

**BANK POCZTOWY S.A. CAPITAL GROUP  
BYDGOSZCZ, UL. JAGIELLOŃSKA 17**

**CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE 2013 FINANCIAL YEAR**

**WITH  
AUDITOR'S OPINION  
AND  
AUDIT REPORT**

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**CONSOLIDATED FINANCIAL STATEMENTS OF THE BANK POCZTOWY S.A. CAPITAL GROUP FOR THE 2013 FINANCIAL YEAR**

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**REPORT ON THE ACTIVITIES OF THE BANK POCZTOWY S.A. CAPITAL GROUP FOR THE 2013 FINANCIAL YEAR**

## AUDITOR'S OPINION

### **To the Shareholders and Supervisory Board of Bank Pocztowy S.A.**

We have audited the attached consolidated financial statements of the Bank Pocztowy S.A. Capital Group with Bank Pocztowy S.A., with its registered office in Bydgoszcz at Jagiellońska 17, as the Parent Company, including consolidated statement of financial position prepared as of 31 December 2013, consolidated profit and loss account, consolidated statement of other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the financial year from 1 January 2013 to 31 December 2013 and notes comprising a summary of significant accounting policies and other explanatory information.

Preparation of consolidated financial statements and a report on the activities of the capital group in line with the law is the responsibility of the Management Board of the Parent Company.

The Management Board of the Parent Company is obliged to ensure that the consolidated financial statements and the report on the activities of the Capital Group meet the requirements of the Accounting Act of 29 September 1994 (Journal of Laws of 2013, item 330, as amended), hereinafter referred to as the "Accounting Act".

Our responsibility was to audit and express an opinion on compliance of the consolidated financial statements with the accounting principles (policy) adopted by the Capital Group and whether the financial statements present fairly and clearly, in all material respects, the financial and economic position as well as the financial result of the Capital Group.

Our audit of the financial statements has been planned and performed in accordance with:

- section 7 of the Accounting Act,
- national auditing standards, issued by the National Council of Statutory Auditors in Poland.

We have planned and performed our audit of the consolidated financial statements in such a way as to obtain reasonable assurance to express an opinion on the financial statements. Our audit included, in particular, verification of the correctness of the accounting principles (policy) applied by the Parent Company and the subsidiaries, verification – largely on a test basis – of the basis for the amounts and disclosures in the consolidated financial statements, as well as overall evaluation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the audited consolidated financial statements in all material respects:

- present fairly and clearly the information material to evaluate the economic and financial position of the Capital Group as of 31 December 2013 as well as its profit or loss in the financial year from 1 January 2013 to 31 December 2013,
- have been prepared in accordance with the International Accounting Standards, International Financial Reporting Standards and related interpretations published as European Commission regulations, and in all matters not regulated in the standards – in accordance with the provisions of the Accounting Act and secondary legislation to the Act,
- comply with the provisions of law applicable to the Capital Group which affect the contents of the consolidated financial statements.

The Report on the activities of the Capital Group for the 2013 financial year is complete within the meaning of Article 49.2 of the Accounting Act and the Ordinance of the Minister of Finance of 19 February 2009 on current and periodic information published by issuers of securities and the rules of equal treatment of the information required by the laws of non-member states and consistent with underlying information disclosed in the audited consolidated financial statements.

.....  
Paweł Nowosadko  
Key certified auditor  
conducting the audit  
No. 90119

On behalf of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. – entity authorized to audit financial statements entered under number 73 on the list kept by the National Council of Statutory Auditors:

.....  
Dorota Snarska-Kuman – Vice-President of the Management Board of Deloitte Polska Sp. z o.o. - which is the General Partner of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k.

Warsaw, 19 March 2014

***The above audit opinion together with audit report is a translation from the original Polish version. In case of any discrepancies between the Polish and English version, the Polish version shall prevail.***

**REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL  
STATEMENTS OF THE BANK POCZTOWY S.A. CAPITAL GROUP FOR THE  
2013 FINANCIAL YEAR**

**I. GENERAL INFORMATION**

**1. Details of the audited Parent Company**

The Parent Company of the Capital Group operates under the business name Bank Pocztowy S.A. The Company's registered office is located in Bydgoszcz at Jagiellońska 19.

The Parent Company operates as a joint stock company established by the decision No.18 of the President of National Polish Bank on 5 April 1990. The Company was recorded in the Commercial Register kept by the District Court in Bydgoszcz, section B, under number 1378, based on the decision of may 16, 1990. Currently, the Company is recorded in the Register of Entrepreneurs kept by the District Court, XIII Business-Registry Division in Bydgoszcz, under KRS number 0000010821.

The Parent Company's tax identification number NIP is: 554-03-14-271.

The REGON number is: 002482470.

The Parent Company operates based on the provisions of the Code of Commercial Companies.

In accordance with its By-laws, the scope of the Parent Company's business activities includes:

- accepting cash deposits payable on demand or at maturity and keeping deposit accounts;
- keeping other bank accounts;
- processing bank cash transactions;
- provision of loans, cash advances as well as consumer credit and loans within the meaning of separate legislation;
- check, bill of exchange and warrant transactions;
- forwards and futures;
- granting and confirming bank guarantees as well as opening and confirming letters of credit;
- purchasing and selling foreign currencies;
- purchasing and selling financial receivables;
- agency services related to the issue of securities;
- safekeeping assets and securities and availing safe-deposit boxes;
- issuing bank securities;
- intermediation in trading in investment fund units;
- issuing payment cards and processing card transactions;
- acquisition activities for an open-end pension fund;
- intermediation in money orders and foreign currency transaction processing;
- issuing electronic money instruments;
- trust services.

In the audited period, the Parent Company carried out such activities as specified above.

In addition, the Bank Pocztowy S.A. Capital Group provides the following activities:

- other supporting activity of financial services, excluding insurance and pension funds,
- other forms of granting credits.

As of 31 December 2013, the Company's share capital amounted to PLN 97,290 thousand and was divided into 9,729,040 shares with a face value of PLN 10 each.

As of 7 January 2014, (the date of the last Shareholders' Meeting) the Parent Company's shareholders included:

- Poczta Polska S.A. – 74.9999% shares minus 10 shares,
- Powszechna Kasa Oszczędności Bank Polski S.A.– 25.0001% shares plus 10 shares.

During the audited period, the shareholding structure of the Parent Company's share capital did not undergo any changes.

During the financial year there were no changes in the Parent Company's share capital.

During the audited period, the shareholding structure of the Parent Company's share capital did not undergo any changes

As of 31 December 2013, the Capital Group's equity amounted to PLN 391,765 thousand.

The Capital Group's financial year is the calendar year.

Composition of the Management Board as of the date of the opinion:

- Tomasz Bogus – President of the Board,
- Szymon Midera – Vice-President of the Board,
- Radosław Sałata – Member of the Board,
- Michał Sobiech – Member of the Board.

There were no changes in the composition of the Management Board during the audited period and till the date of the opinion.

Composition of the Capital Group as of 31 December 2013:

- Parent Company – Bank Pocztowy S.A.
- subsidiaries:
  - Centrum Operacyjne Sp. z o.o. – 100% subsidiary
  - Spółka Dystrybucyjna Banku Poczowego Sp. z o.o. – 100% subsidiary

The consolidated financial statements as of 31 December 2013 included the following entities:

- a) Parent Company – Bank Pocztowy S.A.

We have audited the financial statements of Bank Pocztowy S.A. the Parent Company, for the period from 1 January to 31 December 2013. As a result of our audit, on 19 March 2014 we issued an unqualified opinion.

- b) Companies subject to full consolidation:

<b>Name and address of the Company</b>	<b>Interest in the capital (%)</b>	<b>Name of entity that audited the financial statements and type of opinion issued</b>	<b>Opinion date</b>
Centrum Operacyjne Sp. z o.o.	100%	Performing audit procedures is not required	31 December 2013
Spółka Dystrybucyjna Banku Poczowego Sp. z o.o.	100%	Performing audit procedures is not required	31 December 2013

The Parent Company preparing the consolidated financial statements did not simplify or alter consolidation principles in relation to the consolidated entities.

In the financial year, no changes occurred in the composition of the audited Capital Group and its entities included in consolidation, for which the Parent Company has prepared the audited consolidated financial statements.

### **2. Information about the consolidated financial statements for the prior financial year**

The activities of the Capital Group in 2012 resulted in a net profit of PLN 45,386 thousand. The consolidated financial statements of the Capital Group for 2012 were audited by a certified auditor. The audit was performed by authorized entity Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k.. On 21 February 2013 the certified auditor issued an unqualified opinion on those financial statements.

The General Shareholders' Meeting which approved the consolidated financial statements for the 2012 financial year was held on 15 March 2013.

In accordance with applicable laws, the consolidated financial statements for the 2012 financial year were submitted to the National Court Register (KRS) on 26 March 2013.

### **3. Details of the authorized entity and the key certified auditor acting on its behalf**

The audit of the consolidated financial statements was performed based on the agreement of 28 May 2012 concluded between Bank Poczty S.A. and Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. with its registered office in Warsaw, al. Jana Pawła II 19, recorded under number 73 on the list of entities authorized to provide audit services kept by the National Council of Statutory Auditors.

On behalf of the authorized entity, the audit of the financial statements was conducted under the supervision of Paweł Nowosadko, key certified auditor (No. 90119) in the registered office of the Bank from 12 to 26 November 2013 and from 28 January 2014 as well as outside the Parent Company's premises until the date of this opinion.

The entity authorized to audit the financial statements was appointed by a resolution of the Supervisory Board of 21 May 2012 based on Article 12.2.8 of the By-laws of Bank Poczty S.A. and Article 3.1.25 of the Regulations of the Supervisory Board of Bank Poczty S.A.

Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. and Paweł Nowosadko, key certified auditor, confirm that they are authorized to carry out audits and meet the requirements of Article 56 of the Act on statutory auditors and their self-governing body, auditing firms and on public oversight (Journal of Laws of 2009, No. 77, item 649, as amended) to express an unbiased and independent opinion on the financial statements of Bank Poczty S.A. Capital Group.

### **4. Availability of data and management's representations**

The scope of our audit was not limited.

During the audit, all necessary documents and data as well as detailed information and explanations, were provided to the authorized entity and the key certified auditor, as confirmed e.g. in the written representation of the Management Board of the Parent Company of 19 March 2014.

**II. ECONOMIC AND FINANCIAL POSITION OF THE CAPITAL GROUP**

Presented below are the main items from the consolidated income statement as well as financial ratios describing the financial performance of the Capital Group and its economic and financial position compared to the prior year.

<u>Main items from the financial situation statement</u> <u>(PLN '000)</u>	<u>2013</u>	<u>2012</u>
Total assets	7,382,745	7,120,653
Cash, money in the Central Bank	327,242	934,743
Receivables from other banks	36,329	29,849
Credits and loans granted to customers	5,055,712	4,599,545
Investment financial assets	1,842,036	1,453,987
Payables due to customers	6,230,578	6,317,949
Liabilities arising from issuance of debt securities	431,597	206,282
Subordinate liabilities	142,027	142,891
Equity, including:	391,765	361,470
- share capital	97,290	97,290
<u>Main items from the income statement (PLN '000)</u>	<u>2013</u>	<u>2012</u>
Interest income	423,400	450,790
Interest costs	(179,593)	(223,508)
Fees and commission result	41,628	43,064
Impairment loss result	(42,398)	(25,099)
Net profit	36,027	38,949
Total income	30,295	45,351
<u>Ratio analysis:</u>	<u>2013</u>	<u>2012</u>
Total profitability ratio	7.1%	7.2%
Solvency ratio	12.8%	14.0%*
Lending ratio	68.5%	64.6%
Impaired loan ratio	5.4%	4.7%
Deposit ratio	84.4%	88.7%
Equity ratio	5.3%	5.1%

\* The solvency ratio presented above has been determined on the basis of restated financial data for 2012. The solvency ratio determined on the basis of the data contained in the audited consolidated financial statements for 2012 was 14.3%.

An analysis of the above figures and ratios indicated the following trends in 2013:

- the total profitability ratio, determined as the ratio of the net profit/loss to revenue from interest, commissions and fees, gain/loss on financial instruments measured at fair value through profit or loss and gain/loss on foreign exchange transactions as well as gain/loss realized on transactions in available-for-sale securities, dropped slightly as at the end of 2013 to the level of 7.1% vs. 7.2% as at the end of 2012;
- the lending ratio, determined as the ratio of credit facilities and loans provided to clients to total assets, increased as at the end of 2013 to the level of 68.5% vs. 64.6% as at the end of 2012;



- the impaired loan ratio, determined as the ratio of impaired gross credit facilities and loans to gross credit facilities and loans provided to clients, increased from 4.7% as at the end of 2012 to the level of 5.4% as at the end of 2013;
- the deposit ratio, determined as the ratio of liabilities to clients to total equity and liabilities, dropped from 88.7% as at the end of 2012 to 84.4% as at the end of 2013;
- the equity ratio, determined as the ratio of equity to total equity and liabilities, was 5.3% as at the end of 2013 compared to 5.1% in 2012.

#### **Application of prudence principles**

During the audit, we did not identify any facts indicating the Parent Company's non-compliance, as at 31 December 2013, with the applicable prudence principles laid down in the Banking Act, resolutions of the Management Board of the National Bank of Poland or resolutions of the Polish Financial Supervision Authority.

### **III. DETAILED INFORMATION**

#### **1. Information about the audited consolidated financial statements**

The audited consolidated financial statements were prepared as of 31 December 2013 and include:

- consolidated statement of financial position prepared as of 31 December 2013, with total assets and liabilities plus equity of PLN 7,382,745 thousand,
- consolidated profit and loss account for the period from 1 January 2013 to 31 December 2013, disclosing a net profit of PLN 36,027 thousand,
- consolidated statement of other comprehensive income for the period from 1 January 2013 to 31 December 2013 with a total comprehensive income of PLN 30,295 thousand,
- consolidated statement of changes in equity for the period from 1 January 2013 to 31 December 2013, disclosing an increase in equity of PLN 30,295 thousand,
- consolidated statement of cash flows for the period from 1 January 2013 to 31 December 2013, showing a cash outflow of PLN 609,645 thousand,
- notes, comprising a summary of significant accounting policies and other explanatory information.

The structure of assets and liabilities plus equity as well as items affecting the financial profit or loss has been presented in the consolidated financial statements.

The audit covered the period from 1 January 2013 to 31 December 2013 and focused mainly on:

- verification of the correctness and fairness of the consolidated financial statements prepared by the Management Board of the Parent Company,
- verification of the consolidation documentation,
- evaluation of the correctness of the consolidation methods and procedures applied during consolidation.

### **2. Consolidation documentation**

The Parent Company presented the consolidation documentation including:

- 1) financial statements of entities, included in the consolidated financial statements,
- 2) financial statements of controlled entities, adjusted to the accounting principles (policy) applied during consolidation,
- 3) all consolidation adjustments and eliminations necessary for preparation of the consolidated financial statements.

#### Basis for the preparation of the consolidated financial statements

The consolidated financial statements of the Capital Group for the 2013 financial year have been prepared in accordance with the International Financial Reporting Standards.

#### Entities in the Capital Group

The scope and method of consolidation as well as the relationship between entities in the capital group have been determined based on the criteria specified in the International Financial Reporting Standards.

#### Financial period

The consolidated financial statements have been prepared as of the same end of the reporting period and for the same financial year as the financial statements of the Parent Company – Bank Pocztowy S.A. Subsidiaries and associated companies included in consolidation prepared their financial statements as of the same end of the reporting period as the Parent Company. The financial year of all subsidiaries and associated companies included in consolidation ended on 31 December 2013.

#### Consolidation method

The financial statements of the subsidiaries were consolidated using the full method, i.e. full amounts of all relevant items of the financial statements of the Parent Company and the subsidiaries included in consolidation were summed up.

Once the values had been summed up, consolidation adjustments and eliminations were applied to:

- the cost of shares held by the Parent Company in subsidiaries and the part of net assets of subsidiaries corresponding to the interest of the Parent Company in these companies,
- mutual receivables and liabilities of entities included in consolidation,
- material revenue and expenses related to transactions between entities included in consolidation.

#### Significant changes in the Bank's accounting principles

In 2013, the Parent Company introduced changes to its accounting principles (policy) with respect to recognition of revenue from the sale of insurance products. The approach adopted by the Parent Company retrospectively is based on the assumption that recognition of insurance revenue takes into account the links between the credit and insurance products offered by the Parent Company. Furthermore, in 2013 the Parent Company amended its accounting principles (policy) as regards presentation of actuarial gains and losses on measurement of provisions for retirement and disability benefits. The aforesaid change resulted from the revised IAS 19, whereby actuarial gains and losses on measurement of post-employment defined benefit plans as a result of changes in actuarial assumptions are recognized in other comprehensive income instead of the profit or loss (as was the case before). The change was also applied retrospectively.

A description of the aforementioned changes has been presented by the Parent Company in Note 5 b to the financial statements.

**3. Completeness and correctness of drawing up notes and explanations and the report on the activities of the Capital Group**

The Parent Company confirmed the validity of the going concern basis in preparation of the consolidated financial statements. The notes to the consolidated financial statements give a correct and complete description of measurement principles regarding significant assets and liabilities, profit or loss and principles of preparation of the consolidated financial statements.

The Parent Company prepared notes in the form of tables to individual items of the consolidated statement of financial position and statement of comprehensive income as well as narrative descriptions, in line with the requirement of IFRS. Notes describing property, plant and equipment, intangible assets, investments, liabilities and provisions correctly present increases and decreases as well as their basis during the financial year. Limitations imposed on individual assets disclosed in the consolidated statement of financial position arising from security granted to creditors have been described.

Individual assets and liabilities as well as revenue and expenses have been correctly presented by the Parent Company in the consolidated financial statements.

The consolidated statement of financial position, consolidated profit and loss account, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows as well as notes which constitute an integral part of the financial statements include all items required for disclosure in the consolidated financial statements under IFRS.

The Management Board prepared and supplemented the consolidated financial statements with a report on the activities of the Capital Group in the 2013 financial year. The report contains all information required under Article 49.2 of the Accounting Act and the Ordinance of the Minister of Finance Ordinance of 19 February 2009 on current and periodic information published by issuers of securities and the rules of equal treatment of the information required by the laws of non-member states. We have audited the report with respect to the disclosed information derived directly from the audited consolidated financial statements.

#### **IV. CLOSING COMMENTS**

##### Management Board's Representation

Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. and the key certified auditor received a representation letter from the Parent Company's Management Board, in which the Board stated that the Capital Group complied with the laws in force.

.....  
Paweł Nowosadko  
Key certified auditor  
conducting the audit  
No. 90119

On behalf of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. – entity authorized to audit financial statements entered under number 73 on the list kept by the National Council of Statutory Auditors:

.....  
Dorota Snarska - Kuman – Vice-President of the Management Board of Deloitte Polska Sp. z o.o. - which is the General Partner of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k.

Warsaw, 19 March 2014