

Raiffeisen Bank International: Semi-Annual Financial Report 2017

- Consolidated profit above expectations at EUR 587 mn
- CET1 ratio (fully loaded) at 12.8% including reviewed H1/2017 results
- NPL ratio further reduced to 7.3% driven by low new NPL inflows and NPL sales
- Ongoing favorable development in risk costs across the Group
- Updated outlook to reflect positive asset quality trend
- Stable net interest margin, despite interest rate cuts primarily in Eastern Europe
- Progress in rightsizing program in Poland; IPO of Raiffeisen Polbank suspended
- Successful placement of EUR 650 mn AT1 notes

Income Statement in EUR mn	1-6/2017	1-6/2016 pro forma	Q2/2017	Q1/2017
Net interest income	1,588	1,567	792	796
Net provisioning for impairment losses	(76)	(403)	4	(80)
Net interest income after provisioning	1,512	1,164	795	716
Net fee and commission income	842	773	433	409
Net trading income	133	88	69	64
General administrative expenses	(1,573)	(1,541)	(758)	(815)
Other results	(99)	(51)	(26)	(73)
Profit/loss before tax	849	474	519	330
Profit/loss after tax	656	297	401	255
Consolidated profit/loss	587	236	367	220

Balance Sheet in EUR mn	30/06/17	31/03/17	31/12/16 pro forma
Equity	10,234	10,067	9,752
Total assets	138,603	138,489	134,804
NPL ratio	7.3%	8.3%	8.7%
NPL coverage ratio	70.5%	74.0%	75.2%
Risk-weighted assets (total RWA)	69,021	69,864	67,911

Ratios	30/06/17	31/03/17	31/12/16 pro forma
Common equity tier 1 ratio (fully loaded)	12.8%	12.2%	12.4%
Common equity tier 1 ratio (transitional)	12.9%	12.4%	12.7%
Total capital ratio (fully loaded)	17.4%	16.8%	17.1%
Total capital ratio (transitional)	17.5%	17.0%	17.4%

Ratios	1-6/2017	1-6/2016 pro forma	Q2/2017	Q1/2017
Net interest margin	2.46%	2.40%	2.43%	2.49%
Return on equity before tax	17.4%	10.5%	21.3%	13.4%
Consolidated return on equity	12.9%	5.6%	16.2%	9.6%
Cost/income ratio	60.6%	62.4%	58.4%	62.8%
Earnings per share in EUR	1.79	0.72	1.12	0.67

Resources	30/06/17	31/03/17	31/12/16 pro forma
Employees (full-time equivalents)	49,688	50,094	50,203
Business outlets	2,425	2,500	2,522

As of January 2017, RZB contributed business is fully included. Current RBI figures refer to the Combined Bank; unless specified otherwise, the historical pro forma data is based on the Combined Bank (consideration of the merger).

Outlook

We target a CET1 ratio (fully loaded) of around 13 per cent in the medium term.

After stabilizing loan volumes, we look to resume growth with an average yearly percentage increase in the low single digit area.

We expect net provisioning for impairment losses for 2017 to be significantly below the level of 2016 (EUR 758 million), supported by a high level of recoveries and gains on NPL sales.

After reaching the previous goal of approximately 8 per cent ahead of schedule, we expect the NPL ratio to reduce further in the medium term.

We aim to achieve a cost/income ratio of between 50 and 55 per cent in the medium term, unchanged from our previous target.

Our medium term return on equity before tax target is unchanged at approximately 14 per cent, with a consolidated return on equity target of approximately 11 per cent.

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