

Raiffeisen Bank – net profit of EUR 54 million for the first half of 2017

- Net profit recorded a slight increase over the same period last year; in comparable terms, excluding non-recurring events, net profit increased by 2%, up to € 55 million;
- Total assets are up by 6 per cent, to EUR 7.32 billion, compared to EUR 6.89 billion (June 2016);
- Loans increase by 3 per cent compared to June 2016, while deposits are up by 14 per cent;
- Provisions for impairment losses decrease from EUR 26 million in June 2016 to EUR 20 million in June 2017, excluding one-off events;
- Net loans to deposits ratio improved, from 0.81 in 2016, to 0.73 in 2017;
- Excellent ROE, at 15 per cent, resulting from the sound business model, based on responsible and balanced growth.

In the first six months of the year, Raiffeisen Bank continued to finance all customer segments and invest in technology, in order to simplify their interactions with the Bank.

The Bank's net loans increased in the past 12 months by 3 per cent, to 4.32 billion; new loans amounted to EUR 1.4 billion, of which more than a third was granted to private individuals.

As for large corporate, the Bank recorded increased financing in areas such as: health services, infrastructure, retail, auto, procurement, but also in real estate, by successfully financing and refinancing relevant projects in Bucharest, Cluj Napoca or Timisoara.

The Bank's efforts in providing accessible financing solutions to local businesses are reflected in our preoccupation to provide easy financing to small and medium enterprises. In May 2017, Raiffeisen Bank signed two new agreements with European Investment Fund (EIF), amounting to EUR 387 million in total, under COSME and SMEs Initiative programs, which will facilitate SMEs' access to funds for the next three years. In the first part of the year, the balance of loans to SMEs increased by 10 per cent. At the same time, SME customers became more active in terms of transactions, thus performing around 3.6 million operations. SME deposits also did well, increasing by approximately 30 per cent.

In order to support entrepreneurs in expanding and managing their businesses more efficiently, the bank launched at the beginning of the year the "Catalizator" platform.

This program is structured in practical sessions and addresses important topics for entrepreneurs who have reached a certain business consistency (e.g.: how to build a successful business strategy and organizational culture, how to promote brand image, financial management, sales growth, team management etc.). Moreover, this program aims to facilitate building a healthy business community that shares ideas, business opportunities and valuable business relationships.

In the first half of 2017, the Bank was also active in transactions on the capital market. Raiffeisen Bank was part of the intermediation consortium for the largest secondary IPO of a company listed on the Bucharest Stock Market (RON 945 million) – Digi Communications NV, majority shareholder of RCS&RDS, one of the main telecommunications services providers in Romania and Hungary.

Current accounts of individuals and small and medium enterprises increased significantly (+30 per cent) and remained the main driver behind the advance in customer deposits (+14 per cent year on year, up to EUR 5.90 billion). Given the current historic low interest rates, this development reflects our customers' confidence in the Bank.

The increase in loans consequently determined a small advance of 1 per cent in net interest income, our main income source. The Bank's total income, however, of EUR 217 million, slightly decreased by 4 per cent (not including the 2016 Visa transaction). Main reasons behind the decrease are the digitalization of our services, together with the launch of new current account bundles, lending and saving products, at advantageous prices for customers.

At the same time, the Bank's operational expenses increased by 3 per cent, up to EUR 131 million, due to, among others, cash transportation and processing costs, in line with market trends. We continued to develop our digital capabilities, to eliminate complexity in our processes and introduce innovative ways to do things, and the resulting savings were redirected towards strategic initiatives.

The decreasing trend in terms of loan provisions continued, in line with the positive economic evolution and the improvement of payment behavior among customers: provisions for impairment losses (without the influence of Datio in solutum law and Swiss franc loans discounted conversion) are down to EUR 20 million, compared to EUR 26 million at half-year 2016.

"Our half-year results come as a confirmation of our strong positioning on the Romanian market. This year marks our 20-year anniversary in Romania and I am very proud of our accomplishments so far. We will maintain our focus regarding the development of our current customer relationships, while attracting new customers to maintain a balanced and constant growth in all segments. At the same time, our efforts go towards innovation and simplification of banking interactions. Our

customers require a simpler and faster interaction with us, their expectations growing at the same pace with technology, and we have to meet them. The fact is that the face of banking is changing, and we want be more than part of the change, we want to be groundbreakers, as we succeeded so many times before”, said Steven van Groningen, President & CEO Raiffeisen Bank.

Raiffeisen Bank customers are using the electronic channels more and more

Raiffeisen Bank recorded a sustained growth in terms of alternative channels usage, with 344,000 active customers of electronic channels (online and mobile banking). Furthermore, the number of multifunctional machines reached 164 (compared to 83 at mid-year 2016), providing customers with access to current operations processing at any moment during the day. Electronic payments performed by companies through the Bank stood at 87 percent for SMEs and 96 per cent for medium and large corporates.

Raiffeisen Bank services approximately 2 million individuals, 100,000 SMEs and 5,700 corporates. The Bank’s network comprises 466 outlets, almost 1,100 ATMs, 164 MFM (multifunctional machines) and approximately 18,000 EPOS.

At mid-year 2017, the Bank had 5,190 employees, compared to 5,311 in June 2016.

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*All figures in this press release are in accordance with the International Financial Reporting Standards (IFRS) and are unaudited. They refer exclusively to Raiffeisen Bank S.A.’s results and may differ from those announced by Raiffeisen Bank International AG (RBI) for its overall Romanian operations.

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