

Raiffeisen Bank – net profit of RON 491 million for 2017

- Bank's total assets increased by 9 per cent in 2017
- Net profit also increased by 9 per cent, up to RON 491 million in 2017
- The Bank's loan portfolio reached RON 21.4 billion, up by 8 per cent
- Customer deposits increased by 13 per cent, despite low interest rates
- Non-performing loans ratio decreased to 6 per cent in 2017.

Bucharest, March 14, 2018 – The Bank's assets increased by 8 per cent in 2017 to RON 36.1 billion. The loans to customers were, once more, the main driver behind this positive development, as they increased by 8 per cent, from RON 19.8 billion (at year-end 2016) to RON 21.4 billion in 2017. The Bank's financial performance remains excellent, while the net profit increased by 9 per cent, from RON 452 million in 2016 to RON 491 million in 2017. The return on equity stood at 15.8 per cent, based on a sustainable organic growth model.

"Our responsible and balanced growth strategy is noticeable in the progress of customer loans: the loan balance increased by 9 per cent for individual loans, and by 11 per cent for SMEs, while lending for medium and large companies advanced by 10 per cent. We are very pleased with the evolution of new loans in 2017, which are up by 19 per cent compared to 2016 to RON 13.6 billion. Almost 60 per cent of these were contracted by local entrepreneurs and large companies, 21 per cent more compared to the previous year", said Steven van Groningen, President & CEO, Raiffeisen Bank.

The structure of the loan portfolio remained stable in 2017, with 57 per cent of loans going to individuals and 43 per cent to companies. Loans for investments, trade finance and circulating capital, major projects' financing and collaboration with the European Investment Fund (COSME Program) contributed to this positive development. In 2017, Raiffeisen Bank granted individuals new loans for personal needs and housing acquisitions amounting to more than RON 4.7 billion, up 16 per cent from 2016.

More than half of the individual who own current account bundles have opted for the "Zero" version to manage their savings and operations as efficiently as possible. In fact, the inflows into current accounts led to a 13 per cent increase in customer deposits, from RON 26.4 billion at year-end 2016 to RON 29.7 billion in 2017.

Raiffeisen Bank has one of the best private banking services on the market and manages assets exceeding RON 5.6 billion for the clients who use its consultancy services, financial instruments and related services.

"We enjoy a variety of funding sources that will enable us to continue financing the economy in the future, in a responsible and sustainable manner. Our capitalization is also solid, with a solvency ratio of 15.9 per cent in December 2017", added Steven van Groningen.

The Bank's revenues amounted to RON 2,044 million in 2017, slightly higher compared to the previous year, when they stood at RON 2,034 million (if revenues amounting to RON 95 million lei from the VISA transaction are excluded). The upward trend of the net interest income continued in 2017, + 4 per cent compared to 2016, slightly below the growth rate of the loan portfolio. The operational bundles offered to customers at low costs and the migration to digital trading channels bring significant long-term benefits to both the bank and its customers.

The bank's operating expenses increased by 7 per cent in 2017, to RON 1,208 million. Investments in technology, digitization and simplification have influenced this growth. The Bank will continue to invest considerable amounts in 2018 in the digitization process, as the future belongs to quality, easily accessible and fast products. At the same time, the costs rose at economic level, mainly due to significant wage increases and to inflation returning in the positive territory, and these elements influenced the Bank's operating costs.

Customers' payment behavior improved in 2017, both among the population and companies. The cost of risk in comparable terms (excluding non-recurring events in both periods) decreased by approximately 25 per cent compared to 2016. These positive developments are also found in the qualitative profile of the loan portfolio, with the non-performing loans rate falling by more than two percentage points from 8.2 per cent in 2016 to 6 per cent in 2017.

The direct and indirect taxes and charges borne by the Bank in 2017 exceeded RON 400 million.

The number of individual clients remained relatively constant in 2017 compared to the previous year, to 2 million. The Bank also has about 100,000 SMEs and 5,600 corporations in the portfolio.

At year-end 2017, Raiffeisen Bank had more than 475,000 online active clients (Mobile Banking and Internet Banking), with nearly a 100 per cent growth in the number of Smart Mobile customers. In 2017, the Bank's clients performed more than 16 million online transactions.

At year-end, the Bank had 5,190 employees (5,235 in 2016), and a network of 451 units (478 in 2016), more than 1,000 ATMs, 19,000 POS and 189 multifunctional machines.

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