INDEPENDENT AUDITOR’S REPORT ON THE AUDIT OF THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

To the General Shareholders Meeting and the Supervisory Board of Raiffeisen Bank Polska Spółka Akcyjna

The audit report on the annual consolidated financial statements

We have audited the accompanying annual consolidated financial statements for the year ended 31 December 2017 of Raiffeisen Bank Polska Spółka Akcyjna Capital Group (‘the Group‘), for which the holding company is Raiffeisen Bank Polska Spółka Akcyjna (‘the Company’,‘the Bank’) located in Warsaw at Grzybowska 78, containing the consolidated statement of financial position as at 31 December 2017, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, consolidated cash flow statement for the period from 1 January 2017 to 31 December 2017 and the summary of significant accounting policies and other explanatory notes (‘the accompanying consolidated financial statements’).

Responsibilities of the Company’s Management and members of the Supervisory Board for the consolidated financial statements

The Company’s Management Board is responsible in accordance with the Accounting Act dated 29 September 1994 (‘the Accounting Act’), regulations issued on the basis of the Accounting Act for the preparation and fair presentation of the consolidated financial statements in accordance with International Accounting Standards, International Financial Reporting Standards and related interpretations announced in the form of the European Commission decrees and other applicable laws, as well as the Company’s Statute. The Company’s Management is also responsible for such internal control as determined is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In accordance with the Accounting Act of 29 September 1994 (the ‘Accounting Act’), the Company’s Management and the members of the Company’s Supervisory Board are required to ensure that the accompanying consolidated financial statements meet the requirements of the Accounting Act.

Auditor's responsibility

Our objective was to express an opinion on whether the accompanying consolidated financial statements give a true and fair view[1] of the financial position and results of the operations of the Group in accordance with International Accounting Standards, International Financial Reporting Standards and related interpretations announced in the form of the European Commission regulations and adopted accounting policies.

We conducted our audit of the accompanying consolidated financial statements in accordance with:

- Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight ('Act on Statutory Auditors'),
- National Auditing Standards in the wording of the International Auditing Standards adopted by the resolution no. 2783/52/2015 of the National Council of Statutory Auditors of 10 February 2015 with subsequent amendments,
- Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC ("Regulation 537/2014").

Those regulations require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

The purpose of the audit is to obtain reasonable assurance as to whether the consolidated financial statements as a whole were prepared based on properly maintained accounting records and are free from material misstatement due to fraud or error, and to issue an independent auditor's report containing our opinion. Reasonable assurance is a high level of assurance, but it is not guarantee that an audit conducted in accordance with the above mentioned standards will always detect material misstatements. Misstatements may arise as a result of fraud or error and are considered material if it can reasonably be expected that individually or in aggregate, they could influence economic decisions of the users taken on the basis of these consolidated financial statements. The risk of not detecting a material misstatement due to fraud is higher than the risk of not recognizing a material misstatement due to an error, as fraud may involve collusion, falsification, deliberate omissions, misleading or circumventing internal control and may affect every area of law and regulation, not just this directly affecting the consolidated financial statements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the consolidated 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 Company's internal control. An audit also includes evaluating the appropriateness of

[1] Translation of the following expression in Polish is 'rzetelny i jasny obraz'.

accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the consolidated financial statements.

The scope of the audit does not include assurance on the future profitability of the audited Group nor effectiveness of conducting business matters of the Group now and in the future by the Company's Management Board.

In accordance with International Auditing Standard 320 section 5 the concept of materiality is applied by the auditor both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the consolidated financial statements and in forming the opinion in the auditor's report. Hence all auditor's assertions and statements contained in the auditor's report, including those on other information or regulatory requirements, are made with the contemplation of the qualitative and quantitative materiality levels established in accordance with auditing standards and auditor's professional judgement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The opinion is consistent with the additional report to the audit committee issued on the date of this report.

Independence

While conducting our audit, the key certified auditor and the audit firm remained independent of the entities comprising the Group in accordance with the regulations of Act on Statutory Auditors, Regulation 537/2014 and principles of professional ethics adopted by resolutions of the National Council of Statutory Auditors.

Based on our best knowledge and belief, we declare that we have not provided non-audit services, that are prohibited based on article 136 of the Act on Statutory Auditors and article 5, point 1 of Regulation 537/2014.

Appointment of the audit firm

We were appointed to audit the consolidated financial statements based on the Company's Supervisory Board resolution dated 19 September 2017. We have been auditing the consolidated financial statements of the Group consecutively since the financial year ended 31 December 2016; i.e. for 2 consecutive years.

Most significant assessed risks

In the course of our audit we have identified the below described most significant assessed risks of material misstatement (key audit matters), including due to fraud and we designed appropriate audit procedures in response to those risks. Where we considered to be relevant in order to understand the nature of the identified risk and audit procedures performed we have also included key observations arising with respect to those risks.

These matters were addressed in the context of our audit of the accompanying consolidated financial statements as a whole, and in forming our opinion thereon. Therefore we do not provide a separate opinion on these matters.

Description of the nature of the risk of material misstatement (key audit matters)	Audit procedures in response to the identified risk
Impairment allowance on loans and advances to customers	
As at 31 December 2017, loans and advances to Raiffeisen Bank Polska S.A. customers amounted to PLN 32.413 million and were the most relevant part of the total assets. The amount of PLN 32.413 million consists of loans and advances gross value of PLN 34.285 million and loan loss provisions of PLN 1.872 million (including collective loan loss provisions in the amount of PLN 1.254 million and individual loan loss provisions in the amount of PLN 618 million) Loans and advances are valued at amortized cost less loan loss provisions. Determining the amount and the moment of recognizing loan loss provisions requires the use of significant judgment and complex management's estimates regarding in particular to: • identification and assessment of objective triggers of impairment, • determination of expected future cash flows, • valuation of collaterals, being the basis for future recoveries. Due to the significance of loans and advances to customers in relation to total assets, as well as the significant role of the management's judgment and estimates described above, we consider the valuation of loans and advances to customers as key audit matter. Information on the methodology for the valuation of loans and advances to customers, as well as the related judgments and estimates, have been described in notes 2.6-2.9, 3.1-3.2,	As part of the audit procedures, we have documented our understanding of the credit risk management policies and impairment losses procedures functioning in the Group, and also analyzed control mechanisms implemented by the Group in the area of measurement and identification of impairment losses and their functioning during the reporting period. We have also conducted tests of controls that related to loan granting process, monitoring of the borrower's standing, identification of premises for impairment triggers and calculation of loan loss provisions. Moreover, we have analyzed the methodology for calculating collective loan loss provisions to determine whether they are consistent with IAS 39. We have evaluated the Group's assumptions, models and completeness of the input data including the assumptions underlying the determination of the loss identification period, probability of default and loss given default. On a selected sample we have analyzed loan exposures that are assessed by the Group on individual basis. For the selected exposures, we have assessed the reasonableness of the recovery amount estimated by the Management, including the recoverable amount of the collateral, based on available financial and market data. For selected non-impaired loan exposures we have evaluated the borrower's standing and compliance with terms of the loan

6, 20 and 43 to the accompanying consolidated financial statements.	agreement in order to identify potential triggers of impairment. In addition, we have evaluated the disclosures relating to impairment losses on customers loans and advances included in the accompanying consolidated financial statements for their compliance with IFRS.
Impact of International Financial Reporting Standard No. 9 *Financial Instruments* ("IFRS 9") application	
As of 1 January 2018 IFRS9 has come into force. This standard replaces International Accounting Standard No. 39 Financial Instruments: Recognition and Measurement ("IAS 39"). In comparison to IAS 39, IFRS9 introduces significant changes in the area of identification and measurement of impairment of financial assets, as well as their classification and valuation. IAS39 model for recognition and measurement of impairment was based on the concept of incurred losses and is replaced by a model based on the concept of expected losses. In addition, the new standard introduces changes to the principles of classification and measurement of financial instruments, making them dependent on, inter alia, the results of the assessment of the business model used for a given group of assets and the assessment of the nature of contractual cash flows of a financial asset. International Accounting Standard No. 8 *Accounting principles, changes in estimates and correction of errors* requires disclosure of known or reliably estimated information necessary for evaluation of possible impact of implementation of the new standard or interpretation that has been published, but not yet came into force, for the period in which it will be applied for the first time.	As a part of the audit procedures, we have observed the Group's process for implementation of the new standard. Moreover, we have gained an understanding of projected changes in accounting policies, in particular concerning classification and valuation of the financial assets for the purpose of compliance with IFRS 9. We have also reviewed the Group's documentation on the performed analysis of business model and contractual cash flows. On a selected sample of exposures we have evaluated the correctness of Group's analysis In the area of impairment of financial assets, our procedures included: · analysis of the Group's methodology in the area of identifying and measuring impairment and assessment of its compliance with IFRS 9, · assessment of assumptions used by the Group in impairment valuation models, · gaining understanding of key data sources used in impairment models, as well as substantive procedures regarding the completeness and correctness of the data, · analysis of the premises of significant credit risk increase

The application of IFRS 9 will have a significant impact, in particular, on the Group's equity, capital ratios and future financial results, therefore the above-described disclosures required by IAS 8 are considered as a key audit matter. The information on the impact of the IFRS 9 application have been described by the Group in note 2.25 to the accompanying consolidated financial statements.	identified by the Group and classification to risk categories ("stages"), · independent recalculation of expected credit losses on a selected sample of exposure. We have reviewed the qualitative and quantitative disclosures in the consolidated financial statements of the Group for their compliance with the requirements of IAS 8, i.e. whether the disclosures include known or reliably estimated information which is necessary for the assessment of possible impact of IFRS 9 on consolidated financial statements for the periods beginning on 1 January 2018 or after.

Opinion

In our opinion, the accompanying consolidated financial statements:

◦ give a true and fair view of the financial position of the Group as at 31 December 2017 and its financial performance for the reporting period from 1 January 2017 to 31 December 2017 in accordance with International Accounting Standards, International Financial Reporting Standards and related interpretations announced in the form of regulations of the European Commission and other applicable laws and the adopted accounting policies,
◦ are in respect of the form and content in accordance with legal regulations governing the Group and the Company's Statute.

Report on other legal and regulatory requirements

Opinion on the Directors' Report

Our opinion on the consolidated financial statements does not include the Directors' Report on the Operations of the Raiffeisen Bank Polska S.A Capital Group in 2017 including the Directors' Report on the Operations of Raiffeisen Bank Polska S.A ("Directors' Report").

The Company's Management is responsible for preparation of the Directors' Report in accordance with the Accounting Act and other applicable laws. In addition, the Company's Management and members of the Company's Supervisory Board are required to ensure that the Directors' Report meets the requirements of the Accounting Act.

Our responsibility in accordance with the Act on Statutory Auditors was to issue an opinion on whether the Director's Report, was prepared in accordance with relevant laws and that it is consistent with the information contained in the accompanying consolidated financial statements.

Our responsibility was also to make a statement, on whether based on our knowledge about the Group and its environment obtained during the audit of the consolidated financial statements we have identified in the Director's Report any material misstatements and to indicate the nature of each of material misstatement. In addition, our responsibility in accordance with art. 111a item 3 of the Banking Law Act dated 29 August 1997 ('the Banking Law') was to audit the information included in Director's Report to the extent specified in the art. 111a items 1-2 of the Banking Law.

In our opinion the Directors' Report was prepared in accordance with the relevant regulations and reconciles with the information derived from the accompanying consolidated financial statements. Moreover, based on our knowledge of the Group and its environment obtained during the audit of the consolidated financial statements, we have not identified material misstatements in the Directors' Report.

Information on preparation of the statement on non-financial information

In accordance with the requirements of the Act on Statutory Auditors, we inform that the Group using the exemption referred to in art. 49b par. 11 of the Accounting Act disclosed in the Director's Report the name and registered office of its parent company preparing a statement on non-financial information, which will cover the Bank and the Raiffeisen Bank Polska S.A. Capital Group.

We have not performed any attestation services in respect to the statement on non-financial information and do not express any assurance in its respect.

Other information, including compliance with obligations arising from the law

Banks are obliged to comply with prudential requirements specified in the Banking Law, resolutions of the National Bank of Poland, resolutions of the PFSA, recommendations of the PFSA and Regulation (EU) No. 575/2013 of the European Parliament and of EU Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, amending Regulation (EU) No 648/2012 (CRR) and Commission Decisions based on that Regulation concerning:

- concentration of credit risks,
- concentration of equity shares,
- classification of loans and guarantees granted into risk groups and recognizing provisions for risks related to bank activities,
- liquidity,
- obligatory reserve requirements,
- capital adequacy.

The Bank's Management Board is responsible for compliance with prudential regulations, including in particular adequate calculation of the regulatory capital ratios.

As part of the audit of the accompanying consolidated financial statements we have performed the procedures with regards to capital ratios and we have not identified any significant discrepancies in their calculation which would have an impact on consolidated financial statements as a whole. Therefore, we inform that the Bank's Management Board has correctly calculated the capital ratios in compliance with the rules described above.

Warsaw, 7 March 2018

Key Certified Auditor

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Arkadiusz Krasowski
Certified auditor
No. 10018

on behalf of
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z ograniczoną odpowiedzialnością sp. k.
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