

**Translation of Statutory Auditor's Report  
supplementing the opinion on  
unconsolidated financial statements of**

**BNP PARIBAS BANK Polska S.A.**

**for the year ended  
31 December 2013**



- providing certification services in accordance with the electronic signature regulations, excluding qualified certificates issued by the banks within transactions to which they are parties,
- providing agency services in international funds transfers and settlements in international trade,
- issue of electronic money instrument.

The share capital as at 31 December 2013 amounted to PLN 1,304,380,415.96 and was divided into 28,692,926 shares with a nominal value of PLN 45.56 each.

As at 31 December 2013 the shares in the Bank were held as follows:

	<i>Number of shares</i>	<i>% in share capital</i>	<i>Number of voting rights at AGM</i>	<i>% in total number of voting rights</i>
BNP Paribas Fortis (former Fortis Bank S.A./NV)	23,418,013	81.62%	23,418,013	81.62%
Dominet S.A.	5,243,532	18.27%	5,243,532	18.27%
Other	31,381	0.11%	31,381	0.11%
<b>Total</b>	<b>28,692,926</b>	<b>100%</b>	<b>28,692,926</b>	<b>100%</b>

As at 31 December 2013 the equity of the Company amounted to PLN 1,756,237 thousand.

As at 31 December 2013 the Management Board of BNP Paribas Bank Polska S.A. was as follows:

- Frédéric Amoudru President of the Board
- Jan Bujak Senior Vice-president of the Board
- Jaromir Pelczarski Vice-president of the Board
- Michel Thebault Vice-president of the Board
- Wojciech Kemblowski Member of the Board
- Marta Oracz Member of the Board
- Adam Parfiniewicz Member of the Board
- Stephane Rodes Member of the Board

In 2013 there were no changes in the composition of the Management Board.

As at 31 December 2013, the Supervisory Board of BNP Paribas Bank Polska SA was composed as follows:

- Jean-Paul Sabet Chairman
- Jarosław Bauc Vice-chairman
- Filip Dierckx Vice-chairman
- Monika Bednarek Supervisory Board Member
- Francois Benaroya Supervisory Board Member
- Yvan De Cock Supervisory Board Member
- Jean Deullin Supervisory Board Member
- Helene Dubourg Supervisory Board Member
- Andrzej Wojtyna Supervisory Board Member.

On 4 April 2013 the Ordinary General Meeting of the Bank appointed 2 new members of the Supervisory Board:

- Jean-Paul Sabet,
- Yvan De Cock.

Mr. Camille Fohl, as a result on new responsibilities in the BNP PARIBAS Group, resigned from the position of Chairman of the Supervisory Board and member of the Supervisory Board of the Bank on the date of the Annual General Meeting, i.e. 4 April 2013. Mr. Camille Fohl was a member of the Supervisory Board since 26 June 2009.

At the Supervisory Board meeting held after the close of the General Meeting on 4 April 2013, Mr. Jean-Paul Sabet became Chairman of the Supervisory Board.

The average employment in the audited period was of 2,754 employees.

The audited financial statements include:

- statement of financial position drawn up as at 31 December 2013 disclosing total assets and liabilities of PLN 19,653,614 thousand,
- profit and loss account for the period from 1 January 2013 to 31 December 2013 disclosing a net profit of PLN 86,271 thousand,
- statement of comprehensive income for the period from 1 January 2013 to 31 December 2013 disclosing a positive comprehensive income of PLN 58,311 thousand,
- statement of changes in equity for the period from 1 January 2013 to 31 December 2013 disclosing an increase of consolidated equity by PLN 58,283 thousand,
- statement of cash flows for the period from 1 January 2013 to 31 December 2013 disclosing an decrease in cash balance by PLN 613,743 thousand,
- notes to the unconsolidated financial statements comprising a summary of significant accounting policies and other explanatory notes.

The audited entity made available all data, information and explanations required by Statutory Auditor, in particular representation letters on complete data entering in the books of accounts, the disclosure of all contingent liabilities and informing about all material events after the balance sheet date. The audit was not limited in scope.

The closing balance as at 31 December 2012 was entered in the books as the opening balance as at 1 January 2013.

Financial statements for the preceding year ended 31 December 2012, approved by the Shareholders' Meeting resolution of 4 April 2013 were filed with the National Court Register on 12 April 2013. Pursuant to the resolution of the Shareholders' Meeting of 4 April 2013 the net profit for the year ended 31 December 2012 in the amount of PLN 29,287,457.52 will be allocated as follows:

- PLN 2,343,000.00 thousand to supplementary capital,
- PLN 26,944,457.52 thousand to general risk fund.

Financial statements for the preceding financial year were audited by Mazars Audyt Sp. z o.o., which issued an unqualified opinion.

Mazars Audyt Sp. z o.o. was appointed Statutory Auditor conducting the audit of the financial statements for the financial year ended 31 December 2012 further to the decision of Supervisory Board of 23 May 2012. The audit was carried out by Mazars Audyt Sp. z o.o., ul. Piękna 18, 00-549 Warsaw, registered as an entity entitled to examine the financial statements under entry 186, by virtue of the contract signed on 11 June 2012.

Mazars Audyt Sp. z o.o., members of its Management Board and other staff participating in the audit of financial statements of the Company comply with independence requirements in accordance with article 56, section 3 of the Act on Statutory Auditors and Their Self-government and Entities Entitled to Audit Financial Statements and Public Supervision.

## **2. Information about Independent Statutory Auditor's opinion**

Based on the audit of the Bank's standalone financial statements as at 31 December 2013 and for the period ended on this day, we issued an unqualified opinion on 11 March 2014.

## II. ANALYTICAL SECTION

### 1. Main figures characterizing the entity

Profit and loss account (in PLN thousand)	1/01/2013- 31/12/2013	1/01/2012- 31/12/2012	1/01/2011- 31/12/2011*
Interest income	823,022	925,699	948,920
Interest expense	(322,713)	(423,796)	(397,180)
Net interest income	500,309	501,903	551,740
Fees and commissions income	187,416	177,563	180,123
Fees and commissions expense	(47,630)	(39,050)	(43,004)
Net fee and commission income	139,786	138,513	137,119
Dividend and other investment income	24,283	22,153	-
Net trading income	101,443	107,929	67,180
Net gain/loss on available-for-sale financial assets	24,914	17,434	(661)
Net profit/loss on hedging transactions	(2,805)	(3,291)	12,353
Net profit/loss on hedged items	2,805	3,291	(12,353)
Other revenues	26,782	23,267	19,666
Other operating expenses	(21,484)	(22,586)	(15,792)
Total income, net	796,033	788,613	759,252
Personnel expenses	(271,943)	(285,429)	(263,849)
Depreciation of fixed assets and intangible fixed assets	(44,331)	(58,389)	(64,766)
Other expenses	(233,645)	(245,358)	(260,534)
The costs of risk and result on provisions	(126,780)	(152,035)	(118,299)
Result on sale of assets, stocks and shares	(4,951)	(2,091)	(3,070)
Profit before income tax	(114,383)	45,311	48,734
Income tax expense	(28,112)	(16,023)	(27,701)
<b>Net profit</b>	<b>86,271</b>	<b>29,288</b>	<b>21,033</b>
<b>Total income</b>	<b>58,311</b>	<b>65,333</b>	<b>23,502</b>

Statement of financial position (in PLN thousand)	31/12/2013	31/12/2012	31/12/2011*
Cash and cash equivalents	1,290,203	1,903,463	1,056,316
Financial assets held for trading	70,118	145,838	175,761
Due from banks	79,201	208,045	359,211
Loans to customers	15,074,082	14,611,806	14,883,190
Hedging instruments	8,503	11,179	17,759
Investments – Available for Sale	2,604,354	1,817,783	3,655,428
Other investments	115,851	120,648	112,996
Tangible and intangible assets	162,616	152,245	178,205
Fixed assets held for sale	-	4,785	4,785
Income tax settlements	15,201	1,927	-
Deferred tax assets	169,237	204,890	219,627
Other assets	64,248	63,096	59,890
<b>Total assets</b>	<b>19,653,614</b>	<b>19,245,705</b>	<b>20,723,168</b>
Financial liabilities held for trading	69,790	86,718	126,034
Due to banks	424,273	382,327	1,028,324
Due to customers	10,971,677	10,113,114	9,028,053
Credits and loans received	5,586,978	6,023,287	8,214,636
Changes of hedged fair value items in hedge of interest rate risk	6,097	8,800	13,132
Liabilities relative to issuance of debt securities	-	-	-
Subordinated liabilities	452,192	694,251	592,628
Current tax liabilities	-	-	17,218
Other liabilities	328,194	196,196	285,060

Provision for deferred tax	808	7,368	
Provisions	57,368	35,690	44,319
<b>Equity</b>	<b>1,756,237</b>	<b>1,697,954</b>	<b>1,373,764</b>
<b>Total liabilities</b>	<b>19,653,614</b>	<b>19,245,705</b>	<b>20,723,168</b>

\* Please note that the Bank introduced some presentation changes as specified in the note 5 to the Financial Statements. Therefore, 2011 data is not fully comparable.

## **2. Selected financial ratios**

	<b>31/12/2013</b>	<b>31/12/2012</b>	<b>31/12/2011**</b>
Balance sheet total (in PLN thousand)	19,653,614	19,245,705	20,723,168
Gross result (in PLN thousand)	114,383	45,311	48,734
Net result (in PLN thousand)	86,271	29,288	21,033
Equity (in PLN thousand)*	1,756,237	1,697,954	1,373,764
Net result to equity ratio	5%	2%	2%
Capital adequacy ratio	12,86%	14,46%	12,01%
Income generating assets to total assets	77%	77%	73%
Interest bearing liabilities to total liabilities	91%	91%	93%

\* including the result of the current year

\*\*2011 data is not comparable

As at 31 December 2013 the capital adequacy ratio amounted to 12.86% vs. 14.46% at the end of December 2012. The decrease in adequacy ratio compared to December 2012 was mainly due to the planned repayment of a subordinated loan in the amount of EUR 60 million in January 2013 as well as the increase in the capital requirement for credit risk due to the increase of receivables from customers.

On 11 July 2013 the Polish Financial Supervision Authority approved an updated Recovery Programme for BNP Paribas Bank Polska S.A.

In the updated Programme approved by the Polish Financial Supervision Authority new principles regarding financial forecasts for 2013-2014 were adopted in order to account for the economic slowdown and faster reduction of interest rates by Monetary Policy Council than expected. According to the Polish Financial Supervision Authority full implementation of the Programme should enable the Bank to generate positive financial results and improve key financial and economic indicators and complete the implementation of recovery proceedings within previously stipulated time limit, i.e. by 31 December 2014.

In our opinion, the results of the audit of the Bank's financial statements as at 31 December 2013, the analysis of the above presented ratios as well as all the information available to us as at the date of preparing this report and the opinion, do not present any threat to the Bank's ability to continue as a going concern over the 12 months from the cut-off date.

### **III. DETAILED SECTION**

#### ***1. Information about the audit course and accounting organisation***

##### **1.1. Legal provisions applied in the audit**

The audit was conducted applying the following provisions:

- a) International Standards on Auditing,
- b) Accounting Act dated 29 September 1994 (Journal of Laws of 2013, item 330),
- c) Act of 29 August 1997, Banking Law (Journal of Laws of 2002 No. 72, item 665 with subsequent amendments),
- d) Act on Statutory Auditors and Their Self-government and Entities Entitled to Audit Financial Statements and Public Supervision of 7 May 2009 (Journal of Laws of 2009 No. 77, item 649),
- e) Regulation of the Minister of Finance of 1 October 2010 on specific principles of accounting for banks (Journal of Laws of 2010 No. 191, item 1279),
- f) Regulation of the Minister of Finance of 16 December 2008 on the principles for establishing general banking risk provisions (Journal of Laws of 2008 No. 235, item 1589, with subsequent amendments),
- g) Code of Commercial Companies – Act of 15 September 2000 (Journal of Laws no. 94, item 1037 with subsequent amendments).

##### **1.2. Assessment of the correctness of the accounting system applied**

The books of the Bank are kept in accordance with the adopted accounting policy. Adopted principles are adjusted to the conditions and needs of the Bank.

In the year under audit, the books of accounts were kept in the Bank's headquarters in Cracow. The books reflect the course of business operations in a documented manner, while meeting compulsory accounting standards.

The Company's books of accounts were kept using computer software in accordance with statutory requirements defined in article 13 sections 4 and 5 of the Accounting Act.

Pursuant to the Accounting Act and the Regulation of the Minister of Finance 1 October 2010 on the specific principles of accounting for banks (Journal of Laws of 2010 No. 191, item 1279), the Company carried out a stock-taking of assets and liabilities which was settled and entered into the books.

The manner of storage and protection of accounting evidence, accounting books and financial statements met the requirements of article 71 of the Accounting Act.



### **1.3 Compliance with prudential standards**

Based on our audit we have not identified any significant departures from the prudential standards relating to loan concentration, obligatory reserve and capital adequacy ratio, etc.

### **1.4 Materiality levels adopted for the audit**

We have planned and applied a relevant materiality level in the performed audit procedures in order to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements.

## **2. Information about selected material elements of the financial statements**

The numerical data was presented in an appendix constituting an integral part of the Statutory Auditor's Report.

### **2.1. Statement of financial position**

As at 31 December 2013 the balance sheet total amounted to PLN 19,653,614 thousand. The major items in the asset structure were loans to customers (mainly credits) of PLN 15,074,082 thousand. The most significant items of liabilities as at the balance sheet date include dues to customers of PLN 10,971,677 thousand and credits and loans received of PLN 5,586,978 thousand.

### **2.2. Profit and loss account**

The management of the audited entity adjusted the accounting principles of particular elements of profit and loss account to the specificity of conducted activity. Interest income of PLN 823,022 thousand constitutes the main source of income for the Bank and was correctly assigned to the audited financial year in all material respects. The net profit of PLN 86,271 thousand generated in 2013 results mainly from the decrease in operating costs of the bank and risk costs.

### **2.3. Statement of comprehensive income**

The statement of comprehensive income disclosing a comprehensive income of PLN 58,311 thousand was correctly presented in reference to the books of accounts.

### **2.4. Notes to the financial statements**

Notes to the financial statements for the year ended 31 December 2013, including a summary of significant accounting policies and other explanatory notes, were prepared, in all material respects, in accordance with International Financial Reporting Standards approved by the European Union.

The information presented conforms to the books of accounts in all material respects.

### **2.5. Statement of cash flows and statement of changes in equity**

In accordance with International Financial Reporting Standards, the audited Bank is under obligation to prepare a statement of cash flows and a statement of changes in equity. The cash-flow statement and the statement of changes in equity have been presented correctly, in all material respects, with reference to the statement of financial position and the profit and loss account.

### **2.6. Management Board Report**

The information contained in the Management Board Report for the audited financial year, in the part relating to data contained in the accounting books, is compliant with the data presented in the financial statements as at 31 December 2013.

The Management Board report complies, in all material aspects, with the requirements specified in Article 49 section 2 of the Accounting Act and the Regulation of the Minister of Finance of 19 February 2009 on Current and Periodical Information Provided by Securities Issuers and Criteria of Recognizing as Equivalent the Information Required under Regulations of a Non-Member State (Journal of Laws of 2009 No. 33, item 259).

#### **IV. FINAL COMMENTS**

This document is an English translation of Statutory Auditor's report originally issued in Polish. The original language version takes precedence over this translation. The original report contains 11 pages numbered consecutively. The financial statements of BNP PARIBAS BANK POLSKA S.A. as at 31 December 2013 constitute an integral part of the Statutory Auditor's report.

On behalf of

Mazars Audyt Sp. z o.o. No. 186

Warsaw, ul. Piękna 18



Bogusław LASKOWSKI

Michel KIVIATKOWSKI

Key Statutory Auditor

Partner

*No. 6115*

Warsaw, 11 March 2014