

Dear Shareholders, Clients and Employees of Bank BGŻ,

I welcome you to Bank BGŻ's annual report, which summarises our business in 2014.

In the first half of 2014, the Polish economy remained on the path to recovery. However, the conflict in Ukraine continued to escalate throughout the year and Russia introduced sanctions on EU food exports, resulting in less favourable domestic conditions in the second half of the year. Strongly decreasing food prices and slower economic growth led the National Bank of Poland to cut interest rates. Furthermore, interchange fees were lowered, while contributions to the Bank Guarantee Fund (BFG) went up. All of this substantially changed how the banking sector functions.

Operating in such a demanding market environment, our Bank continued to develop consistently – we acquired new retail and corporate clients as well as expanded the credit portfolio and deposit volumes. Intense growth was particularly visible in the retail and agribusiness segments, where Bank BGŻ reinforced its leading position.

Last year, our interest income was more than 11% higher, while income on fees and commissions went up by nearly 8%. Net profit came in at PLN 137.7 million, down 15.2% y/y. This is lower than the Management Board's plan for 2014, owing to one-off items. In the fourth quarter, the Bank recognised higher impairment losses on assets, resulting from a credit portfolio review carried out by the BNP Paribas Group and an asset quality review (AQR) performed by the Polish Financial Supervision Authority (KNF). In addition, the Bank incurred costs connected with the merger with BNP Paribas Bank Polska.

Adjusting for the above one-off items and costs connected with the merger, net profit would have been 46% higher than in 2013 amounting to PLN 237.4 million.

The past year was a very intense period for our Bank – not just in terms of operating activities and a consistently implemented strategy but also due to the multitude of corporate events. Business decisions of strategic importance for the Bank were made in the first half-year. In May, Bank BGŻ's General Meeting adopted a resolution on a merger between Bank BGŻ and Rabobank Polska, and on 18 June the merger was registered in the National Court Register.

In September, the BNP Paribas Group acquired a controlling stake in the Bank from our previous owner, the Dutch Rabobank. This was the first step towards a merger of Bank BGŻ and BNP Paribas Bank Polska. We expect the two institutions to start operating under one brand – Bank BGŻ BNP Paribas – from around mid-2015.

I am glad to announce that the Bank's activities were noticed and recognised with an award confirming our strong position in the banking market. In a Newsweek ranking, we won the most important category – *“Friendly Bank – traditional banking,”* commonly referred to as the *“Bank for Kowalski.”* With this, we joined the top banking echelon in Poland. The Bank was also recognised in the prestigious Responsible Company Ranking, placing third in the banking, finance and insurance category.

I would like to thank our clients – for the trust they have shown, our shareholders – for supporting our decisions, and our employees – for their tremendous involvement and results. I wish you all even more success in 2015, a year in which the financial markets will hopefully be conducive to our ambitious plans, which should in turn translate into further growth in satisfaction and – by capitalising on market opportunities – sustainably higher value for our shareholders, clients and employees.

*Józef Wancer*

President of the Management Board, Bank BGŻ