

Warsaw, 15 November 2018

BGŻ BNP Paribas Group with PLN 319.5 million in net profit after three quarters of 2018, including PLN 130.9 million in Q3

In the first three quarters of 2018, BGŻ BNP Paribas Group recorded PLN 319.5 million in net profit, up by 38.6% from the same period last year. In this year's third quarter alone, net profit reached PLN 130.9 million, 26.9% more than in the second quarter.

"Third-quarter net profit once again considerably exceeded PLN 100 million, proving that the trend we had mentioned half-way through 2018 continues. We are acquiring new customers in all business segments, and we see positive trends in loan volumes. We are glad that the GOMobile application's user numbers are going up as we continue to add new functionalities. As part of technological transformation, together with Autenti we have introduced an electronic signature, which makes our credit processes more efficient. Moreover, we continue digitalisation of the Bank and its branches, having opened six locations in a new format by the end of September, including a flagship branch at the former Sezam building in Warsaw. We have entered a growth path, and the next significant step to grow the Bank's scale will be integration with the core part of Raiffeisen Bank Polska, which will strengthen our position in the premier league of Polish banks," said **Przemek Gdański, CEO of Bank BGŻ BNP Paribas.**

The acquisition of the core part of Raiffeisen Bank Polska (RBPL) was formally completed on 31 October 2018 with the Bank's share capital increase being recorded in the National Court Register. The merger will strengthen the Bank's market position, particularly in the SME, corporate banking and factoring areas as well as in private banking.

Compared to this year's second quarter, the result on banking activities in the third quarter of 2018 increased by 5.7% to PLN 727.7 million, while in the first three quarters of 2018 it reached PLN 2.07 billion, up by 1.2% from 9M 2017, despite deconsolidation of factoring in 2017. In the third quarter of 2018, comparing to the second quarter, interest income grew by 2.4%, driven by both an increase in credit volumes and improved margins on deposits, while commission income remained stable. Cumulatively, in the first three quarters of 2018, interest income reached PLN 1.45 billion, stable on a year-on-year basis, while fee and commission income increased by 3.5% to PLN 384.7 million.

The Group's operating costs (together with depreciation) modestly increased by 0.7% to PLN 1.26 billion, comparing to the first three quarters of 2017. A 17.4% decline in impairment of financial assets and provisions for conditional liabilities, which amounted to PLN 219.1 million, had a significant contribution to the growth in net profit after the first three quarters of 2018, comparing to the three quarters of 2017.

Annualised cost of credit risk after the first three quarters of 2018 reached 0.55%, compared to 0.63% in the same period last year, which was primarily a result of low level of impairment allowances in H1 2018.

Net credit value as at the end of September 2018 was PLN 54.2 billion, up by 2.4% from the beginning of the year and by 1.82% on a quarter-on-quarter basis. Liabilities to clients at the end of Q3 2018 reached PLN 53.06 billion, down by 1.76% from the end of June 2018 and by 5.8% from the end of December 2017. The decline in deposits resulted from activities intended to optimise financing sources in connection with the acquisition of the core part of RBPL. As a result of these actions, the Group's balance sheet total as of the end of September 2018 was PLN 71.82 billion, denoting a 1.3% decline from the end of 2017.

Total equity as at 30 September 2018 was PLN 7.34 billion, taking into account a PLN 800 million equity issue. Total capital requirement at the end of September 2018 was 15.22%, while Tier I reached 12.32%. The reported capital ratios remained above regulatory requirements.

“The merger with the core part of Raiffeisen Bank Polska opens a new chapter in the Bank’s history. This step would not have been possible without the support and trust of BNP Paribas Group. After the merger, the Bank’s balance sheet total exceeds PLN 100 billion, placing us amongst the leading banks in Poland,” said **Przemek Gdański, CEO of Bank BGŻ BNP Paribas.**

At the end of September 2018, the Bank’s group had 7 523 employees, down by 184 from the end of September 2017. At the end of Q3 2018, Bank BGŻ BNP Paribas had 2.9 million clients. The Bank’s branch network included 471 locations across the country and 103 customer service sites.

Selected consolidated financial data (in PLN 000s)

Statement of profit and loss	Q3 2018	Q3 2017	<i>y/y change</i>	Q1-Q3 2018	Q1-Q3 2017	<i>y/y change</i>
Interest income	507 589	503 783	0.8%	1 453 079	1 452 073	0.1%
Fee and commission income	132 015	119 525	10.4%	384 672	371 564	3.5%
General administrative expenses	-361 404	-346 838	4.2%	-1 134 701	-1 119 990	1.3%
Result on banking activities	222 952	218 367	2.1%	592 493	530 046	11.8%
Net profit	130 898	109 790	19.2%	319 499	230 569	38.6%
<i>per share in PLN</i>	1.35	1.30	3.8%	3.61	2.74	31.8%

Balance sheet	30.09.2018	31.12.2017	<i>change</i>
Total asset	71 823 883	72 749 259	-1.3%
Liabilities to clients	53 063 346	56 328 897	-5.8%
Total liabilities	64 479 930	66 189 796	-2.6%
Total equity	7 343 953	6 559 463	12.0%
Capital adequacy	30.09.2018	31.12.2017	<i>change in basis points</i>
Total capital requirement	15.22%	13.75%	147
Tier1	12.32%	10.81%	151

In December 2017, the Bank sold a 100% stake in BGŻ BNP Paribas Faktoring Sp. z o.o. for a total price of PLN 10.4 million to BNP Paribas S.A. After the transaction closing, the Bank and BGŻ BNP Paribas Faktoring Sp. z o.o. continue to work together as before, supporting the Bank’s clients with a wide array of high-quality factoring services. The sale and the resulting deconsolidation (i.e. not including this company’s data in the consolidated financial statements, in the statement of profit and loss and the balance sheet as at 30 September 2018) has impact on the comparability of results from Q3 2017 and the period January-September 2017.