Raiffeisen BANK
Reușim împreună.

# ANNUAL REPORT

(In accordance with F.S.A. no. 1/2006 regarding issuers

And issues of securities)

For the financial year 2015*

31 December 2015

RAIFFEISEN BANK S.A.

Registered office: Sky Tower Building, 246 C Calea Floreasca, 014476, Bucharest 1

Telephone number: +40 21 306 1000

Fax number: +40 21 230 0700

Unique registration code with the Trade Registry Office: 361820

Number in the Trade Registry: J40/44/1991

Subscribed and paid in capital: 1,200,000,000 RON

Regulated market where the issued securities are traded: Bucharest Stock Exchange

ISIN: RORFZBDBC028, RORFZBDBC036

* The translation of the Annual Report is a free translation from Romanian, which is the official version.

## 1. Analysis of the bank's activity

### 1.1. a) Description of the bank's main activity

The object of activity of the Bank includes monetary intermediation activities, activities that are bound to the financial domain, as well as nonfinancial operations under mandate or fee operations.

According to the banking law, the object of activity of the bank includes:

- Collecting deposits and other repayable funds (CAEN 6419);
- Granting loans, including, among others: consumer loans, mortgage loans, factoring with or without recourse, financing commercial transactions, forfeiting included (CAEN 6419);
- Money transfer related services (CAEN 6419);
- Issuing and administering payment instruments, such as credit cards, travelers' cheques and other such instruments, including the issuance of electronic money (CAEN 6612);
- Issuing of guarantees and taking of commitments (CAEN 6419);
- Trading for own/personal account and/or for the account of customers, according to the law, in:
    - money market instruments such as: checks, bills of exchange, promissory notes, certificates of deposit (CAEN 6419);
    - foreign exchange (CAEN 6419);
    - futures and options financial contracts (CAEN 6419; 6499);
    - instruments based on the exchange rate and interest rate (CAEN 6419);
    - securities and other transferable financial instruments (CAEN 6419);
- Participation at securities and other financial instruments' issuance by subscribing or placing them or by delivering services related to such securities (CAEN 6612);
- Consultancy on capital structure, business strategy and other related trade business issues, advice and provision of services with respect to mergers and purchase of undertakings and provision of other consultancy services (CAEN 6619, 7022);
- Portfolio management and related consultancy services (CAEN 6612);
- Custody and administration of financial instruments (CAEN 6419);
- Intermediation on the inter-bank market (CAEN 6419);
- Providing data and loan reference services in the lending field (CAEN 6512);
- Renting out safe-deposit boxes (CAEN 6419);
- Operations with metals and gems and objects made of such materials (CAEN 6419);
- Participating in the share capital of other entities (CAEN 6419);
- Operations of asset management consisting of movables and/ or immovables owned by the bank, but not related to the financial businesses, consisting in renting out movable or immovable assets to third parties, according to the law (CAEN 6820);
- Any other activities or services to the extent to which they are bound to the financial domain, observing the special legal provisions that regulate the respective activities, as follows:
    - depositing assets of investment funds and investment companies (CAEN 6419);
    - acting as authorized agent for listing in the Electronic Archive for Real Movable Securities (CAEN 6419);

  - services of data processing, database administration or any other such services for third parties (CAEN 6311; 6312);
  - distributing participation titles in investment funds and shares in investment companies (CAEN 6419);
  - activities of depositing the financial assets of privately-administered pension funds (CAEN 6419);
  - activities of depositing the financial assets of optional pension funds (CAEN 6419);
  - marketing agent for the prospectus of the optional pension scheme (CAEN 6629);
  - services of asset management for financial institutions (including but without limiting to document custody, debt collection, monitoring, reporting on managed portfolio), resulting from operations of asset sales/ assignment/ securing" (CAEN 6611, 6612, 6630,6619);
  - marketing the privately- managed pension fund (CAEN 6629);
  - opening and maintaining accounts for holding court/judicial bails (CAEN 6419);
- pre-paid mobile top-up intermediation (CAEN 6619);
- negotiate and conclude insurance and re-insurance contracts for the insurance and/ or re-insurance companies as well as provide other services related to the conclusion and execution of such contracts (CAEN 6629,6622);
- grant and administrate mortgage loans on behalf and on the account of mortgage loan companies, National Housing Agency, other credit institutions authorized according to the law (CAEN 6499,6492);
- promote, distribute, negotiate and conclude contracts for the saving and crediting in collective system for the housing companies as well as provide services related to the conclusion and execution of such contracts (CAEN 6419);
- call intermediation services/call centre including but not being limited to providing data, information and references with regard to services and/or products specific to the banking and financial area or to areas related to the banking and financial area (CAEN 8220).

**b) Mention of the bank's setting up date**

Raiffeisen Bank S.A. resulted from the merger between Banca Agricola – Raiffeisen S.A. and Raiffeisenbank (Romania) S.A. The merger was effected through the absorption of the second entity by the first one and was approved by the Extraordinary General Shareholders' Meeting of May 18th, 2002 and registered with the Trade Registry Office on June 28th, 2002.

**c) Description of any significant merger or reorganization of the bank, its branches or controlled companies, during the financial year**

Not the case.



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d) Description of asset acquisitions and/or alienation;

In May 2015, the Bank purchased a portfolio consisting of private individuals' loans in amount of RON 1.1 billion from RI Eastern European Finance B.V (hereinafter called "RIEEF"), an entity held in proportion of 100% by Raiffeisen Bank International.

e) Description of the main results of the bank's evaluation.
Please see the Annexes attached to the Romanian version of the Annual Report.

1.1.1. General evaluation elements:

| | |
|---|---|
| Net profit | 438 RON million |
| Gross income | 1,996 RON million |
| Export | Not applicable |
| Administrative expenses | 1,202 RON million |
| Market share in terms of assets | 8.39% |
| Liquidity indicator according to NBR requirements | 1.41 – 6.41 |
| Capital Adequacy Ratio (CAR) | 18.6% |
| Return on Equity (ROE) | 15.3% |

1.1.2. Evaluation of the bank's technical expertise

Description of the main products manufactured and/or services rendered by mentioning:

a) the main outlets for each product or service and the distribution methods;

Raiffeisen Bank services approximately 2 million individuals, 100,000 small and medium enterprises, and 8,200 mid-sized and large companies. The bank's network has more than 500 outlets, 1,100 ATMs, approximately 14,000 EPOS and 39 MFMs (multifunctional machines, self-banking).

b) the weight of each product or service type in the income and in the total turnover for the last three years

| | 12/2015 | 12/2014 | 12/2013 |
|---|---|---|---|
| Loans to customers | 43% | 42% | 43% |
| Deposits from customers | 19% | 20% | 20% |
| Transactions | 23% | 21% | 21% |
| Investments & trading | 6% | 6% | 7% |
| Other & capital benefit | 10% | 11% | 10% |

**c) new products considered for which a substantial amount of assets shall be involved during the next financial year as well as the development stage of these products.**

In 2015, Raiffeisen Bank launched several lending campaigns.

Aimed to boost financing in a well performing industry, Agri campaign (lending at preferential pricing) was addressed to all companies active in agricultural field.

In the last part of the year 2015, Raiffeisen Bank obtained an increase of EUR 35 million from the available funds under the JEREMIE (Joint European Resources for Micro to Medium Enterprises) lending initiative. With this new amount, benefiting of 50% co-financing from the European Investment Fund (EIF), the Bank has been able to originate new loans, at significantly lower interest rates and reduced collateral requirements

**1.1.3. Evaluation of the provision of technical and material resources (domestic and imports) Information regarding the safety of supply sources, the prices of raw materials and the raw materials inventory.**

Not applicable.

**1.1.4. Evaluation of the sales activity**

**a) Description of the sales evolution on the domestic and/or international market and the medium and long term sales estimates**

Lending to customers is Raiffeisen Bank's core activity, and in 2015 the activity showed more evident signs of recovery, as dynamics of outstanding loans granted by the banks to the private sector (households and companies) returned on the positive side.

Raiffeisen Bank’s customer loan book continued to grow throughout 2015, all business segments posting an increasing trend. The bank managed to achieve an organic growth of the asset base by 8% for Retail customers (Private Individuals and Small and Medium Enterprises), driven by a continued focus on strengthening home-banking relations and financing SMEs through mutually advantageous, low capital-intensive products.

Corporate business has also shown a growth of the loan book, though at a smoother pace (+3%), on the background of still relatively low appetite for investments.

Private Individuals’ term loan production provided the most notable improvement yoy, especially for personal loans, which grew by 28% yoy, but also for secured lending (+13%). The latter was supported once again, to a large extent, by the Prima Casa program. Aggregate disbursements stood at around EUR 660 million for private individuals and were almost exclusively denominated in local currency, thus following the general market trend.



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We expect the stock of loans granted to households and companies to remain on an upward trend in 2016, too. The positive dynamics will be supported to a very large extent by RON denominated loans.

**b) Description of the competition within the bank's field of activity, of the market share, of the bank's products or services and of its main competitors;**

Raiffeisen Bank continued to consolidate its position on the Romanian banking system.
By the end of 2015, the bank held a market share of 8.34% on lending activities (vs 7.66% at the end of 2014). Raiffeisen Bank's market share for deposits also had a positive development, reaching 8.55% for December 2015 vs. 8.3% a year before (source: internal calculation based on the National Bank's available data).

**c) Description of any significant dependency of the bank on a single customer or on a group of customers whose loss would have a negative impact on the bank's income.**

The bank complies with the requirements and limitations imposed by the Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms regarding large exposures. None of the large exposures is above the maximum limit of 25% out of Own Funds.

**1.1.5. Evaluation of issues related to the bank's employees/staff**
**a) The number and the expertise of the bank's employees as well as of the percentage of union member employees.**

Raiffeisen Bank S.A. recorded at the end of 2015 a total of 5,349 employees, 86% of them having university education. 59% of the total number of employees are members of the trade union.

**b) Description of the relationship between manager and employees as well as of any conflict elements which characterize this relationship.**

The relationship between managers and employees is normal working one, without any conflict elements.

**1.1.6. Evaluation of issues related to the impact of the issuer's main activity on the environment**
**Synthetic description of the impact of the issuer's main activity on the environment as well as of any current or anticipated litigation in connection with the breaching of environment protection legislation.**
Main types of environmental impact:

a) use of electric energy
b) use of thermal energy
c) use of fuels
d) use of water

e) use of paper
f) waste: electric, electronic equipments, paper, other.

Measures to monitor and reduce environmental impact

The management of the use of resources is under the supervision of the Infrastructure Management Directorate, being the result of keeping the business outlets functional. Annual objectives are set in order to reduce the use of resources while also having contracts with suppliers who provide recycling services for paper and electric and electronic equipments. Raiffeisen Bank reports yearly, in May-June, according to the Global Reporting Initiative standard, which covers also environmental issues.

Social and environmental risks

Raiffeisen Bank implemented a social and environmental risk policy with the purpose of financing those projects which are environmentally and socially sound and sustainable in the long run, to minimize environmental and social risk both for the bank, and for our partners (clients and/or suppliers), to comply with the national and international requirements and standards regarding the environmental and social risks. This policy targets social, environmental and work situations and covers several aspects related to human resources management, procurement policy, different financial activities (investments, lending, etc), internal environment requirements – the efficiency of resources and energy consumption, the pollution prevention, recycling, etc., and also the organizational capacity and competence in setting the responsible areas which are able to implement this policy.

Before structuring of any financial transaction, existing or potential customers are screened in order to determine their risk level, which is classified as follows: low, medium and high. The main criteria that affect the risk level related to a financing project are: business sector, term of loan, size of loan and collateral offered.

| Loan portfolio | Social risk | Environmental risk |
|---|---|---|
| **Medium loan risc** | 14% | 20.7% |
| **High loan risc** | 33.3% | 19.9% |

Litigation or sanctions regarding legislation for environmental protection – there were no such cases registered during January 1 – December 31, 2015.



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### 1.1.7. Evaluation of the research and development activity

Expenses during the financial year as well as of those estimated for the next financial year in connection with the research and development activity:

Development of information programs for in-house needs, as well as perfecting the current IT programs already in place represent the main research and development activities performed by the Bank.

### 1.1.8. Evaluation of the bank's risk management activity

Description of the bank's exposure to price, credit, liquidity and cash flow risks.
Description of the bank's risk management related policies and objectives.

#### Risk management framework

The Management Board has the overall responsibility for the establishment and oversight of the risk management framework. Assets and Liabilities Committee (ALCO), Credit Risk Committee, Risk Management Committee and Problem Loan Committee are responsible for developing and monitoring the bank's risk management policies in their specified areas. All committees report regularly to the Management Board.

The framework for risk management is defined in the risk strategy, elaborated and reviewed with annual frequency. The risk profile is also reviewed with an annual frequency and comprises of the evaluation of all risks considered significant.

The bank's risk management policies are established to identify and analyze the risks faced by the bank, to set appropriate risk limits and controls, and to monitor risks and compliance with the approved limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations. This process of risk management is critical to the bank's continuing profitability and each individual within the bank is responsible for the risk exposures relating to their responsibilities.

The Audit Committee reports to the Supervisory Board and has the responsibility to monitor the compliance with risk management procedures. Internal Audit assists the Audit Committee in these functions.

Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee. The stress testing exercises are a common practice in the bank. The stress tests are either locally developed or developed and run at Raiffeisen Bank International level. The bank has in place a "Business stress testing concept paper" which establishes the steps, concepts, methodologies and timelines in stress testing process. All stress testing results are assessed, analyzed and reported to local management.

## Credit risk management

Credit risk is the risk that the bank will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits. The bank is exposed to credit risk through its lending, trading and investing activities, in situation where it acts as an intermediary on behalf of customers or other third parties, or it issues guarantees.

The bank's primary exposure to credit risk arises through its loans and advances to customers. The amount of credit exposure in this regard is represented by the carrying amounts of the assets on the balance sheet. The bank is exposed to credit risk on various other financial assets, including derivative instruments and debt investments, the current credit exposure in respect of these instruments is equal to the carrying amount of these assets in the balance sheet. In addition, the bank is exposed to credit risk through loan commitments as well as issued guarantees.

In order to minimize this risk, certain bank procedures are in place to screen its customers before granting loans and to monitor their ability to repay the principal and interest for the duration of the loan contracts and for the establishment of exposure limits. The Management Board has delegated the responsibility for the credit risk management to the Credit Committee. A separate Risk Division, reporting to the Chief Risk Officer, is responsible for oversight of the bank's credit risk, including:

- Formulating credit policies, by pursuing the target of maintaining a healthy loan portfolio, by establishing adequate limits and defining specific lending criteria for certain products, clients categories, etc.
- Establishing and implementing procedures related to: the treatment and valuation of collateral, periodical loan reviews, classification and loan portfolio reporting, legal documentation related to loans and lending activity, monitoring and treatment of non-performing loans, ensuring compliance with the regulatory requirements;
- Establishing an approval structure for underwriting and renewing loan facilities: the approval limits can be settled at the individual level to certain designated risk analysts or at the Credit Committee level or other authorities designated at bank level. The approval limits are stipulated in the Credit Committee Bylaws and are established on different criteria like the loan amount, compliance with the credit policies;
- Evaluation and review of the credit risk takes place in accordance with the approval limits set out in the Credit Committee Bylaws as well as with the regulatory requirements;
- Limiting concentrations of exposure to counterparties, geographical areas, industries, and by issuer, loan classification category, market liquidity and country (for investment securities). The concentration risk is monitored throughout the portfolio management activity, is analyzed on a monthly basis through reports and presented to the personnel involved in the lending activity as well as to the management;
- Developing and maintaining the client classification systems depending on the risk grading. Unitary client classification systems are used at bank level depending on the client risk

grading. These systems comprise both scoring and rating methodologies. The bank performs periodical reviews of the clients' classification systems. The risk grading measured through the above mentioned systems stands at the base of determining the loan loss provision necessary to cover the default risk;

- Reviewing and monitoring the compliance of business units with the limits established through the Credit Policies and internal norms;
- Regular reports are provided to Credit Committee on loan portfolio quality and appropriate corrective actions are proposed and implemented;
- Providing information, advice, guidance and expertise to business units in order to promote credit risk management best practice throughout the bank.

The major concentrations of credit risk arise by type of customer in relation to the bank's loans and advances and credit commitments. The concentration of credit risk that arises from financial instruments that have similar economic characteristics is analyzed both at portfolio level and also for customer segment. The ability to meet contractual obligations are similarly affected by changes in economic or other conditions. The major concentrations of credit risk arise by individual counterparty and by type of customer in relation to the bank's loans and advances, commitments to extend credit and guarantees issued.

In the table below, the risk concentrations on product (for retail) and on economic sectors (for corporate) are presented:

| *In RON thousand* | 31 December 2015 | 31 December 2014 |
|---|---|---|
| **Retail customers**, of which: | | |
| Flexi | 3,952,493 | 3,305,854 |
| Mortgage | 3,890,214 | 3,151,987 |
| Home equity | 2,221,540 | 1,660,793 |
| Credit Card | 1,904,771 | 1,841,540 |
| Overdraft | 1,455,166 | 1,497,453 |
| Investment financing | 483,366 | 439,553 |
| Other | 5,650 | 134,378 |
| **Corporate customers**, of which: | | |
| Agriculture | 617,289 | 690,259 |
| Electricity, oil & gas | 1,624,989 | 1,591,986 |
| Manufacturing | 2,299,917 | 2,376,441 |
| Construction | 1,828,400 | 1,853,922 |
| Wholesale and retail trade | 3,104,180 | 2,820,117 |
| Services | 2,314,546 | 2,243,533 |
| Public sector | 590,154 | 692,172 |
| **Total*** | **26,292,675** | **24,299,988** |
| | | |

*Out of total credit risk exposure, at group level and also at bank level, the amount of RON 7,104,203 thousand represents off balance exposure (2014: RON 7,223,090 thousand)

## Liquidity Risk

Liquidity risk is generated in the normal course of banking activity being a consequence of the bank's response to client needs. While depositors need short term access to their funds, borrowers need the possibility to repay the loans in medium to long term timeframes, therefore by responding to these needs the Bank accepts a degree of liquidity risk that has to be actively managed.

The Management Board defines the liquidity risk strategy based on recommendations made by the units responsible for liquidity and funding management in cooperation with the area responsible for monitoring and controlling of liquidity risk. Management Board approves each year the limits which are applied to measure and control liquidity risk as well as the Bank's funding plan.

The risk tolerance of the Bank represents the foundation of the liquidity risk management framework and is defined:

- for normal business conditions, using a set of limits for the long term liquidity risk profile. The role of the limits is to prevent the accumulation of liquidity risk from current activity of the Bank;
- for stress conditions, tolerance is the Bank's capacity to operate for an acceptable time without significant changes to the strategy or business model.

Treasury and Capital Markets Division is responsible for the management of liquidity and funding risk of the Bank, while Risk Management Division has responsibilities for liquidity risk monitoring and controlling, as defined in the liquidity and funding strategies.

For liquidity management, the Bank assesses, monitors and forecasts the liquidity behavior of products and business segments and maintains long-term liquidity, including stable deposits, in excess of illiquid assets, at an optimal cost, as defined by its risk appetite.

Diversification of funding profile in terms of investor types, products and instruments is an important element of the liquidity management framework. The core funding resources come from retail clients while other customer's deposits, interbank deposits and borrowings are additional sources of funding. This improves the Bank's flexibility in funding and diminishes the liquidity cost.

The main tools used for liquidity and funding risk management are:

- The liquidity gap report: used to identify and measure the maturity mismatch between assets and liabilities;
- Liquidity scorecard: tool for assessing the robustness of the balance sheet structure (loans to deposits ratio, funding concentration, size of liquid assets in relation to total obligations, etc.);
- Regulatory liquidity gap: the Bank has to comply with a regulatory liquidity indicator which sets minimum liquidity risk standards at banking system level;
- Funding scorecard: the Bank ensures that funding risk is mitigated through the monitoring of several triggers, among which: the concentration in sources of wholesale funding, maturity concentration, the dependence on short term funding and the percentage of unencumbered assets;

- Funds' transfer pricing mechanism designed to allocate all costs and benefits to the business segments on all balance sheet and off-balance sheet elements in a way that incentivizes the efficient use of liquidity.

At Bank level, there are pre-established trigger levels set for the main tools which are monitored and, in case a breach is observed or anticipated, a specific action plan is taken based on senior management decision.

For stress conditions, the Bank maintains a sufficient liquidity buffer that can be used to compensate the limited access to funding sources and liquidity outflows during stress periods. The Bank determines the necessary liquidity buffer based on stress test analysis. In addition, the Bank defines a contingency plan which establishes responsibilities and specific actions that can be taken to strengthen liquidity position on short term and reduce liquidity risk on medium to long term.

The main tools used for stress conditions are:

- Early warning system: used for monitoring financial markets and internal liquidity indicators in order to anticipate accumulation of risks and potential stress conditions;
- Internal stress test: scenario based analysis used to evaluate Bank's ability to operate in stress conditions;
- Regulatory liquidity coverage ratio: scenario based analysis standardized at banking system level, used to evaluate Bank's ability to operate in stress conditions, as described in CRR/ CRD IV package. According to the standard, banks are required to hold an adequate stock of unencumbered high quality assets (HQLA) to cover potential liquidity outflows in stress conditions.

The financial assets and liabilities of the bank analyzed over the remaining period from the balance sheet date to contractual maturity are as at 31 December 2015 as follows:

| In RON thousand | Up to 3 Months | 3 Months to 1 Year | 1 Year to 5 Years | Over 5 Years | Without maturity | Total |
|---|---|---|---|---|---|---|
| **Financial Assets** | | | | | | |
| Cash and cash with Central Bank | 6,981,376 | - | - | - | - | 6,981,376 |
| Trading assets | 14,379 | 167,447 | 242,069 | 103,323 | - | 527,218 |
| Derivative assets held for risk management | 542 | - | 1,414 | - | - | 1,956 |
| Loans and advances to banks | 1,138,893 | - | - | - | - | 1,138,893 |
| Loans and advances to customers | 3,281,683 | 3,561,500 | 6,035,261 | 5,275,142 | - | 18,153,586 |
| Investment securities | 1,237,323 | 1,250,241 | 1,286,505 | 248,889 | 71,731 | 4,094,689 |
| **Total financial assets** | **12,654,196** | **4,979,188** | **7,565,249** | **5,627,354** | **71,731** | **30,897,718** |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Financial Liabilities** | | | | | | |
| Trading liabilities | 13,886 | 5,647 | 17,134 | 1,235 | - | 37,902 |
| Derivative liabilities held for risk management | 839 | 471 | 3,966 | - | - | 5,276 |
| Deposits from banks | 600,751 | - | 26,331 | - | - | 627,082 |
| Deposits from customers | 20,209,745 | 3,323,278 | 194,773 | 15,400 | - | 23,743,196 |
| Loans from banks and other financial institutions | 45,484 | 578,584 | 974,979 | 25,428 | - | 1,624,475 |
| Debt securities issued | - | 246,323 | 499,962 | - | - | 746,285 |
| Subordinated liabilities | 5,745 | - | 854,203 | 90,488 | - | 950,436 |
| **Total financial liabilities** | **20,876,450** | **4,154,303** | **2,571,348** | **132,551** | **-** | **27,734,652** |
| **Maturity surplus/ (shortfall)** | **(8,222,254)** | **824,885** | **4,993,901** | **5,494,803** | **71,731** | **3,163,066** |

Usually, the most significant liquidity gap is registered in the first interval (up to 3 months) mainly due to non-banking customers, which prefer short term maturities for deposits and long term maturities for loans. This behavior that determines a negative gap in the first interval generates a positive gap on the other intervals (longer than 3 months). In practice, the negative gap in the first bucket does not represent outflows, as most customer deposits are rolled over or replaced by new deposits. In the same time, the bank's securities portfolio can be converted into cash in a short term (through repo or sale), being a reserve that diminishes the liquidity risk in the first bucket.

**Market risk**

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and others will affect the bank's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

The main risks at which the bank is exposed are interest rate risk and foreign exchange risk.
**Interest rate risk** the risk of loss from fluctuations in the present value of future cash flows or fair values of interest rate sensitive financial instrument because of a change in market interest rates. This risk appears because of the mismatch between interest rate sensitive assets and interest rate sensitive liabilities and is found both in the trading book and in the banking book.

Interest rate risk is managed primarily by monitoring the interest rate gap and a set of pre-approved limits. ALCO is the monitoring body for compliance with these limits and is assisted by Risk Management in its day-to-day monitoring activities

The derivative financial instruments used by the Bank to reduce the interest rate risk include interest rate swaps and cross currency swaps, their value fluctuates depending on the interest rates variations.

A summary of the Bank's interest rate gap position on non-trading portfolios as at 31 December 2015 is as follows:

| *In RON thousand* | **Less than 3 months** | **3 – 12 Months** | **1 – 5 years** | **Over 5 years** | **Without interest** | **Total** |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Cash and cash with Central Bank | 5,608,005 | - | - | - | 1,373,371 | 6,981,376 |
| Loans and advances to banks | 1,138,893 | - | - | - | - | 1,138,893 |
| Loans and advances to customers | 11,027,007 | 4,726,295 | 2,266,231 | 134,053 | - | 18,153,586 |
| Investment securities | 1,448,898 | 1,294,666 | 1,224,248 | 126,877 | - | 4,094,689 |
| **Total Assets** | **19,222,803** | **6,020,961** | **3,490,479** | **260,930** | **1,373,371** | **30,368,544** |
| **Liabilities** | | | | | | |
| Deposits from banks | 602,011 | - | 25,071 | - | - | 627,082 |
| Deposits from customers | 14,964,423 | 4,088,299 | 4,684,243 | 6,231 | - | 23,743,196 |
| Loans from banks and other financial institutions | 1,572,149 | 37,244 | 15,082 | - | - | 1,624,475 |
| Debt securities issued | - | 246,285 | 500,000 | - | - | 746,285 |
| Subordinated liabilities | 950,436 | - | - | - | - | 950,436 |
| **Total Liabilities** | **18,089,019** | **4,371,828** | **5,224,396** | **6,231** | **-** | **27,691,474** |
| Effect of derivatives held for risk management purposes | 241,918 | (45,245) | (192,943) | - | - | 3,730 |
| **Net position** | **1,375,702** | **1,603,888** | **(1,926,860)** | **254,699** | **1,373,371** | **2,680,800** |

The management of interest rate risk through the set of interest rate gap limits is supplemented by monitoring the sensitivity of the Bank's financial assets and liabilities to various standard and non-standard interest rate scenarios.

Asset-liability risk management activities are conducted in the context of the Bank's sensitivity to interest rate changes. In general, the Bank is more sensitive to its interest bearing assets, this means that in decreasing interest rates environment, the net interest income will decrease as interest bearing assets will reprice faster than interest bearing liabilities. However, the actual effect will depend on a number of factors, including the extent to which repayments are made earlier or later than the

contractual dates and variations in interest rate sensitivity within re-pricing periods and among currencies.
The Bank manages its interest rate risk by changing the structure of its interest bearing assets and liabilities with the purpose of optimizing interest income. To accomplish this goal, the Bank uses a mix of fixed and floating interest rate financial instruments, for which it tries to control the mismatch between the dates when interest rates are re-priced or assets and liabilities mature.

**Foreign exchange risk** is the risk value decrease of assets and liabilities denominated in other currencies than local currency following the change in foreign exchange rates.
The monetary assets and liabilities held in RON and in foreign currencies at 31 December 2015 are presented below:

| *In RON thousand* | RON | USD | EUR | Other | Total |
|---|---|---|---|---|---|
| **Monetary assets** | | | | | |
| Cash and cash with Central Bank | 5,129,200 | 24,385 | 1,794,646 | 33,145 | 6,981,376 |
| Trading assets | 512,657 | 532 | 14,029 | - | 527,128 |
| Derivative assets held for risk management | 24 | - | 1,932 | - | 1,956 |
| Loans and advances to banks | 94,338 | 151,274 | 799,375 | 93,906 | 1,138,893 |
| Loans and advances to customers | 10,606,542 | 671,061 | 5,627,534 | 1,248,449 | 18,153,586 |
| Investment securities | 2,769,428 | 1,095 | 1,324,166 | - | 4,094,689 |
| Investment in associates and joint ventures | 76,761 | - | - | - | 76,761 |
| Other assets | 54,715 | 1,453 | 18,375 | 22,574 | 97,117 |
| **Total monetary assets** | **19,243,665** | **849,800** | **9,580,057** | **1,398,074** | **31,071,596** |
| **Monetary liabilities** | | | | | |
| Trading liabilities | 31,849 | 513 | 5,540 | - | 37,902 |
| Derivative liabilities held for risk management | 1,313 | - | 3,963 | - | 5,276 |
| Deposits from banks | 581,113 | 18,883 | 26,272 | 814 | 627,082 |
| Deposits from customers | 14,349,284 | 1,379,608 | 7,833,879 | 180,425 | 23,743,196 |
| Loans from banks and other financial institutions | 168,834 | - | 903,887 | 551,754 | 1,624,475 |
| Debt securities issued | 746,285 | - | - | - | 746,285 |
| Subordinated liabilities | - | - | 774,845 | 175,591 | 950,436 |
| Other liabilities | 258,560 | 18,483 | 126,369 | 3,750 | 407,162 |
| **Total monetary liabilities** | **16,137,238** | **1,417,487** | **9,674,755** | **912,334** | **28,141,814** |
| **Net currency position** | **3,106,427** | **(567,687)** | **(94,698)** | **485,740** | **2,929,782** |



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**1.1.9. Estimates of the bank's future activity**

**a) Presentation and analysis of the trends, elements, events or uncertainty factors which affect or could affect the bank's cash position in comparison with the same period of the previous year**.

The framework for managing the liquidity risk plays a decisive role in the process of ensuring adequate liquidity. To this end, the bank defines and implements the Liquidity Strategy and Policy, that is revised annually or whenever changes in the internal and external environment requires such revisions, through which the Management Board approves the framework for management, monitoring and control of the liquidity risk, as well as the funding plan of the bank.

Compared to the same period of the previous year, the situation of the financial markets in which the bank operates has improved, this period having been generally marked by a decreasing trend in risk aversion of market participants. This development was sustained by policies adopted by central banks that led to an increase in available liquidity and a reduction in the funding cost.

During this period, the bank continued to prudently manage the liquidity position, pursuing a strategy of diversifying its funding structure by increasing the base of deposits from customers. The main funding source comes from retail customer deposits, while sources attracted from other customers, deposits and interbank loans complete this funding structure. This diversification improves the flexibility of the Bank on what concerns funding, and generally reduces the liquidity cost. Thus, both the stability of funding structure and the loan-to-deposit ratio improved compared to the previous period.

Moreover, based on stress simulations, the bank has periodically calibrated the required liquidity buffer, which was maintained at an appropriate level for ensuring normal activities during an acceptable period of time, throughout unforeseen crisis situations.

**b) Presentation and analysis of the effects of current and future capital expenditure on the bank's financial position in comparison with the same period of the previous year.**

Raiffeisen Bank assesses the investment opportunities and deploys the necessary resources taking into account a series of criteria as follows:

- Alignment of projects to the long and medium term investment strategy
- The realized investment projects must meet minimum return requirements
- The investments must be consistent with the Bank's risk appetite
- The need to be in line with all banking sector specific rules and regulations.

In the last 3 years the resources allocated to investments projects added up EUR 56 million, equivalent of18% of net average profit from the same period.



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The resource deployment towards investment programs is highly correlated to the Bank's strategic goals:

- Customer experience and business growth. An important part of the Bank's resources is focused on the identification of the specific customers' need and customizing accordingly the banking products and services.

- Simplification. The Bank seeks to identify and implement those specific methods that allow continuous simplification of the internal processes and activities.

- Infrastructure and business administration. The costs needed to run the business and maintain the existing infrastructure.

- Compliance and regulatory. Adjusting the internal systems and processes to be in line with legal and other regulatory requirements.

Capital expenditures incurred in 2015 are at the same level as those carried out in 2014. On the other hand, if in 2014 the focus was on developing the infrastructure for managing operations, in 2015 more resources were allocated to optimize internal processes, alternative distribution channels and increasing the diversity of our services.

Highlights and accomplishments for the investment portfolio are summarized below:

- In order to increase the diversity of the services offered to our clients, we extended our network of multi-function cash machines. At the end of 2015, 49 Multi-Function Machine (MFM) are available to our customers for cash operations (besides cash disbursement, these devices provide additional options such as cash deposits and foreign exchange operations).

- Simplification of internal processes and facilitating collaboration within the organization. Automation and continuous optimization of the key processes in the Bank and new modern tools of communication and collaboration are now available to our employees.

- Continuous development of our distribution channels to meet the needs of our customers. The orientation of our customers to alternative channels is on a steadily upward trend, confirming that the investments in Internet Banking and Smartmobile solutions have met the market demands. In 2015 several new releases have been implemented for both Raiffeisen Online and Smart mobile services and at the same time a new and modern Bank website is now available for our customers.

- The traditional distribution channel remained an important topic on the Bank's Agenda also in 2015. We focus on offering convenience to our customers by being in their proximity and offering them a pleasant interaction in each of our branches. In 2015 we relocated 1 branch, 17 locations were closed and other 4 were refurbished. We carefully focus on each new location selection criteria and this has helped us to optimize the occupied space in our premises - 3% reduction compared to previous year, the equivalent of 3,400 square meters (branches and headquarters).

**c) Presentation and analysis of the events, transactions and economic changes which significantly affect the income generated by the bank's main activity.**

Economic activity remained on a sustained upward trend in 2015, as real Gross Domestic Product (GDP) advanced by 3.8%. Moreover, real GDP excluding agriculture – a better measure to track the performance of Romanian economic activity as it is less affected by the volatility of agricultural output – expanded even faster in 2015, respectively by 4.4%. Similar to 2014, the advance of private consumption (6.1%) remained the major driver of the GDP growth in 2015, benefiting from the rapid increase of real disposable income. Also, gross fixed capital formation advanced further in 2015 by 8.8%. The pattern of economic growth improved further in 2015 from a qualitative point of view as all major sectors of economic activity (services, industry and constructions) benefited from the advance of domestic demand.

Macroeconomic imbalances remained at low levels in 2015. The public budget deficit (cash definition) stood at 1.5% of GDP, undershooting the target of 1.9% of GDP. However, the fiscal easing measures and the hike of wages in the public sector that were decided during 2015 are foreseen to result in a jump of the public budget deficit towards 3% of GDP in 2016 as well as in the subsequent years. Fast advance of domestic demand resulted only in a small increase of the foreign trade deficit and of the current account deficit in 2015.

Cut of VAT rate for food products to 9% from 24% in June 2015 resulted in a decrease of consumer prices by 0.9% in 2015. The National Bank of Romania (NBR) continued to ease the monetary policy stance in 2015 by cutting the monetary policy rate (with a total of 100 bp during January-May to 1.75%), by reducing the minimum reserve requirements ratio for RON denominated liabilities of credit institutions (to 8% from 10% starting from May), and by refraining to sterilize the liquidity surplus from the money market. As a result, ROBOR interest rates remained on a downward trend in 2015 and for the most part of the year they were traded below the monetary policy rate. Lower levels of the money market interest rates translated in lower levels of lending and deposit interest rates used by banks in relation with their customers. Furthermore, yields of RON Government securities were on a downward trend in 2015, benefiting from the key interest rate reduction, from the preservation of the liquidity surplus on the money market, and also from decreasing yields on the foreign markets.

Lending activity showed more evident signs of recovery in 2015 as dynamics of outstanding loans granted by the banks to the private sector (households and companies) returned to the positive territory (2.8% yoy in December 2015 when adjusting dynamics for change in EURRON rate). The positive dynamics was exclusively driven by RON denominated loans (19.8% yoy in December 2015) that posted consistent gains on all three segments (loans for consumer and other purposes, housing loans, and corporate loans). Otherwise, a sharp contraction was recorded in case of outstanding loans denominated in foreign currencies (-10.2% yoy in December 2015 in EUR equivalent) as both household loans and corporate loans posted negative dynamics. Similar to 2014, banks extended further in 2015 the lending in RON at the detriment of lending in foreign currencies as: only RON loans were granted in the "Prima Casa" governmental program; differential between RON lending interest rates and FCY lending interest rates narrowed further; banks preserved a propensity to lend in RON, and the prudential standards applied in case of FCY lending were tighter than the ones used for lending in RON. In this context, out of total loans originated by the Romanian banking system in 2015 around 74% were denominated in RON.

The aggregate balance sheet of the banking system revealed important improvements: a substantial decrease in the share of FCY denominated loans in total loans granted by the banks to the private sector (to 49.9% in December 2015 from 56.8% in December 2014), a reduction of ratio between gross loans and deposits and a decrease of the share of external liabilities in total liabilities. At the end of 2015, the banking system posted a NPLs ratio of 13.6% and a solvability ratio of 17.5%. Also, the profitability of the banking system returned in the positive territory in 2015.

## 2. The bank's tangible assets

### 2.1. The location and main features of the production equipment owned by the bank.

Not applicable.

### 2.2. Description and analysis of the extent of the bank's property wear-and-tear.

The tangible assets of Raiffeisen Bank S.A. comprise mainly of information technology and communication equipment, items of furniture and office equipment, vehicles, buildings and building refurbishments. These are depreciated and replaced as they are decommissioned.

### 2.3. Potential issues related to ownership rights over the bank's tangible assets.

At the end of 2015, Raiffeisen Bank S.A. was involved in 6 litigations relating to ownership rights of 2 tangible assets in its property.

## 3. The market for the securities issued by the bank

### 3.1. The markets in Romania and in other countries where the securities issued by the bank are traded.

Raiffeisen Bank S.A. had two bond issuances that are traded at the Bucharest Stock Exchange (the first issuance starting with August 2013 and the second issuance starting with May 2014).

### 3.2. Description of the bank's dividend policy. Mention of the dividends owed/paid/accrued within the last 3 years and, if necessary, the reasons for a possible reduction in dividends during the last 3 years.

Raiffeisen Bank S.A. sets itself to distributing dividends to its shareholders every year.

By Resolution no 1 of the General Shareholders Meeting of April 29th, 2014, the distribution of dividends in total amount of RON 263.3 million (representing a gross dividend in value of 0.022 ROL/share) for the financial exercise of the year 2013 was approved*. Until April 15th, 2015, the payment of the dividends (including the related income tax) amounted to RON 263.1 million.

By Resolution no 1 of the General Shareholders Meeting of April 28th, 2015, the distribution of dividends in total amount of RON 606 million (representing a gross dividend in value of 50,500 ROL/share) for the financial exercise of the year 2014 was approved*. Until April 15th, 2016, the payment of the dividends (including the related income tax) amounted to RON 606 million.

By Resolution no 1 of the General Shareholders Meeting of April 27th, 2016, with regard to the distribution of dividends from the profit related to the financial exercise of the year 2015, it was approved that the profit remained after deduction of legal reserve shall be allocated to "Retained earnings".

The decision not to distribute dividends for 2015 is intended to consolidate the capital base of the bank, in the context of potential adverse effects that might derive from the legislative initiatives having impact on banking sector (for example: Giving in Payment Law, conversion).

** the bank's shareholders structure following the share reverse split of the nominal value of Raiffeisen Bank S.A. shares, from the value of RON 0.1 per share to the nominal value of 100,000 RON per share was registered with the Trade Register Office on 25.04.2014. The share capital remained the same – 1.2 billion RON – divided into 12,000 shares with the nominal value of 100,000 RON/share.*

### 3.3. Description of any activity involving the bank's purchasing its own shares.

Not the case.

### 3.4. Where the bank owns branches, mention of the number and the nominal value of the shares issued by the parent bank and held by the branches.

Not applicable.

### 3.5. Where the bank has issued bonds and/or other debt securities, presentation of the way in which the bank fulfills its obligations towards the holders of such securities.

Raiffeisen Bank S.A. fulfills its obligations to bondholders by paying annual coupons and offering the right of redemption of principal at maturity or on a different payment date, in case of early redemption, according to the Prospectus.

## 4. Bank administration

### 4.1. Presentation of the bank's administrators and the following information for each administrator:

a) CV (family name, first name, age, skills, professional expertise, position and length of employment);

In the dual management system adopted by Raiffeisen Bank S.A., the administration and the representation of the Bank are ensured by the Supervisory Board and the Management Board.

Supervisory Board

| SURNAME | FIRTS NAME | OFFICE | TERM OF OFFICE |
|---|---|---|---|
| SEVELDA | KARL | PRESIDENT OF THE SUPERVISORY BOARD | 28.04.2015-28.04.2019 |
| GRÜLL | MARTIN | VICEPRESIDENT OF THE SUPERVISORY BOARD | 28.04.2015-28.04.2019 |
| STROBL | JOHANN | MEMBER | 29.04.2014-29.04.2018 |
| LENNKH | PETER | MEMBER | 29.04.2014-29.04.2018 |
| BREUER | KLEMENS JOSEF | MEMBER | 30.04.2012-30.04.2016 |
| IOAN | ILEANA ANCA | INDEPENDENT MEMBER | 19.04.2013-19.04.2017 |
| RAZVAN | MUNTEANU | MEMBER | 28.04.2015-28.04.2019 |

Mr. Razvan Munteanu submitted his resignation starting with 31.12.2015.

Management Board:

| SURNAME | FIRST NAME | OFFICE | TERM OF OFFICE |
|---|---|---|---|
| VAN GRONINGEN | STEVEN CORNELIS | PRESIDENT OF THE MANAGEMENT BOARD | 02.05.2015- 01.05.2019 |
| STEWART | JAMES DANIEL, JR. | VICE-PRESIDENT | 02.05.2015- 01.05.2019 |
| ROSSEY | CARL C.H. | VICE-PRESIDENT | 02.05.2015- 31.12.2017 |
| SPORIS | CRISTIAN-MARIUS | VICE-PRESIDENT | 02.05.2015- 30.06.2018 |
| KALINOV | VLADIMIR NIKOLOV | VICE-PRESIDENT | 02.05.2015- 30.06.2017 |
| BUSUIOCEANU | IANCU- MIRCEA | VICE-PRESIDENT | 01.01.2013-01.01.2017 |
| POPA | NICOLAE-BOGDAN | VICE-PRESIDENT | 01.01.2013-01.01.2017 |

The CV-s of the Supervisory Board and Management Board members are presented in *Appendix 7 CV-uri membri CS si Directorat Raiffeisen Bank S.A.*

b) any agreement, understanding or family connection between the respective administrator and another person who is responsible for appointing him/her administrator:
Not the case.

c) the administrator's equity participation in the company's capital;
Not the case.

d) the list of affiliated parties to the company.
See Appendix 3_Persoane affiliate Raiffeisen Bank S.A.

**4.2. Submission of the list of the bank's executive management members. For each member the following information shall be included:**
a) Terms of office for the person who is member of the executive management;
Please see point 4.1 letter a).

b) Any agreement, understanding or family connection between that person and another person who is responsible for appointing him/her member of the executive management;
Not applicable.

c) Equity participation of that person in the bank's capital.
Not applicable.

**4.3. For all the persons referred to in items 4.1. and 4.2, it shall be mentioned the possible litigation or administrative proceedings in which they have been involved in the last 5 years, referred to their activity within issuer, as well as those related to the capacity of that person to fulfill the attributions within the issuer.**

A person against which the bank has requested the execution of a writ by the officer of the court has filed a criminal complaint against several bank employees (including a member of the Management Board) claiming the alleged set-up of an organized crime group. Most likely, the respective person wishes by this action to postpone the execution of the writ. The Prosecutor's Office decided to close the case but the person who had filed the complaint decided to go to court and file an appeal against the decision to close the case.

Raiffeisen BANK
Reușim împreună.

5. Financial and accounting statements

**Presentation of an analysis of the current economic and financial position in comparison with the previous 3 years, with reference to at least:**

**a) Balance sheet items: assets accounting for at least 10% of total assets; cash and other liquidities; reinvested profits; total current assets; total current liabilities**;

Total assets volume of Raiffeisen Banks at the end of 2015 is RON 31.4 billion, with an increase of 9.4% as compared to previous year, through core customer business: our deposits base shows double digit growth pace and continues to provide fuel for healthy business development, while our loan book took another step in the right direction, helped primarily by increased consumer spending.

The main components of total assets are:

| **% of total assets** | **2015** | **2014** | **2013** |
|---|---|---|---|
| Loans and advances to customers | 57.7% | 56.1% | 58.2% |
| Cash and cash equivalents | 22.2% | 27.3% | 23.7% |
| Investment securities | 12.8% | 11.1% | 12.5% |

Loans to customers increased by 12% as compared to the end of 2014, and by 17% as compared to the end of 2013. It is worth mentioning that this achievement came also in the context of a transaction with an entity held in proportion of 100% by Raiffeisen Bank International, consisting in the takeover of an approx. EUR 240 million loan portfolio. This leaves 5% organic growth, in all customer segments.

As compared to the same period of the previous year, relevant indicators of capital requirements were maintained at a high level while in term, of liquidity, more than a third of total assets are placements in liquid instruments (cash, cash equivalents and securities held, representing 38.6% of total assets in December 2015).
Status of liabilities:

| **RON ths** | **2015** | **2014** | **2013** |
|---|---|---|---|
| Deposits from banks and loans from banks and other financial institutions | 2,251,557 | 2,009,895 | 2,200,523 |
| Deposits from customers | 23,743,196 | 21,073,872 | 19,610,726 |
| Debt securities issued | 746,285 | 746,890 | 229,700 |
| Subordinated liabilities | 950,436 | 923,655 | 829,095 |
| Other liabilities | 593,404 | 713,407 | 594,865 |



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Total amount of liabilities has increased compared to the end of 2014 (+11%) and also compared to the same period of 2013 (21%), on the background of strong increase in customer deposits. Correlated to the same growth for the loan portfolio, this is a healthy development which sets the ground for future business development and also maintains the loans to deposits ratio at 81%.

Both Retail and Corporate customers have contributed positively to the dynamic of the deposits portfolio, with 12% and 14% increase in balances respectively. For Private Individuals and SMEs, the propensity for saving continued to outpace the demand for loans in the market, while improved sentiment regarding macroeconomic developments and the trust we gained in time from our clients were important factors that led to the positive trend in terms of customer liabilities.

**b) profit and loss account: net sales ; gross income; cost and expenditure items accounting for at least 20% of net sales or gross income; risk and various expenses provisions; reference to any sale or interruption of an activity segment during the last year or estimated for the next year; dividends paid;**

The major Profit and Loss components are:

| RON ths | 2015 | 2014 | 2013 | Variation 2015 vs 2014 |
|---|---|---|---|---|
| Net interest income | 1,053,520 | 1,044,039 | 1,101,329 | 1% |
| Net fee and commission income | 609,206 | 645,952 | 594,401 | -6% |
| Net trading income | 288,261 | 277,909 | 241,059 | 4% |
| Operating and personnel expenses | (1,202,487) | (1,137,649) | (1,185,592) | 6% |
| Net impairment loss on financial assets | (289,012) | (313,986) | (358,987) | -8% |
| **Net profit** | **437,564** | **501,368** | **458,405** | **-13%** |

The net profit of Raiffeisen Bank stood at RON 438 million in 2015, by 13% lower as compared to the previous year.

Lending volumes and business activity rose during the year, which managed to offset to some degree the downward impact of declining interest rate levels. Net interest income increased slightly from the prior year, primarily reflecting the impact of lower interest expense and higher average loan balances, but also helped by the previously mentioned intra-group transaction. Margins remain under pressure, influenced by the persistently low market rates, surplus liquidity in the banking system and also by lower yields for the debt instruments portfolio.

Net commission income declined, especially due to higher commission expense related to cash transactions and also on the background of a slow-down in the investment banking activity. On the other hand, that income benefited primarily from payments fees (+5%, roughly in line with overall growth in transacted volumes) and higher insurance fees related to the intensified lending activity.

In spite of the challenging trading environment, we managed to show slight growth in net trading income vs 2014, mainly from foreign exchange deals, which continue to generate strong returns. It remains a fundamental part of how we support our clients, be they individuals, investors or traders.

Net impairment loss on financial assets has decreased yoy, thus confirming the significant improvement in client payment behavior. Especially evident for private individuals, the same positive trend was recorded for SMEs and large companies, helped also by the good quality loan production.

We managed to generate sustainable savings from reduction or elimination of complexity and inefficiency, the released capital being allocated to continue investments in our strategic initiatives (flat underlying expenses base in 2015 vs. 2014). Total reported operating expenses show an increase in 2015, on the background of some non-recurring events occurred in both periods.

**With respect to any sale or shutdown of an activity segment made within the past 6 months or about to be made in the next 6 months:**
Not applicable.

Dividends paid:
2013: RON 264 million
2014: RON 264 million
2015: RON 606 million
2016: -

**c) Cash flow:** all the changes occurred in the cash flow generated by the bank's main activity, by investments or financial activities, the cash flow at the beginning and at the end of the period.

| In RON thousand | **2015** | **2014** | **2013** |
|---|---|---|---|
| Cash and cash equivalents at 1 January | 8,732,037 | 7,296,204 | 6,122,190 |
| Net cash flows used in operating activities | (26,691) | 1,378,883 | 1,811,232 |
| Net cash flows used in investing activities | (41,023) | (49,083) | (101,114) |
| Net cash flows used in financing activities | (557,081) | 106,033 | (536,104) |
| Cash and cash equivalents at 31 December | 8,107,242 | 8,732,037 | 7,296,204 |

**Annexes**
Please see the Annexes attached to the Romanian version of the Annual Report.
The Annual Report for 2015 is available at:
https://www.raiffeisen.ro/despre-noi/guvernanta-corporativa/rapoarte-anuale/