

RBI: First Quarter Report 2014 and repayment of participation capital

Following the successful capital increase in the first quarter of 2014, RBI expects to receive approval from the Financial Market Authority (FMA) for full repayment of the participation capital in the near future. As a first step, RBI intends to repay the total amount or at least a substantial part of the state-held tranche. The FMA has notified RBI that the approval will be granted promptly, enabling repayment to take place in the next 3 to 4 weeks.

- Net interest income of EUR 979 mn (up 13.2% y-o-y)
- Net trading income of minus EUR 19 mn, mainly due to currency-driven valuation losses in Ukraine
- General administrative expenses decreased to EUR 755 mn (down 4.2% y-o-y) driven by FX effects
- Net provisioning for impairment losses increased to EUR 281 mn (up 28.1% y-o-y)
- Profit before tax declined to EUR 240 mn (down 4.3% y-o-y)
- Consolidated profit increased to EUR 161 mn (up 2.5% y-o-y)
- NPL ratio decreased to 10.6% (down 0.2PP compared to FY 2013)
- NPL coverage ratio increased to 65.2% (up 2.1PP compared to FY 2013)
- Common equity tier 1 ratio (transitional) at 13.9% (including participation capital)
- Common equity tier 1 ratio (fully loaded) of 9.9%
- Leverage ratio of 5.9% comfortably surpasses the 3% envisaged regulatory ratio

Income Statement in EUR mn	Q1/2014	Q1/2013
Net interest income	979	865
Net provisioning for impairment losses	(281)	(220)
Net interest income after provisioning	697	645
Net fee and commission income	376	375
Net trading income	(19)	80
General administrative expenses	(755)	(788)
Net income from derivatives and liabilities	(27)	(121)
Net income from financial investments	37	87
Profit before tax	240	251
Profit after tax	173	174
Consolidated profit	161	157
Balance Sheet in EUR mn	31/03/14	31/12/13
Equity	12,821	10,364
Total assets	125,410	130,640
NPL ratio	10.6%	10.7%
NPL coverage ratio	65.2%	63.1%
Bank Specific Information	31/03/14	31/12/13
Common equity tier 1 ratio (transitional)	13.9%	10.7%
Common equity tier 1 ratio (fully loaded)	9.9%	n. a.

Performance	Q1/2014	Q1/2013
Net interest margin	3.35%	2.89%
Return on equity before tax	7.9%	9.2%
Return on equity (consolidated)	4.8%	5.6%
Cost/income ratio	56.1%	58.5%
Earnings per share in EUR	0.41	0.55
Resources	31/03/14	31/12/13
Employees	57,217	57,901
Business outlets	2,991	3,025

The outlook was adapted to the changed environment:

We expect loans and advances to customers in 2014 to remain at the approximate level of the previous year.

We anticipate a net provisioning requirement of between EUR 1,300 million and EUR 1,400 million in 2014, however, results may be impacted by the ECB Asset Quality Review process and further deterioration of the situation in Ukraine and Russia.

In the course of our cost reduction program, we plan to reduce general administrative expenses to below the level of 2012 by 2016. We aim to achieve a cost/income ratio of between 50 to 55 per cent by 2016.

Costs in 2014 are expected to be below the level of 2013.

We aim for a return on equity before tax of approximately 15 per cent and a consolidated return on equity of approximately 12 per cent in the medium term.

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