

## **RBI: € 804 million consolidated profit despite effects of COVID-19 pandemic**

Despite the challenging market conditions and the ongoing low interest rate environment, Raiffeisen Bank International (RBI) posted a consolidated profit of € 804 million. In addition to its direct effects, the pandemic also resulted in significant interest rate cuts and currency devaluations in some of RBI's core markets.

"RBI entered the pandemic from a position of strength and therefore achieved a satisfactory result given the very difficult environment," said Johann Strobl, RBI's CEO.

Taking the ECB's recommendation on dividend payments into account, the Management Board of RBI will propose to the Annual General Meeting, planned for 22 April 2021, to pay a dividend of € 0.48 per share.

"We are well capitalized, which allows us to grow with our customers and at the same time let our shareholders participate in RBI's success," stated Strobl.

Due to COVID-19 vaccinations progressing, an easing of the partly severe restrictions can be expected for the second quarter of 2021. In combination with the pent-up demand as well as monetary and fiscal policy stimuli, this should result in a significant economic recovery in the course of the year. After a negative GDP development in all countries of Central and Eastern Europe in 2020, Raiffeisen Research therefore expects GDP growth of 3.7 per cent in Central Europe, 4.6 per cent in Southeastern Europe, 2.4 per cent in Eastern Europe, and 3.5 per cent in Austria for the year 2021.

### **General administrative expenses declined**

Operating income decreased 5 per cent to € 5,195 million, influenced in particular by a 5 per cent decline in net interest income (€ 3,241 million) and a 3 per cent decline in net fee and commission income (€ 1,738 million). The lockdown measures resulted in revenue-related reductions, especially in the second quarter, while net interest income was affected by lower interest rates, primarily as a result of key interest rate cuts in some markets. This was offset by a reduction in general administrative expenses, also by 5 per cent, to € 2,949 million. The main factors here were a reduction of other administrative expenses and currency effects. At 56.8 per cent, the cost/income ratio was 0.3 percentage points higher than in the previous year.

### **Impairment losses on financial assets up due to recession**

The recession caused by COVID-19 negatively impacted RBI primarily through impairment losses on financial assets in the amount of € 630 million, of which € 288 million are attributable to stage 3, i.e. they are actually defaulted.

At 1.9 per cent, the NPE ratio was 0.2 percentage points lower than the previous year, primarily as a consequence of the increase in loan volumes, as non-performing loans remained almost stable due to sales and derecognition. The NPE coverage ratio rose 0.5 percentage points to 61.5 per cent.

### **Total capital ratio (fully loaded) at 18.4 per cent**

In 2020, the CET 1 ratio (fully loaded) was 13.6 per cent. The dividend originally proposed for 2019 remains deducted, as does the dividend proposal for 2020. The tier 1 ratio stood at 15.7 per cent and the total capital ratio at 18.4 per cent.

## **Outlook**

We expect modest loan growth in the first half of 2021, accelerating in the second half of the year.

The provisioning ratio for FY 2021 is expected to be around 75 basis points, as moratoria and government support programs expire.

We remain committed to a cost/income ratio of around 55 per cent – possibly as soon as 2022 depending on the speed of the recovery.

We expect the consolidated return on equity to improve in 2021, and we target 11 per cent in the medium term.

We confirm our CET1 ratio target of around 13 per cent for the medium term.

Based on this target we intend to distribute between 20 and 50 per cent of consolidated profit.

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The Annual Report is available under <http://ar2020.rbinternational.com>, the German version under <http://gb2020.rbinternational.com>.

RBI's Sustainability Report 2020 was published today at the same time as the Annual Report. This consolidated non-financial report in accordance with the Austrian Sustainability and Diversity Improvement Act (Nachhaltigkeits- und Diversitätsverbesserungsgesetz ) with the guiding principle "Responsible banking for a sustainable future" can be found at [www.rbinternational.com/sustainabilityreport](http://www.rbinternational.com/sustainabilityreport).

## Overview – Raiffeisen Bank International (RBI)

Monetary values in € million	2020	2019	Change	2018	2017	2016
<b>Income statement</b>	<b>1/1-31/12</b>	<b>1/1-31/12</b>		<b>1/1-31/12</b>	<b>1/1-31/12</b>	<b>1/1-31/12</b>
Net interest income	3,241	3,412	(5.0)%	3,362	3,225	2,935
Net fee and commission income	1,738	1,797	(3.3)%	1,791	1,719	1,497
General administrative expenses	(2,949)	(3,093)	(4.7)%	(3,048)	(3,011)	(2,848)
Operating result	2,246	2,382	(5.7)%	2,330	2,164	1,844
Impairment losses on financial assets	(630)	(234)	169.1%	(166)	(312)	(754)
Profit/loss before tax	1,233	1,767	(30.2)%	1,753	1,612	886
Profit/loss after tax	910	1,365	(33.3)%	1,398	1,246	574
Consolidated profit/loss	804	1,227	(34.5)%	1,270	1,116	463
<b>Statement of financial position</b>	<b>31/12</b>	<b>31/12</b>		<b>31/12</b>	<b>31/12</b>	<b>31/12</b>
Loans to banks	11,952	9,435	26.7%	9,998	10,741	9,900
Loans to customers	90,671	91,204	(0.6)%	80,866	77,745	70,514
Deposits from banks	29,121	23,607	23.4%	23,980	22,378	12,816
Deposits from customers	102,112	96,214	6.1%	87,038	84,974	71,538
Equity	14,288	13,765	3.8%	12,413	11,241	9,232
Total assets	165,959	152,200	9.0%	140,115	135,146	111,864
<b>Key ratios</b>	<b>1/1-31/12</b>	<b>1/1-31/12</b>		<b>1/1-31/12</b>	<b>1/1-31/12</b>	<b>1/1-31/12</b>
Return on equity before tax	9.2%	14.2%	(5.0) PP	16.3%	16.2%	10.3%
Return on equity after tax	6.8%	11.0%	(4.2) PP	12.7%	12.5%	6.7%
Consolidated return on equity	6.4%	11.0%	(4.5) PP	12.6%	12.2%	5.8%
Cost/income ratio	56.8%	56.5%	0.3 PP	56.7%	58.2%	60.7%
Return on assets before tax	0.77%	1.18%	(0.42) PP	1.33%	1.23%	0.79%
Net interest margin (average interest-bearing assets)	2.15%	2.44%	(0.29) PP	2.50%	2.48%	2.78%
Provisioning ratio (average loans to customers)	0.68%	0.26%	0.42 PP	0.21%	0.41%	1.05%
<b>Bank-specific information</b>	<b>31/12</b>	<b>31/12</b>		<b>31/12</b>	<b>31/12</b>	<b>31/12</b>
NPE ratio	1.9%	2.1%	(0.2) PP	2.6%	4.0%	–
NPE coverage ratio	61.5%	61.0%	0.5 PP	58.3%	56.1%	–
Total risk-weighted assets (RWA)	78,864	77,966	1.2%	72,672	71,902	60,061
Common equity tier 1 ratio (fully loaded)	13.6%	13.9%	(0.3) PP	13.4%	12.7%	13.6%
Tier 1 ratio (fully loaded)	15.7%	15.4%	0.3 PP	14.9%	13.6%	13.6%
Total capital ratio (fully loaded)	18.4%	17.9%	0.5 PP	18.2%	17.8%	18.9%
<b>Stock data</b>	<b>1/1-31/12</b>	<b>1/1-31/12</b>		<b>1/1-31/12</b>	<b>1/1-31/12</b>	<b>1/1-31/12</b>
Earnings per share in €	2.22	3.54	(37.4)%	3.68	3.34	1.58
Closing price in € (31/12)	16.68	22.39	(25.5)%	22.20	30.20	17.38
High (closing prices) in €	22.92	24.31	(5.7)%	35.32	30.72	18.29
Low (closing prices) in €	11.25	18.69	(39.8)%	21.30	17.67	10.21
Number of shares in million (31/12)	328.94	328.94	0.0%	328.94	328.94	292.98
Market capitalization in € million (31/12)	5,487	7,365	(25.5)%	7,302	9,934	5,092
Dividend per share in €	0.48	–	–	0.93	0.62	–
<b>Resources</b>	<b>31/12</b>	<b>31/12</b>		<b>31/12</b>	<b>31/12</b>	<b>31/12</b>
Employees as at reporting date (full-time equivalents)	45,414	46,873	(3.1)%	47,079	49,700	48,556
Business outlets	1,857	2,040	(9.0)%	2,159	2,409	2,506
Customers in million	17.2	16.7	2.5%	16.1	16.5	14.1

In this report, Raiffeisen Bank International (RBI) refers to RBI Group. RBI AG is used wherever statements refer solely to Raiffeisen Bank International AG. Head office refers to Raiffeisen Bank International AG excluding branches. As of January 2017, Raiffeisen Zentralbank AG contributed business is fully included.

Due to the adoption of IFRS in the year 2018, the figures for previous periods are only to a limited extent comparable.

RBI regards Austria, where it is a leading corporate and investment bank, as well as Central and Eastern Europe (CEE) as its home market. 13 markets of the region are covered by subsidiary banks. Additionally, the RBI Group comprises numerous other financial service providers, for instance in leasing, asset management or M&A.

Around 45,000 employees service 17.2 million customers through approx. 1,900 business outlets, the by far largest part thereof in CEE. RBI's shares are listed on the Vienna Stock Exchange. The Austrian regional Raiffeisen banks own around 58.8 per cent of the shares, the remainder is in free float. Within the Austrian Raiffeisen Banking Group, RBI is the central institute of the regional Raiffeisen banks and other affiliated credit institutions.

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