

## **Message from the President of the Board of Executives**

*Ladies and Gentlemen,*

the year 2011 was marked by growing concerns over the euro zone stemming from the increasing debt burden of certain countries and the extremely difficult situation in Greece.

In this period, the Polish economy continued to prove its resilience and relative immunity to external factors. With a GDP growth rate above 4% in 2011, Poland ranked yet again among the European growth leaders.

For our bank, the past year was especially significant, as we changed our name and rebranded our branches. Our new formal and legal name, BNP Paribas Bank Polska SA, was registered on 29 April 2011.

The above change confirms ambitious plans of the BNP Paribas Group to develop its activity in Poland which is perceived as a very promising, though very competitive, market for the group – as confirmed by good results generated by the Polish banking sector last year.

In 2011, BNP Paribas Bank Polska SA continued to implement a business model transformation initiated in the years 2009 - 2010.

The first priority has been to consistently reduce our risk profile to an acceptable level which has been achieved thanks to a clear arbitrage in favour of lower risk clients (in all categories) even at the cost of lower margin. Simultaneously, many initiatives have been taken to strengthen our retail banking activity with the introduction of several products supported by strong communication campaigns.

In the first half of 2011, the bank carried out a broad marketing campaign of three loans: cash and car loans as well as mortgages under the common slogan *Zrealizuj swój plan* (Realize your plan), supplemented by the second round of the campaign in autumn. As a result of sales actions carried out, the balance of loans to individual customers increased by PLN 920 million or 13% as compared to the end of December 2010, and reached PLN 8,266 million.

Aside from credit products, deposit acquisition was encouraged by a further promotion of an attractive savings product introduced already in 2010 ("Konto WIĘCEJ Oszczędnościowe") and the creation of new attractive deposits to increase our deposit base in the environment of aggressive gathering of resources. In addition, during the year the Bank successfully launched three capital guaranteed investment products structured by the Group.

In the SME segment, the Bank initiated intensive promotion actions with the introduction, inter alia, of an attractive overdraft facility, an EBRD sponsored loan to finance energy-saving investments under the Sustainable Energy Financing Facility Programme in Poland (PoSEFF). This latest initiative helped us to become the bank with the broadest offering of loans benefitting from the EU support.

Our strong efforts towards the SME sector were rewarded by the prestigious business magazine "Forbes Polska" which awarded BNP Paribas (with two other banks) the title of "The Best Bank for Enterprises".

2011 was also the year of strong development in our Corporate and Transaction Banking (CTB) business line which focuses on medium and large Polish companies as well as on subsidiaries of multinational groups in Poland.

CTB focused on a systematic client acquisition program, addressed particularly to European groups present in Poland, by hooking to the Group-wide strategy and program of "One bank for corporate in Europe".

Apart from reinforcing several strong competence centres such as cash management (a growing source of income), trade financing (which recorded strong growth in 2011), leasing, foreign exchange and real estate finance, we also introduced two new activities: Structured Finance and Public Sector and Institutions. They are already showing promising results.

The Group of BNP Paribas Bank Polska SA closed last year with a gross profit totalling PLN 73 million, which was by PLN 16 million higher than in 2010. The growth of the Group's consolidated profit resulted mainly from the acquisition of Fortis Lease Polska Sp. z o.o., a leasing company. However, due to above mentioned strategy of lowering our risk profile and focusing on our better clients, we suffered a temporary drop in income despite the credit volume growth of 6% (attributed partially to FX movements). It was compensated to a certain extent by substantially lower risk

costs thanks to the effectiveness of restructuring and debt recovery measures and a consistently pursued prudent policy in granting new loans. Indeed, the Bank improved its portfolio quality and decreased the share of non-performing loans in the total loan portfolio, from 15.5% as at the end of 2010 down to 12.5% as at the end of 2011.

Our capital (solvency ratio at 11.5%) and liquidity position are quite satisfactory and enable us to implement our business plans and further develop our credit activity.

BNP Paribas Bank Polska SA faces another exciting year with the roll-out of Multichannel banking program – including a powerful CRM tool - which will enable us to multiply client contacts and improve cross-selling by offering them the right products at the right time, using the distribution channel they prefer.

We will continue the expansion of our branch network nationwide (approximately 30 in 2012) - initiated in 2011 with 12 new branches - under a New Branch Concept which offers to our clients well located, attractive and functional environments to meet with our advisors and realize transactions.

Our corporate activity should be further boosted by the acquisition of FCF Polska which will complete our product offering with a much needed factoring capability.

All in all, I believe that after three difficult years of consolidation, adaptation, reactivation of sales and conception of a new business model in a very competitive local environment which is to date characterized by fragmentation and acute price competition, we are on the right track to sustainable growth.

I wish to thank all employees of the Group of BNP Paribas Bank Polska SA for this past year. I thank also our customers for confidence they have in us. Finally, let me extend thanks to the bank's Supervisory Board for their support given to the Board of Executives.

*Frederic Amoudru*  
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BNP Paribas Bank Polska SA