

**BANK BGŻ BNP PARIBAS S.A.  
CAPITAL GROUP  
WARSAW, KASPRZAKA 10/16**

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE 2015 FINANCIAL YEAR**

**WITH  
AUDITOR'S OPINION  
AND  
AUDIT REPORT**

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### **CONSOLIDATED FINANCIAL STATEMENTS OF THE CAPITAL GROUP FOR THE 2015 FINANCIAL YEAR**

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### **REPORT ON THE ACTIVITIES OF THE CAPITAL GROUP FOR THE 2015 FINANCIAL YEAR**

## AUDITOR'S OPINION

### **To the Shareholders and Supervisory Board of Bank BGŻ BNP Paribas S.A**

We have audited the attached consolidated financial statements of the Bank BGŻ BNP Paribas S.A. Capital Group ("Capital Group"), for which Bank BGŻ BNP Paribas S.A. ("Bank") with its registered office in Warsaw, at Kasprzaka 10/16 is the Parent Company. Those consolidated financial statements include: consolidated income statement and consolidated statement of comprehensive income for the financial year from 1 January 2015 to 31 December 2015, consolidated statement of financial position prepared as of 31 December 2015, consolidated statement of changes in equity, consolidated cash flow statement for the financial year from 1 January 2015 to 31 December 2015 and explanatory notes comprising a summary of significant accounting policies and other explanatory information as required by the International Accounting Standards, International Financial Reporting Standards and related interpretations published as European Commission regulations. In addition, we have audited the information required under Article 111a paragraph 1 point 1 and 2 of the Banking Law Act of 29 August 1997 (Journal of Laws of 2015 item 128 as amended), hereinafter referred to as the "Banking Law", disclosed in the Report on the activities of the Capital Group.

Preparation of consolidated financial statements and a report on the activities of the Capital Group in line with the law is the responsibility of the Management Board of the Bank. The Management Board of the Bank and members of its Supervisory Board are obliged to ensure that the consolidated financial statements and the report on the activities of the Capital Group meet the requirements of the Accounting Act of 29 September 1994 (Journal of Laws of 2013 item 330, as amended), hereinafter referred to as the "Accounting Act" and of Banking Law.

Our responsibility was to audit and express an opinion on compliance of the consolidated financial statements with the accounting principles (policy) adopted by the Capital Group and whether the financial statements give a true and fair view of the financial and economic position as well as the financial performance of the Capital Group and whether disclosures in the Report on the activities of the Capital Group resulting from Article 111a paragraph 1 point 1 and 2 of the Banking Law have been presented correctly and in accordance with the requirements of these regulations.

Our audit of the financial statements has been planned and performed in accordance with:

- section 7 of the Accounting Act,
- national auditing standards, issued by the National Council of Statutory Auditors in Poland.

We have planned and performed our audit of the consolidated financial statements in such a way as to obtain reasonable assurance to express an opinion on the financial statements. Our audit included, in particular, verification of the correctness of the accounting principles (policy) applied by the Bank and the subsidiaries of the Capital Group, verification - largely on a test basis - of the basis for the amounts and disclosures in the consolidated financial statements, as well as overall evaluation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the audited consolidated financial statements in all material respects:

- give a true and fair view of the information material to evaluation of the economic and financial position of the Capital Group as of 31 December 2015 as well as its financial performance in the financial year from 1 January 2015 to 31 December 2015,
- have been prepared in accordance with the International Accounting Standards, International Financial Reporting Standards and related interpretations published as European Commission regulations, and in all matters not regulated in the standards – in accordance with the provisions of the Accounting Act and its executory provisions,
- comply with the provisions of law applicable to the Capital Group which affect the contents of the consolidated financial statements.

In addition, in our opinion, the disclosed information in the Report on the activities of the Capital Group resulting from the Article 111a paragraph 1 point 1 and 2 of the Banking Law has been presented correctly and in accordance with the requirements of these regulations.

The Report on the activities of the Bank for the 2015 financial year is complete within the meaning of the Article 49, paragraph 2 of the Accounting Act and the Ordinance of the Minister of Finance of 19 February 2009 on current and periodic information published by issuers of securities and the rules of equal treatment of the information required by the laws of non-member states (Journal of Laws of 2014 item 133) and disclosed information derived from the audited financial statements is consistent with the attached financial statements.

Dariusz Szkaradek  
Key certified auditor  
conducting the audit  
No. 9935

On behalf of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. – entity authorized to audit financial statements entered under number 73 on the list kept by the National Council of Statutory Auditors:

Dariusz Szkaradek – Deputy Chairman of the Management Board of Deloitte Polska Sp. z o.o. – which is the General Partner of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k.

Warsaw, 15 March 2016

**The above audit opinion together with audit report is a translation from the original Polish version. In case of any discrepancies between the Polish and English version, the Polish version shall prevail.**

**REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL  
STATEMENTS OF THE BANK BGŻ BNP PARIBAS S.A. CAPITAL GROUP  
FOR THE 2015 FINANCIAL YEAR**

**I. GENERAL INFORMATION**

**1. Details of the audited Parent Company**

The Parent Company of the Bank BGŻ BNP Paribas S.A. Capital Group („Capital Group”) operates under the business name Bank BGŻ BNP Paribas S.A. („Bank”). The Bank’s registered office is located in Warsaw at Kasprzaka 10/16.

The Bank operates as a joint stock company. The Bank is in the Commercial Register kept by the District Court in Capital City Warsaw, XII Business-Registry Division of the National Court Register, under KRS number 0000011571.

The Bank operates based on the provisions of the Code of Commercial Companies and Banking Law.

As of 31 December 2015, the Bank’s share capital amounted to PLN 84,238 thousand and was divided into 84,238,318 ordinary shares with a face value of PLN 1 each.

Composition of the Management Board of the Bank as at the date of the opinion:

- |                       |   |
|-----------------------|---|
| – Tomasz Bogus        | – President of the Management Board,      |
| – Daniel Astraud      | – Vice-President of the Management Board, |
| – François Benaroya   | – Vice-President of the Management Board, |
| – Blagoy Bochev       | – Vice-President of the Management Board, |
| – Jan Bujak           | – Vice-President of the Management Board, |
| – Wojciech Kemblowski | – Vice-President of the Management Board, |
| – Magdalena Legeć     | – Vice-President of the Management Board, |
| – Jaromir Pelczarski  | – Vice-President of the Management Board, |
| – Stephane Rodes      | – Vice-President of the Management Board, |
| – Michel Thebault     | – Vice-President of the Management Board, |
| – Bartosz Urbaniak    | – Member of the Management Board.         |

Changes in the composition of the Management Board of the Bank during the audited period and until the date of the opinion:

- on 29 January 2015 Wojciech Kemblowski was appointed by the Supervisory Board to hold the position of the Vice-President of the Management Board,
- on 20 March 2015 Monika Nachyła resigned from the position of Vice-President of the Management Board effective from 30 April 2015,
- on 20 March 2015 Gerardus Embrechts resigned from the position of Vice-President of the Management Board effective from 31 March 2015,
- on 20 March 2015 Dariusz Odzioba resigned from the position of Vice-President of the Management Board effective from 30 April 2015,
- on 20 March 2015 Witold Okarma resigned from the position of Vice-President of the Management Board effective from the date of a merger of Bank BGŻ S.A. with BNP Paribas Polska S.A.,
- on 20 March 2015 Andrzej Sieradz resigned from the position of Vice-President of the Management Board effective from 31 March 2015,
- on 20 March 2015 Bartosz Urbaniak was appointed by the Supervisory Board to hold the position of the Member of the Management Board,

- on 30 April 2015 Józef Wancer resigned from the position of the President of the Management Board effective from 31 August 2015,
- on 30 April 2015 Tomasz Bogus was appointed by the Supervisory Board to hold the position of the President of the Management Board effective from 1 September 2015,
- on 30 April 2015 Daniel Astraud was appointed by the Supervisory Board to hold the position of the Vice-President of the Management Board,
- on 30 April 2015 François Benaroya was appointed by the Supervisory Board to hold the position of the Vice-President of the Management Board,
- on 30 April 2015 Blagoy Bochev was appointed by the Supervisory Board to hold the position of the Vice-President of the Management Board,
- on 30 April 2015 Jan Bujak was appointed by the Supervisory Board to hold the position of the Vice-President of the Management Board,
- on 30 April 2015 Jaromir Pelczarski was appointed by the Supervisory Board to hold the position of the Vice-President of the Management Board,
- on 30 April 2015 Stephane Rodes was appointed by the Supervisory Board to hold the position of the Vice-President of the Management Board,
- on 30 April 2015 Michel Thebault was appointed by the Supervisory Board to hold the position of the Vice-President of the Management Board,
- on 27 July 2015 Wojciech Sass resigned from the position of Vice-President of the Management Board effective from 31 August 2015.

## 2. Structure of the Capital Group

The consolidated financial statements as of 31 December 2015 included the following entities:

- a) Parent Company – Bank BGŻ BNP Paribas S.A.

We have audited the financial statements of Bank BGŻ BNP Paribas S.A. for the period from 1 January to 31 December 2015. As a result of our audit, on 15 March 2016 we issued an unqualified opinion.

- b) Companies subject to full consolidation:

Name and address of the Company	Interest in the share capital (%)	Name of entity that audited the financial statements and type of opinion issued	Balance sheet date of the consolidated entity
Bankowy Fundusz Nieruchomościowy Actus Sp. z o.o.	100.00	Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k., audit in progress	31 December 2015
Towarzystwo Funduszy Inwestycyjnych BGŻ BNP Paribas S.A.	100.00	Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k., audit in progress	31 December 2015
Fortis Lease Polska Sp. z o.o. w likwidacji	100.00	Until the date of opinion, the liquidation has not been completed	31 December 2015
BGŻ BNP Paribas Faktoring Sp. z o.o.	100.00	Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k., audit in progress	31 December 2015
Sygma Bank Polska S.A.	100.00	PricewaterhouseCoopers Sp. z o.o., audit in progress	31 December 2015
Laser Services Polska S.A.	100.00	PricewaterhouseCoopers Sp. z o.o., audit in progress	31 December 2015

On 1 January 2015, the Bank acquired 100% of the share capital of Sygma Bank Polska S.A. and obtained control over the entity.

On 1 January 2015, the Bank acquired 100% of the share capital of Laser Services Polska S.A. and obtained control over the entity.

### **3. Information about the consolidated financial statements for the prior financial year**

The activities of the Capital Group in 2014 resulted in a net profit of PLN 138,031 thousand. The consolidated financial statements of the Capital Group for 2014 were audited by a certified auditor. The audit was performed by authorized entity KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp. k. The certified auditor issued an unqualified opinion on those financial statements.

The General Shareholders' Meeting which approved the consolidated financial statements for the 2014 financial year was held on 19 June 2015.

In accordance with applicable laws, the consolidated financial statements for the 2014 financial year were submitted to the National Court Register (KRS) on 24 June 2015.

### **4. Details of the authorized entity and the key certified auditor acting on its behalf**

The entity authorized to audit the financial statements was appointed by the Supervisory Board of the Bank. The audit of the consolidated financial statements was performed based on the agreement of 12 June 2015 concluded between Bank and Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. with its registered office in Warsaw, al. Jana Pawła II 19, recorded under number 73 on the list of entities authorized to provide audit services kept by the National Council of Statutory Auditors. On behalf of the authorized entity, the audit of the consolidated financial statements was conducted under the supervision of Dariusz Szkaradek, key certified auditor (No. 9667) in the registered office of the Bank, in its branches, as well as outside the Bank's premises from 19 October 2015 until the date of this opinion.

Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. and the key certified auditor conducting audit confirm that they are authorized to carry out audits and meet the requirements of Article 56 of the Act on statutory auditors and their self-governing body, auditing firms and on public oversight (Journal of Laws of 2009 No. 77, item 649, as amended) to express an unbiased and independent opinion on the consolidated financial statements of the Capital Group.

### **5. Availability of data and management's representations**

The scope of our audit was not limited.

During the audit, all necessary documents and data as well as detailed information and explanations, were provided to the authorized entity and the key certified auditor, as confirmed e.g. in the written representation of the Management Board of the Bank of 15 March 2016.

## II. ECONOMIC AND FINANCIAL POSITION OF THE CAPITAL GROUP

Presented below are the main items from the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, as well as financial ratios describing the financial performance of the Bank and its economic and financial position compared to the prior year, calculated based on the financial data included in the consolidated financial statements for the 2015 financial year.

<u>Main items from consolidated statement of financial position</u> <u>(PLN '000)</u>	<u>31.12.2015</u>	<u>31.12.2014</u>
Total assets	65,372,338	40,496,575
Cash and balances with the Central Bank	2,826,416	1,790,160
Loans and advances from banks	495,431	404,724
Debt securities held for trading	-	199,404
Reverse repo transactions	-	100,668
Loans and advances to customers	52,269,544	29,631,923
Hedging instruments (assets)	2,711	-
Derivative financial instruments	368,147	420,152
Available for sale financial assets	7,845,074	7,084,017
Investment property	54,627	54,627
Intangible assets	256,455	165,307
Property, plant and equipment	537,201	411,063
Deferred tax assets	465,211	173,828
Other assets	251,521	60,702
Amounts due to banks	9,876,892	1,546,739
Derivative financial instruments	351,539	448,908
Amounts due to customers	46,527,391	32,804,444
Subordinated liabilities	847,568	320,951
Debt securities issued	469,083	762,311
Current tax liabilities	40,716	9,639
Deferred tax liability	8,052	8,052
Provisions	164,154	68,112
Other liabilities	816,984	325,751
Total equity, including:	6,268,354	4,156,304
- Share capital	84,238	56,139

<u>Main items from consolidated income statement and</u> <u>consolidated comprehensive income statement (PLN '000)</u>	<u>2015</u>	<u>2014</u>
Net interest income	1,422,647	1,118,284
Net fee and commission income	422,702	310,499
Dividend income	4,394	3,303
Net trading income	183,461	63,723
Result on investment activities	47,752	24,465
Net impairment losses on financial assets and contingent liabilities	(301,876)	(310,966)
Other operating income	60,811	37,937
Other operating expenses	(92,459)	(37,393)
Income tax expense	(16,399)	(40,145)
Net profit for the period	13,293	138,031
Total comprehensive income for the period	(45,588)	301,931



<u>Ratio analysis</u>	<u>31.12.2015</u>	<u>31.12.2014</u>
Return on equity ratio (ROE)	0.26%	3.60%
Return on assets ratio (ROA)	0.03%	0.36%
Cost to income ratio	84.52%	68.61%
Capital ratio	13.45%	13.81%
Equity ratio	9.59%	10.26%

An analysis of the above figures and ratios indicated the following trends in 2015:

- return on equity ratio (ROE) calculated as a relation of net profit for the period to equity estimated as an average of the balances as at 31.12.2014 and 31.12.2015 decreased as at the end of 2015 and amounted to 0.26% in comparison to 3.60% as at the end of 2014,
- return on assets ratio (ROA) calculated as a relation of net profit for the period to total assets estimated as an average of the balances as at 31.12.2014 and 31.12.2015 decreased as at the end of 2015 and amounted to 0.03% in comparison to 0.36% as at the end of 2014,
- cost to income ratio calculated as a relation of total costs estimated as a sum of administrative expenses, depreciation and amortization and other operating expenses to total income estimated as sum of net interest income, net fee and commission income, dividend income, net trading income, result on hedge accounting, result on investment activities and other operating income increased from 68.61% for 2014 to 84.52% for 2015,
- capital ratio calculated in accordance with the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investments firms as at the end of 2015 amounted to 13.45% in comparison to 13.81% as at the end of 2014,
- equity ratio calculated as a relation of total equity to the sum of total equity and total liabilities decreased as at the end of 2015 and amounted to 9.59% in comparison to 10.26% at the end of 2014.

### **Application of prudence principles**

During our audit we have not identified significant discrepancies indicating lack of application in 2015 of prudence principles determined by Polish Law, resolutions of Management of National Bank of Poland and resolutions of Polish Financial Supervision Authority.

### **Capital ratio**

During our audit we have not identified significant discrepancies in the area of calculation of capital ratio as at 31 December 2015 in accordance with the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investments firms.

### **III. DETAILED INFORMATION**

#### **1. Information about the audited consolidated financial statements**

The audited consolidated financial statements were prepared as at 31 December 2015 and include:

- consolidated income statement for the period from 1 January 2015 to 31 December 2015, with a net profit in the amounts PLN 13,293 thousand,
- consolidated statement of comprehensive income for the period from 1 January 2015 to 31 December 2015 with a total comprehensive income of PLN (45,588) thousand,
- consolidated statement of financial position prepared as of 31 December 2015, with total assets and liabilities plus equity of PLN 65,372,338 thousand,
- consolidated statement of changes in equity for the period from 1 January 2015 to 31 December 2015, disclosing an increase in equity of PLN 2,112,050 thousand,
- consolidated cash flow statement for the period from 1 January 2015 to 31 December 2015, showing a cash inflow of PLN 1,081,354 thousand,
- explanatory notes, comprising a summary of significant accounting policies and other explanatory information.

The audit covered the period from 1 January 2015 to 31 December 2015 and focused mainly on:

- verification of the correctness and fairness of the consolidated financial statements prepared by the Management Board of the Bank;
- verification of the consolidation documentation;
- evaluation of the correctness of the consolidation methods and procedures applied during consolidation;
- review of opinions and reports on audits of financial statements of subsidiaries and associated companies included in consolidation, prepared by other certified auditors.

#### **2. Consolidation documentation**

The Bank presented the consolidation documentation including:

- financial statements of entities included in the consolidated financial statements;
- financial statements of controlled entities, adjusted to International Financial Reporting Standards as adopted by the European Union (“IFRS”) and the accounting principles (policy) applied during consolidation;
- all consolidation adjustments and eliminations necessary for preparation of the consolidated financial statements.

The financial statements of the subsidiaries were consolidated using the full method, i.e. full amounts of all relevant items of the financial statements of the Bank and the subsidiaries included in consolidation were summed up.

The Bank preparing the consolidated financial statements has not applied any material simplifications and exceptions to the consolidation principles with respect to the controlled entities.

### **3. Completeness and correctness of drawing up notes and explanations and the report on the activities of the Capital Group**

The Bank confirmed the validity of the going concern basis in preparation of the consolidated financial statements. The notes and explanations to the consolidated financial statements gives a description of measurement principles regarding assets and liabilities plus equity, financial performance and principles of preparation of the consolidated financial statements.

The Bank prepared notes in the form of tables to individual items of the consolidated statement of financial position and consolidated income statement and consolidated statement of comprehensive income as well as narrative descriptions in line with the requirement of IFRS.

The Management Board prepared and supplemented the consolidated financial statements with a report on the activities of the Capital Group in the 2015 financial year. The report contains information required under the Article 111a, paragraph 1 points 1 and 2 of Banking Law, Article 49, paragraph 2 of the Accounting Act and the Ordinance of the Minister of Finance of 19 February 2009 on current and periodic information published by issuers of securities and the rules of equal treatment of the information required by the laws of non-member states (Journal of Laws of 2014 item 133). We have audited the report with respect to the disclosed information derived directly from the audited consolidated financial statements and the disclosed information required by Article 111a paragraph 1 point 1 and 2 of the Banking Law has been audited in terms of its correctness and compliance with these regulations.

## **IV. CLOSING COMMENTS**

### Management Board's Representations

Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. and the key certified auditor received a representation letter from the Bank's Management Board, in which the Board stated that the Capital Group complied with the laws in force.

Dariusz Szkaradek  
Key certified auditor  
conducting the audit  
No. 9935

On behalf of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. – entity authorized to audit financial statements entered under number 73 on the list kept by the National Council of Statutory Auditors:

Dariusz Szkaradek – Deputy Chairman of the Management Board of Deloitte Polska Sp. z o.o. – which is the General Partner of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k.

Warsaw, 15 March 2016