

Ladies and Gentlemen,

The banking market in Poland is undergoing constant transformation. Recently, clients have mainly associated these changes with new technologies and improvements being introduced systematically by the banks. The high level of client satisfaction and the continuous trust in the sector also result from the system's stability, safety of deposits and convenient access to financial services offered at a reasonable price. To us bankers it is something to be proud of, but it also makes us aware of the fact how intensively we have to work and adapt to changes on an everyday basis in order to deserve the trust of the clients who can today also take advantage of offers from outside the traditional financial sector.

Last year, the macroeconomic environment was generally good for banks. The economic growth increased quarter by quarter, the monetary policy was stable, and the fiscal situation clearly improved. In the case of the latter, one may not overlook the services of the banking sector, which, for the second consecutive year, contributed to the budget with a bank levy (the financial institutions tax paid by Raiffeisen Bank Polska amounted to PLN 132.5 million), as well as meticulously introduced, at its own expense, the solutions from the government programme aimed at eliminating loopholes in the tax system.

Due to the dynamics of technological changes, which nearly cover the entire economy, we decided in April 2017 to launch the Bank's digital evolution in combination with the optimisation programme - to be completed in 2019. The continuation of the previous initiatives and decisive implementation of new savings measures, as well as reducing the network of branches, has resulted in a notable decrease in the cost level (by 7% year-on-year). At the same time, the Capital Group is able to maintain easy access for clients to its services, and the prestigious prizes awarded for the quality of service confirm that the changes introduced are bearing fruit.

Despite ongoing competition and accelerating consolidation processes on the domestic financial markets, Raiffeisen Bank Polska and its subsidiaries effectively acquired clients in all key segments of their operations. It continued the strategy of a middle market bank which – having versatile competence – focuses on small and medium-sized enterprises and providing services to individual clients, including the affluent clients from the private banking segment.

In 2017, the Group generated a net profit of PLN 76 million, to which net interest income contributed significantly (with over 8% growth year-on-year). It also visibly improved the effectiveness of its operation, and the cost/income ratio dropped to slightly above 63%. As of the end of the last year, total assets amounted to nearly PLN 49 billion, 8% lower as compared to the end 2016. Despite the fact that the loan portfolio, in general, slightly decreased, mainly due to the appreciation of the local currency, the volume of loans for the Bank's corporate clients kept growing, in particular from the SME segment. It was another consecutive year in which the Group's capital position improved – as of the end of 2017, the total capital ratio amounted to 17.24%. We effectively used last year to prepare for the challenges of 2018, i.e., among other things, for entry into force of comprehensive international regulations concerning investments, payment services or new accounting standards.

I am convinced that the changes introduced throughout the Group, including the digitalisation, which covers both the retail and corporate banking segment as well as financial markets, will contribute to increasing client satisfaction with our services. At this point, I would like to warmly thank all our clients, partners, contracting parties and stakeholders for the trust they place in us, as well as their loyalty and productive cooperation with us. I would also like to thank all Group employees very much for their fruitful efforts to improve our results, as well as for their effectiveness in maintaining our strong market position and to deal with challenges.

Yours sincerely,
Piotr Czarnecki
President of the Management Board
Raiffeisen Bank Polska