

SEMI-ANNUAL REPORT

2017



**Raiffeisen**  
**BANK**

*Client inspired banking*

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# Comments to the consolidated results of the Raiffeisenbank Group

## for the first half of 2017

The local economy developed favourably in the course of the first six months of this year, hand in hand with demand for banking products and services. Raiffeisenbank did very well during this period and its further growth was supported by successful sales as well as great quality of the bank's loan portfolio, reflected in notably lower provisioning.

Seen from the perspective of Raiffeisenbank, the half of this year, and the last months in particular, brought many major events. In early June, the bank acquired all assets and liabilities of the Czech branch of ZUNO BANK, successfully completing integration of another local bank in a short time after the recent acquisition of Citibank's Czech retail business. In addition, Raiffeisenbank generates organic growth, registering continued high natural inflow of new customers.

Raiffeisenbank unveiled its brand new online banking in mid-June. Most private customers are already using the new platform and the rest of the bank's clients will be transferred in the upcoming months.

### Net income and revenues

The consolidated attributable net profit to the parent company's shareholders rose almost to CZK 1.837 billion for the first half of the year 2017 which means increase by 15.3% compared to the same period of last year. The total operating income of the Group decreased by 2.2% caused mainly by the lower Other operating income. In the last year it had been increased by the sale of activities related to payment card acceptance (acquiring) and sale of the shares of the company Visa Europe.

The net interest income of the Group reached CZK 3.207 billion, which means decrease by 0.8% compared to the same period of last year. Net income from fees and commissions has increased by 4.8% to CZK 962 million.

Net profit on financial operations of the Group decreased to CZK 1.359 billion compared to CZK 1.508 billion in 2016. This year-on-year decrease is mainly affected by sale of the shares of the company Visa Europe.

### Expenses

General administrative expenses of the Group rose by 1.4% to CZK 3.237 billion. This increase is primarily attributable to the bank's mandatory contributions to the Resolution Fund.

### Risk management

The Group maintains a very high quality client credit portfolio. Impairment losses on loans and receivables reached CZK

120 million for the first half of the year 2017, which is year-on-year decrease by 84%. This is partly caused by the one-off provision related to one of the corporate clients of the Group which was created last year.

### Deposits and loans

Total Group assets reached CZK 369.3 billion and had grown by 27.5 % year-on-year. The amount of Loans and advances to customers of the Group increased by 9.1% year-on-year to CZK 224.4 billion. The main increase is attributable to household financing (consumer loans and mortgages) and enterprises. Deposits from customers of the Group rose by 18.7% year-on-year to CZK 249.9 billion.

### Equity

Shareholders' equity of the Group reached in the first half of 2017 almost CZK 27.6 billion compared to CZK 26.4 billion in the beginning of 2017. The increase in retained earnings based on the 2016 profit distribution had a positive effect on the Group's capital adequacy, which reached 17.99% at the end of the first half of 2017, as opposed to 17.26% as of 30 June 2016.

## Selected major events of the first half of 2017

- Raiffeisenbank is the first bank in the Czech Republic to focus on the film and TV production market. In cooperation with the Czech Audio-visual Producers' Association, the bank prepared an offer to finance projects qualifying for film incentives of the State Cinematography Fund.
- Raiffeisenbank's mortgage centres have been available to customers for ten years. The first centres were opened in 2007. Over the ten years, the number of mortgage centres rose to today's twenty two and Raiffeisenbank provided nearly 75,000 mortgage loans totalling 145 billion crowns.
- In March, Raiffeisen investiční společnost launched a new fund for experienced investors. The Raiffeisen Dividend Fund is a dynamic mixed CZK fund investing in large stable corporations all over the world.
- A pioneer in the Czech market, Raiffeisenbank launched clearing services for its customers trading at Nasdaq Commodities. Raiffeisenbank was named General Clearing Member (GCM) at Nasdaq Clearing and provides settlement of trades in European Energy (EUR), Nordic Power (EUR) and Seafood (NOK) as of 1 March 2017.

- According to a survey conducted by Raiffeisenbank, local business owners mostly miss effective separation of their personal and corporate finance in business accounts available in the Czech Republic. When choosing the right account, the amount of fees plays the leading role, as they claim. Raiffeisenbank considered all these criteria when creating its new business accounts launched in early June 2017.
- On 2 June 2017, Raiffeisenbank acquired all assets and liabilities of the Czech branch of ZUNO BANK AG. Technical transfer of ZUNO clients to Raiffeisenbank's system took place on the first weekend of June.
- Overnight between Friday 16 June and Saturday 17 June 2017, Raiffeisenbank transferred the first fifty thousand clients to its new internet banking. Raiffeisenbank's online banking went through many improvements and is available to the bank's customers from their desktop computers, tablets or mobile phones.
- On 19 June 2017, Raiffeisen investiční společnost launched a new Real Estate Fund for investors seeking investments in high-quality and verified properties and real estate companies.

policy. Thus, CNB was Europe's first central bank to increase its basic interest rate in August. With regard to the good economic condition and mild strengthening of the Czech currency, we expect another increase to come in the last quarter of 2017.

Overall development of the banking sector this year matches the favourable macroeconomic situation and has easily stabilized following a non-standard start due to interventions of CNB. The total volume of loans added 4.4% over the first half of 2017, which stands for an improvement compared to the first half of the year before. Loans provided to private individuals continue to drive the growth; despite concerns about the impact of CNB's regulatory recommendations, the volume of private loans saw a 4.0% increase since the beginning of the year, particularly attributable to mortgage loans. The volume of mortgage loans added 4.7% during the first half of the year, or 10.3% year on year. The volume of corporate loans increased as well, precisely by 4.8% over the first half of 2017.

Also, client deposits continue to rise, thus ensuring sufficient resources for further lending activities of the banking sector.

Sources: Czech Statistical Office, Czech National Bank, Economic research of Raiffeisenbank a.s.

## Economic forecast for the second half of 2017

Economy of the Czech Republic saw a successful first half of the year. In the first quarter, it added 3.0% year on year and even accelerated in the second quarter to grow 4.7% on a year-to-year basis. This outstanding growth is attributable to rising local and international demand for Czech products as well as increased investments, 7.7% higher year on year. Good news is that the economic growth is reflected in all sectors with finance and insurance taking the lead by adding 8.3%.

The economic growth has had a longer impact on the labour market. The unemployment rate stands at lowest levels since 2008 while the number of jobseekers reached a record low since 1998. Labour shortage promotes wage growth, which is in turn reflected in core inflation, which reached an annual growth of 2.4%, a new high since 2008. Economic and political stability supports strengthening of the Czech crown. Solid growth of the economy and gradually rising core inflation encourage the Czech National Bank to normalize its monetary

## Outlook for the rest of 2017

We will be thoroughly pursuing our 2020 strategy. In the second half of the year, Raiffeisenbank will be further promoting its position of a bank primarily focused on customers seeking high quality of service, active management of their finances and professional advisory. Also, cost efficiency remains among the bank's priorities.

In addition, we aim at keeping our position of an attractive employer to be a company creating opportunities for both personal and professional growth of its employees and encouraging teamwork and superior interpersonal relationships.

We are a sound and stable financial group with strong growth ambitions. We are in an excellent condition, have a strong and positively perceived brand and a great team. Our record-breaking results and success of the past encourage our optimism for the future.

The bank's half-year report is available at <https://www.rb.cz/en/about-us/obligatory-published-information/annual-reports>.

# Raiffeisenbank a.s.

Interim Consolidated Financial Statements Prepared in Accordance with International Financial Reporting Standards as Adopted by the European Union for the Period Ended 30 June 2017

## Components of the Interim Consolidated Financial Statements:

- Interim Consolidated Statement of Comprehensive Income
- Interim Consolidated Statement of Financial Position
- Interim Consolidated Statement of Changes in Equity
- Interim Consolidated Cash Flow Statement
- Notes to the Interim Consolidated Financial Statements

## Interim Consolidated Statement of Comprehensive Income for the Period Ended 30 June 2017

CZK thousand	30. 6. 2017	30. 6. 2016 (adjusted)
Interest income and similar income	3,822,669	3,853,885
Interest expense and similar expense	(615,596)	(621,027)
<b>Net interest income</b>	<b>3,207,073</b>	<b>3,232,858</b>
Change in provisions for credit risks	(119,908)	(730,643)
<b>Net interest income after provisions for credit risks</b>	<b>3,087,165</b>	<b>2,502,215</b>
Fee and commission income	1,405,036	1,279,133
Fee and commission expense	(443,205)	(360,539)
<b>Net fee and commission income</b>	<b>961,831</b>	<b>918,594</b>
Net profit on financial operations	1,359,259	1,507,553
Dividend income	30,675	25,000
General administrative expenses	(3,237,190)	(3,191,583)
Other operating income/(expenses), net	192,688	398,859
<b>Operating profit</b>	<b>2,394,428</b>	<b>2,160,638</b>
Share in income of associated undertakings	14,636	603
<b>Profit/(loss) before income tax</b>	<b>2,409,064</b>	<b>2,161,241</b>
Income tax	(488,085)	(379,173)
<b>Net profit for the period attributable to:</b>	<b>1,920,979</b>	<b>1,782,068</b>
- the parent company's shareholders	1,836,840	1,592,603
- non-controlling interests	84,139	189,465
<b>Other comprehensive income</b>		
<b>Items that can be reclassified to income (or expenses) in the future:</b>		
Gains/(losses) from re-measurement of securities available for sale	9,002	(354,984)
Gains/(losses) from revaluation of cashflow hedge reserve	132,336	55,160
Foreign exchange rate gains/(losses) from the translation of the financial statements denominated in foreign currencies	-	-
Tax on profit attributable to components of other comprehensive income	(26,854)	56,966
<b>Total comprehensive income attributable to:</b>	<b>114,484</b>	<b>(242,858)</b>
- the parent company's shareholders	114,484	(242,858)
- non-controlling interests	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:</b>	<b>2,035,463</b>	<b>1,539,210</b>
- the parent company's shareholders	1,951,324	1,349,745
- non-controlling interests	84,139	189,465

The accompanying notes are an integral part of these interim consolidated financial statements.

## Interim Consolidated Statement of Financial Position As of 30 June 2017

CZK thousand	30. 6. 2017	31. 12. 2016
<b>ASSETS</b>		
Cash and balances with central banks	121,828,460	92,080,041
Securities at fair value through profit or loss		
Positive fair value of financial derivative transactions	573,593	733,639
Assets held for sale	2,979,152	3,885,435
Securities available for sale	603,288	594,302
Loans and advances to financial institutions	17,165,148	5,782,128
Loans and advances to customers	224,434,398	217,675,692
<i>of which: change in the fair value of hedged items</i>	(983)	(175)
Provisions for loans and advances	(5,838,535)	(6,264,042)
Fair value remeasurement of portfolio-remeasured items (loans and advances to customers)	357,160	389,354
Income tax receivable	4,268	5,041
Deferred tax asset	14,397	106,389
Securities held to maturity	-	2,545,956
Other assets	2,240,051	1,510,566
Equity investments in associates	45,184	30,548
Intangible fixed assets	2,187,439	2,192,593
Property and equipment	1,667,825	1,406,021
Investment property	1,077,973	1,122,239
<b>TOTAL ASSETS</b>	<b>369,339,801</b>	<b>323,795,902</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Amounts owed to financial institutions	48,266,891	33,593,018
Amounts owed to customers	249,863,353	227,140,057
<i>of which: change in the fair value of hedged items</i>	151,920	187,333
Fair value remeasurement of portfolio-remeasured items (amounts owed to customers)	307,254	753,384
Negative fair value of financial derivative transactions	3,833,480	2,917,196
Deferred tax liability	110,369	87,781
Issued debt securities	30,971,844	24,722,224
<i>of which: change in the fair value of hedged items</i>	56,206	85,637
Provisions	719,071	1,122,654
Other liabilities	4,916,890	4,180,455
Subordinated liabilities and bonds	2,778,639	2,863,982
<b>TOTAL LIABILITIES</b>	<b>341,767,791</b>	<b>297,380,751</b>
<b>SHAREHOLDERS' EQUITY</b>		
<b>Attributable to shareholders of the Group</b>	<b>26,743,503</b>	<b>25,670,783</b>
Share capital	11,060,800	11,060,800
Reserve fund	693,918	693,918
Gains and losses from revaluation	17,783	(96,701)
Retained earnings	10,518,808	9,283,904
Other capital instruments	2,615,354	1,934,450
Profit for the year	1,836,840	2,794,412
Non-controlling interests	828,507	744,368
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>27,572,010</b>	<b>26,415,151</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>369,339,801</b>	<b>323,795,902</b>

The accompanying notes are an integral part of these interim consolidated financial statements.

## Interim Consolidated Statement of Changes in Equity For the Period Ended 30 June 2017

CZK thousand	Equity attributable to shareholders of the Group						Non-controlling interests	Total equity
	Share capital	Reserve fund	Gains and losses from revaluation	Retained earnings	Other capital instruments	Profit for the period		
<b>Balance at 1 January 2016</b>	11,060,800	693,908	297,745	8,172,209	1,934,450	2,689,595	524,389	25,373,096
Share capital increase	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	(1,388,359)	-	(1,388,359)
Net allocation to reserve funds	-	10	-	-	-	(10)	-	-
Allocation to retained earnings	-	-	-	1,301,226	-	(1,301,226)	-	-
Payment of coupon on other capital instrument	-	-	-	(134,460)	-	-	-	(134,460)
Effect from the change in the scope of the consolidation	-	-	-	(55,071)	-	-	-	(55,071)
Net profit for the period	-	-	-	-	-	1,592,603	189,465	1,782,068
Other comprehensive income, net	-	-	(242,858)	-	-	-	-	(242,858)
<b>Comprehensive income for the period</b>	-	-	(242,858)	-	-	1,592,603	189,465	1,539,210
<b>Balance at 30 June 2016</b>	11,060,800	693,918	54,887	9,283,904	1,934,450	1,592,603	713,854	25,334,416
<b>Balance at 1 January 2017</b>	11,060,800	693,918	(96,701)	9,283,904	1,934,450	2,794,412	744,368	26,415,151
Share capital increase	-	-	-	-	680,904	-	-	680,904
Dividends	-	-	-	-	-	(1,412,058)	-	(1,412,058)
Allocation to retained earnings	-	-	-	1,382,354	-	(1,382,354)	-	-
Coupon paid to other capital instruments holders	-	-	-	(147,450)	-	-	-	(147,450)
Net profit for the period	-	-	-	-	-	1,836,840	84,139	1,920,979
Other comprehensive income, net	-	-	114,484	-	-	-	-	114,484
<b>Comprehensive income for the period</b>	-	-	114,484	-	-	1,836,840	84,139	2,035,463
<b>Balance at 30 June 2017</b>	11,060,800	693,918	17,783	10,518,808	2,615,354	1,836,840	828,507	27,572,010

The accompanying notes are an integral part of these interim consolidated financial statements.

## Interim Consolidated Cash Flow Statement For the Period since 1 January 2017 till 30 June 2017

(CZK thousand)	1. 1.–30. 6. 2017	1. 1.–30. 6. 2016
<b>Profit before tax</b>	<b>2,409,064</b>	<b>2,161,241</b>
<b>Adjustments for non-cash transactions</b>		
Creation of provisions for credit risks	119,908	730,643
Depreciation and amortisation	361,786	352,128
Loss from the impairment of intangible assets	19,396	-
Creation of other provisions	(414,145)	(213,543)
Change in fair values of financial derivatives	1,954,903	(742,542)
Unrealised loss/(gain) on revaluation of securities	(3,660)	8,752
Gain on the sale of tangible and intangible assets	(630)	(484)
Change in the revaluation of hedged items upon a fair value hedge	(543,168)	780,217
Revaluation of foreign currency positions	(2,582,547)	(143,650)
Other non-cash changes	(863,786)	(741,234)
<b>Operating profit before changes in operating assets and liabilities</b>	<b>457,121</b>	<b>2,191,528</b>
<b>Cash flows from operating activities</b>		
<i>(Increase)/decrease in operating assets</i>		
Minimum reserve deposits with the CNB	(709,692)	(483,808)
Loans and advances to financial institutions	(11,505,171)	(3,177,385)
Loans and advances to customers	(7,966,346)	(14,599,718)
Securities at fair value through profit or loss and securities available for sale	160,046	21,124
Other assets	(729,485)	(1,316,755)
<i>Increase/(decrease) in operating liabilities</i>		
Amounts owed to financial institutions	15,618,343	6,865,612
Amounts owed to customers	25,461,202	26,630,083
Other liabilities	736,435	3,608,094
<b>Net cash flow from operating activities before income tax</b>	<b>21,522,453</b>	<b>19,738,775</b>
Income taxes paid	(378,924)	(183,019)
<b>Net cash flow from operating activities</b>	<b>21,143,529</b>	<b>19,555,756</b>
<b>Cash flows from investing activities</b>		
Net decrease/(increase) in equity investments	(14,636)	304,074
Purchase of property and equipment and intangible assets	(593,566)	(864,940)
Income from the sale of fixed assets	630	484
Sale/net decrease in securities held to maturity	2,491,448	(14,505)
Dividends received	30,675	25,000
<b>Net cash flow from investing activities</b>	<b>1,914,551</b>	<b>(549,887)</b>
<b>Cash flows from financing activities</b>		
Share capital increase	-	-
Dividends and coupon related to other capital instruments paid	(1,559,508)	(1,522,819)
Increase in other capital instruments	680,904	-
Bonds in issue	6,723,978	606,786
Subordinated liabilities and bonds	-	(292)
<b>Net cash flow from financing activities</b>	<b>5,845,374</b>	<b>(916,325)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>28,903,454</b>	<b>18,089,544</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>89,191,379</b>	<b>36,033,465</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>118,094,833</b>	<b>54,123,009</b>

The accompanying notes are an integral part of these interim consolidated financial statements.

# Notes to the Consolidated Financial Statements

Prepared in Accordance with International Financial Reporting Standards as Adopted by the European Union for the Period Ended 30 June 2017.

## 1. PARENT COMPANY CORPORATE DETAILS

Raiffeisenbank a.s. (henceforth the "Bank"), with its registered office address at Hvězdova 1716/2b, Prague 4, 140 78, Corporate ID 49240901, was founded as a joint stock company in the Czech Republic. The Bank was registered in the Register of Companies held at the Municipal Court in Prague on 25 June 1993, Volume B, File 2051.

### **Principal activities of the Bank according to the bank license granted by the Czech National Bank:**

- Acceptance of deposits from the general public;
- Provision of credit;
- Investing in securities on its own account;
- Finance leasing – at present, the Bank does not carry out this activity directly;
- Payments and clearing;
- Issuance of payment facilities;
- Issuance of guarantees;
- Opening of letters of credit;
- Collection services;
- Provision of investment services:
- Principal investment services under Section 4 (2) (a) – (h) of Act No. 256/2004 Coll., as amended;
- Additional investment services under Section 4 (3) (a) – (f) of Act No. 256/2004 Coll., as amended ;
- Issuance of mortgage bonds;
- Financial brokerage;
- Depository activities;
- Foreign exchange services (foreign currency purchases);
- Provision of banking information,
- Proprietary or client-oriented trading with foreign currency assets;
- Rental of safe-deposit boxes;
- Activities directly relating to the activities listed in the bank license; and
- Mediation of an additional pension savings program

### **In addition to the license to pursue bank operations, the Bank:**

- was granted a securities broker licence; and
- has been listed by the Ministry of Finance of the Czech Republic as a limited insurance provider since 20 July 2005.

Performance or provision of the Bank's activities and services were not restricted nor suspended by the Czech National Bank.

Both Bank and Group have to comply with regulatory requirements stated by Czech National Bank or European Union. Such requirements are limits and other restrictions related to capital adequacy, loans and off-balance sheet credit exposure classifications, credit risk in connection with Bank clients, liquidity, interest rate risk and FX position of the Bank.

## 2. SHAREHOLDERS OF THE BANK

Name, address	Voting power in %	
	30. 6. 2017	31. 12. 2016
Raiffeisen CEE Region Holding GmbH, Am Stadtpark 9, Vienna, Austria	75%	75%
RB Prag Beteiligungs GmbH, Europaplatz 1a, 4020 Linz, Austria	25%	25%

The equity interests of the shareholders equal their share in the voting power. All shareholders have a special relation to the Bank in terms of Section 19 of Banking Act No. 21/1992 Coll., as amended.

The ultimate parent company of the Bank is Raiffeisen Bank International AG, Austria.

## 3. BASIS OF PREPARATION OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The interim consolidated financial statements, which include the interim accounting reports of the Bank and its subsidiary companies, were prepared in compliance with IAS 34 – Interim Financial Reporting.

The interim consolidated financial statements were prepared on the accrual principle, i.e. the transactions and other facts were recognized upon their occurrence and posted in the interim consolidated financial statements in the time period to which they apply, and the principle of continuity of the Group.

This interim consolidated financial statements were prepared based on measurement at acquisition cost, except for financial assets and financial liabilities that were measured at fair value against expense or revenue accounts (e.g. financial derivative), ready-to-sale securities re-measured at fair value through equity and securities held up to maturity and reported at amortized cost. Assets held for sale were measured at fair value decreased by expenses related to sale, in case that had been lower than its book value.

The presentation of the interim consolidated financial statements in compliance with IFRS require that the management of the Group make qualified estimates that have an impact on reported assets, equity and liabilities as well as on contingent assets and liabilities as of the date of preparation of the interim consolidated financial statement as well as on expenses and revenues in the given accounting period. These estimates, which specifically relate to the determination of fair values of financial instruments (where no public market exists), valuation of intangible assets, impairment of assets and provisions, are based on the information available at the balance sheet date.

The provided data have not been audited.

All data are in thousands of Czech Crowns (CZK) unless stated otherwise. The numbers in parenthesis are negative numbers.

## 4. ACCOUNTING POLICIES

### Significant Accounting Policies and Principles

For the preparation of interim consolidated financial statements have been used the same accounting policies and principles, methods of calculation and estimates as for consolidated financial statements for the year ended 31 December 2016. Detail list of significant accounting policies and principles is included in annual consolidated financial statements for the year ended 31 December 2016.

## 5. NEWLY APPLIED IFRS STANDARDS

### (a) Newly Applied Standards and Interpretations the Application of which had a Significant Impact on the Interim Consolidated Financial Statements

In 2017, the Group did not apply any new standards and interpretations, the use of which would have a significant impact on the interim consolidated financial statements.

### (b) Newly Applied Standards and Interpretations the Application of which had No Significant Impact on the Interim Consolidated Financial Statements

During the year 2017, the following standards, interpretations and amended standards issued by the IASB and adopted by the EU took effect:

- Amendments to IAS 7 Disclosure Initiative (effective for annual periods beginning on or after 1 January 2017);
- Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealised Losses" (effective for annual periods beginning on or after 1 January 2017);
- Amendments to IFRS 12 as a part of Annual Improvements to IFRSs 2014-2016;
- Amendments to the "IFRS for Small and Medium Size Enterprises" (effective for annual periods beginning on or after 1 January 2017).

The adoption of these amendments resulted in no changes in the Group's accounting policies.

### (c) Standards and Interpretations in Issue but Not Yet Effective

At present, the version of standards adopted by the European Union does not significantly differ from the standards approved by the IASB. The exception is the following standards, amendments and interpretations that were not adopted for use in the EU as of the interim consolidated financial statements approval date (effective dates listed below are for IFRS issued by IASB):

As of the approval date of these consolidated financial statements, the following standards, amendments and interpretations adopted by the EU were issued but not yet effective:

- IFRS 9 "Financial Instruments" - adopted by EU on 22 November 2016 (effective for annual periods beginning on or after 1 January 2018);
- IFRS 15 "Revenue from Contracts with Customers" and amendments to IFRS 15 "Effective date of IFRS 15" adopted by the EU on 22 September 2016 (effective for annual periods beginning on or after 1 January 2018);
- IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019);
- Amendments to IFRS 2 "Share-based Payment" that clarify the classification and measurement of share-based payment transactions (effective for annual periods beginning on or after 1 January 2018); and
- IFRS 17 "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2021 and has not yet been endorsed by the EU).

The Group decided not to apply these standards, amendments and interpretations before their effective dates. The Group anticipates that the application of these standards, amendments and interpretations in the period of their first adoption will have no significant impact on the Group's financial statements.

### (d) The Impact of IFRS 9 in the Group

IFRS 9 "Financial Instruments" is effective for annual periods beginning on or after 1 January 2018 and replaces IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 includes requirements for initial recognition, measurement and derecognition of financial assets and liabilities and hedge accounting. The IFRS 9 implementation project is currently underway in the Group with regard to classification, measurement and impairment.

The Group will not early-adopt IFRS 9, hence it will apply the requirements of the standard from 1 January 2018.

The timeline of the implementation:

- 2016: finalisation of the IFRS 9 impact analysis;
- 1st quarter of 2017: development of internal and Group-wide methodology and calculation of parameters;
- 1st to 3rd quarter of 2017: implementation of models for determining impairment under the new standard;
- 3rd to 4th quarter of 2017: user testing

The Group will not restate previous periods. The Group plans on preparing and disclosing the following reconciliations:

- Reconciliation of financial assets per the portfolios defined in IAS 39 as of 31 December 2017 and per the new portfolios defined in IFRS 9 as of 1 January 2018; and
- Reconciliation of the amount of provisions defined in IAS 39 as of 31 December 2017 and defined in IFRS 9 as of 1 January 2018 by class of financial assets.

The Group anticipates that the key impact will relate to increased provisioning levels since IFRS 9 requires recognising provisions for expected losses even on assets for which there is no objective evidence of impairment at the financial statements date. At present Group is testing models for determining impairment under IFRS 9. In view of this fact, Group will not provide quantitative estimates for the expected impact of the initial application of IFRS 9 in the interim report as of 30 June 2017.

Upon initial recognition as of 1 January 2018, the effect of changes in impairment of financial assets will be charged against equity. Ongoing changes subsequent to 1 January 2018 arising from the new provisioning requirements will be reported in the statement of comprehensive income.

## 6. COMPANIES INCLUDED IN THE CONSOLIDATION

As of 30 June 2017, the Group comprised the following entities:

Company	The Bank's effective holding		Indirect holding through	Consolidation method in 2017	Registered office
	v % 2017	v % 2016			
Raiffeisen investiční společnost a.s.	100%	100%	-	Full method	Praha
Raiffeisen Direct Investments CZ s.r.o.	100%	100%	-	Full method	Praha
Raiffeisen - Leasing, s.r.o.	50%	50%	-	Full method	Praha
Raiffeisen FinCorp, s.r.o.	50%	50%	Raiffeisen - Leasing, s.r.o.	Full method	Praha
Appolon Property, s.r.o.	50%	50%	Raiffeisen - Leasing, s.r.o.	Full method	Praha
PZ PROJEKT a.s.	50%	50%	Raiffeisen - Leasing, s.r.o.	Full method	Praha
Luna Property, s.r.o.	50%	50%	Raiffeisen - Leasing, s.r.o.	Full method	Praha
Gaia Property, s.r.o.	50%	50%	Raiffeisen - Leasing, s.r.o.	Full method	Praha
RLRE Carina Property, s.r.o.	50%	50%	Raiffeisen - Leasing, s.r.o.	Full method	Praha
Orchideus Property, s. r. o.	50%	50%	Raiffeisen - Leasing, s.r.o.	Full method	Praha
RLRE Dorado Property, s.r.o.	50%	50%	Raiffeisen - Leasing, s.r.o.	Full method	Praha
Viktor Property, s.r.o.	50%	50%	Raiffeisen - Leasing, s.r.o.	Full method	Praha
Czech Real Estate Fund (CREF) B.V.	100%	100%	-	Full method	Amsterdam
RDI Management s.r.o.	100%	100%	Raiffeisen Direct Investments CZ s.r.o.	Full method	Praha
RDI Czech 1 s.r.o.	100%	100%	Raiffeisen Direct Investments CZ s.r.o.	Full method	Praha
RDI Czech 3 s.r.o.	100%	100%	Raiffeisen Direct Investments CZ s.r.o.	Full method	Praha
RDI Czech 4 s.r.o.	100%	100%	Raiffeisen Direct Investments CZ s.r.o.	Full method	Praha
RDI Czech 5 s.r.o.	100%	100%	Raiffeisen Direct Investments CZ s.r.o.	Full method	Praha
RDI Czech 6 s.r.o.	100%	100%	Raiffeisen Direct Investments CZ s.r.o.	Full method	Praha
Flex-space Plzeň I, s.r.o.	50%	50%	Czech Real Estate Fund (CREF) B.V.	Equity method	Praha
Nordica Office, s.r.o.	50%	50%	Raiffeisen Direct Investments CZ s.r.o.	Equity method	Praha
Karlín park a.s.	50%	50%	Raiffeisen Direct Investments CZ s.r.o.	Equity method	Praha

As of 30 June 2017, the Group has not included in its consolidation following companies due to its immateriality: Áté Property, s.r.o., Athena Property, s.r.o. v likvidaci, Hermes Property, s.r.o., Kaliopé Property, s.r.o., Kalypso Property, s.r.o., Létó Property, s.r.o., RESIDENCE PARK TŘEBEŠ, s.r.o., Sky Solar Distribuce s.r.o., Hestia Property, s.r.o., Janus Property, s.r.o., Polymnia Property, s.r.o., Nemesis Property, s.r.o.

The structure of the Consolidation Group is the same as the structure as of 31 December 2016.

## 7. SIGNIFICANT EVENTS IN 2017

### **Changes in Supervisory Board**

The Chairman of the Supervisory Board of the Bank Mr. Karl Sevelda has resigned from his position Chairman of the Supervisory Board of the Bank on 24 March 2017. Membership of Mr. Karl Sevelda in the Supervisory Board of the Bank was terminated on 27 April 2017.

Mr. Klemens Breuer was appointed as the New Chairman of the Supervisory Board of the Bank effective since 25 March 2017.

Mr. Hannes Moesenbacher was appointed as a new Member of the Supervisory Board of the Bank on 27 April 2017.

### **Profit for 2016 distribution and dividend payment**

Shareholders on regular general meeting of the Bank in April 2017 agreed on profit distribution for year 2016 in amount CZK 2,604.3 million. Amount of CZK 1,412.0 million was used for dividend payment to shareholders for year 2016 and amount CZK 1,192.3 million was transferred into Bank's retained earnings. Dividend payment took place in May 2017. From Bank's retained earnings coupon in amount CZK 147.5 million was paid to the holders of AT1 capital investment certificates.

### **Acquisition of the Czech branch of ZUNO BANK AG**

In June 2017, Group took over the client portfolio of the Czech branch of ZUNO BANK AG. In relation to the portfolio takeover, namely clients' loans and deposits, the Group's loans and clients' receivables increased by CZK 636,029 thousand and the Group's liabilities increased by CZK 4,708,219 thousand.

### **The sale of the portfolio of securities held to maturity**

In January 2017, Management of the Bank has decided to sell the portfolio of securities held to maturity. The Group has realised one-off profit in the amount of CZK 175,385 thousand.

## 8. LOANS AND RECEIVABLES TO CUSTOMERS

Classification of Loans and Advances to Customers

CZK thousand	30. 6. 2017	31. 12. 2016
Overdrafts	2,679,760	3,226,914
Term loans	129,430,760	125,214,537
Mortgage loans	83,089,634	80,048,172
Financial Leasing	7,022,408	6,620,506
Debt securities	1,468,903	1,500,232
Other	742,933	1,065,331
<b>Total</b>	<b>224,434,398</b>	<b>217,675,692</b>

Analysis of Loans Provided to Customers by Sector

CZK thousand	30. 6. 2017	31. 12. 2016
Public sector	1,039,639	1,091,959
Loans to corporate entities (Large corporate)	111,942,523	105,593,527
Loans to private individuals	101,288,880	98,156,653
Small and medium size enterprises (SME)	10,163,356	12,833,553
<b>Total</b>	<b>224,434,398</b>	<b>217,675,692</b>

The Group applies hedge accounting upon a fair value hedge of the portfolio of receivables from mortgage loans. The amount of the remeasurement of hedged items as of 30 June 2017 was CZK 357,160 thousand (as of 31.12.2016: CZK 389,354 thousand).

In addition, the Group applies hedge accounting upon a fair value hedge of a provided loan. The amount of the remeasurement of hedged item as of 30 June 2017 was CZK (983) thousand (as of 31.12.2016: CZK (175) thousand).

## 9. SECURITIES

CZK thousand	30. 6. 2017	31. 12. 2016
<b>Securities held to maturity (debt securities)</b>	-	<b>2,545,956</b>
<b>Securities at fair value through profit or loss</b>	<b>573,593</b>	<b>733,639</b>
<b>of which: Securities held for trading</b>	<b>573,593</b>	<b>733,639</b>
- Debt securities	573,593	733,639
<b>of which: Securities designated as FVTPL on initial recognition</b>	-	-
- Debt securities	-	-
<b>Securities available for sale (shares and participation certificates)</b>	<b>603,288</b>	<b>594,302</b>
<b>Total</b>	<b>1,176,881</b>	<b>3,873,897</b>

## 10. EQUITY INVESTMENTS IN ASSOCIATES

CZK thousand	30. 6. 2017	31. 12. 2016
<b>Opening balance</b>	<b>30,548</b>	<b>59,406</b>
Additions	-	-
Increase/(decrease) in net assets of associates	14,636	26,213
Disposals	-	-
Effect from the change in the scope of the consolidation	-	(55,071)
<b>Closing balance</b>	<b>45,184</b>	<b>30,548</b>

## 11. AMOUNTS OWED TO CUSTOMERS

### Analysis of Amounts Owed to Customers by Type

CZK thousand	30. 6. 2017	31. 12. 2016
Repayable on demand	216,263,707	199,828,689
Term deposits with maturity	33,258,927	27,068,672
Change in the fair values of hedged items in the fair value hedging	151,920	187,333
Other	188,799	55,363
<b>Total</b>	<b>249,863,353</b>	<b>227,140,057</b>

### Analysis of Amounts Owed to Customers by Sector

CZK thousand	30. 6. 2017	31. 12. 2016
Public sector	3,228,745	2,158,154
Corporate clients	89,739,523	78,734,010
Private individuals	123,028,262	114,697,119
Small and medium size enterprises (SME)	33,866,823	31,550,774
Other	-	-
<b>Total</b>	<b>249,863,353</b>	<b>227,140,057</b>

The Group uses hedge accounting upon the fair value hedge of term deposits.

The Group applies hedge accounting upon the fair value hedge of the current and savings accounts portfolio. The remeasurement of the hedged items as of 30 June 2017 was CZK 307,254 thousand (as of 31.12.2016: CZK 753,384 thousand).

## 12. DEBT SECURITIES ISSUED

### Analysis of Issued Debt Securities by Type

CZK thousand	30. 6. 2017	31. 12. 2016
Deposit certificates and depository bills of exchange	1,166	10,357
Bonds in issue	5,381	87,357
Mortgage bonds	30,909,091	24,538,873
Accumulated change in carrying amount due to fair value hedge accounting	56,206	85,637
<b>Total</b>	<b>30,971,844</b>	<b>24,722,224</b>

### Analysis of Mortgage Bonds

CZK thousand							
Date of issue	Maturity	ISIN	Currency 30. 6. 2017	Nominal value		Net carrying value	
				30. 6. 2017	31. 12. 2016	30. 6. 2017	31. 12. 2016
12. 12. 2007	12.12.2017	CZ0002001670	CZK	5,500,000	5,500,000	5,734,021	5,682,935
12. 12. 2007	12.12.2017	CZ0002001696	CZK	500,000	500,000	519,249	507,733
20. 12. 2007	20.12.2017	CZ0002001928	CZK	2,000,000	2,000,000	2,086,382	2,061,801
11. 1. 2012	11.1.2017	CZ0002002439	CZK	-	282,460	-	289,877
5. 12. 2012	5.12.2017	XS0861195369	EUR	2,619,500	2,702,000	2,632,034	2,728,098
5. 11. 2014	5.11.2019	XS1132335248	EUR	12,809,355	13,212,780	12,904,137	13,268,429
8. 3. 2017	8.3.2021	XS1574150261	EUR	5,239,000	-	5,223,206	-
8. 3. 2017	8.3.2023	XS1574150857	EUR	523,900	-	522,022	-
8. 3. 2017	8.3.2024	XS1574151236	EUR	1,309,750	-	1,288,040	-
<b>Total</b>				<b>30,501,505</b>	<b>24,197,240</b>	<b>30,909,091</b>	<b>24,538,873</b>

## 13. SUBORDINATED LIABILITIES AND BONDS

### Subordinated Loan

CZK thousand	30. 6. 2017	31. 12. 2016
Raiffeisen Bank International AG (parent company)	2,652,649	2,737,981
<b>Total</b>	<b>2,652,649</b>	<b>2,737,981</b>

### Issue of Subordinated Bonds

CZK thousand				Nominal value		Net book value	
Date of issue	Date of maturity	ISIN	Currency	30. 6. 2017	31. 12. 2016	30. 6. 2017	31. 12. 2016
21. 9. 2011	21.9.2018	CZ0003702961	CZK	125,000	125,000	125,990	126,001
<b>Total</b>				<b>125,000</b>	<b>125,000</b>	<b>125,990</b>	<b>126,001</b>

## 14. PROVISIONS

CZK thousand	Provisions for legal disputes	Provisions for off balance sheet credit risk exposures	Provision for unused holiday	Provision for payroll bonuses	Provision for restructuring	Other provisions	Total
<b>1. 1. 2016</b>	<b>20,252</b>	<b>184,572</b>	<b>24,940</b>	<b>272,721</b>	<b>-</b>	<b>418,278</b>	<b>920,763</b>
Charge for provisions	1,400	143,193	32,476	529,134	80,358	330,493	<b>1,117,054</b>
Use of provisions	(3,000)	-	(20,836)	(272,545)	-	(331,308)	<b>(627,689)</b>
Release of redundant provisions	(13,853)	(85,886)	(4,318)	(155,032)	-	(28,355)	<b>(287,444)</b>
Foreign exchange rate differences	-	(22)	-	-	-	(8)	<b>(30)</b>
<b>31. 12. 2016</b>	<b>4,799</b>	<b>241,857</b>	<b>32,262</b>	<b>374,278</b>	<b>80,358</b>	<b>389,100</b>	<b>1,122,654</b>
Charge for provisions	937	232,138	8,112	261,887	-	53,035	<b>556,109</b>
Use of provisions	(1,000)	-	(24,105)	(357,910)	(29,725)	(253,275)	<b>(666,015)</b>
Release of redundant provisions	(3,000)	(220,111)	-	(51,136)	-	(17,965)	<b>(292,212)</b>
Foreign exchange rate differences	-	(1,465)	-	-	-	-	<b>(1,465)</b>
<b>30. 6. 2017</b>	<b>1,736</b>	<b>252,419</b>	<b>16,269</b>	<b>227,119</b>	<b>50,633</b>	<b>170,895</b>	<b>719,071</b>

"Other provisions" includes provisions for future potential payments arising from compensation for armed robberies, bonuses for clients, etc. This item includes also income tax provision in amount of CZK 16,595 thousand.

## 15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the reporting period as shown in the statements of cash flows are composed of the following balances:

<b>CZK thousand</b>	<b>30. 6. 2017</b>	<b>31. 12. 2016</b>
Cash and accounts with central banks	121,828,460	92,080,041
Required minimum reserves	(4,417,563)	(3,707,871)
Placements with other financial institutions	683,936	819,209
<b>Total cash and cash equivalents</b>	<b>118,094,833</b>	<b>89,191,379</b>

## 16. CONTINGENT LIABILITIES

### Legal Disputes

The Group reviewed legal proceedings outstanding against it as of 30 June 2017. Pursuant to the review of significant litigation matters in terms of the risk of potential losses and the probability of payment, the Group recognised provisions for significant litigations as of 30 June 2017 in the aggregate amount CZK 1,736 thousand (as of 31 December 2016: CZK 4,799 thousand).

### Irrevocable Commitments, Guarantees and Issued Letters of Credit

<b>CZK thousand</b>	<b>30. 6. 2017</b>	<b>31. 12. 2016</b>
<b>Banks</b>		
Provided commitments (irrevocable)	52,913	57,722
Guarantee commitments	79,652	58,913
Letters of credit issued	299,209	274,344
<b>Total</b>	<b>431,774</b>	<b>390,979</b>
<b>Customers</b>		
Provided commitments (irrevocable)	24,486,153	25,565,701
Guarantee commitments	15,547,059	14,990,395
Letters of credit issued	537,095	241,331
<b>Total</b>	<b>40,570,307</b>	<b>40,797,427</b>
<b>Total</b>	<b>41,002,081</b>	<b>41,188,406</b>

## 17. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

For calculation of estimated fair value of financial assets and liabilities the Group used the same methods and estimations as in consolidated financial statements for the year ended 31 December 2016.

The following table shows the carrying amounts and fair values of financial assets and liabilities that are not reported at fair value in the statement of financial position:

30. 6. 2017 CZK thousand	Level 1	Level 2	Level 3	Fair value	Carrying amount	Difference
<b>Assets</b>						
Cash and balances with central banks	-	-	121,828,460	121,828,460	121,828,460	-
Loans and advances to financial institutions	-	-	17,165,148	17,165,148	17,165,148	-
Loans and advances to customers*	-	-	224,675,545	224,675,545	218,595,863	6,079,682
Securities held to maturity	-	-	-	-	-	-
<b>Liabilities</b>						
Amounts owed to financial institutions	-	-	48,331,618	48,331,618	48,266,891	64,727
Amounts owed to customers	-	-	250,130,023	250,130,023	249,863,353	266,670
Debt securities issued	-	-	30,971,844	30,971,844	30,971,844	-
Subordinated liabilities	-	-	2,911,311	2,911,311	2,778,639	132,672

\* including provisions for loans and advances

31. 12. 2016 CZK thousand	Level 1	Level 2	Level 3	Fair value	Carrying amount	Difference
<b>Assets</b>						
Cash and balances with central banks	-	-	92,080,041	92,080,041	92,080,041	-
Loans and advances to financial institutions	-	-	5,782,128	5,782,128	5,782,128	-
Loans and advances to customers*	-	-	222,878,754	222,878,754	211,411,650	11,467,104
Securities held to maturity	2,681,154	-	-	2,681,154	2,545,956	135,198
<b>Liabilities</b>						
Amounts owed to financial institutions	-	-	33,654,565	33,654,565	33,593,018	61,547
Amounts owed to customers	-	-	227,435,113	227,435,113	227,140,057	295,056
Debt securities issued	-	-	24,722,224	24,722,224	24,722,224	-
Subordinated liabilities	-	-	3,036,892	3,036,892	2,863,982	172,910

\* including provisions for loans and advances

Following table shows financial instruments at fair value split by levels, used for calculation of their fair value as at 30 June 2017:

#### Financial instruments at fair value

CZK thousand	Fair Value at 30. 6. 2017			Fair Value at 31. 12. 2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Positive fair values of financial derivative instruments	-	2,979,152	-	-	3,885,435	-
Securities at fair value through profit or loss	152,195	201,381	220,017	125,592	406,982	201,065
Securities available for sale	-	864	123,423	-	892	114,411
<b>Total</b>	<b>152,195</b>	<b>3,181,397</b>	<b>343,440</b>	<b>125,592</b>	<b>4,293,309</b>	<b>315,476</b>

CZK thousand	Fair Value at 30. 6. 2017			Fair Value at 31. 12. 2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Negative fair values of financial derivative instruments	-	3,833,480	-	-	2,917,196	-
<b>Total</b>	<b>-</b>	<b>3,833,480</b>	<b>-</b>	<b>-</b>	<b>2,917,196</b>	<b>-</b>

Part of securities available for sale, not included in the above table, is measured at cost due to the impossibility to reliably measure their fair value and the Group performs regular impairment testing.

Level 1 category is the category of financial instruments measured at fair value quoted on an active market.

Level 2 category is the category of financial instruments measured at fair value determined based in prices derived from market data. For financial derivatives, the fair values are determined based on discounted future cash flows that are estimated according to market interest rate and currency forward curves and contractual interest rate and currency rates by individual contracts. The discount factor is derived from market rates. For securities at fair value through profit or loss, the fair value is calculated on the basis of discounted future cash flows. The discount factor is derived from market rates.

Level 3 category is the category of financial instruments measured at fair value determined using the techniques based on input information not based on data observable on the market.

Securities available for sale of CZK 479,000 thousand, not included in the above table, are measured at cost due to the impossibility to reliably determine the fair value and the Group performs regular impairment testing.

The amount in Level 3 „Securities available for sale“, comprises the Group’s membership in Visa Inc. of CZK 123,423 thousand (In 2016: CZK 114,411 thousand). Until June 2016, the Group reported a share in Visa Europe of CZK 356,409 thousand based on the model reflecting the expected set up of the announced sale of Visa Europe Ltd. to Visa Inc. According to final structure of the merger, the sales price is to be settled in three tranches: cash payment, transfer of preferred shares of Visa Inc. and deferred cash payment in 2019.

After the merger in June 2016, the Group received EUR 14 million in cash and a proportionate share of preferred shares in Visa Inc. of USD 4.4 million. The Group classified these shares as „Securities available for sale“ and accordingly, the Group derecognized the original share in Visa Europe. As a result of the transaction, the Group recognized a gain of CZK 518,614 thousand in Consolidated Statement of Comprehensive Income as a Net profit on financial operations for the period ended 30 June 2016.

The reconciliation of financial instruments measured at fair value determined using the techniques based on the input information not based on the data observable on the market (Level 3 instruments)

2017

CZK thousand	Securities at fair value through profit or loss	Securities available for sale	Total
<b>Balance at 1. 1. 2017</b>	<b>201,065</b>	<b>114,411</b>	<b>315,476</b>
Transfer to Level 3	-	-	-
Purchases	20,551	-	20,551
Comprehensive income/(loss)	(1,599)	9,012	7,413
- in the income statement	(1,599)	-	(1,599)
- in equity	-	9,012	9,012
Sales/settlement	-	-	-
Transfer from Level 3	-	-	-
<b>Balance at 30. 6. 2017</b>	<b>220,017</b>	<b>123,423</b>	<b>343,440</b>

2016

CZK thousand	Securities at fair value through profit or loss	Securities available for sale	Total
<b>Balance at 1. 1. 2016</b>	<b>2,759</b>	<b>356,409</b>	<b>359,168</b>
Transfer to Level 3	-	-	-
Purchases	201,991	106,759	308,750
Comprehensive income/(loss)	(3,685)	7,652	3,967
- in the income statement	(3,685)	-	(3,685)
- in equity	-	7,652	7,652
Sales/settlement	-	(356,409)	(356,409)
Transfer from Level 3	-	-	-
<b>Balance at 31. 12. 2016</b>	<b>201,065</b>	<b>114,411</b>	<b>315,476</b>

## 18. SEGMENT ANALYSIS

The base for the segment analysis according to IFRS 8 are internal reports of the Group which are based on management accounts and serve as the principal financial information for decision-making of the Group's management.

Management accounts are calculated and presented on a margin basis. For this reason, the interest income and expenses and fee and commission expense of individual operating segments are not reported separately, but on a net basis.

Operating segments are represented as follows:

- Corporate banking;
- Retail banking;
- Treasury; and
- Other.

The Corporate banking segment involves transactions with corporate clients, public sector institutions and financial institutions.

The Retail banking segment generally includes all private individuals including VIP clients, individuals – entrepreneurs and the Group's own employees.

The Treasury segment includes interbank transactions and securities.

The "Other" segment mainly includes equity investments and other non-interest bearing assets and liabilities of the Group that cannot be allocated to segments referred to above, i.e. capital, subordinated deposit, assets, other assets/liabilities, capital investments.

The Group monitors amounts of net interest income and net fee and commission income, net profit/(loss) on financial operations, movements in provisions, general operating expenses, income tax, and volume of client and non-client assets and liabilities by segment. Other profit and loss items are not monitored by segment.

A major part of the Group's income is generated in the Czech Republic from transactions with clients who have their permanent residence or place of business in the Czech Republic or from trading with financial instruments issued by Czech entities. The income generated outside the Czech Republic is immaterial for the Group.

The Group has no client nor a group of related parties where the income from transactions with it would account for more than 10 percent of the Group's total income.

At 30. 6. 2017					Reconciliation to the statement of comprehensive income	
CZK thousand	Corporate entities	Retail clients	Treasury	Other		Total
<b>Profit and loss account:</b>						
Net interest income	1,237,944	2,221,319	(265,535)	44,020	(30,675)	<b>3,207,073</b>
Net fee and commission income	678,797	1,016,519	(13,178)	369	(720,676)	<b>961,831</b>
Net profit/(loss) on financial operations	124,393	63,865	449,005	1,320	720,676	<b>1,359,259</b>
Movements in provisions	(53,727)	(66,181)	-	-	-	<b>(119,908)</b>
Other operating expenses	(729,997)	(2,119,434)	(109,400)	(85,671)	-	<b>(3,044,502)</b>
Dividend income	-	-	-	-	30,675	<b>30,675</b>
Share in income of associated undertakings	-	-	-	-	14,636	<b>14,636</b>
<b>Profit before tax</b>	<b>1,257,410</b>	<b>1,116,088</b>	<b>60,892</b>	<b>(39,962)</b>	<b>14,636</b>	<b>2,409,064</b>
Income tax	(201,354)	(212,217)	(43,704)	(30,810)	-	<b>(488,085)</b>
<b>Profit after tax</b>	<b>1,056,056</b>	<b>903,871</b>	<b>17,188</b>	<b>(70,772)</b>	<b>14,636</b>	<b>1,920,979</b>
<b>Assets and liabilities:</b>						
<b>Total assets</b>	<b>110,455,053</b>	<b>111,634,549</b>	<b>137,425,410</b>	<b>9,824,789</b>	<b>-</b>	<b>369,339,801</b>
<b>Total liabilities</b>	<b>93,639,327</b>	<b>152,374,478</b>	<b>86,273,937</b>	<b>11,401,028</b>	<b>(1,920,979)</b>	<b>341,767,791</b>

At 30. 6. 2016					Reconciliation to the statement of comprehensive income	
CZK thousand	Corporate entities	Retail clients	Treasury	Other		Total
<b>Profit and loss account:</b>						
Net interest income	1,141,478	2,117,170	(83,545)	104,572	(46,816)	<b>3,232,858</b>
Net fee and commission income	854,377	868,332	(8,578)	(166,414)	(629,123)	<b>918,594</b>
Net profit/(loss) on financial operations	88,173	345,807	54,125	368,508	650,939	<b>1,507,553</b>
Movements in provisions	(557,281)	(173,363)	-	-	-	<b>(730,643)</b>
Other operating expenses	(806,573)	(2,102,443)	(85,851)	202,144	-	<b>(2,792,724)</b>
Dividend income	-	-	-	-	25,000	<b>25,000</b>
Share in income of associated undertakings	-	-	-	-	603	<b>603</b>
<b>Profit before tax</b>	<b>720,174</b>	<b>1,055,503</b>	<b>(123,849)</b>	<b>508,810</b>	<b>603</b>	<b>2,161,241</b>
Income tax	(125,062)	(214,763)	13,979	(53,327)	-	<b>(379,173)</b>
<b>Profit after tax</b>	<b>595,112</b>	<b>840,740</b>	<b>(109,870)</b>	<b>455,483</b>	<b>603</b>	<b>1,782,068</b>
<b>Assets and liabilities:</b>						
<b>Total assets</b>	<b>112,386,804</b>	<b>99,016,513</b>	<b>76,820,327</b>	<b>1,353,805</b>	<b>-</b>	<b>289,577,449</b>
<b>Total liabilities</b>	<b>86,371,570</b>	<b>130,290,653</b>	<b>44,305,752</b>	<b>5,057,126</b>	<b>(1,782,068)</b>	<b>264,243,033</b>

## 19. RELATED PARTY TRANSACTIONS

### Balance sheet items

CZK thousand At 30. 6. 2017	Parent company and Entities with significant influence over the Group	Other	Total
Receivables	813,665	372,759	1,186,424
Payables	26,982,498	25,254,690	52,237,188
Subordinated loan	2,652,649	-	2,652,649
Guarantees issued	35,222	322,033	357,255
Guarantees received	804,000	355,420	1,159,420
<b>At 31. 12. 2016</b>			
Receivables	507,288	693,911	1,201,199
Payables	15,251,709	22,779,653	38,031,362
Subordinated loan	2,737,981	-	2,737,981
Guarantees issued	35,222	14,984	50,206
Guarantees received	1,732,657	39,139	1,771,796

### Profit and loss items

CZK thousand At 30. 6. 2017	Parent company and Entities with significant influence over the Group	Other	Total
Interest income	515,322	2,764	518,086
Interest expense	(389,711)	(99,305)	(489,016)
Fee and commission income	15,269	5,659	20,928
Fee and commission expense	(10,415)	(35,640)	(46,055)
Dividend income	-	30,675	30,675
Net profit or loss on financial operations	(1,670,387)	66,340	(1,604,047)
<b>At 30. 6. 2016</b>			
Interest income	428,487	2,598	431,085
Interest expense	(311,788)	(95,133)	(406,921)
Fee and commission income	8,901	6,158	15,059
Fee and commission expense	(8,788)	(17,491)	(26,279)
Dividend income	-	25,000	25,000
Net profit or loss on financial operations	545,578	(18,042)	527,536

Significant loss in line „Net profit or loss on financial operations“ as of 30 June 2017 is caused by negative revaluation of derivatives in hedge accounting and non-hedging derivatives concluded with parent company. There is positive revaluation of hedged item in interim consolidated statement of comprehensive income in line “Net profit or loss on financial operations”, but this amount is not reported as related party transaction.

## 20. POST BALANCE SHEET EVENTS

No events that would have a material impact on the interim consolidated financial statements for the period ended 30 June 2017 occurred subsequent to the balance sheet date.

# Persons responsible for the consolidated semi-annual report

We declare that to the best of our knowledge, the consolidated semi-annual report 2017 provides a true and fair view of the financial situation, business activity and profit (loss) of the issuer and its consolidation group for the past accounting period as well as of the expected development of financial situation, business activity and profit (loss).

This consolidated semi-annual report has been authorized for issue on 19 September 2017.



Igor Vida  
Chairman of the Board of Directors  
Raiffeisenbank a.s.



Tomáš Jelínek  
Chief Financial Officer and Executive Director  
Raiffeisenbank a.s.

# Contacts

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