



2016

ANNUAL
REPORT



Table of Contents

Letter from the Presidents

Shareholding Structure
and Governing Bodies

Legal Information

Crédit Agricole Group

Market Situation
in Poland in 2016

Strategy and Comments
on Financial Performance

Development of the Bank's
Business in 2016

Financial
Statements

Contact



Letter from the Presidents

Shareholding Structure
and Governing Bodies

Legal Information

Crédit Agricole Group

Market Situation
in Poland in 2016

Strategy and Comments
on Financial Performance

Development of the Bank's
Business in 2016

Financial
Statements

Contact

On behalf of the Management Board of Credit Agricole Bank Polska, and on our own behalf, we are pleased to present the annual report for 2016. It was yet another year spent building a strong universal bank that always focuses on people. We are convinced that the customer-centric philosophy of our Group, *A whole bank just for you*, also meets the aspirations and needs of Polish consumers and businesses.

Crédit Agricole – the leader in universal proximity banking in France, the No. 1 asset manager and the largest bancassurer in Europe, present in 50 countries around the world, with A ratings from most global rating agencies – decided to operate and develop in Poland in a dynamic and structured way. We, for our part, are carrying out this mission by being at the helm of a bank that is one of the leaders in offering financial and insurance products in such a comprehensive manner while at the same time being a leader in the consumer finance market. It is important for us to ensure that our solutions are designed to best meet the needs of our customers at each stage in their lives: from their 1st account, their debit cards, credit cards, foreign currency accounts, and loans, through savings, and on to insurance both for the customers themselves and for their nearest and dearest. We also want our customers to benefit from synergies between all the Crédit Agricole companies in Poland. The collaboration between Credit Agricole Bank Polska, the leasing company Europejski Fundusz Leasingowy with its subsidiaries, Crédit Agricole Ubezpieczenia (formed by the insurers Credit Agricole Life Insurance Europe Branch in Poland and Credit Agricole Towarzystwo Ubezpieczeń), and Amundi Polska Towarzystwo Funduszy Inwestycyjnych, an asset manager, is one of the reasons why Crédit Agricole is seen in the Polish market as a strong, reliable and stable partner, appreciated for its professionalism and the quality of its products.

Customers have, on many occasions, stressed their satisfaction with our services. We are extremely pleased with the fact that for two years we have been the leader in bank account switching via the National Clearing House system. More than 60 per cent of Poles who switched their accounts in 2016 chose Credit Agricole Bank Polska S.A.

Poles not only often choose to switch their accounts to Credit Agricole Bank Polska S.A., but they also recommend the bank to their friends. Based on the 'Zoom Finance Q3, 2016' survey conducted by TNS Polska, we are the bank most often recommended by customers. In addition, the 'Bank Customers in Poland' survey conducted by Millward Brown shows that since the beginning of 2016, we have been the leader in terms of the Customer Recommendation Index among personal account holders. The key to success has surely been our professional and friendly customer service. In two subsequent editions of rankings published by the ARC Rynek i Opinia Research Institute, the bank's call centre was ranked among the top three – it was ranked first in the spring edition and third in the autumn edition. We are proud of the fact that since the autumn of 2013 we have invariably been among the top three bank call centres. In addition to our successes in customer relationships, the bank also gained recognition for its CSR activities. Ten CSR initiatives undertaken by Credit Agricole Bank Polska S.A. won recognition in the *Responsible Business in Poland 2015. Good Practices* report published by the Responsible Business Forum.

At the same time, however, last year was full of macroeconomic and regulatory challenges for Credit Agricole Bank Polska, ones which affected the entire banking sector. We are still feeling the impact of a variety of measures introduced back in 2015: interest rate cuts, the interchange fee cap, additional Bank Guarantee Fund contributions, and the cap on non-interest costs of loans (the so-called Post-Amber-Gold Act), the so-called bank tax, as well as the need to ensure compliance with the new insurance law requirements regarding group insurance sales. Despite these unfavourable circumstances, we managed to maintain a relatively good profitability level. Our result also includes income from the sale of our shares in VISA Europe. The aggregate net profit for Credit Agricole Polska as of the end of 2016 was 202.4 million zloties, the bank's revenues were 1.6 billion zloties.



The year ahead is going to be both interesting and full of challenges. Still, our strategy and mission remain unchanged – we want to continue building our universal bank. We are experts in finance and in insurance. But we offer more than that. We want our customers, staff and partners to feel at home here. Because we care.

In inviting you to read the annual report of Credit Agricole Bank Polska, we would also like to take this opportunity to thank all our customers, business partners, and staff for using our services, working with us, and working for us in 2016.



Piotr Kwiatkowski
President of the Management Board



Olivier Constantin
First Vice-President
Senior Country Officer
Crédit Agricole Poland



Letter from the Presidents

**Shareholding Structure
and Governing Bodies**

Legal Information

Crédit Agricole Group

Market Situation
in Poland in 2016

Strategy and Comments
on Financial Performance

Development of the Bank's
Business in 2016

Financial
Statements

Contact

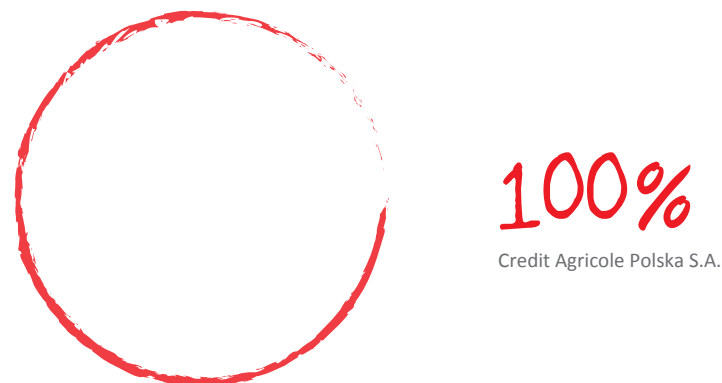
Shareholding Structure and Governing Bodies

At the end of 2016, the Crédit Agricole S.A. Group comprised the following companies: Credit Agricole Polska S.A., Group parent company, Credit Agricole Bank Polska S.A., specializing in the provision of 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 relating to cash and instalment loans granted by the bank, LUKAS Finanse S.A., servicing the loans extended, a subsidiary of Credit Agricole Polska S.A, and ARC Broker S.A., a subsidiary of Credit Agricole Polska S.A, providing insurance brokerage services for the companies of the Crédit Agricole Group. Since 2001, the French Crédit Agricole S.A. Group has been the strategic shareholder in Credit Agricole Polska S.A. and, indirectly, also in Credit Agricole Bank Polska S.A. Thus the Group forms part of one of the world's biggest financial institutions. Companies from the Crédit Agricole S.A. Group active in Poland also include: Europejski Fundusz Leasingowy S.A. and its subsidiaries, Crédit Agricole Life Insurance Europe S.A. Oddział Polska, Amundi Polska Towarzystwo Funduszy Inwestycyjnych S.A. and Credit Agricole Towarzystwo Ubezpieczeń S.A. The objective of the Crédit Agricole Group in Poland is to become one of the leaders of the universal proximity banking market and provide full support for the Group's other activities in the region.

Shareholding structure of Credit Agricole Polska S.A.
(as at 31 December 2016)



Shareholding structure of Credit Agricole Bank Polska S.A.
(as at 31 December 2016)



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

(as at 17 November 2017)

Credit Agricole Polska S.A.

Supervisory Board:

Stanislas Ribes	Chairman of the Supervisory Board
Benoit Sarraute	Member of the Supervisory Board
Jean-Yves Rossignol	Member of the Supervisory Board

Management Board:

Olivier Constantin	President of the Management Board
--------------------	-----------------------------------

Credit Agricole Bank Polska S.A.

Supervisory Board:

Francois Edouard Drion	Chairman of the Supervisory Board
Guilhem Nouvel-Alaux	Vice-Chairman of the Supervisory Board
Liliana Anam	Member of the Supervisory Board
Alfred Janc	Member of the Supervisory Board
Elżbieta Jarzeńska-Martin	Member of the Supervisory Board
Bernard Pacory	Member of the Supervisory Board
Romuald Szeliga	Member of the Supervisory Board
Mariusz Wyżycki	Member of the Supervisory Board
Jean-Christophe Kiren	Member of the Supervisory Board

Management Board:

Piotr Kwiatkowski	President of the Management Board
Olivier Constantin	First Vice-President of the Management Board
Beata Janczur	Vice-President of the Management Board
Jędrzej Marciniak	Vice-President of the Management Board
Jean-Bernard Mas	Vice-President of the Management Board
Richard Paret	Vice-President of the Management Board
Bartłomiej Posnow	Member of the Management Board

In 2016, there were no changes in the composition of the Supervisory Board of Credit Agricole Polska S.A.

In 2016, there were no changes in the composition of the Management Board of Credit Agricole Polska S.A.

In 2017, there were the following changes in the composition of the Supervisory Board of Credit Agricole Polska S.A.:

- On 3 January, the resignation of Francois Pinchon from the function of the Chairman of the Supervisory Board (submitted on 21 December 2016) became effective;
- On 3 January, the Extraordinary General Meeting of Shareholders of Credit Agricole Polska S.A, by virtue of Resolution No. 3, appointed Stanislas Ribes as Chairman of the Supervisory Board;
- On 3 January, the Extraordinary General Meeting of Shareholders of Credit Agricole Polska S.A, by virtue of Resolution No. 4, appointed Benoit Sarraute as a Member of the Supervisory Board;
- On 4 January, Gerard Marchand submitted his resignation from the function of a Member of the Supervisory Board;
- On 29 August, the Extraordinary General Meeting of Shareholders of Credit Agricole Polska S.A, by virtue of Resolution No. 3, appointed Yves Rossignol as a Member of the Supervisory Board;
- On 31 August, the resignation of Agata Figuet as a Member of the Supervisory Board (submitted on 29 June 2017) became effective.

In 2017, there were no changes in the composition of the Management Board of Credit Agricole Polska S.A.

In 2016, there were the following changes in the composition of the Supervisory Board of Credit Agricole Bank Polska S.A.:

- On 29 April, the Annual General Meeting of Shareholders of Credit Agricole Bank Polska S.A., by virtue of Resolution No. 24, appointed Marc Oppenheim for another term of office as Chairman of the Supervisory Board;



- On 29 April, the Annual General Meeting of Shareholders of Credit Agricole Bank Polska S.A., by virtue of Resolution No. 26, appointed Alfred Janc for another term of office as a Member of the Supervisory Board;

In 2016, there were the following changes in the composition of the Management Board of Credit Agricole Bank Polska S.A.:

- On 8 April, the Supervisory Board of Credit Agricole Bank Polska S.A., by virtue of Resolution No. 16/2016, appointed Jędrzej Marciniak for another term of office as a Vice-President of the Management Board (resolution effective as of 1 May 2016);
- On 8 April, the Supervisory Board of Credit Agricole Bank Polska S.A., by virtue of Resolution No. 17/2016, appointed Richard Paret as a Vice President of the Management Board.

In 2017, there were the following changes in the composition of the Supervisory Board of Credit Agricole Bank Polska S.A.:

- On 3 March, the Extraordinary General Meeting of Shareholders of Credit Agricole Bank Polska S.A., by virtue of Resolution No. 5, appointed Liliana Anam as a Member of the Supervisory Board;
- On 3 March, the Extraordinary General Meeting of Shareholders of Credit Agricole Bank Polska S.A., by virtue of Resolution No. 6, appointed Bernard Pacory as a Member of the Supervisory Board;
- On 3 March, the Extraordinary General Meeting of Shareholders of Credit Agricole Bank Polska S.A., by virtue of Resolution No. 4, appointed Guilhem Nouvel-Alaux as a Member of the Supervisory Board;
- On 13 March, Francois Thibault submitted his resignation as a Member of the Supervisory Board of Credit Agricole Bank Polska S.A.;
- On 23 June, the Supervisory Board of Credit Agricole Bank Polska S.A., by virtue of Resolution No. 21/2017, appointed Guilhem Nouvel-Alaux as Vice Chairman of the Supervisory Board;
- On 24 June, Raphael Appert submitted his resignation as a Member of the Supervisory Board of Credit Agricole Bank Polska S.A.;
- On 22 August, Marc Oppenheim submitted his resignation as

Chairman of the Supervisory Board of Credit Agricole Bank Polska S.A. (effective as of 16 September 2017);

- On 29 August, the Extraordinary General Meeting of Shareholders of Credit Agricole Bank Polska S.A., by virtue of Resolution No. 3/2017, appointed Romuald Szeliga as a Member of the Supervisory Board with effect as of 2 September 2017;
- On 29 August, the Extraordinary General Meeting of Shareholders of Credit Agricole Bank Polska S.A., by virtue of Resolution No. 4/2017, appointed Francois Edouard Drion as Chairman of the Supervisory Board with effect as of 1 September 2017;
- On 25 October, the Extraordinary General Meeting of Shareholders of Credit Agricole Bank Polska S.A., by virtue of Resolution No. 3, appointed Jean-Christophe Kiren as a Member of the Supervisory Board.

In 2017, there were the following changes in the composition of the Management Board of Credit Agricole Bank Polska S.A.:

- On 28 February, the resignation of Jean-Paul Pinchon as a Vice President of the Management Board of Credit Agricole Bank Polska S.A. became effective (submitted on 17 February 2017);
- On 14 April, the resignation of Joanna Tomicka-Zawora as a Vice President of the Management Board of Credit Agricole Bank Polska S.A. became effective (submitted on 16 March 2017);
- On 1 September, Romuald Szeliga's mandate expired as a result of the expiry of his term of office;
- On 17 October, the Supervisory Board of Credit Agricole Bank Polska S.A., by virtue of Resolution No. 33/2017 of 15 September 2017, appointed Piotr Kwiatkowski as President of the Management Board (the Resolution became effective after the Polish Financial Supervision Authority issued a decision in this respect);
- On 17 October, the Supervisory Board of Credit Agricole Bank Polska S.A., by virtue of Resolution No. 34/2017 of 15 September 2017, appointed Bartłomiej Posnow as a Member of the Management Board (the Resolution became effective after the Polish Financial Supervision Authority issued a decision in this respect).





Letter from the Presidents

Shareholding Structure
and Governing Bodies

Legal Information

Crédit Agricole Group

Market Situation
in Poland in 2016

Strategy and Comments
on Financial Performance

Development of the Bank's
Business in 2016

Financial
Statements

Contact

Legal Information

This document contains a summary of Credit Agricole Bank Polska S.A. operations in 2016, and it includes the main financial data presented in the financial statements of Credit Agricole Bank Polska S.A. and consolidated financial statements of the Credit Agricole Polska S.A. Group for 2016.

This document does not constitute financial statements as defined in the applicable regulations, and the data presented therein are intended for information purposes only.



Letter from the Presidents

Shareholding Structure
and Governing Bodies

Legal Information

Crédit Agricole Group

Market Situation
in Poland in 2016

Strategy and Comments
on Financial Performance

Development of the Bank's
Business in 2016

Financial
Statements

Contact

A WHOLE BANK JUST FOR YOU

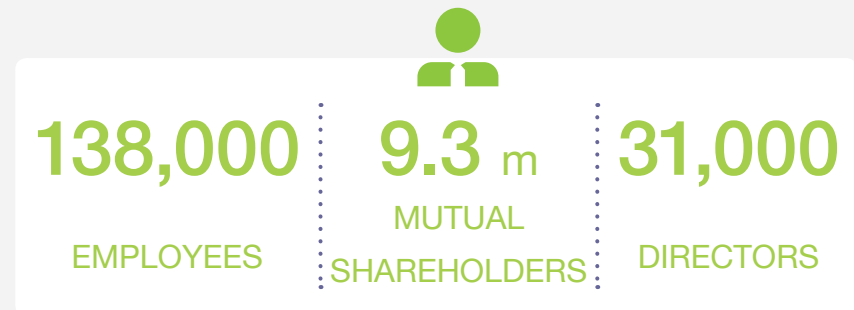
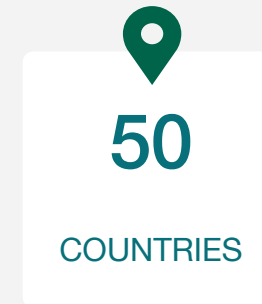
Thanks to its **universal customer-focused banking model** – based on close cooperation between its retail banks and its specialised business lines – reaffirmed by its new 'A whole bank just for you' brand signature, Crédit Agricole helps its customers put to life all their personal and business projects. It does so by offering them an extensive range of services consisting of day-to-day banking, loans, savings products, insurance, asset management, real estate, leasing and factoring, corporate and investment banking, issuer and investor services.

Serving **52 million customers worldwide**, it also stands out on account of its distribution model, multi-channel customer-focused banking, and the efforts of its **138,000 employees**, who make Crédit Agricole the Customer Relationship-based bank.

Built on its strong cooperative and mutual foundations and led by its **9.3 million mutual shareholders** and almost **31,000 directors** of its Local and Regional Banks, Crédit Agricole's organisational model gives it stability and staying power. It also draws its strength from its values of transparency, customer focus, accountability and openness to the world and from local communities, which it has cultivated over 120 years.

Crédit Agricole's corporate social responsibility policy lies at the heart of its identity as a helpful and responsive bank over the long term. It is reflected in its products and services and informs the actions of all its business lines. It is a key factor contributing to overall performance and a powerful innovation driver.

Crédit Agricole Group extends its leadership year after year. It is the number one provider of financing to the French economy and the number one insurer in France. It is also the first bancassureur in Europe, the first European asset manager and the world's second-largest provider of green financing.



GROUP ORGANISATION

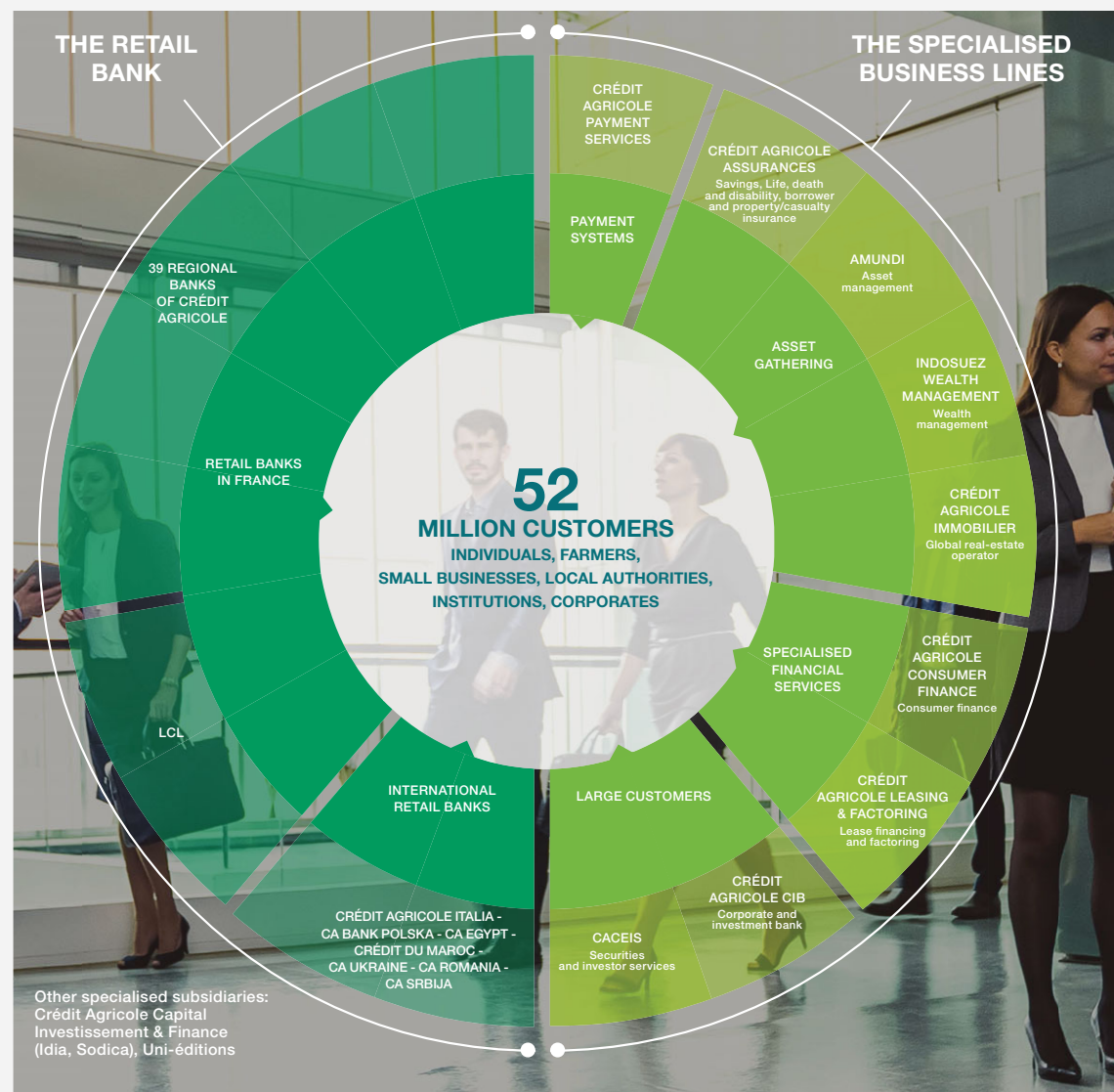
9.3 million mutual shareholders underpin Crédit Agricole's cooperative organisational structure.

They own the capital of the **2,471 Local Banks** in the form of mutual shares and they designate their representatives each year.
Almost **31,000 directors** carry their expectations.

The Local Banks own the majority of the **39 Regional Banks'** share capital.

The 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.** (56.6%). Crédit Agricole S.A. coordinates in relation with its specialist subsidiaries the various business lines' strategies in France and abroad.





Letter from the Presidents

Shareholding Structure
and Governing Bodies

Legal Information

Crédit Agricole Group

**Market Situation
in Poland in 2016**

Strategy and Comments
on Financial Performance

Development of the Bank's
Business in 2016

Financial
Statements

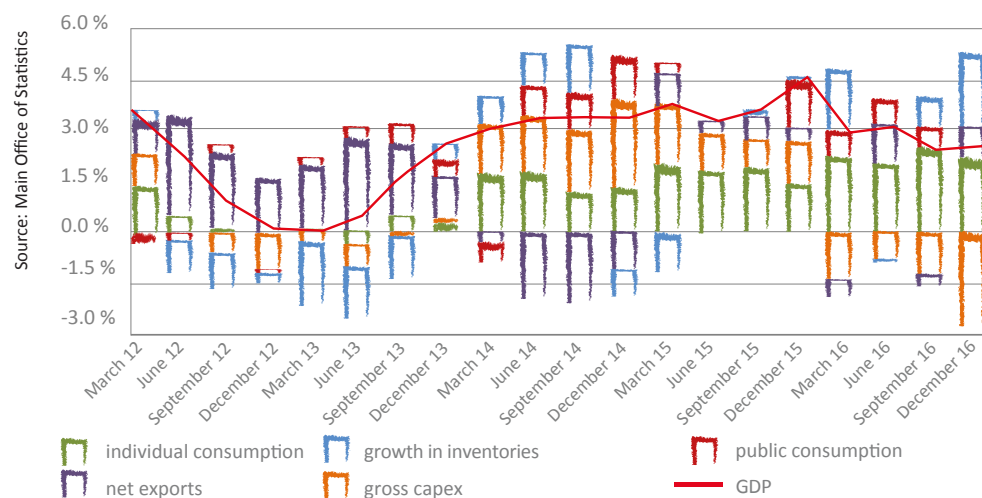
Contact

Economic Situation – Main Trends

In the fourth quarter of 2015, a local maximum of the economic growth rate in Poland was noted. In the ensuing quarters, the Gross Domestic Product (GDP) dynamics gradually decreased. Polish economy entered into a slowdown phase related to the fall in private and public investments. It was mainly caused by the effect of a transitionally low use of the EU funds available within the 2014-2020 financial perspective. At the same time, the GDP growth slowdown in 2016 was counteracted by the relatively high growth in private consumption. The consumption in the sector of households was supported by the maintaining improvement on the labour market and the payments made under the '500+ Family' programme.

In 2016, the Warsaw Stock Exchange noted a rise in the WIG stock index (by 11.4%) and the WIG20 index (by 4.8%).

GDP dynamics (y/y, fixed prices)



Labour Market

In 2016, the registered unemployment rate in Poland maintained at a level considerably lower than in the corresponding months of 2015. The highest level was noted in January and February (10.2%), and the lowest in October and November (8.2%). The number of registered unemployed people ranged from 1.3 million (August-December) to 1.7 million (February). Almost all year, the non-seasonal registered unemployment rate fell more and grew less than it would have resulted from historical seasonal fluctuations. In accordance with the calculations of the National Bank of Poland made on the basis of the study of economic activity of the population, the peak of the good labour market situation measured by the record high probability of finding a job and, at the same time, a very low probability of a job loss, was at the turn of 2015 and 2016. In the second and third quarters of 2016, the situation on the labour market as measured by the transfers of people from jobs to unemployment and from jobs to professional inactivity deteriorated. Ever since the beginning of 2016, the inflow of professionally inactive persons into the labour market also became weaker.

Registered unemployment rate



Source: Main Office of Statistics



Inflation

The annual average consumer price index (CPI) went up to -0.6% y/y in 2016 from -0.9% in 2015. The highest positive impact on CPI was exerted by the rise in food prices (by 0.9% y/y vs. the fall by 1.6% in 2015), which contributed to the rise in CPI by 0.6 p.p. when compared to 2015. Additionally, in accordance with the tendencies on the global petrol market and the observed PLN depreciation, the fall in fuel prices in Poland on an annual basis in 2016 decreased, which resulted in the CPI growth by 0.3 p.p. Decreases in the prices of electricity and gas in January 2016 contributed to the fall in CPI by 0.3 p.p. The fall in base inflation rate, in turn (mainly in the category 'health', 'telecommunications' and 'recreation and culture') resulted in decreasing the CPI index by 0.3 p.p.

The prices of industrial production sold in 2016 were on average lower by 0.1% when compared to the previous year, whereby the highest price growth rate was noted in the item 'water supply; sewage and waste management' (increase by 1.3%) and the highest fall in mining (by 1.2%).

CPI Inflation (y/y)



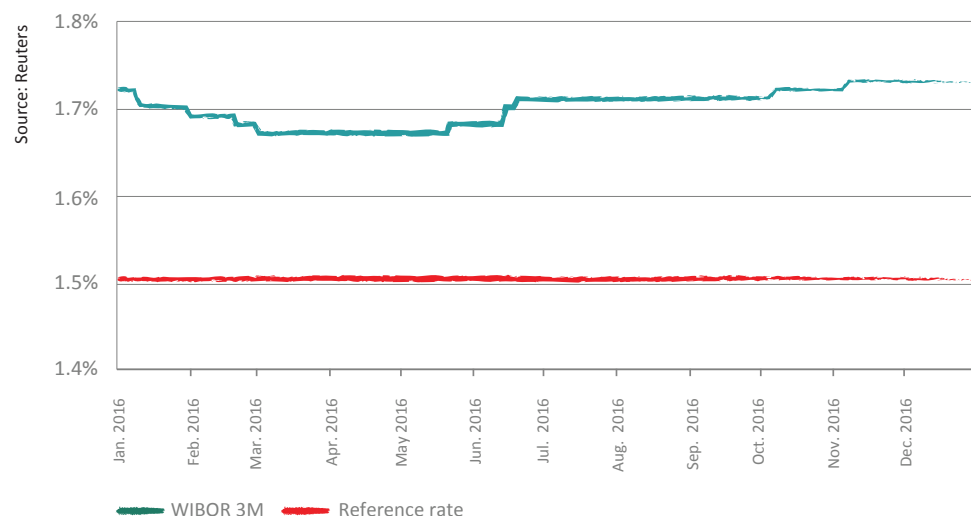
Monetary Policy and the Foreign Exchange Rate

In 2016, the Polish Monetary Policy Council (RPP) consistently upheld the assessment that in the light of available data and forecasts, the current level of interest rates favours the maintenance of the Polish economy on the path of sustainable growth and macroeconomic balance. In effect, the interest rates of the National Bank of Poland remained at an unchanged level throughout 2016 (the reference rate equal to 1.50%). In 2016, the second term of office of the Monetary Policy Council terminated. In June, Adam Glapiński replaced Marek Belka as President of the National Bank of Poland. In the fourth quarter of 2016, Adam Glapiński stressed many times that despite the expected growth in inflation to a positive level in 2017, in his assessment the most probable scenario was the stabilisation of NBP interest rates in 2017 and the commencement of rate growths from 2018 onwards.

In January 2016, the PLN exchange rate depreciated in relation to the main currencies, which was caused by a decrease in Poland's ratings and the rating perspectives by Standard & Poors as well as by the presentation by the Office of the President of Poland of a draft bill on currency loan conversions, which would have a strong negative impact on the stability of Poland's financial system. The incoming information indicating a low probability that the CHF loan conversion bill could be adopted by the Parliament in the form as proposed by the Office of the President of Poland contributed to PLN appreciation in the ensuing months. The supporting factor in favour of the PLN exchange rate appreciation was the fact that investors had support decreasing expectations as regards the fast normalization of the US monetary policy. The hawkish overtone of the Minutes of the April meeting of the Federal Open Market Committee (FOMC), which has led to the shift of the market-expected moment of the first US interest rate rise from December to July, and the deterioration of Poland's rating perspective by Moody's from stable to negative in May both impacted on the depreciation of PLN in the second

quarter. The maintenance of unchanged assessment of Poland's credit worthiness by Fitch in July and the presentation by the Office of the President of Poland of a new draft bill in a 'saving' variant contributed a significant support for the PLN exchange rates in the third quarter. The unexpected victory of Donald Trump in the presidential elections was the major factor influencing the depreciation of Polish zloty in the fourth quarter. The PLN depreciation was related to the market expectations of increased inflation pressure in the US in the mid-term perspective in relation with the announcements made by President Trump indicating the growth in the probability of introduction of a more expansive fiscal policy during his presidency. The December decision of the European Central Bank concerning the extension of the asset purchase programme until the end of 2017 was a factor supporting the PLN rate.

3M WIBOR and the NBP reference rate



PLN exchange rates (31/12/2015 = 100)



The Banking Sector

The situation of the banking sector in Poland was to a large degree positively influenced by the labour market recovery continuation, however the introduction of the banking tax had an adverse effect on it. Nevertheless, the 2016 result was considerably higher than the 2015 result. A significant positive impact on the banks' results was exerted by the sale in the second quarter of 2016 of their shares in Visa Europe to the US-based company Visa Inc. as well as the discontinuation of the negative influence of costs incurred in the fourth quarter of 2015 in relation with the contributions made to guarantee the deposits of the bankrupt SK Bank as well as with the fees to the Borrower Support Fund.

In 2016, a rise in the lending action in the household sector was noted. It was a consequence of the improving labour market situation, which contributed to increasing the repayment capacities of customers. On the other hand, the launch of the 'Family 500+' programme decreased the demand among Poles for consumer finance. The growing willingness to save money among Poles and the payment of benefits made under the 'Family 500+' programme have contributed to a growth in deposits. A low investment activity amongst enterprises as well as availability of high own funds resulted in a fall in the volume of business loans. The rise in deposits from enterprises was curbed, though, by the low level of interest rates.

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

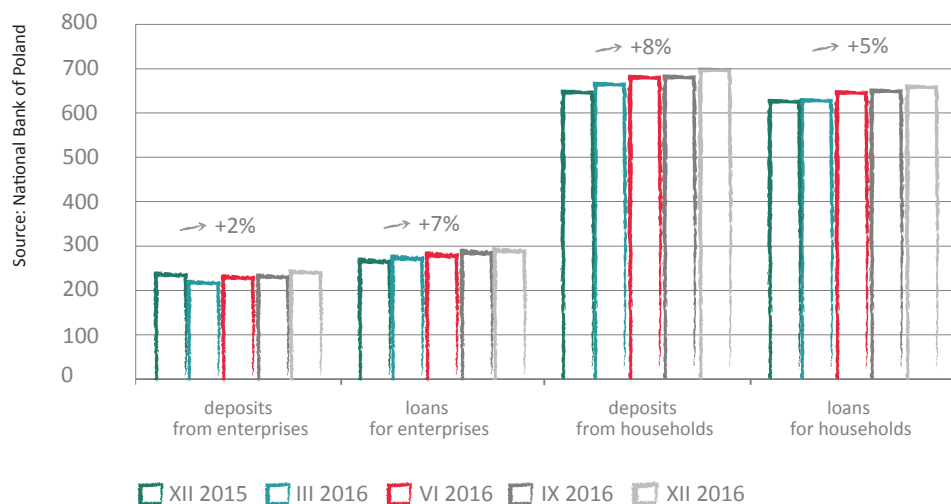
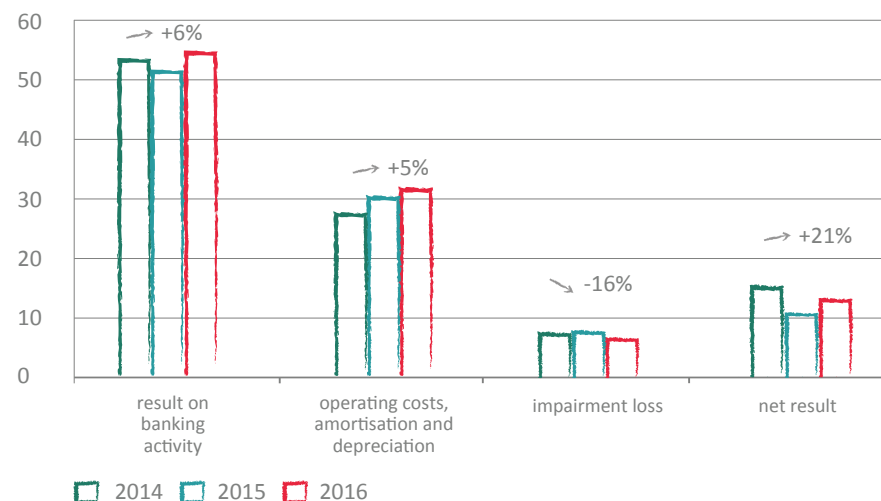


Diagram 7 – Results of the banking sector (in PLN billion)



Source: National Bank of Poland





Letter from the Presidents

Shareholding Structure
and Governing Bodies

Legal Information

Crédit Agricole Group

Market Situation
in Poland in 2016

**Strategy and Comments
on Financial Performance**

Development of the Bank's
Business in 2016

Financial
Statements

Contact

Main Assumptions of the Strategy

2016 was another important year in the pursuit of the strategy of Credit Agricole Bank Polska. It is focused on the creation of a strong universal bank putting the customer and his/her needs in the centre of its interests and on the maintenance of a leading position on the Consumer Finance (CF) market.

Despite considerable changes in the laws concerning the banking and insurance sectors as well as increased burdens imposed on the banking sector (e.g. fees for the Bank Guarantee Fund), the strategic successes may include both financial and operational changes, such as, for example, increase in the base of active customers with an account, development of the activity in the segment of farmers, small and medium-sized enterprises as well as corporations.

Under the influence of changing market circumstances as well as the tax and legal environment, in 2016, the bank made a cyclical review of its strategy. It will be pursued by ensuring an organic growth. The most important tactical objectives include:

- further increase of the base of customers actively using the bank's products
- acquisition of a visible share in the market of banking services for enterprises and the farmer segment,
- maintenance of a high position on the Consumer Finance market,
- development of the insurance offering in order to meet the needs of the universal banking customer,
- further improvement of financial performance,
- increase in the utilisation of synergy of the Crédit Agricole Group companies in Poland.

In its plans, the bank takes into consideration the estimated economic growth as well as other factors, e.g. the interest rate change and regulatory restrictions. The economic slowdown may be reflected in the bank's future performance by lower sales, lower revenue and higher risk costs. Even though Crédit Agricole is prepared to face this scenario, some elements of the strategy would have to be modified to adjust to the changed business and economic environment.

Financial Performance

The bank's performance in 2017 will be influenced to a large extent by the burdens imposed on the sector (in particular the banking tax). Nevertheless, in the years to come, the bank expects a gradual improvement of the net result. The revenue growth will be fostered by the development of all business lines of the universal banking and the maintenance of a strong position on the Consumer Finance market.

Of high importance for the future financial performance is also the clear-cut and restrictive cost policy that assumes a slight increase in current costs with, however, an appropriate simultaneous support for the implementation of strategic projects in the business and IT areas. This will allow us to further reduce the cost/revenue ratio.

Development and Adjustment of the Banking Network and Remote Banking

One of the strategy elements is the consistent expansion of the availability of its services for our customers. In order to ensure the highest service quality to the customers, the bank will continue to optimise the services rendered in the network of bank branches as well as to develop the e-banking and mobile banking.



Growth of the Customer Activeness

The bank focuses on the acquisition of the ever higher number of customers actively using their accounts. The achievement of this goal is fostered by the marketing activities addressed to the existing customers and to potential customers as well as by sales supporting activities.

They are all driven by the intention to provide the best possible customer care, to perceive customers through the prism of their needs as well as to offer both the banking and insurance services.

In 2016, the bank made a number of changes to its approach to the existing and to the new customer in order to boost the acquisition and loyalty by improving the service quality. This is confirmed by high CRI (customer recommendation index) results and the Credit Agricole brand awareness. Additionally, in 2016, the bank implemented a mobile application CA24 (very highly assessed by the customers), which expanded the availability of the banking services for the target customer. In 2017, the bank plans to develop the website platform and additional services in the retail banking area.

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

In 2016, the bank continued the development of its offer for farmers, small and medium sized enterprises and for corporations. In the years to come, the bank expects a stable growth in the revenue from these segments of activity and a rise in their share in total revenues.

Consumer Finance

The bank is one of the Consumer Finance market leaders in Poland and plans to maintain this position. The segment is still one of the most promising markets in Poland. The bank has cooperated with an extensive network of over 10,000 partners in Poland for years. The experience and the recognizable brand will allow us to acquire subsequent groups of customers in this sector. In 2016, the bank actively searched new distribution channels, mainly remote ones.

Comments on the 2016 Financial Performance

Financial Performance

For Credit Agricole Bank Polska, last year was a year of intensive development, especially with regard to the corporate banking, the agricultural segment and the small and middle-sized enterprises. Year 2016 was closed with a net profit at the level of PLN 66.2 million, which was lower by 27.7 per cent when compared to the previous year. The fall was mainly a consequence of the banking tax imposed on financial institutions and effective since 2016. In order to counteract the negative impact on the performance, the bank has implemented a number of initiatives aimed at increasing the revenue, maintaining at the same time a restrictive cost control. The administrative costs of the bank went up only by 1.6 per cent (after the exclusion of the bank tax, there was a fall in costs by 3%), while the risk costs went up by 9.7 per cent, to PLN 251.3 million.



The bank's own funds, taken into account when calculating the solvency ratio, amounted to PLN 2.6 billion and fully covered the capital requirements. The ratio itself was maintained at a level higher than the required one, achieving the value of 15.81 per cent at the end of 2016. The effectiveness, measured by means of the ROE indicator, amounted to 3.2 per cent at the end of 2016, while the ROA indicator amounted to 0.3 per cent (in 2015, respectively: 4.6 per cent and 0.5 per cent).

The carrying value of loans and credits extended to customers by the bank was PLN 14.95 billion, while at the end of 2015 it was PLN 14.01 billion. The considerable growth by over 6.7 per cent was the result of increased balance of debt of the corporate loan customers and, at the same time, the growth in the value of consumer finance and loans extended to farmers and SMEs. The loans and credits sanctioned to the bank's customers as at the end of 2016 amounted to 72.7 of the bank's total assets.

The basic source of financing of the growth in the lending action of Credit Agricole Bank Polska at the end of 2016 were the customers' deposits, constituting 74.8 per cent of the balance sheet total (72.6 per cent 2015). The bank's amounts due to customers were PLN 15.39 billion, while at the end of 2015 they were PLN 14.40 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 publishes also the aggregated results of the Crédit Agricole Group companies in Poland. The purpose of such publication of the results is to enable a comparison with most banking groups operating on the Polish market, which present their results on a consolidated basis. Such groups comprise, for example, lease companies, investment funds, pension scheme companies, brokerage houses or factoring companies.

In 2016, the Crédit Agricole Group in Poland comprised the following: the Europejski Fundusz Leasingowy S.A. Group and the Credit Agricole Polska S.A. Group (subsidiaries: Credit Agricole Bank Polska S.A., Lukas Finanse S.A., Credit Agricole Service sp. z o.o., ARC Broker S.A.; associate: Oney Polska S.A.). In 2016, the above-mentioned companies of the Group generated an aggregate net profit of PLN 202.4 million, and their balance sheet total reached the level of PLN 29.9 billion. The Group's own funds at the end of 2016 amounted to PLN 3.5 billion.

15.81% solvency ratio of the bank





Letter from the Presidents

Shareholding Structure
and Governing Bodies

Legal Information

Crédit Agricole Group

Market Situation
in Poland in 2016

Strategy and Comments
on Financial Performance

**Development of the Bank's
Business in 2016**

Financial
Statements

Contact

Significant Events Impacting the Activities of Credit Agricole Bank Polska S.A.

In 2016, Credit Agricole Bank Polska S.A. consistently pursued its strategy of development of a proximity bank, placing the customer and the customer's needs in the centre of its operations. The bank does not view the customer via the prism of a single sale of a specific financial or insurance product, but focuses on building long-term relations and on accompanying him/her through various life phases. In consequence, it may propose and adjust suitable and flexible solutions at an appropriate time: from the first account (1 Konto), a debit card, credit cards, currency account or loans, through savings to insurance of the customer and his/her nearest and dearest ones. The success is forged also by dedicated and professional advisers.

Since 2015, the bank has been a leader in the number of accounts transferred from other banks via the Ognivo system of the National Clearing House. In 2016, over 60 per cent of Poles who decided to change their bank transferred their accounts to Credit Agricole Bank Polska S.A.

The customers are not only willing to transfer their accounts to Credit Agricole, but also recommend it to their friends and acquaintances. According to a study by TNS Polska entitled 'Zoom Finance Q3, 2016', Credit Agricole Bank Polska S.A. is the bank most willingly recommended by customers. Furthermore, ever since the beginning of 2016, the bank has maintained the leader position, noting the highest recommendation index when it comes to customers with a personal account in the study by Millward Brown entitled 'Customers of Banks in Poland'.

In 2016, the bank launched the New Impulse project, the purpose of which is to forge even more close relations with the customers. The New Impulse is an element of the bank's transformation, which will strengthen

its position on the market and will provide a new service quality as well as new products and services to the customers. As part of facilitating the access to banking services, the CA24 Mobile application was launched. It makes it possible for the customers to have access to their account and banking services from mobile devices. At the end of 2016, it had approximately 58 thousand active users.

In 2016, the bank introduced new insurance products for personal customers to its offer: Home Package, Travel Package, Liability Package and New Variant of School Insurance – Accident Package.

As regards the Consumer Finance area, a new instalment loan signing process was implemented, which entailed a resignation from paper versions of the agreement in favour of electronic ones. The process makes it possible to enter into an agreement remotely, using a code the customer received in a text message to his/her mobile phone.

2016 was another important year in the development of the agribusiness line. Cooperation with partners became one of the main source of acquisition of new customers in the line of banking for farmers. The bank entered into partnership agreements with market leaders, for example with URSUS S.A., and launched an offer of a revolving loan in partnership programmes – a product dedicated to support the production cycle financing. The bank's offer was also expanded to include a whole range of insurance products for agriculture offered by TU Concordia S.A.

The offer for large enterprises and corporations was not significantly different from the products proposed in previous years. For example, the implementation of a programme aimed at keeping the accounts of all corporate customers in a single banking system was maintained. A new proposal was the FX CALL platform, which enabled and electronic foreign exchange.

In 2016, the bank optimised the network of its own bank branches. In 12 branches, a new model was implemented, which changed the work organisation rules and the way the customers were served. The branches within the new model also obtained a more modern internal design. The interior was rearranged, new colours were implemented and new and more comfortable furniture was provided. These changes were to improve the sale quality and the service comfort and, in consequence, increase the customers' satisfaction level.

2016 was also a good year of the reinforcement of synergy between the bank and the remaining Group companies. The cooperation with CALI Europe S.A. Branch in Poland ('CALIE') and Credit Agricole Towarzystwo Ubezpieczeń S.A. ('CATU') in 2016 resulted in 250 thousand active policies. The synergy, in turn, with Europejski Fundusz Leasingowy S.A. (hereinafter referred to as 'EFL') when it came to the intermediation in the sale of banking products by EFL and intermediation in the sale of leases by bank branches. In 2016, the special offer, in which an active customer may receive a bonus – up to PLN 600 per year – was continued throughout the year.

The bank's efforts were appreciated by the customers and banking industry institutions. Besides successes in customer relations, also the CSR activities of the bank were appreciated. The Responsible Business Forum in its report entitled 'Responsible Business in Poland 2015. Good Practices' awarded 10 CSR initiatives pursued by Credit Agricole Bank Polska S.A. Additionally, the bank's Contact Centre was twice on the podium in two consecutive editions of the surveys made by ARC Rynek i Opinia Research Institute – being 1st in spring and 3rd in autumn.

Credit Agricole Brand Awareness

2016 in communication is the promotion of the brand of Credit Agricole as a proximity bank strongly focused on the customers' needs. The bank's communication platform was refreshed and Juliette Binoche was succeeded in advertising creations by a Polish actress Karolina Gruszka.

The advertising messages stressed the image of the bank that knows its customer very well, takes very good care of him/her, offers custom-tailored products and rewards long-term relations.

The bank carried out a few campaigns, e.g. for accounts, cash loans, consolidation loans. It also organised two lotteries: 'Look. You can have the President's salary, too!' and 'Two salaries are better than one'.

In effect of the bank's activeness concerning the promotion of the transfer of personal accounts, in 2016, over 60 per cent of persons transferring their account between banks chose Credit Agricole Bank Polska S.A. (on the basis of data from the National Clearing House).

Offer of Products and Services for Personal Customers

Personal Accounts

The number of personal account amounted to 891 thousand as at the end of 2016, while the number of debit cards issued to the accounts exceeded 697 thousand. The number of accounts held decreased when compared to the previous year. The bank has made its regular reviews, closing down inactive accounts, for a long time now.



The basic factor the bank is focused on right now is further improvement in quality of the portfolio, especially the acquisition and activation of customers. Owing to its actions, the bank noted the history lowest level of customer lapses.

The bank continued the use of the Poland-wide process of personal account transfers and payment transfers between banks and ran a personal account sale campaign entitled 'Let yourself be carried away!', supported by TV ads. Owing to these actions, the bank reinforced its current position as an account transfer process leader (during the campaign, the share of Credit Agricole among banks selected by customers transferring the account exceeded 80 per cent and amounted to over 60 per cent on an annual basis).

In 2016, there were two acquisition promotions concerning the 1 Konto account addressed to young customers: '1 Konto with a bonus' and 'The mobile have 1 Konto'. Additionally, the bank pursued its cycle of events at universities, visiting 26 higher education institutions in 18 cities all over Poland. The development of the 1 Konto account customer base as well as a growth in the Credit Agricole brand awareness is also supported by a dedicated social media programme – 'Fresh Blood for First Job'.

Savings Products

2016 saw a growth in the total balance at the personal accounts (both current accounts and term accounts) by PLN 1,184 million (12% growth in the balance when compared to the end of 2015). Apart from the considerable growth in the balance of savings, the bank also achieved its goal related to the maintenance of deposit base stability – the share of funds located in term products (deposits, regular savings plans, insurance products with a saving element) amounted to 58 per cent.

Despite various trends on the market, for a few years now the bank has been very consistent in its policy of obtaining funds from the customers by pursuing an adequate price policy based on long-term savings. At the same time, it continues its educational policy encouraging customers to make regular deposits of funds as part of the regular savings programmes.

As part of the promotion of the CA24 mobile app, the bank prepared a special deposit offer for customers who open term deposits over the phone. During the European Football Championships, in turn, the bank implemented a price promotion concerning term deposits – 'Footballers' Deposit' – where the interest rate was dependent on the results of matches played by the Polish national team.

In 2016, the customers were more and more interested in the bank's offer concerning foreign currencies. At the end of the year, the balance of all currency accounts for natural persons amounted grew by 52 per cent when compared to the end of 2015.

Cash Loans

In 2016, the bank promoted the offer of cash loans, taking particularly into consideration the channels of direct communication with the known customer. There also was a campaign promoting the consolidation loan. The bank also modified this product by, among other things, extending the maximum lending period to 120 months and increasing the loan amount to PLN 150 thousand. The changes had a positive impact on the growth in the average loan by 18 per cent when compared to 2015.



In relation with the entering into force of the amendment to the Consumer Finance Act, the bank adjusted its remote channel offering as appropriate. Concentrating on the development of alternative sales channels, the bank implemented a process of cash loan agreement express executing process, using a code sent to the customer via a text message. There is no need to sign a paper version.

Mortgage Loans

In 2016, the level of mortgage loan sales was similar to the result of 2015. In order to fully utilise the sale potential, at the end of 2016, the bank revised its mortgage loan sale policy. In consequence, among other things, a new sales model was introduced which consisted in a remote customer service provided by a Mortgage Expert from the Contact Center. In subsequent months, it is planned to develop the said model and animate the product more strongly.

Credit Cards

Year 2016 closed at 844,141 credit cards issued. This means that the bank managed to maintain its position among the leaders in Poland, holding a market share of 12 per cent (as per the ranking of the Prnews.pl platform) and a credit card balance share of 8 percent on the market (according to the data of the National Bank of Poland). The slightly lower position of the bank at the credit card market results, without limitation, from the fact that a permanent process of closing the accounts of inactive credit cards started. Similarly, the servicing of all Private Label-type partner cards was terminated.

The bank consistently continued animation activities aimed at increasing the existing customer activity were consequently continued, including the implementation of a full cycle of animations for the co-branded cards. A number of actions was carried out in order to raise the number and the value of transactions made using the credit cards and to lower the number of customers resigning from this product. In the two editions of the 'Pay by card and Win' contest, there were approximately 70 thousand card users who participated and 1,300 prizes were won. The bank's customers also participated in campaigns prepared jointly with MasterCard or Visa. The CA24 Mobile app implemented in April 2016 expanded the list of channels via which the bank's customers may service their credit cards.

Investment Products

In 2016, the bank continued its work on the pursuit of the strategy of building long-term relations with individual customers interested in investment funds. The measures undertaken translated into a growth of 4.1 per cent in the portfolio of individual customers who take advantage of the regular investment plans: I Invest with a Plan and I Save Regularly. There also was a growth in the number of customers who made a one-off payment to the register.

In cooperation with an insurance undertaking from the Crédit Agricole Group, the bank successfully carried out two subscriptions of life insurance with an investment element under the name of TOP 100 Dividend II and TOP 100 Dividend III. The products give the customers a guarantee of 100 per cent of the invested capital (the amount paid by the customer less the initial fee – 2 per cent) and allow them to earn on the growth in the value of the index of 100 companies from around the world with the highest rates of dividend from profits.



Bancassurance

Continuing the adopted strategy of development of protection insurance in the individual model and answering to the basic needs of customers in 2016 Credit Agricole Bank Polska S.A. launched new insurance products offered in cooperation with the Crédit Agricole Group insurance undertakings in an individual model:

- Home Package – a property insurance allowing one to insure a real property (walls), fixed elements and household movables, civil liability insurance concerning the place of residence and household assistance insurance. The insurance provides coverage in case of such fortuitous events as, for example, fire, flood, hurricane, hail, heavy rainfall and many other.
- Travel Package – a tourist insurance for travels abroad, covering medical expenses, assistance, traveller's luggage, accidents, civil liability in private life as well as insurance against the theft of documents as well as additional risks.
- Liability Package – a unique private civil liability insurance on the market providing coverage in case of non-premeditated harm made by the Insured, the Insured's child or house help to any other person for which such other person may claim damages.
- New School Variant of the Accident Package insurance – where the insurance cover concerns consequences of accidents of children of over 3 years of age and below 18 years of age.

Apart from the product offer, the bank is still increasing the level of customer service by providing professional training programmes for the advisers. They play the role of customer assistants, experts in insurance and finance.

Consumer Finance

The loan for the purchase of goods and services is a consumer finance product addressed to individual customers who wish to finance their purchases of goods/services to be used for purposes not related to their business activity.

The credit offer was prepared taking into account the special characteristics of the sale channel and the range credited by the customer. The credit parameters differ with regard to the minimum and maximum loan amount, downpayment, lending period and depend on the range of goods/services distributed by the partner.

In 2016, the product offer range was standardised and the credit parameters (maximum loan amount and lending period) were expanded.

Offer of Products and Services for the Small and Medium-Sized Enterprises

In 2016, the activity of the bank in the area of Small and Medium Enterprises (SMEs) was focused on increasing the base of active customers by implementing new products and offers that would support it. The portfolio of customers went up to the level of 63,000.

The most significant product implementation concerning the SME sector, additionally supporting higher customer activeness, was the launch of a new offer of the VISA Business debit cards open to Internet payments.



During the year, the bank continued the improvement of the process of the SME customer onboarding, which supports the building and the reinforcement of customer relationships as early as from the moment of the account opening.

In 2016, the customers were also able to take advantage of a special offer of an overdraft facility in which they could transfer their overdraft facilities from another bank at more favourable terms and conditions, obtaining a guaranteed margin in the first year of financing at the level of 3.99 per cent.

Year 2016 witnessed a growing synergy between Credit Agricole Bank Polska SA. and Europejski Fundusz Leasingowy S.A., (hereinafter referred to as EFL) when it came to the intermediation in the sale of banking products by EFL and intermediation in the sale of leases by bank branches. There was a continuation of the special offer prepared for EFL customers, in which each month an active customer might receive an 'account bonus' in the amount of PLN 50, i.e. up to the total of PLN 600 during the year.

Offer of Corporate Banking Products

The strategy of the Corporate Banking Area is focused on providing services in all sectors facilitating the cooperation between all segments of the bank (retail customer, SME, medium and large corporations). The key element of the strategy pursuit is the cooperation, without limitation, with the agribusiness market, giving access to the agricultural sector (e.g. the breeders, producers, processors and suppliers of solutions for the sector) as well as with enterprises actively participating in the international trade exchange (e.g. exporters and importers).

Transactional Banking

The offer of transactional banking encompasses bank accounts together with electronic banking services, domestic and foreign bank transfers, direct debit, cash payments and withdrawals, term deposits, MasterCard debit cards and the float of cheques in collection.

The bank provides for corporate customers the maintenance of trust accounts and escrow accounts, mass payment support by means of virtual accounts as well as cash pooling services - both actual and virtual.

The bank supports the corporate customers by providing the electronic communications channel services. It makes it possible to centralise the management of funds in accounts in various countries owing to the SWIFTNet FileAct service. Furthermore, the Bank offers access to the transactional banking product via the electronic banking systems.

In order to standardise the transactional banking product offer solutions, in 2016 the bank continued the pursuit of a programme aimed at the maintenance of accounts of all corporate customers in a single bank system. The programme comprises projects the purpose of which is to implement a single electronic banking system that would be common for all corporate customers as well as project supporting the scope of functionalities of the transactional banking products concerning the area of payments, payment card and cash services.



Trade Financing

The bank supports and offers structured solutions based on trade financing instruments, encompassing guarantees, re-guarantees, securities, import and export guarantees as well as documentary collection. The bank's offer also comprises a range of products used for debt discounting, acquisition, disposal and financing. The instruments are offered both independently by the bank and in cooperation with Eurofactor Polska S.A.

Capital Markets

The bank's offer provides the corporate customers with all basic foreign exchange and interest rate products as regards spot transactions and hedging transactions. The product package offered comprises: FX spot, FX forward, FX swap, FX options, IRS, CIRS and FRA. The bank also remains active on the money market, allowing the customers the investment of their liquidity surpluses in deposits but also on the debt instrument market, whereby the main emphasises is put on the government bonds.

The bank is still working on the extension of its product offering and its adjustment to the customers' needs. In 2016, the FX CALL platform, which enables electronic foreign exchange, was made available. Work is under way on new types of option transactions and the related investment solutions – in cooperation with specialist units of the Crédit Agricole Group from around the world.

The bank pays special attention to the existing and planned international and national regulations, having consideration for the safety of customers and their transactions.

In 2016, the bank continued activities in the area of financial markets in order to fulfil the requirements of the EMIR Regulation (European Market Infrastructure Regulation). In particular, it carried out preparations concerning the implementation of requirements concerning the exchange of collateral. 2016 was also a year of preparations to the implementation of the MIFID 2/MIFIR regulation (market transparency and investor protection) as regards the treasury products.

Structured Finance

The bank takes part in the following structural financing transactions: 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 office, commercial and housing properties. The bank continues cooperation with Crédit Agricole Corporate and Investment Bank as regards the M&A transactions.

Offer of Products and Services for Farmers

2016 was another important year in the development of the agribusiness line. Main emphasis was put on the expansion of the partner programmes by a diversification of the sectors serviced, since the dairy industry prevailed so far. The bank made new partner agreements with market leaders who are manufacturers of fertilisers and plant protection chemicals, poultry and swine producers, potato processing plants. In 2016, the bank launched a revolving loan – a product dedicated to finance the production cycle in partnership programmes. Additionally, the bank started a programme of factory financing with URSUS S.A.



The sales results of 2016 were among the highest results in the history. The balance of loans extended to farmers grew by 126 per cent when compared to 2013, similarly as the number of accounts – by 164 per cent.

In 2016, the product offer was expanded to include a whole range of insurance products for the agricultural sector offered by TU Concordia S.A.

The bank took part in numerous events – fairs and exhibitions, presenting its full product offer for farmers. In 2016, the bank started cooperation as the main financial sector partner with PTWP – ONLINE, the publisher of Poland's largest agricultural portal www.farmer.pl. It supported the 'Fatstock Producer of 2016', the purpose of which was to integrate the environment of cattle producers with the industry and to promote knowledge and expertise.

Development of Distribution Channels

Credit Agricole Bank Polska offers its products and services via all available distribution channels – a network of bank branches (own branches and partner outlets) and CA Express credit bureaus, as well as remote channels, using land-line and mobile phones, and the Internet. The bank also cooperated with commercial chains, whose customers may take advantage, for example, of a loan to finance their purchases of goods and services.

In 2016, the bank's own network comprised 413 own branches, 51 partner outlets (franchise outlets) and 297 CA Express credit bureaus.

At the end of 2016, the bank opened its first branches operating in accordance with a new model. It was created on the basis of opinions collected among customers and the sale network employees. The new branch concept allows for a comfortable and convenient waiting room for customers with toys for children, optimisation of acoustics which, consequently, increases the comfort and privacy during the service for both the customers and advisers as well as provides pleasant colours to look at. Only environmentally friendly materials were used in the interior design (floor lining, chairs, sound absorbing ceilings, lamps).

The distribution of the bank's products in the Consumer Finance area is made via business partners using stationary shops as well as the Internet.

In 2016, the bank focused its activities in this area on the following:

- implementation of the 'Quick Signature' process – an electronic form of executing a loan agreement in the shop;
- implementation of the Credit Agricole Instalments (CA Instalments) brand in the entire scope of business activity, in traditional stores; there was a standardisation of communication concerning the instalment loan in both sale channels;
- implementation of the 'Partner Zone' – a system made available to the bank's business partners allowing them to view and service cooperation processes concerning, without limitation, the loans sanctioned and the settlements with the bank;
- improvement in the effectiveness and quality of cooperation with the business partners;
- income-cost effectiveness improvement;
- further improvement of processes related to customer support and business partner support, including internal regulations describing the work of particular organisational units in order to ensure the optimal effectiveness and level of operational safety.



Electronic Distribution Channels

CA24

CA24 is an electronic access channels for the bank's customers, which allows direct access to reliable information and professional banking service. CA24 includes:

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

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

Internet Service

Year 2016 brought about increased interest of customers in the Internet banking services. At the end of the year, the number of accounts with access to the transaction system over the Internet amounted to 761 thousand. The number of active electronic banking users went up by 30 thousand when compared to 2015 and amounts to 382 thousand.

The bank's customers also actively used the service of online payments. The number of such transactions rose by almost 34 per cent when compared to the previous year, while the value of such transactions went up by 28 per cent.

The number of text messages (SMS) sent to the customers by the bank as part of the account service increased considerably. As many as 67 million text messages were sent, which is an increase by 45 per cent when compared to the last year's result.

The number of text codes sent in 2016 reached 24 million, which means a growth by 39 per cent when compared to 2015. At the same time, the dynamics of this growth decreased. In 2015, the dynamics was almost 70 per cent.

In 2016, the bank introduced the 'Electronic Banking Agreement' (CA24 Agreement) – a new type of agreement governing the electronic banking use principles (including the access to the CA24 mobile service). Owing to the creation of the first fully remote process of agreement execution, the existing users were offered a possibility to sign the CA24 agreements in the Internet service. Additionally, in 2016 the Internet service was expanded to include the possibility to submit applications made under the Family 500+ programme (over 10 thousand applications were made) and to service loans.

Mobile Service

In April 2016, the bank launched a new customer support service – a mobile service. The use of this support channel is possible via a native mobile app – CA24 Mobile, which can be installed on devices with the Android, iOS and Windows Phone operating systems.

At the end of the year, approximately 58 thousand customers used the app and 570 thousand transfers, 65 thousand pre-paid phone top-up transactions as well as 17 thousand term deposits were made using it.

The mobile service is available to individual customers and allows the service of the following products:

- personal accounts (including savings accounts),
- deposits,
- credit cards,
- loans.



Contact Center

The Contact Centre Department provides individual and business customers with information about the bank's products and services, sells the banking products and ensures the after-sale support. In this way, the customers have a convenient and safe dial-up access to the bank's services 24/7.

In 2016, the Contact Center served 8.2 million calls, including 5.5 outbound calls (mainly phone marketing sales campaigns) and 2.7 million incoming calls related to transactions, as well as product and service support via phone. Over 42 thousand answers to e-mail enquiries were made.

The key achievements of the Remote Banking Division in 2016 included:

- 21% share in the total sales of cash loans,
- first place in the market survey concerning the customer support quality in phone contact and mail contact (according to 'ARC Rynek i Opinia'),
- a rise by 130% in the sale of personal accounts when compared to the previous year,
- implementation of the mortgage loan sale process with the participation of an Expert from the Contact Center,
- implementation of a new cash loan finalisation process – Express cash loan,
- implementation of a new process of preventing unauthorized transactions at the customers' accounts,
- provision of an automated personal account access activation process to the customers as well as automated loan viewing process via the e-bank and in the mobile app.

Human Resources Management

At the end of 2016, the total employment in Credit Agricole Bank Polska amounted to 4,995 FTEs, which means a drop by 5.01 per cent when compared to 2015. The average age of employees was 35, and over 73 per cent of them had university-level education. Currently, 74 per cent of the employees are women. On average, the share of managerial staff in total employment level is 16 per cent, including 70 percent of women.

Credit Agricole Bank Polska continuously invests in the development of its human resources, both by increasing the competences of the Top Management as well as newly hired sale network employees or participants of the 'Career Ahead' programme, who is open to both university students and graduates. In 2016, the training courses comprised 154,775 hours of instruction and concerned various areas, from the development of soft competences, e.g. efficient communication, through financial education to foreign languages.

The 'Let's Share the Knowledge' programme is particularly worth mentioning. It involves workshops and seminars conducted by the internal experts for the Head Office employees. The programme objectives are to: increase knowledge about banking among employees, reinforce cooperation between departments, exchange knowledge about specific features of particular units, and share best practices. In 2016, in the 6th programme edition, there were 69 training sessions attended by 656 participants. The workshops and seminars were conducted by 31 experts in 24 thematic areas.



For years, the bank has supported the student environment. Since 2005, the First@CA proprietary programmes of work placements and internships have been successfully pursued in cooperation with selected universities. In 2016, over 50 young people had a chance to gain their first work experience in banking under the supervision of Credit Agricole specialists. Throughout 2016, the bank also participated in events organised by universities important from the bank's perspective as well as in other events addressed to selected target groups all over Poland. For the first time, the Open Doors Day was organised for the students of the University of Economics. The employees of Credit Agricole Bank Polska S.A. took part as guest speakers in a number of conferences. In collaboration with the Marketing Division, actions supporting the 'New Blood. First Job.' programme were prepared. The HR Division employees took part in 17 events organised by the largest academic centres in Poland. During those events, they played the role of HR advisers in the professional career development area.

Since 2014, the bank has supported the employee mobility policy, facilitating the development and professional mobility within the Crédit Agricole Group in Poland. In consequence, the employees of the Group companies obtained a wider access to the internal labour market and a possibility to take part in the recruitments on special terms. In result of such recruitment in 2016, as part of the internal mobility, as many as 15% of the bank's head office employees and 17% of the sales network changed their jobs.

The bank also pays special attention to the recruitment process and tools, therefore it prepared dedicated workshops for managers in order to support them in running the recruitment processes. Additionally, as part of the digitalisation, a part of the recruitment meetings takes part via Skype. In case of recruitment for developmental programmes, an innovation in the form of an escape room was introduced as one of the

process stages. For the first time, the candidate experience survey was carried out last year. In its result, the bank got to know the feelings of job applicants seeking employment with the bank.

In 2016, Fair Play workshops were conducted for the managerial staff of the regional sale network. The purpose was to counteract and prevent any harassment and discrimination actions. 12 workshops were attended by a total of over 150 managers. Currently, 95 per cent of regional sale network managers have knowledge related to the prevention of harassment and discrimination activities within the organisation.

Corporate Social Responsibility, including Charity, Sponsoring and Natural Environment

Corporate Social Responsibility (CSR)

In Credit Agricole Bank Polska S.A. the corporate social responsibility (CSR) is understood in accordance with standard ISO26000 as the process of taking transparent and ethical decisions and actions that contribute to the sustainable development, health and prosperity of the society. These actions take into consideration specific expectations of various stakeholders and comply with the law as well as international codes of ethics.

The basis for the CSR activities in the bank is provided by its core values as well as the Code of Ethics of Credit Agricole Bank Polska S.A., the Charter of Ethics of Crédit Agricole, the FIDES programme that is common for all Crédit Agricole Group companies in Poland, the Banking Code of Ethics (Principles of Good Banking Practices) of the Polish Bank Association as well as the Canon of Good Practices of the Financial Market of the Polish Financial Supervision Authority. In 2016, the bank also implemented the Corporate Social Responsibility Strategy and Policy.



The CSR Strategy defines 3 strategic objectives and 10 priority activities. The former include: support local communities in the performance of pursuit of sustainable development challenges; improve relations with employees and customers; manage risk, including non-financial risk. The CSR Strategy implemented also takes into consideration the CSR strategy of the Crédit Agricole Group.

The bank's CSR Strategy is subject to annual reviews in terms of the changing needs of stakeholders, the changing market situation and the challenges ahead of the banking sector.

By pursuing activities responsible towards the society and by observing the ethical standards, the bank wishes to build social confidence and reinforce its reliability. It also wants to encourage the stakeholders to lead an ecologically friendly life style.

Society-Oriented Activities

As part of the French Crédit Agricole Group, the bank actively participates in the promotion of French culture in Poland. It sponsored the **Days of the French Speaking Countries** organised by the Alliance Française centre. In March 2016, it sponsored the concert of the Senegalese duet Arno Santamaria and Nicom. 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.

The bank also supported the activities of the following associations: **'Ma France à Wrocław'** and **'International Friends of Wrocław'**. In 2016, the bank was also involved in the **'Lille meets Wrocław'** project carried out as part of the European Capital of Culture 2016 programme. Similarly as in the previous years, the bank also supported the **House of Brittany**, where an exhibition entitled **'Forgotten Return – Stories of Polish emigrants in France between 1921-1948 – Reemigration to the Wałbrzych Area'**.

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 2016, we continued our own social educational campaign entitled **'Bank with class. Capture knowledge 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. So far, the campaign attracted the interest of almost 100 employees – volunteers, who gave classes to over 4,000 pupils in approx. 90 primary schools all over Poland. In 2016, the classes with over 1,400 primary school pupils were conducted by 39 volunteers.

The bank also continued the partnership cooperation started in the past with the **Wrocław University of Economics** (agreement since 2010) and the **Wrocław University of Environmental and Life Sciences** (agreement since 2013). The main objective of these activities is the reinforcement of cooperation between the business and the university environment as well as the provision of mutual benefits from the joint initiatives. In 2016, the bank, at the request the University of Environmental and Life Studies provided its opinion in the curriculum of the newly opened fields of studies in terms of the business appropriateness and preparation of future graduates to enter the labour market.

Furthermore, the bank's philanthropic activities in 2016 comprised the financial support given to the **Association of Children's Friends**, and the **'Help for the Children with Cancer'** foundation.

The bank was also involved in the life of its community and supported 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. In 2016, the total of 42 volunteers – bank employees carried out 16 projects.

The bank became engaged in numerous pro-social initiatives of its employees. One of them was the 'Positively Twisted Bank' action, in which the bank employees collected plastic caps. The income from the sale was transferred to the account of the Foundation 'Potrafię pomóc' (I can help) working for the benefit of disabled children with developmental defects. The bank employees were again involved in the 'Precious Gift' action organised by the SPRING Association. The purpose of this initiative was to prepare and distribute parcels for the poorest Polish families. Last year, the employees and Management Board members helped 13 families.

One of the activities addressed to the general public was a panel of stakeholders organised by the bank. It was attended by representatives of the local government, social organisations, institutes of culture, business, customers, suppliers, academics, and opinion leaders. The opinions and recommendations concerning the Corporate Social Responsibility practices and the social roles in the region collected during the panel will allow the bank to determine its activities to be conducted in the coming years. The meeting was prepared in accordance with the guidelines of the AA1000SES International Stakeholder Engagement Standard and was conducted by independent moderators from an external company.

In accordance with responsible purchasing policy, the bank wants to maintain positive relations with suppliers. To this end, the bank organised a Suppliers Forum for the first time. The purpose of the meeting was to improve the process of supplier relation management, reinforce the bank's image of a trustworthy and transparent partner in its undertakings as well as eliminate any barriers in mutual communications. The bank

believes that owing to such initiatives it will have an actual impact on the promotion of corporate social responsibility values amongst Polish enterprises, including its suppliers.

One of the bank's values is reliability that should be visible especially in the communication addressed to the customers. The customers, who are one of the key groups of the bank's stakeholders, expect legible communication and transparent information about the banking products. Also the market regulators, such as the Office for Competition and Consumer Protection and the Polish Financial Supervision Authority, expect that clear advertising standards should be introduced. Responding to the needs of stakeholders – customers and regulators, the bank decided to implement the Ethical Advertising Code. This document constitutes a set of obligations and principles governing the marketing communication. The Ethical Advertising Code was read by all the employees of units taking part in the marketing activities of the company. Its principles are taken into consideration when creating each advertising material and message addressed to the customer.

The Responsible Business Forum in its report entitled 'Responsible Business in Poland 2015. Good Practices' distinguished 10 initiatives carried out by the bank. Three of them appeared in the report for the first time: Education of customers in the environmental protection, Education concerning pro-ecological car driving and Tracks for the disabled in bank branches. Additionally, seven multi-year practices were awarded – this is a separate category in which initiatives already published in previous report issues and continued by enterprises are mentioned. They include a description of the educational campaign 'Bank with class. Capture knowledge about banking', 'Let's share the Knowledge', Partnership cooperation with the University of Life and Environmental Sciences in Wrocław, the Grant Programme, Code Ethics, Responsible Purchasing Policy and the Cooperation Code.



The CSR activities of the bank were supplemented by its support given to two external initiatives, i.e. December's 'House without Waste' conference and the Responsible Business Laboratory conference.

In 2016, the bank also participated in a few banking sector-specific events. It was also a partner in, among other things, the 'Banking 3.0.' project (a cycle of debates dedicated to the future of banking), the Dairy Cooperative Forum (one of the largest events of the milk processing industry) and the Special Categories of the X Ranking of Dairy Cooperatives; the Country Risk Conference (a meeting concerning, without limitation, the risks of world trade transactions). The bank also supported the 'Fatstock Producer of 2016' contest.

Natural Environment-Related Activities

In 2016, the bank continued its activities aimed at the protection of natural environment that were started in previous years. Also new initiatives were launched.

In the Corporate Social Responsibility Strategy of Credit Agricole Bank Polska S.A. adopted in early 2016, a significant emphasis was put on the corporate approach to natural environment. The environmental care was also listed in all three strategic goal pursued by the bank. It comprises, without limitation: 'reduction and limitation of the direct impact on the natural environment, especially by decreasing the energy and paper consumption and waste production', and 'taking the environmental and social criteria into consideration as early as at the stage of product and service planning'.

One of the multi-year long projects pursued by the bank in the context of environmental protection is the exchange of traditional light bulbs into energy saving ones. By the end of 2016, one half of the light bulbs had been exchanged, which resulted in the reduction of electricity consumption in the bank branches.

The bank implements the CSR policy in the context of environmental protection also by reducing the consumption of paper in the customer support process. In January 2016, the bank made available to the cooperating shops a fully electronic way of executing loan agreements. In consequence, it was possible to save over 1.7 million sheets of paper.

The bank's environment-friendly activities also comprise employee initiatives. In mid-October, the employees of the General Services Department participated in a forest planting action organised by the Bardo Śląskie State Forest District. Its aim was to reverse the effects of the long lasting hydrological drought. In result of common efforts, 1,000 spruces were planted, contributing to the forest rebirth.

Additionally, the bank promotes pro-ecological attitudes among its employees by encouraging them to select bicycle transport. In 2016, the bank took part, among other things, in the European Bicycle Challenge the objective of which was for cities to compete for the title of the Bicycle Capital of Europe. Wrocław took the 2nd place in the ranking, which was possible also to the involvement of employees of Credit Agricole.





Letter from the Presidents

Shareholding Structure
and Governing Bodies

Legal Information

Crédit Agricole Group

Market Situation
in Poland in 2016

Strategy and Comments
on Financial Performance

Development of the Bank's
Business in 2016

**Financial
Statements**

Contact

CONSOLIDATED INCOME STATEMENT

for the year ended on 31 December 2016

(in PLN thousands)

	2016	2015
Interest income	1,351,600	1,394,581
Interest expense	(277,878)	(302,992)
Net interest income	1,073,722	1,091,589
Fee and commission income	392,174	371,848
Fee and commission expense	(190,695)	(135,194)
Net fee and commissions income	201,479	236,654
Dividend income	62	1,880
Net result on trading activity	6,939	6,672
Net result on foreign exchange positions	23,329	21,262
Net result on derivatives used as hedging instruments and hedged items	564	(347)
Net result on investment activities	84,529	0
Other operating income	29,070	30,934
Other operating expenses	(43,859)	(37,767)
Other net operating income and expense	(14,789)	(6,833)
Net impairment losses on loans and credits and provisions for off-balance sheet liabilities	(228,318)	(226,514)
General administrative expenses	(968,529)	(954,026)
Net operating income	178,988	170,337
Profit before tax	178,988	170,337
Income tax expense	(53,921)	(58,780)
Net profit (including non-controlling interests)	125,067	111,557
Net profit attributable to non-controlling interests	0	0
Net profit attributable to owners of the parent	125,067	111,557
Net profit attributable to owners of the parent from continuing operations	125,067	111,557

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended on 31 December 2016

(in PLN thousands)

	2016	2015
Net profit of the financial year	125,067	111,557
Items that will not be reclassified to the financial result	120	(4)
Revaluation of actuarial gains/losses	120	(5)
Deferred tax on actuarial gains/losses	0	1
Items that may be reclassified to the financial result at a later stage	(52,738)	42,407
Measurement of available-for-sale financial assets	(58,509)	56,542
Deferred tax on the measurement of available-for-sale financial assets	12,276	(10,743)
Measurement of cash flow hedging instruments	(8,031)	(4,187)
Deferred tax on the measurement of cash flow hedging instruments	1,526	795
Total other comprehensive income	(52,618)	42,403
Comprehensive income of the current period	72,449	153,960
Attributable to:		
Owners of the parent	72,449	153,960

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2016

(in PLN thousands)

	31.12.2016	31.12.2015
ASSETS		
Cash, due from the Central Bank	586,939	1,228,263
Due from banks	543,980	250,379
Financial assets at fair value through profit or loss	35,052	0
Valuation of derivatives	221,772	124,057
- including derivatives used as hedging instruments	11,926	20,289
Loans and advances to customers	14,884,641	13,954,307
Available-for-sale investment securities	3,539,664	3,528,343
Investments in associates	2,000	2,000
Intangible assets	97,285	56,538
Tangible fixed assets	128,848	138,355
Assets classified as held for sale	0	612
Current tax assets	0	31,092
Deferred tax asset	314,523	294,546
Other assets	168,377	200,499
TOTAL ASSETS	20,523,081	19,808,991
LIABILITIES		
Due to banks	1,464,586	1,695,412
Valuation of derivatives	200,457	99,703
- including derivatives used as hedging instruments	1,686	1,527
Due to customers	15,136,664	14,343,572
Debt securities issued	585,579	736,071
Current tax liabilities	2,405	1,849
Deferred tax liabilities	252	470
Provisions	43,854	20,193
Other liabilities	442,088	337,488
Subordinated liabilities	568,058	568,107
TOTAL LIABILITIES	18,443,943	17,802,865
SHAREHOLDERS' EQUITY		
Share capital	582	582
Supplementary capital	544,528	543,861
Revaluation reserve	(32,902)	19,836
Reserve capital	705,684	705,300
Retained profit	861,246	736,547
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	2,079,138	2,006,126
TOTAL EQUITY	2,079,138	2,006,126
TOTAL LIABILITIES AND EQUITY	20,523,081	19,808,991

CONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY

for the year ended on 31 December 2016

(in PLN thousands)

	Parent company shareholding					TOTAL EQUITY
	Share capital	Supplementary capital	Revaluation reserve	Reserve capital	Retained profit	
Equity at the beginning of the period – as at 01.01.2016	582	543,861	19,836	705,300	736,547	2,006,126
Valuation of available-for-sale financial assets	0	0	(58,509)	0	0	(58,509)
Valuation of cash flow hedging instruments	0	0	(8,031)	0	0	(8,031)
Actuarial income	0	0	0	120	0	120
Deferred tax on items recognised in equity	0	0	13,802	0	0	13,802
Total other comprehensive income	0	0	(52,738)	120	0	(52,618)
Net result of the current year	0	0	0	0	125,067	125,067
Total comprehensive income for the current period	0	0	(52,738)	120	125,067	72,449
Appropriation from retained profit	0	667	0	0	(667)	0
Employee share programme	0	0	0	264	0	264
Other	0	0	0	0	299	299
Equity at the end of the period – as at 31.12.2016	582	544,528	(32,902)	705,684	861,246	2,079,138

CONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY

for the year ended on 31 December 2015

(in PLN thousands)

	Parent company shareholding					TOTAL EQUITY
	Share capital	Supplementary capital	Revaluation reserve	Reserve capital	Retained profit	
Equity at the beginning of the period – as at 01.01.2015	582	543,861	(22,571)	705,304	625,076	1,852,252
Valuation of available-for-sale financial assets	0	0	56,542	0	0	56,542
Valuation of cash flow hedging instruments	0	0	(4,187)	0	0	(4,187)
Actuarial income	0	0	0	(5)	0	(5)
Deferred tax on items recognised in equity	0	0	(9,948)	1	0	(9,947)
Total other comprehensive income	0	0	42,407	(4)	0	42,403
Net result of the current year	0	0	0	0	111,557	111,557
Total comprehensive income for the current period	0	0	42,407	(4)	111,557	153,960
Other	0	0	0	0	(86)	(86)
Equity at the end of the period – as at 31.12.2015	582	543,861	19,836	705,300	736,547	2,006,126

CONSOLIDATED CASH FLOW STATEMENT

for the year ended on 31 December 2016 (in PLN thousands)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
I. Profit before tax	178,988	170,337
II. Total adjustments	(192,168)	924,078
1. Depreciation and amortisation	58,284	58,413
2. Dividend income	(62)	(1,880)
3. Profit (loss) from investment activities	(4,600)	0
4. Change in provisions	23,661	(2,636)
5. Change in financial assets at fair value through profit or loss	(35,052)	289,210
6. Change in amounts due from banks	28,431	(28,064)
7. Change in amounts due from customers	(930,334)	(625,111)
8. Change in amounts due to banks	(230,826)	(145,930)
9. Change in amounts due to customers	793,092	1,581,392
10. Change in other liabilities	106,872	65,002
11. Change in value of derivative financial instruments	3,039	(114,909)
12. Change in other assets	32,121	(2,263)
13. Paid income tax	(67,660)	(181,450)
14. Other adjustments	30,866	32,304
III. Net cash flows from operating activities	(13,180)	1,094,415
NET CASH FLOWS FROM INVESTING ACTIVITIES		
I. Inflows	189,914	107,411
1. Disposal of shares or participations, other securities and other financial assets	187,000	80,000
- including debt securities of the State Treasury and the National Bank of Poland	187,000	80,000
2. Disposal of intangible and tangible fixed assets	2,852	25,531
3. Dividend income	62	1,880
II. Outflows	(2,309,195)	(328,231)
1. Acquisition of shares or participations, other securities and other financial assets	(2,197,181)	(236,753)
- including debt securities of the State Treasury and the National Bank of Poland	(2,197,181)	(236,753)
2. Acquisition of intangible and tangible fixed assets	(112,014)	(91,478)
III. Net cash flows from investing activities	(2,119,281)	(220,820)
NET CASH FLOWS FROM FINANCING ACTIVITIES		
I. Inflows	100,000	0
1. Issue of debt securities	100,000	0
II. Outflows	(281,736)	(29,504)
1. Financial lease liabilities	(2,272)	(797)
2. Interest on subordinated liabilities	(28,243)	(28,707)
3. Interest paid on own bonds	(1,221)	0
4. Redemption of own bonds	(250,000)	0
III. Net cash flows from financing activities	(181,736)	(29,504)
TOTAL NET CASH FLOWS	(2,314,197)	844,091
BALANCE SHEET CHANGE IN CASH	(2,314,197)	844,091
CASH AT THE BEGINNING OF THE PERIOD	4,648,417	3,804,326
CASH AT THE END OF THE PERIOD	2,334,220	4,648,417

INCOME STATEMENT

for the year ended on 31 December 2016

(in PLN thousands)

	2016	2015
Interest income	1,265,982	1,366,736
Interest expense	(282,511)	(305,470)
Net interest income	983,471	1,061,266
Fee and commission income	336,627	347,959
Fee and commission expense	(145,275)	(125,304)
Net fee and commissions income	191,352	222,655
Dividend income	40,632	14,960
Net result on trading activities	6,939	6,672
Net result on foreign exchange positions	23,335	21,248
Net result on derivatives used as hedging instruments and hedged items	564	(347)
Net result on investment activities	84,529	0
Other operating income	28,177	30,821
Other operating expense	(43,879)	(38,108)
Other net operating income and expense	(15,702)	(7,287)
Net impairment losses on loan and advances and provisions for off-balance sheet liabilities	(251,305)	(229,133)
General administrative expenses	(965,618)	(950,375)
Net operating income	98,197	139,659
Profit before tax	98,197	139,659
Income tax expense	(31,956)	(48,031)
Net profit	66,241	91,628

STATEMENT OF COMPREHENSIVE INCOME

for the year ended on 31 December 2016

(in PLN thousands)

	2016	2015
Net profit of the financial year	66,241	91,628
Items that will not be reclassified to the financial result	119	(4)
Revaluation of actuarial gains/losses	119	(5)
Deferred tax on actuarial gains/losses	0	1
Items that may be reclassified to the financial result at a later stage	(52,738)	42,408
Measurement of available-for-sale financial assets	(58,509)	56,542
Deferred tax on the measurement of available-for-sale financial assets	12,276	(10,743)
Measurement of cash flow hedging instruments	(8,031)	(4,186)
Deferred tax on the measurement of cash flow hedging instruments	1,526	795
Total other comprehensive income	(52,619)	42,404
Comprehensive income of the current period	13,622	134,032

STATEMENT OF FINANCIAL POSITION

as at 31 December 2016

(in PLN thousands)

	31.12.2016	31.12.2015
ASSETS		
Cash, due from the Central Bank	586,939	1,228,263
Due from banks	543,980	250,379
Financial assets at fair value through profit or loss	35,052	0
Valuation of derivatives	221,772	124,057
- including derivatives used as hedging instruments	11,926	20,289
Loans and advances to customers	14,945,016	14,005,530
Available-for-sale investment securities	3,539,664	3,528,343
Investments in subsidiaries	50	50
Investments in associates	2,000	2,000
Intangible assets	103,006	62,259
Tangible fixed assets	134,453	143,956
Assets classified as held for sale	0	612
Current tax assets	0	31,092
Deferred tax asset	304,332	285,380
Other assets	144,861	177,517
TOTAL ASSETS	20,561,125	19,839,438
LIABILITIES		
Due to banks	970,467	1,247,932
Valuation of derivatives	200,457	99,703
- including derivatives used as hedging instruments	1,686	1,527
Due to customers	15,385,758	14,403,742
Debt securities issued	585,579	736,071
Current tax liabilities	654	0
Provisions	38,460	15,194
Other liabilities	440,014	335,317
Subordinated liabilities	939,942	923,942
TOTAL LIABILITIES	18,561,331	17,761,901
SHAREHOLDERS' EQUITY		
Share capital	649,000	649,000
Supplementary capital	220,435	220,435
Revaluation reserve	(32,632)	20,107
Reserve capital	1,096,750	1,096,367
Retained profit	66,241	91,628
TOTAL EQUITY	1,999,794	2,077,537
TOTAL LIABILITIES AND EQUITY	20,561,125	19,839,438

STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY

for the year ended on 31 December 2016

(in PLN thousands)

	Share capital	Supplementary capital	Revaluation reserve	Reserve capital	Retained profit	TOTAL EQUITY
Equity at the beginning of the period - as at 01/01/2016	649,000	220,435	20,107	1,096,367	91,628	2,077,537
Valuation of available-for-sale financial assets	0	0	(58,509)	0	0	(58,509)
Valuation of cash flow hedging instruments	0	0	(8,032)	0	0	(8,032)
Actuarial income	0	0	0	119	0	119
Deferred tax on items recognised in equity	0	0	13,802	0	0	13,802
Total other comprehensive income	0	0	(52,739)	119	0	(52,620)
Net result of the current year	0	0	0	0	66,241	66,241
Total comprehensive income for the current period	0	0	(52,739)	119	66,241	13,621
Dividend paid	0	0	0	0	(91,628)	(91,628)
Employee share programme	0	0	0	264	0	264
Equity at the end of the period - as at 31/12/2016	649,000	220,435	(32,632)	1,096,750	66,241	1,999,794

for the year ended on 31 December 2015

(in PLN thousands)

	Share capital	Supplementary capital	Revaluation reserve	Reserve capital	Retained profit	TOTAL EQUITY
Equity at the beginning of the period - as at 01/01/2015	649,000	220,435	(22,301)	901,204	195,167	1,943,505
Valuation of available-for-sale financial assets	0	0	56,542	0	0	56,542
Valuation of cash flow hedging instruments	0	0	(4,186)	0	0	(4,186)
Actuarial income	0	0	0	(5)	0	(5)
Deferred tax on items recognised in equity	0	0	(9,948)	1	0	(9,947)
Total other comprehensive income	0	0	42,408	(4)	0	42,404
Net result of the current year	0	0	0	0	91,628	91,628
Total comprehensive income for the current period	0	0	42,408	(4)	91,628	134,032
Appropriation from retained profit	0	0	0	195,167	(195,167)	0
Equity at the end of the period - as at 31/12/2015	649,000	220,435	20,107	1,096,367	91,628	2,077,537

CASH FLOW STATEMENT

for the year ended on 31 December 2016 (in PLN thousands)

	2016	2015
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
I. Profit before tax	98,197	139,659
II. Total adjustments by:	(52,658)	967,835
1. Depreciation and amortisation	58,277	58,722
2. Dividend income	(40,632)	(14,960)
3. Profit (loss) from investment activity	(4,600)	4,600
4. Change in provisions	23,266	(7,626)
5. Change in financial assets at fair value through profit or loss	(35,052)	289,210
6. Change in amounts due from banks	28,431	(28,066)
7. Change in amounts due from customers	(939,486)	(752,545)
8. Change in amounts due to banks	(277,465)	(79,231)
9. Change in amounts due to customers	982,016	1,601,814
10. Change in other liabilities	106,969	70,280
11. Change in the valuation of financial derivatives	3,039	(114,909)
12. Change in other assets	32,656	18,519
13. Paid income tax	(44,352)	(165,352)
14. Other adjustments	54,275	87,379
III. Net cash flows from operating activities	45,539	1,107,494
NET CASH FLOWS FROM INVESTING ACTIVITIES		
I. Inflows	230,484	102,064
1. Disposal of shares or participations, other securities and other financial assets	187,000	80,000
- including debt securities of the State Treasury and the National Bank of Poland	187,000	80,000
2. Disposal of intangible and tangible fixed assets	2,852	7,104
3. Dividend income	40,632	14,960
II. Outflows	(2,309,192)	(328,230)
1. Acquisition of shares or participations, other securities and other financial assets	(2,197,181)	(236,754)
- including debt securities of the State Treasury and the National Bank of Poland	(2,197,181)	(236,754)
2. Acquisition of intangible and tangible fixed assets	(112,011)	(91,476)
III. Net cash flows from investing activities	(2,078,708)	(226,166)
NET CASH FLOWS FROM FINANCING ACTIVITIES		
I. Inflows	100,000	0
1. Issue of debt securities	100,000	0
II. Outflows	(381,028)	(37,237)
1. Financial lease liabilities	(2,272)	(797)
2. Interest on subordinated liabilities	(35,907)	(36,440)
3. Dividend paid	(91,628)	0
4. Interest paid on own bonds	(1,221)	0
5. Redemption of own bonds	(250,000)	0
III. Net cash flows from financing activities	(281,028)	(37,237)
TOTAL NET CASH FLOWS	(2,314,197)	844,091
BALANCE SHEET CHANGE IN CASH	(2,314,197)	844,091
CASH AT THE BEGINNING OF THE PERIOD	4,648,417	3,804,326
CASH AT THE END OF THE PERIOD	2,334,220	4,648,417



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

Telephone service CA

801 33 00 00

www.credit-agricole.pl