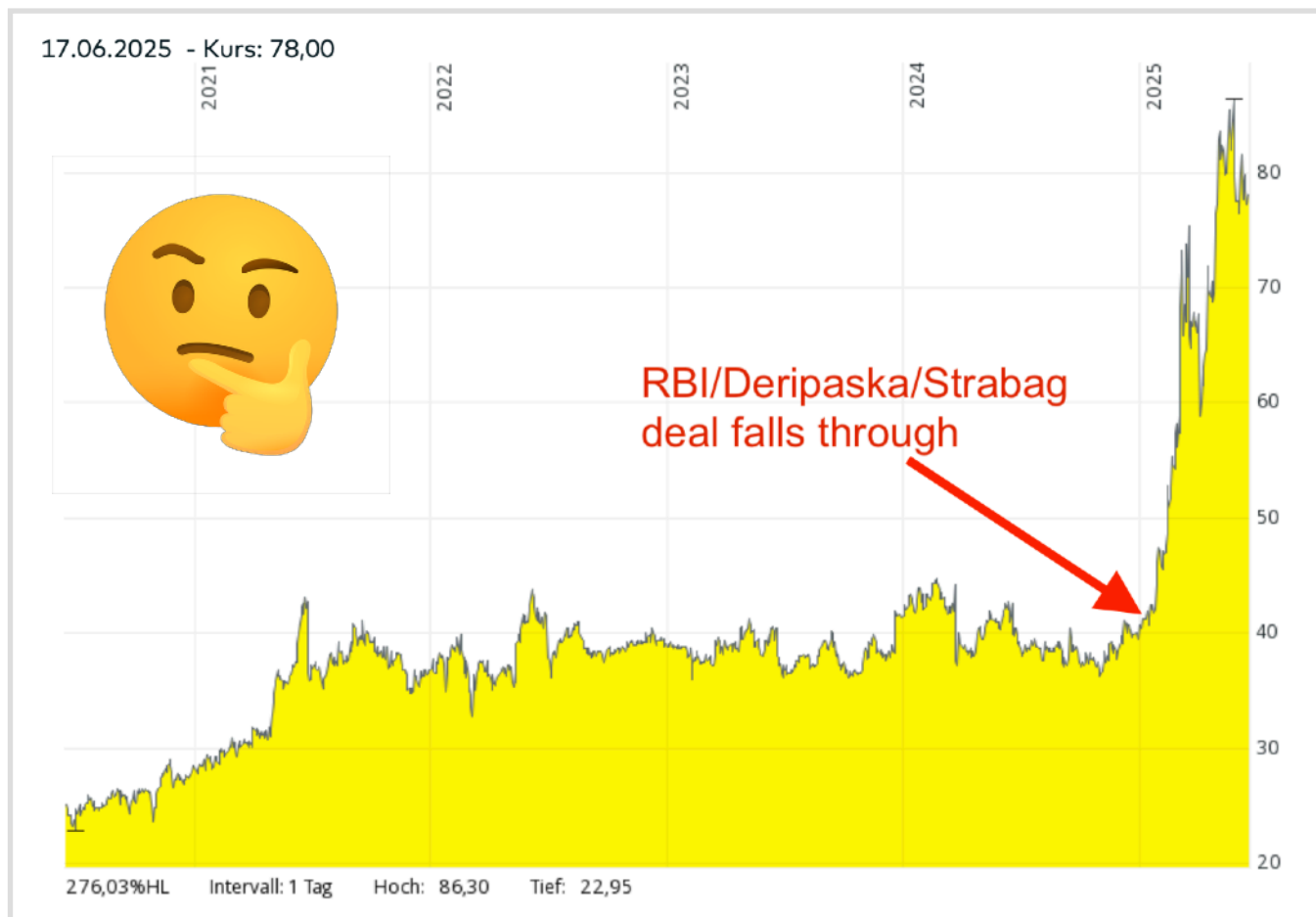
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"RBI core" covered by multiple analysts

Why not stop here?



Strabag shares



Isn't this weird?

Strabag shares

"In its verdict, the Russian court has also acceded to Rasperia's request according to which the ownership rights for the share of STRABAG held by Rasperia are to be transferred to AO Raiffeisenbank Russia."

RBI, Q1/2025 report (page 86)

Strabag shares

Rasperia / Deripaska stake:

- 24.1% of Strabag
- 28,500,000 shares

Value in December 2024: EUR 1.15bn (@ share price of EUR 40)

Value in June 2025: EUR 2.25bn (@ share price of EUR 78)

In theory, Rasperia's Strabag shares attributed to ownership of RBI (via RBI Russia) are now worth EUR 2.25bn. Additional value of > EUR 1bn since December 2024.

Where is the catch?

Russian court rejects Raiffeisen appeal against share freeze

By Reuters

December 6, 2024 12:45 AM GMT+8 · Updated 6 months ago



Reuters, December 2024

The logo of Raiffeisen Bank International (RBI) is seen on their headquarters in Vienna, Austria, March 14, 2023. REUTERS/Leonhard Foeger/ File Photo Purchase Licensing Rights

MOSCOW, Dec 5 (Reuters) - A Russian court on Thursday rejected Raiffeisen Bank International's appeal (RBI.VI) against the freezing of shares in its local arm, as part of a lawsuit brought by Russian investment company Rasperia, court filings showed.

Raiffeisen Bank International: Profit Slump due to Provisions for Russia

Professional Services > Other Services ♦ Published: February 4, 2025; 12:36 ♦ (Vindobona)

Raiffeisen Bank International's consolidated profit decreased by over 50% in 2024 due to a €840 million provision from a Russian court ruling, which ordered the bank to pay EUR 2 billion in damages. Premium Content



Vindobona, February 2025

RBI's consolidated profit fell to EUR 1.16 billion (2023: EUR 2.39 billion), as RBI itself announced in a press release. / Picture: © Raiffeisen Bank International AG / S. Klimpt

Russian optionality #1

Legal recourse:

- RBI successfully claims Strabag shares
- Uplift of EUR 2.25bn
- Precise figure complicated by provisions and legal costs

Counter-arguments:

- New claim of EUR 1bn by Rasperia
- Legal cases often resolved through splitting the pie
- Strabag share price could fall back

Legal cases could yield EUR 1-2.5bn (= EUR 3-8 per RBI share)

Russian optionality #2

RBI Russia is probably worth more than zero:

- EUR 4bn equity even after EUR 1.9bn confiscation
- Keeps generating >EUR 1bn p.a. in profits
- Systemically important bank in Russia
- Sale to Putin-approved Russian buyer would legally require a 60% discount
- 40% of EUR 4bn equity = EUR 1.6bn repatriated
- Assumes no FX movements but also disregards further operative profits

Sale of RBI Russia under current Russian legal regime would generate EUR 5 per RBI share.

Russian optionality #3

RBI Russia continues to operate post-war:

- Russian banks tend to have ROE of 20% p.a.
- RBI Russia has EUR 4bn of equity
- Valued at PBV 1x = EUR 4bn value
- Disregarding potential legal recourse
- Disregarding operative profits between now and return to normal

RBI Russia could add EUR 12-20 per RBI share if there is a "return to normal", not counting any potential payback from legal case.

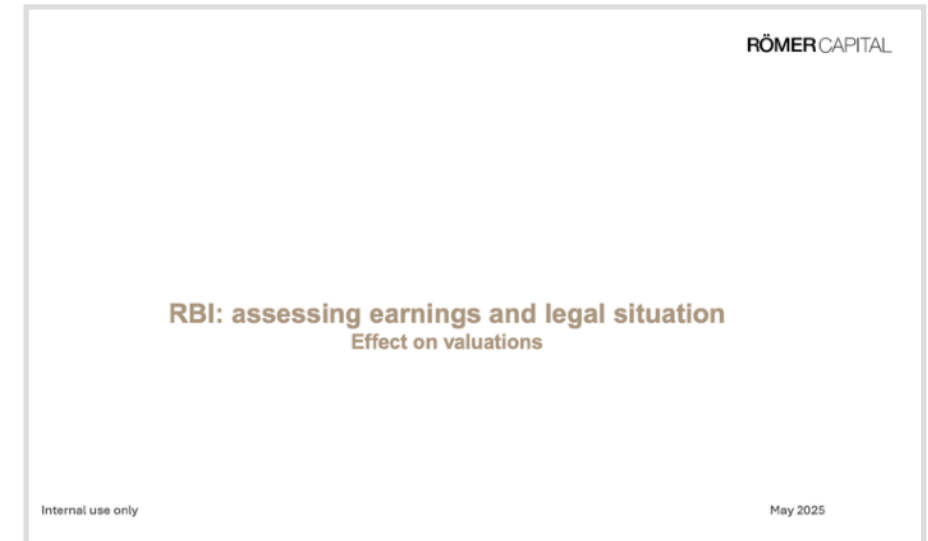
Sum of the parts

RBI really consists of the following:

- "RBI core", a "normal bank" and an attractive play on CEE growth potential
- Should be valued at EUR 55-60 = 2x current share price
- RBI Russia could add EUR 10-25 per RBI share
- Could take valuation to >EUR 75 per share = 3x current share price

Credit to Roemer Capital

- Upside from Russian assets = free optionality
- However, IB analysts and RBI IR cannot write about "making money from Russia"
- Roemer Capital is know-how leader on Russian special situations
- Recent opinion piece from Roemer Capital in Cyprus (NOT research coverage)

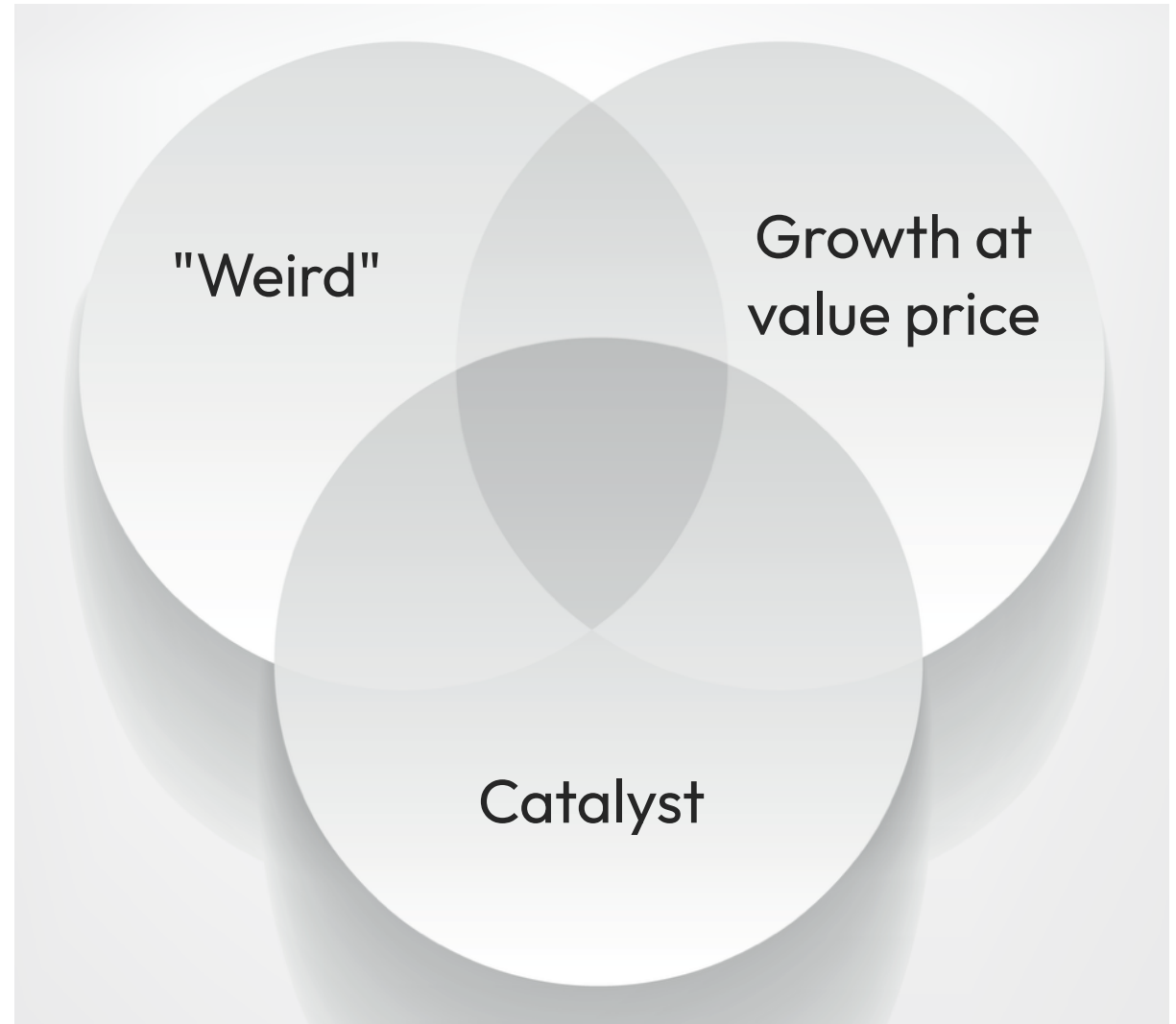


Roemer Capital, May 2025

Reach out to Alexander Kantarovich if interested to discuss (email).



Did we catch them all?



Why this conference?

Cases like this are the reason why we need this network of independent thinkers!

Thank you for participating in the
Weird Shit Investing conference 2025!

Email me expressions of interest to participate in 2026
(London, New York, maybe Asia, maybe Germany).

About Undervalued-Shares.com

Free Weekly Dispatches



"Shit" mining companies – the next stellar performers?

13 June 2025

Mining companies often land in epic political chaos – and can produce stunning returns if they manage to break free.

[READ MORE](#)



Liechtenstein banks as EU crisis winners?

6 June 2025

Liechtenstein isn't just home to elite financial services – you can also own a piece of its banks.

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Investing in Iraq – yet more gains to come?

30 May 2025

The Iraq fund I featured in 2021 is up 163% in USD terms. With record investment pouring into Iraq, is it too late to get in?

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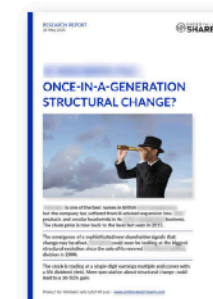
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In-depth research reports



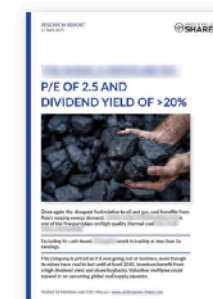
A smart route to the mining market

Picking the right mining stocks is complex. This investment entity helps investors seeking VC-type potential returns.



A forgotten leader in European finance – poised for a comeback?

Where next in "boring" European finance? This household name trades near crisis lows despite strong fundamentals – and could be set for a 30-50% rebound.



P/E of 2.5 and >20% dividend yield with this coal stock

It's the second time this stock is trading so low. It was similarly cheap in 2021 and then soared by 15x. Now is a good time to take another look.

02

Common sense investment opportunities around the world