

To: Bucharest Stock Exchange (BSE)
The Financial Supervisory Authority (FSA) – Financial Investments and Instruments Sector

Raiffeisen Bank - customer deposits increased by 21% and total assets by 20% (yoy)

- Customer deposits reached 43.4 billion lei in 2020, an increase of 21%, yoy;
- The bank's net loan portfolio was 28.6 billion lei, 5% larger than in December 2019;
- The bank's total assets increased to 51.3 billion lei, by 20%, yoy;
- Net profit decreased by 17% in 2020, compared to 2019;

Bucharest, March 17, 2021 - Raiffeisen Bank ended 2020 with a good financial performance, obtaining a net profit of 644 million lei, 17% lower than in 2019. This decrease was recorded, on the one hand, due to the evolution of the economy in a pandemic year, but also due to our conservative credit provision policy. Raiffeisen Bank capitalized on its experience and responsible behavior and came up with effective solutions during this period, assuming that figures are not the most important when facing a health crisis. The bank has taken steady and rapid measures to support its customers and partners: by exempting fees for electronic payments, sending cards by courier, speeding up payments for suppliers or rapidly digitizing services to the largest extent to limit as much as possible exposure to contagion.

"We are pleased with our achievements in 2020, a year that has tested our resilience and brought us challenges we have never dealt with before. For us, the main priority was and continues to be the safety of our clients, partners, employees, but also the support of the Romanian economy. In these unusual circumstances, we managed to increase the loan portfolio by 5% and generated, achieve a loan/deposit ratio of 66% and a return on capital (RoE) of 14%. What we know for sure today is that we will continue to sustainably finance the Romanian economy because banks are part of the solution, and there is an economic growth potential. The rate of non-performing loans has evolved unexpectedly well so far, we are at 3.8%, a level that decreased as compared to 2019. It remains to be seen how the quality of loan portfolios will evolve after the expiration of public and private moratoriums. If the economy recovers quickly, as we all expect, I believe that the risk of significant deterioration in loan portfolios will be greatly diminished", said Steven van Groningen, President & CEO of Raiffeisen Bank.

The bank's lending activity fluctuated strongly in 2020, from the first three months in line with the same period of the previous year, to a reduced volume in the second quarter and to monthly record volumes in the third quarter. Overall, 2020 marked a 5% increase in the net loan portfolio, compared to the end of 2019.

Always in times of crisis, people become more attentive to spending and save more, and Raiffeisen Bank enjoys the trust of its customers, so that deposits registered a strong increase of 21% in 2020 compared to 2019.

The net profit from 2020 has decreased by 17% compared to 2019, on the one hand because we took additional precautionary measures for possible damage to the loan portfolio, but also because we were

concerned to support customers in this difficult period by means of public and private moratoriums, with tax exemptions for electronic payments etc. All this influenced the bank's income and profit, even if the lending activity grew at a sustained pace in Q3 and Q4 2020.

Net interest income increased slightly compared to last year, amid higher loan volumes, while net commission income decreased year-on-year by 10%. This decrease was the effect of a lower transaction activity in Q2, during the lockdown, but also of the large-scale migration of customers to online payment solutions, cheaper and more efficient. However, the bank's total revenue registered a decline of 2% in 2020, as compared to 2019, reaching 2.6 billion lei.

Operating expenses (of approximately 1.4 billion lei) increased by 4%, compared to 2019, especially on the two important components for the bank's further growth strategy, personnel expenses and IT-related expenses.

Lending activity for Raiffeisen Bank increased in 2020 across all customer segments

By continuously adapting lending solutions for individual customers, the bank managed to reach a record-level performance in the second half of 2020, reaching a market share of consumer loans of 24% in August 2020, and real estate loans had a progress similar to 2019, despite the impact of COVID-19. Also, Raiffeisen Bank quickly adapted to the legislative changes brought by the NBR Regulation 8, offering customers the possibility to refinance their existing loans on extended loan terms up to 8 years. The bank allows PI customers to contract a personal loan 100 % online, signing the documents remotely through a qualified electronic signature. In 2020, the number of customers who opted for Flexicredit 100% online increased by 6% compared to 2019, and the volume of digitally initiated loans increased by 14%.

SMEs loans' balance increased by 12%

In 2020 the SME segment registered a credit balance increase of over 12%, supported by the SME Invest program, over 2,400 companies benefiting from such financing, but also from the programs developed with the European Investment Fund (EIF), where over 1.500 SME customers received loans. Raiffeisen Bank participates in the APIA certificate discounting program, 848 farmers thus ensuring their working capital during the fall of 2020. Through the "Factory by Raiffeisen Bank" program, designed for startups, 112 entrepreneurs received funding for developing their business ideas. The initiative supports Romanian startups oriented towards innovation, contributing to the development of an ecosystem and supporting sustainable economic growth. Since last year, the bank offers the option to pay in installments (3, 6, 9 or 12 months) for Visa Business credit card holders. It is a unique product in Romania, which offers flexibility to corporate clients for an efficient management of their expenses.

Raiffeisen Bank offered solutions to postpone the payment of installments for 1,800 SME clients, and for 1,600 companies offered grants by participating in the implementation of the financial support scheme, from non-reimbursable European funds. Under these conditions, the number of SME clients serviced by the bank increased by 7%, approaching the figure of 100,000.

Corporate clients continued their bank-financed investment plans

The main challenge in the first part of 2020 was to ensure liquidity and protection for large and medium companies' business by quickly and efficiently implementing measures that included: moratoriums, facility extensions, digital alternatives for remote collaboration, permanent advice on electronic fraud and so on. In the second half of 2020, the bank focused on offering financial alternatives to corporate clients both for working capital, but especially for investments. Corporations benefit from the financing programs carried out by Raiffeisen Bank, such as the European ones, SMEs and COSME, with low costs for guarantees or the EximCovid program, where funds are already available to companies.

The health crisis has accelerated the use of digital payments

The number of digital customers of the bank (those who use online and mobile banking apps) reached 870,000 in 2020. Transactions made by individuals by debit card at POS increased last year by 22% in number and by 20% in value. Online debit card transactions in e-commerce recorded even more spectacular increases, doubled in number and increased by more than 60% in value compared to 2019. At the same time, the number of cash withdrawal transactions from ATMs decreased by about 9%.

Transactions made through mobile and internet banking apps increased by 73%, so that during the year almost 12 million transactions were registered. The apps are used more and more intensely, the number of daily logins reaching 800,000 to 1 million.

Internet banking and mobile banking services are actively used by more than 85% of the bank's legal entities. At the same time, Raiffeisen Bank has invested in increasing digital interaction capabilities with companies, with over 98% of payment and foreign exchange transactions taking place on digital platforms. The bank also implemented the electronic signature, optimized the cash transport service, simplified processes and all these measures contributed to a better customer experience, while generating important effects of reducing the carbon footprint through lower paper consumption and fuel economy.

Raiffeisen Bank continues to be the leader on the Romanian credit card market, with a portfolio of over 540,000 cards and a market share of over 18%, growing during 2020. The co-brand credit card portfolio with eMAG has grown by 30% in 2020, up to 60,000 cards. Over 200,000 Raiffeisen Bank customers have chosen to use payment by card or phone through RaiPay, Apple Pay and Garmin Pay. The number of active debit cards exceeded 2 million.

The consistent investments in automated cash solutions, with 24/7 availability and the population trend to migrate their current payments towards digital environment allowed the gradual reduction, during 2020, of the bank's units number that carry out cash processing operations, to about 200 units. Consequently, in over 40% of the bank's units, our employees can focus on counseling and servicing activities, with higher added value for clients.

Customers affected by the pandemic have benefited from support measures

From our credit portfolio analysis of the clients requesting installments payment postponement, it shows a good behavior of the clients who resume their payments. About two thirds of customers resume their payments and come back up to date with the loans' payment. Less than a third of customers have difficulty returning after the moratorium expires. The bank keeps in touch with them and offers them the implemented restructuring solutions. It is an effort on both sides that is worth making.

Innovation and sustainability are the bank's priorities

In 2020, Raiffeisen Bank accelerated innovation and digitization projects, both in the area of products and services offered to customers, and in the areas of data management and process automation. In Q4 an end-to-end online SME lending platform, developed together with Qualitance, has been successfully tested with a limited number of customers and will be extended to the entire portfolio of SME companies in 2021. Also a mixed team from several countries of the Raiffeisen Bank International group developed and tested, together with clients from Romanian companies, a real-time foreign exchange platform, Rflex, also launched to a limited number at the beginning of 2021.

"No matter how difficult the pandemic was for all of us, we tried to see the opportunities and accelerate the adoption of innovations. I do not only mean new technologies or digital products, but also the way we organize our work - more flexible, in interdisciplinary teams, consulting and testing new products with customers and multiplying partnerships with other companies to offer our customers products and non-financial services ", explained van Groningen.

Sustainability, the direct environmental and social impact of the bank's operations, but also from the use of products by customers, is also a strategic direction.

"We have constantly sought, in recent years, on the one hand to reduce the carbon footprint resulting from our own operations, but especially to support the efforts of our customers in the transition to a green economy. In the context of the European Green Pact and the associated financial mechanisms, we are able to support clients with both adequate financing products and know-how about the opportunities they have in this direction" added van Groningen.

According to preliminary data published by RBI, about 26% of the group's green loan portfolio were, at the end of 2020, originated in Romania. At the same time, about 47% of new mortgages in 2020 were granted for energy efficient buildings (energy class A). The first investment product that includes ESG (environmental, social and corporate governance) criteria in its investment decision was launched in Q1 last year by Raiffeisen Asset Management and was well received by clients.

In fact, the RBI group has just announced that it will focus exclusively on financing renewable energy and will gradually reduce the financing of coal-based energy production. At the end of 2020, the group's exposure to such businesses represented 0.65% of the financing portfolio granted, and Raiffeisen Bank Romania's exposure to the coal industry was only 0.64% of its corporate loan portfolio.

Raiffeisen Bank Romania has over 20 years of activity on the Romanian banking market and over 2.18 million customers, individuals and legal entities. The bank has over 4,900 employees, 333 agencies across the country, 730 ATMs, 380 multifunctional machines (MFMs) and a network of over 23,500 POS.

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Phone / Fax No: +40 21 306 1000 / +40 21 230 0700

Unique Registration Code with the Trade Register: 361820

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The regulated market where the instruments are traded: Bucharest Stock Exchange