



Annual Report 2017

Survey of key data

Raiffeisen banka a.d.

Monetary values are in thousands RSD	2017	Change	2016
Income Statement			
Net interest income after provisioning	10,596,039	13.57%	9,330,045
Net commission income	3,811,983	5.81%	3,602,600
Net trading income	11,190	(77.89)%	50,617
General administrative expenses	(8,970,725)	4.91%	(8,550,836)
Profit before tax	7,565,653	22.59%	6,171,708
Profit after tax	6,626,785	22.46%	5,411,291
Balance Sheet			
Loans and advances to banks	14,378,437	(20.63)%	18,116,154
Loans and advances to customers	137,693,086	10.46%	124,648,696
Amounts owed to other banks	3,152,382	(8.19)%	3,433,429
Amounts owed to customers	200,906,463	4.82%	191,661,377
Equity (incl. minorities and profit)	57,443,503	2.33%	56,138,115
Balance-sheet total	264,621,343	4.17%	254,024,727
Regulatory information			
Total own funds	50,196,054	(2.14)%	51,293,233
Own funds requirement	16,737,828	9.61%	15,269,746
Core capital ratio	23.99%	(10.72)%	26.87%
Own funds ratio	23.99%	(10.72)%	26.87%
Performance			
Return on equity (ROE) before tax	13.85%	23.32%	11.23%
Return on equity (ROE) after tax	12.13%	23.23%	9.85%
Cost/income ratio	56.68%	0.51%	56.39%
Return on assets (ROA) before tax	2.88%	14.20%	2.53%
Risk/earnings ratio	(13.15)%	(718.19)%	2.13%
Resources			
Number of staff on balance-sheet date	1,477	1.30%	1,458
Business outlets	87	2.35%	85

Pregled najvažnijih podataka

Raiffeisen banka a.d.			
Vrednosti su izražene u hiljadama dinara	2017	Promena	2016
Bilans uspeha			
Neto dobitak po osnovu kamata posle rezervisanja	10.596.039	13,57%	9.330.045
Neto dobitak po osnovu naknada i provizija	3.811.983	5,81%	3.602.600
Neto prihodi od trgovanja	11.190	(77,89)%	50.617
Administrativni troškovi	(8.970.725)	4,91%	(8.550.836)
Dobitak pre oporezivanja	7.565.653	22,59%	6.171.708
Dobitak posle oporezivanja	6.626.785	22,46%	5.411.291
Bilans stanja			
Plasmani bankama	14.378.437	(20,63)%	18.116.154
Plasmani klijentima	137.693.086	10,46%	124.648.696
Obaveze prema bankama	3.152.382	(8,19)%	3.433.429
Obaveze prema klijentima	200.906.463	4,82%	191.661.377
Kapital	57.443.503	2,33%	56.138.115
Bilans stanja - ukupno	264.621.343	4,17%	254.024.727
Kontrolne informacije			
Ukupni sopstveni kapital	50.196.054	(2,14)%	51.293.233
Potreban sopstveni kapital	16.737.828	9,61%	15.269.746
Adekvatnost kapitala (osnovni kapital)	23,99%	(10,72)%	26,87%
Adekvatnost kapitala (ukupni kapital)	23,99%	(10,72)%	26,87%
Pokazatelji poslovanja			
Stopa povraćaja kapitala pre oporezivanja	13,85%	23,32%	11,23%
Stopa povraćaja kapitala posle oporezivanja	12,13%	23,23%	9,85%
Odnos rashoda i prihoda	56,68%	0,51%	56,39%
Stopa povraćaja aktive	2,88%	14,20%	2,53%
Učešće ispravke vrednosti u neto prihodima od kamate	(13,15)%	(718,19)%	2,13%
Izvori			
Broj zaposlenih na dan bilansa	1.477	1,30%	1.458
Broj poslovnica	87	2,35%	85

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Report of the Board of Directors



Ladies and Gentlemen,

The 2017 financial year saw a positive overall macroeconomic trend and favorable market environment. This contributed to the strong year-on-year improvement in RBI's consolidated profit, which more than doubled compared to last year. The better operating result was mainly positively impacted by lower risk costs. Alongside the successful sale of non-performing loans, this was also due to a notable decrease in net provisioning for impairment losses.

The result achieved by RBI in 2017 also confirmed that the strategic decisions taken over the past years have played a key role in helping the group to successfully emerge from a challenging transformation period with increased strength. This is further demonstrated by a steadily strengthening capital base, balanced risk profile and considerably reduced NPL ratio – from 8.7 percent (2016 pro forma) to 5.7 percent. This improvement in asset quality was based not least on the determined reduction of non-performing loans in recent years.

The merger of Raiffeisen Zentralbank Österreich AG and RBI AG was put into effect on schedule upon entry in the commercial register on 18 March 2017. Following the merger, RBI will continue to pursue its strategy as a leading universal banking group in CEE and Austria with the primary objective of creating long-term value. Selective growth is planned for the coming years in specific markets which demonstrate stability and good economic prospects.

Effective capital and risk management as well as the further reduction in non-performing loans will also remain crucial in future. In 2018, there will be an increased focus on the challenges in the form of ongoing regulatory requirements, political risks, progressing digitalization and related changes to the competitive environment.

As far as Raiffeisen banka a.d. Beograd is concerned, it is my pleasure to inform you, on behalf of the Board of Directors, that the bank has successfully completed another business year, which clearly indicates that it has adjusted its business model to the challenging environment very well but has also met new market demands.

In the course of 2017, the bank realized several successful projects in all segments, among which those that need to be emphasized are the project of continual branch office transformation and implementation of the newest technology achievements, following the most up to date banking trends. Apart from this, our bank in Serbia has been one of the market leaders for many years as concerns introducing technology innovations and in the past year this has been undoubtedly confirmed by the successful digitalization process in all segments of work and improvement of digital service. This way it responded to the growing needs of the market for this new business model that will become a banking standard in the years to come.

It is very important to stress that the bank does not leave out a very important business aspect of our group – the focus on clients and building partnerships with them. We are proud of the fact that our clients – both citizens and corporates in Serbia, have recognized in Raiffeisen banka a trustworthy partner that is able to offer services in accordance with modern global standards, but also suited to the local environment and to the needs of each individual client.

I would like to take this opportunity to thank all employees of Raiffeisen banka for their hard work and unwavering efforts in 2017, as well as to ask for their continued commitment in tackling any challenges going forward.

On behalf of the Board of Directors

A handwritten signature in black ink, appearing to read "Peter Lennkh".

Peter Lennkh,
Chairman of the Board of Directors

Izveštaj predsednika Upravnog odbora



Dame i gospodo,
Finansijsku 2017. godinu obeležili su pozitivan ukupni makroekonomski trend i povoljno tržišno okruženje. To je doprinelo jakom poboljšanju konsolidovanog profita RBI godina-na-godinu, koji se više nego udvostručio u poređenju sa proteklom godinom. Niži troškovi rizika uglavnom su pozitivno uticali na bolji operativni rezultat. Pored uspešne prodaje loših kredita, ovo je takođe bila i posledica značajnog umanjenja neto rezervisanja za gubičke po plasmanima.

Rezultat koji je RBI ostvarila u 2017. godini takođe je potvrdio da su strateške odluke preduzete poslednjih godina imale ključnu ulogu u pomoći grupaciji da uspešno i sa većom snagom izađe iz izazovnog perioda transformacije. Ovo dalje ilustruju stabilno jačajuća kapitalna baza, balansiran profil rizika i značajno smanjen racio loših kredita – sa 8,7% (2016 pro forma) na 5,7%. Ovo poboljšanje kvaliteta bilansa ne zasniva se samo na odlučnom umanjenju nivoa loših kredita poslednjih godina.

Spajanje Raiffeisen Zentralbank Österreich AG i RBI AG stupilo je na snagu po rasporedu nakon upisa u trgovinski registar dana 18. marta 2017. Nakon spajanja, RBI će nastaviti da sledi svoju strategiju kao vodeća univerzalna banka u srednjoj i istočnoj Evropi i Austriji sa osnovnim ciljem stvaranja dugoročne vrednosti. Predstojećih godina, u planu je selektivni rast na određenim tržištima koja pokazuju stabilnost i dobre ekonomske izglede.

Efikasno upravljanje kapitalom i rizikom kao i dalje smanjenje loših kredita ostaće od presudne važnosti i ubuduće. Tokom 2018. godine, dodatno usmerenje biće izazovi u vidu tekućih regulatornih zahteva, političkih rizika, napreka digitalizacije i srodne promene konkurentnog okruženja.

Što se tiče Raiffeisen banke a.d. Beograd, zadovoljstvo mi je što mogu da vas u ime Upravnog odbora obavestim da je banka veoma uspešno završila još jednu poslovnu godinu, što jasno ukazuje da je uspešno prilagodila svoj poslovni model izazovnom okruženju, ali i odgovorila na nove zahteve tržišta.

Banka je u 2017. realizovala više uspešnih projekata u svim segmentima, ali među onima koje treba posebno istaći prednjači projekat kontinuirane transformacije mreže filijala i uvođenje najnovijih tehnoloških dostignuća, koja prate najsvremenije bankarske trendove. Pored toga, naša banka u Srbiji je već dugi niz godina jedan od lidera na tržištu kada je reč o uvođenju tehničkih inovacija, a u prošloj godini je to nedvosmisleno potvrdila uspešnim procesom digitalizacije u svim oblastima rada i unapređenjem digitalnog servisa. Na taj način je odgovorila na rastuće potrebe tržišta za ovim novim modelom poslovanja, koji će u narednim godinama biti standard bankarstva.

Veoma važno je istaći i da banka ne izostavlja veoma značajan aspekt poslovanja čitave naše grupacije – fokus na klijentima i građenju partnerskih odnosa sa njima. Ponasni smo na činjenicu da su klijenti – građani i privrednici u Srbiji, prepoznali u Raiffeisen banci pouzdanog partnera koji je u mogućnosti da pruži usluge u skladu sa savremenim svetskim standardima, ali prilagođene lokalnim uslovima i potrebama svakog klijenta ponaosob.

Želeo bih da iskoristim ovu priliku da se zahvalim svim zaposlenima Raiffeisen banke na njihovom prilježnom radu i konstantnim naporima u 2017. godini, kao i da ih zamolim za dalju posvećenost u rešavanju svih izazova u budućnosti.

U ime Upravnog odbora,

A handwritten signature in black ink, appearing to read "Peter Lennkh".

Predsednik Upravnog odbora
Peter Lennkh

Introductory Address by the Chairman of the Managing Board



We also received recognition of our business success from the leading global financial magazines "Global Finance" and "EMEA Finance", who awarded us the title best bank in Serbia. Apart from that, as member of the Raiffeisen group, by our great results we contributed significantly to Raiffeisen Bank International being proclaimed best bank in the region of Central and Eastern Europe by the most renowned global financial magazine "The Banker".

The rich experience and support of the Raiffeisen Banking Group, one of the oldest and greatest banking groups in Austria, is one of the key factors of business success of our bank in Serbia in the course of the past 16 years.

Raiffeisen banka significantly supports the business activities of the companies Raiffeisen Leasing, Raiffeisen Future Voluntary Pension Fund, as well as Raiffeisen Invest Investment Fund Management Company.

Excellent results, relationships based on trust with clients, followed by maintaining one of the leading positions in the market according to all key parameters, were realized thanks to the great expertise and professionalism of our employees, who make up one of the best banking teams in our country. I would like to use this opportunity to thank all of them, on behalf of the Managing Board, on their efforts and personal commitment.

The bank and its employees have since the very beginning been guided by the principle of social responsibility in its business activities as one of the basic guidelines. This approach continued in 2017 as well through a range of activities – charity and humanitarian projects, where institutions and private individuals who needed help the most were offered support.

As concerns plans for the forthcoming period, Raiffeisen banka will continue, through its proactive approach and by constantly improving its processes and services, to be one of the pillars of quality banking services in the local market. Special focus will be placed on the further improvement of digital service, so that we could timely respond to the most up to date business trends. Also, we certainly will not leave out the most important and traditional aspect of our business – building and maintaining highly professional partnerships with our clients.

Zoran Petrović
Chairman of the Managing Board

Uvodna reč predsednika Izvršnog odbora



Poštovani akcionari i poslovni partneri,

Zadovoljstvo mi da vas u ime Izvršnog odbora obavestim da je Raiffeisen banka a.d. Beograd veoma uspešno završila još jednu poslovnu godinu. Ostvareni profit pre oporezivanja u 2017. godini iznosi 62,3 miliona evra, što je za 24% više nego u prethodnoj godini. Ovo je čvrst dokaz da je banka uspešno prilagodila svoj model poslovanja aktuelnim uslovima na tržištu, te odgovorila na brojne izazove i promene u poslovnom okruženju.

Banka je tako u 2017. nastavila kontinuiranu transformaciju mreže filijala, uvodeći najmodernejša tehničko-tehnološka dostignuća u oblasti bankarstva. Na taj način smo odgovorili i na ubrzani tempo digitalizacije poslovanja, u stopu prateći savremene bankske trendove na najrazvijenijim tržištima.

Potvrdu uspešnosti poslovanja dobili smo i od strane vodećih svetskih finansijskih magazina „Global Finance“ i „EMEA Finance“, koji su nas proglašili najboljom bankom u Srbiji. Uz to, kao članica Raiffeisen grupacije, svojim sjajnim rezultatima dali smo značajan doprinos proglašenju Raiffeisen Bank International-a za najbolju banku u regionu srednje i istočne Evrope od strane najeminentnijeg svetskog finansijskog časopisa „The Banker“.

Upravo bogato iskustvo i podrška Raiffeisen bankarske grupacije, jedne od najstarijih i najvećih bankarskih grupacija u Austriji, predstavlja jedan od ključnih faktora uspeha poslovanja naše banke u Srbiji tokom proteklih 16 godina.

Raiffeisen banka pruža i značajnu podršku u radu kompanijama Raiffeisen Leasing, Raiffeisen Future, dobrovoljni penziji fond, kao i Raiffeisen Invest društvo za upravljanje investicionim fondovima.

Odlični rezultati, odnos poverenja sa klijentima, zatim očuvanje jedne od liderskih pozicija na tržištu po svim ključnim parametrima, ostvareni su zahvaljujući velikoj stručnosti i profesionalizmu naših zaposlenih, koji čine jedan od najboljih bankarskih timova u našoj zemlji. Ovom prilikom im, u ime Izvršnog odbora, zahvaljujem na uloženom trudu i ličnom angažovanju.

U svom radu, banka i njeni zaposleni su se od samog početka vodili principom društveno odgovornog poslovanja kao jednog od osnovnih postulata u radu. U 2017. godini je takav pristup nastavljen, i to kroz niz akcija – donatorskih i humanitarnih, a kroz koje je pružena pomoć institucijama i pojedincima kojima je ona bila najpotrebniјa.

Kad je reč o planovima za naredni period, Raiffeisen banka će nastaviti da kroz proaktivniji pristup, te konstantno unapređenje svojih procesa i servisa, bude jedan od stožera kvalitetne bankarske usluge na domaćem tržištu. Poseban akcenat biće na daljem unapređenju digitalnog servisa, kako bismo blagovremeno odgovorili na naajsavremenije trendove u poslovanju. Pritom, svakako neće biti izostavljen najvažniji i tradicionalni aspekt našeg poslovanja - građenje i održavanje visoko profesionalnih i partnerskih odnosa sa klijentima.

Zoran Petrović
Predsednik Izvršnog odbora

Vision & Mission Statement of Raiffeisen banka a.d. Beograd

Vision

Raiffeisen banka a.d. Beograd is one of the top-three banks in all target customer segments across the country.

Mission

- We seek long-term customer relationships and we are a reliable and constructive partner for our customers.
- We are delivering quality products and services to our customers by exploiting the benefits of digital transformation.
- We are an efficient and lean organization. We exploit synergies within the bank and with all our subsidiaries to the fullest extent possible.
- Prudent risk management is a key pillar throughout our organization and processes.
- As part of the Raiffeisen Network we contribute to the achievement of the overall Group objectives, and generate sustainable and above-average return on equity.
- We empower our employees to be entrepreneurial, to show initiative, and we foster their development. We are the employer of first choice, and we put special focus on the promotion of key staff and best talent.

Vizija i misija Raiffeisen banke a.d. Beograd

Vizija

Raiffeisen banka a.d. Beograd je jedna od vodeće tri banke u svim ciljnim klijentskim segmentima širom zemlje.

Misija

- Želimo da gradimo dugoročnu saradnju sa našim klijentima za koje smo pouzdan i konstruktivan partner.
- Našim klijentima obezbeđujemo kvalitetne proizvode i usluge koristeći prednosti digitalne transformacije.
- Mi smo efikasna i ekonomična organizacija. Poslujemo u sinergiji unutar banke, kao i sa svim našim ograncima u najvećem mogućem obimu.
- Pažljivo upravljanje rizikom je stub oslonca naše celokupne organizacije i procesa.
- Kao članica RBI mreže, doprinosimo postizanju ukupnih ciljeva grupacije, stvarajući održivu i natprosečnu stopu prinosa na kapital.
- Ohrabrujemo naše zaposlene da budu preduzimljivi i pokazuju inicijativu, te podstičemo njihov razvoj. Mi smo izvanredan poslodavac koji stavlja poseban akcenat na unapređenje ključnog osoblja i najdarovitijih pojedinaca.

Raiffeisen Bank International at a Glance

Raiffeisen Bank International AG regards Austria, where it is a leading corporate and investment bank, as well as Central and Eastern Europe (CEE) as its home market.

Subsidiary banks cover 14 markets across the CEE region. In addition, the Group includes numerous other financial service providers active in areas such as leasing, asset management and M&A.

In total, nearly 50,000 employees serve RBI's 16.5 million customers in more than 2,400 business outlets, primarily in CEE. RBI AG shares have been listed on the Vienna Stock Exchange since 2005.

At year-end 2017, RBI's total assets stood at € 135 billion. The regional Raiffeisen banks hold approximately 58.8 percent of RBI shares, with the remaining approximately 41.2 percent in free float.

Following the merger in March 2017 with Raiffeisen Zentralbank Österreich AG (RZB AG), its former majority shareholder, RBI AG assumed all rights, obligations and functions of the transferring company RZB AG in their entirety, in particular the role of central institution for the Austrian Raiffeisen Banking Group.

Kratak pregled Raiffeisen Bank International

Raiffeisen Bank International AG (RBI) svojim matičnim tržištem smatra Austriju, gde je vodeća privredna i investiciona banka, kao i srednju i istočnu Evropu.

Mreža poslovnica pokriva 14 tržišta širom srednje i istočne Europe. Pored toga, grupacija obuhvata brojne druge kompanije pružaocu finansijskih usluga aktivnih u segmentima kao što su lizing, upravljanje sredstvima, kao i pripajanja i akvizicije.

Ukupno oko 50.000 zaposlenih uslužuje približno 16,5 miliona klijenata RBI u preko 2.400 poslovnica, prvenstveno u srednjoj i istočnoj Evropi. Deonice RBI AG listirane su na Bečkoj berzi od 2005. godine.

Krajem 2017. godine, ukupna aktiva RBI iznosila je 135 milijardi evra. Regionalne Raiffeisen banke drže oko 58,8% deonica RBI-a, dok je ostatak od 41,2% u slobodnoj prodaji.

Nakon spajanja u martu 2017. sa Raiffeisen Zentralbank Österreich AG (RZB AG), svojim prvobitno većinskim vlasnikom, RBI AG preuzela je sva prava, obaveze i funkcije prelazne kompanije RZB AG u potpunosti, posebno ulogu centralne institucije austrijske Raiffeisen bankarske grupacije.

Macroeconomic Environment, Opportunities for Foreign Investors and Perspectives

The start of the year was marked by regular presidential elections, won by the leader of the Srpska Napredna Stranka (SNS), Aleksandar Vučić. The function of prime minister was taken over by Ana Brnabić from the Ministry of State Administration and Local Self-Government.

The process of opening chapters in the negotiating process for joining the European Union continued by opening the following chapters: 20 (entrepreneurship and industrial policy), 26 (education and culture), 7 (intellectual property rights), 29 (customs union), 6 (company law) and chapter 30 (external economic relations). Twelve of the total anticipated 35 chapters were opened by the end of 2017 and two chapters were close to being finalized. The European Commission published its Strategy of the Union's expansion to the Western Balkans with outlined steps which Serbia needs to undertake in order to close all open chapters within the EU accession process until 2023, so that joining the Union could be finalized by 2025.

The government successfully met the criteria set out in the three-year stand-by precautionary agreement signed with the International Monetary Fund (IMF) in 2015. The IMF expressed very high regard in the government's ability to achieve fiscal consolidation and stopping public debt growth. Further, even after the efforts invested in the reform of public administration and public enterprises, the IMF recommended speeding up the process in order to curb public debt growth. There are indications that the government will sign a new non-financial instrument with the IMF in 2018, designed to offer support to the government in continuing reforms, and on the other hand, to anchor investors' expectations.

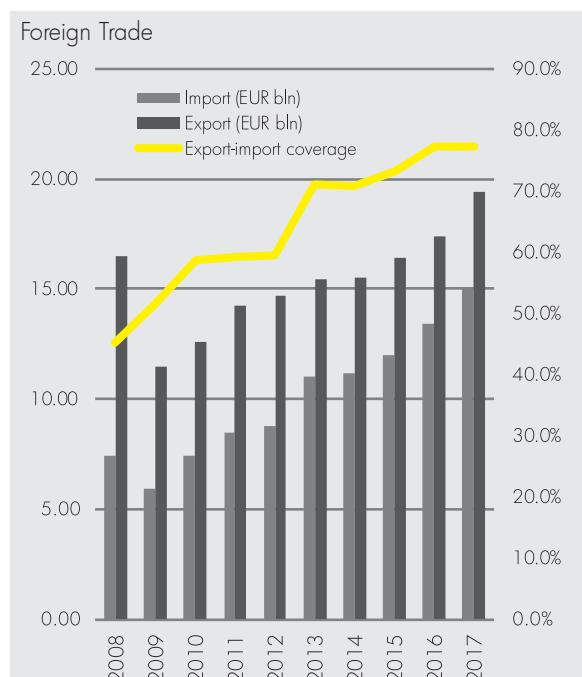
The results achieved in fiscal consolidation, the successful achieving of the targeted criteria as part of the IMF arrangement and the solid economic growth, spurred by investments growth, resulted in all three rating agencies improving the country's rating. Moody's rating agency increased the rating to Ba3 from B1, while Standard and Poor's and Fitch rating agencies improved the country's rating from BB- to BB.

Macroeconomic Trends

After the growth of the gross domestic product (GDP) in the amount of 2.8 percent y-o-y in 2016, the economy slowed down growth in 2017. The estimated growth of GDP in 2017 amounts to 1.8 percent annually.

Economy growth recovered in the fourth (plus 2.5 percent y-o-y) and third quarter (plus 2.2 percent y-o-y) after having grown by 1.5 percent y-o-y in the second and 1.2 percent y-o-y in the first quarter.

Investment growth contributed the most to economy growth in the fourth quarter, both private investments enticed by the inflow of foreign direct investments (FDI), as well as state investments in infrastructural projects. Further, decrease in unemployment boosted household consumption, which realized an average growth rate of 1.8 percent in the first three quarters, compared to 0.8 percent in the same period in 2016.



Makroekonomsko okruženje, mogućnosti za strane investitore i perspektive

Početak godine obeležen je redovnim predsedničkim izborima na kojima je predsednik Srpske napredne stranke (SNS), Aleksandar Vučić, odneo pobedu. Funkciju predsednika Vlade preuzeila je Ana Brnabić, sa mesta Ministra državne uprave i lokalne samouprave.

Proces otvaranja poglavlja u okviru pregovaračkog procesa pridruživanja Evropskoj Uniji nastavljen je otvaranjem sledećih poglavlja: 20 (preduzetništvo i industrijska politika), 26 (obrazovanje i kultura), 7 (pravo intelektualne svojine), 29 (carinska unija), 6 (pravo privrednih društava) i poglavljje 30 (ekonomski odnosi sa inostranstvom). Do kraja 2017. godine otvoreno je dvanaest od ukupno predviđenih 35 poglavlja, od čega su dva poglavlja blizu zatvaranja. Evropska komisija objavila je Strategiju proširenja bloka na Zapadni Balkan sa koracima koje Srbija treba da preduzme kako bi zatvorila sva otvorena poglavlja u okviru procesa pridruživanja EU do 2023. godine, kako bi se pridruživanje bloku okončalo 2025. godine.

Vlada je uspešno izvršavala kriterijume postavljene u okviru trogodišnjeg stand-by ugovora iz predostrožnosti potписанog sa Međunarodnim monetarnim fondom (MMF) 2015. godine. MMF je izuzetno visoko ocenio uspešnost Vlade u ostvarivanju fiskalne konsolidacije i zaustavljanju rasta javnog duga. Sa druge strane, i pored napora uloženih u reformu javne administracije i javnih preduzeća, MMF je prepričao ubrzanje procesa kako bi se ograničio rast javnog duga. Postoje najave da će Vlada potpisati sa MMF-om novi nefinansijski instrument u 2018. godini, koji je dizajniran da pruži podršku Vladi u nastavku sprovođenja reformi, a sa druge strane da usidri očekivanja investitora.

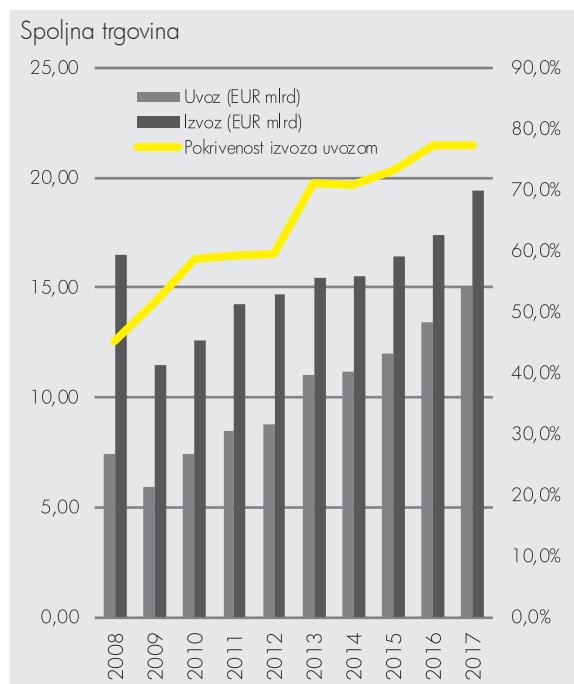
Ostvareni rezultati u fiskalnoj konsolidaciji, uspešno izvršavanje targetiranih kriterijuma u okviru MMF aranžmana i solidan rast ekonomije podstaknut rastom investicija, rezultirao je da sve tri rejtинг agencije poboljšaju rejtинг zemlje. Moody's rejtинг agencija povećala je rejtинг na Ba3 sa B1, dok su rejtинг agencije Standard and Poor's i Fitch unapredile rejtинг zemlje sa BB- na BB.

Makroekonomski trendovi

Nakon rasta bruto domaćeg proizvoda (BDP) u iznosu od 2,8% g-n-g u 2016. godini, ekonomija je usporila rast u toku 2017. godine. Procenjen rast BDP-a u 2017. godini iznosi 1,8% godišnje.

Rast ekonomije se oporavio u četvrtom (+2,5% g-n-g) i trećem kvartalu (+2,2% g-n-g) nakon rasta od 1,5% g-n-g u drugom i 1,2% g-n-g u prvom kvartalu.,

Rastu ekonomije u četvrtom kvartalu najviše je doprineo rast investicija, kako privatnih podstaknutih prilivom stranih direktnih investicija, tako i državnih investicija u infrastrukturne projekte. Dalje, pad nezaposlenosti podstaknuo je potrošnju domaćinstava koja je ostvarila prosečnu stopu rasta od 1,8% u toku 2017. u odnosu na 0,8% u 2016. godini.

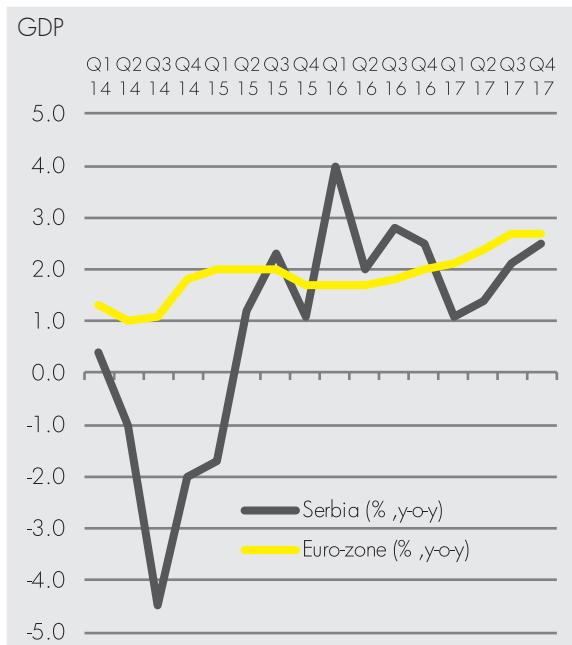


The state reduced consumption in 2017 (average rate of 1.0 percent) compared to 2016 (average ratio of 2.3 percent). The import and export net effect on economy growth was lower in 2017 compared to 2016 due to significant import growth in 2017.

Segments that mostly contributed to economy growth in 2017 are the following: processing industry, electricity, gas and steam, water supply and managing waste water, construction, as well as wholesale and retail trade. Agriculture performed negatively the previous year due to bad weather conditions, a very cold winter, followed by drought.

The average unemployment rate in 2017 (13.5 percent) dropped in comparison to the year 2016 (15.3 percent) and is the lowest level of this indicator since employment monitoring according to the methodology of the International Labour Association. However, new employment in 2017 (plus 32 thousand) was lower than in 2016 (plus 122 thousand) even with a great inflow of foreign direct investments in the previous year, because of the anaemic economy growth in 2017. The biggest employment growth was realized in the processing industry, wholesale and retail trade as well as board and lodging services.

The slowing down of industrial production in 2017 (plus 3.5 percent y-o-y) compared to 2016 (plus 4.7 percent y-o-y) is a result of the slowing down of mining (plus 2.7 percent y-o-y) and decreasing production of electricity, gas and steam production and air-conditioning (minus 6.2 percent y-o-y), compared to 4.0 percent y-o-y and 2.7 percent y-o-y in 2016 respectively. On the one hand, the reason for this lay in weather conditions (very low temperatures in winter, as well as below-average temperatures in spring), and on the other hand a long-term lack of investing into the energy sector made it impossible for this segment to meet the needs of industry which had begun to grow significantly due to the arrival of a great number of new investors.



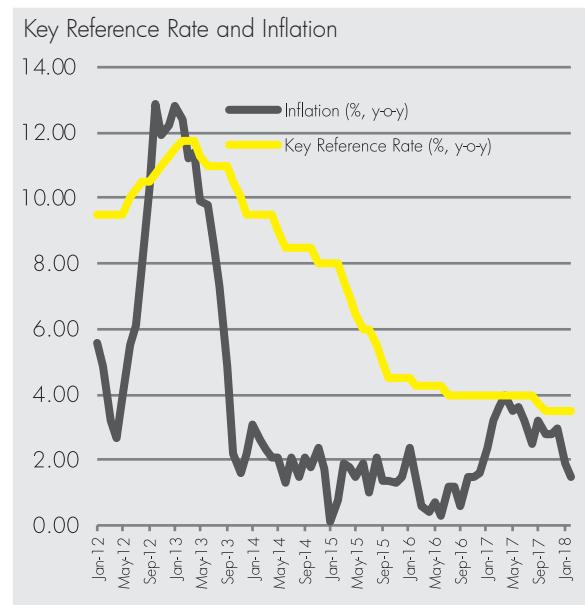
An encouraging fact is that the processing industry

exceeded the growth realized in 2016 (plus 5.3 percent y-o-y) in the year 2017 (plus 6.4 percent y-o-y). Processing industry growth was supported by a new investment cycle and is a result of the production growth of tobacco products, textile production, wood production and manufacturing of wooden products, chemical products, machine construction, etc. Vehicle production in FIAT, Kragujevac, slowed down its fall (minus 3.3 percent y-o-y) compared to 2016 (minus 7.6 percent y-o-y).

Export maintained a more or less similar growth trend in 2017 (plus 12.0 percent y-o-y) as in 2016 (plus 11.5 percent y-o-y). Although the export of FIAT vehicles was dominant in the export structure, export growth was generated by a broad spectrum of various industries, thanks to the inflow of foreign direct investments (FDI), including: industrial and electrical machinery, iron, furniture, clothing, chemical products, tobacco and other.

The import growth rate in 2017 (plus 13.8 percent y-o-y) doubled compared to 2016 (plus 4.2 percent y-o-y), because of a great import growth of energy fuels due to low temperatures in the first half of 2017, as well as import of iron, steel, non-ferrous metals, electrical machinery and other products and raw materials necessary for a new investment cycle.

Because of import growth, the export-import coverage fell mildly to 77.4 percent in 2017, compared to 78.8 percent in 2016. Foreign direct investments rose significantly in 2017 (2.4 billion euros), reaching the highest level since 2011 (3.3 billion euros), thanks to the stable macroeconomic environment, as well as thanks to the subvention measures which the government approved for new investments.



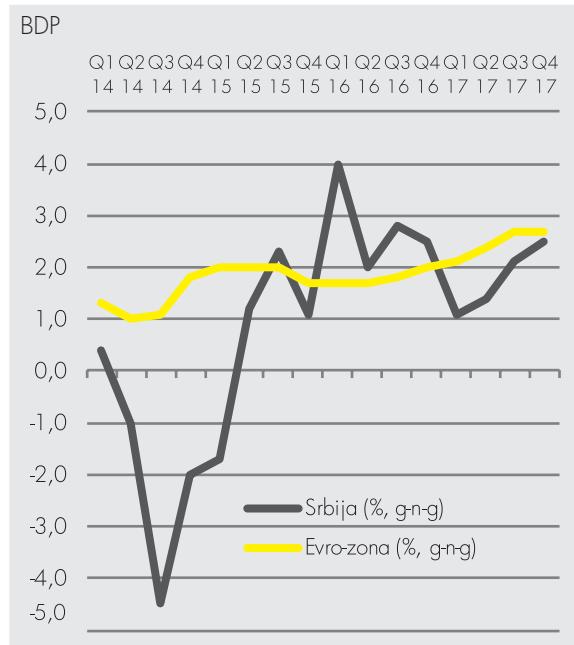
Inflation increased by 3.0 percent y-o-y in 2017 and entered the inflation corridor for the first time since 2009 (3%

Država je smanjila potrošnju u 2017. godini (prosečna stopa od 1,0%) u poređenju sa 2016. godinom (prosečna stopa od 2,3%). Neto efekat uvoza i izvoza na rast ekonomije smanjen je u toku 2017. u odnosu na 2016. godinu zbog značajnog rasta uvoza u 2017.

Sektori koji su najviše doprineli rastu ekonomije u 2017. godini su: prerađivačka industrija, snabdevanje električnom energijom, gasom i parom, snabdevanje vodom i upravljanje otpadnim vodama, građevinarstvo i trgovina na veliko i malo. Poljoprivreda je prethodne godine imala negativan performans zbog nepovoljnih vremenskih uslova, jake zime, a potom i suše.

Prosečna stopa nezaposlenosti u 2017. godini (13,5%) pala je u odnosu na 2016. godinu (15,3%) i najniži je nivo ovog pokazatelja od uvođenja praćenja nezaposlenosti prema metodologiji Međunarodne organizacije rada. Međutim, novo zapošljavanje u 2017. (+32 hilj.) je bilo manje u odnosu na 2016. (+122 hilj.) i pored velikog priliva stranih direktnih investicija prošle godine, zbog anemičnog rasta ekonomije u 2017. Najveći rast zaposlenosti ostvaren je u prerađivačkoj industriji, trgovini na veliko i malo i uslugama smeštaja i ishrane.

Usporavanje rasta industrijske proizvodnje u 2017. godini (+3,5% g-n-g) u poređenju sa 2016. godinom (+4,7% g-n-g) rezultat je usporavanja rasta rudarstva (+2,7% g-n-g) i pada proizvodnje u snabdevanju električnom energijom, gasom, parom i klimatizacijom (-6,2% g-n-g), u poređenju sa 4,0% g-n-g i 2,7% g-n-g, respektivno u 2016. godini. Razlog su s jedne strane bili vremenski uslovi (jako niske temperature u zimskom periodu kao i neuobičajeno niske temperature u prolećnom periodu), a sa druge strane dugogodišnje odsustvo investiranja u energetski sektor onemogućio je da ovaj sektor podmiri potrebe privrede koje su značajno počele da rastu sa dolaskom velikog broja novih investitora.

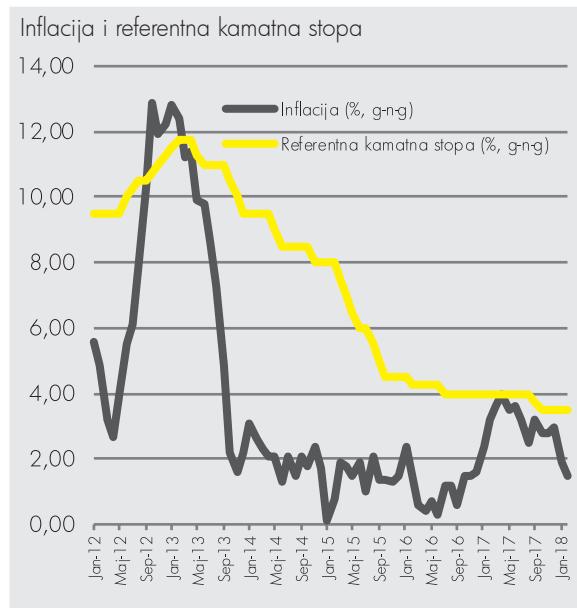


Ohrabrujuća je činjenica da je prerađivačka industrija u 2017. godini premašila rast (+6,4% g-n-g) iz 2016. (+5,3% g-n-g). Rast prerađivačke industrije bio je podstaknut novim investicionim ciklusom i rezultat je rasta proizvodnje duvanskih proizvoda, proizvodnje tekstila, proizvodnje drveta i proizvoda od drveta, hemijskih proizvoda, proizvodnja mašina, itd. Proizvodnja automobila u FIAT-u Kragujevac usporila je svoj pad (-3,3% g-n-g) iz 2016. godine (-7,6% g-n-g).

Izvoz je održao manje više sličan trend rasta u 2017. (+12,0% g-n-g) kao i u 2016. godini (+11,5% g-n-g). Iako je u strukturi izvoza, izvoz FIAT-ovih automobila dominirao, rast izvoza generisan je širokim spektrom različitih industrija zahvaljujući prilivu stranih direktnih investicija, uključujući: industrijske i električne mašine, gvožđe, nameštaj, odevne predmete, hemijske proizvode, duvan i ostalo.

Stopa rasta uvoza u 2017. (+13,8% g-n-g) bila je duplo veća nego u 2016. godini (+4,2% g-n-g) usled velikog rasta uvoza energenta zbog niskih temperatura u prvoj polovini 2017. godine, potom uvoza gvožđa, čelika, obojenih metala, električnih mašina i ostalih proizvoda i sirovina neophodnih za nov investicioni ciklus.

Zbog rasta uvoza, pokrivenost uvoza sa izvozom blago je pala na 77,4% u 2017. godini, u poređenju sa 78,8% u 2016. godini. Strane direktnе investicije značajno su porasle u 2017. godini (2,4 milijardi evra) dostigavši najviši nivo od 2011. godine (3,3 milijardi evra) zahvaljujući stabilnom makroekonomskom okruženju, kao i merama subvencije koje je Vlada odobravala za nove investicije.



plus/minus 1.5 percentage points). The growth in prices of products and services of personal consumption speeded up in 2017 compared to 2016 (plus 1.6 percent y-o-y) due to a one-off increase in oil prices (subsequent price correction in the local market as a consequence of their growth in the global markets) and certain food products due to bad weather conditions in the first half of 2017.

However, inflation slowed down its growth significantly in the second half of the year, partly supported by low import prices and strengthening of the course of the dinar in relation to the euro. All categories of products and services realized growth, but the greatest growth was recorded by prices of food and non-alcoholic beverages (plus 4.2 percent annually), as well as alcoholic beverages and tobacco (plus 6.7 percent annually).

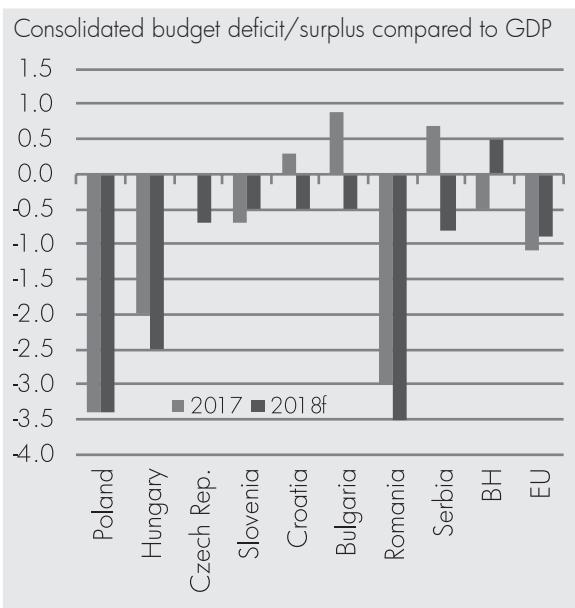
The correction of excise tax mostly contributed to the price growth of the second product category. Slowing down of inflation in the second half of 2017, the strong dinar in relation to the euro, as well as a somewhat slower economy growth than expected, resulted in lowering the reference interest rate twice by 25 percentage points to 3.5 percent.

After the presidential elections were finished, the dinar was constantly strengthening in relation to the euro thanks to the record-high inflow of foreign direct investments, high export, inflow of payments from abroad, banks' increased drawing of credits from their head offices abroad and the Ministry of Finance issuing securities. The total foreign currency interventions of the NBS in the foreign currency market (€1.9 billion) were somewhat higher compared to the year 2016 (€1.7 billion), mostly on the buying side (€1.4 billion), aiming to prevent the dinar from strengthening too much in relation to the euro.



The non-consolidated budget was in surplus the whole year, thanks to the significant growth of tax revenues (added

value tax, company income tax and excise tax) thanks to efficient tax collection, higher inflation in the first half of 2017, significant growth of import and high profitability of companies in 2016. Even with the savings measures, expenditures were growing slightly but because of capital expenditures growth that have been at their highest level since the start of the financial crisis in 2008. Works on Corridor 10 and 11, as well as the modernisation of railway capacities generated this growth, but the end result is the increase in infrastructure quality that will further improve the economic environment and attract more new investors.



Budget surplus, high state liquidity, EUR/USD and EUR/RSD movements, as well as the repayment of the due eurobond (USD 750 billion) supported the public debt slump to € 23.5 billion in 2017 (minus € 1.6 billion since the start of the year). In relation to the GDP, public debt fell to 61.5 percent from 71.9 percent in 2016. Debt issuing in the domestic market was reduced because the needs of refinancing t-bills of the Ministry of Finance were reduced. As a result, the Public Debt Bureau sold b-bills in the value of € 2.9 billion (those were refinancing needs) compared to € 3.4 billion of securities sold in 2016.

At the same time, the Public Debt Bureau increased the value of issues of particular maturities with the idea to create "reference issuings" of particular maturities, i.e. three-year securities. So, the total value of the offer of securities amounted to as much as € 8.6 billion (2016: € 6 billion), and the value of offers submitted was € 3.8 billion, which is not a signal that there is no appetite for domestic debt, but rather that the liquidity of the local financial sector is precisely in the level of the offers submitted. On the other hand, although non-residents slowly started returning to the domestic market, an aggressive increase of the reference interest rate of the American Central Bank (FED) made investments in their markets far more interesting.

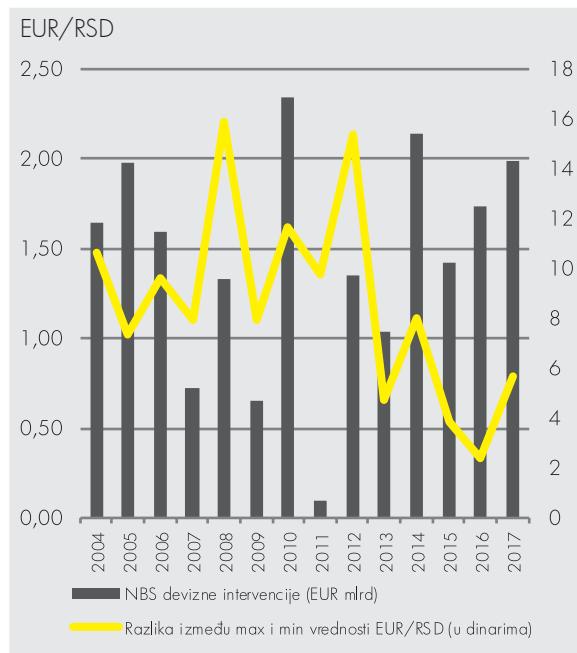
Good fiscal performances and stable macroeconomic environment further improved growth in investors' confidence

Inflacija je ostvarila rast od 3,0% g-n-g u 2017. i prvi put od 2009. ušla u inflacioni koridor (3% +/- 1,5pp). Rast cena proizvoda i usluga lične potrošnje u 2017. ubrzan je u poređenju sa 2016. (+1,6% g-n-g) usled jednokratnih povećanja cena naftne (naknadna korekcija cena na domaćem tržištu kao posledica rasta istih na globalnom tržištu) i određenih prehrambenih proizvoda zbog loših vremenskih uslova u prvoj polovini 2017. godine.

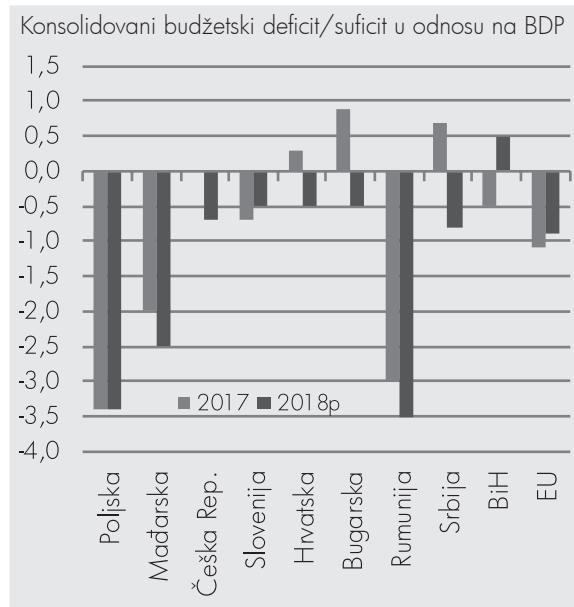
Međutim, inflacija je značajno usporila rast u drugoj polovini godine, što je delimično bilo podstaknuto niskim uvoznim cenama i jačanjem kursa dinara u odnosu na evro. Sve kategorije proizvoda i usluga ostvarile su rast, ali najveće stope rasta beležile su cene hrane i bezalkoholnih pića (+4,2% na godišnjem nivou), kao i alkoholnih pića i duvana (+6,7% na godišnjem nivou).

Rastu cena ove druge kategorije proizvoda najviše je doprinela korekcija visine akciza. Usporavanje inflacije u drugom delu 2017. jak dinar u odnosu na evro, kao i nešto sporiji rast ekonomije od očekivanog, rezultirao je smanjenjem referentne kamatne stope dva puta po 25 procenatnih poena na 3,5%.

Po završetku predsedničkih izbora, dinar je konstantno jačao u odnosu na evro zahvaljujući rekordno visokom prilivu stranih direktnih investicija, visokom izvozu, prilivu doznaka iz inostranstva, povećanom povlačenju kredita banaka od matica u inostranstvu i emitovanju hartija od vrednosti Ministarstva finansija. Ukupne devizne intervencije NBS na deviznom tržištu (1,9 milijardi evra) bile su nešto više u odnosu 2016. godinu (1,7 milijardi evra) i uglavnom su bile na kupovnoj strani (1,4 milijardi evra) sa ciljem da se spreči preferirano jačanje dinara u odnosu na evro.



Nekonsolidovani budžet je celu godinu bio u suficitu, zahvaljujući značajnom rastu poreskih prihoda (poreza na dodatu vrednost, porez na dobit preduzeća i akcize) usled efikasne naplate poreza, više inflacije u prvoj polovini 2017. godine, značajnog rasta uvoza i visoke profitabilnosti preduzeća u 2016. godini. I pored mera štednje, rashodi su imali blagi rast ali samo zbog rasta kapitalnih rashoda koji su na najvišem nivou od početka globalne finansijske krize 2008. godine. Radovi na Koridoru 10 i 11 i modernizacija železničkih kapaciteta generisali su ovaj rast, ali krajnji rezultat je povećanje kvaliteta infrastrukture koja će dalje unaprediti ekonomski ambijent i privući još novih investitora.



Suficit u budžetu, visoka likvidnost države, kretanje EUR/USD, EUR/RS D, kao i otpata dospele evoobveznice (750 miliona dolara), podstakli su pad javnog duga na 23,5 milijardi evra u 2017. godini (-1,6 milijardi evra od početka godine). U odnosu na bruto domaći proizvod, javni dug je pao na 61,5% sa 71,9% u 2016. godini. Emisija duga na domaćem tržištu je smanjena jer su i potrebe refinansiranja blagajničkih zapisa Ministarstva finansija redukovane. Kao rezultat, Uprava za javni dug prodala je b-zapise u vrednosti od 2,9 milijardi evra (što su i bile potrebe refinansiranja) u odnosu na 3,4 milijarde evra prodatih hartija od vrednosti u 2016. godini.

Istovremeno, Uprava za javni dug povećala je vrednost emisija određenih ročnosti sa idejom da se kreiraju "referentne emisije" određenih ročnosti, npr. trogodišnjih HoV. Tako da je ukupna vrednost ponude HoV iznosila čak 8,6 milijardi evra (2016: 6 milijardi evra), a vrednost dostavljenih ponuda 3,8 milijardi evra, što nije signal da ne postoji apetit za domaćim dugom, već da se likvidnost domaćeg finansijskog sektora nalazi upravo na nivou dostavljenih ponuda. Sa druge strane, iako su nerezidenti počeli polako da se vraćaju na domaće tržište, agresivna povećanja referentne kamatne stope američke centralne banke (FED) učinila su ulaganja na njihovim tržištima daleko interesantnijim.

and moving the yield curve towards longer maturities. Three-year t-bills (29 percent) and two-year securities (22 percent) had the greatest share in the structure of the total portfolio, and the share of seven-year and five-year securities, 21 percent and 14 percent respectively, partly also because of the attractive yield on longer maturities due to the constant yield decline.

Although the average yield for dinar denominated b-bills of the Ministry of Finance grew mildly to 4.74 percent from 4.28 percent in 2016, this growth only happened in the first months of 2017 because of inflation growth, in order for yields to change their movement trend as inflation slowed down growth. Further, the share increased of long-term securities whose yields, although falling, were significantly higher compared to shorter maturities. Average yields to euro-denominated t-bills of the Ministry of Finance fell to 1.57 percent from 1.94 percent in 2016.

Trends in the Banking Industry

Even with the economy slowdown in 2017, the crediting activity of the banking industry grew by 2.8 percent (2016: 2.9 percent). However, growth was supported by growth of consumer loans (plus 8.2 percent), while corporate credits slowed down their growth in 2017 (plus 1.4 percent) after 2.2 percent in 2016 because of the slowing down of the investment cycle in the first half of 2017.

The volume of newly issued loans to consumers (plus € 562.4 million) was somewhat lower compared to 2016 (plus € 648.8 million), most funds were issued as cash loans (plus € 539.1 million). Although housing loans dominate in the total loan portfolio of loans approved to private individuals (43.7 percent), the share of consumer loans in the portfolio grows from year to year (2017: 37.8 percent).

Investment loans issued to corporates fell by 7.2 percent compared to the growth by 3.3 percent in 2016. Even liquidity credits and credits for working capital slowed down growth to 6.7 percent (2016: plus 8.6 percent). Bad weather conditions until May 2017, as well as the usual slowing down of the economy's investment activity during presidential elections resulted in the slowing down of credit activity directed towards the corporate segment.

The non-performing loans ratio continued its fall to 12.2 percent in the third quarter of 2017 from 17.0 percent in 2016, and the greatest slump was with the NPL ratio of loans issued to entrepreneurs, which fell to 18.1 percent in the third quarter of 2017, from 24.1 percent at the end of 2016. Also, the corporate NPL ratio had a falling trend to 13.4 percent in the third quarter of 2017, compared to 17.6 percent at the end of 2016, as well as retail NPLs, which fell to 6.5 percent in the third quarter of 2017 (2016: 9.3 percent). Non-performing consumer loans realized the greatest plunge to 10.3 percent in the third quarter of 2017 (2016: 21.7 percent).

The coverage of NPLs by the calculated reserve for estimated balance and non-balance losses was at an extremely high level and amounted to 127.2 percent in September 2017

(2016: 118.9 percent). Also, capital adequacy was still quite above the mandatory 12 percent and the amount of this ratio was 22.5 percent in September 2017 (2016: 21.8 percent).

Under the influence of all of the above, banks still directed the surplus of their dinar liquidity into t-bills issued by the Ministry of Finance and repo operations with the National Bank of Serbia. The loan/deposit coverage ratio remained stable in 2017 at 99.2 percent (2016: 99.7 percent), because credits and deposits had different growth dynamics. Deposits slowed down their growth in 2017 (plus € 552.9 million since the beginning of the year), compared to 2016 (plus € 1.59 billion since the beginning of the year). Corporate deposits still grew faster (plus € 376.3 since the beginning of the year) than deposits of private individuals (plus € 147.5 million since the beginning of the year).

As far as the consolidation of the banking industry is concerned, Expobanka from the Czech Republic bought Marfin banka a.d., which is the first Czech bank in the Serbian market. Apart from this, AIK banka a.d., which is part of the MK Group, took over 100 percent ownership of the Greek Alpha bank, while NBG bank sold 100 percent ownership in Vojvodanska banka and NBG leasing to OTP bank in Serbia for € 125 million. The share of foreign-owned banks in the total banking assets is 82 percent.

Profitability of the local banking industry measured by return on equity grew in the period January-September 2017 (11.1 percent) compared to the same period the year before (6.9 percent), primarily thanks to the reduction of expenditures based on indirect write-offs of the issued credits and provisions.

The reduction in these expenditures happened because of the stable foreign exchange rate and as a result of solving the issue of NPLs. Even with the credit activity growing, the moderate drop in interest rates resulted in the decline of net interest income (minus 1.6 percent in the period January-September 2017, compared to the same period the year before). On the one hand, interest income decreased (minus 5.1 percent in the period January-September 2017) and on the other, there were significant corrections in expenditures (minus 20.2 percent in the period January-September 2017).

The business income/business expenditures coverage ratio dropped to 59.7 percent in the period January-September 2017, compared to 62.9 percent in the same period the year before, mostly due to the growth of other business revenues.

Dobre fiskalne performanse i stabilno makro-ekonomsko okruženje uticalo je na dalji rast poverenja investitora i pomeranja krive prinosa ka dužim ročnostima. Najveće učešće u strukturi ukupnog portfolija imali su trogodišnji b-zapisi (29%) i dvogodišnje HOV (22%), a povećalo se učešće sedmogodišnjih i petogodišnjih HOV, 21% i 14%, respektivno, delimično i zbog atraktivnog prinosa na duže ročnosti usled konstantnog pada prinosa.

Iako je prosečan prinos na dinarski denominovane b-zapise Ministarstva finansija blago porastao na 4,74% sa 4,28% u 2016. godini, taj rast se desio samo u prvim mesecima 2017. zbog rasta inflacije, da bi vrlo brzo prinosi promenili trend kretanja kako je inflacija usporila rast. Dalje, povećano je učešće dugoročnih hartija od vrednosti čiji prinosi iako u padu su znatno viši u odnosu na kraće ročnosti. Prosečni prinosi na evro-denominovane b-zapise Ministarstva finansija su pali na 1,57% sa 1,94% u 2016. godini.

Kretanja u bankarskoj industriji

I pored usporavanja rasta ekonomije u 2017. godini kreditna aktivnost bankarskog sektora ostvarila je rast od 2,8% (2016: 2,9%). Međutim, rast je bio podstaknut rastom kredita stanovništву (+8,2%), dok su krediti privredi usporili rast u 2017. (+1,4%) posle 2,2% rasta u 2016. godini zbog usporavanja investicionog ciklusa u prvoj polovini 2017.

Volumen novoplasiranih kredita stanovništvu (+562,4 miliona evra) bio je nešto niži u poređenju sa 2016. godinom (+648,8 miliona evra), a najviše sredstava plasirano je u gotovinske kredite (+539,1 miliona evra). Iako stambeni krediti dominiraju u ukupnom portfoliju kredita odobrenih stanovništву (43,7%), učešće potrošačkih kredita u portfoliju raste iz godine u godinu (2017: 37,8%).

Investicioni krediti plasirani privredi pali su za 7,2% u odnosu na rast od 3,3% u 2016. Čak su i krediti za likvidnost i obrtna sredstva usporili rast na 6,7% (2016: +8,6%). Loši vremenski uslovi do maja 2017. kao i uobičajeno usporavanje investicione aktivnosti privrede tokom predsedničkih izbora rezultirali su usporavanjem kreditne aktivnosti ka privredi.

Racio problematičnih kredita nastavio je da pada na 12,2% u trećem kvartalu 2017. sa 17,0% u 2016., a najveći pad je bio kod racija problematičnih kredita preduzetnika koji je pao na 18,1% u trećem kvartalu 2017. sa 24,1% na kraju 2016. Dalje, i racio problematičnih kredita privrede imao je trend pada na 13,4% u trećem kvartalu 2017. godine sa 17,6% na kraju 2016. godine kao i problematični krediti stanovništva koji su pali na 6,5% u trećem kvartalu 2017 (2016: 9,3%). Problematični krediti kod potrošačkih kredita imali su najveći pad na 10,3% u u trećem kvartalu 2017. godine (2016: 21,7%).

Pokrivenost problematičnih kredita ukupno obračunatom rezervom za procenjene bilansne i vanbilansne gubitke bila je na izuzetno visokom nivou i iznosila je 127,2% u septembru 2017. godine (2016: 118,9%). Takođe adekvatnost kapitala je i dalje dosta iznad propisanih 12%, a visina ovog racija u septembru 2017. godine iznosila je 22,5% (2016: 21,8%).

Pod uticajem svega gore navedenog, banke su i dalje usmeravale viškove dinarske likvidnosti u Trezorske zapise Ministarstva finansija i repo operacije kod Narodne banke Srbije (NBS). Racio pokrivenosti kredita depozitima ostao je na stabilnom nivou u 2017 od 99,2% (2016: 99,7%) jer su krediti i depoziti rasli sličnom dinamikom. Depoziti su usporili rast u 2017. godini (+552,9 miliona evra od početka godine) u odnosu na 2016. godinu (+1,59 milijardi evra od početka godine). Depoziti privrede su i dalje brže rasli (+376,3 miliona evra od početka godine) od depozita stanovništva (+147,5 milion evra od početka godine).

Što se tiče konsolidacije bankarskog sektora, Expobanka iz Češke Republike kupila je Marfin banku a.d., što je prva češka banka na srpskom tržištu. Pored toga, AIK banka a.d. koja je deo MK grupacije, preuzeala je 100% vlasništva grčke Alpha banke, dok je NBG banka prodala 100% vlasništva u Vojvođanskoj banci a.d. i NBG lizing OTP banci Srbije za 125 miliona evra. Učešće banaka u stranom vlasništvu u ukupnoj bankarskoj aktivi iznosi 82%.

Profitabilnost domaće bankarske industrije merena prinosom na kapital je porasla u periodu januar-septembar 2017. godine (11,1%) u poređenju sa istim periodom prethodne godine (6,9%) prvenstveno zahvaljujući padu rashoda po osnovu indirektnih otpisa plasmana i rezervisanja.

Pad ovih rashoda desio se usled stabilnog deviznog kursa kao i rešavanja problematičnih kredita. I pored rasta kreditne aktivnosti, umeren pad kamatnih stopa rezultirao je padom neto prihoda od kamata (-1,6% u periodu januar-septembar 2017. godine u odnosu na isti period prethodne godine). S jedne strane, pali su prihodi od kamata (-5,1% u periodu januar-septembar 2017. godine), a sa druge strane desile su se i značajne korekcije rashoda (-20,2% u periodu januar-septembar 2017. godine).

Racio pokrivenosti poslovnih rashoda sa poslovnim prihodima pao je na 59,7% u periodu januar-septembar 2017. godine u poređenju sa 62,9% u istom periodu prethodne godine, uglavnom zbog rasta ostalih poslovnih prihoda.

Social Responsibility

Social responsibility and a responsible approach to the community have been some of the basic business principles of Raiffeisen banka in Serbia in the past 16 years. Through these guiding principles, the bank wishes to approach all segments of society, its business community, but also the environment, in an ethical and responsible way.

The bank's tendency has always been to help the most vulnerable or the weakest parts of the community, such as children, the sick or individuals with special needs.

Socially responsible behavior of the bank includes activities through two humanitarian funds: "Budimir Boško Kostić" (founded in memory of the first Chairman of Raiffeisen banka) and "H. Stepic CEE Charity" (founded by the Chairman of Raiffeisen Bank International, dr Herbert Stepic).

In the course of 2017, the "H. Stepic CEE Charity" fund, together with Raiffeisen banka in Serbia, financially supported three projects in our country. These projects include support for Day Care Centers for children living and/or working in the streets in Belgrade and Novi Sad, as well as support for the functioning of the public Soup Kitchen in Senta.

In the past year traditional humanitarian projects were continued, where the bank's employees give blood voluntarily and their number in 2017 exceeded 150 people.

As supporting children is a key part of the strategy of the bank's charity activities, the International Children's Day (June 1st) was marked with a suitable volunteering project of the bank's employees, where the children's recreational center „Zvezdani Gaj“ in Belgrade was redecorated.

In 2017 it was ten years since the first chairman of Raiffeisen banka in Serbia, Budimir Boško Kostić, passed away. The bank's employees, headed by the bank's Managing Board, symbolically marked this anniversary by collecting funds that were donated to the "SOS Children's Village" humanitarian institution in Kraljevo. This institution provides a home for children and young people without parental care in this part of Serbia and thanks to the funds collected, heating during the winter months was provided. This donation has a special significance, since it was precisely the "SOS Children's Village" in Kraljevo was one of the first to receive aid from the "Budimir Boško Kostić" Charity Fund.

Continuing the very successful activities realized during the previous years, in 2017 the employees of Raiffeisen banka continued their tradition of collecting New Year's presents for children coming from vulnerable social groups, children with developmental problems, disabled children or children without parental care placed in institutional homes. More than 700 presents were collected, bringing joy to children in a record number of institutions – as many as 11 in nine cities across Serbia!

At the very end of 2017, the second socially responsible campaign was organized, entitled "Discount on Art", in cooperation with the Yugoslav Drama Theatre, which the bank has been sponsoring for more than a decade. Namely, celebrating the seventieth anniversary of this theater, one of the largest and most renowned in the region, through this project the bank and this theater offered citizens a top theatrical experience at prices reduced to symbolic amounts. This was the second project of this kind organized by these two institutions, where the 2017 project was record-breaking, because as many as 12,000 tickets were sold in just two days.

Apart from its humanitarian activities, the bank recognizes the importance of responsible human resources management and so tries to provide a working environment where employees will be satisfied and work in positions that correspond to their skills and knowledge, with the possibility of further professional and personal development.

The ecological dimension relates to efforts the bank is investing in order to create a balance between the need for economic growth on the one hand, and maintaining a healthy environment on the other. Special attention is focused on saving energy, paper and electronic waste recycling, further, in designing installation systems of the bank's new headquarters, the principles of saving energy by applying modern energy recuperation systems and optimization of technical parameters for ventilation and cooling were taken into account.

Of course, the issue of business ethics is one of the most important, so the bank strives to make the following its basic business ethics: transparency and work ethics, quality service and a comprehensive product offer, constant client care and responsible marketing, as well as respecting the current legislative framework and competition integrity.

Društvena odgovornost

Društveno odgovorno poslovanje i odgovoran pristup zajednici u kojoj posluje, predstavljaju jedne od osnovnih principa u radu Raiffeisen banke tokom proteklih 16 godina u Srbiji. Kroz njih banka želi da etički i odgovorno pristupi svim segmentima društva, poslovne zajednice, ali i okoline u kojoj posluje.

Tendencija banke je uvek da se podrška odnosi na najugroženije ili najslabije delove zajednice, kao što su to deca, bolesni, pojedinci sa posebnim potrebama.

U društveno odgovorno ponašanje treba uvrstiti i delovanje banke preko dve humanitarne fondacije: „Budimir Boško Kostić“ (osnovane u znak sećanja na prvog direktora banke) i „H. Stepic CEE Charity“ (čiji osnivač je bivši predsednik Raiffeisen Bank International-a, dr Herbert Stepic).

U toku 2017. godine, humanitarna fondacija „H. Stepic CEE Charity“, uz podršku Raiffeisen banke u Srbiji, finansijski je pomogla tri projekta u našoj zemlji. U okviru njih podržan je rad Dnevnih centara za decu koja žive i/ili rade na ulici u Beogradu i Novom Sadu, te pružena podrška funkcionisanju Narodne kuhinje u Senti.

I protekle godine nastavljene su tradicionalne akcije u okviru kojih zaposleni banke dobrovoljno daju krv, a njihov broj je u 2017. godini premašio 150.

Kako pomoći deci čini ključni deo strategije humanitarnog delovanja banke, još jednom prigodom volonterskom akcijom zaposlenih obeležen je i međunarodni dan dece (1. jun), a u okviru koje je uređen dečiji rekreativni centar „Zvezdani gaj“ u Beogradu.

U 2017. godini navršilo se 10 godina od smrti prvog direktora Raiffeisen banke u Srbiji, Budimira Boška Kostića. Zaposleni, predvođeni Izvršnim odborom banke, na simboličan obeležili su ovu godišnjicu, prikupivši novčana sredstva koja su donirana humanitarnoj organizaciji „SOS Dečija selo“ u Kraljevu. Ova institucija zbrinjava decu bez roditeljskog staranja u ovom delu Srbije, a zahvaljujući prikupljenim sredstvima, obezbeđeno je grejanje tokom zimskih meseci. Inače, ova donacija je posebno važna, imajući u vidu da su upravo „SOS Dečija selo“ u Kraljevu bila jedan od prvih primalaca donacije humanitarne fondacije „Budimir Boško Kostić“ nakon njenog osnivanja.

Nastavljajući veoma uspešne volonterske akcije realizovane tokom prethodnih osam godina, zaposleni Raiffeisen banke su i u 2017. organizovali tradicionalno prikupljanje novogodišnjih paketića za decu iz ugroženih socijalnih grupa, decu sa smetnjama u razvoju ili decu u domovima bez roditeljskog staranja. Prikupljeno je gotovo 700 paketića koji su obradovali decu u rekordnom broju institucija – njih čak 11 u devet gradova širom Srbije!

Za sam kraj godine organizovana je druga društveno odgovorna kampanja „Popust na umetnost“, i to u saradnji sa Jugoslovenskim dramskim pozorištem, čiji je banka generalni pokrovitelj više od decenije. Naime, na sedamdesetogodišnjicu rada ovog pozorišta, jednog od najvećih i najeminentnijih u regionu, ovom akcijom banka i pozorište pomogli su građanima da sebi obezbede vrhunski pozorišni doživljaj po cenama karata sniženim na simbolične iznose. Ovo je druga akcija ove vrste koju dve institucije organizuju, a ova iz 2017. oborila je rekord jer je čak 12.000 karata prodato za nepuna dva dana.

Pored filantropskog i društveno odgovornog delovanja, banka prepoznaje i značaj odgovornog upravljanja ljudskim resursima, te se trudi da obezbedi radno okruženje u kome će zaposleni biti zadovoljni i raditi na pozicijama koje odgovaraju njihovim znanjima i veštinama, uz mogućnost daljeg profesionalnog i ličnog razvoja.

Ekološka dimenzija poslovanja odnosi se na napore koje banka ulaže kako bi uspostavila ravnotežu između potrebe za ekonomskim rastom sa jedne strane, i očuvanja zdravog okruženja sa druge. Vodi se računa o uštedi energije, reciklaži papira i elektronskog otpada, a instalacioni sistemi upravne zgrade banke funkcionišu po principima uštede energije primenom savremenih sistema rekuperacije energije i optimizacije tehničkih parametara za ventilaciju i hlađenje.

Svakako da je i pitanje poslovne etike jedno od najvažnijih, tako da banka teži da osnovni principi njenog poslovanja budu transparentnost i etičnost u radu, kvalitetna usluga i raznovrsna ponuda proizvoda, konstantna briga o klijentima i odgovoran marketing, uz poštovanje važeće regulative i integriteta konkurenčije.

Corporate Banking

In 2017, Corporate Banking posted another very successful business year, achieving overall profitability well above targets, supported by growing assets, positive gross income development and strongly decreased risk costs. Despite still persistent market challenges in the market such as low interest rate environment and highly competitive banking sector for corporate clients, characterized by high overliquidity and reducing client rates/margins, the corporate segment succeeded to significantly grow both asset portfolio and liability volumes in 2017, while maintaining a prudent risk approach from the past years, which resulted in significant portfolio quality improvement and significant reduction of NPLs.

The bank's focus and strategy in corporate banking has been maintained in 2017: preserving long-term partnerships with its primary credit portfolio clients and focus on well-structured deals, as well as on supporting healthy business activities of its clients by continually providing quality services and ensuring a prudent risk policy. Also, from year to year the bank is confirming its leading position in the multinational segment, with strongly developed multinational desk by servicing the most important and largest foreign investors in Serbia, as well as the main government partners in infrastructure and agricultural projects.

Development of Key Products and Innovations

Business activities, initiatives and new product offers in the corporate banking segment in 2017 were aligned to the business conditions in the market. The bank successfully met the needs of its clients, offering a comprehensive and high-quality product range of credits and other products and services, in the following categories: corporate credits (incl. standard credit and revolving facilities, project financing, syndication loans, etc.), trade finance facilities (guarantees, letters of credit, factoring, bills of exchange products), deposits, treasury products (spot transactions, forward, quasi forward, interest rate swap, hedging instruments, broker and custody services), domestic and international payment transactions, POS-terminals, business cards and electronic banking.

The acquisition of quality clients through the offer of various financing possibilities was the focus in 2017 as well. The bank successfully met the financing needs of its clients through an active offer of competitive lending conditions, both from its own resources, as well as in the domain of long-term financing by offering price-attractive supranational credit lines. Raiffeisen banka was one of the leading banks on the market as far as the sale of these products is concerned. Special emphasis was put on capital-light products: documentary business and fee-based products (such as cash management and treasury products).

Parallel, a successful sales management approach was maintained, reflected in the concept of proactive planning/execution monitoring, as well as through the structured account planning/joint strategy development towards large GCC groups and systematic sales campaigns/pricing actions.

This is confirmed by the bank's leading market position and stable business development with large multinational corporates which are active in several countries, with a special focus on tailor-made products and services (e.g. escrow accounts, credit cards, treasury products, etc.)

Related to new initiatives and innovations, the main emphasis has been placed towards further development of the overall cash management segment, as well as additional enhancements of the RaiffeisenOnLine electronic platform and implementation of the digital banking strategy for electronic banking.

Main achievements and focus areas in 2017/2018 include:

- Further improvement of RaiffeisenOnLine – Guarantee platform development in process (go-live expected in March 2018), security concept in accordance with the Group Directive etc, dinar payment order withdrawal via RaiffeisenOnLine
- Explore synergies between RaiffeisenOnLine and Mbanking. Sales campaign for Mbanking
- Improvement of Halcom application: sending documents along with the payment order through application, instead of sending documents via e-mail/fax
- Improvement of different cash management products and services: SWIFT products, processing SEPA formats (xml 20022) in the bank's core system and generate reports regarding payment order status Pain 002
- Maintain/Increase the number of payment orders which are being processed via electronic channels, continuous actions from the bank side in terms of client education of all advantages of the e-banking platform.

In addition, the corporate segment continued to further exploit all the advantages of the existing CRM Siebel platform, to give an additional boost to the loan process automation, qualitative client targeting as well as to encourage proactive sales and cross-selling.

Along with an active sales approach, the corporate segment focused on additional measures to improve the process and reduce operational cost. New projects were initiated to explore additional possibilities to increase earnings, maintain the CIR on a budgeted level as well as to improve organizational structure at the same time (e.g. creation of corporate support team to relax and improve KYC process). Overall, this resulted in a more efficient and leaner organization within the overall corporate segment.

Client Relationship Quality

High trust and stability of cooperation between the bank and its corporate clients were the key factor in overcoming the challenges caused by the still unstable and complex market environment. By its committed approach, based primarily on quality, Raiffeisen banka will certainly remain a reliable long-term partner to its clients in the future as well.

Poslovanje sa privredom

U 2017. godini, poslovanje sa privredom zabeležilo je još jednu veoma uspešnu poslovnu godinu, sa ukupnim rezultatima koji su u velikoj meri iznad predviđenih ciljeva, kao rezultat rastuće aktive, pozitivnog razvoja u pogledu ukupnog prihoda, kao i prilično umanjenih troškova rizika. Uprkos još uvek prisutnim izazovima na tržištu, kao što su okruženje niskih kamatnih stopa i izuzetno konkurentan bankarski sektor za klijente iz privrede, za koji su karakteristični prevelika likvidnost, manje kamatne stope i margine, segment za poslovanje sa privredom uspeo je da značajno uveća kako kreditni portfolio, tako i volumene depozita u 2017. godini, održavajući konzervativan pristup riziku od prethodnih godina, što je kao rezultat imalo značajno poboljšanje kvaliteta portfolija i veliko smanjenje loših kredita.

Osnovno usmerenje i strategija u poslovanju sa privredom održali su se i u 2017. godini: očuvanje dugoročnih partnerstava sa klijentima iz primarnog kreditnog portfolija, usmerenje na dobro strukturisane poslove, kao i podrška zdravim poslovnim aktivnostima klijenata stalnim pružanjem kvalitetnih usluga i osiguravanjem konzervativne politike upravljanja rizikom. Takođe, iz godine u godinu, banka potvrđuje svoju lidersku poziciju u multinacionalnom segmentu, sa veoma razvijenom platformom za multinacionalne klijente, koja opslužuje najvažnije i najveće investitore u Srbiji, kao i najvažnije partnere Vlade u infrastruktumim i poljoprivrednim projektima.

Razvoj ključnih proizvoda i inovacije

Poslovne aktivnosti, inicijative i nove ponude proizvoda u segmentu privrednog bankarstva u 2017. bili su u skladu sa uslovima poslovanja na tržištu. Banka je uspešno izašla u susret potrebama svojih klijenata, nudeći sveobuhvatnu i visoko kvalitetnu ponudu proizvoda kredita, kao i ostalih proizvoda i usluga u sledećim kategorijama: krediti za privredu (uključujući standardne kredite i kreditne linije na revolving osnovi, finansiranje projekata, sindicirane kredite, itd), finansiranje trgovine (garancije, akreditivi, faktoring, menični proizvodi), depoziti, proizvodi sredstava (spot transakcije, forvard, kvazi forvard, kamatni svop, hedžing instrumenti, brokerske i kastodi usluge), domaće i međunarodne platne transakcije, POS-terminali, poslovne platne kartice i elektronsko bankarstvo.

Akvizicija kvalitetnih klijenata putem ponude različitih mogućnosti finansiranja bila je usmerenje i u 2017. godini. Banka je uspešno odgovorila na potrebe klijenata za finansiranjem putem aktivne ponude konkurentnih kreditnih uslova, kako iz sopstvenih sredstava, tako i u domenu dugoročnog finansiranja putem ponude cenovno atraktivnih nadnacionalnih kreditnih linija. Raiffeisen banka bila je jedna od vodećih banaka na tržištu što se tiče prodaje ovih proizvoda. Poseban akcenat stavljen je na capital-light proizvode: dokumentarne poslove i proizvode na bazi tarife (kao što je upravljanje gotovim novcem, kao i proizvodi sredstava).

U isto vreme, segment za poslovanje sa privredom održao je uspešan prodajni pristup, koji se ogleda u konceptu proaktivnog planiranja/praćenja izvršavanja, kao i putem razvoja planiranja zajedničke strategije prema velikim grupacijama povezanih lica, kao i sistematskim prodajnim kampanjama i cenovnim akcijama.

Ovaj pristup potvrđen je vodećom pozicijom banke na tržištu i stabilnim razvojem poslovanja sa velikim multinacionalnim kompanijama koje su aktivne u više zemalja, sa posebnim fokusom na namenski osmišljene proizvode i usluge (npr. računi za posebne namene, kreditne kartice, proizvodi sredstava, itd).

U vezi sa novim inicijativama i inovacijama, osnovno usmerenje je na daljem razvoju celog segmenta keš menadžmenta, kao i na dalja unapređenja elektronske platforme RaiffeisenOnline i uvođenja strategije digitalnog bankarstva za elektronsko bankarstvo.

Najvažnija dostignuća i segmenti usmerenja u 2017/2018. uključuju:

- Nastavak poboljšanja platforme RaiffeisenOnline (u toku je razvoj platforme za garancije, koncept sigurnosti razvija se u skladu sa direktivama Raiffeisen grupacije, itd, povlačenje naloga za dinarsko plaćanje preko RaiffeisenOnline);
- Istraživanje sinergije između platformi RaiffeisenOnline i mBanking, kao i prodajna kampanja za mBanking
- Unapređenje Halcom aplikacije: slanje dokumenata zajedno sa nalogom za plaćanje putem aplikacije, umesto da se dokumenta šalju imejlov ili faksom;
- Unapređenje različitih proizvoda i usluga u segmentu keš menadžmenta: SWIFT proizvodi, procesuiranje SEPA formata (xml 20022) u kor sistem u banke i generisanje izveštaja u pogledu statusa naloga plaćanja Pain 002;
- Održavanje, tj. povećanje broja platnih naloga koji se obrađuju elektronski, stalna edukacija klijenata od strane banke u smislu predstavljanja svih prednosti platforme za elektronsko bankarstvo.

Pored toga, segment za poslovanje sa privredom nastavio je sa daljim korišćenjem svih prednosti postojeće CRM Siebel platforme, kako bi se dodatno podstaknula automatizacija procesa kreditiranja, kvalitativno targetiranje klijenata, kao i aktivna podrška proaktivnoj i unakrsnoj prodaji.

Pored aktivnog prodajnog pristupa, sektor za poslovanje sa privredom bio je dodatno usmeren na mere koje unapređuju proces i smanjuju operativne troškove. Novi projekti inicirani su kako bi se istražile dodatne mogućnosti za uvećanje zarada, kao i da se, istovremeno, poboljša organizaciona struktura, sa ciljem da se CIR održi na budžetiranom nivou, te da se istovremeno poboljša organizaciona struktura (npr formiranje tima podrške za poslovanje sa privredom kako bi se olakšali i poboljšali KYC procesi). Rezultat svega toga je kreiranje efikasnije organizacije u okviru celokupnog segmenta poslovanja sa privredom.

Kvalitet odnosa sa klijentima

Veliko poverenje i stabilnost saradnje između banke i njenih klijenata iz privrede bili su ključni faktori u prevazilaženju izazova koje je uzrokovalo još uvek nestabilno i složeno tržišno okruženje. Svojim posvećenim pristupom, zasnovanim prvenstveno na kvalitetu, Raiffeisen banka će ostati pouzdan dugoročni partner svojim klijentima i u budućnosti.

Retail Banking

Retail business activities recorded the best results in 2017 since the bank's establishment in 2001.

In 2017, the focus was on developing the bank's digital channels (internet, telephone and mobile banking), opening new and redesigning existing branch offices, introducing the most up-to-date multifunctional machines which enable a broad range of services and significantly reduce the time of effecting a transaction. Apart from all the above mentioned, further steps on improving the loan products offer were continued. All these activities were followed by continuous work on improving the bank's service quality. The results of these efforts are reflected in the fact that the number of clients in 2017 grew by 5.13 percent compared to the year before, despite even stronger competition in the banking industry.

Raiffeisen banka, with a market share of approx. 9.4 percent in the cash loan segment, maintains one of the leading positions in the market. In the loan products segment, most activities focussed on broadening the offer of innovative products, as well as finding the optimal pricing and product combination.

In the segment of deposit products, it is a confirmed fact that security and tradition are the main features when choosing a savings bank, which is reflected in the fact that the level of deposits from private individuals rose significantly, almost by 9 percent in relation to the end of 2016.

Raiffeisen banka continued its innovative approach concerning card business, both in the segment of acceptance and card issuance. As a result, a growth of the credit card market share as per transaction volume was realized – from 17.9 percent in 2016 to 20.22 percent in the last quarter of 2017.

Raiffeisen banka issues its complete card portfolio with the additional function of contactless payment. The number of POS terminals in the bank's acceptance network is growing continually and in 2017 it reached 3,100. The network of merchants accepting payment cards through web shops is expanding constantly and the secure payment service was implemented for all Visa and MasterCard cards issued by Raiffeisen banka.

Raiffeisen banka continued offering benefits in the course of 2017, thus enabling all new users of the Visa revolving credit card an additional benefit – purchase in installments without interest, where the bank does not calculate interest rate on any entire payment of the installment due. Also, the process of instant issuing of credit cards was implemented in 2017, where the client can obtain a credit card with a limit of up to RSD 60,000 within 15 minutes just by visiting the branch office once.

As regards new technologies, apart from the now well recognized and ever more present contactless card payment, in 2017 Raiffeisen banka also launched the most up to date mode of card payment via mobile phone entitled mPay.

Premium Banking

The Premium Banking service focussed in 2017 on strengthening and broadening its cooperation with existing clients, as well as on the acquisition of new clients. A growth of the client base by 6 percent was achieved.

Continuous efforts to increase market awareness on alternative modalities of savings and investment possibilities again resulted in sales growth of investment funds. Total assets under management in funds grew by 14 percent compared to the year before, also, a growth of deposit portfolio by 13 percent was recorded, so that the share of funds in total assets under management of Premium clients was maintained at 22 percent.

In the course of 2017, the attractive offer of the bank's loan products, especially mortgage loans, influenced the continuing loan portfolio growth trend, which amounts to 9 percent, compared to the year 2016.

Continuing work on affirming and promoting internet banking and the Raiffeisen banka mobile application led to an extremely high "self-service" ratio with Premium clients, which was 82.3 percent at the end of 2017.

In accordance with modern trends, activities are undertaken to create new channels for doing business with Premium clients and we expect that, with the implementation of these channels, the bank's clients will be able to obtain a new, modern service that will meet their expectations.

Small Enterprises and Entrepreneurs

The Small Enterprises and Entrepreneurs segment continued its very successful business activities in 2017 as well. The number of clients increased by 16% compared to the previous year, the net portfolio increased by 16.6%, clients' deposits increased by 22.8%, the total income of this segment increased by 14.3%, while operating expenses remained at approximately the same level as in 2016 (growth of 2 percent).

Poslovanje sa stanovništvom

Poslovanje sa stanovništvom je u 2017. godini zabeležilo najbolje rezultate od osnivanja banke 2001. godine.

Fokus u 2017. godini bio je na razvoju digitalnih kanala banke (internet i mobilno bankarstvo), otvaranju novih i redizajnu postojećih ekspozitura, uz uvođenje najsvremenijih višenamenskih uređaja, koje omogućuju širok spektar usluga i značajno skraćuju vreme obavljanja transakcija. Pored navedenog, nastavljen je rad na daljem unapređenju ponude kreditnih proizvoda. Sve ove aktivnosti praćene su kontinuiranim radom na unapređenju kvaliteta usluga banke. Rezultati ovih napora su vidljivi u činjenici da je broj klijenata u 2017. porastao za 5,13% u odnosu na prethodnu godinu, uprkos sve jačoj konkurenциji u bankarskom sektoru.

Raiffeisen banka, sa tržišnim učešćem od oko 9,4% u segmentu gotovinskih kredita, zauzima jednu od vodećih pozicija na tržištu. U domenu kreditnih proizvoda, većina aktivnosti bila je usmerena na proširenje ponude inovativnih proizvoda, pronaalaženje optimalnog nivoa cena i kombinacije proizvoda.

U segmentu depozitnih proizvoda, potvrđena je činjenica da su sigurnost i tradicija glavni faktori prilikom izbora banke za štednju, što se ogleda u tome da je nivo depozita fizičkih lica značajno porastao, i to za skoro 9% u odnosu na kraj 2016. godine.

Raiffeisen banka je nastavila sa svojim inovativnim pristupom kada je kartično poslovanje u pitanju, kako u oblasti prihvata, tako i kad je reč o izdavanju kartica. To je za rezultat imalo rast tržišnog učešća kreditnih kartica po obimu transakcija sa 17,9% u 2016. godini na 20,22% u četvrtom kvartalu 2017. godine.

Raiffeisen banka kompletan kartični portfolio izdaje sa dodatnom funkcijom beskontaktnog plaćanja. Broj POS terminala u akceptantskoj mreži banke kontinuirano raste i u 2017. dostigao je 3.100. Sve veću ekspanziju ima i mreža trgovaca koji prihvataju platne kartice preko web prodavnica, a uveden je i servis sigurnog plaćanja preko interneta po svim Visa i MasterCard karticama izdanja Raiffeisen banke.

Raiffeisen banka je tokom 2017. nastavila sa pogodnostima, tako da prilikom plaćanja kreditnom karticom svi novi korisnici Visa revolving kreditne kartice imaju dodatnu pogodnost – kupovinu na rate bez kamate, gde pri uplati dospele rate u celosti, banka ne obračunava kamatu. Takođe, u 2017. godini implementiran je proces instant izdavanja kreditne kartice, gde korisnik samo jednim dolaskom u banku, u roku od 15 minuta, može dobiti kreditnu karticu sa limitom od 60.000 dinara.

Sa aspekta novih tehnologija, Raiffeisen banka je u 2017. godini, osim već dobro poznatog i sve zastupljenijeg beskontaktnog plaćanja karticom, lansirala najsvremeniji vid kartičnog plaćanja putem mobilnog telefona pod nazivom „mPay”.

Premium bankarstvo

Usluga Premium bankarstva je i u 2017. godini u svom fokusu imala jačanje i proširenje saradnje sa postojećim klijentima kroz visok kvalitet usluge kao i akviziciju novih klijenata. Ostvaren je rast klijentske baze za 6%.

Stalni napor da se uveća svest tržišta o alternativnim vrstama štednje i mogućnostima investiranja i ove godine su rezultirali rastom prodaje investicionih fondova. Ukupna sredstva Premium klijenata pod upravljanjem u okviru fondova porasla su za 14% u odnosu na prethodnu godinu, ali je ostvaren i porast depozitnog portfolija za 13% tako da je udio fondova u ukupnim sredstvima pod upravljanjem Premium klijenata zadržan na nivou od 22%.

Tokom 2017. godine, atraktivna ponuda kreditnih proizvoda banke, posebno stambenih kredita, uticala je na nastavak trenda rasta kreditnog portfolija koji u odnosu na 2016. godinu iznosi 9%.

Kontinuiran rad na afirmaciji i promociji internet bankarstva i mobilne aplikacije Raiffeisen banke, doveo je do izuzetno visoke stope samousluživanja kod Premium klijenata koja na kraju 2017. godine iznosi 82,3%.

U skladu sa savremenim trendovima, u toku su aktivnosti na stvaranju novih kanala za rad sa Premium klijentima i očekujemo da će, sa realizacijom istih, klijenti banke dobiti novu, savremenu uslugu koja ispunjava njihova očekivanja.

Mala preduzeća i preduzetnici

Segment poslovanja sa malim preduzećima i preduzetnicima je i u 2017. godini nastavio sa vrlo uspešnim poslovanjem. Broj klijenata je povećan za 16% u odnosu na prethodnu godinu, neto portfolio uvećan za 16,6%, depoziti klijenata su povećani za 22,8%, ukupni prihodi segmenta su povećani za 14,3% dok su operativni troškovi ostali na približno istom nivou kao 2016. godine (rast od 2%).

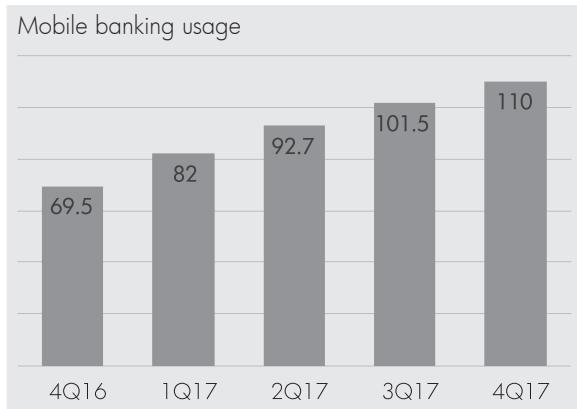
These indicators are a result of a systematic approach in all business segments, both with regard to loans, where the portfolio quality is exceptionally good with an NPL share of only 2.35%, and in the service part, where clients accepted the bank's electronic business solutions. Proof of this is the percentage of electronic orders, which comprises 83.3% of the total number of orders, whereby every fourth electronic order has been effected through mobile banking.

Exceptionally good results were realized in the segment of micro enterprises and entrepreneurs, where processes were constantly improved. A range of activities and campaigns were introduced, such as sales model improvement, centralization of service activities, loan policy adjustments, improving the "Onboarding" concept for clients, etc, all of which resulted in net portfolio growth by 36%, growth in the number of clients by 17.7% and growth in total income by 22.3%.

This year is yet another evidence that the bank selected a good path in focusing on unconditional service quality towards clients, constant customer research and forming a product offer exclusively based on clients' needs.

Innovative Banking

When it comes to digital banking, Raiffeisen banka has been market pioneer from its inception being the first bank to offer internet banking since 2001. Despite the fierce competition in digital arena, the bank continued to grow its position and reaching a 20% market share in terms of the registered digital banking users in 2017. Mobile banking usage surged with 60% increase year-on-year, for the first time surpassing Internet banking usage.



The bank has launched a program to upgrade all digital channels bringing a completely new customer experience, primarily focusing on simplicity and cross-channel consistency. Everyday banking will be enriched with features such as: real-time notifications, secure inbox and monthly bills presentment. Great attention is also placed on process automation and digital sales, enabling a smoother

and faster way to obtain personal loans or manage payment cards.

In the course of 2017, the bank introduced a new service on its mobile banking application and internet banking entitled "MobileCASH". This service enables customers to conveniently send money to anyone using the favorite messaging applications such as Viber, WhatsApp Facebook Messenger or any other service available on device and withdraw cash on multifunctional devices without a payment card, only by scanning the QR code.

Towards the end of the year, Raiffeisen banka launched REA Raiffeisen Electronic Assistant, i.e. the first artificial intelligence-based communication platform on the Serbian market that enables customers and non-customers to communicate with the bank via Facebook Messenger and Viber in the Serbian and English languages, around the clock and seven days a week.

Direct sales which comprises sales outside of branch offices through crediting retail chains, as well as sales through direct agents, again realized record results.

Through the channel of retail chains crediting, the good practice of cooperating with merchants was continued and the distribution in more than 350 retail shops was provided in 2017, with a supporting team of more than 200 agents and presence in more than 70 cities throughout Serbia. Sales growth by 26 percent was achieved compared to 2016.

The network of direct sales agents realized a significant result in the segment of selling all three products: when we look at cash loans, the results realized in 2017 show a growth of 13.3 percent, the sales of current accounts grew by 45.5 percent, while the sales of credit cards grew by 33.8 percent, all compared to 2016. The share of this sales channel makes up 15.6 percent of the total products issued through all the bank's sales channels.

During 2017, the process of developing a satellite application in the Direct Sales Agents segment was begun, as well as changing the existing application in the Retail Sales Finance network, in order to enable clients to apply for the bank's products in an even faster and more efficient manner. We expect implementation in phases in the course of 2018.

The digitalization of processes and products in all segments of retail and corporate banking, as well as further development and upgrading of the existing solutions in digital banking became the basic priority in 2017 for further planning of business growth and maintaining the market position. Clients' needs are going towards greater comfort and faster communication with the bank, which can only be achieved through these communication and sales channels.

Ovi pokazatelji su rezultat sistematskog pristupa u svim oblastima poslovanja, kako u kreditnim poslovima, gde je kvalitet portfolija izuzetno dobar sa učešćem problematičnih kredita od svega 2,35%, tako i u servisnom delu, gde su klijenti prihvatali elektronska rešenja banke, što potvrđuje procenat elektronskih nalogova koji u ukupnom broju nalogova iznosi 83,3%, pri čemu je svaki četvrti elektronski nalog izvršen preko mobilnog bankarstva.

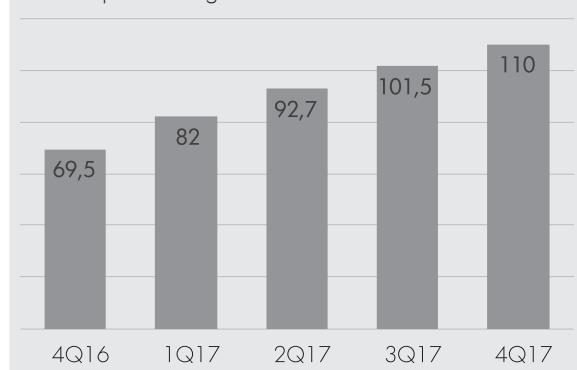
Posebno dobri rezultati su ostvareni u segmentu mikro preduzeća i preduzetnika, gde se vrši konstantno usavršavanje procesa. Realizovan je niz akcija i kampanja, kao što su unapređenje prodajnog modela, centralizacija servisnih aktivnosti, prilagođavanje kreditne politike, usavršavanje koncepta „dobrodošlice“ za klijente i slično, što je dovelo do rasta neto portfolija za 36%, broja klijenata za 17,7%, a ukupnih prihoda za 22,3%.

Ova godina je još jedan dokaz da smo izabrali dobar put opredelivši se za bezuslovan kvalitet usluge prema klijentima, konstantno ispitivanje zadovoljstva naših klijenata i formiranje ponude proizvoda isključivo na osnovu njihovih potreba.

Inovativno bankarstvo

Što se tiče digitalnog bankarstva, Raiffeisen banka je pionir na tržištu od samog početka, s obzirom da je prva banka koja je ponudila internet bankarstvo još 2001. godine. Uprkos oštroy konkurenciji u digitalnoj arenici, banka je nastavila da raste i dostigla 20% udela na tržištu registrovanih digitalnih korisnika u 2017. godini. Korišćenje mobilnog bankarstva ubrzano raste sa uvećanjem od 60% godina-na-godinu i po prvi put premašuje korišćenje internet bankarstva.

Korišćenje mobilnog bankarstva



Banka je lansirala program za poboljšanje svih digitalnih kanala, obezbeđivši time potpuno novo korisničko iskustvo, prvenstveno usmerenjem na jednostavnost i konzistentnost širom kanala. Svakodnevno bankarstvo biće obogaćeno uslugama kao što su: obaveštenja u realnom vremenu, sigurni inbox i dobijanje redovnih mesečnih računa u formi spremnoj za plaćanje.

Tokom 2017. godine, banka je uvela novu uslugu na aplikaciji mobilno bankarstvo i internet bankarstvo, pod nazivom „MobilniKEŠ“. Ova usluga omogućuje klijentima da jednostavno pošalju novac bilo kome koristeći omiljene aplikacije za poruke, kao što su Viber, WhatsApp Facebook Messenger ili bilo koji drugi servis na datom uređaju i da podignu gotovinu bez platne kartice samo skeniranjem QR koda.

Krajem godine, Raiffeisen banka lansirala je REA Raiffeisen elektronsku asistentkinju, tj. prvu komunikacionu platformu zasnovanu na veštačkoj inteligenciji na tržištu Srbije. Ovim se omogućava klijentima, kao i onima koji to još nisu, da komuniciraju sa bankom preko servisa Facebook Messenger i Viber na srpskom i engleskom jeziku, tokom 24 sata, svih sedam dana u nedelji.

U okviru direktnе prodaje, koja obuhvata prodaju izvan filijala i čine je kanali prodaje proizvoda preko direktnih agenata i kreditiranja u maloprodaji, ponovo su zabeleženi rekordni rezultati.

Kroz kanal kreditiranja u maloprodaji nastavljena je dobra praksa saradnje sa trgovcima, pa je u 2017. godini obezbeđena distribucija u 350 maloprodajnih objekata. Prodajni tim sastavljen je od preko 200 agenata, a prisutni smo u više od 70 gradova u zemlji. Postignut je rast prodaje od 26% u odnosu na 2016. godinu.

Mreža agenata direktnе prodaje ostvarila je značajan rezultat u delu prodaje sva tri proizvoda: kada posmatramo gotovinske kredite, rezultati ostvareni u 2017. godini beleže rast od 13,3%, dok je prodaja tekućih računa ostvarila rast od 45,5%, a prodaja kreditnih kartica rast od 33,8%, sve u odnosu na 2016. godinu. Učešće ovog kanala prodaje čini 15,6% od ukupnog plasmana proizvoda kroz sve prodajne kanale banke.

Tokom 2017. godine započet je proces razvoja satelitske aplikacije u reži agenata direktnе prodaje i zamena postojeće u segmentu kreditiranja u maloprodaji, kako bi klijentima omogućili apliciranje za proizvode banke na još brži i efikasniji način. Očekujemo faznu implementaciju tokom 2018. godine.

Digitalizacija procesa i proizvoda u svim segmentima rada sa stanovništvom i pravnim licima, kao i dalji razvoj i unapređenje već postojećih rešenja u okviru digitalnog bankarstva postalo je tokom 2017. godine osnovni prioritet za dalje planiranje rasta poslovanja i očuvanja tržišne pozicije. Potrebe klijenata idu u pravcu sve većeg komfora i što brže komunikacije sa bankom, što je moguće ostvariti isključivo kroz ove vidove komunikacije i prodaje.

Service Quality

In the course of 2017, activities were continued towards improving service quality in all channels and segments.

Through the Branch Management Academy (BMA) project, we placed our focus on the development of leadership and managerial skills of our employees, being aware that this is a basis for improving service quality and maintaining a competitive position in this segment.

Also, in order to improve user experience of clients through greater availability, the bank widened its branch office network in 2017 and is present on a total of 87 locations.

Improving Processes in Branch Offices

During 2017, Raiffeisen banka continued its branch transformation process. Around 40 percent of the network was completely renovated and adjusted to the requirements of modern banking.

24-hour services were enabled seven days a week, as part of self-service zones where clients can perform various transactions on multifunctional machines – drawing cash from their accounts in RSD and EUR, payments to accounts in currencies RSD and EUR, account transfers, exchange transactions, payment of monthly bills, paying loan installments and credit card installments, as well as drawing money through the Mobile Cash application.

In the second half of the year, the so-called "Onboarding" program was introduced, which resulted in an increase in the number of products used by clients in the segment of micro enterprises and entrepreneurs.

In times of low interest rates, the small enterprises segment adjusted to the business environment and recognized that only by improving service quality could it hope to win over and keep the trust of its clients, as well as to increase the volume of business activities through Raiffeisen banka. The fact that income from fees increased by 14 percent on an annual level is proof of the soundness of this approach.

Kvalitet usluga

U 2017. godini nastavljene su aktivnosti na unapređenju kvaliteta pruženih usluga kroz sve kanale i segmente.

Kroz projekat Branch Management Academy (BMA) tokom 2017. godine, banka je usmerila pažnju na razvoj liderских i menadžerskih veština zaposlenih prepoznajući to kao osnovu za unapređenje kvaliteta usluge i zadržavanje konkurentske pozicije na ovom polju.

Takođe, radi poboljšanja korisničkog iskustva klijenata kroz veću dostupnost, banka je u 2017. godini proširila mrežu filijala i obezbedila prisutnost na ukupno 87 lokacija.

Unapređenje procesa u ekspoziturama

Tokom 2017. godine Raiffeisen banka je nastavila proces transformacije svoje mreže. Oko 40% mreže potpuno renovirano i prilagođeno zahtevima savremenog bankarstva.

Omogućeno je pružanje usluga 24 časa dnevno, sedam dana u nedelji, i to u okviru zona samousluživanja u kojima klijenti na višenamenskim uređajima mogu da obavljaju različite transakcije – podizanje novca sa računa u valutama RSD i EUR, uplate na račune u valutama RSD i EUR, prenose sa računa, menjačke poslove, plaćanje mesečnih računa, plaćanje rate kredita i kreditnih kartica kao i isplata novca putem aplikacije „MobilniKES”.

U drugoj polovini godine, uspešno je uveden program takozvane „dobrodošlice za klijente“, koji je za rezultat imao povećanje broja proizvoda u korišćenju od strane klijenata u segmentu mikro preduzeća i preduzetnika.

U vremenu niskih kamatnih stopa, segment malih preduzeća prilagodio se uslovima poslovanja i prepoznao da samo poboljšanjem kvaliteta usluga može da zadobije i održi poverenje klijenata, te da poveća obim poslovne aktivnosti preko Raiffeisen banke. Podatak da su prihodi od naknada povećani za 14% na godišnjem nivou potvrda je ispravnosti ovakvog pristupa.

Treasury and Investment Banking

The Treasury and Investment Banking Division greatly contributed to the achievement of the bank's total results and maintaining one of the leading positions in the market in 2017. The bank realized a high level of dinar and foreign currency liquidity during the whole year, as a result of professional management of the bank's assets.

Money Market and Foreign Exchange Trading

The National Bank of Serbia (NBS) continued the monetary policy of inflation rate targeting in 2017 as well. The NBS' Executive Board lowered the key interest rate in 2017 twice by 25 percentage points both times, so the rate fell from 4.0 percent to 3.5 percent at the end of the year. The NBS' decision to correct the key interest rate only twice, was a result of the significantly higher inflation growth rate until June 2017 due to the one-off increase in oil prices and food, partly supported by bad weather conditions. Strengthening of the dinar in relation to the euro and lower import prices contributed to the slowing down of inflation growth in the second half of 2017, so that inflation came to the new inflation corridor (3 percent +/- 1.5 percentage points) applied since January 2017.

The exchange rate in 2017 ranged from 123.60 dinars for the euro at the beginning of the year, to 118.50 euros at the end of 2017. The total turnover on the interbank market increased from 11.71 billion euros in 2016 to 13.33 billion euros in 2017. The NBS intervened in the course of 2017 with 1.98 billion euros (1,355 million euros of which relate to buying, and 630 million euros for the sale of foreign currency), which is 185 million euros more when compared to the total intervention in the course of 2016.

Raiffeisen banka was in 2017 among the leading banks in foreign currency trading and foreign currency banknote trading on the interbank foreign currency market. The Treasury and Investment Banking Division of Raiffeisen banka realized a market share of 16.21 percent in trading products with corporate clients, thereby confirming its leading position in the market.

The Ministry of Finance invested efforts in the course of the previous year to boost investments into dinar bills, actively taking on debt in the local currency, with an interest rate dictated by demand at auctions and in the secondary market, where Raiffeisen banka realized a significant share in the sales of T-bills with local and foreign investors. The one-year T-bill finished the year at the discount rate level of 3.65 percent, while the one-month Belibor finished the year at 2.85 percent. With the aim of successful liquidity management, Raiffeisen banka continued the diversification of its dinar investment portfolio by investing into T-bills of the Ministry of Finance.

Financial Institutions Correspondence

Raiffeisen banka provided an adequate level of liquidity for financing the needs of its clients in the course of the year. Apart from its own sources, funds from APEX lines were also used, which the European Investment Bank approved through the National Bank of Serbia.

The head office of Raiffeisen Bank International AG greatly contributed to supporting clients' needs. Raiffeisen banka is permanently developing and improving relations with a great number of international and domestic financial institutions. In the course of 2017, the bank maintained contacts with leading financial institutions, all with the aim of realizing possible cooperation in the forthcoming period.

In the segment of correspondence relations, the ALM&Funding Department contributed to maintaining and further expansion of the adequate network of loro and nostro accounts, aiming to support the successful effecting of transactions by the bank's clients.

Sektor sredstava i investicionog bankarstva

Sektor sredstava i investicionog bankarstva značajno je doprineo ostvarenju ukupnih rezultata banke i očuvanju pozicije među liderima na tržištu u 2017. godini. Banka je tokom cele godine imala visok nivo dinarske i devizne likvidnosti kao rezultat profesionalnog upravljanja sredstvima banke.

Tržište novca, trgovanje devizama i upravljanje aktivom i pasivom banke

Narodna banka Srbije (NBS) je i u 2017. godini nastavila sa monetarnom politikom targetiranja stope inflacije. Izvršni odbor NBS je u toku 2017. godine snizio referentnu kamatnu stopu dva puta za po 25 procenatnih poena, tako da je stopa pala sa 4,0% na 3,5% na kraju godine. Odluka NBS, da samo dva puta koriguje referentnu kamatnu stopu bila je rezultat značajno visoke stope rasta inflacije do juna 2017. godine usled jednokratnog povećanja cena nafte i hrane, delimično podstaknuto i lošim vremenskim uslovima. Jačanje dinara u odnosu na evro i niske uvozne cene doprinele su usporavanju rasta inflacije u drugoj polovini 2017. godine, tako da je inflacija završila u novom inflacionom koridoru (3% +/- 1,5pp) koji se primenjuje od januara 2017. godine.

Kurs se u 2017. godini krećao od 123,60 dinara za evro na početku godine, do 118,50 na kraju 2017. godine. Ukupan promet na međubankarskom tržištu povećan je sa 11,71 milijardi evra u 2016. na 13,33 milijardi evra u 2017. godini. NBS je u toku 2017. godine intervenisala sa 1,98 milijardi evra (od čega se 1.355 miliona evra odnosi na kupovinu, a 630 miliona evra na prodaju deviza), što je za 185 miliona evra više u odnosu na ukupnu intervenciju tokom 2016. godine.

Raiffeisen banka je i tokom 2017. godine bila među vodećim bankama u trgovaju devizama i efektivnim stranim novcem na međubankarskom deviznom tržištu. Sektor sredstava Raiffeisen banke realizovao je tržišno učešće od 16.21% u trgovaju proizvodima sa korporativnim klijentima, čime je potvrdio lidersku poziciju na tržištu.

Na podsticanju investiranja u dinarske zapise u toku prošle godine napore je uložilo i Ministarstvo finansija aktivno se zadužujući u domaćoj valuti, sa kamatom koju je diktirala tražnja na aukcijama i na sekundarnom tržištu, gde je Raiffeisen banka ostvarila značajno učešće u kupoprodaji zapisa Trezora sa domaćim i stranim investitorima. Jednogodišnja hartija Trezora godinu je završila na nivou diskontne stope od 3,65%, dok je jednomesečni Belibor godinu završio na nivou od 2,85%. U cilju uspešnog upravljanja likvidnošću, Raiffeisen banka je nastavila diversifikaciju svog dinarskog investicionog portfolija ulaganjem u trezorske zapise Ministarstva finansija.

Odnosi sa finansijskim institucijama

Raiffeisen banka je tokom godine obezbedila adekvatan nivo likvidnosti za finansiranje potreba svojih klijenata. Pored sopstvenih izvora, korišćena su sredstva iz APEX linija koje je Evropska investiciona banka odobrila preko Narodne banke Srbije.

Značajan doprinos zadovoljenju potreba klijenata pružila je centrala Raiffeisen Bank International AG. Raiffeisen banka stalno razvija i unapređuje odnose sa zavidnim brojem međunarodnih i domaćih finansijskih institucija. Banka je tokom 2017. godine ostala u kontaktima sa vodećim finansijskim institucijama, u cilju sagledavanja mogućih oblika saradnje u narednom periodu.

U delu korespondentskih odnosa, Odeljenje za upravljanje aktivom i pasivom i finansiranjem banke svojim aktivnostima doprinelo je održavanju uspešne saradnje sa inobankama u cilju podrške uspešnom obavljanju transakcija klijenata banke.

Brokerage Operations

The decline of yields on state bonds continued in 2017 as well. Due to the reduced financing needs in the capital market, the state organized a smaller number of primary auctions compared to the previous year.

While expecting a further decline in yields, the focus of investors shifted to longer maturities. At the end of the year this led to the flattening effect on the state bonds yield curve.

The Belgrade Stock Exchange saw a growth in turnover compared to previous years as a result of large transactions in state bonds. Although the trend of weaker shares turnover continued, both indices of the Belgrade Stock Exchange registered mild growth. In this difficult environment, Raiffeisen banka continued supporting its clients and maintaining one of the leading positions in the market.

Custody Services

In accordance with the Raiffeisen Group initiative, Raiffeisen banka was also devoted to improving the quality and standardization of custody services in 2017. The prerequisite for service quality standardization in all markets of Central and Eastern Europe is to allow Raiffeisen Bank International AG direct access to the local central depositors and clearing companies. In the course of 2017, several meetings were held with relevant institutions in Serbia in order to enable direct cooperation of the Serbian Central Securities Depository and Raiffeisen Bank International AG by way of adequate changes in regulations.

Raiffeisen Group continued the practice of publishing the monthly magazine "GSS Press", offering a detailed overview of Central and Eastern European markets. In its September issue, "GSS Press" focused on Serbia and the Serbian market. "GSS Press" became a signature source of information from the mentioned markets.

Research

The "Raiffeisen Research" analyst network of Raiffeisen Group continued its work on improving the general understanding of economic trends in a period of significant volatilities in the global financial markets caused by geopolitical events and announcements of a change in course of the monetary policies of the central banks of the USA and the European Union (reports: CEE Strategy, Financial Markets & Global Strategy, CEE Banking Report), as well as offering a more comprehensive view of local economic trends in its publications ("Short Note", "Monthly Economic Report").

By regular monitoring and a thorough analysis of key indicators, key events on the macroeconomic scene were promptly reported on ("Research Alert") and then, in accordance with new tendencies, models developed for the forecast of future economic trends were suitably adjusted.

Brokersko-dilerski poslovi

Pad prinosa na državne obveznice nastavljen je i u 2017 godini. Usled smanjenih potreba za finansiranjem na tržištu kapitala, država je organizovala manji broj primarnih aukcija u odnosu na prethodne godine.

U iščekivanju dalje pada prinosa, fokus investitora je pomeren na duža dospeća. Krajem godine to je dovelo do „flattening“ efekta na krivu prinosa na državne obveznice.

Na Beogradskoj berzi zabeležen je rast prometa u odnosu na prethodne godine, i to kao rezultat velikih transakcija državnim obveznicama. Iako je nastavljen trend smanjenja prometa akcijama, oba indeksa Beogradske berze zabeležila su blagi rast. U takvom izazovnom poslovnom ambijentu, Raiffeisen banka nastavila je da pruža podršku klijentima i zadržala jedno od vodećih mesta na tržištu.

Kastodi usluge

U skladu sa grupnom inicijativom, Raiffeisen banka je i u 2017. godini bila posvećena unapređenju kvaliteta i standardizaciji kastodi usluga. Preduslov za standardizaciju kvaliteta usluga na svim tržištima centralne i istočne Evrope je da se dopusti direktni pristup Raiffeisen Bank International AG lokalnim centralnim depozitarima i klirinškim kućama. Tokom godine je održano više sastanaka sa relevantnim institucijama u zemlji kako bi se kroz odgovarajuće izmene regulative omogućila direktna saradnja Raiffeisen Bank International AG i Centralnog registra hartija od vrednosti.

Raiffeisen grupacija je nastavila sa dobrom praksom objavljivanja mesečnog magazina „GSS Press“ koji pruža detaljan pregled tržišta centralne i istočne Evrope. U svom septembarskom izdanju „GSS Press“ je bio fokusiran na Srbiju i srpsko tržište. „GSS Press“ je postao prepoznatljiv izvor informacija sa navedenih tržišta.

Istraživanja

Mreža analitičara Raiffeisen grupacije – „Raiffeisen Research“, nastavila je sa radom na unapređenju opštег razumevanja ekonomskih tokova u periodu značajnih volatilnosti na globalnim finansijskim tržištima uzrokovanih geopolitičkim dešavanjima i najavama promene kursa monetarne politike centralnih banaka SAD-a i Evropske unije (izveštaji CEE Strategy, Financial Markets & Global Strategy, CEE Banking Report), kao i celishodnjem sagledavanju lokalnih ekonomskih trendova u okviru publikacija („Short Note“ i „Monthly Economic Report“).

Redovnim praćenjem i temeljnom analizom ključnih indikatora, promptno se izveštavalo o ključnim makroekonomskim indikatorima („Research Alert“), a zatim su se, u skladu sa novim tendencijama, adekvatno prilagođavali modeli razvijeni za procenu budućih ekonomskih tokova.

Raiffeisen Leasing

In the past few years, the leasing industry showed significant growth in sales, especially in the segment of passenger vehicles, where the company Raiffeisen Leasing maintained a high position in the market in 2017 as well.

Raiffeisen Leasing demonstrated in 2017 a clear commitment to nurturing and developing long-term relationships with its clients, reflected in the constant improvement of products and services. To offer even more attractive terms to its clients, Raiffeisen Leasing focused special attention to the further development of strengthening partnerships with the network of the most important dealers, as well as to developing strategic partnerships with the best-selling vehicle brands in Serbia through an array of mutual projects.

In accordance to market demands, Raiffeisen Leasing was primarily focused on vehicle financing in 2017. The total value of new sales at the end of the year amounted to € 51.47 million, of which vehicles were financed with € 41.28 million.

Raiffeisen Leasing was dedicated to the further improvement of procedures and organization in the segment of risk management. Through professional risk management, a stable and sustainable portfolio growth was realized, reaching € 81.14 million. Also, special attention was focused on the constant improvement of processes with the aim of increasing efficiency and cost reduction.

Maintaining one of the leading positions in the market, reaching the optimum balance between the growth of business volume and keeping the costs of risk and profitability at an adequate level, strengthening cooperation with existing clients, dealers and insurance companies, as well as constant improvement and designing products in accordance with high standards, remain key goals set by Raiffeisen Leasing for the year 2018.

Raiffeisen Leasing

Lizing industrija poslednjih godina pokazuje značajan rast plasmana posebno u sektoru putničkih vozila, gde je kompanija Raiffeisen Leasing i tokom 2017. godine zadržala visoku poziciju na tržištu.

Raiffeisen Leasing pokazao je i tokom 2017. godine jasnu opredeljenost ka negovanju i razvijanju dugoročnih odnosa sa svojim klijentima koja se ogleda u konstantnom unapređenju proizvoda i usluga. Kako bi svojim klijentima ponudio još atraktivnije uslove, Raiffeisen Leasing je posebnu pažnju posvetio daljem jačanju partnerskih odnosa sa mrežom najznačajnijih dilerova, kao i razvijanju strateške saradnje sa najprodavanijim automobilskim brendovima u Srbiji kroz niz zajedničkih akcija.

U skladu sa zahtevima tržišta, Raiffeisen Leasing je i tokom 2017. godine pre svega bio usmeren na finansiranje vozila. Ukupna vrednost novih plasmana na kraju godine iznosila je 51,47 miliona evra, od čega su vozila finansirana sa 41,28 miliona evra.

Raiffeisen Leasing je tokom 2017. godine bio posvećen i daljem unapređenju procedura i organizacije u segmentu upravljanja rizicima. Kroz profesionalno upravljanje rizicima obezbeđen je stabilan i održiv rast portfolija, koji je dostigao nivo od 81,14 miliona evra. Takođe, posebna pažnja usmerena je na konstantno unapređenje procesa sa ciljem povećanja efikasnosti i smanjenja troškova.

Očuvanje jedne od vodećih pozicija na tržištu, postizanje optimalnog balansa između rasta obima poslovanja i održavanja troškova rizika i profitabilnosti na adekvatnom nivou, jačanje saradnje sa postojećim klijentima, dilerima i osiguravajućim kućama, te stalno unapređenje i kreiranje proizvoda u skladu sa visokim standardima, predstavljaju ključne ciljeve koje je Raiffeisen Leasing odredio za 2018. godinu.

Raiffeisen FUTURE

Voluntary Pension Fund Management Company

Raiffeisen FUTURE a.d. Beograd, VPFAMC manages two voluntary pension funds: Raiffeisen FUTURE VPF and Raiffeisen EURO FUTURE VPF.

Raiffeisen FUTURE VPF has a variable currency structure of assets and invests mainly into debt securities. The fund has been successfully operating for eleven years with the rate of return since inception at 9.98 percent on an annual basis. The annual rate of return in 2017 was 4.54 percent. The fund's investment unit has the highest value in the industry and as at December 31, 2017, it amounted to RSD 2,845.13. The net assets of the fund as at December 31, 2017, amounted to RSD 4.3 billion, which represented an annual growth of 10.8 percent.

Raiffeisen EURO FUTURE VPF started operating on July 24, 2015. The fund is most suitable for clients who prefer their long-term savings to be invested in euro-denominated securities. In accordance with the fund's investment policy, 99 percent of the assets are invested in euro-denominated investment instruments, while 1 percent of the assets consists of money deposits in the fund's account. The annual rate of return in 2017 was 2.68 percent in EUR.

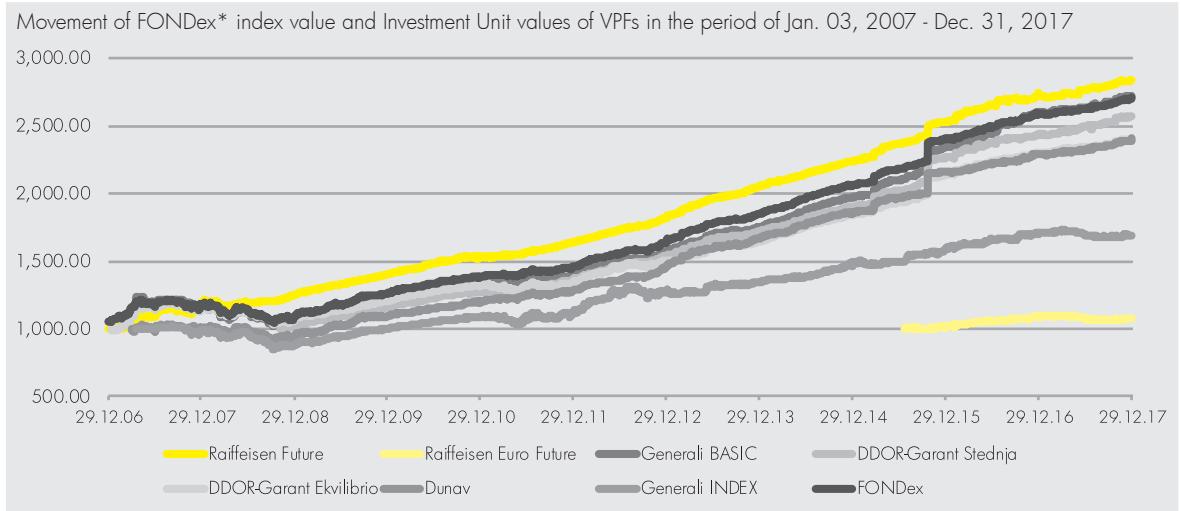
The realized rate of return since inception as at December 31, 2017, was 3.68 percent in EUR on an annual basis. Considering that the fund's assets are invested exclusively in euro-denominated securities, the relevant return for this fund's members is the return expressed in EUR. The net assets of the fund on December 31, 2017, amounted to RSD 108 million.

The number of members saving in both funds is over 29,400.

Market share measured by total assets under management in both funds is 12.1%.

High quality service is provided to the members of both Raiffeisen FUTURE VPF and Raiffeisen EURO FUTURE VPF by the team of professionals with extensive experience in the VPF industry. In addition, there are 317 professionals licensed by the National Bank of Serbia at 87 branch offices of Raiffeisen banks throughout Serbia at members' disposal.

Members may choose between the two funds with different investment policies, in terms of the currency structure, or they can pay contributions simultaneously into both funds.



Source of the values of VPFs' investment units and FONDex: the National Bank of Serbia, www.nbs.rs

Raiffeisen FUTURE

Društvo za upravljanje dobrovoljnim penzijskim fondom

Raiffeisen FUTURE a.d. Beograd, DUDPF upravlja sa dva dobrovoljna penzijska fonda-DPF: Raiffeisen FUTURE i Raiffeisen EURO FUTURE.

Raiffeisen FUTURE DPF ima promenljivu valutnu strukturu i pretežno ulaže imovinu u dužničke hartije od vrednosti. Fond uspešno posluje jedanaest godina sa prinosom od početka poslovanja od 9,98% na godišnjem nivou. U 2017. godini, ostvaren je prinos od 4,54%. Investiciona jedinica fonda ima najveću vrednost u industriji i na dan 31.12.2017. godine iznosi 2.845,13 dinara. Neto imovina fonda na dan 31.12.2017. iznosi 4,3 milijarde dinara, što predstavlja godišnji rast od 10,8%.

Raiffeisen EURO FUTURE DPF počeo je sa radom 24.07.2015. godine. Fond je namenjen svim klijentima koji žele da njihova dugoročna štednja bude investirana u evro denominovane hartije od vrednosti. U skladu sa investicionom politikom, 99% imovine ulaže se u evro denominovane investicionne instrumente, dok 1% imovine čine dinarska sredstva na računu fonda. U 2017. godini fond je ostvario prinos od 2,68% u EUR.

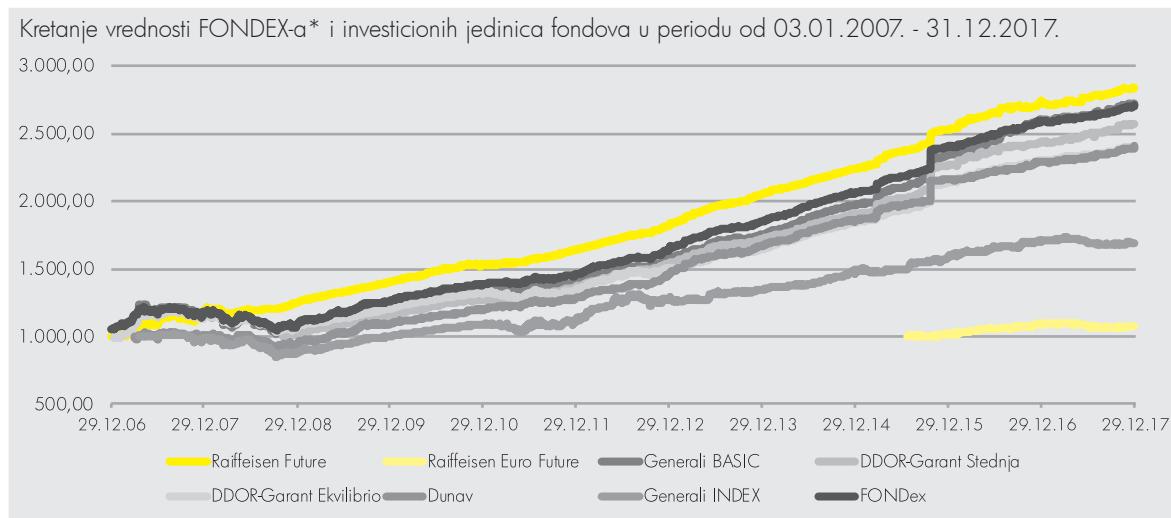
Ostvaren prinos od početka poslovanja fonda na dan 31.12.2017. godine iznosi 3,68% u EUR na godišnjem nivou. S obzirom na to da se imovina fonda ulaže isključivo u evro denominovane hartije od vrednosti, relevantan prinos za članove fonda je prinos izražen u evro valuti. Neto imovina fonda na dan 31.12.2017. iznosi 108 miliona dinara.

Ukupan broj članova koji štedi u oba fonda iznosi preko 29.400.

Tržišno učešće neto imovine oba fonda kojima Društvo upravlja iznosi 12,1%

Visok kvalitet usluge članovima DPF Raiffeisen FUTURE i Raiffeisen EURO FUTURE pruža tim profesionalaca sa dugogodišnjim iskustvom u industriji. Takođe, članovima je na raspolaganju 317 profesionalaca licenciranih od strane Narodne banke Srbije u 87 filijala Raiffeisen banke širom Srbije.

Članovi mogu da biraju između dva fonda sa različitom investicionom politikom u pogledu valutne strukture, ili pak mogu ulagati u oba fonda istovremeno.



Izvor podataka za vrednosti FONDEx-a i investicionih jedinica: Narodna banka Srbije www.nbs.rs

Raiffeisen INVEST

Raiffeisen INVEST a.d. Belgrade Investment Fund Management Company again professionally managed assets of open investment funds – Raiffeisen CASH, Raiffeisen WORLD and Raiffeisen EURO CASH in 2017 and confirmed its leading position in the market of investment funds in the country. At the end of 2017, the value of assets under management amounted to € 189.4 million, i.e. with a growth of 25 percent, a market share of almost 90 percent was realized, in relation to the total value of net assets of all open-ended investment funds in the country.

The open-ended investment fund **Raiffeisen CASH** – a money market fund, by investing funds into cash deposits and short-term debt securities, realized significant returns for its members in 2017 – the fund's investment unit (in dinars) rose by 3.15 percent (p.a.) conclusive with December 31, 2017, while the fund's net assets grew by 10.65% and reached a dinar countervalue of almost 69 million euros.

The open-ended investment fund Raiffeisen **EURO CASH** – a money market fund, by investing funds into money deposits with banks and short-term debt securities denominated in euros, realized stable returns for its members, on the one hand, as well as protecting dinar investments from oscillations of the foreign currency rate, on the other hand. In the course of 2017, the fund's investment unit grew by approximately 0.5 percent (in euros), while the fund's net assets grew by almost 30 percent, so that they amounted to approx. 105 million euros at the end of 2017. As a result, this fund positioned itself as the largest open-ended investment fund in Serbia.

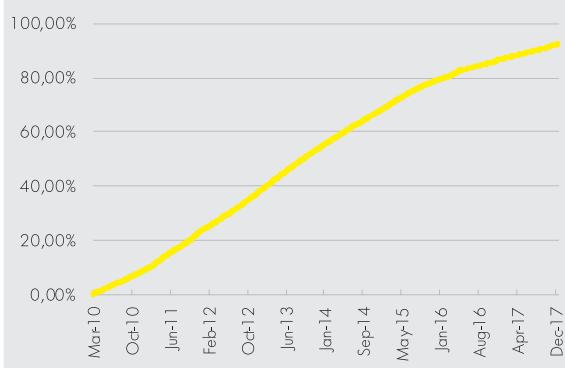
The open-ended investment fund **Raiffeisen WORLD**, established in August 2010 as an equity fund, but changed into a balanced fund in September 2015, with a multi-asset strategy of investing into various classes of assets (equities, bonds, deposits), regions, industries, currencies, with the aim of realizing positive returns in the long term by participating in investments in growing markets, but with accepting moderate risk, which is reduced by applying the capital preservation strategies in periods of market corrections. Due to the weakening of the dollar in relation to the euro, the weakening of stocks' value of companies from the energy sector (influenced by oil price fluctuations) and worse results of European stock market shares, the fund realized negative returns for its members in 2017, -2.88 percent (in euros), but having in mind the recommended

long-term investing period, the fund realized effective annual returns of 4.52 percent (in euros) since its inception up to December 31, 2017. The fund's net asset value grew by 46 percent, so that it amounted to approximately 16 million euros at the end of the year. The following year is expected to bring a positive trend, supported by the strong recovery of global business activities.

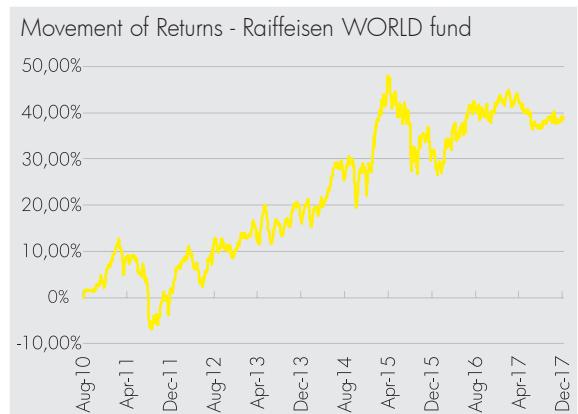
In the course of 2017, there appeared new participants in the investment funds market in Serbia, i.e. new funds. Also, changes in legal regulations were announced, moving in the direction of harmonization with EU regulations, which will affect the further development of this market and attract new participants. The value of net assets of open-end investment funds amounted to approx. 212 million euros at the end of 2017, i.e. an annual market growth of 25 percent was realized. Having in mind that the market share of Raiffeisen INVEST is almost 90%, it follows that the main generator of fund asset industry growth was precisely the growth of assets managed by Raiffeisen INVEST.

Raiffeisen INVEST plans to continue its investing activities in 2018 as well, in order to make it possible for the clients of Raiffeisen banka, through investing into investment funds, to realize returns corresponding to their investment goals, depending on their risk appetite and the investment horizon.

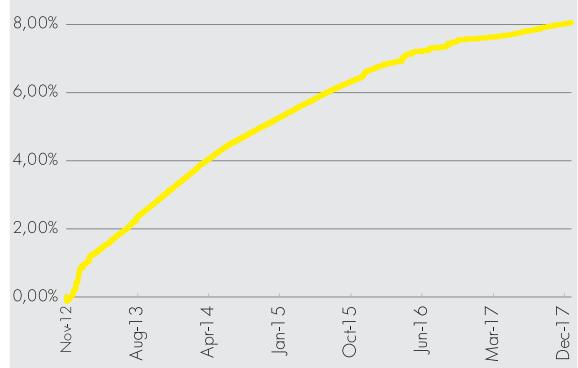
Movement of Returns - Raiffeisen CASH fund



Movement of Returns - Raiffeisen WORLD fund



Movement of Returns - Raiffeisen EURO CASH fund



Raiffeisen INVEST

Raiffeisen INVEST a.d. Beograd Društvo za upravljanje investicionim fondovima je u 2017. godini profesionalnim upravljanjem imovinom otvorenih investicionih fondova – Raiffeisen CASH, Raiffeisen WORLD i Raiffeisen EURO CASH zadržalo lidersku poziciju na tržištu investicionih fondova u zemlji. Krajem 2017. godine vrednost imovine pod upravljanjem iznosila je 189,4 miliona evra, odnosno rastom od 25% ostvareno je tržišno učešće od skoro 90% u odnosu na ukupnu vrednost neto imovine svih otvorenih investicionih fondova u zemlji.

Otvoreni investicioni fond **Raiffeisen CASH** - novčani fond, ulaganjem u dinarske novčane depozite i kratkoročne dužničke hartije od vrednosti, je u 2017. godini ostvario značajan prinos za svoje članove – investiciona jedinica fonda je, zaključno sa 31.12.2017. godine, porasla 3,15% (u dinarima), a neto imovina fonda je porasla 10,65% i dostigla dinarsku protivvrednost od skoro 69 miliona evra.

Otvoreni investicioni fond **Raiffeisen EURO CASH** - novčani fond, ulaganjem u novčane depozite kod banaka i kratkoročne dužničke hartije od vrednosti denominovane u evrima, je za svoje članove obezbedio ostvarenje stabilnog prinosa, s jedne strane i zaštitu dinarskih sredstava od oscilacija deviznog kursa, s druge strane. Investiciona jedinica fonda je u 2017-oj godini porasla približno 0,5% (u evrima), dok je neto imovina fonda porasla skoro 30%, tako da je na kraju 2017.godine iznosila približno 105 miliona evra, a ovaj fond se pozicionirao kao najveći otvoreni investicioni fond u zemlji.

Otvoreni investicioni fond **Raiffeisen WORLD** organizovan je avgusta 2010. godine kao fond akcija, ali je u septembru 2015. godine promenjena vrsta fonda u balansirani fond, sa strategijom ulaganja u različite klase imovine (akcije, obveznice, depozite), regione, sektore, valute a u cilju ostvarivanja pozitivnog prinosa u dugom roku učešćem u investiranju na rastućim tržištima, ali i uz prihvatanje umerenog rizika, koji je smanjen primenom strategije očuvanja kapitala u periodima korekcija tržišta. Usled slabljenja dolara prema evru, slabljenje vrednosti akcija kompanija iz energetskog sektora (pod uticajem kolebanja cene nafte) i lošijih rezultata akcija evropskih berzi, fond je u 2017-oj. godini ostvario negativan prinos za svoje članove -2,88% (u evrima), ali imajući u vidu preporučeni dugoročni period investiranja, fond je ostvario efektivni godišnji prinos 4,52% (u evrima) od početka

organizovanja do 31.12.2017. godine. Vrednost neto imovina fonda porasla je 46%, tako da je na kraju godine iznosila približno 16 miliona evra. U narednoj godini očekuje se pozitivan trend, podržan snažnim jačanjem globalnih privrednih kretanja.

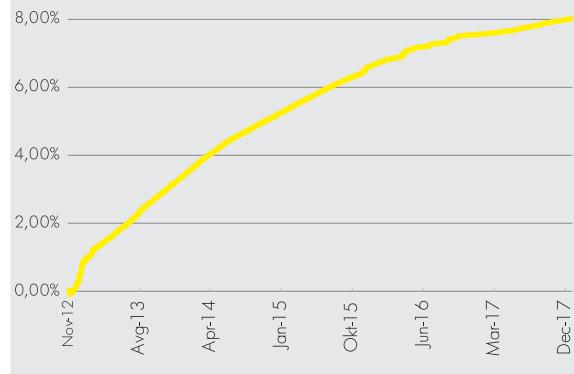
Tokom 2017. godine, na tržištu investicionih fondova u zemlji su se pojavili novi učesnici, odnosno novi fondovi, a najavljene su i izmene zakonske regulative u pravcu uskladjivanja sa EU regulativom, što će uticati na dalji razvoj ovog tržišta i privlačenje učesnika. Visina neto imovine otvorenih investicionih fondova je na kraju 2017-te godina iznosila približno 212 miliona evra, odnosno ostvaren je godišnji rast od 25%, a imajući u vidu da tržišno učešće Raiffeisen INVEST-a od skoro 90%, glavni generator rasta industrije bio je upravo porast imovine fondova kojima upravlja Raiffeisen INVEST.

Raiffeisen INVEST planira da i u 2018. godini nastavi sa investicionim aktivnostima kako bi, odgovornim i profesionalnim upravljanjem, klijentima Raiffeisen banke omogućio da kroz ulaganje u investicione fondove, ostvare odgovarajući prinos u skladu sa investicionim ciljevima, zavisno od stepena rizika koji su spremni da prihvate i vremenskog horizonta investiranja.

Kretanje prinosa fonda Raiffeisen WORLD



Kretanje prinosa fonda Raiffeisen CASH



Branch Network

Head Office

Raiffeisen banka a.d.

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Sever

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Phone: (+381 21) 4880 000

Belgrade I Region

Beograd

- Bulevar kralja Aleksandra 171
- Bulevar kralja Aleksandra 328
- Bulevar oslobođenja 7-9
- Cara Dušana 78
- Kralja Petra 14
- 27. marta 31
- Kursulina 41
- Maksima Gorkog 75
- Marijane Gregoran 58
- Mirijevski venac 27
- Resavska 1
- Vojvode Milenka 38
- Ruzveltova 10
- Sarajevska 3
- Terazije 27
- Braće Smić 3b
- Bratstva i jedinstva 73, Borča
- Grge Andrijanovića 2, Krnjača
- Srpsko-grčkog prijateljstva 1-3,
Grocka
- Ustanička 64

Požarevac

Moše Pijade 10

Pančevo

Petra Drapšina 4-6

Smederevo

Karađorđeva 18

Smederevska Palanka

Prvog srpskog ustanka 3

Vršac

Trg Svetog Teodora Vršačkog

Belgrade II Region

Beograd

- Bulevar Mihajla Pupina 4
- Bulevar Mihajla Pupina 181
- Bulevar umetnosti 4
- Bulevar vojvode Mišića 37
- Vojvode Stepe 199
- Bulevar Zorana Đindjića 64a
- Đorđa Stanojevića 16
- Jurija Gagarina 151
- Milutina Milankovića 134a
- Požeška 41
- Požeška 81a
- Trgovačka 5
- Glavna 13m
- Prvomajska 101
- Vidikovački venac 80b
- Mladenovac, Kralja Petra I 241a,
- Obrenovac, Kneza Mihajla 6
- Lazarevac, Dimitrija Tucovića 1
- Crnotravska 7-9
- Milutina Milankovića 1ž
- Partizanske avijacije 12
- Patrijarha Dimitrija 14

Stara Pazova

Kralja Petra I 1

Loznica

Kneza Miloša 2

Valjevo

Karađorđeva 114

Šabac

Masarikova 7

Mreža filijala

Region „North“

Novi Sad

- Bulevar oslobođenja 56a
- Bulevar oslobođenja 76a
- Bulevar cara Lazara bb
- Trg slobode 3, Apolo centar
- Veselina Masleša 30

Bačka Palanka

Kralja Petra I 11

Indija

Novosadska 9

Temerin

Novosadska 348

Vrbas

Ive Lole Ribara 16

Zrenjanin

Kralja Aleksandra Karađorđevića 41

Kikinda

Trg srpskih dobrovoljaca 28

Senta

Glavni trg 8

Sombor

Avrama Mrazovića 1

Subotica

Trg slobode 5

Ruma

Orlovićeva 4

Sremska Mitrovica

Kralja Petra I 24

Region „South“

Kragujevac

- Srete Mladenovića 2
- Nikole Pašića 7

Aranđelovac

Knjaza Miloša 259

Jagodina

Kneginje Milice 12

Kruševac

Majke Jugovića 8

Paraćin

Vožda Karađorđa 31

Čačak

- Brće Spasića bb
- Gospodar Jovanova 26

Kraljevo

Hajduk Veljkova 16

Novi Pazar

Stefana Nemanje bb

Užice

Dimitrija Tucovića 91

Prijepolje

Valterova 20

Bor

Nikole Pašića 5

Leskovac

Bulevar oslobođenja 154

Niš

- Svetozara Markovića 12
- Vizantijski bulevar bb
- Obrenovićeva 35

Pirot

Pirotskih oslobodilaca bb

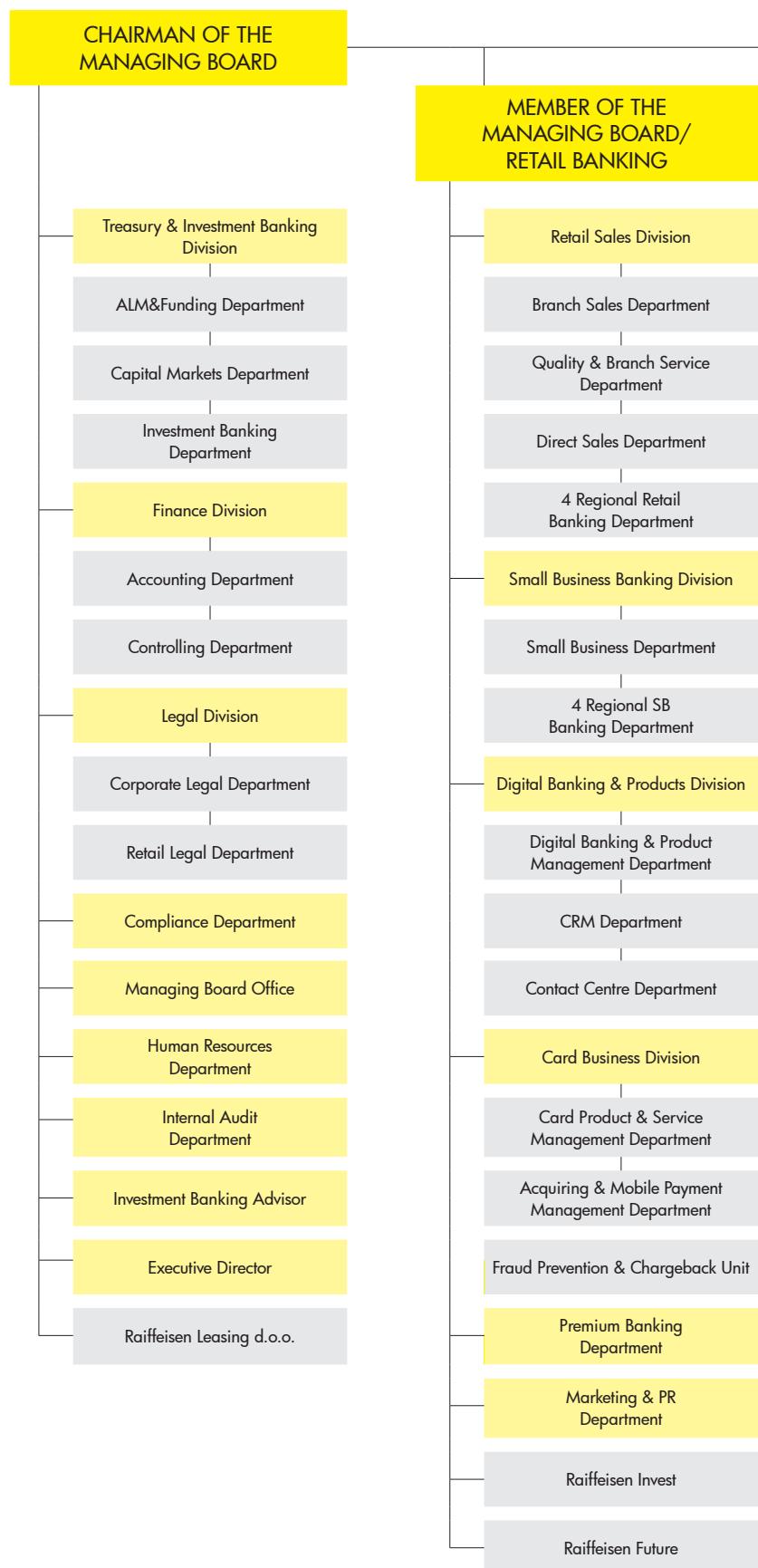
Vranje

Štefana Prvovenčanog 145

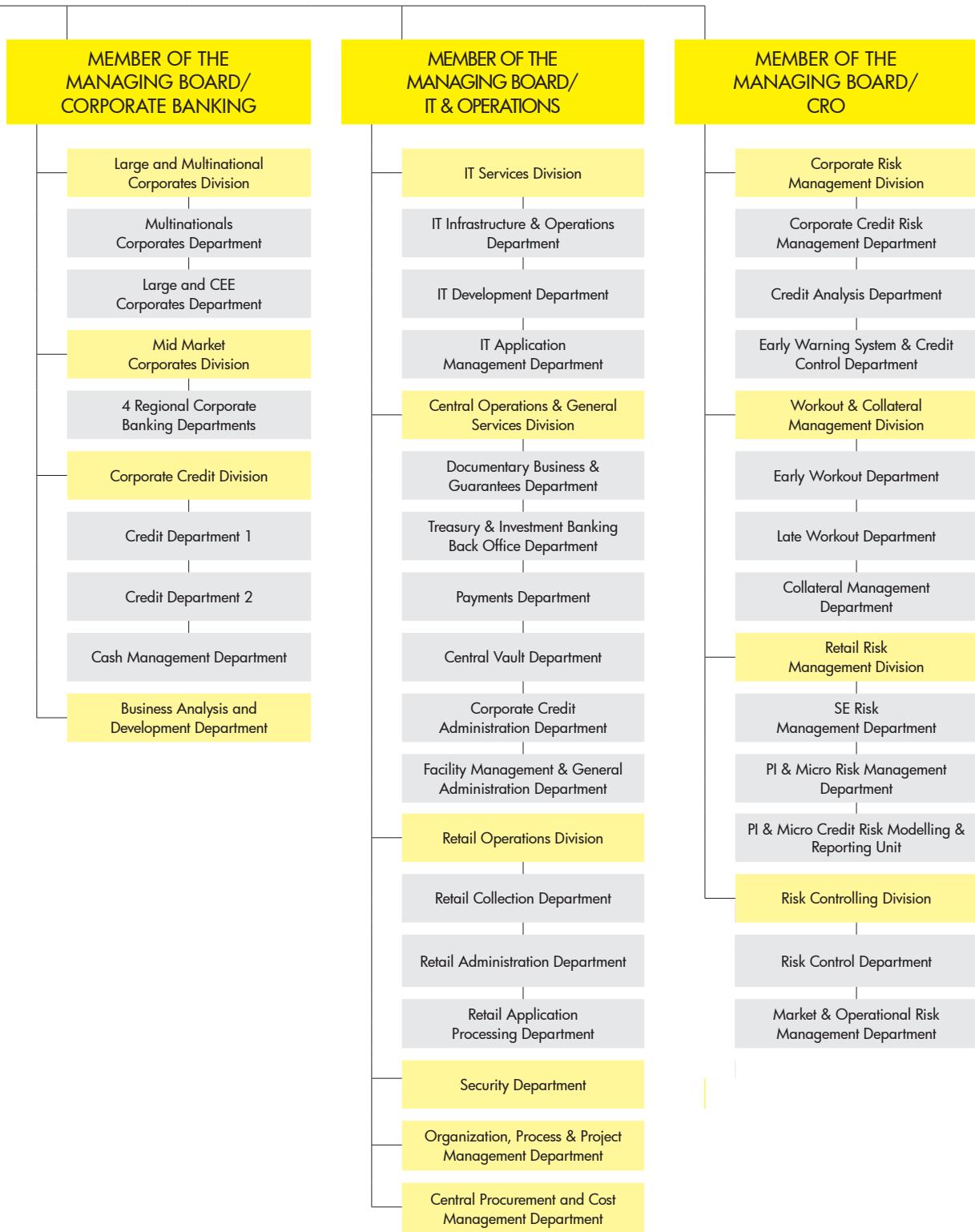
Zaječar

Krfska 16

Organizational Chart



Organizaciona struktura banke



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Financial Statements

RAIFFEISEN BANKA A.D. BEOGRAD

Separate financial statements
for the year ended 31 December 2017
prepared in accordance with
International Financial Reporting Standards

30 March 2018

Finansijski izveštaj

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Independent Auditors' Report

TO THE SHAREHOLDERS

RAIFFEISEN BANKA A.D. BEOGRAD

Report on separate financial statements

We have audited the accompanying separate financial statements of Raiffeisen banka a.d. Beograd ("the Bank"), which comprise the separate balance sheet as at 31 December 2017, the separate income statement, separate statement of other comprehensive income, separate statement of changes in equity and separate cash flow statement for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with auditing standards applicable in the Republic of Serbia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the separate financial statements give a true and fair view of the unconsolidated financial position of the Bank as at 31 December 2017, and of its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Belgrade, 19 April 2018



KPMG d.o.o. Beograd

Dušan Tomić
 Certified Auditor

SEPARATE STATEMENT OF PROFIT OR LOSS

Year Ended December 31

<i>In thousands of RSD</i>	<i>Note</i>	2017	2016
Interest income	7, 3(c)	9,822,938	10,192,695
Interest expense	7, 3(c)	(220,969)	(491,055)
Net interest income		9,601,969	9,701,640
Fee and commission income	8, 3(d)	5,240,045	4,868,541
Fee and commission expense	8, 3(d)	(1,428,062)	(1,265,941)
Net fee and commission income		3,811,983	3,602,600
Net gains on financial assets held for trading	3(e)	11,190	50,617
Net losses on hedging	3(f)	(47,009)	(16,487)
Net losses on financial assets available for sale	3(i)	(25,942)	(1,558)
Net gains on foreign exchange differences and effects of foreign currency clause	3(b), 9	1,655,178	1,364,387
Other operating income	12	534,939	392,940
Net impairment gain/(loss) on financial assets	10, 3(k)	994,070	(371,595)
Operating income, net		16,536,378	14,722,544
Personnel expenses	11	(2,974,387)	(3,061,860)
Depreciation and amortisation	21, 22, 3(r), 3(s)	(627,052)	(593,196)
Other expenses	12	(5,369,286)	(4,895,780)
Profit before income tax		7,565,653	6,171,708
Income tax expense	13, 3(j)	(938,868)	(760,417)
Profit for the year		6,626,785	5,411,291

The accompanying notes form an integral part
of these separate financial statements

Belgrade, 30 March 2018

For and on behalf of the Management Raiffeisen banka a.d., Beograd

Zoran Petrović
Chairman of the Managing Board



Petar Jovanović
Deputy Chairman of the Managing Board

SEPARATE STATEMENT OF OTHER COMPREHENSIVE INCOME

Year Ended December 31

<i>In thousands of RSD</i>	Note	2017	2016
Other comprehensive income			
Profit for the year	29	6,626,785	5,411,291
Items that may be reclassified subsequently			
to profit or loss			
Available for sale financial assets - valuation		64,261	(54,557)
Cash flow hedging - valuation		41,497	9,923
Changes in deferred tax assets arising			
from other comprehensive income	13,3	(15,864)	7,959
Other comprehensive income, net of tax		89,894	(36,675)
Total other comprehensive income for the period		6,716,679	5,374,616

The accompanying notes form an integral part
of these separate financial statements

SEPARATE STATEMENT OF FINANCIAL POSITION

As of December 31

<i>In thousands of RSD</i>	Note	2017	2016
Assets			
Cash and balances with central banks	14, 3(l)	61,888,292	56,508,815
Financial assets at fair value through profit or loss held for trading	15, 3(k), 3(m)	875	18,145
Financial assets available for sale	16, 3(k), 3(q)	12,995,016	13,666,763
Financial assets held to maturity	17, 3(k), 3(p)	30,347,240	33,826,609
Loans and receivables to banks and other financial institutions	18, 3(k), 3(o)	14,378,437	18,116,154
Loans and receivables to customers	19, 3(k), 3(o)	137,693,086	124,648,696
Receivables from financial derivatives held for hedging against risks	3(n)	76,530	87,075
Investments in subsidiaries	20	498,565	498,565
Intangible assets	22, 3(r)	605,130	522,121
Property, plant and equipment	21, 3(s)	4,694,313	4,577,274
Deferred tax assets	23, 3(j)	365,900	333,822
Other assets	24	1,077,959	1,220,688
Total assets		264,621,343	254,024,727
Liabilities and equity			
Financial liabilities at fair value through profit or loss held for trading	3(k), 15	619	6,807
Liabilities arising from financial derivatives held for hedging against risks	3(k), 3(n)	121,632	114,902
Deposits and other liabilities from banks, other financial institutions and central bank	25, 3(u)	3,152,382	3,433,429
Deposits and other liabilities from other customers	26, 3(u)	200,906,463	191,661,377
Provisions	27, 3(v)	1,329,107	1,131,606
Current tax liabilities	3(j)	288,433	252,249
Other liabilities	28	1,379,204	1,286,242
Total liabilities		207,177,840	197,886,612
Share capital	29, 3(x)	27,466,158	27,466,158
Profit for the year	29, 3(x)	6,626,785	5,411,291
Reserves	29, 3(x)	23,350,560	23,260,666
Total equity	29, 3(x)	57,443,503	56,138,115
Total		264,621,343	254,024,727

The accompanying notes form an integral part
of these separate financial statements

SEPARATE STATEMENT OF CHANGES IN EQUITY

Year Ended December 31

<i>In thousands of RSD</i>	Share capital	Profit reserves	Revaluation reserves	Profit	Total
Balance as at 1 January 2016	27,466,158	23,353,465	(56,124)	4,341,952	55,105,451
Profit for the year	-	-	-	5,411,291	5,411,291
Total comprehensive income					
Available for sale financial assets - valuation	-	-	(54,557)	-	(54,557)
Cash flow hedging - valuation	-	-	9,923	-	9,923
Related tax	-	-	7,959	-	7,959
Transactions with owners of the Bank					
Dividends paid	-	-	-	(4,341,952)	(4,341,952)
Balance as at 31 December 2016	27,466,158	23,353,465	(92,799)	5,411,291	56,138,115
Balance as at 1 January 2017	27,466,158	23,353,465	(92,799)	5,411,291	56,138,115
Profit for the year	-	-	-	6,626,785	6,626,785
Total comprehensive income					
Cash flow hedging - valuation	-	-	41,497	-	41,497
Available for sale financial assets - valuation	-	-	64,261	-	64,261
Related tax	-	-	(15,864)	-	(15,864)
Transactions with owners of the Bank					
Dividends paid	-	-	-	(5,411,291)	(5,411,291)
Balance as at 31 December 2017	27,466,158	23,353,465	(2,905)	6,626,785	57,443,503

The accompanying notes form an integral part
of these separate financial statements

SEPARATE STATEMENT OF CASH FLOWS

Year Ended December 31

<i>In thousands of RSD</i>	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash inflow from operating activities	16,114,828	15,823,037
Inflow from interest	9,832,657	10,209,710
Inflow from fees and commission	5,222,853	4,858,768
Inflow from other operating activities	1,059,318	754,559
Cash outflow in operating activities	(10,305,241)	(9,760,412)
Outflow from interest	(237,585)	(489,290)
Outflow from fees and commission	(1,315,937)	(1,328,473)
Outflow from gross salaries, benefits and other personal expenses	(3,053,638)	(2,979,974)
Outflow from taxes, contributions and other duties charged to income, excluding corporate income tax	(1,206,430)	(796,502)
Outflow from other operating expenses	(4,491,651)	(4,166,173)
Net cash inflow from operating activities before increase or decrease in placements and deposits	5,809,587	6,062,625
Cash inflow from placements, deposits taken and other liabilities	20,392,495	21,117,369
Net inflow from loans and receivables to banks, other financial institutions, central bank and customers	-	5,635,604
Net inflow from receivables based on financial derivatives designed to protect against risks and changes in the fair value of items that are subject to risk protection	5,985	-
Net inflow from deposits and other liabilities to banks, other financial institutions, central bank and customers	20,375,585	15,438,821
Net inflow from financial derivatives held for hedging against risks and change in fair value of hedged items	10,925	42,944
Cash outflow from placements, deposits taken and other liabilities	(20,082,404)	(6,967,167)
Net outflow from loans and receivables to banks, other financial institutions, central banks and clients	(18,772,716)	-
Net outflow from financial assets that are initially recognized at fair value through profit or loss, financial assets held for trading and other securities not intended to be invested	(1,303,500)	(6,914,424)
Net outflow from receivables from financial derivatives held for hedging against risks and change in fair value of hedged items	-	(26,427)
Net outflow from financial liabilities initially recognized at fair value through profit or loss and financial liabilities held for trading	(6,188)	(26,316)
Net cash inflow from operating activities before profit tax	6,119,678	20,212,827
Profit tax paid	(698,377)	(476,947)
Dividends paid	(5,140,726)	(4,124,854)
Net cash inflow from operating activities	280,575	15,611,026

SEPARATE STATEMENT OF CASH FLOWS continued

Year Ended December 31, 2016

<i>In thousands of RSD</i>	2017	2016
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash inflow from investing activities	15,198,244	21,448,336
Inflow from investments in investment securities	15,187,977	21,435,803
Inflow from sale of intangible assets, property, plant and equipment	10,267	12,533
Cash outflow from investing activities	(12,750,289)	(32,994,642)
Outflow from investments in investment securities	(11,917,784)	(31,941,615)
Outflow for purchase of investments in subsidiaries and associates and joint ventures	-	(194,472)
Outflow for purchase of intangible assets, property, plant and equipment	(832,505)	(858,555)
Net cash inflow/(outflow) from investing activities	2,447,955	(11,546,306)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash outflow from financing activities	(1,513,597)	(264,493)
Cash outflows from borrowings	(1,513,597)	(264,493)
Net cash outflow from financing activities	(1,513,597)	(264,493)
TOTAL CASH INFLOW	51,705,567	58,388,742
TOTAL CASH OUTFLOW	(50,490,634)	(54,588,515)
NET INCREASE IN CASH	1,214,933	3,800,227
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	44,704,059	40,467,143
(NEGATIVE)/ POSITIVE EXCHANGE RATE DIFFERENCES	(1,036,563)	436,689
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	44,882,429	44,704,059

The accompanying notes form an integral part
of these separate financial statements

NOTES

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