



2013

ANNUAL
REPORT



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Ladies and Gentlemen,

On behalf of the Management Board of Credit Agricole Bank Polska, we are placing in your hands the annual report for 2013. We have a pleasure to inform that it was another year that brought us closer to the goal defined in our strategy: the goal of building a strong, universal, proximity bank that will take its place among the leaders of the Polish banking sector.

One of the key challenges arising from our strategy was to change the positioning of the bank, to create a universal bank that offers a full range of services to its customers in Poland based on the strong *consumer finance* segment. Today we can proudly say that we have completed this task. In 2013 we carried out a merger with Credit Agricole Corporate and Investment Bank Branch in Poland (CACIB), took over LUKAS Finance activities, developed synergies with CA EFL and launched a number of new products. As a result, 2014 saw our bank in a position of one of the most universal banking groups in Poland, serving all market segments, from individual customers to large corporations. In our customer portfolio we have over 370 large companies, and we maintain more than 1 million current accounts.

The extension of the offering was combined with intensive marketing and PR campaigns, which translated into a continuous growth of the Credit Agricole brand recognition. The brand saw its debut on the Polish market in 2011, but towards the end of 2013 the aided brand awareness reached 89%. We are working to improve this result. Not only would we like to be recognized, but we also want to convince customers that Credit Agricole is a proximity bank that will offer them a full range of top quality banking products, and assistance from professional, helpful staff.

We appreciate last year's successes even more, because we achieved them in a difficult market environment. 2013 was another year of economic slowdown, both in Western Europe and in Poland. With a slower growth of the Gross Domestic Product and insecurity about the future, which could be seen particularly in the first six months of the year, business undertakings were reluctant to invest, and households' expenses were put on hold. The aforesaid factors combined with further cuts of interest rates translated into worse financial results for the majority of banks in Poland. This was also true about Credit Agricole Bank Polska. In 2013 the net profit was PLN 185.1 million, and was lower by 7.4% compared to the preceding year. Even though it was a tough time, we were able to reduce the cost of risk significantly: the balance of revaluation write-downs due to loan impairment was lower by over 14% compared to 2012. It bodes well for the years to come.

Pursuing the basic objectives of the Credit Agricole Bank Polska value building strategy, we have never forgotten that we are part of a bigger community, and that we have some duties towards it. We get involved in nationwide actions, but also support local initiatives that are launched for the benefit of residents of individual regions. As usual we were engaged in charity works, and we supported economic and pro-environmental education. Our new initiative was to promote petanque in Poland. Born in France, the game is quickly gaining new followers in our country. As the sponsor and co-organizer we supported the 21st Crédit Agricole Cup Wrocław Open Petanque Championship. We have chosen this sport, because its values and features are consistent with those that we hold on to: the rules are simple, clear and easy to remember, and the game is friendly and accessible to players.



In 2014 we are facing a number of challenges. Seizing the opportunity connected with the economic recovery, whose first signs showed at the end of the previous year, will be one of the biggest. Based on the potential that we have already built, we will keep on working to optimize our offering and service quality. We want to acquire new customers, and convince them that Credit Agricole Bank Polska is a bank worth cooperating with, a bank that applies its 'Simply and sensibly' motto to its daily activities.

Placing in your hands the Credit Agricole Bank Polska annual report, we would like to thank all our customers, business partners and employees for cooperation in 2013.



Romuald Szeliga

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



Philippe Marié

Senior Country Officer, CA Group in Poland

Vice-President of the Management Board of Credit Agricole Bank Polska S.A.





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Shareholding Structure and Governing Bodies

At the end of 2013, the Credit Agricole Polska S.A. Group comprised the following companies: Credit Agricole Polska S.A., the parent company, Credit Agricole Bank Polska S.A., specializing in financial services for individual customers, farmers, the SME sector and corporations, Credit Agricole Service Sp. z o.o., a subsidiary of Credit Agricole Bank Polska S.A., handling insurance claims concerning cash and instalment loans sanctioned by the bank, LUKAS Finanse S.A., a subsidiary of Credit Agricole Polska S.A.

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.

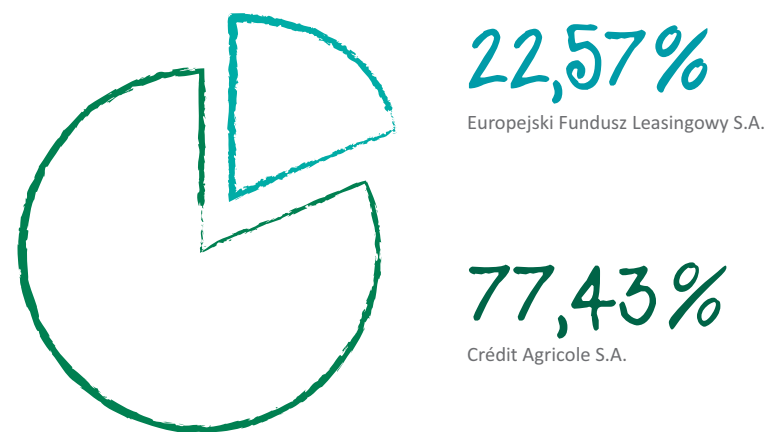
LUKAS Finanse S.A. discontinued its cash loan activity in May 2013, and currently concentrates on servicing the loans granted so far.

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

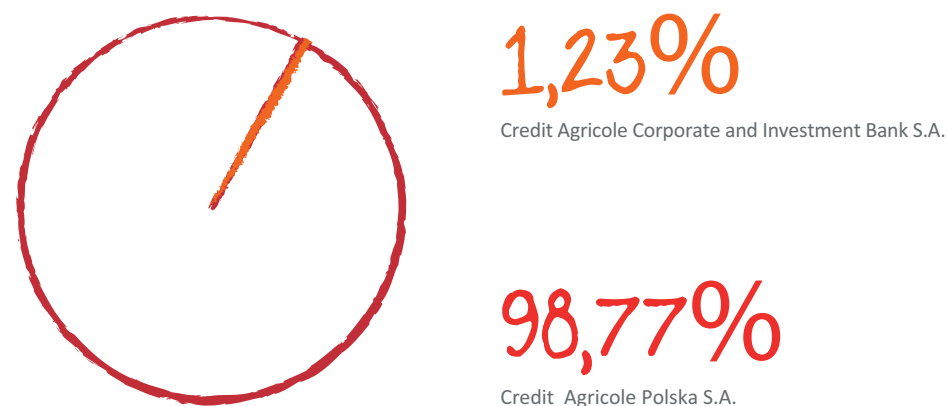
In Poland, the Crédit Agricole Group comprises also: Europejski Fundusz Leasingowy S.A. with its subsidiaries and Crédit Agricole Life Insurance Europe S.A. Branch in Poland.

The objective of the Crédit 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 Polska S.A.
(as at 31/12/2013)



Shareholding Structure of Credit Agricole Bank Polska S.A.
(as at 31/12/2013)



Governing Bodies of Credit Agricole Polska S.A. and Credit Agricole Bank Polska S.A.

(As at 27 June 2014)

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	Member of the Supervisory Board
Raphael Appert	Member of the Supervisory Board
Patrick Clavelou	Member of the Supervisory Board
Alfred Janc	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
Joanna Tomicka-Zawora	Vice-President of the Management Board
Jean-Paul Pinchon	Vice-President of the Management Board
Jean-Paul Piotrowski	Vice-President of the Management Board
Piotr Kwiatkowski	Vice-President of the Management Board
Marc Renard	Vice-President of the Management Board
Radosław Księżopolski	Member of the Management Board
Jędrzej Marciniak	Member of the Management Board

In 2013, the composition of the Supervisory Board and the Management Board of Credit Agricole Polska S.A. did not change.

During the year, by virtue of Resolution No. 12/2013 of 4 June 2013 of the Ordinary General Meeting of Shareholders, Mr Gerard Marchand was appointed Member of the Supervisory Board for the next term of office.

In 2013, there were the following changes in the composition of the Supervisory Board of Credit Agricole Bank Polska S.A.

- On 4 March 2013, Piotr Kwiatkowski resigned from the position of the Member of the Supervisory Board of Credit Agricole Bank Polska S.A., effective as of 4 March 2013.
- By virtue of resolution of the Extraordinary General Meeting of Shareholders No. 3/2013 of 23 December 2013, Mr Raphael Appert was appointed Member of the Supervisory Board.

In 2013, there was one change in the composition of the Management Board of Credit Agricole Bank Polska S.A.

- By resolution of the Supervisory Board of Credit Agricole Bank Polska S.A. No. 3/2013 of 7 March 2013, Piotr Kwiatkowski was appointed Vice-President of the Management Board of the bank as of 1 April 2013.





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A LEADING BANKING GROUP

Crédit Agricole Group is the leading partner of the French economy and one of the largest banking groups in Europe. It is the leading retail bank in Europe as well as the first European asset manager, the first bancassurer in Europe and the global leader in aircraft financing.

Built on its strong cooperative and mutual roots, its 150,000 employees and the 31,000 directors of its Local and Regional Banks, Crédit Agricole Group is a responsible and responsive bank serving 49 million customers, 7.4 million mutual shareholders and 1.2 million shareholders.

Thanks to its universal customer-focused retail banking model – based on the cooperation between its retail banks and their related business lines – Crédit Agricole Group supports its customers' projects in France and around the world: insurance, real estate, payments, asset management, leasing and factoring, consumer finance, corporate and investment banking.

Crédit Agricole also stands out for its dynamic, innovative corporate social responsibility policy, for the benefit of the economy. This policy is based on a pragmatic approach which permeates across the Group and engages each employee. Its recent inclusion in the Vigeo-NYSE Euronext extra-financial indices is recognition of this commitment.

49^M
customers

150,000
employees

60
Operations in almost
60 countries worldwide

€5.1^{Bn}
Net income
Group share

€76.3^{Bn}
Shareholders' equity

11.2%
Common Equity Tier 1
ratio fully loaded*

* in January 2014

Group's organisation

7.4 million mutual shareholders underpin Crédit Agricole's cooperative organisational structure. They own the capital of the **2,483 Local Banks** in the form of mutual shares and they designate their representatives each year. **31,000 directors** carry their expectations. The Local Banks own the majority 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 orientations are debated.

The Regional Banks together own, **via SAS Rue La Boétie**, the majority of the share capital of Crédit Agricole S.A. (56.2%). Crédit Agricole S.A. owns 25% of the Regional Banks (excl. the Regional Bank of Corsica). It coordinates in relation with its specialist subsidiaries the various business lines' strategies in France and abroad.

The universal customer-focused bank



Leading financial partner
of the French economy



No. 1 bancassurur
in Europe



No. 1 European
asset manager



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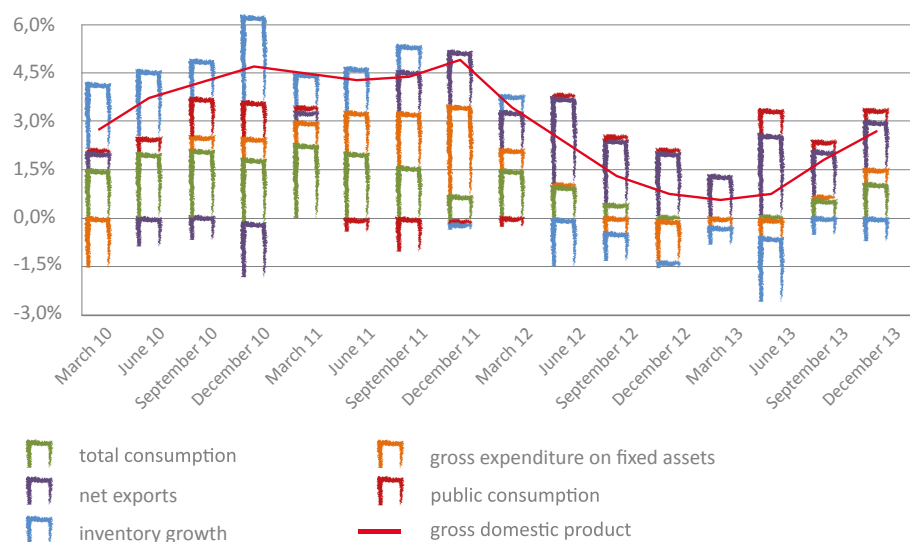
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Economic Situation – Main Trends

In the first quarter of 2013, a local minimum of the economic growth rate was noted in Poland. In subsequent quarters, the GDP dynamics increased gradually, the main growth factor being net exports. In the period from July to September 2013, for the first time since the first quarter of 2012, the domestic demand rise was noted, including in particular the private consumption and investment dynamics. The higher share of domestic demand in economic growth results in the fact that such growth is more sustainable.

In 2014, along with the expected private consumption acceleration and progressing revival in business investments, the role of domestic demand will continue to increase, compensating the decreasing share of net exports in the GDP dynamics.

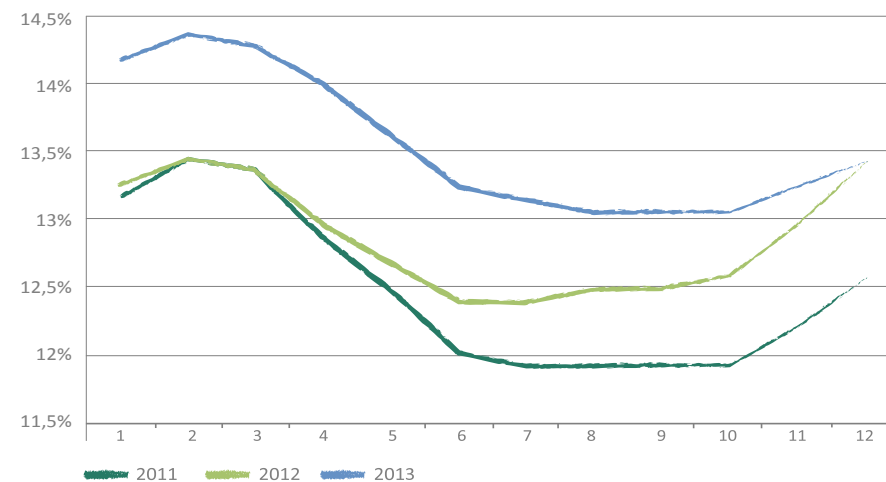
Diagram 1 - GDP dynamics (y/y, fixed prices).



Labour Market

In the period from January - November 2013, registered unemployment was at the level higher than in the corresponding months of 2012. The highest level was noted in February - 14.4%, and the lowest in the period from August to October (13%). The number of registered unemployed people ranges from 2.08 million (August-October) to 2.34 million (February). In the second half of the year, the non-seasonal registered unemployment rate grew less than it would result from historical seasonal fluctuations. The situation was a consequence of favourable meteorological conditions, release of additional financing from the Labour Fund to activate the unemployed people as well as economic upturn, leading to a growth in employment in the sector of enterprises in the second half of the year. In December 2013, the unemployment rate was at the level of 13.4%, the same as a year before.

Diagram 2 – Registered unemployment rate.

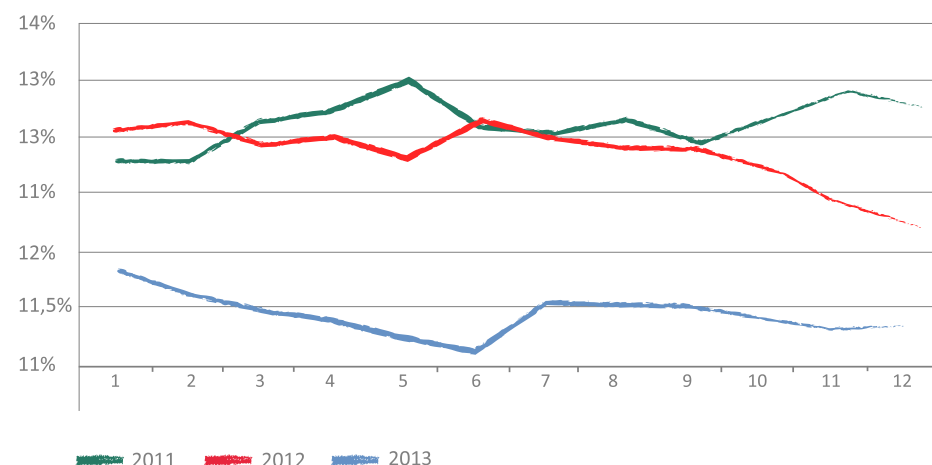


Inflation

The average annual growth in the prices of consumer goods and services in 2013 amounted to 0.9% (vs 3.7% in 2012) and was lowest since 2003. The main components of last year's inflation were mainly higher prices of: goods (by 2.2%), housing bills (by 1.7%), alcohols and tobacco products (by 3.5%) as well as goods and services included in the "Recreation and Culture" segment (by 2.8%). These factors contributed to the rise in the index by, respectively, 0.48 p.p., 0.44 p.p. and 0,22 p. A fall in the prices of telecommunications (by 8.3%), lower prices of clothes and shoes (by 4.9%), as well as transportation services (by 1.8%) contributed to the average annual price growth index by, respectively, 0.34 p. p., 0.24 p. p. and 0.17 p. p.

The prices of industrial production sold in 2013 were lower on average by 1.3% when compared to the previous year, whereby the highest price growth was noted in the item "water supply; sewage and waste management" (increase by 1.6%) and the lowest in mining (fall by 10.3%).

Diagram 3 – CPI Inflation (y/y).



Monetary Policy and the Foreign Exchange Rate

In the period from January to July 2013, the Monetary Policy Council decreased the interest rates six times, including once (in March) by 50 base points. The decreases were caused by the rapid fall in the current inflation ratio (in June it reached a record low level - 0,2% y/y), as well as a strong economic slowdown, which translated into lower NBP inflation projections. In consequence of the mitigation of monetary policy, the reference rate of the National Bank of Poland received the lowest level in history. In September, the Monetary Policy Council announced the maintenance of interest rates at an unchanged level until the end of 2013, and in November, the stable rate horizon declared by the MPC was extended until the end of the first half of 2014.

In 2013, the PLN exchange rate to main currencies was characterised by a moderate variability, and its level was mainly shaped by the fluctuations of the global risk aversion and expectations of financial markets concerning the perspectives of monetary policy in the United States. In the first months of 2013, the PLN appreciation was influenced by the inflow of capital into the emerging markets supported by the liberal monetary policy of the US Federal Reserve. The significant revision of expectations as to the scale and time frames of the performance by FED of the asset purchase programme contributed to the dramatic outflow of capital from emerging markets, which led to a considerable depreciation of the PLN exchange rate in May and June 2013. In subsequent months, the PLN exchange rate was subject to moderate appreciation, achieving at the end of December the level of 4.1472 with regard to EURO (vs 4.0882 in 2012).



Diagram 4 – 3M WIBOR and the NBP reference rate.

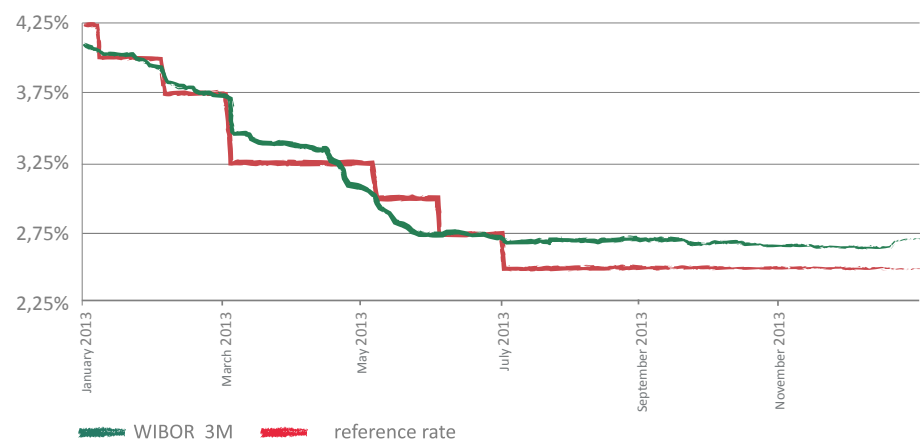
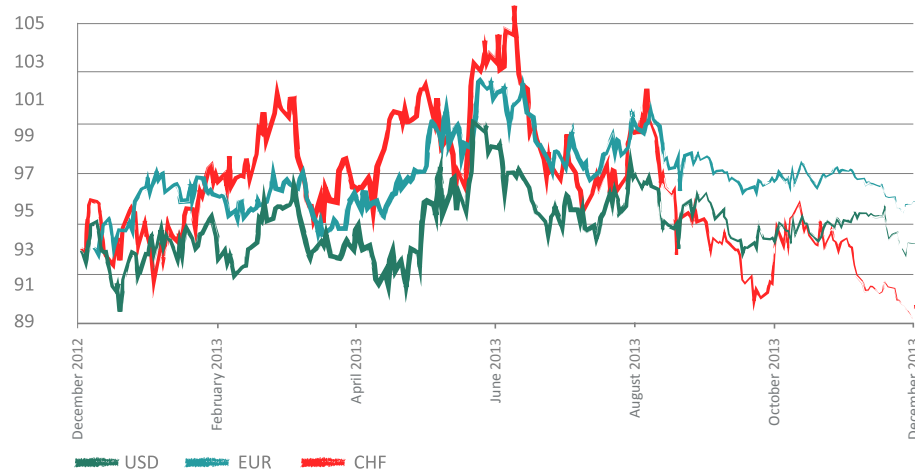


Diagram 5 – Exchange rates (31/12/2011 = 100).



The Banking Sector

The decreases in the National Bank of Poland interest rates in 2013 had a considerable influence on the situation of the banking sector in Poland. According to the data of the Polish Financial Supervision Authority, the result on banking activity amounted to PLN 55.5 billion last year and was lower by over PLN 2 billion than a year before. At the same time, there was a fall by PLN 2 billion in provisions and impairments, which resulted in the fact that the net result of the sector was maintained at the level of 2012.

Drawing conclusions on the basis of the data for 2013, one may observe a moderately growing lending action. An increase in the volume of loans for households was a result of a more intensive lending action in the mortgage loan segment (increased demand at the end of the year related to the introduction of a requirement to have a downpayment as of 2014) as well as consumer finance segment (changes in Recommendation T increasing the availability of loans). The growth in the volume of loans for enterprises was limited by the low activeness of businesses as regards investments. The lending action was boosted by the introduction by Bank Gospodarstwa Krajowego of a programme to support SMEs when applying for bank financing (*de minimis* guarantee). A growth in deposits (both from enterprises and households) was curbed by the low level of interest rates.



Diagram 6 – Receivables and liabilities of the non-financial sector (in PLN billion).

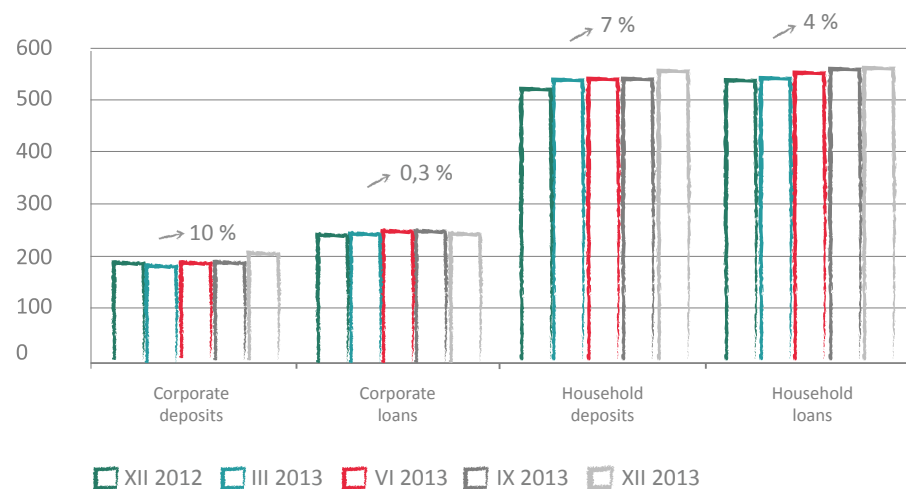
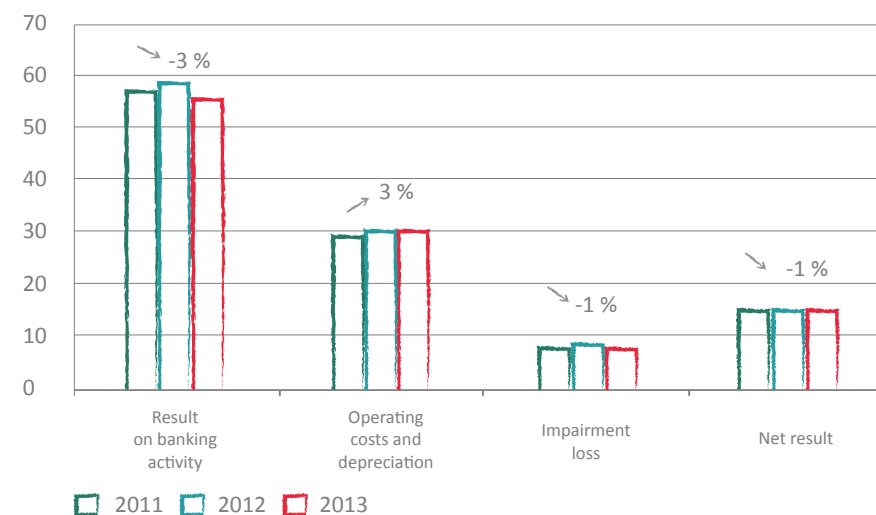


Diagram 7 – Results of the banking sector (in PLN billion).





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Main Assumptions of the Strategy for 2014-2017

2013 was another year bringing the bank closer to the objective defined in its strategy – construction of a strong and client-friendly universal bank that ranks with the leaders of the Polish banking sector. Such strategic successes comprise both financial and operational changes, including but not limited to:

- commencement of business in the large corporation sector,
- reinforcement of the position on the mortgage loan market,
- development of business in the sector of farmers and SMEs.

Under the influence of changing market circumstances in 2013, the bank made a cyclical review of its strategy. It left unchanged its main objective, which is to transform into a universal bank and enter the top ranks of this type of institutions in Poland. Credit Agricole will pursue its strategy by organic growth. The most important tactical objectives include:

- further improvement of financial performance,
- 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 and the farmer segment,
- reinforcement of the position on the mortgage loan market,
- utilisation of synergy on the market of services for corporations and enterprises.

Financial Results

In the years to come, the bank expects a gradual improvement of the net result. As early as in 2014, the effects of consistent concentration on increasing the revenue base should become visible. A revenue growth will also stem from the implementation of the universal banking development strategy, including an improvement in the consumer finance segment, which was sharply weakened during the last economic slowdown.

Of high importance for the future financial performance is also the clear-cut and restrictive cost policy that assumes only a slight increase in current costs with, however, an appropriate simultaneous support for the implementation of strategic projects in the business area and IT.

Development and Adjustment of the Banking Network

One of key elements of the strategy is the consistent expansion of the availability of the bank's products and services. The basic access channel is still a network of bank branches, therefore the bank assumes a development of its distribution network. At the same time, it will continue work aimed at identifying such locations which do not meet the assumed profitability objectives. In parallel, the bank plans to develop channels ensuring remote access to its services by introducing mobile banking and launching an option of online application for products via an Internet-based transactional system.



Growth of the Client Activeness

The basic growth measure in universal banking is the number of clients actively using their personal accounts. This product creates a fundamental and long-term relation with the client, facilitating the satisfaction of his/her remaining financial needs by offering other services and products. In subsequent years, the bank will focus on such activities, including the marketing ones, which will bring about a growth of the base of active clients.

Development of the Banking Offer Addressed to Enterprises, Farmers and Corporations

In 2012, the bank launched dedicated services for farmers. Considering the excellent market prospects, the initially small scale of activities should be expanded in the years to come. In subsequent years, the product offer for the small and medium-sized enterprises will be systematically developed. In 2011, the bank launched a service dedicated to the corporate segment which was further enhanced and expanded in 2013 to include the segment of large corporations.

Consumer Finance Market

The bank is one of the consumer finance (CF) market leaders in Poland and intends to maintain this position. The CF segment's revenues constitute and will continue to constitute a material part of the bank's revenues, however, in consequence of the dynamic development of the remaining segments of universal banking, its percentage share will shrink.

External regulations as well as concerns about the deteriorating macroeconomic situation decreased the consumer finance market development potential in Poland but, in the bank's opinion, it still remains one of the most prospective and profitable segments of banking.

Comments on the 2013 Financial Performance

In 2013 the Polish economy grew by 1.6%, which was a good result when compared to the estimated 0.1% increase in the European Union as a whole. It contributed to the performance of the Polish banking sector, where a net profit of PLN 15.4 billion was noted.

For Credit Agricole Bank Polska it was a period of intense development, particularly in the area of corporate banking, which grew much stronger due to a merger with the Polish branch of Credit Agricole Corporate and Investment Bank (CACIB). The net profit at the end of 2013 was PLN 185.1m, which represented a drop by 7.4% compared to the preceding year. Simultaneously, the consolidated net profit of the Credit Agricole Polska S.A. Group rose from PLN 161.7m in 2012 to PLN 180.3m at the end of 2013.

The increase in the bank's administration costs by 5.7%, which was mainly due to the merger with CACIB, was accompanied by a considerable reduction of the cost of risk, which fell by 14.6%: from PLN 176.3 million in 2012 to PLN 150.6 million in 2013.

The equity taken into account for calculation of the solvency ratio exceeded PLN 1.98 billion and fully covered the capital requirements. The ratio itself was maintained at a higher level than required, and it reached 14.91% at the end of 2013. The effectiveness, measured by means of the ROE indicator, amounted to 11.3% at the end of 2013, while the ROA indicator reached 1.4% (in 2012: 13.5% and 1.8%, respectively).



The book value of loans granted to the bank's customers was PLN 11.39 billion compared to PLN 8.52 billion at the end of 2012. This significant increase (by more than 33%) resulted from the increase of the corporate banking debt balance of customers after the merger with CACIB and increased value of consumer finance and mortgage loans. The loans granted to customers amounted to 73.9% of the bank's total assets as at the end of 2013.

The basic source of financing of the Credit Agricole Bank Polska lending action growth at the end of 2013 were the customers' deposits, constituting 72.4% of the balance sheet total (69.8% in 2012). The bank's amounts due to customers were PLN 11.16 billion, while at the end of 2012 they were PLN 7.85 billion.

Results of the Crédit Agricole Group Companies in Poland

The presence of the Crédit Agricole Group in Poland comprises a much wider scope of business than banking alone. Therefore, since 2012, the bank has been publishing total aggregated results of the Crédit Agricole Group in Poland. In 2013 Credit Agricole Bank Polska, Europejski Fundusz Leasingowy and LUKAS Finanse were taken into account. The purpose of publication of the results in this manner is to enable the comparison with most of the banking groups operating on the Polish market, which present their results on a consolidated basis. Their capital groups are made up of, for example, lease companies, investment fund companies, pension scheme companies, brokerage houses or factoring companies.

In 2013, the above-mentioned companies of the Crédit Agricole Group in Poland generated an aggregated net profit of PLN 201.84 million, and their balance sheet total (assets) reached the level of PLN 21.78 billion. As at the end of 2013, the equity amounted to PLN 2.8 billion.





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Crédit Agricole Brand Awareness

Last year, the Bank focused on the reinforcement of awareness of the Crédit Agricole brand introduced on the Polish market in the second half of 2011. In accordance with the strategy, the objective underlying all actions was to build an image of Credit Agricole Bank Polska as a universal bank that:

- knows its client very well and understands his/her needs and, consequently, is able to meet his/her expectations better,
- provides appropriate products at the right price,
- appreciates the clients' loyalty, rewarding long-term relations.

Products created on the basis of this philosophy were promoted in numerous advertising campaigns and the catchphrase of the campaigns was 'Credit Agricole – Simply and Sensibly'. The Bank continued its cooperation with Juliette Binoche, a French actress who is very well known in Poland, which additionally contributed to raising the bank's awareness in Poland.

The effect of the actions undertaken in 2013 was further increased the awareness of the Crédit Agricole brand. The prompted brand awareness at the end of 2013 was 89%, and the highest level achieved in 2013 was 92%.

89%

prompted awareness of the Crédit Agricole brand at the end of 2013

Changes in the Product Offer

Personal Accounts

The increase in the number of personal accounts as a basis for building long-term relations is one of the basic elements of the strategy of Credit Agricole Bank Polska when it comes to the retail client segment. Consequently, the bank's offer was constructed in such a way as to reach to various client segments, promoting their activeness at the same time. The diversity offered by the 1. Konto account and the PROSTO-oszczędzające, PROSTOoszczędzające Plus and PROSTOoszczędzające Premium accounts is aimed at providing potential clients with an opportunity to find the offer that is best suited to him or her. Numerous promotions (e.g. the promotion under which the clients may get back as much as up to 10% of their utility bills - electricity, water, gas and phone), in turn, rewarded active account users.

In August 2013, the bank's account offer was extended to include accounts in foreign currencies: euro, US dollar, British pound, as well as account access via the Internet, phone and in bank branches. At the same time, 68 bank branches started cash service in foreign currencies. The number of such branches will gradually increase.

At the end of 2013, Crédit Agricole maintained 1.1 million of personal accounts.

In 2013, the bank's offering increased to include foreign currency accounts in euro, US dollar and British pound.



Savings and Investment Products

Last year ended with a growth of the total savings balance to PLN 8.8 billion. The bank's operations in this area focused on extending the time span of savings and investment products sold. Clients were offered a 3-year fixed interest deposit or the Antidotum PROGRESYWNE 36M long-term insurance comprising a saving element. The Bank also offered two unique systematic saving plans: 'Moja Rezerwa Finansowa' (My Financial Reserve) and 'Mój Dom' (My Home). Owing to these products, the clients may start their first savings in order to secure their future.

The Bank proposed two unique systematic saving plans: 'Moja Rezerwa Finansowa' (My Financial Reserve) and 'Mój Dom' (My Home).

In the investment product segment, the core of the offer were investment funds of Credit Agricole and structured products.

Insurance

Year 2013 saw first effects of the long-term insurance strategy developed a year earlier. The 'Pakiet Życie' (Life Package) product, encompassing both life insurance and insurance against serious illness and hospitalization, is currently one of the best insurance products sold by banks. Clients also appreciate the Multipackage for personal account holders and the 'Pakiet Przewrotni' (Prudent Package) - accident insurance for credit card holders. The success of the latter product is also a result of the extended scope of insurance, where the existing package was expanded to include protection against all types of breakings (a unique solution on the insurance market).

In parallel with the reinforcement of the product offer, the bank also took care to maintain the highest customer service level. These operations were reflected in the record level of gross premium written - as much as PLN 50.7 million at the end of 2013.

Mortgage Loans and Advances

Credit Agricole Bank Polska maintained the upwards trend when it came to the share of the property financing segment. In 2013, the total value of mortgage loan sale agreements amounted to PLN 869 million, which was a rise by 40% when compared to the previous year. It should be stressed that this result was achieved in times when the market noted a 6% decrease.

The success in this segment was a consequence of the positive reception by the clients of the promotional campaign 'Kredyt mieszkaniowy 3x0' (3X0 Housing Loan) (PLN 0 for property appraisal, 0% fee for early repayment and PLN 0 of the upfront fee). Additional element supporting the sale in 2013 was the fact that margins and fees for clients with their own downpayment were maintained at an attractive level. The key sale channel in case of mortgage loans was the network of own branches.

Cash Loans

Effective product campaigns conducted last year allowed the bank to enhance its position at the consumer finance market. In 2013, the cash loan balance increased by 6% to nearly PLN 4.2 billion. The Bank continued the development of its offering addressed to higher income clients. The average gross value of loans extended to such clients is almost three times higher than the average value of all cash loans. In consequence, the average value of gross cash loans sanctioned in 2013 grew by 7% when compared to the previous year.



Credit Cards

In 2013, the bank issued over 230 thousand credit cards, which allowed it to maintain one of the leading positions in Poland. Good results were achieved owing to, among other things, changes in Recommendation T of the Polish Financial Supervision Authority.

In parallel with the acquisition of new clients, the bank also tried to increase the activeness of the existing credit card users. The clients participated in campaigns prepared jointly with MasterCard or Visa. A number of other actions were also made in order to increase the number and value of transactions made using credit cards.

Offer for Farmers

In 2013, the bank significantly widened its product offering dedicated to farmers. In January, they were proposed the Agricole account, which provided all functions necessary to make settlements with authorities, agencies, suppliers and clients. In March, the bank's offering was extended to include loans to purchase agricultural lands, and in October - a loan to finance agricultural real properties (buildings and structures related to agricultural activity). At the same time, document-related requirements of the loan application process were simplified.

At the end of 2013, the agribusiness products were sold by 40 specialised and mobile Agribusiness Client Advisers.

In relation with the acquisition of a strategic partner, a special offer of investment loans was prepared and a new partner service model was implemented. The latter was based on the Agilor platform already tested in the Credit Agricole S.A. Group.

Offer for Small and Middle-sized Enterprises

Last year's operations of the bank in the SME area were mainly focused on developing synergy with Europejski Fundusz Leasingowy (EFL). In result of cooperation, for example, the bank serves as an intermediary in concluding lease contracts. The standard offer was supported by the promotion 'Bonus 1%' in which the bank's client could gain 1% of the net value of the offered leased object (up to PLN 2,500). The total value of the lease sale amounted to PLN 83 million. Credit Agricole Bank Polska successfully sold business accounts for the clients of EFL, opening over 3,100 such accounts.

Besides the cooperation with EFL, the bank concentrated on reinforcing its offer for the most attractive groups of clients. In the fourth quarter of 2013, the bank introduced a new credit offer for preferred client segments (clients with a credit history and a good scoring with Credit Agricole as well as free professionals). Loan procedures for all Clients have been simplified. The total annual sale of overdraft facilities amounted to almost PLN 72 million, and the balance of this credit rose by almost 15%.

As significant as the credit action growth was the growth in deposits from the small and medium-sized enterprises - the bank acquired over PLN 141 million in deposits, significantly increasing thus the plan for 2013.



Offer for Corporate Clients

2013 was a year of fundamental changes in corporate banking. The key event was the take-over of Credit Agricole Corporate and Investment Bank Branch in Poland (CACIB), in consequence of which a portfolio of large corporate clients was acquired.

Owing to this transaction, the offer for the existing corporate client improved considerably. They obtained, for example, access to structured products or to more advanced transactions at the financial markets. The CACIB clients, in turn, obtained access to a network of over 440 bank branches of Credit Agricole Bank Polska, to a full offer of transactional banking as well as advanced Internet banking solutions.

The strategy of the new corporate banking area is focused on providing services in all sectors facilitating the cooperation between all segments of the bank (retail, SME, medium and large corporations). The key element in the pursuit of this strategy is, without limitation, the cooperation with agribusiness, granting access to the agricultural sector, breeders and suppliers.

At the end of 2013, the bank serviced 493 corporate clients representing 345 capital groups. The value of corporate deposits acquired amounted to almost PLN 2.5 billion, while the credit exposure exceeded PLN 1.8 billion.

Transactional Banking

Besides simple products used to manage financial resources, the bank offers various cash pooling programmes. The Client can choose an option of actual cash pooling (with the physical re-booking of funds) or virtual cash pooling (without a need of physical re-booking of funds).

Owing to the service SWIFTNet FileAct, the bank makes it possible for the clients to centralise the management of funds at their accounts in various countries. The service consists in the exchange of files between the financial and non-financial institutions via the SWIFTNet communication platform.

Another advanced solution as regards the cash management is the reconciliation of incoming payments using the virtual accounts. This service is addressed to enterprises with a large number of regular clients (wholesale, lease, insurance, telecommunications, media) who make regular payments for products or services.

In March 2013, the offer of transactional banking dedicated to corporate clients was awarded the Financial Order in the poll organised by *Home & Market*, the oldest economic magazine in Poland. The objective of the poll was to choose the best products offered by financial institutions that enjoyed the widest recognition among clients in 2012.

Financial Markets

Before the take-over of CACIB, the bank's product offer related to the financial market area comprised such instruments as FX SPOT, FX Forward, FX Swap, FX Forward NDF. After the transaction, it was expanded to include currency options, interest rate swaps (IRS), currency and interest rate swaps (CIRS) and future interest rate transactions (FRA). In consequence, the corporate clients of the bank were able to hedge their exposures resulting from their core business activities.



Structural Financing

The bank takes part in the following structural financing transactions: leveraged buy-out (LBO) and mid-term financing in the segment of telecommunications, media and technology (TMT), NIP area project financing (sector of petrol, gas, energy engineering, infrastructure), crediting on the basis of resources in the sector of petrol and gas, financing of assets in the area of structured fund investments (SFI).

Development of Distribution Channels

Credit Agricole Bank Polska offers its products and services 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 credit offices, financial intermediaries specialising 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.

In 2013, the organisational structure of the bank changed in order to increase operating effectiveness and improve client support. The most important solutions adopted in the new organizational structure concerned the standardisation of support processes and their separation from sale activities.

Network of Branches

In 2013, Credit Agricole Bank Polska continued the development of its own branch network. The number of branches rose to 422. The bank branch network is supplemented by 394 partner branches and credit bureaux.

Continuing the universal bank building strategy, the competences of Client Advisers and Branch Managers were systematically improved and raised. In parallel, the Sale Academy was organised. Its objective was to train employees who are responsible for contacts with clients. In order to verify the effectiveness of actions, a series of mystery shopper-based researches was conducted and the bank obtained a very good general score at the level of 83%.

Electronic Distribution Channels

CA24

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

- Internet service,
- text message service,
- phone and e-mail services.

In selected services, support in English and French is possible.

Internet and Text Service

Last year saw a continuation of the tendency observed already in previous year that clients are more and more interested in Internet banking services. Both the number of accounts with access to the Internet transactional system (exceeded 0.6 million) and the number of payments made via this service (growth by almost 30% when compared to the previous year) were on the rise. The number of clients using the CA24 text also increased by 35%.

The introduction of mobile banking and provision of a possibility to submit applications for products via the Internet transactional system are next stages of the development of electronic access channels for the bank's clients which should translate into even higher interest in Internet banking.



Contact Centre

The Contact Centre provides individual and business clients with information about the bank's products and services, sells banking products and ensures after-sales support.

In 2013, the Contact Centre served 8.8 million calls, including 4,9 million outbound calls (mainly phone marketing sales campaigns) and 3.9 million incoming calls related to transactions, as well as product and service support via phone.

The most important last year's achievements of the Contact Centre included the record level sales of the cash loan (17% share in the bank's result) and the third place in the survey conducted by ARC Rynek i Opinia dedicated to the quality of client service in contact by phone and via the Internet.

Bank Employees

At the end of 2013, the level of employment in the bank was 5,511 FTEs, which translates into a growth of 1.84% when compared to 2012. The average age of employees was 33, and over 71% of them had university-level education. The ratio of internal promotions to managerial positions rose last year by 4 percentage points, reaching 47%.

Credit Agricole Bank Polska invariably invests in the development of its human resources. In 2013, it provided the sale network and Contact Centre employees with access to 16 new e-learning training courses comprising such subjects as: product training, standards of servicing disabled persons, transactional system support improvement.

The bank also continued its training programmes addressed to specialists and managers. They included a cycle of workshops entitled 'Fair Play in Management', concerning harassment and discrimination prevention.

Charity, Sponsoring and CSR

Credit Agricole Bank Polska is actively involved in sponsoring and charity initiatives as well as in sector-specific events. At the same time, it promotes committed and environment-friendly attitudes among its employees.

The bank's charity actions in 2013 comprised the financial support given to the Association of Children's Friends, the Humanitas Foundation, the Care and Attention Foundation and the Community of Generations Foundation.

Following the recommendations of the National Bank of Poland and the Polish Financial Supervision Authority, the bank also promotes and propagates financial and economic education. In 2013, we continued our own social educational campaign entitled *"Bank with class. All you need to know about banking"* addressed to early primary school children. The project is based on the conviction that teaching children respect for money, money management, money saving skills and willingness will facilitate them a better start in the adult life. In school year 2012/2013, classes organized by the bank were attended by 3,000 children from over 50 primary schools all over Poland. The campaign won the Banking World Leader Competition, in the CSR category.

Besides financial education addressed to the youngest, the bank also supported the development of students, offering the 2nd edition of the programme entitled *"Centre for the Active"*. It encouraged students to take initiative when it came to shaping their own future. In 2013, the cooperation with the academic world was also developed. One of its main objectives is to tighten the ties between business and the academic and student environments.



As part of the French Crédit Agricole Group, 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 Française centre. In March 2013, the Bank sponsored a concert of the French singer Zaza Fournier. Additionally, the bank traditionally co-financed the celebration of France's National Holiday on 14 July organised by the honorary consul of France in Wrocław. Furthermore, for the first time, the bank became a sponsor of the New French Cinema Festival. It is organised by the French Institute in Warsaw in collaboration with Gutek Film.

A new initiative undertaken last year was the involvement in the promotion of petanque in Poland. Petanque is a popular French game that is rapidly gaining popularity in our country. As a sponsor and co-organiser, the bank supported the 21st Crédit Agricole Cup Wrocław Open Petanque Championship. The bank had not supported sport at a wider scale earlier. Petanque was selected due to its coherent values and features: simple, clear and easy-to-remember rules, friendliness and availability.

Involvement in the life of the community the bank is present in and support given to local initiatives - these are the objectives of the employee volunteering programme *"I Act because I Like It"*, where the Grant Programme is one of the elements. This is an initiative, under which employees may obtain financial support for the implementation of volunteering projects. As many as 30 projects qualified for the 2nd edition of the Grant Programme in 2013. 15 of them, those that received the highest score in employee voting, will receive co-financing.

In 2013, the bank became engaged also in numerous pro-social and environment-friendly initiatives of its employees. One of them was the *"Positively Twisted Bank"* action, in which the bank employees collected plastic caps. The income generated on the sale of the same was transferred to the account of the Wrocław-based oncology clinic for children and the hospice for children. For the eighth time, the Bank employees were involved in the *"Precious Gift"* action organised by the SPRING Association based in Krakow. The purpose of this initiative was to prepare and distribute parcels for the poorest Polish families.





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OPINION OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL INFORMATION TO THE SHAREHOLDERS OF CREDIT AGRICOLE POLSKA S.A.

The summary financial information presented on the following pages of the Annual Report of Credit Agricole Bank Polska S.A., which comprise the statement of financial position as at 31 December 2013, the income statement and statements of comprehensive income, changes in equity and cash flows for the year then ended are derived from the audited consolidated financial statements of Credit Agricole Polska S.A. Group („the Group”), pl. Orłąt Lwowskich 1, Wrocław, for the year ended 31 December 2013 prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

We have audited the consolidated financial statements of the Group, from which the summary financial information was derived, in accordance with the chapter 7 of the Accounting Act of 29 September 1994 (uniform text, Journal of Laws of 2013, item 330) and national standards of auditing issued by the National Chamber of Registered Auditors in Poland. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 24 February 2014. Those financial statements, and the summary financial information, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The summary financial information do not contain all the disclosures required by International Financial Reporting Standards as adopted by European Union. Reading the summary financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of Credit Agricole Polska S.A. Group.

Management's responsibility for the summary financial information

Management is responsible for the preparation of a summary financial information in the extent described above for the purpose of their presentation in the Annual Report.

Auditor's responsibility

Our responsibility is to express an opinion on the summary financial information based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, „Engagements to Report on Summary Financial Statements”.

Opinion

In our opinion, the summary financial information derived from the audited consolidated financial statements of Credit Agricole Polska S.A. Group for the year ended 31 December 2013 in the extent described above for the purpose of their presentation in the Annual Report are consistent, in all material respects, with those financial statements.

Person signing the report and conducting the audit of the financial statements of the Group on behalf of PricewaterhouseCoopers Sp. z o.o., Registered Audit Company No. 144:

Adam Celiński
Key Registered Auditor
No. 90033

Warsaw, 24 February 2014

Translation note:

This version of our opinion is a translation from the original, which was prepared in Polish language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our opinion takes precedence over this translation.

CONSOLIDATED INCOME STATEMENT

for the year ended on 31 December 2013
(in PLN thousands)

	2013	2012 adjusted
Interest income	1 430 754	1 443 881
Interest expense	(366 516)	(385 909)
Net interest income	1 064 238	1 057 972
Fee and commission income	341 135	319 887
Fee and commission expense	(115 509)	(104 594)
Net fee and commissions income	225 626	215 293
Dividend income	2 800	2 000
Net result on trading activities	28 093	24 848
Net result on foreign exchange positions	14 640	6 869
Net result on derivatives used as hedging instruments and hedged items	(564)	(251)
Net result on investment activities	489	39
Other operating income	35 731	36 263
Other operating expense	(36 127)	(42 304)
Other net operating income and expense	(396)	(6 041)
Net impairment losses on loan and advances	(182 696)	(204 235)
General administrative expenses	(920 340)	(889 099)
Net operating income	231 890	207 395
Profit before tax	231 890	207 395
Income tax expense	(51 570)	(45 684)
Net profit (including non-controlling interests)	180 320	161 711
Net profit attributable to non-controlling interests	1 615	0
Net profit attributable to owners of the parent	178 705	161 711
Net profit attributable to owners of the parent from continuing operations	178 705	161 711

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended on 31 December 2013
(in PLN thousands)

	2013	2012
Net result for the current period	180 320	161 711
Items that will not be reclassified to profit or loss	401	520
Actuarial income/losses	495	642
Deferred tax on actuarial income/losses	(94)	(122)
Items that may be subsequently reclassified to profit or loss	(2 233)	3 829
Valuation of available-for-sale financial assets	(109)	1 091
Deferred tax on the valuation of available-for-sale financial assets	21	(207)
Valuation of cash flow hedging instruments	(2 648)	3 414
Deferred tax on the valuation of cash flow hedging instruments	503	(469)
Total other comprehensive income	(1 832)	4 349
Total comprehensive income of the current period	178 488	166 060
Attributable to:		
Owners of the parent	176 893	166 060
Non-controlling interests	1 595	0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended on 31 December 2013
(in PLN thousands)

	31.12.2013	31.12.2012
ASSETS		
Cash, due from the Central Bank	824 203	432 419
Due from banks	660 227	56 919
Financial assets at fair value through profit or loss	97 718	736 108
Valuation of derivatives	45 077	30 942
- including derivatives used as hedging instruments	21 831	21 583
Loans and advances to customers	11 797 710	9 569 601
Available-for-sale investment securities	1 753 369	868 108
Investments in associates	2 000	2 000
Intangible assets	45 032	36 669
Tangible fixed assets	170 070	190 268
Current tax assets	0	663
Deferred tax asset	294 801	299 669
Other assets	135 060	116 955
TOTAL ASSETS	15 825 267	12 340 321
LIABILITIES		
Due to banks	2 306 593	2 431 292
Valuation of derivatives	25 711	29 870
- including derivatives used as hedging instruments	326	12 132
Due to customers	11 082 943	7 833 048
Debt securities issued	251 359	0
Current tax liabilities	42 542	2 290
Deferred tax liabilities	35	10
Provisions	22 120	12 532
Other liabilities	278 400	293 671
Subordinated liabilities	175 946	176 234
TOTAL LIABILITIES	14 185 649	10 778 947
EQUITY		
Share capital	573	573
Supplementary capital	535 876	457 094
Revaluation reserve	(33 210)	2 976
Reserve capital	705 225	703 763
Retained profit	496 565	425 968
Appropriation of the net profit during the financial year	(75 000)	(29 000)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	1 630 029	1 561 374
Non-controlling interests	9 589	0
TOTAL EQUITY	1 639 618	1 561 374
TOTAL LIABILITIES AND EQUITY	15 825 267	12 340 321

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended on 31 December 2013
(in PLN thousands)

	Parent company shareholding						TOTAL EQUITY
	Share capital	Supplementary capital	Revaluation reserve	Reserve capital	Retained profit	Non-controlling interests	
Equity at the beginning of the period – as at 01.01.2013	573	457 094	2 976	703 763	396 968	0	1 561 374
Valuation of available-for-sale financial assets	0	0	(108)	0	0	(1)	(109)
Valuation of cash flow hedging instruments	0	0	(2 624)	0	0	(24)	(2 648)
Actuarial income	0	0	0	495	0	0	495
Deferred tax on items recognised in equity	0	0	519	(94)	0	5	430
Total other comprehensive income	0	0	(2 213)	401	0	(20)	(1 832)
Net result of the current year	0	0	0	0	178 705	1 615	180 320
Total comprehensive income for the current period	0	0	(2 213)	401	178 705	1 595	178 488
Share issue	0	0	0	0	0	0	0
Appropriation from retained profit	0	49 976	0	0	(49 976)	0	0
Dividend payment	0	0	0	0	(29 132)	0	(29 132)
Interim dividends for 2013	0	0	0	0	(75 000)	0	(75 000)
Employee share programme	0	0	0	1 061	0	0	1 061
Acquisition of a banking enterprise	0	28 806	(33 973)	0	0	7 994	2 827
Equity at the end of the period – as at 31.12.2013	573	535 876	(33 210)	705 225	421 565	9 589	1 639 618

	Parent company shareholding					TOTAL EQUITY
	Share capital	Supplementary capital	Revaluation reserve	Reserve capital	Retained profit	
Equity at the beginning of the period – as at 01.01.2012	556	319 844	(853)	701 455	372 524	1 393 526
Valuation of available-for-sale financial assets	0	0	1 091	0	0	1 091
Valuation of cash flow hedging instruments	0	0	3 414	0	0	3 414
Actuarial income	0	0	0	642	0	642
Deferred tax on items recognised in equity	0	0	(676)	(122)	0	(798)
Total other comprehensive income	0	0	3 829	520	0	4 349
Net result of the current year	0	0	0	0	161 711	161 711
Total comprehensive income for the current period	0	0	3 829	520	161 711	166 060
Share issue	17	78 253	0	0	0	78 270
Appropriation from retained profit	0	58 997	0	0	(58 997)	0
Dividend payment	0	0	0	0	(49 270)	(49 270)
Interim dividends for 2012	0	0	0	0	(29 000)	(29 000)
Employee share programme	0	0	0	1 788	0	1 788
Equity at the end of the period – as at 31.12.2012	573	457 094	2 976	703 763	396 968	1 561 374

CONSOLIDATED CASH FLOW STATEMENT

for the year ended on 31 December 2013
(in PLN thousands)

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
I. Profit before tax	231 890	207 395
II. Total adjustments	1 577 430	(602 561)
1. Depreciation and amortisation	65 871	66 643
2. Dividend income	(2 800)	(2 000)
3. Change in provisions	9 588	(1 278)
4. Change in financial assets at fair value through profit or loss	638 390	(662 875)
5. Change in amounts due from banks	(8 454)	(381)
6. Change in amounts due from customers	(2 228 109)	(410 720)
7. Change in other assets	(18 105)	(62 286)
8. Change in amounts due to banks	(124 699)	(28 858)
9. Change in amounts due to customers	3 249 895	481 975
10. Change in other liabilities	(5 718)	(16 375)
11. Paid income tax	(6 606)	(10 114)
12. Other adjustments	8 177	43 708
III. Net cash flows from operating activities	1 809 320	(395 166)
CASH FLOWS FROM INVESTING ACTIVITIES		
I. Inflows	255 992	289 033
1. Disposal of shares or participations, other securities and other financial assets	253 146	284 750
- including debt securities of the State Treasury and the National Bank of Poland	43 300	80 000
2. Disposal of intangible and tangible fixed assets	46	148
3. Interest income	0	2 135
4. Dividend income	2 800	2 000
II. Outflows	(176 878)	(331 657)
1. Acquisition of shares or participations, other securities and other financial assets	(100 121)	(251 284)
- including debt securities of the State Treasury and the National Bank of Poland	(100 121)	(42 094)
2. Acquisition of intangible and tangible fixed assets	(76 757)	(80 373)
III. Net cash flows from investing activities	79 114	(42 624)
NET CASH FLOWS FROM FINANCING ACTIVITIES		
I. Inflows	250 000	78 270
1. Issue of shares	0	78 270
2. Issue of debt securities	250 000	0
II. Outflows	(122 598)	(104 235)
1. Payments of liabilities under financial lease	(9 553)	(11 427)
2. Interest on subordinated debt liabilities	(11 739)	(14 538)
3. Dividend paid	(104 133)	(78 270)
4. Other financial outflows	2 827	0
III. Net cash flows from financing activities	127 402	(25 965)
TOTAL NET CASH FLOWS	2 015 836	(463 755)
BALANCE SHEET CHANGE IN CASH	2 015 836	(463 755)
CASH AT THE BEGINNING OF THE PERIOD	1 107 910	1 571 665
CASH AT THE END OF THE PERIOD	3 123 746	1 107 910

OPINION OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL INFORMATION TO THE SHAREHOLDERS OF CREDIT AGRICOLE BANK POLSKA S.A.

The summary financial information presented on the following pages of the Annual Report of Credit Agricole Bank Polska S.A., which comprise the statement of financial position as at 31 December 2013, the income statement and statements of comprehensive income, changes in equity and cash flows for the year then ended are derived from the audited financial statements of Credit Agricole Bank Polska S.A., pl. Orłąt Lwowskich 1, Wrocław, („the Bank”) for the year ended 31 December 2013 prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

We have audited the financial statements of the Bank, from which the summary financial information was derived, in accordance with the chapter 7 of the Accounting Act of 29 September 1994 (uniform text, Journal of Laws of 2013, item 330) and national standards of auditing issued by the National Chamber of Registered Auditors in Poland. We expressed an unmodified audit opinion on those financial statements in our report dated 18 February 2014. Those financial statements, and the summary financial information, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The summary financial information do not contain all the disclosures required by International Financial Reporting Standards as adopted by European Union. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Credit Agricole Bank Polska S.A.

Management's responsibility for the summary financial information

Management is responsible for the preparation of a summary financial information in the extent described above for the purpose of their presentation in the Annual Report.

Auditor's responsibility

Our responsibility is to express an opinion on the summary financial information based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, „Engagements to Report on Summary Financial Statements”.

Opinion

In our opinion, the summary financial information derived from the audited financial statements of Credit Agricole Bank Polska S.A. for the year ended 31 December 2013 in the extent described above for the purpose of their presentation in the Annual Report are consistent, in all material respects, with those financial statements.

Person signing the report and conducting the audit of the financial statements of the Bank on behalf of PricewaterhouseCoopers Sp. z o.o., Registered Audit Company No. 144:

Adam Celiński
Key Registered Auditor
No. 90033

Warsaw, 18 February 2014

Translation note:

This version of our opinion is a translation from the original, which was prepared in Polish language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our opinion takes precedence over this translation.

INCOME STATEMENTfor the year ended on 31 December 2013
(in PLN thousands)

	2013	2012 adjusted
Interest income	1 348 969	1 382 924
Interest expense	(332 491)	(351 666)
Net interest income	1 016 478	1 031 258
Fee and commission income	333 141	316 617
Fee and commission expense	(113 801)	(103 365)
Net fee and commissions income	219 340	213 252
Dividend income	3 564	2 838
Net result on trading activities	28 293	25 789
Net result on foreign exchange positions	14 640	6 869
Net result on derivatives used as hedging instruments and hedged items	(564)	(251)
Net result on investment activities	489	39
Other operating income	36 161	39 970
Other operating expense	(34 543)	(42 195)
Other net operating income and expense	1 618	(2 225)
Net impairment losses on loan and advances	(150 609)	(176 285)
General administrative expenses	(902 974)	(854 137)
Net operating income	230 275	247 147
Profit before tax	230 275	247 147
Income tax expense	(45 142)	(47 247)
Net profit	185 133	199 900

STATEMENT OF COMPREHENSIVE INCOMEfor the year ended on 31 December 2013
(in PLN thousands)

	2013	2012
Net result for the current period	185 133	199 900
Items that will not be reclassified to profit or loss	341	520
Actuarial income/losses	421	642
Deferred tax on actuarial income/losses	(80)	(122)
Items that may be subsequently reclassified to profit or loss	(2 232)	3 649
Valuation of available-for-sale financial assets	(109)	1 091
Deferred tax on the valuation of available-for-sale financial assets	21	(207)
Valuation of cash flow hedging instruments	(2 647)	3 414
Deferred tax on the valuation of cash flow hedging instruments	503	(649)
Total other comprehensive income	(1 891)	4 169
Total comprehensive income of the current period	183 242	204 069

STATEMENT OF FINANCIAL POSITIONas at 31 December 2013
(in PLN thousands)

	31.12.2013	31.12.2012
ASSETS		
Cash, due from the Central Bank	824 203	432 419
Due from banks	660 227	38 029
Financial assets at fair value through profit or loss	97 718	736 108
Valuation of derivatives	45 077	38 189
- including derivatives used as hedging instruments	21 831	21 583
Loans and advances to customers	11 393 174	8 523 043
Available-for-sale investment securities	1 753 369	868 108
Investments in subsidiaries	50	50
Investments in associates	2 000	2 000
Intangible assets	50 747	42 203
Tangible fixed assets	176 193	196 585
Current tax assets	0	663
Deferred tax asset	289 863	288 735
Other assets	129 532	71 739
TOTAL ASSETS	15 422 153	11 237 871
LIABILITIES		
Due to banks	1 452 897	1 404 037
Valuation of derivatives	25 711	31 658
- including derivatives used as hedging instruments	326	12 132
Due to customers	11 159 155	7 845 747
Debt securities issued	251 359	0
Current tax liabilities	42 525	0
Provisions	22 114	12 503
Other liabilities	249 072	217 511
Subordinated liabilities	481 821	176 234
TOTAL LIABILITIES	13 684 654	9 687 690
EQUITY		
Share capital	649 000	491 000
Supplementary capital	205 624	126 843
Revaluation reserve	(33 067)	3 138
Reserve capital	730 809	729 300
Retained profit	185 133	199 900
TOTAL EQUITY	1 737 499	1 550 181
TOTAL LIABILITIES AND EQUITY	15 422 153	11 237 871

STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY

for the year ended on 31 December 2013
(in PLN thousands)

	Share capital	Supplementary capital	Revaluation reserve	Reserve capital	Retained profit	TOTAL EQUITY
Equity at the beginning of the period - as at 01.01.2013	491 000	126 843	3 138	729 300	199 900	1 550 181
Valuation of available-for-sale financial assets	0	0	(109)	0	0	(109)
Valuation of cash flow hedging instruments	0	0	(2 647)	0	0	(2 647)
Actuarial income	0	0	0	421	0	421
Deferred tax on items recognised in equity	0	0	524	(80)	0	444
Total other comprehensive income	0	0	(2 232)	341	0	(1 891)
Net result of the current year	0	0	0	0	185 133	185 133
Total comprehensive income for the current period	0	0	(2 232)	341	185 133	183 242
Share issue	158 000	0	0	0	0	158 000
Appropriation from retained profit	0	49 975	0	0	(49 975)	0
Dividend payment	0	0	0	0	(149 925)	(149 925)
Employee share programme	0	0	0	1 168	0	1 168
Acquisition of a banking enterprise	0	28 806	(33 973)	0	0	(5 167)
Equity at the end of the period - as at 31.12.2013	649 000	205 624	(33 067)	730 809	185 133	1 737 499

	Share capital	Supplementary capital	Revaluation reserve	Reserve capital	Retained profit	TOTAL EQUITY
Equity at the beginning of the period - as at 01.01.2012	491 000	67 847	(511)	727 086	117 993	1 403 415
Valuation of available-for-sale financial assets	0	0	1 091	0	0	1 091
Valuation of cash flow hedging instruments	0	0	3 414	0	0	3 414
Actuarial income	0	0	0	642	0	642
Deferred tax on items recognised in equity	0	0	(856)	(122)	0	(978)
Total other comprehensive income	0	0	3 649	520	0	4 169
Net result of the current year	0	0	0	0	199 900	199 900
Total comprehensive income for the current period	0	0	3 649	520	199 900	204 069
Share issue	0	0	0	0	0	0
Appropriation from retained profit	0	58 996	0	0	(58 996)	0
Dividend payment	0	0	0	0	(58 997)	(58 997)
Employee share programme	0	0	0	1 694	0	1 694
Equity at the end of the period - as at 31.12.2013	491 000	126 843	3 138	729 300	199 900	1 550 181

CASH FLOW STATEMENTfor the year ended on 31 December 2013
(in PLN thousands)

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
I. Profit before tax	230 275	247 147
II. Total adjustments	1 188 591	(603 273)
1. Depreciation and amortisation	65 882	66 604
2. Dividend income	(3 564)	(2 838)
3. Change in provisions	9 611	(1 307)
4. Change in financial assets at fair value through profit or loss	638 391	(662 875)
5. Change in amounts due from banks	(8 474)	(365)
6. Change in amounts due from customers	(2 870 131)	428 979
7. Change in amounts due to banks	48 860	(825 388)
8. Change in amounts due to customers	3 313 408	457 995
9. Change in other liabilities	41 114	(67 064)
10. Change in other assets	(57 792)	(30 323)
11. Paid income tax	(3 908)	(4 895)
12. Other adjustments	15 193	38 204
III. Net cash flows from operating activities	1 418 866	(356 126)
NET CASH FLOWS FROM INVESTING ACTIVITIES		
I. Inflows	256 744	289 871
1. Disposal of shares or participations, other securities and other financial assets	253 146	284 750
- including debt securities of the State Treasury and the National Bank of Poland	43 300	80 000
2. Disposal of intangible and tangible fixed assets	34	148
3. Interest income	0	2 135
4. Dividend income	3 564	2 838
II. Outflows	(176 864)	(331 408)
1. Acquisition of shares or participations, other securities and other financial assets	(100 121)	(251 284)
- including debt securities of the State Treasury and the National Bank of Poland	(100 121)	(42 094)
2. Acquisition of intangible and tangible fixed assets	(76 743)	(80 124)
III. Net cash flows from investing activities	79 880	(41 537)
NET CASH FLOWS FROM FINANCING ACTIVITIES		
I. Inflows	712 344	0
1. Issue of shares	158 000	0
2. Issue of debt securities	554 344	0
II. Outflows	(176 384)	(84 962)
1. Payments of liabilities under financial lease	(9 553)	(11 427)
2. Interest on subordinated debt liabilities	(11 739)	(14 538)
3. Dividend paid	(149 925)	(58 997)
4. Acquisition of a banking enterprise	(5 167)	0
III. Net cash flows from financing activities	535 960	(84 962)
TOTAL NET CASH FLOWS	2 034 706	(482 625)
BALANCE SHEET CHANGE IN CASH	2 034 706	(482 625)
CASH AT THE BEGINNING OF THE PERIOD	1 089 040	1 571 665
CASH AT THE END OF THE PERIOD	3 123 746	1 089 040



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