

Ladies and Gentlemen,

The 2017 financial year saw a positive overall macroeconomic trend and favourable 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 per cent (2016 pro forma) to 5.7 per cent. 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 digitalisation and related changes to the competitive environment.

As far as the Raiffeisen Bank Polska Capital Group is concerned, it consistently strengthened its position in the segment of small and medium-sized enterprises as well as on the retail market, where it has well-established competence and a well-known brand. It effectively continued the policy of reducing costs and strengthening the revenue side, with improvement of the net interest income, despite market rates being on a historic-low level.

The digitalisation programme announced in April 2017, which is underway throughout the Raiffeisen Bank International Group, includes the Raiffeisen Bank Polska Capital Group. Its aim is to adapt its offer to the accelerating technological progress, as well as changes in clients' behaviour and preferences. Thanks to the exchange of experience and ideas, the entities which make up the RBI Group see an opportunity to increase their chances for gaining advantage on local markets.

The Polish banking market is among the most competitive and modern ones in the region of Central and Eastern Europe. The regulator sets high requirements for all participants. For this reason, we are pleased with the increase in the number of retail and corporate banking clients, effective measures for cost-effectiveness, as well as on-going optimisation of the organisation, in which state-of-the-art solutions are used. The Raiffeisen brand is highly appreciated on the Polish market, which is demonstrated by various domestic and international distinctions for the Bank.

I would like to take this opportunity to thank all employees of the Raiffeisen Bank Polska Capital Group 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 Supervisory Board,  
Johann Strobl  
Chairman of the Supervisory Board