

Raport Roczny   Annual Report

PL

EN

2011

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# Letter from the Presidents



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## Ladies and Gentlemen,

On behalf of the Management Board of Credit Agricole Bank Polska we have the pleasure to present these 2011 financial statements. We are glad to conclude that last year was a year when we made a major step towards the achievement of the position of one of key players on the Polish universal banking market.

The most important and, at the same time, most successful event of the previous year was the change of name and the introduction of the Cr dit Agricole brand on the Polish retail banking market. A brand that belongs to one of the world's largest financial groups. A brand that only three months after the introduction on the market became recognizable by over 70 per cent of Poles. The effective marketing campaign, expertise and knowledge of our bank's employees as well as the existing or new banking products all contributed to the fact that not only did the new brand become recognizable, but also that the bank was deemed a trustworthy provider of high quality service. This is of particular importance for us because on our path to become one of Poland's top universal banks we have to convince clients that it is worthwhile to stay with us for long years to come.

The introduction of the brand of Cr dit Agricole on the Polish market was accompanied by a number of activities expanding the bank's offering in line with the strategy. One of such activities was to reinforce our presence in the corporate banking segment. We launched the first Corporate Centre aiming to provide the highest quality services for enterprises with turnovers in the range between PLN 10 and 500 million per year. The corporate segment companies are one of the key drivers of the economic growth in Poland and the provision of top class services for them is one of our priorities.

The most important and, at the same time, most successful event of the previous year was the change of name and the introduction of the Cr dit Agricole brand on the Polish retail banking market. A brand that belongs to one of the world's largest financial groups.

The positive effects were also produced owing to the development of the retail banking offering. New products, such as an account for young people, accompanied by an improvement of the client support process, allowed us to increase the number of active personal accounts by 51 thousand. Every month sees an increase in the number of declarations that the salary will be paid to an account maintained with our bank. Similarly, our clients are more and more willing to take advantage of our offer of savings products, which was expanded to include, inter alia, structured products. For the payment card users, we launched a new discount programme and our ambition is to turn it into the largest programme of this kind in Poland. We intend to achieve this by basing our cooperation not only on nation-wide partners, but also local ones in each corner of Poland. After three months of operation, the Credit Agricole Bank Polska Discount Club offers discounts in almost 6,000 outlets.



We also developed the lending activity. When compared to 2010, the number of houses and apartments financed by our mortgage loans increased over two-fold. There also was a noticeable growth in the cash loan segment, a fact resulting from, among other things, a very good reception of the "Easy to Calculate Loan" (Kredyt Prostoliczony) by clients. In a contest organised by the Bankier.pl portal and by PayU, this product was recognized by Internet users as the best cash loan in Poland.

The efforts of Credit Agricole Bank Polska were also reflected in the financial performance. 2011 closed with a net profit of PLN 118 million, e.g. considerably higher than a year before, when the net profit had amounted to PLN 48 million. This significant improvement shows that credit risk has been fully secured after 2009-2010 financial crisis.

We developed the bank's activities bearing in mind the obligations resulting from our assumption that Credit Agricole Bank Polska is a conscious and responsible participant in Polish economic life. We engaged in a number of initiatives – both at the local and national level – whose aim was to help those in need as well as promote economic and ecological knowledge. Our activities were recognized and appreciated in the prestigious Responsible Business Report published by the Responsible Business Forum. We declare that in the future the bank will not forget its social responsibility.

Successes of 2011 would not have been possible had it not been for the hard daily work of the entire team of Credit Agricole Bank Polska, as well as the trust placed in us by our business partners. We wish to thank everybody for these efforts and their trust. At the same time, we declare that in 2012 we will continue to do our best to prove that the popular belief that Credit Agricole Bank Polska knows and understands the needs of its clients is fully justified.

**PLN 118 million** bank's net profit

We wish to maintain the high speed of development and still strengthen our position in the Polish banking sector. We will continue to maintain close cooperation with sister companies in Poland to ensure that the offer under the brand of Crédit Agricole is the most comprehensive possible. Our activities will be supported, as always, by the potential and experience of our shareholder – Crédit Agricole, one of Europe's largest universal banks.

We encourage you to read these financial statements, which will allow you to learn more about our last year's achievements and help understand better the mission and philosophy of Credit Agricole Bank Polska.

*Romuald Szeliga*

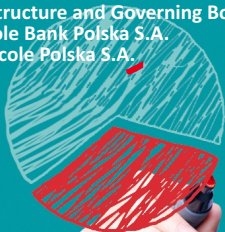
Romuald Szeliga  
President of the Management Board  
of Credit Agricole Bank Polska S.A.



Philippe Marié  
Senior Country Officer Crédit Agricole Polska  
Vice-President of the Management Board  
of Credit Agricole Bank Polska S.A.



# Shareholding structure and Governing Bodies of Credit Agricole Bank Polska S.A. and Credit Agricole Polska S.A.



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At the end of 2011, the Credit Agricole Polska S.A. Group comprised the following companies: Credit Agricole Polska S.A., the Group's parent company, Credit Agricole Bank Polska S.A., specialised in financial services for individual clients and the SME sector, Credit Agricole Service Sp. z o.o., a subsidiary of Credit Agricole Bank Polska S.A., handling insurance claims related to cash and instalment loans granted by the bank, as well as a newly established company LUKAS Finanse S.A., a subsidiary of Credit Agricole Polska S.A, whose main object of business is the grant of cash loans.

After the restructuring, which took place in 2005, Credit Agricole Polska S.A. discontinued operating activities and became a holding company whose main assets are shares in Credit Agricole Bank Polska S.A.

Since 2001, the French bank Cr dit Agricole has been the strategic shareholder in Credit Agricole Polska S.A., and indirectly in Credit Agricole Bank Polska S.A. and, since recently, also in LUKAS Finanse S.A. Consequently, the Group entered the structure of one of the world's biggest financial institutions.

In Poland, the Cr dit Agricole Group comprises also: Europejski Fundusz Leasingowy S.A. and its subsidiaries, Cr dit Agricole Life Insurance Europe S.A. Polish Branch as well as Cr dit Agricole Corporate and Investment Bank S.A. Polish Branch. The objective of the Credit Agricole Group in Poland is to become one of the top universal banking institutions and provide full support for the development of other activities of the Group in the region.

SHAREHOLDING STRUCTURE OF CREDIT AGRICOLE BANK POLSKA S.A.  
(AS AT 31/12/2011)



100%  
Credit Agricole Polska S.A.

SHAREHOLDING STRUCTURE OF CREDIT AGRICOLE POLSKA S.A.  
(AS AT 31/12/2011)



76.74%  
Cr dit Agricole S.A.  
23.26%  
Europejski Fundusz  
Leasingowy S.A.

## Governing bodies of Credit Agricole Polska S.A. and Credit Agricole Bank Polska S.A.

(As at 1 May 2012)

### Credit Agricole Polska S.A.

#### SUPERVISORY BOARD:

François Pinchon	Chairman of the Supervisory Board
Gérard Marchand	Member of the Supervisory Board
Thierry Verdier	Member of the Supervisory Board

#### MANAGEMENT BOARD:

Philippe Marié	President of the Management Board
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### Credit Agricole Bank Polska S.A.

#### SUPERVISORY BOARD:

Marc Oppenheim	Chairman of the Supervisory Board
Elżbieta Jarzeńska-Martin	Secretary of the Supervisory Board
Patrick Clavelou	Member of the Supervisory Board
Alfred Janc	Member of the Supervisory Board
Andrzej Krzemiński	Member of the Supervisory Board
Piotr Kwiatkowski	Member of the Supervisory Board
François Thibault	Member of the Supervisory Board

#### MANAGEMENT BOARD:

Romuald Szeliga	President of the Management Board
Philippe Marié	Vice President of the Management Board
Beata Janczur	Vice President of the Management Board
Jean-Paul Pinchon	Vice President of the Management Board
Jean-Paul Piotrowski	Vice President of the Management Board
Marc Renard	Vice President of the Management Board
Joanna Tomicka-Zawora	Vice President of the Management Board
Radosław Książkowski	Member of the Management Board
Jędrzej Marciniak	Member of the Management Board

In 2011, the composition of the Supervisory Board and the Management Board of Credit Agricole Polska S.A. did not change.

In 2011, there were the following changes in the composition of the Supervisory Board of Credit Agricole Polska S.A.:

- On 25 April 2011, the term of office of Henryka Bochniarz expired.
- On 29 June 2011, by virtue of Resolution of the Ordinary Meeting of Shareholders No. 26/2011, Marc Oppenheim was appointed member of the Supervisory Board of the Bank.
- On 29 July 2011, by virtue of Resolution of the Extraordinary Meeting of Shareholders No. 6/2011, Alfred Janc was appointed member of the Supervisory Board.
- On 13 September 2011, Paul de Leusse resigned from his position in the Supervisory Board and from the function of the Chairman of the Supervisory Board of the bank, effective as of 22 September 2011. On the same day, by virtue of Resolution of the Extraordinary Meeting of Shareholders No. 3/2011, Marc Oppenheim was appointed the Chairman of the Supervisory Board.

In 2011, there were the following changes in the composition of the bank's Management Board:

- By resolution of the Supervisory Board No. 9/2011 of 02 March 2011, Radosław Książkowski was appointed Member of the Management Board of the bank as of 01 April 2011.
- By resolution of the Supervisory Board No. 10/2011 of 02 March 2011, Jędrzej Marciniak was appointed Member of the Management Board of the bank as of 01 May 2011.







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# Profile

The Crédit Agricole Group is market leader in Universal Customer-Focused Banking in France and one of the largest banks in Europe.

The Crédit Agricole Group seeks to serve the real economy by supporting its clients' projects in all areas of retail banking and associated specialised business lines.

Emphasising its values and its commitment, the Crédit Agricole Group is the bank of common sense. It puts the satisfaction and the interests of its 54 million customers, 160,000 employees, 1.2 million shareholders and 6.5 million cooperative shareholders at the heart of its activities.

Crédit Agricole remains true to its co-operative and mutual origins by pursuing a proactive policy in terms of social and environmental responsibility. As part of this policy, the Group is making continual progress on behalf of its customers, staff and the environment, as proven by quantitative indicators.

[www.credit-agricole.com](http://www.credit-agricole.com)

54 million  
clients worldwide

€35.1 billion  
revenues

€812 million  
net income Group share

160 000  
employees

€70.7 billion  
shareholders' equity Group share

10.2%  
Core Tier One Ratio unfloored



## The Group's organisation

**6.5 million mutual shareholders** form the basis of Crédit Agricole's cooperative organisational structure. They own the capital of the **2,531 Local Banks** in the form of mutual shares and select their representatives each year. **A total of 32,227 directors** convey their expectations within the Group. **The Local Banks own the major part of the Regional Banks' share capital.** The 39 Regional Banks are cooperative Regional Banks that offer their customers a comprehensive range of products and services. The discussion body for the Regional Banks is the **Fédération Nationale du Crédit Agricole**, where the Group's main directions are decided.

**56.2%** of Crédit Agricole S.A.'s share capital held by the 39 Regional Banks via holding company SAS Rue La Boétie.

**43.5%** of Crédit Agricole S.A.'s share capital held by:  
• Institutional investors: 27.9%  
• Individual shareholders: 10.8%  
• Employees via employee mutual funds: 4.8%

**0.3%** treasury shares



Crédit Agricole S.A. owns 25% of share capital in the Regional Banks (excl. the Regional Bank of Corsica) and manages and consolidates its subsidiaries in France and abroad.

The Crédit Agricole Group consists of Crédit Agricole S.A. along with all of the Regional Banks and Local Banks, and together they are developing the Universal Customer-Focused Banking model. Its model is based on synergies between retail banks and its associated specialised business lines.

### Specialised business lines

Market-leading positions in France and Europe

- A key player in Europe in consumer finance
- Market leader in France in leasing and factoring
- No. 2 in Europe in asset management
- No. 7 in insurance in Europe
- A key player in private banking

### Corporate and investment banking

An international network in the main areas in Europe, Americas, Asia and Middle East

- Financing activities
- Investment banking
- Capital markets
- Equity brokerage

### Retail banking

More than 11,600 branches serving 85.5 million clients

#### LE CRÉDIT AGRICOLE REGIONAL BANKS

LE CRÉDIT AGRICOLE REGIONAL BANKS are banks for personal customers, farmers, small businesses, companies and public authorities, with a strong local footing. The Crédit Agricole Regional Banks offer the full range of banking and financial products and services.

#### UCI

UCI is a retail banking network with a strong presence in urban areas across France, with four main business lines: retail banking for personal customers, retail banking for small business customers, private banking and corporate banking.

### Other specialised subsidiaries

- Crédit Agricole Immobilier
- Crédit Agricole Capital Investissement & Finance
- Uni-Éditions

#### INTERNATIONAL RETAIL BANKING

Abroad, Crédit Agricole is a bank-class partner in Europe, mainly in Italy and Greece. It is also present in the area surrounding the Mediterranean basin.



# Market conditions in Poland in 2011 and perspectives of further development



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## Economic situation – main trends

Year 2011 saw the continuation of positive tendencies in Polish economy observed already in 2010. Between the third quarter of 2010 and the third quarter of 2011, the quarterly GDP dynamics was permanently maintained at the level of more than 4%. It may be considered a huge success, especially in the context of turbulences in the world economy. Poland is still one of top large European economies, constantly reinforcing its position.

In accordance with the latest available data of the Polish Main Office of Statistics, the Gross Domestic Product rose in 2011 by 4.3% in realistic terms. This growth was mainly driven by internal demand, which was higher by 3.8%. Particularly positive data concern the increase in gross expenditure on fixed assets, which saw an annual rise by 8.7%. It was the first annual growth since 2008. Unfortunately, the relatively good economic information did not affect the stock market. One of the main indices, WIG20, went down by over 20% during the year.

DYNAMICS OF INDIVIDUAL CONSUMPTION, INVESTMENTS AND THE GDP



## Labour market

In 2011, registered unemployment was at the level slightly higher than in the corresponding months of 2010. Allowing for seasonality, the highest level was noted in February – 13.4%, and the lowest in the period from July to October – 11.8%. The number of registered unemployed people ranged from 1.86 million (August) to 2.15 million (February). At the end of December, the unemployment was at the level of 12.5% (previous year: 12.4%), which corresponded to 1.98 million people out of job.

Last year's average monthly gross salary in national economy amounted to PLN 3,400 and was higher by 5.4% than a year before. This means that salaries rose faster than in 2010. Such a high rise was a result of both, better financial situation of enterprises and higher inflation. The purchasing power of the average monthly salary was higher by 1.2% than a year before (in 2010, the rise amounted to 1.5%).

## Inflation

The average consumer price growth index went up considerably and amounted to 4.3% (2.6% a year earlier). This index was above the upper variance limit for inflation target as determined by the Polish Monetary Policy Council during the whole of 2011.

The purchasing power of the average monthly salary was higher by 1.2% than a year before (in 2010, the rise amounted to 1.5%).

Price growths were noted in all groups of goods and services, excluding clothes and shoes (-1.5%) and communication (-0.8%). The highest price growths were noted in transport (+7.7%), food (5.6%) and housing costs (+5.5%, including energy bills of +6.2%). The inflation was mostly influenced by the growing prices of housing costs (+1.4 percentage point.) and food (1.3 percentage point).

The prices of industrial products sold in 2011 were on average higher by 7.6% than in 2010, and the highest increase was noted in the sector of mining and excavation (rise by 16.8%).

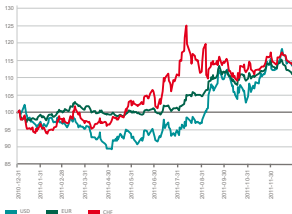
## Monetary policy and the foreign exchange rate

Starting from the second half of 2010, the relatively high GDP dynamics as well as rising inflation were premises that called for a tightening of the interest rate policy. These factors in particular convinced the Monetary Policy Council to increase, for the first time since June 2009, the interest rates. The total interest rate growth amounted to 1 percentage point and was divided into four tranches launched in the first half of 2011. Further monetary policy tightening was withheld because of concerns for the stability of the GDP growth dynamics, particularly in view of the dramatic deterioration of external conditions. The price of money at the interbanking market expressed in WIBOR rates maintained dynamics similar to the dynamics and direction of the National Bank of Poland's rates.

2011 was characterised by a high volatility of the exchange rates of the foreign currencies most popular in Poland. In the first half of last year, both the euro and the Swiss franc remained close to the levels of the beginning of the year, and the dollar exchange rate went down considerably, reaching the local minimum of PLN 2.65. In the second half of the year, the most important currencies strengthened in relation to the Polish zloty, the most dramatic changes being noted in case of the Swiss franc f/x rate. The high demand for the currency of Switzerland, a country deemed to have one of the safest economies in the world, resulted in the strong appreciation of the franc, leading to its rate almost equalling

the euro rate. It was only the intervention of the National Bank of Switzerland, establishing a fixed minimum exchange parity with euro at the level of 1.2 that caused the exchange rate to lower and stabilise close to this level. When compared to the end of 2010, the exchange rate of USD went up by 15.3%, EUR by 11.5%, and CHF by 14.8%.

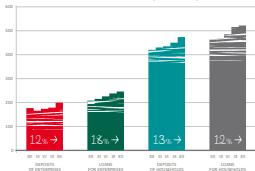
EXCHANGE RATES (previous year = 100)



## The banking sector

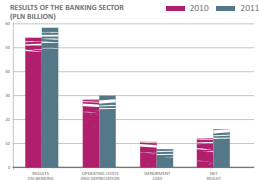
The stabilisation of the economic growth rate at a considerably high level had a positive impact on the results of the financial sector. The net result went up to the record level of PLN 15.7 billion (+37%). This was a consequence mainly of a reduction of impairment charges and, to a smaller extent, higher revenues.

RECEIVABLES AND LIABILITIES OF THE NON-FINANCIAL SECTOR  
FROM DECEMBER 2010 TO DECEMBER 2011 (PLN BILLION)



Both the deposit market and the credit market witnessed a noticeable growth. Particular dynamics was observed in case of the lending action for enterprises, which after a weak year 2010 (fall by 0.9%) saw a high increase (+18.1%), related, without limitation, to an improvement in the economic investment dynamics.

RESULTS OF THE BANKING SECTOR  
(PLN BILLION)





# Bank strategy and comments on the financial performance



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In 2011, the bank achieved most of the objectives set out in its strategy developed and adopted in 2010 (with later amendments). Such strategic successes comprise both financial and operational changes, including but not limited to:

- ✔ improvement of the net result, owing to, among other things, the appropriate credit risk policy,
- ✔ successfully completed process of brand and bank name change,
- ✔ increase of the base of clients actively using current accounts,
- ✔ reinforcement of the position on the mortgage loan market,
- ✔ operational launch of corporate banking.

Under the influence of changing market circumstances, in 2011, the bank reviewed its strategy. It did not change, however, its main objective, which was a transformation into a universal bank and entering the top ranks of this type of institutions in Poland. There also were no changes as to the selected path, i.e. organic growth supported by initiatives aimed at:

- ✔ further improvement of the financial performance,
- ✔ development of the banking network and adjustment of the existing outlets to the new business model,
- ✔ further increase of the base of clients actively using the bank's products,
- ✔ acquisition of a visible share in the market of banking services for enterprises,
- ✔ maintenance of a high position on the consumer finance market.

What may threaten the full implementation of the bank's strategy is the uncertain macroeconomic situation, in particular the possibility of a crisis in the euro zone countries. A crisis of such a scale would certainly affect Poland's economy and, consequently, its banking segment. The bank, due to its prudent and conservative policy, is prepared to such a scenario. Should this threat realize, certain mid-term elements of the bank's development plan would have to be modified (e.g. the implementation of a part of projects would be postponed).

Under the influence of changing market circumstances, in 2011, the bank reviewed its strategy. It did not change, however, its main objective, which was a transformation into a universal bank and entering the top ranks of this type of institutions in Poland.

## Comments on the 2011 financial performance

Last year, Polish economy grew by 4.3%, which is a very good result when compared to 1.5% of the European Union as a whole. It contributed to the performance of the Polish banking sector, where a record net profit of PLN 15.7 billion was noted. Seizing the favourable circumstances, also Credit Agricole Bank Polska improved significantly its profitability.

The net profit of Credit Agricole Bank Polska rose by 146.2% when compared to the previous year, achieving the level of PLN 118 million, while the profit of the Credit Agricole Polska Group increased to PLN 106.7 million (from PLN 42.7 million in 2010). Such visible improvement was possible owing to the considerable decrease of cost of risk – from PLN 576.6 million in 2010 to PLN 310.8 million in 2011 (decrease by 46.1%). The bank's administration costs went up by 7.9%, due to relation with the implementation of strategic projects.

The equity of Credit Agricole Bank Polska amounted to over PLN 1.42 billion and fully covered the capital requirements. The bank's solvency ratio was maintained at a level significantly higher than the required 8%, achieving the value of 14.19% at the end of 2011. The effectiveness, measured by means of the ROE index, amounted to 8.8% at the end of 2011, while the ROA index accounted for 1% (in 2010, respectively: 3.8% and 0.4%).

The equity of Credit Agricole Bank Polska amounted to over PLN 1.42 billion and fully covered the capital requirements.

The carrying values of loans and credits granted to the bank's customers was PLN 8.95 billion, which, when compared to PLN 9.41 billion at the end of 2010, translates in a decrease by 4.9% resulting mainly from the reduced consumer finance debt balance of customers and increased value of mortgage loans. The loans and credits granted to clients as at the end of 2011 amounted to 77.7% of the bank's total assets.

14.19%

bank's solvency  
ratio

The basic source of financing lending action at the end of 2011 were the customers' deposits, constituting 64.1% of the balance sheet total (up by 8.3 percentage point on last year's figure). The amount due to bank's customers were PLN 7.39 billion, while at the end of 2010 they represented PLN 6.90 billion.

# Development of the bank's business in 2011



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## Introduction of new brand and change of bank name

Credit Agricole Bank Polska made a début on the Polish retail banking market under the new name at the end of September 2011.

The decision concerning the brand and bank name change and the continuation of business under the shareholder's brand was preceded by detailed studies and analyses. They indicated that the brand of "LUKAS" is one of the most widely recognised Polish financial brands and evokes positive associations with instalment loans and fast service. However, it is only to a much smaller degree associated with a full banking offer, a fact that does not favour the development of a universal bank. Therefore, it was reasonable to introduce a new brand – Crédit Agricole – which is at the same time a brand of one of the biggest financial groups in the world.

The name change was an element of the pursuit of the universal banking development strategy. The new, globally recognizable name is to allow the bank to create an added value of trust and stability. The name change, furthermore, is to help the bank win new clients and build lasting relations with them.

Along with the new brand implementation, the bank extended its offer to include new products and services.

The following products met with great interest of clients:

1. Konto (First Account), an account addressed to a group of people aged 18-27, a range of savings products and a Discount Club for holders of debit and credit cards of the bank.

The name change was an element of the pursuit of the universal banking development strategy. The new, globally recognizable name is to allow the bank to create an added value of trust and stability.

## Rise in new brand recognisability

The bank invited French actress, Juliette Binoche, to take part in the marketing campaign introducing the brand of Cr dit Agricole on the Polish retail banking market. The image of this world film star with Polish roots is consistent with the bank-accepted values: reliability, professionalism, friendliness and accessibility.

The image campaign also introduced a new bank motto "Simply and Sensibly" and launched the implementation of the communication strategy aimed at ensuring a considerable growth in the recognition of the brand of Cr dit Agricole within the next three years.

The results of the brand awareness studies conducted by the bank show a gradual realization of this objective. At the end of September 2011, only as few as 1.5% of respondents listed the name of Credit Agricole Bank Polska among the names of banks they know, while in November almost 14% of respondents spontaneously recognized this new brand. Also the prompted brand awareness is constantly on the rise. Before the launch of the image campaign in mid-October, 20% of the respondents confirmed the knowledge of the brand. At the end of October, the prompted brand awareness was already at the level of 44.4%, while at the end of December – almost 75%.

75%

the prompted brand awareness  
at the end of December 2011

Also the number of people declaring their willingness to take advantage of the bank's offer is satisfactory. While in August 2011, it was 7% of respondents, after the brand name, it was 14.2%, and in December as many as 28% of respondents declared interest in the bank's products. It is also a success that one half of respondents recognize Credit Agricole Bank Polska as trustworthy and offering high service quality, while over 45% of respondents is of the opinion that the bank knows and understands the clients' needs and appreciates their loyalty. These results are particularly important for the bank. In order to join the group of top universal banks in Poland, the bank must convince the clients that it is worthwhile to stay there for years and take advantage of various products offered.

## Bank's offer – changes and key figures

### Entrance on the corporate banking market

Pursuing the universal bank development strategy, Credit Agricole Bank Polska implemented a service for the segment of enterprises with turnovers between PLN 10 and 500 million. The bank started providing services in this segment in April 2011 already under the brand of Crédit Agricole. The first Corporate Centre with specialized staff to serve this market segment was established in Warsaw. At the end of 2011, the bank cooperated with 85 clients from this segment.

The bank started providing services for corporate customers in April 2011 already under the brand of Crédit Agricole.

### Personal accounts

In 2011, the bank's activities concentrated mainly on increasing the number of active accounts. The constantly improved offer and active reaction to changing needs of clients resulted in the fact that more and more frequently the account held with Credit Agricole Bank Polska becomes the primary account of clients.

In September, the bank's offering was extended to include a product prepared especially for young people aged 18-27 - "1. Konto" (First Account). At the same time, a new account service process in bank branches was implemented.

It considerably simplified and accelerated (to below 15 minutes) the duration of new account opening process by the clients and the duration of the purchase of account-related products and services (debit cards, account insurance, remote access). The process implemented in the bank resulted in downsizing the number of documents and signatures required during the client service. As at the end of 2011, the bank maintained 1.09 million personal accounts and 50.8 thousand business accounts.

### Insurance

2011 was yet another year of a growth in revenues from stand-alone insurance. As at the end of 2011, it amounted to over PLN 15 million, which is a 44% rise on 2010. Similarly as in the previous years, the bank's operations were focused on the area of group life insurance (life, health and accident insurance) as well as on increasing the value of this product portfolio.

1.14 million  
personal and business accounts

## Credit cards

Last year saw a reconstruction of the bank's credit card offer available in the bank's own network. The most important change was the introduction of a division corresponding to the segmentation of retail customers. Its purpose was to adjust the offer to the needs of card holders and differentiate the features of offered products in a more visible manner. At present, the bank proposes Standard, Silver and Gold credit cards.

The début of a new brand resulted also in the launch of a new discount programme addressed to the owners of all cards issued by the bank. The plan assumed that the Credit Agricole Bank Polska Discount Club would ultimately be the biggest programme of this kind in Poland and the only one to focus on cooperation not only with Poland-wide partners but also with local ones in each corner of Poland. The discount programme will cover at least 10,000 shops and in consequence will be one of the biggest in Poland. The Club, after three months of its operation, offered discounts in almost 6000 outlets. They include large Poland-wide companies such as Żabka, Yves Rocher, J&R, Fotojoker, Pizza Dominium, insurance companies: Liberty Direct and LINK4, and small local entrepreneurs, which is another characteristic of the proposal of Credit Agricole Bank Polska.

The bank also developed its cooperation with partners in the issue of cobranded cards. In 2011, the bank expanded its offering by introducing a credit card in cooperation with the MediaMarkt network. It is Poland's first contactless cobranded card.

As at the end of 2011, the bank's portfolio included over 1 million credit cards and over 536 thousand debit cards.

Credit Agricole Bank Polska Discount Club is to become the biggest programme of this kind in Poland thanks to cooperation not only with Poland-wide partners but also with local ones. At the end of 2011 owners of all cards issued by the bank offered can take advantage of discounts in almost 6000 outlets.

## Saving products

Last year saw a general growth in the balance of savings products in the amount of 7% when compared to 2010. The achievement by the bank of such results was possible, among other things, also due to product development, in particular changes in the existing "Rachunek Oszczędzani" (I save Account). Additionally, developing its activities towards universal banking, the bank expanded its investment offering, introducing structured products. In 2011, there were two subscriptions.

The adequate pricing policy contributed to an increase in the balance of all saving products by almost PLN 500 million. In consequence, the value of deposits in the bank exceeded the level of PLN 7 billion.

PLN 7 billion  
the value of deposits





## Cash loans

The bank noted dynamic sales of cash loans – its value in 2011 was higher by 23% than in 2010. It was a consequence of marketing campaigns of “Kredyt Prostoliczony” (Easy to calculate loan). This product was recognized by internet users in the contest organised by the Bankier.pl portal and by PayU S.A. as the best cash loan in Poland.

In response to the credit needs of wealthy clients, in 2011, the bank introduced object-specific loans. The average value of the gross loan sanctioned was two-fold higher than the average for all cash loans. Also the average lending period lengthened.

Kredyt Prostoliczony (Easy to calculate loan) was recognized by internet users in the contest organised by the Bankier.pl portal and by PayU S.A. as the best cash loan in Poland.

## Mortgage loans

In 2011 the bank also increased the number of granted mortgage loans (by 37% when compared to 2010), as well as a growth in its share on the market of new loans granted.

The dominating type of mortgage loans sanctioned by the bank was the standard offer housing loan in PLN. There also was a significant rise in the share of loans sanctioned under the government programme of “Rodzina na Swoim” (A Family in its Own House). The key mortgage loan sale channels were the branches as well as a network of cooperating financial intermediaries.

In 2011, the bank implemented the guidelines of Recommendation 5. The most important ones - influencing the availability of loans to clients – included: limitation of the lending period assumed for the calculation of loan repayment capacity to max. 25 years, limitation of the instalment to income ratio – in case of currency loans – to 42%, lowering the max. LTV (loan to security value ratio) to the level of 80% and a necessity to allow for the client's retirement age in the loan repayment capacity calculation.

37%

increase of granted mortgage loans' number in comparison to 2010

## Development of distribution channels

The products and services of Credit Agricole Bank Polska are offered to clients via all available distribution channels – both the traditional ones, comprising a network of own branches and partner outlets, as well as remote ones, such as land-line and mobile phones, and the internet. The bank also cooperates with multi-agencies present on the market, which specialise in the sale of financial products, as well as with commercial chains, where the clients may, for example, make purchases taking advantage of instalment loans.

### Traditional distribution channels

In 2011, pursuing the strategy of a universal bank development, the bank implemented portfolio management and commenced a process of customer service model changes in its own branches. The objective of the portfolio management is to change the present client cooperation procedures of the bank's advisers so that a bank branch or a specific adviser will take charge of building the relationship between the client and the bank. This cooperation model was implemented in all branches and is supported by a change in the branch operating model. By the end of 2011, as many as 57 branches started work in accordance with this branch operating model.

Work was also undertaken on a project to prepare the Sale and Customer Support Standard Book as well as the Sale Management Model. In this way, the bank intends to improve the service quality, establish lasting relations with its clients and increase their satisfaction.

In 2011, pursuing the strategy of a universal bank development, the bank implemented portfolio management and commenced a process of customer service model changes in its own branches.

As at the end of 2011, the bank had 384 own branches, and its physical distribution network was complemented by 53 branches designated as partner outlets ("Credit Agricole Partner"). They are run on the basis of franchise contracts. In the external sale channel structure, the bank also has 323 credit offices and intermediaries.

437

bank own branches  
and franchise outlets

## Electronic distribution channels

### ■ CA24

CA24 is a common name for electronic access channels available to the bank's clients. CA24 comprises:

- eBank,
- phone and e-mail services:
  - for individual clients,
  - for SOHO clients,
  - for JV clients and Long Channel partners,
  - for the physical network employees and the head office units – Hotline.

### ■ Contact Center

The Contact Centre provides individual and business clients with information about the bank's products and services, sells products and ensures the after-sale support. In this way, the clients have a convenient and safe access to the bank's services 24/7, both over mobile phones and the landline. In 2011, beside the English language service, the bank also launched a service in French.

In 2011, the Contact Centre handled 10.5 million contacts, including 4 million inbound calls concerning transactions as well as product and service support over the telephone plus 6.3 million outbound calls consisting mainly in phone marketing sale campaigns.

### ■ e-Bank

As at the end of 2011, the bank maintained over 500 thousand accounts with access to the Internet transaction system. Last year, there also was a clearly increased interest of clients in electronic banking services. E.g. the number of on-line payment transactions rose by approx. 275% when compared to 2010. It was also a consequence of the launch of cooperation with the Allegro auction service, an entity playing a crucial role on the Polish e-commerce market. There also was a rise in the number of clients actively using the CA24 text service – as at the year end, it was used by 300 thousand bank clients.

10.5 million

number of inbound and outbound calls  
in Contact Center in 2011

## The bank's employees

As at the end of 2011, the bank employed 5674 people. The average age of bank employees was 32 years. The bank employed 73% of women and 27% of men. 64.62% had university-level education. The ratio of internal promotions to managerial positions in the bank in 2011 was 47%.

The bank invariably invests in the development of its human resources.

In 2011, two new projects were launched:

- Workshops "Fair Play in Management",
- Programme "Career Ahead".

The "Fair Play in Management" workshop cycle is addressed to the managerial staff. The first workshop in the series focused on the prevention of bullying and discriminatory practices.

The "Career Ahead" programme is a development programme addressed to ambitious university graduates and final year students. The programme comprises 3 years of work in the selected area under the guidance of a coach and mentor from the bank's top management. In the pilot stage of the programme, two persons were employed by the bank in 2011.

Additionally, in 2011, the bank continued the following development programmes:

- for specialists:
  - "Let's Share the Knowledge" i.e. an internal training programme conducted by bank experts. In 2011, as many as 517 participants took part in 51 training courses concerning 14 themes.
  - "Client Orientation", prepared by the shareholder, Crédit Agricole, and adjusted to the bank's needs by an internal team of trainers. In 2011, as many as 252 participants took part in 34 training courses.

• for managers:

- Basic Management Training for new line managers in the back office – a programme conducted by internal trainers,
- Advanced Management Training – another step for the middle management personnel conducted by external trainers,
- "Effective Leader" – training for department and region directors,
- "CA Leaders" – a cycle training, coaching and workshops for top managerial staff,
- Management Development programme – addressed to top managerial staff selected by the Management Board.

5674

bank's employees at the end of 2011

## Charity, sponsoring and CSR

The bank is actively involved in sponsoring and charity initiatives. It also promotes committed attitudes among its employees.

The bank's charity actions in 2011, similarly as in the previous years, concentrated on the financial assistance granted to the Association of Children's Friends. It is owing to the bank's involvement, among other things, that it is possible to organise summer camps for disabled children.

As part of the French financial group Cr dit Agricole, the bank willingly participates in the promotion of French culture in Poland. It sponsors the Days of the French Speaking Countries organised by the Alliance Fran aise centre. The Bank is also a member of the France M c nes club affiliated with the French Institute in Warsaw, whose aim is to promote and support French culture in Poland.

In February 2011, Poland saw the promotion of the new book entitled Building Social Business by prof. Muhammad Yunus, Nobel Prize winner, who started - jointly with Cr dit Agricole, a foundation whose aim is to support the development of microfinancing. The bank was a sponsor of this event.

The bank was also involved in numerous activities related to the Corporate Social Responsibility (CSR). The initiatives promoting committed attitudes among employees included, but were not limited to, the action "Give your bike a workout. Let your car take a week off" whose objective was to encourage employees to use bikes to commute to work. The bank was also involved in the Precious Gift action organised by the SPRING Association from Krak w.

The purpose of this initiative was to prepare and distribute parcels for the poorest Polish families. In 2011, the Management Board members and bank employees helped 29 families.

Following the recommendations of the National Bank of Poland and the Polish Financial Supervision Authority, the bank also promotes and propagates banking and economic education. In 2011, the bank extended its educational campaign "Bank with a class. All you need to know about banking" addressed to early primary school children. The campaign is based on the conviction that teaching children respect to money, money management, money saving skills and willingness will facilitate them a better start in the adult life. In school year 2011/2012, the campaign will reach over 3,000 children from 50 schools all over Poland.

The educational campaign "Bank with the class. All you need to know about banking" and the pro-ecological action "Green week" received an honorary mention in the prestigious "2011 Responsible Business Report" published by the Responsible Business Forum.

"Bank with the class. All you need to know about banking" and the pro-ecological action "Green week" received an honorary mention in the prestigious "2011 Responsible Business Report".

# Financial statements of Credit Agricole Bank Polska S.A. and Credit Agricole Polska S.A. Group



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the Presidents

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## **REGISTERED AUDITOR'S OPINION ON THE ABBREVIATED FINANCIAL REPORT TO THE SHAREHOLDERS OF CREDIT AGRICOLE POLSKA S.A. GROUP**

The attached abbreviated consolidated financial report of Credit Agricole Polska S.A. Group, Plac Orłąt Lwowskich 1, Wrocław (hereafter referred to as "the Group") was prepared by the Management Board of Credit Agricole Polska S.A. based on the audited consolidated financial statements of the Group for the year ended 31 December 2011 ("the consolidated financial statements"). The consolidated financial statements were prepared in accordance with International Financial Reporting Standards as adopted by European Union.

We have audited the consolidated financial statements of the Group, from which the abbreviated consolidated financial report was derived, in accordance with the provisions of Chapter 7 of the Accounting Act of 29 September 1994 (uniform text, Journal of Laws of 2009, No. 152, item 1223 with further amendments) and national standards of auditing issued by the National Chamber of Registered Auditors in Poland. On 14 February 2012 we issued an unqualified audit opinion on these consolidated financial statements.

In our opinion, the accompanying abbreviated consolidated financial report is consistent, in all material respects, with the Group's consolidated financial statements from which it was derived.

For a fuller understanding of the Group's financial position and the results of its operations for the year ended 31 December 2011, the abbreviated consolidated financial report should be read in conjunction with the consolidated financial statements from which it was derived and our opinion and audit report thereon.

Conducting the audit on behalf of PricewaterhouseCoopers Sp. z o.o., Registered Audit Company No. 144:

Adam Celiński

Key Registered Auditor  
No. 90033

Warsaw, 14 February 2012

### Translation explanatory note

The above document is a translation of the registered auditor's opinion on the Polish version of abbreviated consolidated financial report of Credit Agricole Polska S.A. Group only. It should not be considered an opinion on English version of abbreviated consolidated financial report of Credit Agricole Polska S.A. Group. The only binding version of the registered auditor's opinion is the Polish version.

**CONSOLIDATED INCOME STATEMENT**

for the year ended on 31 December 2011

(in PLN thousands)

	2011	2010
Interest income	1 513 923	1 659 795
Interest expense	(396 576)	(444 688)
<b>Net interest income</b>	<b>1 117 347</b>	<b>1 215 107</b>
Fee and commission income	312 590	305 255
Fee and commission expense	(110 059)	(102 045)
<b>Net fee and commissions income</b>	<b>202 531</b>	<b>203 210</b>
<b>Dividend income</b>	<b>2 480</b>	<b>615</b>
<b>Net result on trading activities</b>	<b>(2 231)</b>	<b>(2 919)</b>
<b>Net result on foreign exchange positions</b>	<b>5 990</b>	<b>3 288</b>
<b>Net result on derivatives used as hedging instruments and hedged items</b>	<b>31</b>	<b>(171)</b>
<b>Net result on investment activities</b>	<b>(59)</b>	<b>0</b>
Other operating income	28 576	27 033
Other operating expense	(35 313)	(29 665)
<b>Other net operating income and expense</b>	<b>(6 737)</b>	<b>(2 632)</b>
<b>Net impairment losses on loan and advances</b>	<b>(310 888)</b>	<b>(576 552)</b>
<b>General administrative expenses</b>	<b>(862 047)</b>	<b>(790 179)</b>
<b>Net operating income</b>	<b>146 417</b>	<b>49 767</b>
<b>Profit before tax</b>	<b>146 417</b>	<b>49 767</b>
Income tax expense	(39 722)	(7 093)
<b>Net profit</b>	<b>106 695</b>	<b>42 674</b>
<b>Profit of minority shareholders</b>	<b>0</b>	<b>0</b>
<b>Net profit for the Parent Company</b>	<b>106 695</b>	<b>42 674</b>
<b>Net profit for the Parent Company on continued operations</b>	<b>106 695</b>	<b>42 674</b>



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

for the year ended on 31 December 2011

(in PLN thousands)

	2011	2010
<b>Net result for the current period</b>	<b>106 695</b>	<b>42 674</b>
Valuation of available-for-sale financial assets	(580)	(142)
Deferred tax on the valuation of available-for-sale financial assets	110	27
Valuation of cash flow hedging instruments	(214)	274
Deferred tax on the valuation of cash flow hedging instruments	41	(52)
Actuarial losses	(219)	0
Deferred tax on actuarial losses	42	0
<b>Other comprehensive income (losses) recognised directly in equity</b>	<b>(820)</b>	<b>107</b>
<b>Total comprehensive income of the current period</b>	<b>107 515</b>	<b>42 781</b>
of which:		
for the Parent Company	107 515	42 781
for minority shareholders	0	0

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

as at 31 December 2011

(in PLN thousands)

	31.12.2011	31.12.2010
<b>ASSETS</b>		
Cash, due from the Central Bank	556 093	269 274
Due from banks	13 673	7 853
Financial assets at fair value through profit or loss	73 233	837 981
Valuation of derivatives	6 488	6 965
- including derivatives used as hedging instruments	1 155	2 391
Loans and advances to customers	9 158 881	9 413 538
Available-for-sale investment securities	1 302 621	1 194 242
Investments in associates	2 000	2 000
Intangible assets	31 195	25 744
Tangible fixed assets	184 820	149 866
Current tax assets	7 578	9 505
Deferred tax asset	336 872	374 558
Other assets	54 669	49 296
<b>TOTAL ASSETS</b>	<b>11 728 123</b>	<b>12 340 822</b>
<b>LIABILITIES</b>		
Due to banks	2 460 150	3 348 473
Valuation of derivatives	10 447	20 762
- including derivatives used as hedging instruments	3 170	15 493
Due to clients	7 351 073	6 881 321
Debt securities in issue	0	377 159
Current tax liabilities	1 338	3
Deferred tax liabilities	0	2
Provisions	13 810	12 275
Other liabilities	321 474	236 460
Subordinated liabilities	176 305	176 160
<b>TOTAL LIABILITIES</b>	<b>10 334 597</b>	<b>11 052 615</b>
<b>EQUITY</b>		
Share capital	556	545
Supplementary capital	319 844	268 027
Revaluation reserve	(853)	(216)
Reserve capital	701 455	701 374
Retained profit	420 426	318 477
Appropriation of the net profit during the financial year	(47 902)	0
<b>PARENT COMPANY SHAREHOLDING</b>	<b>1 393 526</b>	<b>1 288 207</b>
<b>TOTAL EQUITY</b>	<b>1 393 526</b>	<b>1 288 207</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>11 728 123</b>	<b>12 340 822</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended on 31 December 2011 (in PLN thousands)

	Parent company shareholding					
	Share capital	Supplementary capital	Revaluation reserve	Reserve capital	Retained profit	TOTAL EQUITY
<b>Equity at the beginning of the period – as at 01.01.2011</b>	<b>545</b>	<b>268 027</b>	<b>(216)</b>	<b>701 374</b>	<b>318 477</b>	<b>1 288 207</b>
Valuation of available-for-sale financial assets	0	0	(580)	0	0	(580)
Valuation of cash flow hedging instruments	0	0	(215)	0	0	(215)
Actuarial losses	0	0	0	(219)	0	(219)
Deferred tax on items recognised in equity	0	0	158	42	0	200
<b>Net profit (loss) recognized directly in equity</b>	<b>0</b>	<b>0</b>	<b>(637)</b>	<b>(177)</b>	<b>0</b>	<b>(814)</b>
Net result of the current year	0	0	0	0	106 695	106 695
<b>Total comprehensive income (losses) for the current period</b>	<b>0</b>	<b>0</b>	<b>(637)</b>	<b>(177)</b>	<b>106 695</b>	<b>105 881</b>
Share issue	11	0	0	0	0	11
Distribution of profits to capital	0	47 892	0	0	0	47 892
Appropriation from retained profit	0	3 925	0	0	(3 925)	0
Dividend payment	0	0	0	0	(821)	(821)
Interim dividends for 2011	0	0	0	0	(47 902)	(47 902)
Employee share programme	0	0	0	258	0	258
<b>Equity at the end of the period – as at 31.12.2011</b>	<b>556</b>	<b>319 844</b>	<b>(853)</b>	<b>701 455</b>	<b>372 524</b>	<b>1 393 526</b>

for the year ended on 31 December 2010 (in PLN thousands)

	Parent company shareholding					
	Share capital	Supplementary capital	Revaluation reserve	Reserve capital	Retained profit	TOTAL EQUITY
<b>Equity at the beginning of the period – as at 01.01.2010</b>	<b>545</b>	<b>268 027</b>	<b>(323)</b>	<b>701 374</b>	<b>446 196</b>	<b>1 415 819</b>
Valuation of available-for-sale financial assets	0	0	(142)	0	0	(142)
Valuation of cash flow hedging instruments	0	0	274	0	0	274
Deferred tax on items recognised in equity	0	0	(25)	0	0	(25)
<b>Net profit (loss) recognized directly in equity</b>	<b>0</b>	<b>0</b>	<b>107</b>	<b>0</b>	<b>0</b>	<b>107</b>
Net result of the current year	0	0	0	0	42 674	42 674
<b>Total comprehensive income (losses) for the current period</b>	<b>0</b>	<b>0</b>	<b>107</b>	<b>0</b>	<b>42 674</b>	<b>42 781</b>
Share issue	0	0	0	0	0	0
Dividend payment	0	0	0	0	(170 393)	(170 393)
<b>Equity at the end of the period – as at 31.12.2010</b>	<b>545</b>	<b>268 027</b>	<b>(216)</b>	<b>701 374</b>	<b>318 477</b>	<b>1 288 207</b>

**CONSOLIDATED CASH FLOW STATEMENT**

for the year ended on 31 December 2011

(in PLN thousands)

	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>I. Profit before tax</b>	<b>146 417</b>	<b>49 767</b>
<b>II. Total adjustments</b>	<b>740 468</b>	<b>1 039 386</b>
1. Depreciation and amortisation	61 253	68 699
2. Interest paid	0	0
3. Dividend income	(2 480)	(615)
4. Loss from investment activity	(273)	0
5. Change in provisions	1 535	1 289
6. Change in financial assets at fair value through profit or loss	764 748	(372 281)
7. Change in amounts due from banks	(688)	147 241
8. Change in amounts due from customers	254 657	758 616
9. Change in other assets	(5 372)	49 945
10. Change in amounts due to banks	(888 323)	(34 168)
11. Change in amounts due to customers	469 751	348 092
12. Change in other liabilities	97 908	23 008
13. Paid income tax	(8 074)	(15 279)
14. Other adjustments	(4 174)	64 839
<b>III. Net cash flows from operating activities</b>	<b>886 885</b>	<b>1 089 153</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>I. Inflows</b>	<b>29 552 411</b>	<b>29 590 386</b>
1. Disposal of shares or participations, other securities and other financial assets	29 551 576	29 589 670
- including debt securities of the State Treasury and the National Bank of Poland	29 551 576	29 589 670
2. Disposal of intangible and tangible fixed assets	284	101
3. Interest income	(1 929)	0
4. Dividend income	2 480	615
<b>II. Outflows</b>	<b>(29 731 333)</b>	<b>(30 209 027)</b>
1. Acquisition of shares or participations, other securities and other financial assets	(29 623 514)	(30 178 824)
- including debt securities of the State Treasury and the National Bank of Poland	(29 623 514)	(30 178 824)
2. Acquisition of intangible and tangible fixed assets	(107 819)	(30 203)
<b>III. Net cash flows from investing activities</b>	<b>(178 922)</b>	<b>(618 641)</b>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>I. Inflows</b>	<b>47 902</b>	<b>0</b>
1. Issue of shares	47 902	0
<b>II. Outflows</b>	<b>(463 915)</b>	<b>(456 229)</b>
1. Payments of liabilities under financial lease	(12 893)	(11 731)
2. Interest on subordinated debt liabilities	(13 464)	(12 967)
3. Dividend payment	(48 723)	(170 393)
4. Interest paid on debt securities in issue	(18 835)	(31 138)
5. Redemption of debt securities in issue	(370 000)	(230 000)
<b>III. Net cash flows from financing activities</b>	<b>(416 013)</b>	<b>(456 229)</b>
<b>TOTAL NET CASH FLOWS</b>	<b>291 950</b>	<b>14 283</b>
<b>BALANCE SHEET CHANGE IN CASH</b>	<b>291 950</b>	<b>14 283</b>
<b>CASH AT THE BEGINNING OF THE PERIOD</b>	<b>276 382</b>	<b>262 098</b>
<b>CASH AT THE END OF THE PERIOD</b>	<b>568 332</b>	<b>276 381</b>

## **REGISTERED AUDITOR'S OPINION ON THE ABBREVIATED FINANCIAL REPORT TO THE SHAREHOLDERS OF CREDIT AGRICOLE BANK POLSKA S.A.**

The attached abbreviated financial report of Credit Agricole Bank Polska S.A., Plac Orłąt Lwowskich 1, Wrocław (hereafter referred to as "the Bank") was prepared by the Management Board of the Bank based on the audited financial statements of the Bank for the year ended 31 December 2011 ("the financial statements"). The financial statements were prepared in accordance with International Financial Reporting Standards as adopted by European Union.

We have audited the financial statements of the Bank, from which the abbreviated financial report was derived, in accordance with the provisions of Chapter 7 of the Accounting Act of 29 September 1994 (uniform text, Journal of Laws of 2009, No. 152, item 1223 with further amendments) and national standards of auditing issued by the National Chamber of Registered Auditors in Poland. On 14 February 2012 we issued an unqualified audit opinion on these financial statements.

In our opinion, the accompanying abbreviated financial report is consistent, in all material respects, with the Bank's financial statements from which it was derived.

For a fuller understanding of the Bank's financial position and the results of its operations for the year ended 31 December 2011, the abbreviated financial report should be read in conjunction with the financial statements from which it was derived and our opinion and audit report thereon.

Conducting the audit on behalf of PricewaterhouseCoopers Sp. z o.o., Registered Audit Company No. 144:

Adam Celiński

Key Registered Auditor  
No. 90033

Warsaw, 14 February 2012

### Translation explanatory note

The above document is a translation of the registered auditor's opinion on the Polish version of abbreviated financial report of Credit Agricole Bank Polska S.A. only. It should not be considered an opinion on English version of abbreviated financial report of Credit Agricole Bank Polska S.A. The only binding version of the registered auditor's opinion is the Polish version.

**INCOME STATEMENT**

for the year ended on 31 December 2011

(in PLN thousands)

	2011	2010
Interest income	1 512 281	1 659 770
Interest expense	(395 721)	(446 372)
<b>Net interest income</b>	<b>1 116 560</b>	<b>1 213 398</b>
Fee and commission income	310 869	297 860
Fee and commission expense	(110 034)	(102 045)
<b>Net fee and commissions income</b>	<b>200 835</b>	<b>195 815</b>
<b>Dividend income</b>	<b>8 123</b>	<b>14 473</b>
<b>Net result on trading activities</b>	<b>(2 186)</b>	<b>(2 919)</b>
<b>Net result on foreign exchange positions</b>	<b>5 990</b>	<b>3 288</b>
<b>Net result on derivatives used as hedging instruments and hedged items</b>	<b>31</b>	<b>(171)</b>
<b>Net result on investment activities</b>	<b>(59)</b>	<b>0</b>
Other operating income	29 635	27 029
Other operating expense	(35 333)	(29 658)
<b>Other net operating income and expense</b>	<b>(5 698)</b>	<b>(2 629)</b>
<b>Net impairment losses on loan and advances</b>	<b>(310 752)</b>	<b>(576 547)</b>
<b>General administrative expenses</b>	<b>(853 886)</b>	<b>(791 182)</b>
<b>Net operating income</b>	<b>158 958</b>	<b>53 526</b>
<b>Profit before tax</b>	<b>158 958</b>	<b>53 526</b>
Income tax expense	(40 965)	(5 601)
<b>Net profit</b>	<b>117 993</b>	<b>47 925</b>

## STATEMENT OF COMPREHENSIVE INCOME

for the year ended on 31 December 2011

(in PLN thousands)

	2011	2010
<b>Net result for the current period</b>	<b>117 993</b>	<b>47 925</b>
Valuation of available-for-sale financial assets	(580)	(142)
Deferred tax on the valuation of available-for-sale financial assets	110	27
Valuation of cash flow hedging instruments	(214)	274
Deferred tax on the valuation of cash flow hedging instruments	41	(52)
Actuarial losses	(219)	0
Deferred tax on actuarial losses	42	0
<b>Other comprehensive income (losses) recognised directly in equity</b>	<b>(820)</b>	<b>107</b>
<b>Total comprehensive income of the current period</b>	<b>117 173</b>	<b>48 032</b>

**STATEMENT OF FINANCIAL POSITION**

as at 31 December 2011

(in PLN thousands)

	31.12.2011	31.12.2010
<b>ASSETS</b>		
Cash, due from the Central Bank	556 093	269 274
Due from banks	13 669	7 851
Financial assets at fair value through profit or loss	73 233	837 981
Valuation of derivatives	6 663	6 965
- including derivatives used as hedging instruments	1 155	2 391
Loans and advances to customers	8 952 022	9 413 543
Available-for-sale investment securities	1 302 621	1 194 242
Investments in subsidiaries	50	50
Investments in associates	2 000	2 000
Intangible assets	36 733	31 465
Tangible fixed assets	191 346	156 551
Current tax assets	7 563	9 499
Deferred tax asset	333 876	374 524
Other assets	41 416	48 752
<b>TOTAL ASSETS</b>	<b>11 517 285</b>	<b>12 352 697</b>
<b>LIABILITIES</b>		
Due to banks	2 229 425	3 348 473
Valuation of derivatives	10 576	20 762
- including derivatives used as hedging instruments	3 170	15 493
Due to customers	7 387 752	6 895 733
Debt securities in issued	0	377 159
Provisions	13 810	12 275
Other liabilities	296 002	236 138
Subordinated liabilities	176 305	176 160
<b>TOTAL LIABILITIES</b>	<b>10 113 870</b>	<b>11 066 700</b>
<b>EQUITY</b>		
Share capital	491 000	394 444
Supplementary capital	67 847	63 922
Revaluation reserve	(511)	132
Reserve capital	727 086	779 574
Retained profit	117 993	47 925
<b>TOTAL EQUITY</b>	<b>1 403 415</b>	<b>1 285 997</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>11 517 285</b>	<b>12 352 697</b>



## STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY

for the year ended on 31 December 2011 (in PLN thousands)

	Share capital	Supplementary capital	Revaluation reserve	Reserve capital	Retained profit	TOTAL EQUITY
<b>Equity at the beginning of the period – as at 01.01.2011</b>	<b>394 444</b>	<b>63 922</b>	<b>132</b>	<b>779 574</b>	<b>47 925</b>	<b>1 285 997</b>
Valuation of available-for-sale financial assets	0	0	(580)	0	0	(580)
Valuation of cash flow hedging instruments	0	0	(214)	0	0	(214)
Actuarial losses	0	0	0	(219)		(219)
Deferred tax on items recognised in equity	0	0	151	42	0	193
<b>Net profit (loss) recognized directly in equity</b>	<b>0</b>	<b>0</b>	<b>(643)</b>	<b>(177)</b>	<b>0</b>	<b>(820)</b>
Net result of the current year	0	0	0	0	117 993	117 993
<b>Total comprehensive income (losses) for the current period</b>	<b>0</b>	<b>0</b>	<b>(643)</b>	<b>(177)</b>	<b>117 993</b>	<b>117 173</b>
Share issue	96 556	0	0	0	0	96 556
Appropriation from retained profit	0	3 925	0	0	(3 925)	0
Dividend payment	0	0	0	(52 556)	(44 000)	(96 556)
Employee share programme	0	0	0	245	0	245
<b>Equity at the end of the period – as at 31.12.2011</b>	<b>491 000</b>	<b>67 847</b>	<b>(511)</b>	<b>727 086</b>	<b>117 993</b>	<b>1 403 415</b>

for the year ended on 31 December 2011 (in PLN thousands)

	Share capital	Supplementary capital	Revaluation reserve	Reserve capital	Retained profit	TOTAL EQUITY
<b>Equity at the beginning of the period – as at 01.01.2010</b>	<b>346 171</b>	<b>59 724</b>	<b>25</b>	<b>779 574</b>	<b>52 471</b>	<b>1 237 965</b>
Valuation of available-for-sale financial assets	0	0	(142)	0	0	(142)
Valuation of cash flow hedging instruments	0	0	274	0	0	274
Deferred tax on items recognised in equity	0	0	(25)	0	0	(25)
<b>Net profit (loss) recognized directly in equity</b>	<b>0</b>	<b>0</b>	<b>107</b>	<b>0</b>	<b>0</b>	<b>107</b>
Net result of the current year	0	0	0	0	47 925	47 925
<b>Total comprehensive income (losses) for the current period</b>	<b>0</b>	<b>0</b>	<b>107</b>	<b>0</b>	<b>47 925</b>	<b>48 032</b>
Share issue	48 273	0	0	(48 273)	0	0
Appropriation from retained profit	0	4 198	0	48 273	(52 471)	0
Dividend payment	0	0	0	0	0	0
<b>Equity at the end of the period – as at 31.12.2010</b>	<b>394 444</b>	<b>63 922</b>	<b>132</b>	<b>779 574</b>	<b>47 925</b>	<b>1 285 997</b>

**CASH FLOW STATEMENT**

for the year ended on 31 December 2011

(in PLN thousands)

	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>I. Profit before tax</b>	<b>158 958</b>	<b>53 526</b>
<b>II. Total adjustments</b>	<b>721 213</b>	<b>851 375</b>
1. Depreciation and amortisation	61 349	70 820
2. Dividend income	(8 123)	(14 473)
3. Loss from investment activity	(273)	0
4. Change in provisions	1 535	1 289
5. Change in financial assets at fair value through profit or loss	764 748	(372 281)
6. Change in amounts due from banks	(686)	147 241
7. Change in amounts due from customers	461 521	758 637
8. Change in amounts due to banks	(1 119 048)	(34 168)
9. Change in amounts due to customers	492 019	170 503
10. Change in other liabilities	72 757	23 018
11. Change in other assets	7 335	49 713
12. Paid income tax	(7 686)	(13 761)
13. Other adjustments	(4 235)	64 837
<b>III. Net cash flows from operating activities</b>	<b>880 171</b>	<b>904 901</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>I. Inflows</b>	<b>29 558 054</b>	<b>29 604 244</b>
1. Disposal of shares or participations, other securities and other financial assets	29 551 576	29 589 670
- including debt securities of the State Treasury and the National Bank of Poland	29 551 576	29 589 670
2. Disposal of intangible and tangible fixed assets	284	101
3. Interest income	(1 929)	0
4. Dividend income	8 123	14 473
<b>II. Outflows</b>	<b>(29 731 083)</b>	<b>(30 209 025)</b>
1. Acquisition of shares or participations, other securities and other financial assets	(29 623 514)	(30 178 824)
- including debt securities of the State Treasury and the National Bank of Poland	(29 623 514)	(30 178 824)
2. Acquisition of intangible and tangible fixed assets	(107 569)	(30 201)
<b>III. Net cash flows from investing activities</b>	<b>(173 029)</b>	<b>(604 781)</b>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>I. Inflows</b>	<b>96 556</b>	<b>0</b>
1. Issue of shares	96 556	0
<b>II. Outflows</b>	<b>(511 748)</b>	<b>(285 836)</b>
1. Payments of liabilities under financial lease	(12 893)	(11 731)
2. Interest on subordinated debt liabilities	(13 464)	(12 967)
3. Dividends paid	(96 556)	0
4. Interest paid on debt securities in issue	(18 835)	(31 138)
5. Redemption of debt securities in issue	(370 000)	(230 000)
<b>III. Net cash flows from financing activities</b>	<b>(415 192)</b>	<b>(285 836)</b>
<b>TOTAL NET CASH FLOWS</b>	<b>291 950</b>	<b>14 284</b>
<b>BALANCE SHEET CHANGE IN CASH</b>	<b>291 950</b>	<b>14 284</b>
<b>CASH AT THE BEGINNING OF THE PERIOD</b>	<b>276 382</b>	<b>262 098</b>
<b>CASH AT THE END OF THE PERIOD</b>	<b>568 332</b>	<b>276 382</b>

# Credit Agricole Bank Polska S.A.

Plac Orłąt Lwowskich 1  
53-605 Wrocław  
phone +48 71 355 95 11  
fax +48 71 355 30 05



**801 33 00 00**

[www.credit-agricole.pl](http://www.credit-agricole.pl)



Letter from  
the Presidents



Shareholding  
structure and  
Governing  
Bodies



Crédit  
Agricole  
Group



Market  
conditions  
in Poland  
in 2011



Strategy  
and comments  
on the financial  
performance



Development  
of the bank's  
business in 2011



Financial  
statements



Contact