



**Raiffeisen
BANK**

Banking așa cum trebuie

WE BRING RESPONSIBILITY FORWARD

Sustainability Report
Raiffeisen Bank Romania
2017

CONTENTS

Welcome Message	5
2017 Highlights	6

1 COMPANY PROFILE

International Presence	16
20 Years of Local Footprint	18
Financial Summary	20
Organizational Structure	23
Corporate Governance Structure	25
Corporate Governance	29
Code of Conduct	30
Ethics and Anti-Corruption	31
Compliance with the Laws and Regulations	34

2 RESPONSIBLE BUSINESS MODEL

Principles to Which We Adhere	40
Sustainable Development Goals (SDGs)	42
Sustainable Business Approach	48
Materiality Assessment and Outcomes	50
Materiality Matrix	53
Stakeholder Categories and Communication	58
Affiliations, Partnerships & Initiatives for Sustainability	62
Recognition & Awards	64

3 RESPONSIBLE FINANCIAL PARTNER

Long-Term Commercial Relations	68
Retail Banking	70
Corporate Banking	74
Private Banking	75
Support for the Local Entrepreneurship	76
Responsible Financing	80
Customer Communication	82
Retail Customers in Vulnerable Situations and Financial Distress	84
Access to Financial Services	87
Digitalization of the Financial Services and Products	88
Risk Management	91
Approach and Classification	91
Social and Environmental Investment Risk	91
Responsible Supply Chain	93

4 RESPONSIBLE EMPLOYER

Our Team	97
Working Environment	102
Remuneration and Benefits Systems	106
Employee Training and Development	108
Performance Management	112
Programs for Employees	114
Employee Health and Safety	118

5 RESPONSIBLE COMMUNITY PARTNER

Community Investment Strategy	122
Financial Contributions	124
Volunteer Programs	127
Community Partnerships	130
Community Impact	135

6 RESPONSIBLE CONSUMER

Environmental Performance	142
Greenhouse Gas Emissions (GHG)	150

Objectives for 2018	152
About the Report	156
GRI Standards Content Index	159

WELCOME MESSAGE

Steven van Groningen

Președinte și CEO Raiffeisen Bank România

Dear friends,

Allow me to present to you, for the ninth consecutive year, the Sustainability Report of Raiffeisen Bank Romania.

Upon the celebration of 20 years of activity on the Romanian market, Raiffeisen Bank proudly continues its tradition of transparently communicating its non-financial results that have contributed to the construction of a strong and responsible business to all categories of stakeholders.

We choose to be responsible because we are aware of the importance of our activity within the Romanian ecosystem, of the role and impact we have on the financial and banking industry and on the development of the Romanian economy.

We continue to communicate actively with all stakeholder categories and we use their recommendations in order to constantly improve our processes and strategies underlying the development of our products and services that address the needs and high expectations of our stakeholders.

2017 also directed our focus towards digitalization and the adaptation of our services to the new tendencies in the technology field, answering the ever growing expectations of our customers. Therefore, we have improved the existing communication channels and developed applications so as to be able to provide the fastest products and services. Our continuous efforts have been confirmed by over 12,000 customers who have migrated, on a monthly basis, to the bank's digital channels and by over 475,000 users of the online platforms.

The fact that sustainability plays an important part in our business activity is demonstrated by the numerous projects and initiatives described herein, as well as by our capacity as member of

the local network of the United Nations Global Compact (UN Global Compact) since 2015.

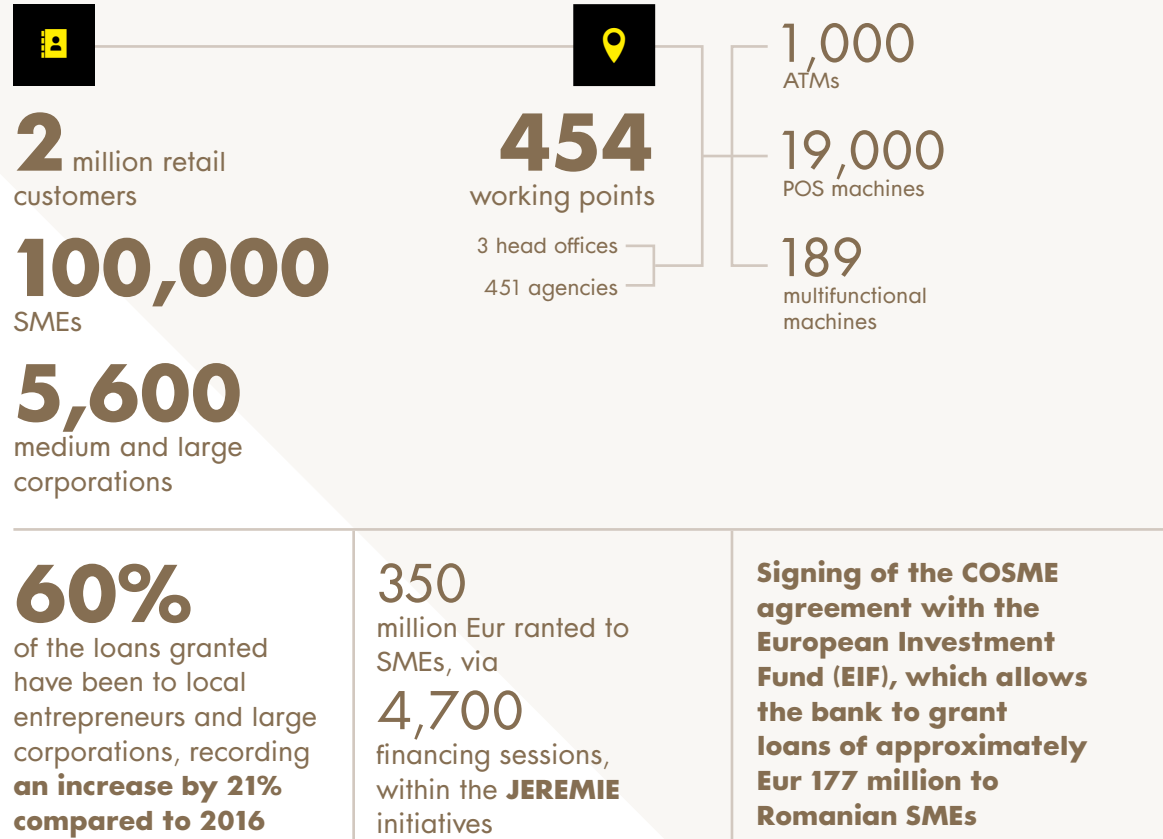
This report is drafted based on the GRI – Global Reporting Initiative Standards and reflects our commitment to contribute to the 2030 Agenda and to the 17 Sustainable Development Goals (SDGs), adopted by the United Nations Organization member states. As a supporter of the sustainable development principles, we believe it is our responsibility to support this global initiative as part of the bank's sustainable development agenda.

None of these things would have been possible without the dedicated efforts of our entire team, which, thanks to their professionalism proven on a daily basis, enable the development of a business that observes and adopts the highest standards in our field of activity.

Last but not least, I would like to thank to all those who contribute to the publishing of the bank's non-financial performances every year. Also thank you to all the partners for their support, suggestions and recommendations received constantly and for the vote of confidence granted to us every day. The successful collaborations, developed throughout the year, prove once again that our public accountability and the vision of a business, built on sustainable principles, are the pillars of our success and performance in all directions.

BUSINESS OVERVIEW

2017 Highlights



RESPONSIBLE FINANCIAL PARTNER



Moody's Investors Service has revised the increasing ratings granted for deposits in lei (short term and long term) of Raiffeisen Bank at **Baa2/Prime-2** from **Baa3/Prime-3**



BUSINESS OVERVIEW

2017 Highlights

RESPONSIBLE EMPLOYER



The IT application has been launched to assist the employees in the identification of a career path and in establishing their own professional development plan



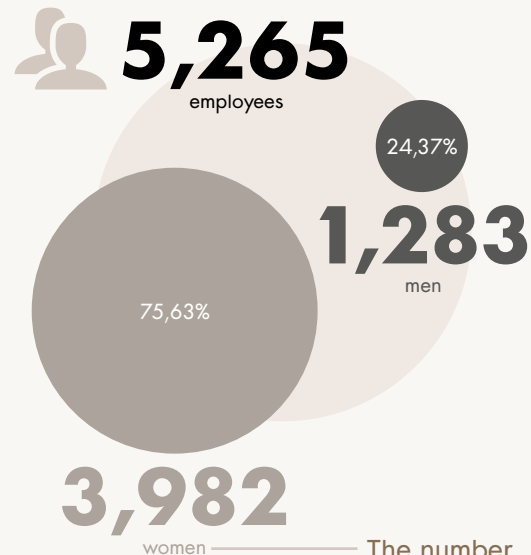
25,736
hours of professional training for the bank's employees have been organized

The
Raiffeisen Banking University
Program

50
lectors have held
132
training sessions for
1,900
colleagues

The
Rstyle
Program for employee well-being has recorded 3,000 unique participants and 140 events implemented

3,000
de participanți unici
140
de evenimente implementate



The number of women in management positions, within the B-1 and B-2 levels, has increased from 51.38% to **54.45%**

20

The "20 years together" caravan has been organized in 9 cities from Bucharest and the rest of the country in order to celebrate 20 years of Raiffeisen Bank presence in Romania



The implementation of the new performance management process has been completed

New behavioral standards and competence profiles for the positions in the agency market have been implemented

We continued the implementation of the projects to consolidate the **Employee Value Proposition** (EVP)



A new version of the internal platform

Your Voice,
has been launched, with **1,700**
new initiatives being recorded, 35% more than in 2016

Internships have been held for **400** students



2017 Highlights

RESPONSIBLE
COMMUNITY PARTNER

2,072,360 €

has been the total value of
sponsorship contracts

271,546

beneficiaries of projects imple-
mented with the aid of the bank

1,670,724 €

have been invested in community
programs and projects, according to
the LBG reference methodologyOn average, the community
partners have managed funds of
26,404 €The average contribution
per beneficiary has been
6.15 €The Raiffeisen Bank
contribution has been of
316 € per employee242
employees
involved in
volunteering
projectsThe company's
volunteers
have allocated
842 hours for
this type of
initiativeThe
**Raiffeisen
Community
Grant**program, reaching
its seventh editionhas attracted
253
community projects
and has rewarded
the best 10
with
10,000 €
eachTHE CORPORATE SOCIAL RESPONSIBILITY ANNUAL REPORT OF
RAIFFEISEN BANK HAS BEEN NAMED THE BEST NON-FINANCIAL
REPORT IN ROMANIA BY THE DELOITTE GREEN FROG AWARD 2017RESPONSIBLE
CONSUMERThe investments made by the bank in
2017, for the reduction of the energy
consumption, have amounted to

662,484 €

Materials that have
been recycledPaper consumption has
diminished by approximately
32.9%
compared to 2016

98,521 kg

of paper

1,044 kg

of lamp fittings

3,869 kg

batteries

2,533 kg

plastic

70,294 kg

WEEEs

The diesel and gasoline
consumption has recorded a
drop compared to 2016:

400 tons

of diesel fuel in 2017 compared
to 445.5 tons in 2016

66 tons

of gasoline in 2017, compared
to 151.10 tons in 2016

 ■ 2017
■ 2016
The bank has drafted
the first greenhouse
gas emission inventory

The Values, Mission and Vision of Raiffeisen Bank

Our values are:



INTEGRITY
LEARNING
RESPECT
PASSION

COLLABORATION
INSIGHT
SIMPLICITY

Our mission is:



To support the development of sustainable and prosperous communities.



To understand the needs of our customers and to help them reach their maximum potential.



To provide safety, consultancy and easy to use financial services.

Our vision for 2020 is:



To be Romania's preferred financial ecosystem

where

Our customers, employees and partners mutually share the experience and mobilize resources to generate value for everyone.

The background features several large, overlapping yellow geometric shapes. On the left, a large 'X' shape is formed by two intersecting bands. To the right of this, there are several other angular shapes, including a large triangle pointing downwards and various smaller polygons, creating a dynamic, abstract composition.

1

COMPANY PROFILE

International Presence

2017 was marked by the merger between Raiffeisen Bank International AG (RBI) and the Raiffeisen Zentralbank AG (RZB) parent company, for the purpose of improving the capitalization process of Raiffeisen Zentralbank and simplifying the group structure. After the merger, Raiffeisen Bank International AG took over all the rights, obligations and responsibilities of the Raiffeisen Zentralbank AG company, continuing to operate under the same name, respectively Raiffeisen Bank International AG.

With over 25 years of experience Central and Eastern Europe (CEE), Raiffeisen Bank International AG is a regional pioneer in the financial banking field. Raiffeisen Bank International AG is one of the most important bank groups in Austria and in Central and Eastern Europe (CEE), being present in 14 countries in the region, where it holds an extensive network of subsidiary banks, leasing companies and numerous specialist financial service companies.



16.5 million
customers



49,687
employees



>2,400
working points




>25 years
of operations
in Central and
Eastern Europe



listed on the
Vienna Stock
Exchange (ATX)

since **2005**

 Country 2017	Assets value (in millions of €)	Working points	Number of employees
Czech Republic	16,125	132	3,325
Hungary	7,040	71	1,993
Poland	11,724	237	3,871
Slovakia	12,606	190	3,867
Central Europe segment	47,495	630	13,056
Albania	1,883	78	1,229
Bosnia and Herzegovina	2,156	98	1,277
Bulgaria	3,723	136	2,576
Croatia	4,606	75	2,106
Kosovo	922	48	730
Romania	8,144	454	5,333
Serbia	2,277	89	1,541
Southern Europe segment	23,711	978	14,792
Belarus	1,518	90	1,906
Russia	12,060	185	8,229
Ukraine	2,004	500	7,997
Eastern Europe segment	15,582	775	18,132
Group Corporate & Market segment	41,435	25	2,680
Corporate Center segment	37,204	-	1,027
Reconciliation/ Other	(29,595)	-	-
Total	135,832	2,408	49,687

*source: investor.rbinternational.com/fileadmin/ir/2017_FY/2018-03-14_2017_Annual_Report_RBI.pdf

20 Years of Local Footprint

2017 has been the year when Raiffeisen Bank celebrated 20 years of presence on the local market, an opportunity to recognize the team efforts and to remember some of the most important achievements. Moreover, it has been a year when the bank focused on digitalization, the support of local entrepreneurs and the provision of financial solutions for SMEs, as well as on the involvement in the local communities where it operates.

The history of Raiffeisen Bank in Romania started in 1994, when the Austrian Bank Group Raiffeisen opened a branch in Bucharest. In 1997, such was transformed into a subsidiary of Raiffeisen Bank (Romania), providing services and products for companies. In 2002, the merger resulting from the absorption of Raiffeisen Bank Romania by the Raiffeisen Agricultural Bank occurred, by the issuance of shares, for the purpose of streamlining the operations of the Raiffeisen Group in Romania.

Raiffeisen Bank provides financial products and services for retail customers, SMEs and corporations, as well as bank investment or financial consultancy services, added to asset management services and leasing

services, via 454 business outlets (451 agencies and 3 head offices). Via its subsidiaries, Raiffeisen Bank is also active in other segments of the Romanian financial market: Raiffeisen Asset Management (investment funds management company), Raiffeisen Leasing (leasing company), Raiffeisen Housing Bank (first savings and lending bank in the residential housing field).

In 2017, Raiffeisen Bank serviced approximately 2 million retail customers, 100,000 SMEs and over 5,600 medium and large corporations. By the end of 2017, Raiffeisen Bank had recorded over 475,000 active customers in the online environment (via Mobile Banking and Internet Banking), with a rise of 98% for customers using



the Smart Mobile application. In 2017, the bank's customers made over 16 million online transactions. These figures represent the result of the efforts sustained by Raiffeisen Bank in order to improve its performance and respond to the community's needs and expectations.

By the end of 2017, the bank had 5,265 employees, and the network included 451 agencies, over 1,000 ATMs, 19,000 POS machines and 189 multifunctional machines. A series of changes occurred within the Raiffeisen Bank agency network structure in 2017: 27 agencies were closed, 2 agencies were relocated and no new agencies were opened.

- The bank's segments are in line with its product offerings:
- Retail Banking:**
 - ▶ Retail customers – individuals (with distinct offers for Premium customers as well as private banking services)
 - ▶ SMEs
 - Corporate Banking:**
 - ▶ Mid-market companies
 - ▶ Public sector
 - ▶ Large corporate
 - Treasury and Capital Markets:**
 - ▶ Financial institutions and brokerage services
 - ▶ Investment banking services
 - ▶ Asset management services

Financial Summary

2017 brought a sustained economic growth in Romania, with the Gross Domestic Product (GDP) rising to 6.9%. Similar to previous years, the private consumption has remained the main engine of the GDP increase in terms of request. In terms of demand, the gross added value for the industry and services has recorded solid increases.

The net value of loans granted by Raiffeisen Bank have had a similar ascending trend, with the percentage thereof rising by 8% (from Eur 4.35 billion in 2016 to Eur 4.61 billion in 2017). The loans newly approved by the bank have reached Eur 2.9 billion, of which almost 60% have been granted to local entrepreneurs and large corporations, rising by 21% compared to the previous year. The loans for investments, commerce financing and working capital, the financing of certain large projects and a good cooperation with the European Investment Fund have contributed to this remarkable evolution.



Although the market is dominated by extremely low interest rates, the deposit base for customers has increased by 13%, a result that we have managed to consolidate over the 20 years of responsible and customer-oriented banking services.

As a result, the bank has recorded a net profit of Eur 106 million, 6 million Eur more than in 2016. According to the consolidated financial statements that have been prepared according to the International Financial Reporting Standards (IFRS), adopted by the European Union, an increase of 14% of earnings per share has occurred. No changes in the capital structure of the Bank occurred in 2017.



Description (THS EUR)	2016	2017
Direct economic value generated by:		
► Revenues	377,718	397,205
Economic value distributed:	(277,741)	(291,255)
► Operating costs	(140,788)	(155,156)
► Employee wages and benefits	(116,819)	(116,128)
► Payments to shareholders	-	-
► Payments to government/state	(20,134)	(19,971)
Economic value retained (calculated as "Direct economic value generated" less "Economic value distributed")	99,977	105,950
Total value of sponsorship expenses	(1,919)	(2,072)

Description (THS EUR)	2016	2017
Profit & Loss		
Net interest income	245,955	248,479
Net commission income	134,588	122,584
Trading profit	66,551	67,037
Administrative expenses	(257,607)	(271,284)
Profit/(loss) before tax	120,111	125,921
Profit/(loss) after tax, before the net income obtained from the sale of interrupted activity	99,977	105,950
Net profit for the year	99,977	105,950
Number of ordinary shares	12,000	12,000
Earnings per share (in EUR/share)	8,331	9,284

Description (THS EUR)	2016	2017
Balance sheet		
Loans and advances to banks (including placements with banks)	120,272	18,411
Loans and advances to customers	4,351,593	4,605,596
Deposits from banks	128,386	109,274
Loans from banks	250,509	51,725
Deposits from customers	5,809,571	6,392,937
Equity (including minorities and profit)	709,947	757,466
Balance-sheet total	7,359,409	7,757,650
Regulatory Information		
Risk-weighted assets, including market risk	4,289,636	4,482,211
Total own funds	779,581	713,369
Total own funds requirement (RWA*8%)	343,171	358,577
Excess cover ratio (Own funds-capital requirements)	436,410	354,792
Core capital ratio (Tier 1), including market risk (Tier 1 ratio = Tier1/RWA)	14.66%	13.47%
Own funds ratio	18.17%	15.92%
Performance		
Return on equity (ROE) before tax	17.91%	18.73%
Return on equity (ROE) after tax	14.91%	15.76%
Cost/income ratio	58.46%	56.78%
Return on assets (ROA) before tax	1.70%	1.71%
Risk/earnings ratio	42.24%	28.87%

According to its Sponsorship Policy, the bank does not issue any financial or in-kind contributions, nor participate in any kind of contribution to political parties or affiliated institutions of individual politicians. In 2017, the bank did not receive any state aid from the Romanian Government.

ORGANIZATIONAL STRUCTURE

The bank’s management team, committees and corporate structure play an important part in the establishment, communication and implementation of policies and procedures, as well as in the support of a transparent and responsible management style.

A fair behavior towards the customers and towards the partners, as well as the bank’s stability on the local market generate trust, essential for a proper functioning of operations and for the long-term development of the business. Raiffeisen Bank strictly observes the rules and strict standards of the RBI Group, as well as the operational directions to be followed and integrated in the manner of conducting business.

Shareholders Structure:

99.925%

Raiffeisen SEE Region Holding GmbH

0.075%

Other entities

The shareholders structure is completely private. The Romanian Government is not present in the shareholders structure of the company.



ORGANISATIONAL
STRUCTURE OF THE
BANK

as of December 31st, 2017

President <ul style="list-style-type: none">• Audit• Legal & Corporate Governance• Human Resources• Communications & Public Relations• Compliance	Financial Controlling & Accounting Vice-president <ul style="list-style-type: none">• Accounting• Controlling & Cost Management Department• Business Intelligence Department	Risk Vice-president <ul style="list-style-type: none">• Non-Retail Credit Risk• Leasing Risk Department• Retail Risk• Credit Restructuring & Recovery• Group Risk Controlling & Portfolio Management• Risk Architecture & Early Warning Signs• Collateral Department	Retail banking Vice-president <ul style="list-style-type: none">• Marketing• Card Administration Department• Merchant Acquiring & E-Commerce• Private Individual Customers• SME• Sales & Service Department• Retail Sales Management & Analytics• Retail Regions
Corporate Banking Vice-president <ul style="list-style-type: none">• Large Corporate• Regional Corporates & Public Sector• Cash Management• Corporate Credit Products• Project Finance• Sales Mangament & Corporate Support Department	Treasury & Markets Vice-president <ul style="list-style-type: none">• Capital Markets• B/S & Portfolio Management• Economic & Sectorial Research• Financial Institutions & GSS• Investment Banking Department• Middle Office Department	Operations & IT Vice-president <ul style="list-style-type: none">• Project Management Office Department• Organisation & Processes ICS Department• Innovation & e-Banking Department• Security Department• IT• Operations• Brasov Operational Center• Procurement and Facility Management	

CORPORATE
GOVERNANCE
STRUCTURE

The administration of the bank is performed by a dual management system which consists of the Management Board and the Supervisory Board. The Management Board ensures the running of the current bank activity, while the Supervisory Board exercises a global control over the management activity carried out by the Management Board.

THE SUPERVISORY BOARD

The role of the Supervisory Board is to appoint and to advise the Management Board, as well as to supervise the fulfillment of its management and control responsibilities. In fulfilling its role, the Supervisory Board considers the interest of the Company, of the stakeholders and of the corporate responsibility principles in order to ensure a sustainable development of the company.

The Supervisory Board consists of seven members, appointed by the General Shareholders Meeting with a tenure of four years (structure available at December 31st, 2017):

Johann Strobl Chairman	Hannes Mösenbacher Member	Ileana-Anca Ioan Independent member
Martin Gruell Vice-chairman	Andreas Gschwenter Member	Ana Maria Mihăescu Independent member
Peter Lennkh Member		



COMMITTEES OF THE SUPERVISORY BOARD

The Supervisory Board has established five committees from its members:

Audit Committee (3 members): mainly approves the internal audit regulations, appoints auditors and ensures smooth cooperation during the audits	Nomination Committee (3 members): empowered to recommend to the Supervisory Board or the bank's GSM candidates for vacancies on both the Management Board and Supervisory Board	Remuneration Committee (3 members): concerned with the Board's remuneration while always considering the long term interests of the shareholders
Executive Credit Committee (2 members): decides credit lines and approves the granting of loans	Supervisory Board Risk Committee (3 members): provides consultancy to the Supervisory Board regarding strategy and risk and assists in strategy implementation	

THE SUPERVISORY BOARD

The Supervisory Board	Men		Women		Total	
	Number	%	Number	%	Număr	%
<30 years	0	0	0	0	0	0
30-50 years	2	29%	0	0	2	29%
>50 years	3	42%	2	29%	5	71%
Total	5	71%	2	29%	7	100%

Nationality of the Supervisory Board members:

5 foreigners 

2 Romanians 

THE MANAGEMENT BOARD

The Management Board ensures the management of the bank's current activities and comprises of 7 members appointed by the Supervisory Board for tenures of up to 4 years, with the possibility of being reelected for additional periods.

The members of the Management Board (structure available at December 31st, 2017) are:



Steven van Groningen President and CEO	Mircea Busuioceanu Vice-president, Risk Division
James D. Stewart, Jr. Vice-president, Treasury and Capital Markets Division	Bogdan Popa Vice-president, Operations and IT Division
Vladimir Kalinov Vice-president, Retail Banking Division	Mihail Ion Vice-president, Financial Controlling & Accounting Division
Cristian Sporiș Vice-president, Corporate Banking Division	

THE MANAGEMENT BOARD

The Management Board	Men		Women		Total	
	Number	%	Number	%	Number	%
<30 years	0	0	0	0	0	0
30-50 years	5	71%	0	0	5	71%
>50 years	2	29%	2	29%	2	29%
Total	7	100%	2	29%	7	100%

Nationality of the members of the Management Board:

3 foreigners 

4 Romanians 

In order to provide support in the management of bank operations, the Management Board has established nine committees, with distinct roles:

- Asset and Liabilities Committee
- Risk Committee
- Credit Committee
- Problem Loan Committee
- Private Individuals Credit Committee
- Project Portfolio Committee
- Rules and Procedures Committee
- Security Council
- Investment & Product Governance Committee

GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders (GSM) represents the supreme body governing the Management Board and the Supervisory Board. The meetings may be ordinary and extraordinary. The extraordinary GSM role involves decisions such as mergers or changes in legal forms and/or amendments to the articles of incorporation of the bank. The ordinary GSM approves the budget of revenues and expenses and the business plan, discusses and approves financial statements of the bank, while its members select, revoke or discharge members of Supervisory Board and consider the performance of Management Board.

CONFLICT OF INTEREST

The bank's Code of Conduct states that both members of the Management Board, as well as those of the Supervisory Board are required to declare any potential conflict of interest. The members of the Management Board must declare to the Supervisory Board all significant personal interests for the transactions involving both the bank, and the group companies, as well as any conflict of interest. Moreover, they must also inform the other members of the Management Board. The members of the Management Board occupying managerial positions within other companies must ensure a fair balance between the interests of the companies in question.

The members of the Supervisory Board must immediately report to the president of the Supervisory Board all potential conflicts of interest. If the president himself is faced with a conflict of interest, he must report it immediately to his vice-president.

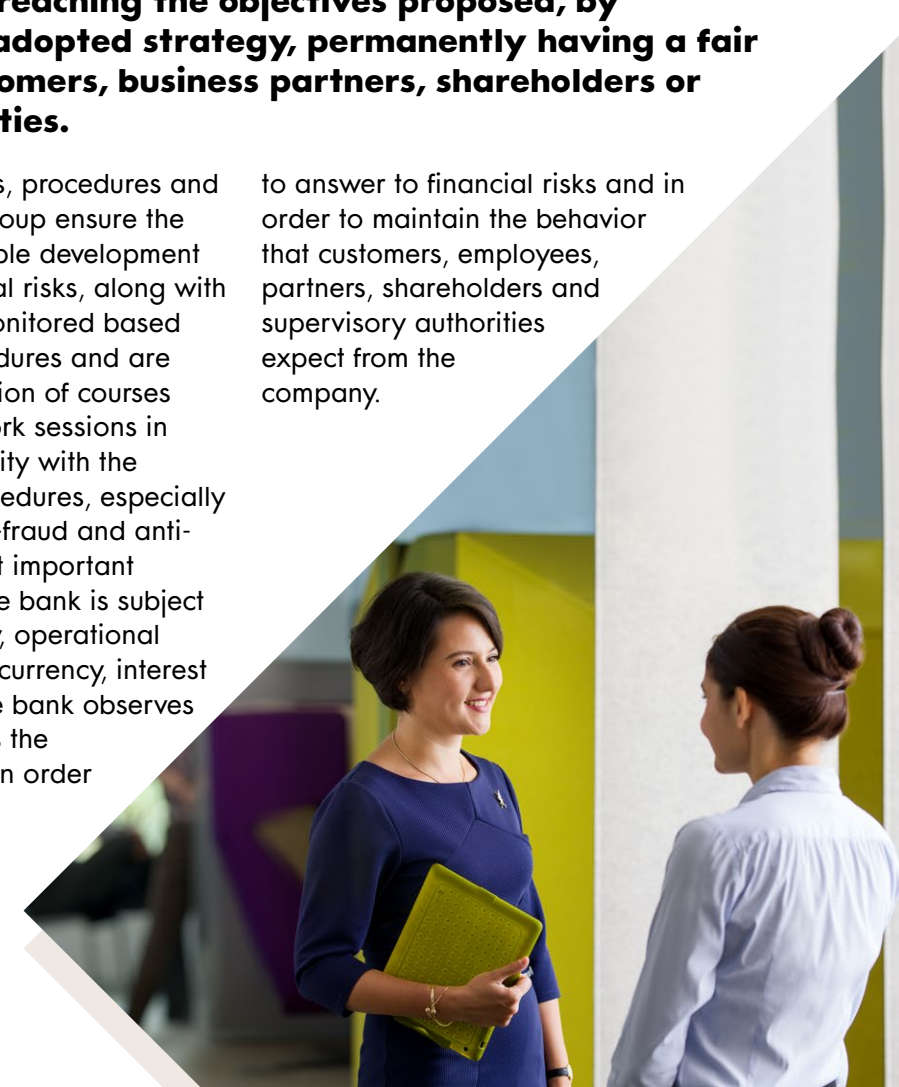
The company's contracts concluded with members of the Supervisory Board, obliging the same to provide a service in favor of the company or of a subsidiary, outside the obligations arising as members of the Supervisory Board, in exchange for a significant compensation, require the approval of the Supervisory Board. Such also applies to contracts with companies where a member of the Supervisory Board has a significant financial interest.

CORPORATE GOVERNANCE

Responsible and transparent management underlines the strategy and operations of Raiffeisen Bank. Corporate Governance represents a set of rules and practices under which the bank management exercises its management and control prerogatives for the purpose of reaching the objectives proposed, by implementing the adopted strategy, permanently having a fair conduct to the customers, business partners, shareholders or regulatory authorities.

The internal rules, policies, procedures and instructions sent by the group ensure the transparent and sustainable development of operations. Operational risks, along with the financial ones, are monitored based on pre-established procedures and are reduced by the organization of courses and online and offline work sessions in order to observe conformity with the internal policies and procedures, especially with the anti-bribery, anti-fraud and anti-corruption ones. The most important financial risks to which the bank is subject include crediting, liquidity, operational and market risks (foreign currency, interest rate and share price). The bank observes the principles and follows the transparent mechanisms in order

to answer to financial risks and in order to maintain the behavior that customers, employees, partners, shareholders and supervisory authorities expect from the company.





CODE OF CONDUCT

The Code of Conduct of the Raiffeisen Bank International AG Group is a set of mandatory rules and norms governing the daily activity of the bank. The aim to make profit does justifies no breach of the national legislation or of the Code of Conduct.

The Code of Conduct is based on the principle of business ethics and reconfirms values such as integrity, professionalism, service quality, customer-orientation, mutual respect, productivity and teamwork. The Code of Conduct must be observed by all bank’s employees, regardless of their role and professional experience, as well as by all suppliers, business partners acting on behalf of the bank. The Code of Conduct is based on the ethics principles of zero tolerance towards fraud, bribery and corruption and aims to discourage or eliminate any act of discrimination or harassment at the workplace. Moreover, it approaches features such as the conflict of interest, the protection of personal data and the confidentiality of information. Each year, all company employees must fill in a statement concerning potential conflicts of interest, for the purpose of reducing the associated risks and for the purpose of observing the laws in force and the provisions of the Code of Conduct.

The bank also observes the standards, rules and practices established by the Corporate Governance Code (CGC), issued by the Bucharest Stock Exchange.



The 7 values underlying the corporate culture of Raiffeisen Bank ensure compliance with the highest ethical standards and set the tone for behaviors in commercial relations, but also in the dynamics of our team:

- 🕒 **INTEGRITY**
- 📖 **LEARNING**
- ✂️ **RESPECT**
- ♥️ **PASSION**
- 🤝 **COLLABORATION**
- 👁️ **INSIGHT**
- **SIMPLICITY**

ETHICS AND ANTI-CORRUPTION

The company supports a zero tolerance policy towards acts of corruption, fraud, direct or indirect bribe, facilitation payments, political contributions or towards politically exposed persons, during its operations. Beyond their professional competences, ethics and integrity are values the bank has acquired and that govern its activity, both within, as well as outside the company.

In order to identify, prevent and fight against corruption, the bank assesses its operations on an annual basis in order to identify the potential risks associated with corruption. These risks are monitored and managed by the permanent update and communication of procedure policies via work courses and sessions.

Within the Induction session, each new employee must attend a session concerning compliance and the prevention of acts of fraud and corruption. New employees receive information guidelines on the manner of preventing fraud and acts of corruption, as well as on the manner of reporting breach situations within the internal regulation framework. Bank employees receive annual information on bribery and corruption for the purpose

of raising awareness, preventing and discouraging potential risks of an inappropriate behavior.

Annually, all employees pass online courses, followed by a test inspecting the knowledge acquired so as to establish a common level of understanding and awareness in terms of fraud and corruption. In 2017, out of the 5,265 employees, 4,504 took part in online courses concerning anti-corruption policies and procedures, 609 have attended in-class courses, and 661 suppliers were informed on the anti-corruption policies and procedures.



Employees (Anti-corruption policies and procedures training)	Employees informed	Employees trained through online channels	Employees trained through in-class training
Board members	100%	0	7
Employees	100%		
B-1*	100%	19	4
B-2**	100%	126	24
Other Management Positions	100%	521	313
Specialists	100%	3,838	261

* Board-1 represents the first level of management, after the top management/Management Board
* Board-2 represents the second level of management, after the top management/Management Board

A special department, within the company, monitors the compliance with the anti-fraud, anti-bribery and anti-corruption internal policies and procedures. Emphasis has been placed on the “Know Your Customer” (KYC) process, developed for identifying and verifying the identity of customers, anti-money laundering, terrorism financing and stock market manipulation.

Employees are encouraged to inform on any deviation or suspicion concerning fraud, bribery and corruption. The identification of frauds and acts of corruption and the reporting thereof have been actions encouraged and promoted by the members of the management team, especially after the implementation, in 2016, of the Common Reporting Standards for the automatic exchange of information. These standards are in line with the national legislation and with the bank’s requirements.

Also, all employees have the possibility to report anonymously any incident that might be related to corruption, money laundry and financial sanctions, internal fraud, external fraud and insider trading, conflict of interest, harassment, inappropriate behavior.

The bank offers to its employees two whistleblowing channels to be used in order to report any suspicion or deviation: a Whistleblowing Hotline and a Whistleblowing E-mail address.

The Whistleblowing Hotline (0800.894.440), in partnership with Expolink, an independent British company, provides whistleblowing services, creating the possibility for all the bank’s employees to anonymously report any breach regarding the Code of Conduct. The bank has received no complaints from the employees via the Expolink reporting hotline.



The Whistleblowing E-mail address can be accessed through the Intranet of the company, at the following link: www.raiffeisen.ro/despre-noi/guvernanta-corporativa/whistleblowing. In 2017, the bank received, from its employees, a total number of 11 intimations, out of which two were confirmed and nine were not confirmed. The subjects of the intimations targeted the following areas: seven of fraud, conflict of interest; two of human resources – inappropriate behaviour, inequality of the salaries and two targeted operational errors, non-fraud incidents.

The bank introduced, in 2011, in all of its contracts with suppliers, consultants and business partners, a compliance clause stipulating the obligation thereof to respect the bank’s Code of Conduct and the standards regarding bribery and corruption. If, throughout the fulfillment of contractual obligations, the contractual clause concerning the observance of the bank’s Code of Conduct is breached, the bank reserves the right to terminate the contract and to report the situation with the authorities. Throughout the reporting year, no corruption incidents have been recorded, no corruption actions have existed within the employees or partners and no contract has been terminated as a result of a failure to observe or breach of anti-corruption principles.



COMPLIANCE WITH THE LAWS AND REGULATIONS

All bank’s employees are liable for carrying out their duties to the highest standards of ethics and integrity and for observing the bank policies and procedures, which are governed by the principles of business transparency and responsibility.

The observance of the customers’ personal data is a priority for the bank. In May 2016, the General Data Protection Regulations were published for the purpose of standardizing the regulations concerning personal data protection within the European Union. These regulations shall be applied starting with May 2018. As a consequence, Raiffeisen Bank initiated in 2017 an internal process assessment process in order to identify the changes the bank is required to make in order to manage personal data, both for the retail customers, as well as for corporate customers and bank partners. However, the principles concerning customer data confidentiality and the management of personal data are already taken into account within the existing policies and procedures. The financial products and services provided by the bank must observe the national laws, strict rules and relevant standards in the financial and banking field.

COMPLAINTS AND FINES

In 2017, the National Authority for Consumer Protection received a number of 626 complaints (compared to 693 in 2016) concerning the products and services provided by the bank, which resulted in the recording of 47 incidents, of which 22 were fines and 25 were warnings. Of the total of 22 fines received from the National Authority for Consumer Protection, 2 fines concerned the failure to observe the laws in force concerning marketing

communication. All fines were paid in 2017, and some have subsequently been contested in court. Despite the bank’s efforts, 146 complaints concerning customer personal data protection have been addressed to the National Supervisory Authority for Personal Data Processing (NSAPDP) in 2017, resulting in 6 warnings and 2 fines, amounting to Eur 1,294.

Complaints, warnings and fines received/ authority	Year	Total number total complaints received	Warnings	Fines	Value of fines (in EUR)
National Authority for Consumer Protection (NACP)	2015	1,004	21	51	46,930
	2016	693	22	32	39,293
	2017	626	25	22	48,965
The National Authority for the Supervision of Personal Data Processing (NSAPDP)	2015	8	5	2	1,550
	2016	38	9	4	11,998
	2017	146	6	2	1,294

Throughout the reporting year, the bank received a total number of 64 fines, amounting to Eur 56,662.

These refer to:

- ① the failure to observe the regulations in the social and economic field
- ① the breach of the legislation concerning information confidentiality concerning customer personal data processing
- ① incidents of failure to observe the regulations or voluntary codes concerning marketing communication and product and services labeling

In 2017, the bank received 40 fines for failure to observe the road safety legislation, concerning ATM security or monitoring, legal fines, other than the ones applied by the National Authority for Consumer Protection or by the National Authority for the Supervision of Personal Data Processing.

- In 2017, the bank recorded no:
- legal proceedings for anti-corruption or monopoly practices
 - fines or warnings for the failure to observe laws or regulations concerning environmental protection or concerning sponsorship

Indicator (all amounts in €)	2017	2016	2015
The monetary value of significant fines for non-compliance with the laws and regulations concerning the provision and use of financial products and services (National Authority for Consumer Protection - NACP)	48,965	39,293	46,930
The monetary value of significant fines for non-compliance with the laws and regulations concerning customer personal data processing (National Authority for the Supervision of Personal Data Processing – NSAPDP)	1,294	2,656	1,550
The monetary value of significant fines for non-compliance with the laws and regulations in force (other than the ones received from the National Authority for Consumer Protection and from the National Supervisory Authority of Personal Data Processing)	6,403	5,284	12,488
The total number of fines for non-compliance with the regulations related to products and services (National Authority for Consumer Protection)	22 fines	32 fines	51 fines
The total number of fines regarding breaches of customer rights with respect to confidentiality of information or loss of customer data	2 fines	4 fines	2 fines

Disputes	Total number of disputes	Total number of disputes concluded in 2017	Number of disputes pending settlement at the end of 2017
Total disputes for the failure to observe the laws and regulations in force	5,936	1,640	4,296

MANAGEMENT OF COMPLAINTS RECEIVED FROM CUSTOMERS



Raiffeisen Bank has implemented an internal process that allows customers formally to record their complaints and feedback. The customers’ opinion is very important to the bank, therefore, it ensures that all customers submitting a complaint are treated according to the internal policies, so as to identify the best solution, as soon as possible. Although the number of complaints submitted by the customers via the internal channels has recorded a slight increase compared to 2017, the rate of positive resolution has increased to 86%, the highest percentage from 2011 to the present day.

The bank undertakes to permanently improve its relation with the customers and to efficiently respond to their requests so as to maintain and consolidate their trust.

Complaints	2017	2016	2015
No. of complaints from customers through internal channels	76,828	68,169	59,915
Positive resolution	86%	84%	82%
Loyalty customers with complaints	98%	98%	98%
Satisfaction with complaint process*	3.3	3.2	3.1

*Survey scale 1-5, 1=very unsatisfied, 5=very satisfied

DIGITAL SECURITY



Raiffeisen Bank aims to observe the good practice standards and recommendations in the field of digital security, both of those received at group level, as well as those implemented at a local level. Within Raiffeisen Bank, activity is managed by the CSO - Bank Security Department Manager, who answers directly to the vice-president of the Operations and IT Division. In order to fight against cyber crime, the bank has implemented solutions to protect the assets and transactions of its customers (retail customers, small and medium enterprises and corporations). The bank is making constant efforts in order to adapt its security measures and to increase the protection of its customers against continuous threats to information security. In defining the processes and controls, the bank observes the PCI-DSS, ISO27k security standards.

A man with grey hair and glasses, wearing a white textured sweater, is looking down at a stack of papers or a folder. The background is a bright, out-of-focus interior with yellow and white geometric shapes. A large yellow triangle is in the bottom right corner, partially overlapping the text.

2

**RESPONSIBLE
BUSINESS
MODEL**



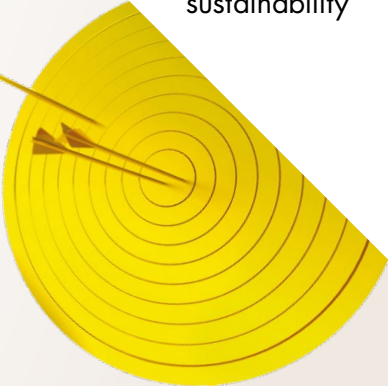
PRINCIPLES TO WHICH WE ADHERE

The 2 million retail customers, over 100,000 SMEs serviced and over 5,000 employees, working in 451 bank agencies, are the main figures attesting that the role of Raiffeisen Bank within the Romanian society is significant.

Our customer portfolio is built responsibly and is the result of two decades of constant development of the quality of our bank services and products provided. The bank is responsible for the management of its customers' finances and acts responsibly in all areas and throughout the territory, in order to positively influence the communities where it operates. In addition, it admits that the acquisition of sustainability

principles is more important than ever as it contributes to the global sustainable development agenda, to the long-term business development, it has a major impact on the efficiency of costs and it reduces the risks.

Raiffeisen Bank is one of the signing companies of the United Nations Global Compact and has assumed the observance of the ten principles. Such concern the responsible operation of activities, taking into account the observance of human rights, the provision of decent working conditions, environmental protection and the observance of anti-corruption rules. The United Nations Global Compact is the largest global network of companies cooperating for sustainable development.



THE TEN PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT



HUMAN RIGHTS

- PRINCIPLE 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and
- PRINCIPLE 2:** make sure that they are not complicit in human rights abuses.



WORK STANDARDS

- PRINCIPLE 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- PRINCIPLE 4:** the elimination of all forms of forced and compulsory labour;
- PRINCIPLE 5:** the effective abolition of child labour; and
- PRINCIPLE 6:** the elimination of discrimination in respect of employment and occupation.



ENVIRONMENTAL PROTECTION

- PRINCIPLE 7:** Businesses should support a precautionary approach to environmental challenges;
- PRINCIPLE 8:** undertake initiatives to promote greater environmental responsibility; and
- PRINCIPLE 9:** encourage the development and diffusion of environmentally friendly technologies.



ANTI-CORRUPTION

- PRINCIPLE 10:** Businesses should work against corruption in all its forms, including extortion and bribery.



SUSTAINABLE DEVELOPMENT GOALS (SDGs)

In order to help find a solution to global challenges, to the promotion of people’s well-being and to environmental protection, the international community of states making up the United Nations Organization (UN) adopted, in September 2015, the 2030 Agenda in the interest of sustainable development and the 17 Sustainable Development Goals (SDGs).

The 17 Sustainable Development Goals, entered into force on January 1st, 2016, aim to mobilize, in a common effort, all UNO member states in order to fight against poverty, inequality and to contribute to the control of climate change. Therefore, the goals select clear targets and request concrete actions in the direction of adopting policies, strategies and programs contributing to economic growth, considering a series of social needs for education, health, decent work conditions, equal opportunity, protection of terrestrial and marine ecosystems, responsible resource consumption etc.



We are aware that, regardless of the industry where they operate, each economic actor plays an important role in reaching these goals. Together, through responsibility, commitment and joint effort we can contribute to the adaptation of business models so as to actually contribute to the achievement of targets by 2030.

The bank focuses on the SDGs most important and relevant to its activity and which best complete the sustainability strategy. In the process of identifying relevant SDGs, the bank has taken the following criteria into account:

THE RELATION WITH RAIFFEISEN BANK:	IMPORTANCE:	IMPACT:
How close the SDG is to the company’s object of activity?	How important the bank’s contribution is in achieving such global objective?	How significant is the impact Raiffeisen Bank may have on the respective goal?



At the end of the assessment process, 8 SDGs, marked in the list above with a yellow arrow, have been established as relevant for the bank’s activity and shall be treated with priority during the following years. This reconfirms the material topics identified in the materiality assessment

conducted by the bank in 2017. Besides the 8 priority objectives, the projects implemented by the company contribute to achieving the targets of other 5 SDGs. The bank’s contribution to each objective is described below.



**SDG 1:
NO POVERTY**

The SDG sets out to end poverty in all its forms everywhere and in any context, to provide social protection for people living in poor or vulnerable situations, to increase access to basic services for all people and to support the population affected by serious climatic or other economic social or environmental problems.

Through its involvement, the bank addresses 5 of the 7 targets that the SDG proposes. The international agreements that the company signed with organizations like the European Investment Fund contribute directly to the mobilization of financial resources. These resources help develop programs and policies to address efforts for eradicating extreme

poverty in all its dimensions (Target 1a). The community programs that the company supports involve actions to eradicate extreme poverty (Target 1.1) and to reduce at least by half the proportion of men, women and children of all ages living in poverty (Target 1.2). The bank's access points located in economically underdeveloped regions and the solutions offered for customers in vulnerable situations and financial distress represent part of the company's efforts to ensure access to basic financial services for all people (Target 1.4.) and to reduce exposure and vulnerability of people to economic, social and environmental shocks and disasters (Target 1.5).



**SDG 4: QUALITY
EDUCATION**

The SDG sets out to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all people, especially people with disabilities, poor children coming from rural area and refugee children.

Education and professional development are aspects that the bank strongly supports either through its community investment or through the internal programs developed for employees or young graduates. Thus, the company contributes to 5 out of the 10 targets proposed by the SDG, namely: improving access to quality early education (Target 4.2), equal access for all women and men to affordable and quality technical, professional and tertiary education (Target

4.3), increasing the number of youth and adults who have relevant technical and vocational skills, for employment, decent jobs and education (Target 4.4), eliminate gender disparities in education and ensuring equal access to all levels of education and vocational training for vulnerable people (Target 4.5), and ensuring that learners acquire the knowledge and skills needed to promote sustainable development, human rights, gender equality, peace, non-violence and cultural diversity.



**SDG 3: GOOD
HEALTH AND
WELL-BEING**

The SDG aims to contribute to ensuring healthy lives and promote well-being for all at all ages. The bank addresses these aspects by encouraging employees to develop a balance between professional and personal life. The employee welfare program that the company offers to its team gives them the opportunity to attend workshops and events related to sports, nutrition, health, personal development, stress management and maintaining a psycho-emotional balance. At the same time, the bank's investments in environmental protection programs, together with promoting the alternative transportation, indirectly indirectly contributes to reducing the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination (Target 3.9).



**SDG 5: GENDER
EQUALITY**

The SDG promotes gender equality and empowering women and girls through 9 targets that address aspects regarding the fight against discrimination, education, equal pay, access to free health services etc.

The policies promoted by the bank contribute to ending all forms of discrimination against women (Target 5.1) and to support their full and effective participation and equal opportunities for leadership at all levels of decision-making (Target 5.5).



**SDG 7:
AFORDABLE AND
CLEAN ENERGY**

The SDG aims to ensure access to affordable, reliable, sustainable and modern energy for all.

The measures that the bank implemented in order to reduce its energy consumption and the amount of renewable energy provided by the supplier, are the ways the company indirectly contributes to 2 out of the 7 targets proposed by the SDG: increasing the share of renewable energy in the global energy mix (Target 7.2) and double the global rate of improvement in energy efficiency (Target 7.3).



**SDG 8:
DECENT
WORK AND
ECONOMIC
GROWTH**

The SDG focuses on promoting sustained and inclusive economic growth, full and productive employment and decent work for all.

The bank addresses 7 out of the 12 targets proposed by the SDG. The continuous investments in the digitization of the company's products and services contribute to achieving higher levels of economic productivity through technological upgrading and innovation, focusing on high-value added and labor-intensive sectors (Target 8.2). All these efforts are also reflected in the company's decreasing resource consumption that at the same time contribute to the progressively improvement of the global resource efficiency (Target 8.4).

The SMEs and local entrepreneurs programs developed by the bank support productive activities, decent job creation, entrepreneurship, creativity and innovation and encourage the formalization and growth of micro-, small-, and medium-sized enterprises, especially through access to financial services (Target 8.3)

The efforts that the bank makes to encourage women's participation in the recruiting process for leadership positions and the equal pay policy for all employees regardless their gender, contributes directly to achieving full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value (Target 8.5). The programs the company developed to attract young talents offers young people employment opportunities, thus reducing the proportion of youth not in employment, education or training (Target 8.6).

Continuous investment in employees' health and safety protect their rights and contribute to promoting a safe and secure working environment for all workers (Target 8.8).

The bank's responsible behavior ensures that its services do not contribute to the customers' over-indebtedness. This, and the efforts to offer clients high-quality services, encourages expands access to banking and financial services for all (Target 8.10).



SDG 9: INDUSTRY, INNOVATION AND INFRASTRUCTURE

Through the 8 targets that it proposes, the SDG aims to contribute to building resilient infrastructure and promoting inclusive and sustainable industrialization, fostering innovation.

The bank’s investments for the local communities and programs for encouraging alternative transportation, indirectly contributes to developing quality, sustainable and resilient infrastructure to support economic development and human well-being, with a focus on affordable and equitable access for all (Target 9.1) and at the same time, to improving infrastructure and adoption of clean and environmental sound technologies (Target 9.4).

The partnerships that the bank has with international organization increase the access of small-scale and other enterprises to financial services, including affordable credit (Target 9.3).



SDG 10: REDUCED INEQUALITIES

The SDG aims to reduce inequalities at national and international levels, by promoting 10 targets in order to ensure equal opportunities and eliminating discriminatory practices.

The bank supports and promotes social and economic inclusion for all people (Target 10.2) and offers

equal opportunities (Target 10.3) to all employees, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status, by promoting diversity and creating a working environment with zero tolerance for discrimination.



SDG 12: RESPONSIBLE CONSUMPTION AND PRODUCTION

The SDG aims to ensure sustainable consumption and production patterns.

The company’s environmental protection policy promotes sustainable management and efficient use of natural resources (Target 12.2) and at the same time the environmental sound management of chemicals and all waste throughout their life cycle, in accordance with agreed international frameworks (target 12.4). The environmental protections actions implemented by the bank contribute to reducing the waste generation through prevention, reduction, recycling and reusing (Target 12.5).

The bank is also a pioneer in regards to non-financial reporting and encourages all companies to adopt this sustainable practice and integrate sustainability information into their reporting cycle (Target 12.6).



SDG 11: SUSTAINABLE CITIES AND COMMUNITIES

The SDG aims to make cities and human settlements inclusive, safe, resilient and sustainable.

The bank’s community investments and its partnerships with the civil society representatives indirectly supports efforts to ensure access for all to adequate, safe and affordable housing and basic services (Target 11.1), to provide people access to safe, affordable, accessible and sustainable transport systems (Target 11.2) and to strengthen efforts to protect and safeguard the world’s cultural and natural heritage (Target 11.4).

Financing sustainable construction and waste management projects, the company indirectly contributes to the enhancement of an inclusive and sustainable urbanization (Target 11.3). The measures implemented to reduce the waste resulted from

the company’s activities and to decrease the greenhouse gas emissions, contribute to reducing the environmental negative impact, including by paying attention to air quality and municipal and other waste management (Target 11.6).



SDG 13: CLIMATE ACTION

The SDG promotes the need to take urgent action to combat climate change and its impacts.

The bank integrates in its environmental policies climate change measures (Target 13.2) and promotes among its employees the adoption of an environmental friendly behavior, in order to improve education, awareness and human capacity to reduce the environmental impact causing climate change (Target 13.3).



SDG 17: PARTNERSHIPS FOR THE GOALS

The SDG aims to strengthen the means of implementation and revitalize the global partnership for sustainable development.

The bank implements actions that mobilize additional financial resources for developing countries (Target 17.3).

In addition, the company supports the global partnership for sustainable development (Target 17.16) by joining the United Nations Global Compact Network, encouraging, and promoting effective civil society partnerships (Target 17.17) through the many initiatives that the bank supports and engages in.



SDG 16: PEACE, JUSTICE AND STRONG INSTITUTIONS

The SDG promotes peaceful and inclusive societies for sustainable development, access to justice for all and the construction of effective, accountable and inclusive institutions at all levels.

The Code of Conduct governing the bank’s day-to-day activities and its ethics and anti-corruption policy contribute to the efforts to substantially reduce corruption and bribery in all their forms (Target 16.5). Also, the company publicly and transparently communicates its work on compliance with national laws and international agreements (Target 16.10).

Raiffeisen Bank proactively promotes projects and programs contributing to the support of the targets and objectives set. Two years from the entry into force thereof, the company decided to include in this report a cartography of actions and measures implemented in 2017 and which have had a positive influence in the direction of the targets set by the 17 SDGs.



SUSTAINABLE BUSINESS APPROACH

Sustainability has always been a fundamental principle of the activity of Raiffeisen Bank and an indicator for measuring success. The bank has the privilege of being part of a robust financial and banking group, which deems sustainability to be a priority.

During the last 20 years of presence on the Romanian market, Raiffeisen Bank has combined financial success with responsible involvement, in social and environmental protection. Therefore, the bank understands that sustainability means responsible business activities that aim for a positive, long-term economic outcome, considering the social aspects and those concerning environmental protection.

The objective of the bank is to focus on the areas with a significant potential of making a difference. This means a continuous improvement of the impact of business activities and the development of methods to measure and inspect this impact.

A sustainable approach by the bank mainly focuses on the following our pillars: responsible financing, workplace, society and environment - according to the international approach of the sustainability principles.

CORPORATE GOVERNANCE AND PERFORMANCE

Corporate governance and business ethics · Anti-corruption · Management & leadership · Stakeholder engagement · Innovation · Public policy · Anti-competitive behavior · Financial performance · Market presence · Indirect economic impacts



MATERIALITY ASSESSMENT AND OUTCOMES

For 20 years, Raiffeisen Bank has been playing an important role in the economic development of Romania, via the promotion of transparent and responsible business practices, by supporting local communities and by the contribution to the increase in the level of awareness of issues concerning environmental protection.

The sustainability principles are integrated in the policies and procedures guiding the company. All such are developed by taking into account the experience of the company's management, as well as the suggestions, recommendations and needs of the stakeholders: employees, customers, suppliers, community partners, regulatory organizations and authorities, the media, professional associations, local communities and supranational bodies.

The materiality assessment, carried out in 2017, helped us prioritize topics of interest (material) for the company and concomitantly confirmed once again the interest and attention of stakeholders to the sustainable development issues specific to the financial and banking sector.

Consultations carried out for the prioritization of material topics have been carried out in two phases:



INTERNAL PHASE: entailed the consultation of the management team in order to identify the topics what mostly influence the bank's impact from an economic, social and environmental protection perspective.



EXTERNAL PHASE: entailed the consultation of each stakeholder category, via a representative survey in order to determine the topics that mostly influence the decisions and perception of the bank.

Following the stakeholder (internal and external) consultation process, the bank has received valuable recommendations and proposals for improvement, and the most frequent ones aimed at:



- Innovation and the digitalization
- Internal communications and organizational culture
- Simplifying the internal processes
- A better communication of the bank's business strategy
- Involvement in the education field (financial education, entrepreneurship education and access to education) for children and young people
- Establishment of partnerships with the local authorities in the cities where the bank has agencies, in order to find means of improving the lives of citizens via various programs
- Identification of new means for the management of customers who fail to pay their debts on time
- Creation of benefit packages or plans for regular customers
- Promotion of an ethical and responsible management style in Romania

Following the performance of the external survey, 728 valid responses have been obtained, a statistically relevant number for each stakeholder category. The methodology used for this survey was the online interview (via the Computer Assisted Web Interview – CAWI technique), coupled with phone interviews (Computer Assisted Telephone Interview – CATI).

The survey has been performed in cooperation with the 360Insights market research agency. The following stakeholder categories took part in the survey: customers (retailers, SMEs and corporations), employees, suppliers and service providers, NGOs, mass-media and bloggers, business and professional associations, authorities and regulators and supranational organizations. The representativeness of the survey for various stakeholder categories is only useful because the results obtained may also be used for business decisions, other than the ones subject herein.



The bank admits that it must continue the stakeholder consultation process, which entails a more active involvement thereof in the identification, selection and implementation of tactics for encouraging the contribution and involvement of each category. The consultation and dialogue processes must evolve, so that the bank may have a better understanding of the needs, opinions and proposals of each stakeholder category.



IDENTIFICATION OF POTENTIAL TOPICS

List potential topics from various internal and external sources



SHORTLISTING OF TOPICS

Company representatives evaluated and selected the most important topics



STAKEHOLDERS VALIDATION

Stakeholders ranked the selected topics based on their views and priorities



PRIORITISATION

The views and selected topics and outcomes of the previous 2 stages informed the list with the material topics for the reporting year



DEVELOPMENT OF MATERIALITY MATRIX

The material topics are placed in a Matrix and included in the report

MATERIALITY MATRIX

The results obtained following the bank’s stakeholders consultation process has helped us created the materiality matrix, the main work instrument for presenting the bank’s material topics. The material topics identified have been grouped into five categories:











Corporate Governance and Performance	1. Corporate Governance & business ethics	Workplace	15. Employment
	2. Anti-corruption		16. Occupational health and safety
	3. Management & leadership		17. Diversity and equal opportunity
	4. Stakeholder engagement		18. Training and education
	5. Innovation		19. Labor/management relations
	6. Public policies		20. Non-discrimination
Responsible Financing	7. Anti-competitive behavior	Society	21. Human rights assessment
	8. Financial performance		22. Volunteering and community development/investment
	9. Market presence		23. Socio-economic compliance
	10. Indirect economic impact		24. Social performance
			25. Local communities
	11. Customer privacy	Environment	26. Environmental performance
	12. Responsible products and services		27. Energy
	13. Marketing and labeling		28. Effluents & waste
	14. Procurement practices		29. Materials

RELEVANCE FOR THE
STAKEHOLDER CATEGORIES






















The bank understands that the materiality assessment is a dynamic process that must be regularly repeated in order to maintain its relevance to the company and to the stakeholders. As a result of this process, the bank has also determined that each material topic is relevant to a certain extent, both for the company, as well as for the stakeholders. The bank has decided to use the results of the materiality assessment for the following three years of non-financial reporting.

BOUNDARIES OF MATERIAL TOPICS

No.	Material topic	Boundary		Stakeholders	Reference in the report (page number)
		Inside the bank	Outside the bank		
1	Corporate Governance & business ethics	✓	✓		25-37
2	Anti-corruption	✓	✓		31-33
3	Management & leadership	✓	✓		6-11, 16-28
4	Stakeholder engagement	✓	✓		48-61
5	Innovation	✓	✓		77-79, 88-90
6	Public policies	✓	✓		23-29
7	Anti-competitive behavior	✓	✓		34-36
8	Financial performance	✓	✓		20-22
9	Market presence	✓	✓		20-28
10	Indirect economic impact	✓	✓		122-139

Părțile cointeresate

- Employees
- Customers (Retail, SMEs, Corporations)
- Suppliers and Service Providers
- Business Partners
- Community partners and NGOs
- Community at large and local communities
- Supranational organizations
- Authorities and regulators
- Business and professional associations
- Mass media and bloggers
- Shareholders
- Business Community

Responsible Financing						
11	Customer privacy	✓	✓		34-37	
12	Responsible products and services	✓	✓		68-75, 78-81, 84-90	
13	Product and service marketing and labeling	✓	✓		34-37	
14	Procurement practices for goods and services	✓	✓		93	
Workplace						
15	Employment	✓	✓		98-99, 106-108	
16	Occupational health and safety	✓	✓		116-119	
17	Diversity and equal opportunity	✓	✓		96-98, 106-108	
18	Training and education	✓	✓		109-113, 116-117	
19	Labor/management relations	✓	✓		102-117	
20	Non-discrimination	✓	✓		102-105	
21	Human rights assessment	✓	✓		102-105	
Society						
22	Volunteering and community development/ investment	✓	✓		122-139	
23	Socio-economic compliance	✓	✓		34-37	
24	Social performance	✓	✓		122-139, 142-150	
25	Local communities	✓	✓		76-79, 122-139	
Environment						
26	Environmental performance	✓	✓		80-81, 142-150	
27	Energy	✓	✓		145-148	
28	Effluents & waste	✓	✓		142-145, 149	
29	Materials	✓	✓		142-143	

STAKEHOLDER CATEGORIES AND COMMUNICATION

In order to permanently involve the stakeholders and to maintain an open communication with them, the bank engages in several forms of dialogue through the online communication channels - Internet and Intranet, organizes workshops and interactive conferences, surveys, consultations, training courses, discussions with experts and takes part in various local, national and international events on the sustainability topic.

The open and continuous dialogue with the stakeholders is an integral part of our organizational culture; helps us obtain balanced perspectives from within the organization and provides support in establishing references, strategic priorities and in the approach of future challenges.

The last consultation process carried out by the bank took place during the April - May 2017 period. Over 750 representatives of various stakeholder categories took part in consultation surveys and helped us prioritize topics of interest (material)

for the company and concomitantly confirmed once again the interest and attention of stakeholders to the sustainable development issues specific to the financial and banking sector.



The following table includes information on the manner in which the company communicates and interacts with its stakeholders, on various topics or fields of interest for the same, as such have been deemed as relevant in the materiality assessment.

Stakeholder Categories	Key Topics and Concerns	How we respond and engage
■ Employees	<ul style="list-style-type: none">• Culture and values• Working Environment• Benefits• Personal and professional development• Health and safety• Policies and procedures• Diversity and equal opportunity• Non-discrimination	<ul style="list-style-type: none">• Programs and initiatives for ensuring the balance between professional life and personal life - the RStyle program• The provision of instructions and professional training opportunities - the Raiffeisen Banking University program• Internal and external e-learning platforms• Initiatives to increase the employees' contribution to management decisions - Your Voice program• Annual employee opinion survey (EOS) for measuring the involvement level• Annual Internal Collaboration Satisfaction Survey (ICSS)• Stay In internal interview campaign• Increasing the presence of women in leading roles• Benefit packages• Internal communication channels (e.g. internal magazine Staff Only, Intranet)• Social media presence – Facebook, Linkedin, Instagram pages• Promotion of taking part in volunteering work
■ Customers (Retail, SMEs, Corporations)	<ul style="list-style-type: none">• Product and service sustainability• Accessibility and ease for accessing products and services• Maintaining savings security• Data and information confidentiality• Aspects concerning professional ethics• Sustainable financing• Bank Security• Ease of doing business• Transparency and integrity• Financial return• Bank social profile	<ul style="list-style-type: none">• Allotment of capital for financing projects that observe the sustainability criteria• Reduction of the CO2 footprint for digital solutions - Internet and Mobile Banking applications• Internal surveys among customers in order to obtain feedback on the satisfaction level concerning their interaction with bank's employees and the services provided• Development of innovative products and services• Compliance with the laws and regulations in force• Contribution to the stability of the financial-banking sector• Observance of the bank's Code of Conduct• Positive financial results• Position documents• Transparent communication via the company website• Social media – Facebook, Linkedin, Instagram pages
■ Suppliers and Service Providers (IT, non-IT and lease service providers)	<ul style="list-style-type: none">• Trustworthy partners• Transparency and integrity• Timely payment for products and services• Quality of commercial partnerships• Positive impact on the environment	<ul style="list-style-type: none">• Consolidation of communication• Commitment to ensuring supplier diversity and to developing the supply network according to the best sustainability practices.• Undertaking by the providers of commitment to the Code of Conduct• Cooperation with suppliers from the local community• Support for the local suppliers• Contractual clauses for complying with the national laws for environmental protection, in all contracts concluded• Transparent communication via the company website

<div><div></div><div>Business Partners</div></div>	<ul style="list-style-type: none">• Transparency and integrity• Adopting of certain business practices and of a responsible management style	<ul style="list-style-type: none">• Positioning of the bank as close as possible to the partners and customers• Customized contribution in different situations affecting the business area• Dedicated contact points• Transparent communication via the company website
<div><div></div><div>Community partners and NGOs</div></div>	<ul style="list-style-type: none">• Reduction of social inequality and poverty• Consolidation of the civil society• Approach to social and environmental protection challenges• Provision of continuous support for the development of local communities• Sponsorship and corporate volunteer work	<ul style="list-style-type: none">• Continuous financing of corporate social responsibility programs and projects• Establishment of strategic partnerships for the approach of social issues concerning environmental protection, human rights and labor conditions• Consolidation of the leader position in terms of the community involvement efforts• Active participation in supporting community initiatives• Joint initiatives and Partnerships• Maintaining support for small and medium NGOs via the Raiffeisen Communities grant program (www.raiffeisencomunitati.ro)• Transparent communication via the company website
<div><div></div><div>Community at large and local communities</div></div>	<ul style="list-style-type: none">• Reduction of social inequality and poverty• Consolidation of the civil society• Well-being of citizens• Financial education of citizens• Provision of permanent support to local communities• Increasing awareness for environmental protection challenges• Resolution of social challenges• Provision of jobs• Community support	<ul style="list-style-type: none">• Financing and participation in community projects• Organization of meetings, consultations and public surveys• Taking up the role of facilitator in various situations with an impact on the community• Supporting of urban ecology projects• Financial support for small and medium enterprises for local community projects via the Raiffeisen Communities grant program (www.raiffeisencomunitati.ro)• Financial and volunteer support for local community projects• Transparent communication via the company website
<div><div></div><div>Supranational organizations</div></div>	<ul style="list-style-type: none">• Transparency and integrity• Increasing the information level concerning the bank's financial and non-financial results• Public profile of the bank and of its employees• Observance of the national and international laws• Financial performance	<ul style="list-style-type: none">• Establishing partnerships and ongoing dialogue• Following the regulations and legislation in force• Annual Financial Report• Open communication

<div><div></div><div>Authorities and regulators</div></div>	<ul style="list-style-type: none">• Observance of a national and international legal framework• Sustainable financial development• Financial and non-financial performance	<ul style="list-style-type: none">• Support of the national economy• Equal employment opportunities• Human capital investments• Observance of the national and international laws• Public policies and legal proposals
<div><div></div><div>Mass media and bloggers</div></div>	<ul style="list-style-type: none">• Submission of correct and complete information, in due time• Adapted communication channels• Permanent communication• Easy access to information	<ul style="list-style-type: none">• Press releases with news about financial products and services provided by the bank• Online communication and meetings with press representatives• Dissemination of relevant information• Sustainability Report, created based on the international standards of the Global Reporting Initiative (GRI)• Annual Financial Report• Public consultation• Transparent communication via the company website• Articles in the specialized press, magazines and publications
<div><div></div><div>Shareholders</div></div>	<ul style="list-style-type: none">• Financial return and performance• Capital and leverage	<ul style="list-style-type: none">• Creation of added value - dividends• Transparent financial performance• Annual Financial Report• General Meeting of Shareholders• Dedicated department• Website with updated information• Relevant public statements
<div><div></div><div>Business and professional associations</div></div>	<ul style="list-style-type: none">• Active participation in the national agenda	<ul style="list-style-type: none">• Open communication• Active members

Following the consultation process, it was obvious that the stakeholders expect the bank to integrate social, financial and environmental protection topics in its activity on the long term. There are fields where the bank has proactively integrated sustainability principles in the creation of sustainable financial products and services, employee development and training programs, concerning the health and balance between professional life and personal life, or concerning community involvement.



AFFILIATIONS, PARTNERSHIPS & INITIATIVES FOR SUSTAINABILITY

Raiffeisen Bank is affiliated with the most important associations, councils and institutions promoting good business practices.

PROFESSIONAL ASSOCIATIONS <ul style="list-style-type: none">• Romanian Bank Association• Romanian Factoring Association• Romanian Pension Funds' Association (APAPR)• Romanian Association of Asset Managers• Romanian Electronic Payments Association (APEROP)	BUSINESS ASSOCIATIONS <ul style="list-style-type: none">• Foreign Investors Council (FIC)• Coalition for the Development of Romania• Romanian Business Leaders• Austrian Business Club Bucharest	CHAMBERS OF COMMERCE <ul style="list-style-type: none">• American Chamber of Commerce (AmCham) in Romania• Switzerland-Romania Chamber of Commerce• Romanian-German Chamber of Commerce and Industry (AHK)• Netherlands Romanian Chamber of Commerce (NRCC)• The Chamber of Commerce and Industry of Romania (CCIR)
	EMPLOYERS' ASSOCIATIONS <ul style="list-style-type: none">• Council of Banking Employers' Associations in Romania• Concordia Employers' Confederation	OTHERS <ul style="list-style-type: none">• Aspen Romania Institute (ASPEN)• Junior Achievement Romania• Romanian Green Business Council (RGBC)

PARTNERSHIPS & INITIATIVES FOR SUSTAINABILITY

United Nations Global Compact

Raiffeisen Bank, as a member of the Romanian Global Compact Local Network since 2015, has become part of a prominent group of companies who work together to overcome local and global sustainability challenges. The bank has taken on the role of a national leader and sets the example of excellence toward sustainability by acting upon and promoting responsible business practices.

Romanian Green Business Council - RoGBC

The Romanian Green Business Council is a non-government organization, which promotes environmental responsibility and energy efficiency for the duration of a building lifespan, from the design and construction phase to the operation and dismantling phase. Raiffeisen Bank has joined the group of companies who proposed the promotion of market transformation and the implementation of a new generation of green buildings.

Council of Banking Employers' Associations in Romania - Code of Good Bank Practices

The Council of Banking Employers' Associations in Romania has created and subjected the Code of Good Banking Practices to publicly debate, a set of good practices where all the participating banks, including Raiffeisen Bank, must adhere and observe in carrying out their activities. In 2017, before making the observance of this code mandatory, the council initiated a consultation process with the other members of the bank system, employees, authorities and especially customers, via consumer associations and organizations that represent them.

RECOGNITION & AWARDS

The bank's financial and non-financial performance is publicly recognized by the business community, specialized mass-media and by the civil society.

3

INTERNATIONAL AWARD

- The Best Private Banking Services in Romania Award, for Friedrich Wilhelm Raiffeisen, the Private Banking Division of Raiffeisen Bank Romania, awarded by the international publications Global Finance, Euromoney and Financial Times - The Banker & Professional Wealth Management
- Best Foreign Bank Award, granted by the EMEA Finance magazine (4th consecutive year)
- Best Investment Bank Award, granted by the EMEA Finance magazine

9

NATIONAL AWARDS

- Bank of the Year for Risk Management Award, granted by the Piata Financiară magazine, within the Piata Financiară Magazine Awards Gala
- Best Bank Team of the Year Award 2017, received by the Raiffeisen Bank financing team for active corporations in the real estate sector, granted within the 10th edition of the Construction and Investment Journal Romania Magazine Awards Gala (CEE CIJ)
- Best Use of Technology Award (for the best use of technology within a banking service), granted by the Business Arena Magazine within the Financial Leaders Hall of Fame Gala
- Mobile Payment Application of the Year Award - Smart Mobile, granted within the NoCash Awards Gala
- Issuer of the Most Active Business Cards Award, granted within the NoCash Awards Gala
- Innovative Bank of the Year Award, granted within the Online Banking Gala, by Finmedia



4

AWARDS FOR CORPORATE SOCIAL RESPONSIBILITY PROGRAMS

- Best Collection Agent Award, granted to Andrada Bajoveanu, within the Romanian Contact Center Awards Gala
- The Best Collection Team Manager Award, granted to Marius Tandara, Team Leader Retail Credit Collection, within the Romanian Contact Center Awards Gala
- Golden Award for Excellence for the "Together for 20 years" Campaign, in the Internal Communication category, within the PR Awards Gala

2

AWARDS GRANTED TO STEVEN VAN GRONINGEN, PRESIDENT AND & CEO OF RAIFFEISEN BANK

- The Special CEO FOR CSR Award, granted within the Romanian CSR Awards Gala
- The Banker of the Year Award 2016, within the Mastercard Bank of the Year Gala



3

RESPONSIBLE FINANCIAL PARTNER

LONG-TERM COMMERCIAL RELATIONS

For 20 years we have been acting responsibly in the relation with all stakeholder categories, especially in the relation with the customers, because this is part of our mission to provide quality services and products, adapted to their needs and user friendly.

As a responsible bank, the main objective of Raiffeisen Bank is to provide long-term added value. Therefore, we believe the granting of loans, in a responsible way, represents both our basic objective, arising from the nature of our activity, as well as the field of activity ensuring long-term success. Moreover, we choose to carry out our financing activity responsibly in order to avoid social and environmental protection risks, especially for the financing provided to corporate customers. Only by knowing the impact on the environment and in the society, we can establish strategies and set adapted objectives in accordance with the sustainable development needs.

The continuing dialogue with the customers and partners, in order to identify aspects to improve, is a key component of the responsible manner in which the bank chooses to communicate and interact with them. The provision of every piece of information necessary concerning the features of products and services and the taking of additional measures in order to increase transparency, represent commitments undertaken over time.

Moreover, the bank must ensure that it does not contribute to the over-indebtedness of customers by granting loans irresponsibly, thus endangering the financial situation

thereof. The bank chooses not to grant loans to customers whose financial situation is already difficult. Moreover, it ensures that it provides clear and cohesive information on the products and services provided and on the stages of the crediting process, the responsibilities, risks and main crediting conditions (costs, reimbursement amounts, precise deadlines, due dates and number of installments).

In addition, the bank supports financial education programs and organizes public awareness and information campaigns concerning financial-banking notions, on budget management, saving and future financial planning topics.

The bank strategy, the crediting policy and the operational procedures are available to the general public at any time, online and in the bank agencies.

Comfort in the relation with the bank is very important for the customers and for our partners. Numerous distribution channels provide customers with flexibility and comfort, while the innovatory increase in the digital product section provides evermore satisfaction to customer requirements and maintains the bank at the top of their preferences.



Retail Banking

The optimization of the network was one of our priorities in 2017, Raiffeisen Bank achieving, at the end of the year, a network of 451 agencies, of which 94 agencies in Bucharest and Ilfov. In order to respond to market and customer expectations, we have expanded the number of MFMs and the number of mobile offices organized at the employer’s headquarters, and our sales force focused on the promotion of electronic channels.

Customer behavior is changing and Raiffeisen Bank is among the financial-banking institutions in Romania who implements new models and methodologies to rapidly adapt to their expectations. Multifunctional machines (MFMs) are used at an ever increasing rate, so that the bank has expanded the number of such machines, reaching 189, of which 174 are located in agencies. With the help of MFMs, customers may simply and rapidly carry out cash deposits and withdrawals in lei, may pay invoices without log in, may perform currency exchange operations from EUR or USD to RON or receive money via Western Union.

INCREASING SERVICE QUALITY, PART OF THE BANK’S STRATEGY

The bank implements a series of initiatives so as to streamline access to its products and services and to the proposal of relevant solutions for its customers. In 2017, one of them was the increase in the number of mobile offices organized at the employers’ headquarters. Companies’ employees have received this initiative very well, because it increases comfort, helps them save time and provides customized consultancy. A financial education program has also been initiated within the same campaigns, whose purpose was for the customers to better understand how the bank’s products and services work, what the benefits thereof are, what are the risks associated and how to manage such risks.

The sales force within the agency network has focused more intensely on the promotion of electronic channels and, as a consequence, the use of the Smart Mobile service and of multifunctional machines has increased significantly. These services provide customers with more time when calling for services at the counter, if they require information on the accounts held, when purchasing new products and performing 24/24 transactions, thus benefitting from cost reductions, and also the comfort of not having to travel to the bank’s counters.

CARD MARKET LEADERS

In 2017, Raiffeisen Bank maintained its position as leader on the Romanian credit card market, reaching over 472,000 cards, an increase of 7% compared to the previous year. The bank has launched a new co-brand card, along with eMAG, the most important online retailer in Romania.

FOCUS ON THE RELATION WITH RETAIL CUSTOMERS

In 2017, Raiffeisen Bank celebrated 20 years of presence on the Romanian market. The bank rewarded its customers via an anniversary campaign for real estate loans, granting a 20% reduction compared to the standard interest for purchasing a home. Continuing the 2020 development strategy, the bank focused on acquiring new customers, on digitalization and on the crediting activity. Moreover, it has supported several reference events, in order to be closer to the customers: The George Enescu International Festival, TIFF, Sibiu International Theater Festival, Technology Week and Neversea.

Via the current account packages launched at the end of 2016, the bank increased its appeal to new customers and has intensified the migration of customers to a simpler and more efficient form of banking. The packages contain a relevant combination of products and transactional services, free of costs and with preferential fees for the deposits, credit cards and overdraft cards for customers with monthly revenue in the attached current account.

Young people continue to represent an important segment of customers for Raiffeisen Bank. For those aged between 18 and 25, the bank has offered a dedicated current account package with zero costs. Moreover, the company has intensified its

presence within 9 universities in the country and has encouraged the involvement of youth, via new online platforms - www.studentbank.ro.

At the same time, the bank has continued to consolidate its credit portfolio - both guaranteed, as well as not guaranteed, via a simpler and faster customer acquisition process. The company has redefined the real estate loan offer, focusing again on an easy flow and on solutions meant to provide customers with comfort during the credit period, such as, for example, the fixed interest rate for a period of 7 years from the granting date. The bank has thus managed to double the new credit volumes granted compared to the previous year.

SUSTAINED EFFORTS FOR SERVICE DIGITALIZATION

In 2017, the bank continued the process of digital transformation, and one of the objectives set was the transfer of transactions from the pay desk to the electronic environment. Therefore, an increase of over 30% was recorded for financial transactions made by customers via digital channels for Mobile Banking and Internet Banking.

The Mobile Banking service has recorded an increase by 98% for the number of active users and by 75% for the number of downloads (approx. 400,000 de downloads) compared to the previous year. The users of digital services (Raiffeisen Online and Smart Mobile) evermore active: approx. 50 million log-ins were recorded in 2017 via digital channels, almost 80% more than in 2016.

SMALL AND MEDIUM ENTERPRISES (SMEs)

Small and medium enterprises continue to be a strategic segment for Raiffeisen Bank, the company aiming to support the customers with professional products and services. The bank especially focuses on transparent communication, a simplified offer based on specific requirements and on the creation of a positive experience in any interaction, as well as on the intensification of using the digital channels.

Raiffeisen Bank was the first bank in Romania to provide its iPhone X using customers with the possibility of logging in via FaceID in the Mobile Banking application. Moreover, it has facilitated access to the application by fingerprint log-in, for users holding a device compatible with such functionality (IOS/Android).

In terms of the sales in the digital environment, 5% of the total consumption credit sales have been done via digital channels. Starting with 2017, the bank's customers may acquire a credit card via the Internet Banking application.



The Small and Medium Enterprises (SMEs) segment includes entities with a private capital and an annual turnover, at group level, of up to Eur 5 million, including for the liberal profession area. The bank's strategy aims the positioning as a "home bank" via a clear and transparent communication, by understanding the specific business needs and providing the most suitable financial solutions.

The segmentation of SMEs customers into companies with an annual turnover, at group level, of up to Eur 1 million and, respectively, between Eur 1 and 5 million, is meant to ensure a customized approach to customers, depending on the volume and profile of the activity, as well as on the diversity and complexity of transaction and/or financing needs. In terms of the segmentation of customers, the bank also uses a behavioral model that aids in the deeper understanding of the profile, needs, values and expectations of customers from the bank interaction perspective. Based on this aspect, a series of products and services are permanently adapted to the specific needs of various entrepreneur sub-categories.

From the perspective of the customer service model, the Raiffeisen Bank consultants (responsible for the trade and agency directors) provide financial counseling and assistance dedicated to SMEs customers, for the identification of financial solutions best suited for making decisions based on correct and complete information, so as to actually support the development plans.

The bank's product offer has been permanently adapted to the customers' requirements and development level, an example from 2017 being the introduction of an extremely competitive "all inclusive" type package for the sized companies, who can thus optimize their banking operational costs to the maximum.

The SMEs credit portfolio has continued on a stable ascending trend with 5.3%, reaching Eur 405.5 million in December 2017, despite the consolidation of the credit market and given a quite conservative general financing appetite, especially for small-size entrepreneurs. The investment appetite requiring long term loans has recorded modest figures compared to the needs per working capita among SMEs.

The success of the first financing programs carried out with the European Investment Fund - EIF (completed at the end of 2016), which has ensured the position of leader for the bank on the local market for this type of financing and authority gained, has led to the implementation of two new major programs. In April 2017, the bank signed a new contract with EIF for the amount of Eur 177 million, within the EU program for SMEs competitiveness (COMSE), aiming to increase SMEs access to the financing and the stimulation of European enterprise competitiveness. In May 2017, the bank signed the "Initiative for SMEs" partnership for the first time on the Romanian market, amounting to Eur 300 million. Both initiatives aim to stimulate the access of customers to financing with the help of flexible guarantee alternatives and are designed for both new customers, as well as for the existing ones.

The sources attracted to the SMEs segment exceeded Eur 1.15 billion in December 2017, by almost 20% more than in December 2016, which once again proves the trust of SMEs customers in Raiffeisen Bank.

Corporate Banking

The development of long-term relations with corporate customers is essential for the bank's strategy. The 10% increase of the portfolio in terms of Assets net of risk provisions testifies for the commitment of the bank to support the business environment.

The financing structures have supported the sales' effort via solutions customized for each partner and have received high praise from the customers, being updated by considering current macroeconomic features. The bank is constantly working to improve its financing solutions and, in this regard, the efforts and resources allotted for factoring deserve a mention.



Raiffeisen Bank has continued to be an active member on the unionized financial market, having a strong implication in the financing of projects and merger and procurement transactions. The portfolio increased in 2017 by a few large transactions in sectors such as real estate and retail.

Partnerships with institutional partners (e.g. BEI, EIF, BERD) have continued and have provided an economic advantage to the relation between the bank and the customers. In the Mid Market segment, these partnerships have proven very important, because they have facilitated access to financing for the development of customers in the SMEs category. Within the COSME and SMEs programs, Raiffeisen Bank has received the largest part of market funds.

In the bank trading operations area, Raiffeisen Bank has been the first bank on the market to test the electronic discount of debit instruments (checks and promissory notes). The project has been widely appreciated by the customers, many of whom accessing this service from the first days of launching. Significant investments have also been made for the improvement of cash operations by the installation of multifunctional machines, thus providing customers with comfort and extended access to the cash services.

The bank has contributed to the improvement of internal processes, based on three objectives: simplification, reduction of the number of documents required and reuse of internal and publicly available information. Along with the improvements and updates to the IT infrastructure, the bank has also implemented the electronic interrogation system of NACLR (National

Agency for Cadaster and Land Registration), which has eliminated the necessity of physical certificates and has reduced the time needed to implement crediting facilities.

The compression of margins determined by the market over-liquidity has negatively affected the evolution of revenues (-3% compared to last year). Operational expenses have slightly increased compared to the results of 2016 (2%), due to the impact from the internal efforts for development during the previous years. Risk costs have recorded a decrease compared to last year (-2%), accompanied by a significant positive impact in the non-performing loan rates (NPL -559 bps) resulting from a portfolio sale operation and due to the portfolio cleaning efforts. Profit has decreased by 9% compared to the previous year, but it is still at a level which confirms the relevant role of the Corporate Division to the bank's results.

Private Banking



In 2017, the Friedrich Wilhelm Raiffeisen (FWR) segment was named, for the second consecutive year "The Best Private Banking Service in Romania" by three of the most reputed international financing publications: Euromoney, Global Finance, The Banker & Professional Wealth Management.

These are the most important distinctions awarded in this field and it has been a premier for Romania for a local Private Banking service to receive such a recognition.

The Private Banking Division of Raiffeisen Bank provides a range of exclusive services and products:

- ⦿ financial consultancy
- ⦿ customized solutions
- ⦿ access to financial instruments
- ⦿ related services

FWR has recorded a number of
1,390 customers
(13% more than in 2016)

The assets managed
have amounted to over
1.2 billion €
in Romania

SUPPORT FOR THE LOCAL ENTREPRENEURSHIP

Support for the Local Entrepreneurship is an integral part of the bank's vision to provide responsible banking services and to create long-term partnerships. Romanian entrepreneurs are constantly proving that the talent and determination may generate successful businesses, and Raiffeisen Bank is constantly looking for support solutions. In 2017, the bank initiated a series of programs whereby it provided support and advantageous financing to entrepreneurship, being aware that their needs are various, and the solutions must be adapted.

The most important programs to support local entrepreneurs, developed in 2017, were the Catalyst Program (Catalizator program), the JEREMIE Initiatives, the Investment Plan for Europe - COSME Program and the SME Initiative.



CATALYST PROGRAM

In 2017, Raiffeisen Bank launched the Catalyst Program (Catalizator Program) - a program for "entrepreneurs with great ideas", designed for decision makers within medium size companies from Romania, who are company's customers, and elaborated to support the expansion and better management of their businesses.

The first edition of the program, carried out during the first part of the year 2017, addressed the entrepreneurs from Pitesti, Timisoara and Cluj-Napoca, while the second part of the project was aimed at entrepreneurs in Bucharest, Constanta and Iasi.

The program has been structured in two applicative sessions, basically approaching important topics for entrepreneurs who have reached a certain maturity for their business. These sessions have been attended by successful entrepreneurs and representatives of the bank's management team, who have shared with the audience topics such as: building a successful business strategy and organizational culture, increasing and promoting a brand image, efficient communication via social media channels, financial management, business development and sale increase, building of a team and people management.

Aside from the development of an entrepreneurship culture, the program proposes to facilitate the creation of a sound business community, where participants in the economic life can share not just ideas, but business opportunities and can consolidate valuable business relations.

The Catalyst Program has been developed based on the conclusions of the "Romanian Entrepreneurship Barometer" survey, carried out in 2016 by Ernst&Young, in partnership with Raiffeisen Bank, attended by over 400 companies with mature businesses. The first conclusion of the survey has been the acute need of entrepreneurs for meetings and workshops, specific training programs by industry, and also the organization of entrepreneur clubs and associations, with an impact on the development of a long-term entrepreneurship culture.

*SMEs type companies (according to the European definition) have a turnover of less than 50 million EUR, a total balance that must not exceed 43 million EUR and no more than 250 employees

Catalyst Program in figures:



OF THE PARTICIPANTS' OPINIONS:

- ↳ **Top 3 hardest challenges for business development:**
 1. The uncertainty of the fiscal environment
 2. The lack of a policy supporting the entrepreneurship
 3. The lack of an entrepreneurship education
- ↳ **The main objectives of the participants have been:**
 1. Learning
 2. Socialization
 3. Professional development
 4. Sharing experiences with other entrepreneurs



JEREMIE INITIATIVES

Raiffeisen Bank has issued over 4,700 financings amounting to Eur 350 million to SMEs* within the JEREMIE initiatives. This amount has been granted throughout the performance of the two agreements concluded with the European Investment Fund (EIF). These results have positioned Raiffeisen Bank as a local market leader in issuing this type of financings with over 50% of the market share in terms of volumes and over 70% of the market share in terms of the number of financings.

Loans have been granted in RON and EUR and their designation has been investment financing, working capital, business consolidation and development (e.g. acquisition of raw materials, semi-

fabricated products and stocks, workforce expenses, commercial receivables, etc.). The JEREMIE guarantees have covered 80%, respectively 50% of the loan value, with no cost for the companies.

JEREMIE ("Joint European Resources for Micro to Medium Enterprises") is the acronym used during the 2007-2013 period for financial instruments for the financing of SMEs from structural funds. In Romania, the JEREMIE initiative is managed by the European Investment Fund and is supported by the "Economic Competitiveness Increase" Sectorial Operational Program 2007-2013, co-financed from the Regional European Fund for Development.

INVESTMENT PLAN FOR EUROPE - COSME PROGRAM

In 2017, Raiffeisen Bank and the European Investment Fund (EIF) signed a COSME agreement whereby the bank was enabled to issue loans in total value of 800 million RON (approx. Eur 177 million) as loans for Small and Medium Enterprises* in Romania. This agreement allows the bank to provide SMEs with reduced guarantee loans, for longer terms, and to provide support for start-up businesses, which have limited crediting access. Approximately 2,000 small and medium Romanian enterprises may benefit from these loans.

The loans granted shall be designed for both investments, as well as for current activities, answering the operational needs of the companies, contributing to the consolidation of their market position and to the achievement of their strategic objectives. The new Investment Plan shall enable the mobilization of approximately Eur 743 million for investments in Romania.

COSME is the program of the European Union for SMEs competitiveness, carried

out during the 2014-2020 period, with a total budget of Eur 2.3 billion. At least 60% of the program shall be dedicated to the facilitation of access to financing sources for the European SMEs, via two financial instruments. Via the loan guarantee mechanism, the program shall provide guarantees and counter guarantees for financial institutions so that they may provide SMEs with more loans and financial leasing options.

INITIATIVE FOR SME - GUARANTEE AGREEMENT

In May 2017, Raiffeisen Bank was the first bank in Romania who signed the "Initiative for SMEs" guarantee agreement with the European Investment Fund. The initiated the bank's concern for the non-capped loan guarantee financial instrument, within the "Initiative for SMEs" Operational Program. Based on this agreement, the bank shall issue loans amounting up to Eur 300 million to the SMEs* in favorable conditions, for financing current activities or medium and long-term investments.

The new agreements shall allow for a number of over 2,000 Romanian companies to benefit from extremely favorable financing conditions - attractive interest and reduced guarantee requirements.

SMEs financings with EIF guarantees are granted in RON, for investment financing, coverage of working capital needs, for the consolidation or for the development of activities, the EIF guarantees covering 60% of the credit value, without expenses for the credited companies.



The Initiative for SMEs Operational Program (ISMEOP) 2014 - 2020 is a financial instrument instituted at European Union level, indirectly managed by the European Commission, with application tasks falling to the EIB Group (European Investment Bank and the European Investment Fund).

*SMEs type companies (according to the European definition) have a turnover of less than 50 million EUR, a total balance that must not exceed 43 million EUR and no more than 250 employees



RESPONSIBLE FINANCING

In 2017, similar to previous years, the bank continued to finance projects observing sustainability criteria and whose development has a positive impact on the company and on the environment. Thus, by assuming its mission of responsible financial banker, the bank wants to share to the existing customers or potential customers the values of sustainability and the benefits of investments generating a long-term positive impact.

Companies must prove the positive impact of the investment in at least of the following four categories in order to be granted financing:

- long-term impact on the economy, infrastructure and regional development;
- effects on the company and social aspects;
- effects on the environment and climate;
- effects on scientific research, education and innovation.



In 2017, the bank issued financings for projects in the sustainable real estate and from the sustainable waste processing area.



SUSTAINABLE BUILDING PROJECTS

Project name	Sustaina-bility criterion	Financing volume (mil. EUR)	Start of financing stage	Gross area (sqm)	Project description
Cluj Business Center - The Office (financing and refinancing Phase 1, 2 and 3)	Sustainable constructions	63.5	January 2013/ August 2014/ October 2015/ September 2016/ October 2017	59,000	Class A building, located in Cluj-Napoca, certified by BREEAM. Phases 1 and 2 of the project have also been reported in the 2016 report.
Dorobantilor Offices	Sustainable constructions	8.3	July 2017	6,250	Class A building, located in Bucharest and designed to observe the BREEAM certification norms. Financing also includes the restoration of a historical monument villa.
Take Work Office Building	Sustainable constructions	16	August 2017	16,500	Class A building, located in Timisoara and designed to observe the BREEAM certification norms. Financing of the first phase of the ISHO project - expanded urbanization project that includes residential offices and buildings.
Real Habitation	Sustainable constructions	8.8	October 2017	20,500	Class A building, located in Cluj-Napoca; in LEED process certification.
Rehabilitation of an office building	Resource preservation and streamlining	0.6	October - November 2017		Rehabilitation of an office building.



PROIECTE DIN DOMENIUL PROCESĂRII SUSTENABILE A DEȘEURILOR

Project name	Sustaina-bility criterion	Financing volume (mil. EUR)	Start of financing stage	Project description
Waste recycling project	Reduction of waste and emissions	0.3	October - November 2017	Purchase of equipment for PET type bottle recycling.
Waste recycling project	Reduction of waste and emissions	2	October - November 2017	Purchase of equipment for recycling scrap iron, containers and other similar products.

CUSTOMER COMMUNICATION

The transparent, cohesive and permanent communication with the bank’s customers enables us to have an overview of their needs so that we can provide solutions adapted in order for them to be satisfied and to recommend our services and products. Any changes to the terms and conditions concerning credit facilities, interest rates or taxes and commissions are constantly communicated on the bank’s website.



The bank contacts a large number of customers on a monthly basis in order to consolidate the relation thereto and in order to monitor their insight and satisfaction level concerning the services received.

The satisfaction of our customers in relation to the bank has increased, but still has not reached the desired level. The integration of the NPS* indicator in the work process is a distinctive objective, along with following on the steps towards digitalization.

Net Promoter Score (NPS) 2017:
42

Net Promoter Score (NPS) 2016:
34

Raiffeisen Bank has redefined its communication strategy in relation to the customers who find it difficult to pay their consumer credit installments and has created the Friendly Collection program. In order to determine the impact of changes on their satisfaction, the bank has interviewed a representative focus group of customers before and after implementing the program. The impact of the Friendly Collection program in the experience of the customers has proven to be positive - their incline to recommend the collaboration with Raiffeisen Bank increasing compared to 2016.

Art.	Survey Name	Customer Segment	Indicator	Results 2016	Results 2017
1	Second day call	Private Individuals (PI)	Overall satisfaction with the bank’s employees	65.2% very satisfied or extremely satisfied	66.18% very satisfied or extremely satisfied
2	Second day call	SMEs	Overall satisfaction with the bank’s employees	66.4% foarte mulțumiți sau extrem de mulțumiți	67.14% foarte mulțumiți sau extrem de mulțumiți
3	Second week call	PF	Satisfaction with the complaint management	34.8% foarte mulțumiți sau extrem de mulțumiți	38.66% foarte mulțumiți sau extrem de mulțumiți
4	Second week call	SMEs	Satisfaction with the complaint management	56.3% foarte mulțumiți sau extrem de mulțumiți	39.47% foarte mulțumiți sau extrem de mulțumiți
5	Net promoter Score*	PF	Intention to recommend the bank	34	42
6	Net promoter Score*	SMEs	Intention to recommend bank	Întreprinderi mici: 41 Întreprinderi mijlocii: 42	Întreprinderi mici: 39 Întreprinderi mijlocii: 34
7	Net promoter Score*	Corporations	Intention to recommend bank	44	42

*Net Promoter Score = % Promoters (10+9) – % Detractors (6+...0)



RETAIL CUSTOMERS IN VULNERABLE SITUATIONS AND FINANCIAL DISTRESS

In 2017, the bank has continued to provide solutions retail customers facing financial distress or who find themselves in vulnerable situations. Thus, the bank understands that, at times, customers may face financial difficulties which prevent them from meeting their contractual obligations.

In 2017, the restructured loan portfolio reached almost 1,350 retail customers, with a balance of Eur 32.6 million. The solutions offered to customers in difficulty consisted in: temporary reduction of interest and principal between 3 and 5 years, permanent reduction of the loan cost, partial principal write-off based on good payment behavior (after a certain period of time, according to the restructuring offer) or partial deletion of principal in advance (at the time of the restructuring), expansion of maturity and consolidation of loans.

Since 2010, the bank has been offering all customers, free of charge and at their choice, the possibility to postpone payment of monthly instalments by up to 3 months on the duration of the loan, in exchange for the expansion thereof by 3 months. This option stipulated in the agreement allows customers faced with temporary financial difficulties to overcome the difficult period by simply submitting an application with the bank.

*Reducing the amount due and the relevant interest

The bank understands that unforeseen circumstances, positive or negative, may come up in anybody's life and so tries to provide this facility to customers who wish to pay, but cannot. Customers who encountered difficulties regarding the payment of the loan due to tragic situations such as death, divorce or serious health problems were a priority for the bank. In 30 of these cases, debt in a total amount of Eur 439,000 were written-off in 2017.

The bank is making attempts at having a constructive dialogue with customers faced with financial difficulties but who are not tardy yet by educating them in regards to the available solutions. In order to avoid forced execution procedures, the bank promotes amicable collection options, restructuring or partial liquidation solutions..

The measures taken before the commencement of the forced execution procedures are:

- ☺ amicable collection by phone calls, SMS, letters, or home visits, carried out by specialized internal teams or through collection agencies offer to restructure loans
- ☺ the proposal of proactive restructuring solutions (educating customers who are not aware of these possibilities)
- ☺ offering a partial write-off of unsecured loans debts or those secured by the
- ☺ collateral voluntary sale procedure

The criteria considered in settling social cases include: the death of a debtor or spouse, serious health problems, unemployment, income reduced below the national minimum wage, and real estate destroyed by accidents that are not covered by insurance. The bank's intention is to avoid forced execution as much as

possible. Even in case of starting forced execution procedures, the bank continues to offer customers amicable debt collection solutions, such as voluntary sale of security with the decrease of the remaining amount due (25 cases of secured loans) or reinstatement of the payment plan (54 cases). These options are offered in order to avoid forced execution and additional costs that the customer must then pay to the official receiver. Unfortunately there are cases when customers react too late and contact the bank to reach an agreement only after the official receiver has been notified. In this case, the costs of the execution must be paid in advance to the official receiver by the customer.



Raiffeisen Bank aims to educate and promote, via the actions undertaken, amicable collection, and transparent information and restructuring solutions.



ACCESS TO FINANCIAL SERVICES

The number and volume of loans qualifying for partial or total debt reduction:

- 30 social cases:
balance Eur 1.055 million/ Debts written-off amounting to **Eur 439,158**
- 25 VAS* cases:
Eur 2.341 million/ Price charged: **Eur 1.364 million**

*VVA = Voluntary Asset Sale

The number and volume of restructured loans with a discounted price and capital reduction (restructuring granted to customers not falling into the social criteria, but distressed):

- Restructuring 1,342 customers' loans, with a balance reaching **Eur 32.6 million**

The total portfolio of outstanding loans for retail customers at December 31st, 2017:

- Retail loans: 342,593 products worth **Eur 2.50 billion**

In 2017, Raiffeisen Bank launched an improved conversion offer with a discount for customers with loans in CHF and who have difficulty paying off their loan and a degree of indebtedness per family above 60%. The offer came with a 25% discount of the principal, a fixed interest rate during the first five years and a variable interest (3-month ROBOR + 3%) for the remaining payment period. 687 customers took advantage of this restructuring solution, with a balance of approximately Eur 24.1 million (comparable to the 2016 volume).

Total restructured CHF portfolio:

- Restructuring 687 customers' loans, the balance amounting to **CHF 28.2 million** (Eur 24.1 million)

In 2017, the number of bank access points in economically underdeveloped or underpopulated areas was in slight decrease. At the end of 2017, the total number of ATMs and MFMs was 1,239 and that of agencies was 451, with a total of 1,690 access points.

ACCESS POINTS IN ECONOMICALLY UNDERDEVELOPED OR UNDERPOPULATED AREAS

	ATMs	Agencies	Total	% of the total number of access points of the bank
2016	150	74	224	13%
2017	145	66	211	12.48%



8.2

THE DIGITIZATION OF THE FINANCIAL SERVICES AND PRODUCTS

Safekeeping customers' savings and investments, and providing a unique banking experience are two of the bank's priorities. Digitization and the adaptation of the law to the technological process will continue to be highly important during the following years, and the bank will get actively involved in the development of these fields.

Customers want a simple and fast interaction with the bank, and their expectations increase with the evolution of technology; therefore, in 2017 the bank continued its digital transformation process, which aimed to improve Online Banking applications (Smart Mobile and Raiffeisen Online), as well as 100% online access to the bank's products and services. Also, the bank formed specialized teams dedicated to the digital transformation of the organization and drew up "digital guides" in order to develop and increase the use of digital services country-wide.



43%
of agency operations migrated to the 189 MFMs where customers make deposits in RON, exchange currency or pay their bills; we owe this result to our colleagues in agencies, who teach customers how to use new technologies every day.

The bank is the leader on Romanian credit card market, with over 472,000 credit cards issued and used by customers daily, mostly for shopping.

In September 2017 the bank introduced the online application for accessing a credit card for its customers who activated prior the Raiffeisen Online (Internet Banking) service. Eligible Raiffeisen Online users can apply directly, anywhere and anytime, for a shopping card, and the entire issuance process is carried out digitally - fast and comfortable.

Digitization also had a significant impact over personal loans, with the online initiated Flexicredit portfolio reaching an equivalent of Eur 34 million. The credit approval process was 100% online by the end of 2017; the customers would only report to the agency in order to sign the agreement.

By the end of 2017, over 475,000 customers were active on Online Banking platforms, and their number is increasing by approximately 12,000 people monthly. Transactions carried out via Smart Mobile and Raiffeisen Online have reached

16 million in 2017. The number of retail customers who preferred to use Smart Mobile, our mobile application, was almost double than those who traded or checked their accounts on their desktop computers, in the Raiffeisen Online application. Companies however preferred to use the Raiffeisen Online and make 91% of payments online.

As traffic, we registered 43.8 million log-ins into the application, almost double compared to the same time in 2016. On average, we had 5,600 log-ins per hour. Over 10 million transactions were carried out in mobile application, and at its launch, in August 2016, the Smart Mobile widget allowing customers to check their balance without logging in, registered 29,000 installations. Since 2017 customers can opt for mobile payments because of the simple log-in and payment authorization process, by fingerprint or, for iPhone X, by Face ID.

RAIFFEISEN ONLINE & SMART MOBILE



12,000

customers migrated
to the bank's digital
channels every month

3 million

retail customers from Central
and East Europe were using
Raiffeisen Bank International's
Online Banking application
by the end of 2017



By the end of the year,

>475,000

customers were using
Smart Mobile and
Raiffeisen Online



91%

of the payments carried out
by legal entities were carried
out via Raiffeisen Online

29,000

installations of the Smart Mobile
widget since its launch in August
2016, until the end of 2017

98%

increase of active users
of the Mobile Banking
service, with approximately
400,000 downloads,
75% higher than 2016

**50 MILLION
AUTHENTICATIONS IN DIGITAL
CHANNELS, ALMOST 80%
MORE THAN IN 2016**



In 2017 there were

43.8 milioane

log-ins in the application,
almost double than the
same time in 2016,
meaning 5,600
log-ins per hour,
on average

**>10 MILLION
TRANSACTIONS
WERE PROCESSED IN
MOBILE APPLICATION**



16 million €

Transactions carried out
by Internet and Mobile
Banking applications
reached

RISK MANAGEMENT

APPROACH AND CLASSIFICATION

The bank approaches risk in a prudent manner, pursuant to its long-term development objectives. Risk management is a process of identifying, analyzing and responding to the organization's potential risks. The risk management function is independent from the commercial one and is centered on managing credit risk, market risk, liquidity risk, operational risk and reputational risk. The bank management is responsible for the implementation and monitoring of the risk management framework. It established the Asset and Liability Committee, the Loan Committee, the Problematic Loans Committee and the Significant Risks Management Committee. They report to the Management Board and are responsible for the development and monitoring of the bank's risk management policies in the specified areas.

In the context of a complex regulative framework, the bank continued its efforts in 2017 to adapt its IT architecture, as well as its risk policies and procedures, to the new legislative requirements and market evolutions, efforts that will be intensified in the following years.

SOCIAL AND ENVIRONMENTAL INVESTMENT RISK

The aim of the bank is to issue loans responsibly. Thus, the bank introduced several risk assessment criteria in legal entity loan-granting procedures. In 2014, the bank launched a social and environmental risk management policy, which became part of the Social and Environment Management System (SMSM). The policy applies to all fields of activity and is used in order to assess all legal entities that are potential customers of the bank.

The focus is on:

- ↪ financing projects with an acceptable environmentally and socially risk which are sustainable on the long run

↪ minimizing the environmental and social risk for the bank
- ↪ minimizing the environmental and social risk for the bank's partners (customers and/ or suppliers)

↪ complying with the national and international legal requirements and standards regarding environmental and social risks

By means of this policy, the bank aims to reduce social and environmental risks that the bank and its customers and partners are facing, in three key areas:

FINANCIAL	LEGAL	REPUTATIONAL
monetary sanctions, loan repayment/collection, value loss for securities/assets as a result of failure to meet obligations	legal actions against the bank, its customers or partners due to their failure to observe the provisions of laws or contractual agreements	reputational damage by associating with customers who do not observe principles of ethics and responsibility in business

The risk level is classified into three categories (low, medium and high). The main criteria refer to the environmental (Environment and Health & Safety) and social (Social and Labor) risks associated with financing a project (lending/investment) and include: business sector, term of loan, size of loan, and collateral offered. The process of evaluation in terms of social and environmental risks is implemented through working instructions integrated into the lending process for legal entities.

% OF LOAN PORTFOLIO WITH AVERAGE OR HIGH SOCIAL OR ENVIRONMENTAL RISKS

	2015		2016		2017	
	Avarage risk	High risk	Avarage risk	High risk	Avarage risk	High risk
Social risk	14%	33.3%	14.3%	28.8%	12.5%	33.3%
Environmental risk	20.7%	19.9%	20%	14.1%	21.6%	16.4%

RESPONSIBLE SUPPLY CHAIN

The quality of the services and products offered by the bank depends somewhat on the quality of the supply chain, especially when it comes to digital products and services. The bank collaborates with its suppliers and service providers based on the Raiffeisen Bank International Public Purchasing Policy.

In 2017, the bank had 1,295 local and international suppliers and service providers who were classified in three different categories: IT, non-IT and rental service providers. For the first two categories (IT and non-IT), the selection of suppliers is carried out in accordance with the bank's Purchasing Policy, updated at the beginning of 2017, according to the group policy. Both suppliers and service

providers must observe the bank's Code of Conduct, and service providers must observe internal procedures. So far the bank did not request suppliers or service providers to meet specific requirements in the social, economic or environmental areas. Only IT providers are requested to meet their obligations in terms of paying the environmental tax.

Year	Local suppliers and service providers (EUR)	Other suppliers and service providers (EUR)	Total (EUR)
2016	127,409,790	34,098,271	161,508,061
2017	126,806,357	35,405,901	162,212,258

Year	Local suppliers and service providers	Other suppliers and service providers	Total	New suppliers
2016	926	180	1,114	107
2017	1,177	118	1,295	314



4

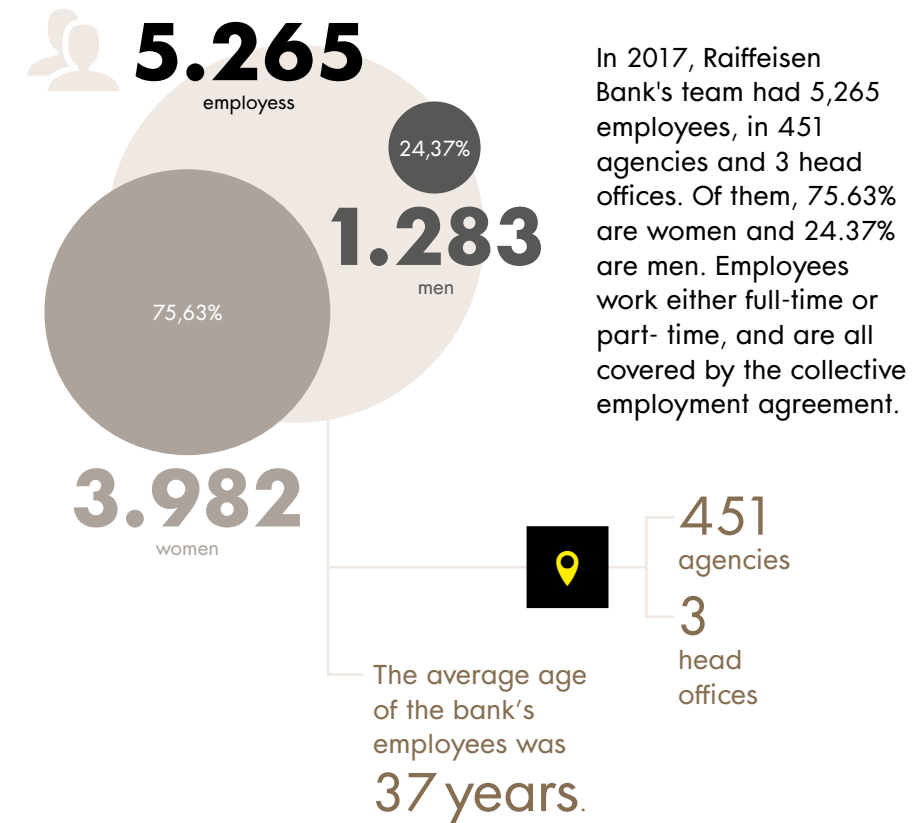
RESPONSIBLE EMPLOYER

For over 20 years, the bank has been responsibly training specialists in the financial and banking industry in Romania. In a strongly regulated and continuously changing industry, employees are a factor with a fundamental contribution to the proper unfolding of current activities and who influence directly how the bank's business model will look like in the future. Regardless of their position in the company, employees must observe strictly its internal policies and procedures, rules and regulations, and not lastly, the Code of Conduct. The bank observes the principles of diversity and focuses on attracting new talents and reducing staff turnover by offering attractive packages, leadership programs, training and professional development programs, investing simultaneously in a high performance culture. The company's salary policy includes international standards and supports the organization's business strategy, as well as its interests, values and long-term objectives.

The bank invests permanently in the development and promotion of an approach based on support, compensation, development and efficient management, so as to help its employees reach their desired performance level. Moreover, it aims to reach a high level of involvement of its employees in the development of leadership abilities required at all levels of the company.

OUR TEAM

The creation of a solid organizational culture, by continuous promotion of the bank's values is one of the objectives that contributes to the attraction, maintenance and motivation of our employees.



CLASSIFICATION OF EMPLOYEES
BY GENDER, AGE AND POSITION
IN 2017

	Men				Women			
	<30	30-50	>50	Total	<30	30-50	>50	Total
B-1*	0	18	5	23	0	20	0	20
B-2*	0	68	6	74	1	88	7	96
Other management positions	8	145	25	178	23	316	74	413
Specialists	279	636	93	1,008	1,010	2,130	313	3,453
Total	287	867	129	1,283	1,034	2,554	394	3,982

* Board-1 represents the first level of management, after top-management/Management Board
** Board-2 represents the second level of management, after top-management/Management Board

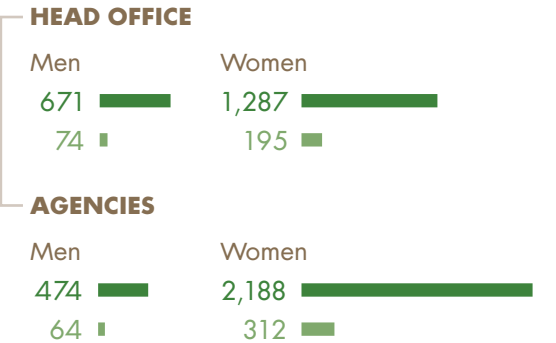
EMPLOYEES BY EMPLOYMENT
TYPE IN 2017

	Men	Women	Total
Full-time	1,241	3,861	5,102
Part-time (between 1 and 7h/day)	42	121	163
Total employees	1,283	3,982	5,265



EMPLOYEES BY EMPLOYMENT
CONTRACT IN 2017

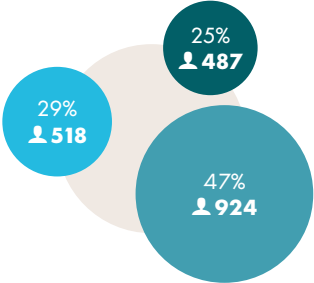
	Head office		Agencies	
	Men	Women	Men	Women
Permanent	671	1,287	474	2,188
Temporary	74	195	64	312
Total employees	745	1,482	538	2,500



NUMBER OF EMPLOYEES
IN HEAD OFFICES

	2016		2017	
	Number	%	Number	%
Sky Tower	499	26%	487	25%
Office Building	919	47%	924	47%
Brasov Operational Center	518	27%	565	29%
Total employees	1,936		1,976	

2017
1,976
employees
sediile centrale



EMPLOYEE
TURNOVER

In 2017, the employee turnover rate reached 21.88 %, in slight increase compared to 2016, when it was 20.69%. The percentage is lower in head offices than in the agencies. The number includes cases in which the employees choose not to return to work after the parentel leave.

EMPLOYEE TURNOVER
IN 2017

	New hires		Turnover	
	Number	%	Number	%
GENDER				
Women	907	17.23	885	16.81
Men	256	4.86	267	5.07
Total	1,163	22.09	1,152	21.88
AGE GROUPS				
<30 years	793	15.06	509	9.67
30-50 years	367	6.97	559	10.62
>50 years	3	0.06	84	1.6
Total	1,163	22,09	1,152	21.88
OFFICE/LOCATION				
Head offices	523	9.93	467	8.87
Agencies	640	12.16	685	13.01
Total	1,163	22.09	1,152	21.88

The employees' recruitment and selection policy aims to identify and attract candidates who are competent and compatible with Raiffeisen Bank's values in order to cover the workforce needed from a qualitative and quantitative point of view.

The new employees' recruitment and selection policy is carried out in accordance with the standards of ethics established at group level. The bank takes responsibility to perform a high-quality recruitment and selection process, governed by its values: professionalism, passion, solution orientation, ethics, responsibility and merit recognition. The occupation of all vacancies in Raiffeisen Bank is carried out via the recruitment and selection process, which is covered by the Recruitment Department. No position within the bank can be occupied without an application submitted to the Recruitment Department and the validation thereof. The company encourages internal recruitment in order to provide employees who fit the profile and requirements of the job, a possibility to advance and evolve professionally.



In 2017, the recruitment team carried out over 1,150 recruitments and selections by identifying proper candidates within the organization and outside it.



ATTRACTING YOUNG TALENT

In 2017, the number of youth involved in the bank's programs, dedicated to attracting talent and building skills, grew significantly.



The bank carried out a new edition of the **Raiffeisen IT Trainee** (internship) program, which has now reached its 7th edition and in which a new team of 12 young professionals who wish to work in IT, in the banking field, was selected. As full-time employees of the bank, they received the means and the support of their IT colleagues in order to learn in detail the activity of the Solution Development, Testing, Data Management, IT Services Operations departments and get their hands on state of the art technology. Similarly to the graduates of former editions, they have the chance, depending on the results obtained on the course of the program, to be invited to occupy various positions in the participating departments. In 2017, all 12 interns were hired on vacant positions.

In 2017, the bank also continued its program dedicated to young college graduates who wish to start a professional career in the banking field. **Raiffeisen Banker 2 Be** program was created as a recruitment channel for front office positions. In 2017, the program was expanded to areas outside the Bucharest Retail Region. Thus, during the year, over 40 young specialists were trained and integrated in the company on front office positions.

The **Raiffeisen Management Trainee** program has reached its 9th edition, subsequent to which we selected, from over 350 applicants, 10 youths who, for 12 months, were involved in projects by leaning and experimenting new things in important areas of the bank's activity (e.g. Portfolio and Balance Management, Corporate Sales, Risk etc.), and at the end of this period they will be integrated on vacancies available in the selected areas.

Also, in 2017 we continued our internship strategies within the head offices as well as the agencies. They are solely aimed to college or MA students who wish to get more familiarized with the spirit and culture of a multi-national organization. Within the 2-4 weeks of practice, the students are exposed to the activity flow within a banking entity and accumulate a significant practical experience, useful to a future employment. In 2017, Raiffeisen Bank provided internships for more than 400 students.



WORKING ENVIRONMENT

20 years ago we brought to Romania a solid organizational culture based on ethics and transparency, promoting diversity and equality of chances for all employees, adverse to discrimination of any kind or actions that infringe fundamental human rights. The bank promotes work-life balance and pays special attention to creating a friendly working environment, based on eliminating conflict and discrimination, and the promotion of transparency.

The management of the company grants transparency in the human resources management process such as salary and performance levels, training and development, selection and recruitment of employees. Local law and international standards on human rights are observed. In 2017, two intimations were reported through the internal whistleblowing e-mail address – for inappropriate behaviour and inequality of the salaries. None of them was confirmed or categorized as discrimination. Discrimination, regardless of its nature, is discouraged within and without the

company. The bank has an important role in promoting business principles and practices in the field of human rights. The bank follows the national Labor Code and does not register any risks of being associated to forced labor or child labor practices. Subsequent to the bank's commitment to supporting and protecting human rights within or without the company, in 2017 no human rights violations or forced labor/ child labor incidents were recorded.

GENDER DIVERSITY AND EQUALITY OF CHANCES

We treat the right to equal chances for all our employees responsibly, and we provide an environment in which they can excel. Moreover, we make efforts to encourage women's participation in selection processes for management positions at all levels of the organization.

In 2017, the number of women occupying management positions within B-1 and B-2 levels increased from 51.38% to 54.45%. Although there are no women in the Management Board as of yet, the bank is taking measures to ensure a gender balance at this level also.

CLASSIFICATION OF EMPLOYEES BY GENDER AND MANAGEMENT POSITION

	2016		2017	
	Men	Women	Men	Women
B-1*	24	22	23	20
B-2*	81	89	74	96
Total employees	105	111	97	116

* Board-1 is the first level of management below the top management/ Management Board
* Board-2 is the second level of management below the top management/ Management Board

In 2017 we continued to support the "Diversity 2020" initiative launched in 2015 at a group level, with the aim of promoting workplace diversity and encourage women to apply for management positions within the company. One of the group objectives is for 35% of the senior management positions to be occupied by women by 2024.

Since the European Bank Authority (EBA)'s guidelines, as well as the NBR Regulation no. 5/2013 include provisions on the importance of diversity in the Management Board, in addition to the standard set of compatibility criteria regulated by the

policy regarding qualification and experience, the bank acknowledges that gender, cultural, educational and experience differences between members of the Management Board bring more value to the organization. Considering the current structure of the Supervisory Board, we would like to specify that the principle of gender diversity has been enforced by the appointment of Ms. Ileana-Anca Ioan and Ms. Ana Maria Mihăescu as members of the Board, as independent members.



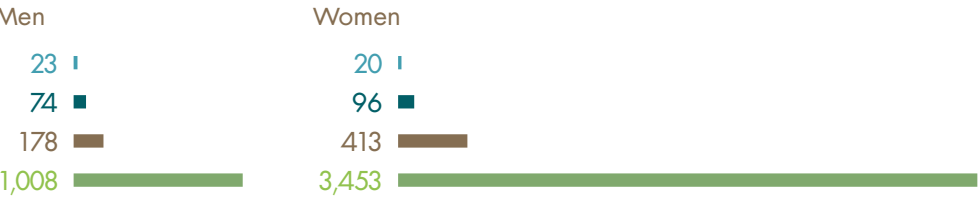


CLASSIFICATION OF EMPLOYEES BY GENDER, AGE AND POSITION IN 2017

	Men				Women			
	<30	30-50	>50	Total	<30	30-50	>50	Total
B-1*	0	18	5	23	0	20	0	20
B-2*	0	68	6	74	1	88	7	96
Other management positions	8	145	25	178	23	316	74	413
Specialists	279	636	93	1,008	1,010	2,130	313	3,453
Total	287	867	129	1,283	1,034	2,554	394	3,982

* Board-1 is the first level of management below the top management/ Management Board
* Board-2 is the second level of management below the top management/ Management Board

CLASSIFICATION OF EMPLOYEES BY GENDER AND POSITION IN 2017



THE NUMBER OF EMPLOYEES WITH DISABILITIES, BY CATEGORY

	2016		2017	
	Men	Women	Men	Women
Specialists	6	11	5	12
Other category	0	0	0	0

EMPLOYEES ON SENIOR MANAGEMENT POSITIONS (B - 1), RECRUITED FROM LOCAL COMMUNITIES

	Number	%
Head offices	38	100
Agencies	5	100



The bank supports diversity and the creation of a working environment in which people with disabilities may explore their talents and develop professionally.

FIGHT AGAINST DISCRIMINATION

The company promotes a culture based on solid principles and policies that condemn any form of discrimination, be it related to gender, nationality, disability, age, political opinions, marital/family status, language, religion or sexual orientation. Yet, if such discrimination does take place, it is mostly settled by mediation between employee, employer and the trade union, or by mediation organized pursuant to the current law on the prevention and punishment of all forms of discrimination. During the reporting period no discrimination incident was confirmed within the bank.





REMUNERATION AND BENEFITS SYSTEMS

REMUNERATION SYSTEM

The bank's remuneration system is approved by the Supervisory Board by means of the Remuneration Committee and promotes a correct and efficient risk management, discouraging any risk-taking that exceeds the level tolerated by the bank. This is aligned with the business strategy, objectives, values and long-term interests of the bank and of the Raiffeisen Bank International Group and incorporates measures for the avoidance of conflicts of interests.

The remuneration system uses a set of KPIs and cultural abilities. Remuneration is based on an operational structure and is directly connected to the level of performance and competitiveness. It is defined in accordance with the value of work, the market level as well as professional experience.

THE VALUE OF AVERAGE WAGES, COMPARED TO THE NATIONAL WAGE

	2016 average employee salary as compared to the mean (average) wage (%)	2016 average employee salary as compared to minimum wage (%)	2017 average employee salary as compared to the mean (average) wage (%)	2017 average employee salary as compared to minimum wage (%)
Average employee wage	190%	408%	192%	355%
Average junior employee wage - Bucharest	173%	372%	177%	326%
Average junior employee wage - outside Bucharest	93%	199%	96%	177%

BENEFITS SYSTEM

The benefits granted to Raiffeisen Bank employees are regulated by the Total Remuneration Policy and the Collective Employment Agreement concluded between the Raiffeisen Bank Trade Union and the Managing Board.

Benefits are programs that supplement cash compensation, thus ensuring protection for the company's employees and their families. There are several categories of benefits, such as: medical insurance,

accident and illness insurance, optional pension plans etc. The benefits granted to employees are permanently aligned to local market practices. The bank grants similar benefits to all its employees, regardless of the type of contract and duration of employment. Full-time, part-time and temporary contract employees all have health insurance, disability insurance, maternal leave and pension contributions.

THE VALUE OF THE BENEFITS PACKAGE AS % OF THE SALARY

2016			2017		
Specialists	Management	Top Management	Specialists	Management	Top Management
6.23	3.14	1.07	6.01	3.04	1.04

CONTRIBUTIONS TO THE PENSIONS FUND

Employee pension schemes are compulsory via the Social Security Fund (CAS) and are covered by the employer (15.8%) as well as by employees (10.5%). Additionally, the bank provides its employees optional pension schemes via the Raiffeisen Asset Management program.

Out of the total amount of salary expenditure, in 2017 Raiffeisen Bank contributed with Eur 838,017.75 to

the 3rd Pensions Pillar on behalf of its employees. Out of the total amount of salary contributions, the contribution to the National Pension and Social Security Fund was of Eur 14,466,106.11.

All these contributions are declared in the Income Statement pertaining to the reporting period. The bank does not have any additional obligations.

ANNUAL REST LEAVE AND PARENTAL LEAVE

The annual rest leave is comprised between 23 and 27 working days, depending on experience, and is regulated by the Collective Employment Agreement.

In 2017, 258 employees received parental leave. Of them, 254 were women and 4 men.

PARENTAL LEAVE

Indicator	2016		2017	
	Men	Women	Men	Women
Total number of days of leave*	732	74,267	542	64,509
No. of employees entitled to parental leave	1,299	4,009	1,283	3,982
No. of employees who benefitted from parental leave	7	243	4	254
No. of employees who returned to work at the end of their parental leave**	3	159	4	157
No. of employees who returned to work at the end of their parental leave and who were still employed 12 months after returning to work	4	131	1	115
Return rate	42.86	65.43	100.00	61.81
Retention	133.33	82.39	25.00	73.25

*No. of days of parental leave taken in 2017 by those who began the leave that year

**No. of employees who began their parental leave in 2017 and in prior years, and returned to work

The company provides employees who return sooner from their parental leave with the possibility to opt for a flexible working program, reduced by 2 hours, until their child's 2nd birthday. At the same time, they may opt for unpaid leave for a longer period of time.

EMPLOYEE TRAINING AND DEVELOPMENT

By means of the training programs that it grants to its employees, Raiffeisen Bank aims to contribute directly to their individual performance, to the performance of the team and, implicitly, to the overall performance of the organization. We take very seriously the professional training and development of all our colleagues - they represent us and their efficiency and professionalism take the bank's quality standard further.

In 2017, the bank continued its training program for new employees in an improved form, adapted to the activity of each individual agency. It included induction courses and training sessions dedicated to the understanding of products, operations, loan processes and customer liaison. The program entailed the use of several learning methods, adapted to the current business context and in line with new trends and technologies.

For head office employees the company improved the induction process aimed at integrating new colleagues in the company, and continued its professional competence and leadership development programs.

In 2017, various programs derived from the company's strategy and aligned to the organizational culture were continued or initiated, aiming to consolidate employees' operational competences, as well as to increase their involvement. The programs were addressed to business and support employees alike, so as to maintain balance in terms of skill development within the entire Raiffeisen Bank team.

The bank provided various employee learning and training methods such as horizontal skill development initiatives and certifications, technical courses, participation in conferences and workshops. In developing and delivering these programs the bank aimed to reach its learning objectives by providing qualitative content and modern approaches.

The experimental learning model, which develops an environment favorable to continuous learning by means of involvement and self-discovery, had a positive impact on bank's employees. "Blended learning" customized learning experiences combine participative classes with independent study on a dedicated online platform. Gamification is another

learning method that entails the use of game-specific elements and rules in business contexts, the goal being that of reaching certain objectives by having participants that are more involved in the process. Gamification is an efficient procedure to learn customer interaction in sales.

THE AVERAGE NUMBER OF PROFESSIONAL TRAINING HOURS/ EMPLOYEE, PER GENDER AND PROFESSIONAL LEVEL

	2016		2017	
	Men	Women	Men	Women
B-1*	64	62	46	73
B-2*	80	82	49	40
Other management positions	76	73	33	30
Specialists	34	36	38	34
Total	43	41	38	34

* Board-1 is the first level of management below the top management/ Management Board
* Board-2 is the second level of management below the top management/ Management Board

RAIFFEISEN BANKING UNIVERSITY PROGRAM

In 2017 we continued and expanded the Raiffeisen Banking University program, an employee development program in which we identify and recognize officially the bank's own experts in the most diverse fields related to banking activity. We identified colleagues who, because of their experience, can develop and present classes for other colleagues interested in professional development and who can share highly applied practical knowledge. In 2017, 50 tutors took part in the program and 132 sessions were unfolded, with the participation of 1,900 colleagues. Another important aspect is that Raiffeisen Banking University gives us the possibility to show that we can recognize the value of the bank's own experts, regardless of the banking field in which they work.

EXAMPLES OF PROFESSIONAL TRAINING SESSIONS GRANTED, PER TOPIC (IN H)

	2017
Operational Activity Knowledge Training	6,012
Easy mortgage	5,208
MIFID	4,628
BMA	4,160
Compliance	3,232
Basic Sales	2,496
Total number of hours	25,736



Other programs by which employees receive support and training from their colleagues:

DIGITAL WORLD In 2017, digital guides were selected from every retail group, whose role was to train, guide and support their colleagues in the process of assisting customers in transitioning towards digital instruments.	MORTGAGE GUIDES In 2017, the Mortgage loan area was supported proactively by a group of Mortgage guides whose role was to boost sales, support their colleagues and increase the attractiveness of this product.
--	--



Other employee development programs:

LEAD 2 LEADERSHIP Lead 2 Leadership is an employee development program launched in 2017 for the management team, aiming to develop and promote highly effective leaders according to the company's strategy and vision.	WAKANDA Wakanda is a program for top management employees who are learning to create a working environment that is pursuant to the bank's objectives.	BRANCH MANAGEMENT ACADEMY Branch Management Academy is a development program for our colleagues working in agencies.
iGROW iGrow is a program aiming to guide employees to areas in which they can grow the fastest.	VALUES LEAGUE Values League is a program whose role is to promote the values of the organization and which consists in identifying and awarding exceptional employee behavior.	ProfiBanking ProfiBanking is a program dedicated to the employees in agencies, aiming to promote the new performance management system with an impact on customer-oriented behavior.

PERFORMANCE MANAGEMENT

In 2016, the bank started designing a new performance management system aimed at creating performance partnerships between leaders and employees. In 2017, Raiffeisen Bank continued to expand its performance management system in its agency network, and completed its implementation within the entire organization.

The new performance management system is characterized by increasing feedback frequency, the possibility to give mutual feedback between managers and employees, performance ratings that integrate holistically the achievement of goals and the enforcement of values, the 4-pillar range of objectives following the Balanced ScoreCard model, accent on employee development and, in the future, the possibility for employees to shape and form the way they reach their objective.

In order to enforce these performance management principles the bank developed a code defining employee behaviors. With the help of an external consultant, the bank rewrote the behavioral standards for its sales staff and began implementation in the agency network.

For the implementation of new behavioral standards and competence profiles regarding the positions in the company's agencies, in 2017, the bank launched an IT app that helps employees identify their career path. By using this instrument, every employee will be able to trace their career path and establish their own professional development plan.



In 2017, all bank's employees attended a performance assessment and career development session.

PERFORMANCE ASSESSMENT AND CAREER DEVELOPMENT PLAN

	Men		Women	
	Number	%	Number	%
B-1*	23	100%	20	100%
B-2*	74	100%	96	100%
Other management positions	178	100%	413	100%
Specialists	1,008	100%	3,453	100%
Total	1,283	100%	3,982	100%

* Board-1 is the first level of management below the top management/ Management Board
* Board-2 is the second level of management below the top management/ Management Board



PROGRAMS FOR EMPLOYEES

COMMUNICATION WITH THE EMPLOYEES

Open communication is the key to a positive working environment. By means of the "Vocea Ta" (Your Voice) internal online platform, the company's Intranet, the "Staff Only" internal magazine or employee polls, the bank facilitates internal communication and gives employees the instruments that they need in order to share their opinions, propose improvement ideas and implement new concepts.

STAY IN INTERNAL CAMPAIGN

The working environment in which we operate is extremely important, and the factors that lead the increase or decrease of employee motivation must be monitored permanently. In order to improve internal processes and employee relations, during the reporting period the bank initiated and unfolded the "Stay In" interviewing campaign within its central administration. The goal of this pursuit was to find out from those interviewed what they like, what increases their level of satisfaction in terms of job activities, as well as things that need improvement.

EMPLOYEE OPINION SURVEY

The Employee Opinion Survey is one of the instruments employed by the bank in order to learn the opinions of its employees, to improve and render the internal communication process more efficient. In 2017, the bank carried out a new edition of the survey using the same structure as in 2016, namely following the required aspects in order to measure the employee's level of involvement and activity. The novelty consisted in improving the additional questions section, aiming to collect data related to their perception of leadership traits among all levels of management. Also, the investigation of the performance management area was redesigned, in alignment with the new system.

The employee response rate was very high (84%), giving a clear image of their level of involvement. The results showed that the activation level remained the same as in 2016, considerably higher than the EEC norm, while the level of involvement registered a slight decrease compared to last year, in line with the EEC norm.

YOUR VOICE INTERNAL PLATFORM

"Your Voice" is an internal initiative based on an online platform developed in 2012, aiming to allow bank's employees to give feedback and send ideas for improving products, services, processes and everything related to operational management. In 2017, the new version was launched, and the impact was again positive. In comparison to 2016, significant increases were registered both in terms of initiatives generated - approximately 1,700 new initiatives, 35% more, as well as in the number of initiatives accepted for implementation or implemented - approximately 160, 20% more.

Most initiatives include improvement ideas for the following areas: digital banking, current account packages, unsecured loans, credit cards, secured loans or the operation of ATMs and MFMs. Moreover, the new application was accessed 60,000 times, with a monthly average of approximately 2,700 unique visitors. This initiative is thus becoming an important instrument for innovation and for the creation of a collaborative culture within the entire organization.

INTERNAL COLLABORATION SATISFACTION SURVEY

The bank identified the fact that a high level of internal cooperation influences the achievement and maintenance of a high degree of satisfaction among employees, as well as customers and partners. During the past years, the company carried out an annual survey aiming to measure the level of internal collaboration, with applicability on three different areas: productivity, communication and receptiveness, following two objectives:

- identifying the strengths and weaknesses of internal collaboration with a direct effect on the satisfaction of bank's customers;
- creating action plans whose implementation could lead to a higher degree of customer satisfaction.

ORGANIZATIONAL CULTURE STUDY (OCI)

In order to better understand culture and its ramifications within the company, in 2016 the bank carried out an assessment of the current organizational culture from the perspective of behavioral norms. Organizational culture is an important factor that contributes to organizational development and change. This study which included over 1,300 allowed the bank to obtain valuable information in regards to the main cultural models identified in the Company's departments and positions, and to act in order to align them to the values of the bank and to its 2020 strategy. This study is carried out once every two years, the next being scheduled for 2018.



WORK - LIFE BALANCE

RSTYLE PROGRAM

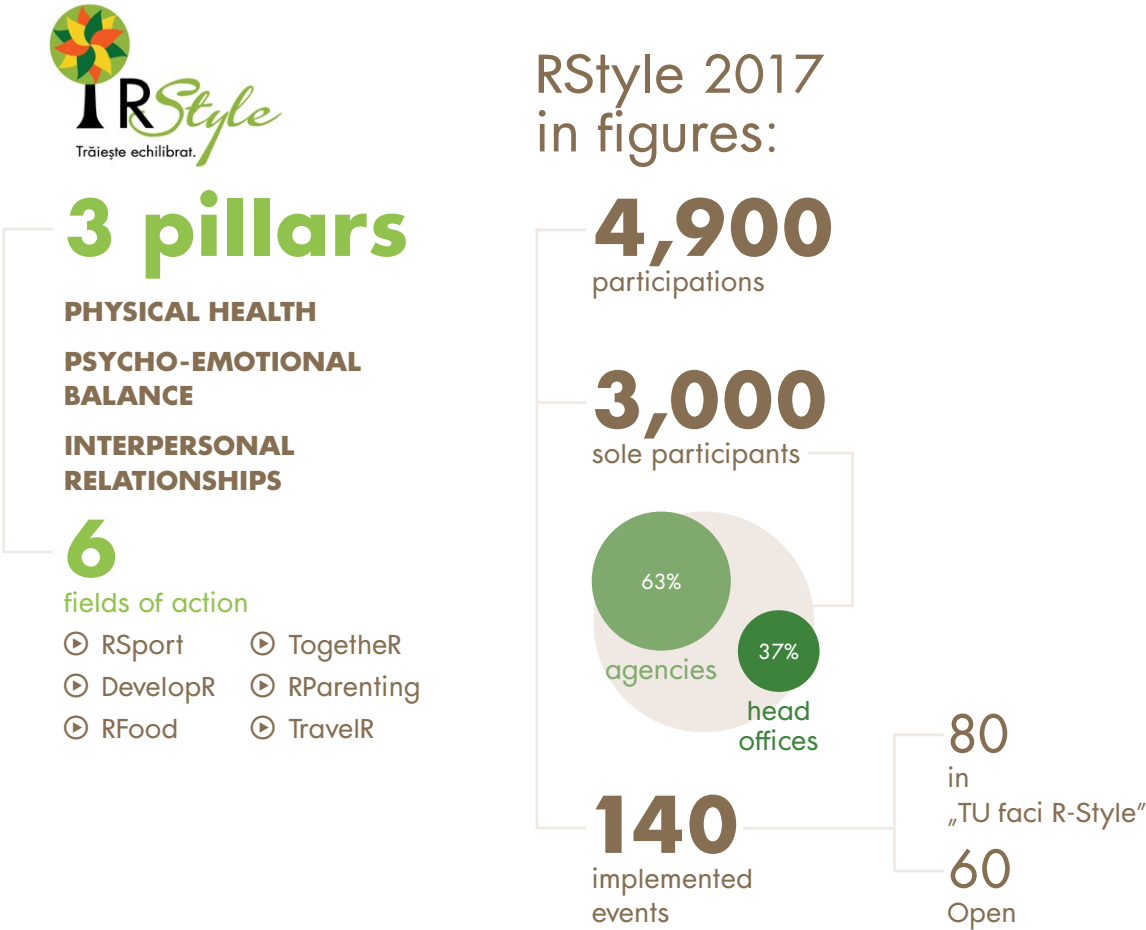
Starting with 2013, the bank has been implementing an employee wellness program - RStyle - based on three pillars: physical health, psycho-emotional balance and interpersonal relationships - and which includes 6 fields of action - RSport, DevelopR, RFood, TogetherR, RParenting and TravelR. By means of various activities, this complex program aims to ensure the work-life balance of the company's employees. The program includes workshops and events related to sport, nutrition, health, personal development, parenting - topics of interest for the members of Raiffeisen team.

The RStyle program also covers stress management, providing counseling and stress-prevention methods, diagnoses, development programs and solutions for maintaining psycho-emotional balance, with the goal of changing daily habits for healthy ones. Since an increasing number of people wish to have a balanced lifestyle, the program attracted in 2017 a higher number of participants, and focused on diversity and innovation. The events adapted according to local specificities - "TU faci RStyle" - doubled in number. Over 100 catalog events were launched, and over 20 new programs were developed and implemented.

The initial pillars of the RStyle program (RSport, RFood, RParenting, DevelopR, TogetherR, TravelR) were supplemented by 4 novel initiatives: RStyle Family Pack, Club RStyle, Health Marathon and Stress-Out.

The newly-integrated events included Debate Club - Beauty in Disagreement or Evolution by Contradiction, Young Designers - 4 workshops dedicated to discovering and developing children's native abilities (13-17), Insid3Out - Mindfulness at the Office, meaning 3 months of practice for increasing the ability to focus, to direct attention and thinking in full awareness and to understand the effects of emotions on us and our behavior. Also, RStyle program included 7 prevention campaigns that gathered over 700 participants: Kynetogym at the office, 2nd Opinion dentist, Effects of oxidative stress and the detox myth, I chose not to get diabetes, Skin health, Allergy, Immunology. RStyle also included the Sleep Better program, which offered employees practical methods of detaching from work problems in their free time, divide their energy better, and provided them with techniques for sleeping better.

RStyle program is proof that Raiffeisen Bank is aware of the influence that a competitive professional environment and working under permanent pressure has on its employees, and takes into account all things that are important in its employees' life: health, personal development, interests and hobbies, child care and education etc. RStyle pogram provides employees with handy, professional solutions that contribute to the improvement of their health, self-knowledge, personal development, and the improvement of their professional relations, with an impact on day-to-day life.





EMPLOYEE HEALTH AND SAFETY

The bank makes continuous investments in ensuring the health and security of its employees.

As a minimum legal requirement, the bank observes national OHS law, its obligations on the registration and reporting of accidents pursuant to the provisions of Law 319/2006 and Government Resolution 1425/2006 (revised version). The bank established a Health and Safety Committee, responsible for monitoring and counseling in regards to OHS programs. The role of the Committee and of its members is to ensure

the implementation of OHS decisions, ensure optimal working conditions, prevent work accidents or illnesses, and make sure that all employees are informed on the OHS policies and procedures. The Health and Safety Committee is comprised of 7 employee representatives, 7 employer representatives, 2 occupational physicians and the Occupational Prevention and Protection Collective.

Category	Men	Women	Geographical location
No. of injuries	0	5	București Miercurea Ciuc Brașov
Type of injuries (first aid injury or otherwise)		minor accident	
Injury rate (IR)	0%	0,058%	
Occupational diseases rate (ODR)	N/A	N/A	
Lost days (measured in calendar days)	0	16	
Lost day rate (LDR)	0%	0.40781%	
Absentee rate (AR)	0.87%	2.23%	
Work related fatalities	0	0	
Total working days	318,427	980,847	

The recorded accidents refer to company employees. The bank collaborates with a series of subcontractors who are independent service providers for cleaning, transport, cash processing and ATM services, medical services, professional training services and security services. In 2017, no accidents among service providers performing activities at bank locations took place.



5

RESPONSIBLE COMMUNITY PARTNER

COMMUNITY INVESTMENT STRATEGY

Even from the start of its activity on the Romanian market, Raiffeisen Bank committed to contributing to the development of local communities on the long term, accompanied by credible and responsible partners. Raiffeisen Bank's strategy is strongly oriented towards supporting education and learning, which makes it one of the most socially active companies in Romanian economy.

According to its sponsorship policy and CSR strategy, Raiffeisen Bank supports programs and projects pertaining to five strategic directions: Romanian arts and culture, education and financial education, urban ecology, sports as healthy lifestyle, and social.

The bank's community investments policy states that all the projects or programs supported by the bank must follow these three principles:

☞ be SMART: specific, measurable, achievable, relevant, time-specific	☞ represent role models	☞ make a long-term difference in the quality of beneficiaries' life
---	-------------------------	---

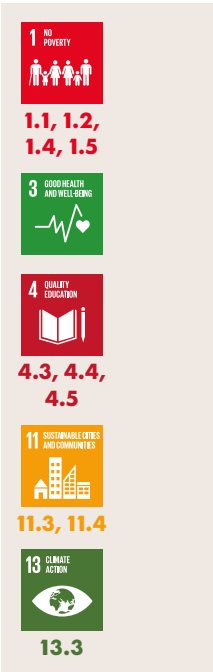


Raiffeisen Bank draws up an annual report on the impact of community investments based on the London Benchmarking Group (LBG) methodology, and its results are integrated in the report herein.

Raiffeisen Bank does not sponsor political parties, religious cults, institutions whose objective is a cult orientation, individual cases or persons.

Within the company, the Communication and Public Relations Directorate is responsible via its Director (Head of the Directorate) for the implementation or approval of the community investments strategy, and at the same time for the approval of the community investments projects that the company supports. The Communications and Public Relations Officer manages community investment projects, answers to the requests received by the bank and at the same time reports the results of these projects internally and externally.

FINANCIAL CONTRIBUTIONS



In 2017, the total value of the sponsorship agreements concluded by Raiffeisen Bank was of Eur 2,072,360. According to the London Benchmarking Group (LBG) reporting methodology, the value invested in community programs and projects was of Eur 1,670,724, with an average contribution per employee of approximately Eur 316. The decrease as compared to the previous year reflects the bank's intention to focus especially on the five strategic directions: education and financial education, urban ecology, Romanian arts and culture, sports as a healthy lifestyle, social.

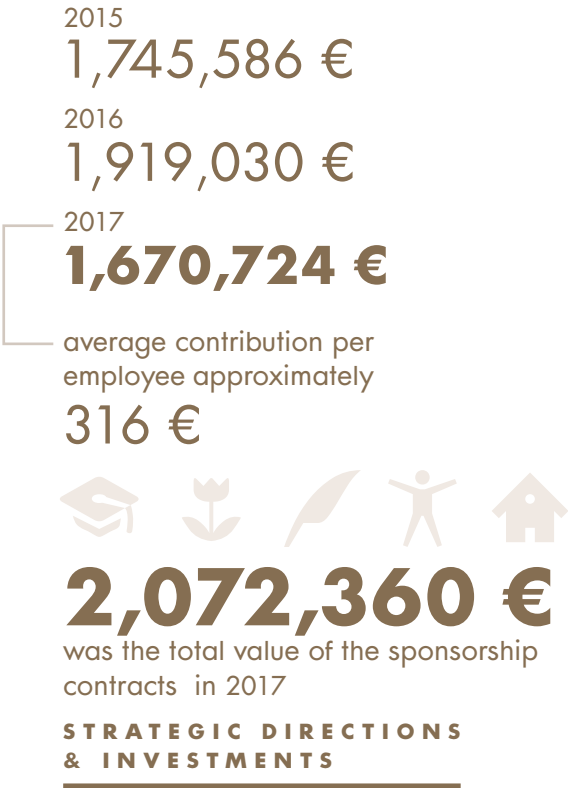
According to its sponsorship policy and corporate social responsibility strategy, Raiffeisen Bank supports programs and projects that can be included in one of its five strategic directions: Romanian art and culture, education and financial education, urban ecology, sport as a healthy lifestyle and social.

Considering the attention that it gives to the five strategic directions, the bank increased the percentage of financial resources invested in these areas, reaching 87% (Eur 1,446,449) of the total amounts invested in community programs and projects (out of Eur 1,670,724). If we analyze the amounts invested in the five strategic directions in

more detail: 32% (Eur 526,612) of the bank's resources were granted to educational projects, 29% (Eur 481,391) to urban ecology, 12% (Eur 208,065) to Romanian arts and culture projects, 9% (Eur 151,500) to sport as healthy lifestyle and 5% (Eur 78,881) to social initiatives.

The bank donates furniture and electronics – computers, laptops and telephones – every year to a series of partners, including schools and universities, NGOs and hospitals. In 2017, the value of the donated goods – in kind donations - was of Eur 5,285.

TOTAL AMOUNT OF INVESTMENTS IN COMMUNITY PROGRAMS AND PROJECTS:





CASE STUDY:

Raiffeisen Communities Program

Raiffeisen Communities grant program has reached its 7th edition, being the first program of its kind on the Romanian banking market. The program consists in an online contest of CSR projects in the field of non-formal education, developed and implemented by legal entities operating as small and medium NGOs or schools in the communities where Raiffeisen Bank operates. The main goal of the program is to encourage NGOs and schools to develop and implement CSR projects in the field of non-formal education that would lead to the improvement in the level of education and, thus, to the quality of life in Romania.

In 2017, the program attracted 253 community projects and awarded the best 10 with Eur 10,000 each, RON equivalent, for a total grant value of Eur 100,000. Over 85 volunteers, bank's employees, took part in the panels that assessed the 182 eligible projects, the winning projects being analyzed during the final stage by a specialized commission comprised of 5 professionals with experience in the assessment of educational projects.



253

community projects

100,000 €
total grant value

>85

volunteers,
Raiffeisen Bank's
employees

VOLUNTEERING PROGRAM

Employees' involvement in volunteering activities increases their loyalty to the company, has a positive impact on the community, contributes to the improvement of relations between employees, increases personal involvement and satisfaction, and helps develop new abilities. Volunteering is also a means of facilitating communication between different business or hierarchic levels; employees can improve their time and resource management skills.

Also, volunteering consolidates the connection between company and community. The company encourages and supports employees to volunteer in the communities of which they are part both individually, as well as by means of corporate volunteering. Corporate volunteering activities may take place during working hours, as well as in their free time.

The company allows 1 working day/year, divided in 1-hour increments, for volunteering activities. The company supports volunteering projects developed individually or in partnership with a Romanian NGO.

Within the bank, the Head of the Communications and Public Relations Directorate is responsible for approving volunteering projects and updating policies.

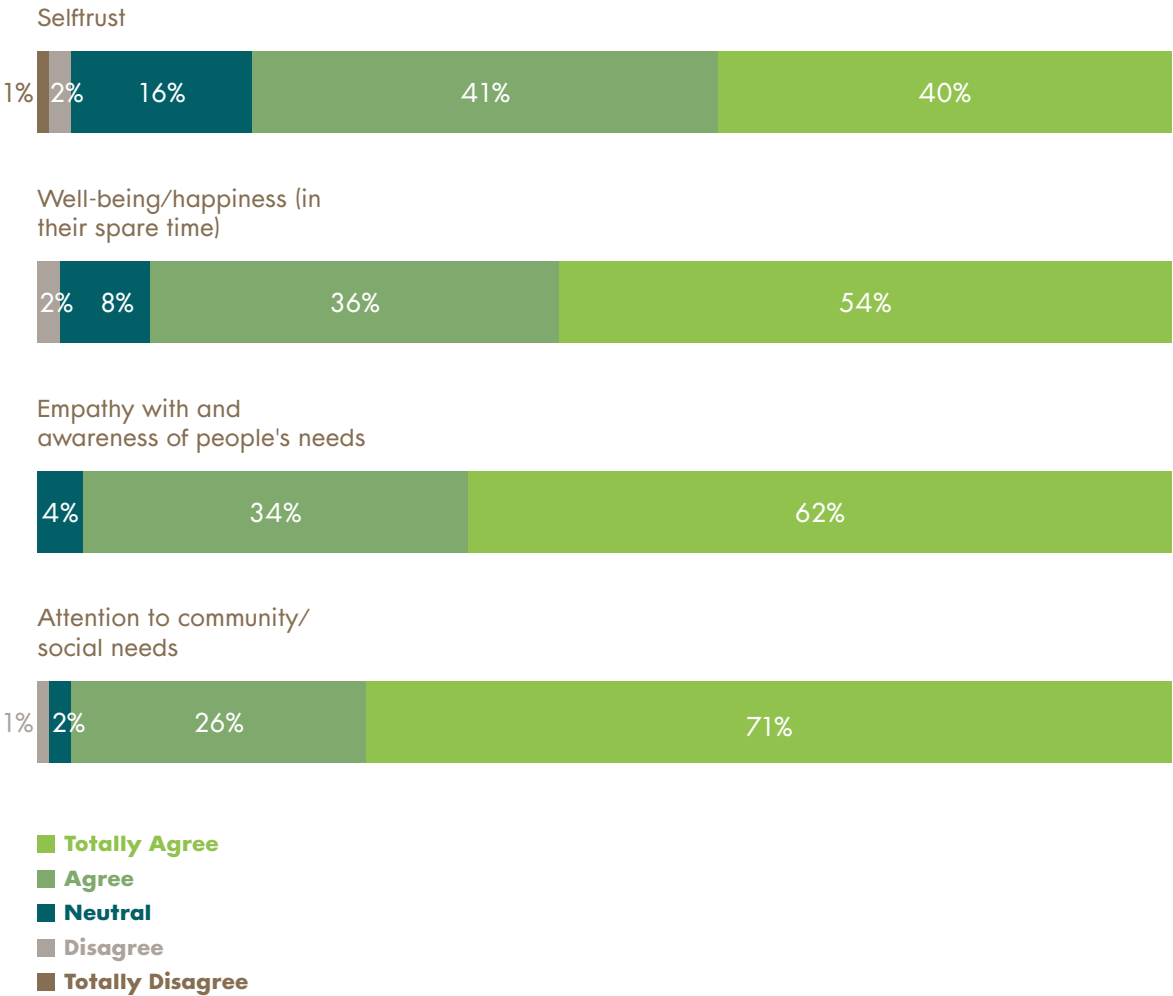
The Public Relations Officer manages all process-related activities, answers the questions addressed by employees on this topic and reports annually details related to the volunteering projects in which the company's employees were involved.

All bank' employees have the right to take part in volunteering activities, regardless of their gender, race, religion, position in the company or any disability.



In 2017, **242** employees got involved in volunteering activities by taking part in assessments and selections of projects in the various finance programs administered and financed by the bank, in financial education programs, but also in the construction of housing for underprivileged persons.

VOLUNTEERING ACTIVITIES
DEVELOPED AMONG EMPLOYEES



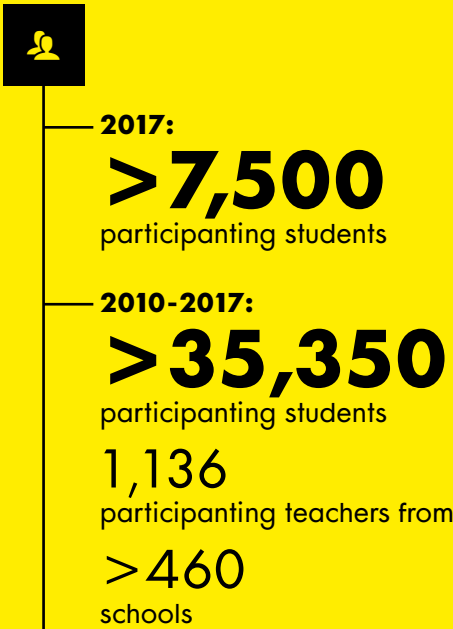
CASE STUDY:
The National Financial
Education Program

In 2017, the bank continued to invest in financial education programs, in which over 7,500 high school and primary school students took part. In partnership with Junior Achievement Romania, the students received assistance in order to understand the concept of financial management, accumulating knowledge that would allow them to take responsible decisions when choosing financial and banking products and services.

The program carried out during the reporting period aimed at developing the required skills for planning expenses, saving money or developing a personal budget and included specially designed modules for each level of primary school - Ourselves, My Family, My City, My Community, Our Economy, and high school - The ABCs of Banking. Each module includes its own set of training handbooks, including one dedicated to teachers, but also a student notebook and other supporting materials.

During the course of the project (2010 - 2017), over 35,350 students took part in the classes, together with 1,136 teachers in over 460 schools. Every year, over 100 bank's employees volunteer in this program. Their participation materialized in over 700 visits in schools, in which the volunteers shared with the students some their knowledge and experience.

Parents are indirect beneficiaries of the project. Their involvement is ensured by various measures, including filling out a questionnaire in order to determine the extent in which they include in their child's education and upbringing aspects related to the management of financial resources, as well as a letter explaining the advantages of financial education in detail.



COMMUNITY PARTNERSHIPS

Raiffeisen Bank committed to contributing to the overall development of the community and local communities in general, on the long-term, together with credible, responsible partners. The bank supports community projects and programs by means of partnerships and collaborations with non-governmental organizations, as well as local and national institutions. The main partners remain NGOs, but the bank continued to consolidate strategic partnerships with public institutions (such as theaters) or educational institutions.


In order to know the needs of community partners with whom it interacts and to discover their priorities, as well as those of the community of which they are part, the bank regularly organizes meetings, consultations and surveys. In the field of community investment, the bank is trying to facilitate cohesion between various societal factors, so that, together, we can

find solutions for actual problems that they face. We take on the role of facilitator, as well as active supporter. For instance, the bank supports arts and culture (without interfering in any way in the cultural act), not only by funding projects of excellent quality, but also by efforts to grow audience from one year to the next.

Types of community partners	NGOs	Educational institutions	Medical institutions	Non-for-profit institutions	Local authorities	Public institutions
2015	87.76%	6.12%	3.06%	-	-	3.06%
2016	59.5%	26.7%	9.5%	1.7%	0.9%	1.7%
2017	91%	1%	-	3%	-	5%

In 2017, the bank continued its tradition of collaborating with institutions and organizations that are active, innovative and pioneers in their respective fields, such as:

- 
 - Green Revolution Association
 - The Community Relations Association
 - Tasuleasa Social Association
 - Princess Margareta of Romania Foundation
 - United Way Romania
 - Junior Achievement Romania
 - Teach for Romania
 - The Foundation for the Development of Civil Society
- Habitat for Humanity Romania
 - Leaders Foundation
 - Young Leaders Club
 - Romanian Business Leaders Foundation
 - Akcees Education
 - National Radu Stanca Theater
 - Daya Theater Company
 - Art@Co Association
 - ACT Cultural Association



The bank makes sure that by means of long-term partnerships, its investments bring relevant changes in the communities in which it operates.

Throughout the years, Raiffeisen Bank chose to be a strategic partner and support prestigious cultural programs, such as:

- 
 - International "George Enescu" Festival, in partnership with ARTEXIM
 - Sibiu International Theater Festival (FITS), in partnership with "Radu Stanca" National Theater
 - Transylvania International Film Festival (TIFF) in Cluj-Napoca and Sibiu, in partnership with the Association for the Promotion of Romanian Film
- Undercloud Theater Festival, in partnership with Daya Theater Company
 - Innersound Contemporary Arts Festival, in partnership with Art@Co Association
 - SoNoRo Music Festival
 - UNITER Gala
 - The production and tours of Act Theater



11.4

Also, the bank continued to support sport as a healthy lifestyle, by means of now-famous events:

- Raiffeisen Bank International Bucharest Marathon, in partnership with Bucharest Running Club
- Via Maria Theresia International Marathon, in partnership with Tasuleasa Social Association

Access to education and the improvement of financial and entrepreneurial education continue to be one of our strategic CSR priorities. Thus, in 2017, the bank continued to support initiatives such as:

- The National Financial Education Program that consists of Ourselves, My Family, My Town, My community, Our economy and ABCs of Banking projects, in partnership with Junior Achievement Foundation
- The educational program for teachers, in partnership with Teach for Romania
- School of Leaders, in partnership with the Leaders Foundation
- Leader Academy, in partnership with the Leaders Foundation
- Young Leaders Club Finance, in partnership with Young Leaders Club (CTL)
- Romanian Business Leaders Summit, in partnership with the Romanian Business Leaders Foundation
- MPV Academy, in partnership with Akcees Education
- FinTech Month, in partnership with TechHub

Supporting underprivileged categories continued being a priority for the bank in 2017. Thus, the following initiatives were developed:

- The internal direct debit fund collection program, in partnership with United Way
- Generations Community Center Program, in partnership with Princess Margareta of Romania Foundation
- The House Building program, in partnership with Habitat for Humanity



Urban ecology is one of the five strategic social responsibility directions of the bank, by which we aim to contribute to the improvement in the quality of life of those who live in urban areas of the country. In 2017 we continued supporting bike-sharing programs and encourage cycling as an alternative means of transport:

- I'Velo Relax, I'Velo Urban and Student O'Bike, in partnership with Green Revolution Association

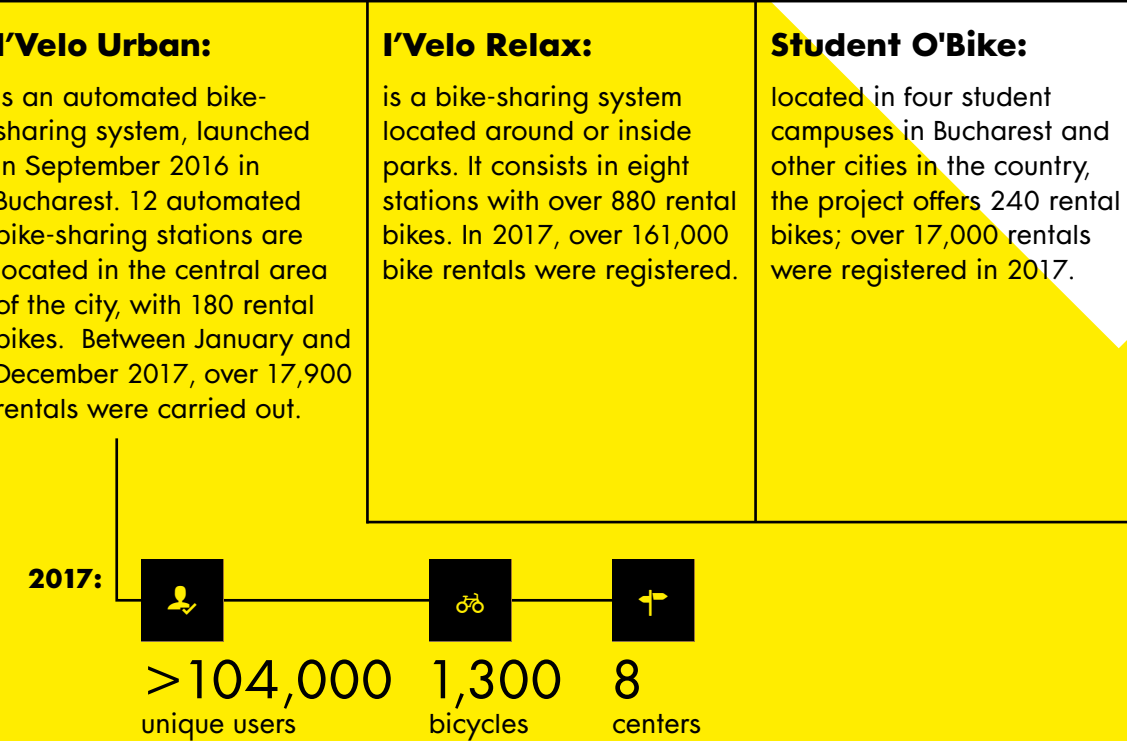


CASE STUDY:
I’Velo Program

Urban ecology is one of the five strategic social responsibility directions of the bank. Thus, in partnership with Green Revolution Association, in 2010 we launched I’Velo, the bike rental program for the general public, by which we aimed to encourage cycling as an alternative to driving, and reduce the impact of road traffic on the health of citizens living in cities, as well as on the environment, by reducing sound pollution and CO₂ emissions.

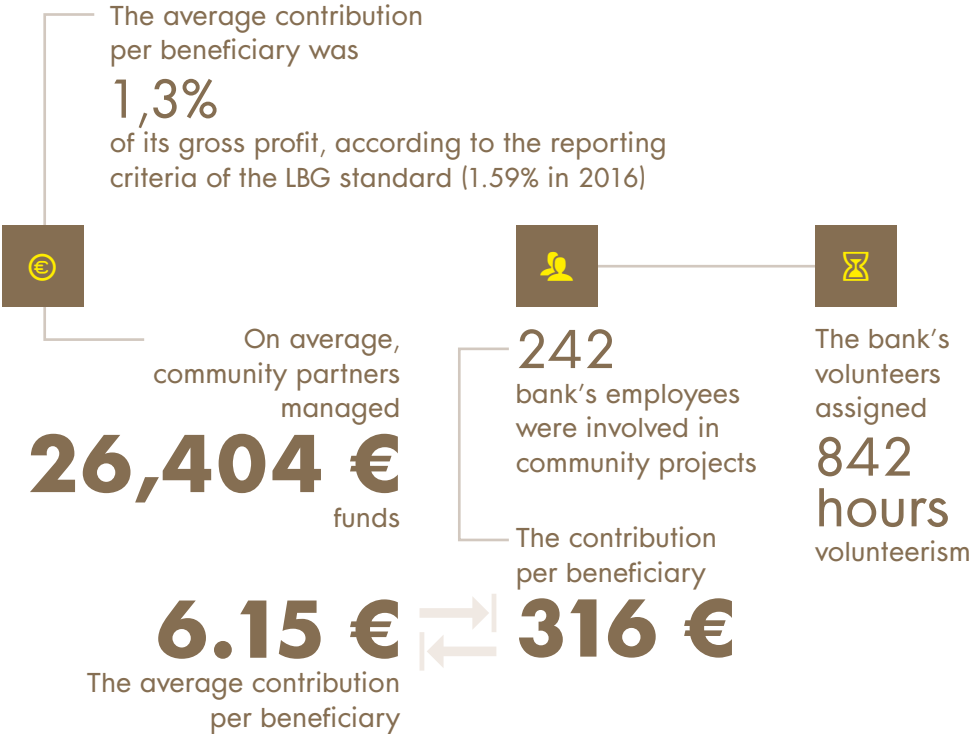
I’Velo is the bank's main program in the area of urban ecology and, in 2017, it registered over 104,000 unique users who rented one of the 1,300 bicycles from the 8 centers in Bucharest and other cities. During the year, over 196,000 bike rentals were recorded.

The program is divided into three projects: I’Velo Relax, I’Velo Urban and Student O’Bike.



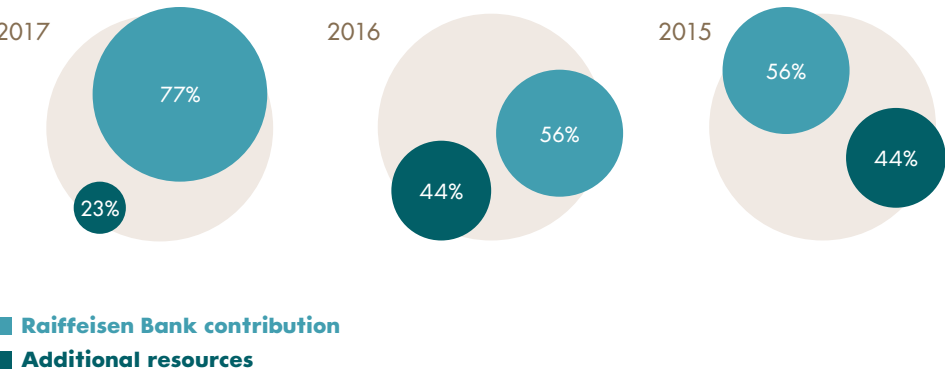
COMMUNITY
IMPACT

Raiffeisen Bank recognizes the importance of a healthy civil society as a key element for generating a sustainable development both within the company and outside it, in the communities where it activates. In many cases, the initiatives supported by the bank create space for the involvement of other companies, employees, customers or other stakeholders.



The bank encouraged NGOs and partner institutions to raise funds for the programs implemented together, which is an important element for a sustainable development in the future. By means of the continuous support that the bank offered, community partners were encouraged to seek and obtain additional resources for promoting their causes and initiatives.

RATIO OF BANK CONTRIBUTIONS AND ADDITIONAL RESOURCES ATTRACTED BY COMMUNITY PARTNERS



In 2017, our community partners reported 271,546 beneficiaries of the projects implemented with the support of the bank. The main improvements reported are oriented towards the development of knowledge or skills, changes in behavior and attitudes, as well as increasing the quality of life. In the context of the growth registered among educational

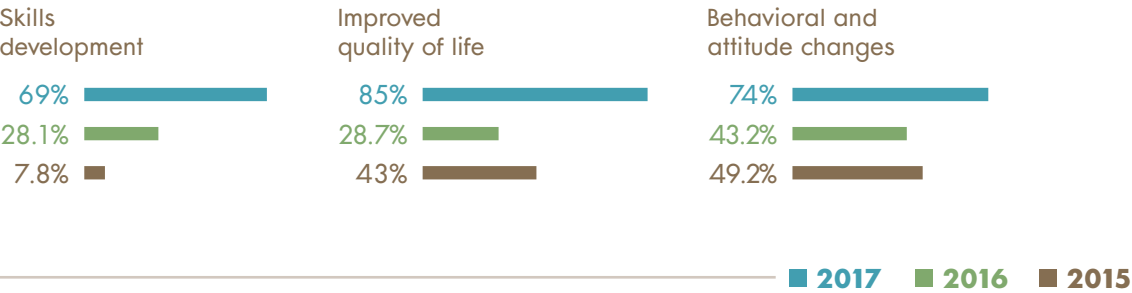
projects funded by Raiffeisen Bank, a significant increase was registered in the sense of developing the abilities of direct beneficiaries.

2017:

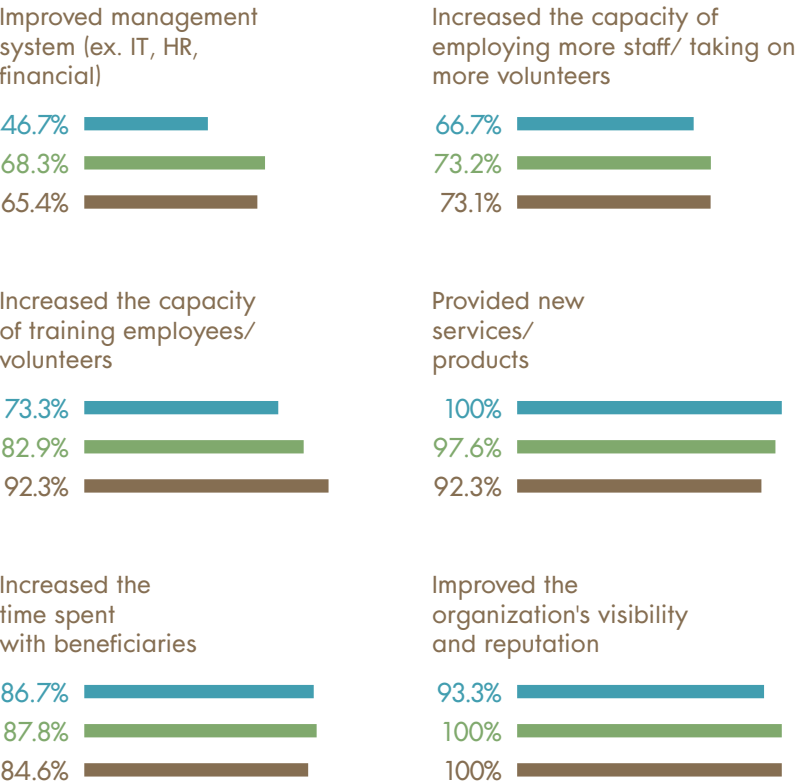
271,546

beneficiaries of the projects implemented with the support of the bank

TYPE OF CHANGES REPORTED BY THE BENEFICIARIES



CHANGES GENERATED IN THE PARTNER ORGANIZATIONS





I’Velo Relax

22%
of the bank's
customers
say they have
rented bikes

USERS' SATISFACTION IS HIGH:
9 OUT OF 10 RESPONDENTS
SAY THEY ARE HAPPY WITH
THE QUALITY OF THE BIKES

The project's relevance for the
community is appreciated

"very useful to me and to my loved ones"

I’Velo Urban

60%
of bank’s
customers are
familiarized
with the project

43%
of bank’s customers say that
they consider renting a bike in
the next 12 months

The program raises awareness
to a **healthy lifestyle** as
promoted by the company
and to an **environmentally
friendly behavior**.

Student O’Bike

65%
of the bank’s
customers are
aware of the
initiative

25%
of the interviewed students
say that they have rented a
bike from one of the centers
located around their university
in the past 12 months

~50%
of those interviewed
are considering using a
bike from the program
in the next 12 months

In 2017, the bank carried out a study among its customers in order to assess the impact that the following projects and programs had on them: I’Velo Relax, I’Velo Urban, Student O’Bike, Raiffeisen Bank International Bucharest Marathon and the George Enescu International Festival.
The total number of customers who took part in the study was 1,532.



The results have revealed a series of aspects helping the company to assess the success and the relevance of the investment for the community, at the same time providing valuable information on which the bank's improvement processes may rely.

Raiffeisen Bank International
Bucharest Marathon

65%
of the bank’s
customers are
aware of the
initiative

5%
of them took part
(ran) in one of the
races pertaining to
the marathon, while

10%
say they went to the
event, but did not run

George Enescu
Festival

THE MOST WELL-KNOWN
INITIATIVE, 79% OF THE
BANK'S CUSTOMERS
SAYING THEY KNOW OF IT

12%
of the respondents say
that they went to the
festival and are very
happy with how it was
organized

Almost all respondents
appreciate the Festival for
significantly contributing
to the level of culture and
education, while 9 out of
10 believe that the Festival
brings many benefits to the
community



6

RESPONSIBLE CONSUMER

ENVIRONMENTAL PERFORMANCE

In 2017, the bank continued its efforts to improve its environmental performance, a CSR priority for the bank. The company takes responsibility for its environmental impact, which is why during the reporting period it invested over Eur 600,000 in measures for decreasing the consumption of resources, as well as its environmental impact.

The report presents information on the consumption of material resources from all of the bank's working points, head offices and agencies, whose total area is of 126,310 m2. Also, using the information regarding the consumption of fuel and energy, we took a first inventory of GHG (Greenhouse Gas Emissions) emissions resulted, subsequent, to the bank's activity.

CONSUMPTION OF MATERIALS

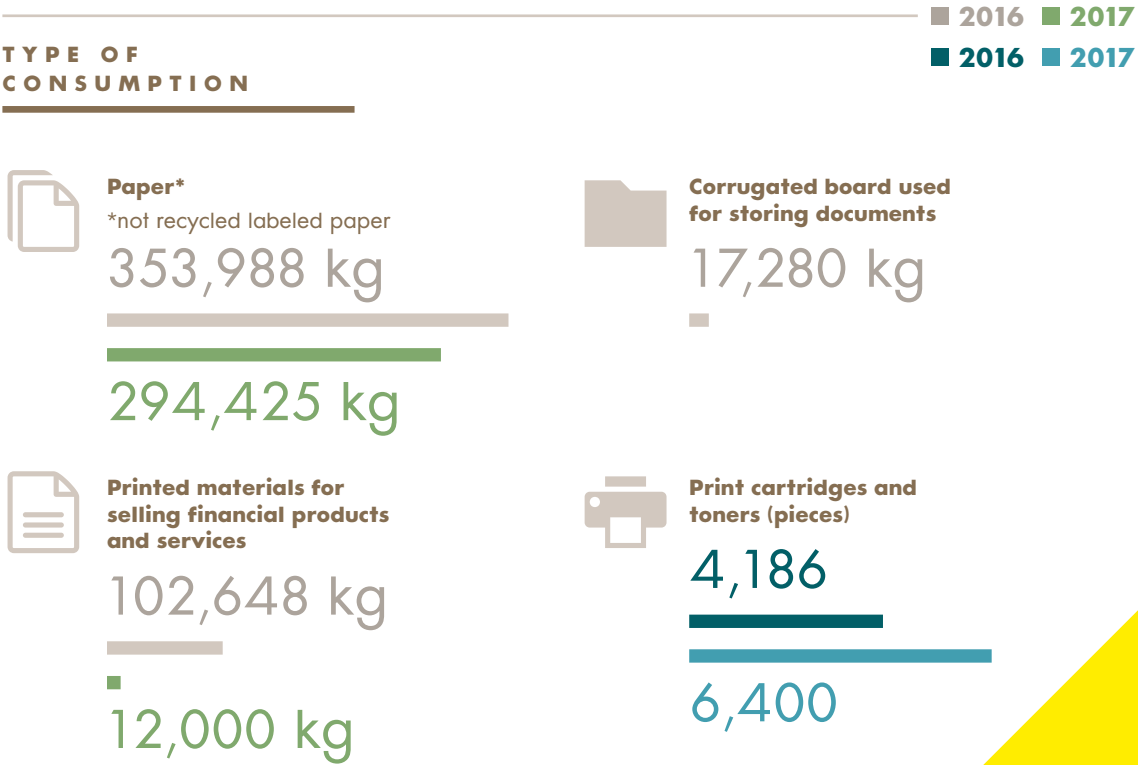
As a supplier of banking services, the company uses important quantities of paper that it uses to keep its customers informed - precontractual information, for printing loan agreements, as well as for administrative and promotion activities. Thus, we are aware that we have a direct impact on the global climate change, which is why the bank's efforts are focused on decreasing the consumption of materials and recovering them, where possible.



The bank recognizes that it needs a consistent approach, which is why it is continuously involved in actions aimed at improving awareness, monitoring any negative impact of its operations and protection against unforeseen risks. The bank makes sure that the resources it uses, in order to create products and services, are well planned, recycled, whenever possible, and optimized. By means of the programs it develops, it contributes, together with its customers, to the adoption of responsible banking practices.

Continuous investments in technology and digital services and the increasing number of Internet and Mobile Banking

users is also reflected in the decrease of paper consumption. This decreased, by approximately 32.9%, as compared to the previous reporting cycle subsequent to customers' migration to online services. On average, in 2017, every month 12,000 customers chose to migrate to the bank's digital channels. At the same time, starting with 2017, customers may apply online for a credit card. Thus, in addition to the fact that they can apply any time and anywhere, the entire issuance process is carried out digitally, without having to go to an agency and consumer paper for signing documents in a physical format.



WASTE

In 2017, the bank continued to improve its paper recycling process. We continue to recycle the paper in whatever form, including marketing materials and posters, at all working points. According to internal data, the bank recycled 98,521 kg of paper in 2017. The quantity of paper recycled in 2017 is lower compared to the one recycled in 2016, because during the prior reporting period we carried out a space reorganization and furniture replacement process in all the agencies. This led to the collection of large quantities of paper stored in various areas.

The recycling process is a standard practice within the bank, our employees being constantly notified of the benefits of adopting a responsible behavior in regards to the consumption of resources and to the environment protection.

MATERIALS RECYCLED



The company records annually the quantity of hazardous and non-hazardous waste produced in the course of its activity. The internal waste management system entails the separate collection of each type at all working points. All kitchens are provided with a separate waste collection system, consisting in separate bins for paper, plastic, glass, metal and household waste. Starting with 2017, the bank records the quantities of household waste from its central offices as well as its agencies, which has determined an increase in the reported quantity of household waste. Also, the bank reported large quantities of WEEEs in 2016 due to the process of replacement of the

entire technical infrastructure - laptops, telephones, monitors. For this reporting cycle, the WEEEs quantities returned to normal.

TYPES OF RECYCLED WASTE

	2016	2017
Lamps (kg)	72	1,044
Batteries (kg)	240	3,869
Plastic (kg)	N/A	2,533
Metal (kg)	4,636	N/A
WEEEs (kg)	618,300	70,294
Household waste (kg)	297,930	6,477,317



WASTE DISPOSAL METHODS

	Total quantity of hazardous waste	Total quantity of non-hazardous waste
Recycling (kg)	75,207	101,054
Landfill disposal (kg)	-	6,477,317

ENERGY CONSUMPTION

Reducing the consumption of energy is one of the bank’s priorities in terms of sustainability, especially due to its environmental impact and costs. The bank records detailed information on energy consumption in order to have a real, documented image based on which to establish measures. Subsequent to the development of digital services, the bank invests in high-performance technologies and equipment that would help make its energy consumption more efficient.

TOTAL ENERGY CONSUMPTION

	2016			2017		
	MWh	GJ	toe	MWh	GJ	toe
Electricity and cooling	21,730	78,228	1,578.53	22,385	80,586	1,924.77
Heating energy (natural gas)	13,741	49,467.60	1,050.92	14,480	52,128	1,245.28

The utilized conversion factors are:
1 KWh = 3.6 x 10⁶ J
1 GJ = 10⁹ J

According to the electricity etiquette provided by the company’s supplier, Enel Energie Muntenia, 42.39% of the electricity purchased and consumed by the company was produced from renewable sources.

FUEL CONSUMPTION

	2016			2017		
	Quantity (t)	GJ	toe	Quantity (t)	GJ	toe
Diesel for vehicles	445.5	18,978.3	452.18	400	17,040	406
Diesel for generators						
Gasoline for vehicles	151.10	6,572.85	158.66	66	2,871	69.3

Conversion factors used for transformation into GJ are:
1 t diesel = 42.6 MJ
1 t gas = 43.5 MJ

TOTAL CONSUMPTION OF ENERGY AND THE INTENSITY THEREOF

When calculating the total consumption of energy and transforming it into TPE (ton of petrol equivalent), we used the methodological norm of reporting the total consumption of energy required by the National Energy Regulation Authority.

CONVERSION FACTORS USED FOR TRANSFORMATION INTO TPE ARE:

Electricity	Natural gas	Gasoline	Diesel
1 MWh=0.086 tep	1 MWh=0.086 tep	1 t = 1.05 tep	1 t = 1.015 tep

Total consumption of energy =
Electricity + Natural gas + Fuel (gasoline + diesel)

Total consumption of energy = 80,586 + 52,128 + 17,040 + 2,871 = 152,625

or

Total consumption of energy = 1,924.77 + 1,245.28 + 406.00 + 69.3 = 3,645.35

Energy intensity per total area
of the bank’s premises:

$\frac{152,625}{123,310}$ GJ/m² = 1.24 GJ/m²

or

$\frac{3,645.35}{123,310}$ tep/m² = 0.29 tep/m²

INVESTMENTS IN REDUCING THE ENERGY CONSUMPTION

The investments carried out by the bank in 2017 for reducing the consumption of energy were

662,484 €

The bank's efforts consisted in:

replacing 361 On/Off AC systems with inverter technology equipment	replacing 65 boilers with condensing boilers	continuing the program of replacing the lighting system for boxes located outside agencies with more energy efficient equipment, operating on LED technology
		replacing the gasoline vehicles with diesel vehicles, which are more efficient in terms of fuel consumption and carbon footprint

SAVED ENERGY / YEAR

	2017	Investments to ensure savings (in EUR)	Initiative which led to the reduction in the quantity of energy used
Fuel (liters)	24,000	116,481.23	Adding diesel vehicles to the car fleet
Electricity and cooling energy (GWh)	0.32	444,373.09	Using inverter technology AC equipment Replacing lamp-type signaling with LED technology (estimated decrease of 5 KWh/day/piece)
Heating energy (natural gas) (MWh)	61,000 m³ 643.55 MWh	101,629.44	Using condensing boilers (installation cost)

TRAVEL

The bank follows the latest trends in technology and progressively adopts more environmentally friendly travel solutions for its employees. The bank recommends and supports the use of alternative means of transport, such as cycling.

The total distance covered by company’s employees for job-related purposes was of

9,486,829 km

CAR FLEET

	2016	2017
No. of vehicles in the company's fleet	522	521
No. of diesel-powered vehicles	400	458
No. of electric/hybrid vehicles	3	3
No. of gasoline-powered vehicles	119	60
Distance traveled by taxi, car fleet and personal vehicles (km)	9,341,462	9,486,829

Employees traveled, for job-related purposes, 1,030,224 km with their personal vehicles and 728,888 km by taxi. The vehicles from the company's car fleet covered 7,732,888 km.

Employees' international flights added 2,691,070 km, while domestic flights - 598,820 km. In total, the bank’s employees travelled 3,289,890 km by plane.

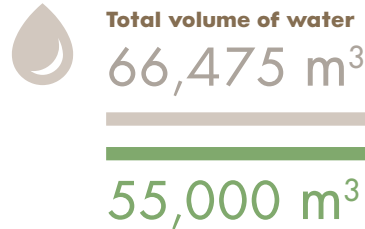
THE TRANSPORTATION OF EMPLOYEES/MATERIALS REQUIRED FOR THE BANK’S ACTIVITIES WITH ALTERNATIVE MEANS OF TRANSPORT

	2016	2017
Distance travelled by employees driving their personal vehicles for business purposes (km)	927,696 km (approx. 74,000 l)	1,030,224 km (approx. 82,000 l)
Distance travelled by employees travelling by taxi for business purposes (km)	537,727 km (approx. 43,000 l)	723,888 km (approx. 58,000 l)
Quantity of weight transported by courier services (t)	160	160
Distance travelled by employees driving the company’s vehicles (km)	7,876,039	7,732,717
Distance travelled by employees by plane (km)	2,624,123	3,289,890



WATER CONSUMPTION

During the reporting period, the bank's water consumption decreased by 11,475 m³. The bank does not have a proper infrastructure to recycle or reuse water, which is why the most efficient measure it can take in regards to this is to reduce consumption by organizing awareness and behavior changing campaigns among its employees.



*The decrease in water consumption is largely due to closing 27 of the bank's agencies

GHG EMISSIONS



In calculating GHGs caused by the bank's activity we did not include employee's travel by plane. The calculation refers solely to the quantity of CO2 resulted directly or indirectly from the company's activities.

The values of the emission factors used when calculating the total quantities of GHG emissions resulted from burning fuels (Scope 1) were taken from the list regarding national emission factors and net caloric powers specific to each type of fuel and category of activities, available on the website of the Ministry of the Environment (goo.gl/fbepjB).

Scope 1:

- includes direct GHG emissions resulted from the company's activity (burning of fuel, process emissions, car fleet and other fugitive emissions)

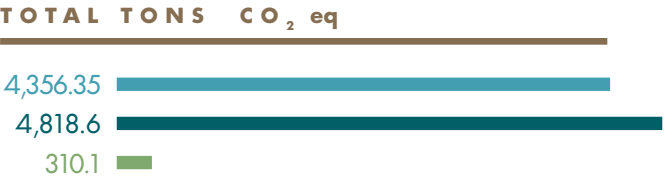
Scope 2:

- includes indirect emissions resulted from the purchase of electricity, thermal energy or steam

Scope 3:

- includes other indirect emissions which are not controlled directly by the company (employee travel by plane, public transport or taxi, distribution of company's products subsequent to the storage of household waste etc.)

Scope	The scope includes	EF*	Tones CO ₂ eq	Total category (t CO ₂ eq)
Scope 1	Consumption of natural gas	55.58 kg CO ₂ /GJ	2,897.27	4,356.35
	Consumption of gasoline	71.62 kg CO ₂ /GJ	205.62	
	Consumption of diesel	73.56 kg CO ₂ /GJ	1,253.46	
Scope 2	Consumption of electricity	215.26 g CO ₂ / KWh**	4,818.6	4,818.6
Scope 3	Job-related travel	-	310.1	310.1
Total			9,485.05	




*EF = Emission factor
**Value according to the data received from the electricity supplier

Estimates when calculating indirect GHG emissions (Scope 3) resulted subsequent to employees traveling in job-related purposes using their personal vehicles or taxi.

Since the bank does not have a formal system of registering Scope 3 emissions, when calculating the emissions resulted from travel by personal vehicles or taxi, for a rough estimate, we took into consideration the characteristics of the vehicle with which the 1,754,112 km were covered: diesel engine 1.5, Euro Standard 6, normal driving style.

Emission intensity:

$$\frac{9,485.05}{123,310} \text{ t CO}_2 \text{ eq/m}^2 = 0.077 \text{ GJ/m}^2$$

 The bank will continue to invest in reducing the environmental impact and GHG emissions.

RESPONSIBLE
FINANCIAL PARTNER

INCREASING THE NUMBER OF CUSTOMERS USING
THE INTERNET AND MOBILE BANKING PLATFORMS
IN ORDER TO INCREASE THE QUALITY OF SERVICES
PROVIDED AND REDUCE THE COMPANY'S
ENVIRONMENTAL FOOTPRINT

INCREASING THE NUMBER OF SUSTAINABLE
PROJECTS FUNDED BY THE BANK



Continuing the
Catalyst
program

increasing the number
of workshops as well as
the number of
participating companies

Continuing the
Elevator Lab
by Raiffeisen Bank International

**NOTIFYING CUSTOMERS IN
REGARDS TO THE OPTIONS THAT
THE BANK OFFERS WHEN THEY
ARE FACED WITH FINANCIAL
DIFFICULTIES**

RESPONSIBLE
EMPLOYER

Continuing the activities and projects that consolidate
The Employee Value Proposition
(EVP - Employee Value Proposition)

Continuing the
**Raiffeisen
Bank
University**
program and increasing the
number of training sessions

Continuing the
RStyle
program and increasing the
number of sole participants

Continuing the programs dedicated
to young graduates,
and increasing the number of
participants by 3% compared to
2017

Raiffeisen IT Trainee
Raiffeisen Banker 2 Be
Raiffeisen Management Trainee



INCREASING THE NUMBER
OF WOMEN IN SENIOR
MANAGEMENT POSITIONS

INCREASING THE NUMBER
OF HOURS OF PROFESSIONAL
TRAINING PROVIDED TO
EMPLOYEES

CREATING AN EMPLOYEES
TRAINING PLAN IN THE AREA
OF HUMAN RIGHTS

CONTINUING THE ASSESSMENT
OF LEADERSHIP AND
DEVELOPMENT ABILITIES OF
MANAGEMENT LEVELS B-1 AND
B-2

RESPONSIBLE
COMMUNITY PARTNER



Communicating
The bank's 2017
Sustainability Report
to all stakeholder categories

Increasing the community
investment budget by
3%
compared to 2017

Increasing the number of
beneficiaries of the projects
supported by the bank by
5%
compared to 2017

Increasing the number of
employees volunteering for
bank-supported projects by
10%
compared to 2017

CONSOLIDATING THE
SUSTAINABILITY STRATEGY
IN ORDER TO CONTINUE
INCORPORATING PRINCIPLES OF
SUSTAINABILITY IN THE BANK'S
BUSINESS MODEL



Continuing the
**Raiffeisen
Communities**
program and increasing the number
of NGOs and schools that take part of
the competition by 10% compared to
2017

INCREASING THE
NUMBER OF PROJECTS
ON FINANCIAL AND
ENTREPRENEURIAL
EDUCATION

RESPONSIBLE
CONSUMER

THE DECREASE IN THE QUANTITY
OF PAPER USED IN THE BANK'S
ACTIVITY BY MEANS OF
CONTINUOUS DEVELOPMENT
OF DIGITAL SERVICES AND THE
INCREASE IN THE NUMBER
OF CUSTOMERS WHO USE
INTERNET AND MOBILE BANKING
APPLICATIONS



The increase in the quantity of
selectively collected waste from all
of the bank's working points and
the reduction in the quantities of
household waste that ends up in
landfills by
5%
in comparison to 2017

Continuing investments in additional
measures for rendering the bank's energy
consumption more efficient in order to be
able to reduce consumption by
3%
in comparison to 2017 and thus to
contribute to the decrease in greenhouse
gas emissions (Scope 2) resulting from
the purchase and consumption of electric,
thermal or steam energy

GROWING THE EMPLOYEES'
AWARENESS LEVEL IN REGARDS
TO NEGATIVE EFFECTS ON THE
ENVIRONMENT AND INVOLVING THEM
IN IMPACT-REDUCING INITIATIVES

Reducing the
consumption of
water in all of the
bank's working points
by unfolding awareness
and behavior changing
campaigns



Continuing the
program of
replacing the
**lighting system
for boxes** located
outside agencies with
more energy efficient
equipment for 20
agencies

Reducing the number of vehicles running on
gasoline by

50%
in comparison to last year and replacing them
with vehicles running on diesel or with electric
vehicles in order to reduce the level of direct
greenhouse gas emissions (Scope 1) resulting
from the use of the company's car fleet by its
employees



ABOUT THE REPORT

The 9th Sustainability Report drew up by Raiffeisen Bank centralizes the information pertaining to the bank's activity in 2017 (January 1 - December 31) and is part of the company's strategy of honest and transparent communication of its non-financial performance indicators. At the same time, the report presents the commitments that the bank took and the measures it adopts in order to contribute directly and significantly to global sustainable development targets. The bank operates under the provisions of the current Romanian law, its articles of incorporation and its internal regulations, and all the financial and banking activities it conducts are regulated and supervised by the National Bank of Romania.

Raiffeisen Bank was one of the pioneers on the local market in the practice of non-financial reporting, launching its first report in 2009 and continuing the reporting process yearly. The report herein showcases the bank's efforts after 20 years of presence on the Romanian market and consolidates the company's commitment to act responsibly in its relationship with all its stakeholders.

Raiffeisen Bank's Sustainability Report developed for its 2017 activity presents all the material topics identified by the bank on which it focused during this reporting year.

The structure of the report and the approach of the bank follow the principles and guidelines provided by the non-financial reporting standards of Global Reporting Initiative issued in October 2016. This report meets the requirements of the "In Accordance" - Core Option. Also, throughout the report, the conformity of the bank's activity with the targets established by the United Nations via its 17 Sustainable Development Goals was pointed out.

The data presented in this report is structured in an easy-to-follow way, divided in six chapters that cover the company's risks, opportunities and strategies:

- Company profile
- Responsible business model
- Responsible financial partner
- Responsible employer
- Responsible community partner
- Responsible consumer



The non-financial performance indicators selected for this reporting process are the most relevant for the banking industry, the business model of the company, the products and services that the bank offers, for the stakeholders and are based on a materiality assessment of the most significant sustainability topics for both the company and its stakeholders. In order to get an overview of the bank's activity in the sustainable development area, data from previous years are also included in the report.

For this 2017 report, the monetary terms are expressed in Euro. According to the financial reporting rules, the EOP conversion rate is used for sold and Balance Sheet and the average conversion rate for P&L (income and spending) and for the rest of the financial data included in the report.

The sustainability performance data and claims in this report have not been subjected to external assurance by an independent third party.

EDITORIAL TEAM

The ninth Sustainability Report published by Raiffeisen Bank Romania represents the result of the work performed by the company's entire team and was developed in partnership with The CSR Agency, a sustainability consulting company.

Given this opportunity, the bank wants to thank all the colleagues involved in the development and implementation of this project.

CONTACT POINT

Please send your suggestions, opinions and questions to:

- Romina Roșu
Sustainability Officer
Communication and Public Relation
Directorate
E-mail: romina.rosu@raiffeisen.ro
- Corina Vasile
Manager
Communication and Public Relation
Directorate
E-mail: corina.vasile@raiffeisen.ro

RAIFFEISEN BANK HEAD OFFICE
246C, Calea Floreasca
014476, Bucharest 1
Phone: +4 021 306 10 00
Fax: +4 021 230 07 00
E-mail: centrala@raiffeisen.ro
Website: www.raiffeisen.ro
E-mail: centrala@raiffeisen.ro
Website: www.raiffeisen.ro

CONVERSION RATES

Currency € EOP 4.524 (2015) / 4.541 (2016) / 4.651 (2017)
Currency € AVG 4.504 (2015) / 4.517 (2016) / 4.635 (2017)



The Raiffeisen Bank 2017 Sustainability Report is available online at:
www.raiffeisen.ro/despre-noi/responsabilitate-corporativa/rapoarte-anuale-csr/
www.raiffeisencomunitati.ro/rapoarte-csr/

GRI STANDARDS

CONTENT INDEX

Raiffeisen Bank 2017 Sustainability Report was prepared in accordance with the GRI Standards: Core option.

GRI Content Index			
GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission
GRI 101: Foundation			
General Disclosures			
GRI 102: General Disclosures 2017	Organizational profile		
	102-1 Name of the organization	5	
	102-2 Activities, brands, products, and services	6-11, 18, 19	
	102-3 Location of headquarters	157	
	102-4 Location of operations	16-19	
	102-5 Ownership and legal form	https://www.raiffeisen.ro/despre-noi/guvernanta-corporativa/rapoarte-anuale/	
	102-6 Markets served	16-18	
	102-7 Scale of the organization	19-21, 97	
	102-8 Information on employees and other workers	98	
	102-9 Supply chain	93	
	102-10 Significant changes to the organization and its supply chain	18-19, 156-157	
	102-11 Precautionary Principle or approach	23-30, 91-92	
	102-12 External initiatives	40-47, 62-63	
	102-13 Membership of associations	62-63	
	Strategy		
	102-14 Statement from senior decision-maker	4-5	
	102-15 Key impacts, risks, and opportunities	5, 30-37, 80-93	

Ethics and integrity		
102-16 Values, principles, standards, and norms of behavior	12-13, 30-33, 40-47	
Governance		
102-18 Structură de guvernanță corporativă	25-29	
Stakeholder engagement		
102-40 List of stakeholder groups	56-61	
102-41 Collective bargaining agreements	97	
102-42 Identifying and selecting stakeholders	56-61	
102-43 Approach to stakeholder engagement	56-61	
102-44 Key topics and concerns raised	56-57	
Reporting practice		
102-45 Entities included in the consolidated financial statements	https://www.raiffeisen.ro/despre-noi/guvernanta-corporativa/rapoarte-anuale	
102-46 Defining report content and topic Boundaries	56-57	
102-47 List of material topics	53-57	
102-48 Restatements of information	Nu există actualizări	
102-49 Changes in reporting	42-49	
102-50 Reporting period	156-157	
102-51 Date of most recent report	Publicat în 2017 pentru anul 2016	
102-52 Reporting cycle	156-157	
102-53 Contact point for questions regarding the report	157	
102-54 Claims of reporting in accordance with the GRI Standards	159	
102-55 GRI content index	159-166	
102-56 External assurance	157	

Material topics		
Economic Performance		
GRI 103: Management Approach 2017	103-1 Explanation of the material topic and its Boundary	56-57
	103-2 The management approach and its components	20-22, 80-90
	103-3 Evaluation of the management approach	48-49, 68-79
GRI 201: Economic Performance 2017	201-1 Direct economic value generated and distributed	21-22
	201-2 Financial implications and other risks and opportunities due to climate change	80-81
	201-3 Defined benefit plan obligations and other retirement plans	107
	201-4 Financial assistance received from government	22
Market Presence		
GRI 103: Management Approach 2017	103-1 Explanation of the material topic and its Boundary	56-57
	103-2 The management approach and its components	23-29, 40-41, 48-49
	103-3 Evaluation of the management approach	102-105
GRI 202: Prezența pe piață 2017	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	106
	202-2 Proportion of senior management hired from the local community	23-24
Indirect Economic Impacts		
GRI 103: Management Approach 2017	103-1 Explanation of the material topic and its Boundary	56-57
	103-2 The management approach and its components	48-49, 76, 70-79, 86-90, 122-125
	103-3 Evaluation of the management approach	76, 80, 84
GRI 203: Indirect Economic Impacts 2017	203-1 Infrastructure investments and services supported	88-89, 134
	203-2 Significant indirect economic impacts	122-139
Procurement Practices		
GRI 103: Management Approach 2017	103-1 Explanation of the material topic and its Boundary	56-57
	103-2 The management approach and its components	48-49, 93
	103-3 Evaluation of the management approach	92
GRI 204: Procurement Practices 2017	204-1 Proportion of spending on local suppliers	92

Anti-corruption		
GRI 103: Management Approach 2017	103-1 Explanation of the material topic and its Boundary	56-57
	103-2 The management approach and its components	48-49, 32, 33
	103-3 Evaluation of the management approach	30-33
GRI 205: Anti-corruption 2017	205-1 Operations assessed for risks related to corruption	31-32
	205-2 Communication and training about anticorruption policies and procedures	32
Anti-competitive Behavior		
GRI 103: Management Approach 2017	103-1 Explanation of the material topic and its Boundary	56-57
	103-2 The management approach and its components	48-49, 30
	103-3 Evaluation of the management approach	34, 36
GRI 206: Anti-competitive Behavior 2017	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	36
Materials		
GRI 103: Management Approach 2017	103-1 Explanation of the material topic and its Boundary	56-57
	103-2 The management approach and its components	48-49, 142, 143
	103-3 Evaluation of the management approach	142, 143
GRI 301: Materials 2017	301-1 Materials used by weight or volume	143
Energy		
GRI 103: Management Approach 2017	103-1 Explanation of the material topic and its Boundary	56-57
	103-2 The management approach and its components	48-49, 145, 156
	103-3 Evaluation of the management approach	142, 145
GRI 302: Energy 2017	302-1 Energy consumption within the organization	145
	302-3 Energy intensity	146
	302-4 Reduction of energy consumption	147

Effluents and Waste		
GRI 103: Management Approach 2017	103-1 Explanation of the material topic and its Boundary	56-57
	103-2 The management approach and its components	48-49, 144, 149
	103-3 Evaluation of the management approach	142, 144
GRI 306: Effluents and Waste 2017	306-1 Water discharge by quality and destination	149
	306-2 Waste by type and disposal method	144, 145
Employment		
GRI 103: Management Approach 2017	103-1 Explanation of the material topic and its Boundary	56-57
	103-2 The management approach and its components	48-49, 96, 106
	103-3 Evaluation of the management approach	96-99, 106-107
GRI 401: Employment 2017	401-1 New employee hires and employee turnover	99
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	106-108
	401-3 Parental leave	108
Labor/Management Relations		
GRI 103: Management Approach 2017	103-1 Explanation of the material topic and its Boundary	56-57
	103-2 The management approach and its components	48-49, 96
	103-3 Evaluation of the management approach	96
GRI 402: Labor/Management Relations 2017	402-1 Minimum notice periods regarding operational changes	102
Occupational Health and Safety		
GRI 103: Management Approach 2017	103-1 Explanation of the material topic and its Boundary	56-57
	103-2 The management approach and its components	48-49, 118
	103-3 Evaluation of the management approach	118-119
GRI 403: Occupational Health and Safety 2017	403-1 Workers representation in formal joint management-worker health and safety committees	118
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	118

Training and Education		
GRI 103: Management Approach 2017	103-1 Explanation of the material topic and its Boundary	56-57
	103-2 The management approach and its components	48-49, 109-117
	103-3 Evaluation of the management approach	109-111
GRI 404: Training and Education 2017	404-1 Average hours of training per year per employee	110
	404-2 Programs for upgrading employee skills and transition assistance programs	111, 114-117
	404-3 Percentage of employees receiving regular performance and career development reviews	113
Diversity and Equal Opportunity		
GRI 103: Management Approach 2017	103-1 Explanation of the material topic and its Boundary	56-57
	103-2 The management approach and its components	48-49, 102
	103-3 Evaluation of the management approach	102-103
GRI 405: Diversity and Equal Opportunity 2017	405-1 Diversity of governance bodies and employees	103-104
	405-2 Ratio of basic salary and remuneration of women to men	106-107
Non-discrimination		
GRI 103: Management Approach 2017	103-1 Explanation of the material topic and its Boundary	56-57
	103-2 The management approach and its components	48-49, 105
	103-3 Evaluation of the management approach	105
GRI 406: Non-discrimination 2017	406-1 Incidents of discrimination and corrective actions taken	105
Human Rights Assessment		
GRI 103: Management Approach 2017	103-1 Explanation of the material topic and its Boundary	56-57
	103-2 The management approach and its components	40-41, 48-49
	103-3 Evaluation of the management approach	40-41, 102
GRI 412: Human Rights Assessment 2017	412-1 Operations that have been subject to human rights reviews or impact assessments	102
	412-2 Employee training on human rights policies or procedures	102

Local Communities		
GRI 103: Management Approach 2017	103-1 Explanation of the material topic and its Boundary	56-57
	103-2 The management approach and its components	48-49, 122-125
	103-3 Evaluation of the management approach	122, 123
GRI 413: Local Communities 2017	413-1 Operations with local communityengagement, impact assessments, and development programs	124-139
Public Policy		
GRI 103: Management Approach 2017	103-1 Explanation of the material topic and its Boundary	56-57
	103-2 The management approach and its components	48-49
	103-3 Evaluation of the management approach	22
GRI 415: Public Policy 2017	415-1 Political contributions	22
Marketing and Labeling		
GRI 103: Management Approach 2017	103-1 Explanation of the material topic and its Boundary	56-57
	103-2 The management approach and its components	48-49, 34-37
	103-3 Evaluation of the management approach	34-37
GRI 417: Marketing and Labeling 2017	417-1 Requirements for product and service information and labeling	34-37
	417-2 Incidents of non-compliance concerning product and service information and labeling	34-37
	417-3 Incidents of non-compliance concerning marketing communications	34-37
Customer Privacy		
GRI 103: Management Approach 2017	103-1 Explanation of the material topic and its Boundary	56-57
	103-2 The management approach and its components	48-49
	103-3 Evaluation of the management approach	34-37
GRI 418: Customer Privacy 2017	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	35, 36

Socioeconomic Compliance		
GRI 103: Management Approach 2017	103-1 Explanation of the material topic and its Boundary	56-57
	103-2 The management approach and its components	48-49, 34-37
	103-3 Evaluation of the management approach	34-37
GRI 419: Socioeconomic Compliance 2017	419-1 Non-compliance with laws and regulations in the social and economic area	34-37

Specific Standard Disclosures for the Financial Sector		
FS1	Policies with specific environmental and social components applied to business lines.	80-81
FS2	Procedures for assessing and screening environmental and social risks in business lines.	90-92
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector	68-75
FS13	Access points in low-populated or economically disadvantaged areas by type	87
FS15	Policies for the fair design and sale of financial products and services.	68, 80, 84-86

