



President's letter

Dear Shareholders, Clients and Employees of the Bank BGŻ BNP Paribas,

I encourage you to get acquainted with the stand alone annual report of Bank BGŻ BNP Paribas, where we summarise our activity in 2015.

Last year was a breakthrough year for the Bank – we merged two banks, introduced a new brand to the market: BGŻ BNP Paribas. We also acquired the shares in Sygma Bank Polska, preparing for a merger with it in 2016.

Combination of the banks resulted in that BGŻ BNP Paribas increased its size of business and strengthened its market position. We are a universal bank running a complex activity in all market segments, a leader in providing finance to the agri-food sector. Our objective is to become one of the largest banking institutions in Poland, with at least 5% market share. We currently have in excess of 1.65 million clients, with whom we are in close contact owing to the network of more than 500 branch offices nationwide, also via electronic distribution channels.

Integration of the banks contributed to increased balance sheet total of the Bank at the end of 2015, which grew by 55% and at year-end amounted to PLN 63 billion. We also noted a growth of the result on banking operations of the Bank, which was more than PLN 2 billion vs. PLN 1.5 billion in prior year.

2015 net profit amounted to PLN 8.3 million vs. PLN 138 million in prior year. In 2015 we bore most of the planned costs of integration of the banks. The Bank's spending associated with integration amounted to PLN 206.4 million, and exclusive of the costs the Bank's net profit would be PLN 175.4 million, i.e. by 5.5% higher than in previous year. The result earned by the Bank is charged by i.a., extra contribution to the Bank Guarantee Fund connected to bankruptcy of SK Bank (PLN 90.2 million) and establishment of reserve for payment to the Borrowers Support Fund (PLN 38.2 million). Cleared off of all the one-off events, the net profit would reach PLN 279.4 million.

The activity of our Bank was also determined by the economic environment. The Polish economy remained on the recovery path. Growth of Poland's GDP accelerated to reach 3.6% y/y vs. 3.3% y/y in prior year, reaching in the 4th quarter the highest growth rate since 2011. We note a strong domestic demand, supported by good situation on the labour market. These are developments that positively translate to the financial sector. On the other hand, however, growing deflation pressure made the Monetary Policy Council cut interest rates to a record breaking level of 1.5%, which translates to the weakening interest result in the whole banking sector.

External environment today presents today special challenges to the financial sector. Implementation of a tax on financial institutions will lower the profitability of banking operations. Plans concerning conversion of mortgage loans denominated in, or indexed to, foreign currencies may also result in additional costs and charges on banks. At this time, difficult for the banking sector, we are taking extra efforts to enhance our effectiveness and to build value for our shareholders, clients and employees.

I also wish to share our accomplishments with you – efforts of the whole team of Bank BGŻ BNP Paribas have been noticed and appreciated by independent bodies. For another time we took a position on the podium in the Newsweek's ranking in the major category „Friendly bank – traditional banking”, and also „digital banking". We have also been a winner of the prize 'Portfel Wprost' in the category of mortgage loans. In February 2015 BNP Paribas Bank Polska for a second time was granted a title of Top Employer Polska 2015, for the HR policy compliant with the best market practices, awarded by the Top Employers Institute. The editorial team of the weekly Polityka together with Deloitte, in turn, distinguished in May 2015 Bank BGŻ with 'Srebrny Listek CSR' (CSR Silver Leaf), granted to companies showing social responsibility.



I extend my thanks to our Clients – for the confidence placed in us, to our Shareholders – for supporting our decisions, and to our Employees – for their huge engagement and results accomplished, which will contribute to continued growth of the value of our Bank. I wish you all every success in realisation of our ambitious goals in 2016.

Tomasz Bogus

President, Management Board of Bank BGŻ BNP Paribas