

Ladies and Gentlemen,

At the beginning of 2014, Raiffeisen Bank International carried out a capital increase with gross proceeds of € 2.78 billion. RZB participated in the capital increase, in addition to numerous institutional and private investors, and remained the majority shareholder of RBI. The capital increase enabled RBI to fully repay the participation capital held by the Republic of Austria and private investors and significantly improve its common equity tier 1 ratio (on a Basel III fully-loaded basis). The rest of the year was mainly impacted by the geopolitical and financial situation in Ukraine and Russia, which led to higher loan loss provisions, as did defaults of individual large customers in Asia. Significant one-off charges were also booked during the year, the largest item thereof being goodwill impairments. Further one-off effects included the write-down of deferred tax assets and costs resulting from legislation changes in Hungary. These factors contributed to the € 493 million consolidated loss incurred in 2014, which was the first negative result in RBI's history. However, these one-offs had no impact on fully-loaded tier 1 common equity, and without them RBI would have reported a significantly positive net profit.

In February 2015, RBI resolved to take a number of steps to increase its capital buffer. The measures are intended to facilitate an improvement in the common equity tier 1 ratio (fully loaded) to 12 per cent by the end of 2017, compared to 10 per cent at the end of 2014. The planned steps include the sale or rescaling of units as well as reductions in total risk-weighted assets (RWA) in selected markets, in particular in those which generate low returns, have high capital consumption or are of limited strategic fit. The implementation of these measures will result in an aggregate gross RWA reduction of approximately € 16 billion by the end of 2017 (total RWA as at 31 December 2014: € 68.7 billion). This reduction is expected to be partially offset by growth in other business areas.

The Supervisory Board appreciates last year's achievements and the improvement in the financial results of the Raiffeisen Bank Polska S.A., one of the largest entities in the Raiffeisen Group. Within one and a half years after receiving consent for the acquisition of Polbank EFG S.A., the operational merger was completed, which enabled the organization to refocus on business development. As a consequence, the bank achieved very good financial results, despite the fact that the financial sector in Poland was working in an environment of historically low market interest rates, which is always a challenge. In addition, there were other factors, which negatively affected all local banks' revenues, such as regulatory changes lowering the fees for payment card transactions.

Despite the volatile conditions and difficult business environment, the Raiffeisen Bank Polska S.A. systematically implemented its strategy aimed at strengthening its presence in the corporate segment and in particular developing retail banking by attracting new customers and increasing business volumes. The bank was able to increase both its deposit and loan portfolio, while improving the quality of the latter. It was another year of improvement of the capital and liquidity positions due to the retention of profits and bond issue in the amount of PLN 500 million.

The reported results and the development of products and services confirm the validity of the strategy that was adopted in connection with the acquisition of Polbank EFG. However, in order to continue Raiffeisen Bank Polska's growth and maintain its current market position over the forthcoming years, significant additional resources would be required. Under the current circumstances of increased regulatory requirements regarding capital, RBI – as stated earlier – decided on a number of measures to increase its capital buffer in order to strengthen its capital base; the planned measures include the announcement of RBI's intent to sell its operations in Poland.

I would like to thank all the staff of the Raiffeisen Bank Polska S.A. for their hard work, particularly over the past year, in the support of our customers and their continued efforts to contribute to the success of the entire Raiffeisen Group. I am aware that a sales process is not an easy time for all the staff, which is why I am especially grateful for their continued commitment.

On behalf of the Supervisory Board,

Karl Sevelda  
Chairman of the Supervisory Board