

Albania

Country Presentation

18 January 2017

Economy Outlook

The Albanian **economy accelerated to 3.1%** in H1 2016. The economy is expected to grow at around 3.5% for the year 2016 with the support of improved domestic demand and rise of FDI's mainly in the construction and energy sectors. (TAP & Devolli hydropower plant).

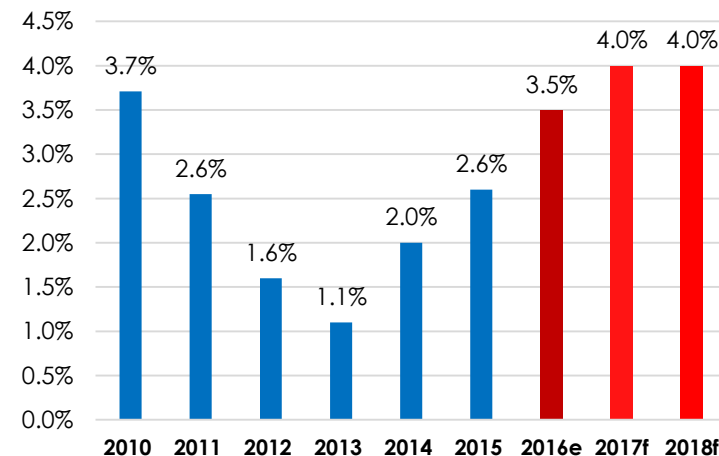
In **2017 GDP growth is expected at around 4.0%** as implementation of the reforms have started to show results and are expected to improve the business climate, increase investments especially in energy and tourism sectors and raise employment.

Moody's reaffirmed B1 rating for Albania with stable outlook, recognizing the progress made toward structural reforms and recommendation to open the negotiations phase conditioned by implementation of judiciary reform. S&P as well reaffirmed by early August the B+ rating with stable outlook.

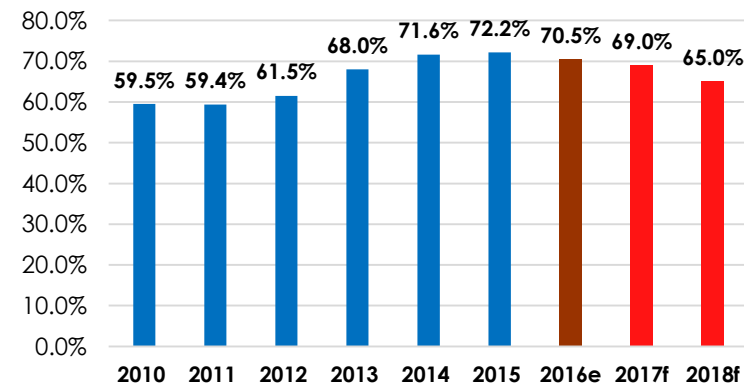
The public debt has started to decline for the first time in the last five years, from 72.2% of GDP in Dec 2015 to 69.8% of GDP by September 2016. IMF so far has evaluated as on track, its economic program with government.

Exchange rate has been quite stable in the last five years, with a slight tendency of appreciation of Albanian Lek toward Euro during 2016, reflecting the good performance of the informality campaigns, high euro supply following a Eurobond issuing of 450 million euros by the end of 2015, almost stable FDIs and remittances, and improved exports compared to previous year (exports of goods & services grew by 8% YoY in Jan-Sept 2016).

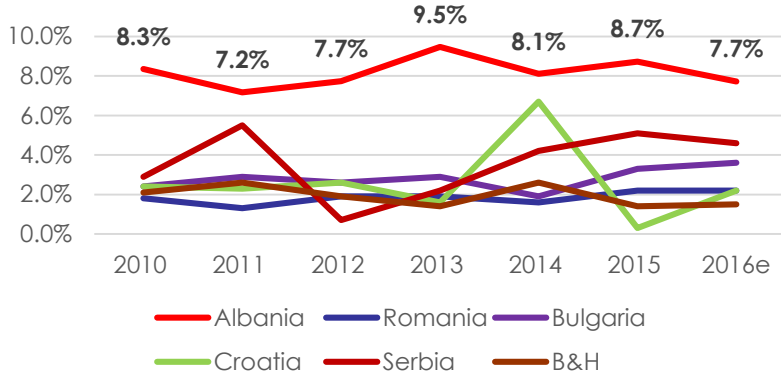
Real GDP growth



Public Debt as % of GDP



FDIs as % of GDP



- Albania has been the most attractive country for FDI's in the region in the last five years.
- In Albania there is considered to be one of the largest onshore oil fields in Europe with an estimation of 5.4 billion barrels of crude oil.
- High hydro energetic resources have attracted top European power production corporates that have started to invest into the sector.
- Chromium reserves are estimated to be at around 37 million tons.
- Nickel reserves are estimated to be at around 332 million tons, and largely underdeveloped.
- Tourism sector still underdeveloped to its potential as most of the coastal line, mainly the south part, remains preserved and intact from the urban development.
- Albania issued successfully a 5 years 450 mn Eurobond in late 2015 at a coupon 5.75%.
- Local denominated government securities, have had good returns and have attracted also the interest of foreign investors. Investment funds from the USA have invested in them, during the last few years.
- Agriculture sector has significant growth potential with EU funding programs, government programs or other funding institutions as EBRD that aim increase lending of the sector. The exports of agriculture products grew by 21.6% in Jan-Nov 2016 compared to 17.5% in average in 2011-2015.
- Albania has the second youngest population in Europe (after Kosovo) and offers competitive labor cost. Minimum wage at around 160 Eur/month and average wage at about 330 Eur/month. About 57% of population is below 35 years old.
- The reform in judiciary system and most of the complementary legal package have been approved in parliament and expected to kick in.



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

14 markets of the region are covered by subsidiary banks. Additionally, the Group comprises numerous other financial service providers, for instance in the fields of leasing, asset management as well as mergers and acquisitions.

In total, around 51,000 employees service 14.2 million customers through around 2,600 business outlets, the great majority of which are located in CEE

RBI is a fully-consolidated subsidiary of Raiffeisen Zentralbank Österreich AG (RZB). RZB indirectly owns around 60.7 per cent of the shares, the remainder is in free float. RBI's shares are listed on the Vienna Stock Exchange.

RZB is the central institution of the Austrian Raiffeisen Banking Group, the country's largest banking group, and serves as the head office of the entire RZB Group, including RBI.

In October 2016, the Management and Supervisory Boards of RZB and RBI have passed an in-principle resolution to merge RZB into RBI. The merged company will continue to be listed on the stock exchange.

The banking sector in Albania remained profitable, liquid and well capitalized throughout the crisis years.

In 2004, Raiffeisen Bank International bought the Savings Bank in Albania.

Raiffeisen Bank Albania is a full service bank, providing its services and products to:

- Retail customers,
- SE & Micro customers,
- Corporate International and Domestic customers
- Local Government
- Financial Institutions.

Raiffeisen Bank Albania currently serves over 700,000 customers with the largest branch, POS and ATM network in the country.

Raiffeisen Bank Albania offers a variety of e-services to the businesses.

Seeking to be the first choice while selecting a financing partner in Albania, we offer a wide range of simple and “tailor made” products which can fit to your business characteristics and your company strategy.

Served from a professional and experienced team we offer the following range of products:

Cash Management and Payments Service

- Current account
- Domestic and international payments
- Cash collection and transporting
- SWIFT messages
- SWEEP
- E-banking
- Business credit card
- Business debit card
- Deposits

Financing

- Corporate Finance: Investment loans; Working Capital; Overdraft; Discount of Receivables;
- Structured Finance: Project financing; Real Estate Finance; Acquisition Finance;
- Factoring

Trade Finance

- Bank Guarantees: Issuance, Advising, Wording of texts;
- Letter of Credits: Issuance, Advising, Checking of Documents; Wording of texts; Tailor made structuring;
- Documentary Collection

Treasury products

- Foreign exchange (FX Spot, FX Forwards)
- Fixed income
- MM Deposits
- Trading Local Government Bonds (in Local Currency)
- Custody Services – Government Securities Custodian and Registrar (Flexible and competitive fees)

We also provide Head Office support to the large customers by servicing their international activities and providing access to international credit and capital markets.

Christian Canacaris

Chief Executive Officer

Tel: +35542275519

Mob: +355688096003

christian.canacaris@raiffeisen.al

Elona Mullahi (KOCI)

Board Member of Corporate and SE Banking

Tel: 00355 4 22 22 669 Ext. 2510

Mob: +355 68 20 88 124

elona.koci@raiffeisen.al

Jorida ZAIMI

Department Head

International Corporate Department and International Desk

Tel: 00355 4 2381445 Mob: +355 68 20 88 123

jorida.zaimi@raiffeisen.al

Rigers KRISTO

Head of Treasury Sales, Financial Institution and Investment Banking

Tel: +355 4 2381076 **Fax:** +355 4 2275595

Ext: 26-36; **Mobile:** +355 68 2096 027

rigers.kristo@Raiffeisen.al