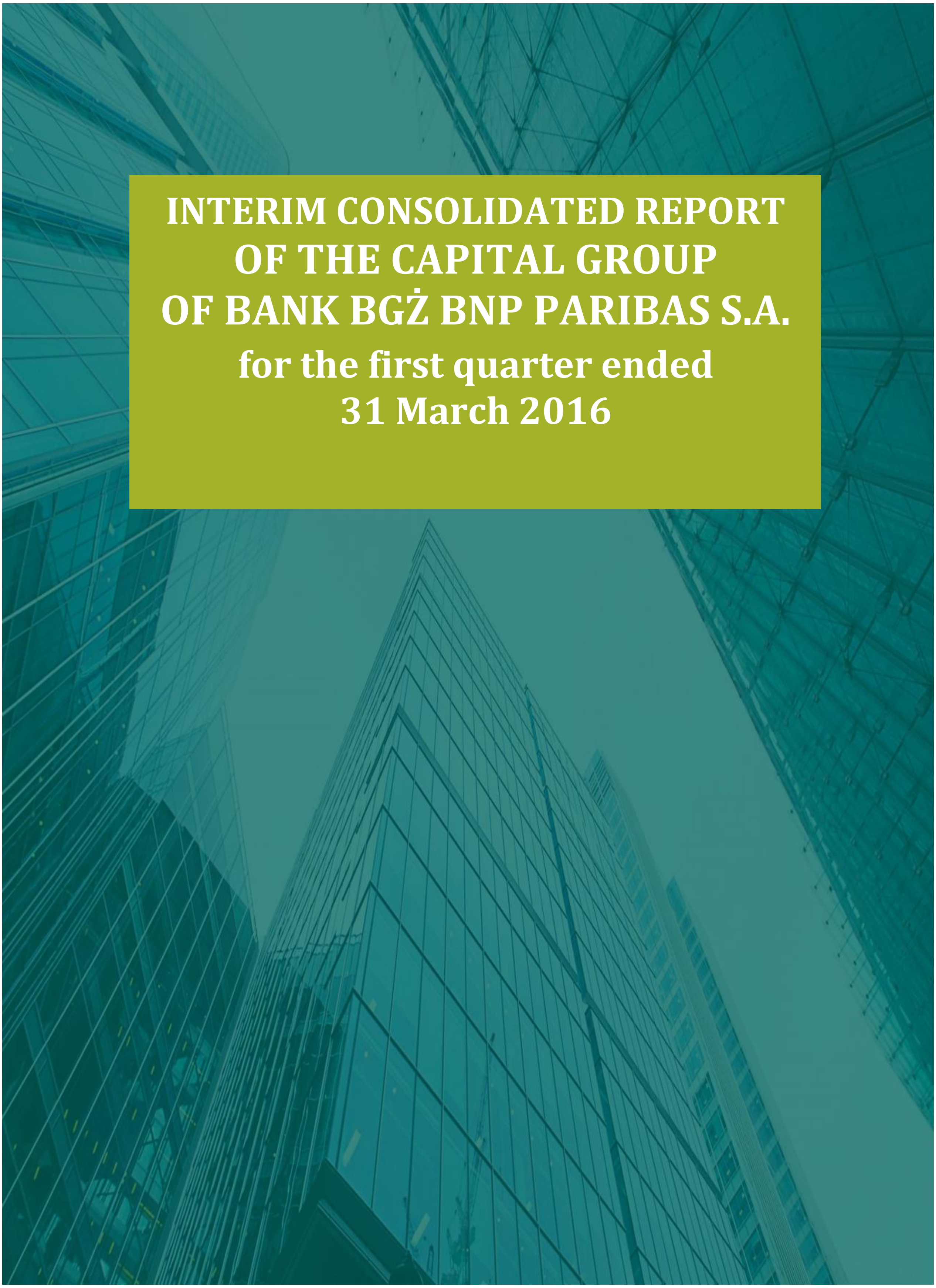
INTERIM CONSOLIDATED REPORT OF THE CAPITAL GROUP OF BANK BGŻ BNP PARIBAS S.A.

for the first quarter ended 31 March 2016



BGŻ BNP PARIBAS

Bank zmieniającego się świata

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SELECTED FINANCIAL DATA AND RATIOS

Selected consolidated financial data	In PLN '000		In EUR '000	
Income statement	**31.03.2016 (YTD)**	**31.03.2015 (YTD)**	**31.03.2016 (YTD)**	**31.03.2015 (YTD)**
Net interest income	**435 421**	**253 686**	99 960	61 146
Net fee and commission income	**123 037**	**71 862**	28 246	17 321
Profit before income tax	**57 317**	**21 589**	13 158	5 204
Profit after income tax	**31 265**	**14 516**	7 178	3 499
Total comprehensive income for the period	**93 289**	**12 308**	21 417	2 967
Total net cash	**(1 159 093)**	**(116 336)**	(266 095)	(28 040)
Number of shares (items)	**84 238 318**	**56 138 764**		
Earnings (loss) per share	**0.37**	**0.26**	0.09	0.06
Balance sheet	**31.03.2016**	**31.12.2015**	**31.03.2016**	**31.12.2015**
Total assets	**66 260 601**	**65 372 338**	15 523 522	15 340 218
Amounts due to customers	**47 857 311**	**46 527 391**	11 212 002	10 918 078
Total liabilities	**59 898 958**	**59 103 984**	14 033 117	13 869 291
Share capital	**84 238**	**84 238**	19 735	19 767
Total equity	**6 361 643**	**6 268 354**	1 490 405	1 470 927
Capital adequacy ratio	**31.03.2016**	**31.12.2015**	**31.03.2016**	**31.12.2015**
Total equity	**7 312 395**	**6 735 562**	1 713 147	1 580 561
Total risk exposure	**50 575 368**	**50 095 750**	11 848 788	11 755 426
Total capital ratio (TCR)	**14.46%**	**13.45%**		
Tier 1 ratio	**11.59%**	**11.76%**		

Selected consolidated financial ratios	31.03.2016 (YTD)	31.03.2015 (YTD)
Cost/Income (1)	**73,2%**	**79,0%**
Net interest margin (2)	**2,6%**	**2,5%**
Loans (net)/Deposits (3)	**115,3%**	**99,9%**
Return on equity (ROE) (4)	**2,0%**	**1,4%**
Total capital ratio	**14,46 %**	**14,18%**

(1) Total general administrative expenses, depreciation and amortization relative to total net banking income
(2) Net interest income relative to average assets, calculated based on quarter-end balances
(3) Net loans and advances to customers relative to customer deposits, balance at the end of the period
(4) Relacja kredytów i pożyczek udzielonych klientom (netto) do depozytów klientów, stan na koniec okresu.
(5) Net profit relative to average equity, calculated based on quarter-end balances

Selected separate financial data	In PLN '000		In EUR '000	
Statement of profit or loss	**31.03.2016 (YTD)**	**31.03.2015 (YTD)**	**31.03.2016 (YTD)**	**31.03.2015 (YTD)**
Net interest income	**402 094**	**253 975**	92 309	61 216
Net fee and commission income	**108 000**	**71 862**	24 794	17 321
Profit before income tax	**59 329**	**22 099**	13 620	5 327
Profit after income tax	**35 596**	**15 026**	8 172	3 622
Total comprehensive income for the period	**97 623**	**12 818**	22 412	3 090
Total net cash	**(1 311 428)**	**(116 336)**	(301 067)	(28 040)
Number of shares (items)	**84 238 318**	**56 138 764**		
Earnings (loss) per share	**0.42**	**0.27**	0.10	0.07
Balance sheet	**31.03.2016**	**31.12.2015**	**31.03.2016**	**31.12.2015**
Total assets	**63 657 183**	**63 009 129**	14 913 594	14 785 669
Amounts due to customers	**47 980 513**	**46 620 848**	11 240 866	10 940 009
Total liabilities	**57 396 382**	**56 845 951**	13 446 814	13 339 423
Share capital	**84 238**	**84 238**	19 735	19 767
Total equity	**6 260 801**	**6 163 178**	1 466 779	1 446 246
Capital adequacy ratio	**31.03.2016**	**31.12.2015**	**31.03.2016**	**31.12.2015**
Total equity	**7 154 063**	**6 597 941**	1 676 053	1 548 267
Total risk exposure	**48 142 208**	**47 868 505**	11 278 748	11 232 783
Total capital ratio (TCR)	**14.86%**	**13.78%**		
Tier 1 ratio	**11.99%**	**12.12%**		

For the purpose of translating the data into EUR, the following exchange rates are applied:

For statement of financial position, the following rate of the National Bank of Poland:
- as at 31 March 2016 - EUR 1 = PLN 4,2684
- as at 31 December 2015 - EUR 1 = PLN 4,2615

For statement of profit or loss and statement of cash flows, the EUR exchange rate calculated as the arithmetic average of the rates announced by the National Bank of Poland as at the last day of each month in the quarter:
- for the period from 1 January 2016 to 31 March 2016 - EUR 1 = PLN 4,3559
- for the period from 1 January 2015 to 31 March 2015 - EUR 1 = PLN 4,1489

- figures in thousand PLN

I INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Interim condensed consolidated statement of profit or loss

	Note	1st quarter of 2016 from 01.01.2016 to 31.03.2016	1st quarter of 2015 from 01.01.2015 to 31.03.2015
Interest income	8	622 538	402 617
Interest expense	8	(187 117)	(148 931)
Net interest income		**435 421**	**253 686**
Fee and commission income	9	146 553	82 267
Fee and commission expense	9	(23 516)	(10 405)
Net fee and commission income		**123 037**	**71 862**
Net trading income	10	52 035	20 055
Result on investing activities		474	23 033
Result on hedge accounting		361	-
Other operating income	11	31 073	6 357
Other operating expenses	12	(22 760)	(11 526)
Net impairment losses on financial assets and provisions for contingent liabilities	13	(77 282)	(54 759)
General administrative expenses	14	(410 220)	(259 802)
Amortization and depreciation	15	(43 087)	(27 317)
Operating result		**89 052**	**21 589**
Tax on financial institutions		(31 735)	-
Profit before income tax		**57 317**	**21 589**
Income tax expense	16	(26 052)	(7 073)
Net profit for the period		**31 265**	**14 516**
attributable to equity holders of the Group		31 265	14 516
Earnings (loss) per share (in PLN per share)			
Basic		0.37	0.26
Diluted		0.37	0.26

- figures in thousand PLN

Interim condensed consolidated statement of other comprehensive income

	1st quarter of 2016 from 01.01.2016 to 31.03.2016	1st quarter of 2015 from 01.01.2015 to 31.03.2015
Net profit for the period	**31 265**	**14 516**
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss when specific conditions are met	***63 304***	***(2 274)***
Net change in valuation of available for sale financial assets	78 155	(2 807)
Net change in valuation of derivative instruments designated as cash flow hedges	-	-
Deferred tax	(14 851)	533
Items that will not be reclassified subsequently to profit or loss	***(1 280)***	***66***
Actuarial valuation of employee benefits	(1 580)	81
Deferred tax	300	(15)
Other (net) comprehensive income (net of tax)	**62 024**	**(2 208)**
Total comprehensive income for the period	**93 289**	**12 308**
attributable to equity holders of the Group	93 289	12 308

The financial data for the 1st quarter of 2016 applies to the Bank BGŻ BNP Paribas S.A. Capital Group (i.e. Bank BGŻ BNP Paribas S.A., Sygma Bank Polska S.A., TFI BGZ BNP Paribas S.A., BGZ BNP Paribas Faktoring Sp. z o.o., Bankowy Fundusz Nieruchomościowy Actus Sp. z o.o., Fortis Lease Polska Sp. z o.o., in liquidation, Laser Services Polska S.A.), whereas the figures presented for the first quarter of 2015 applies to the Bank BGŻ Capital Group (which consisted of Bank BGŻ S.A. and Bankowy Fundusz Nieruchomościowy Actus Sp. z o.o.).
A legal merger of Bank BGŻ and BNP Paribas Bank Polska took place on 30 April 2015. The business combination transaction was accounted for using the book value method and the results of the operations of BNPP Polska were recognized in the consolidated financial statements of the BGŻ BNP Paribas Capital Group prospectively, i.e. as of 30 April 2015.
Furthermore, on 1 December 2015, 100% of shares in Sygma Bank Polska S.A. and 100% of shares in the company Laser Services S.A. were purchased.
The aforesaid transactions had a material effect on the amounts of comparative data, especially items of the income statement for the periods under discussion, as well as on the ratios, as the comparative data for the 1st quarter of 2015 had not been restated.

In the three-month period of 2016, the Group's comprehensive income amounted to PLN 93 289 thousand, i.e. was PLN 80 981 thousand lower as compared to the preceding year.

The factors which had a positive impact on the increase in the Group's comprehensive income were a growth in net profit of PLN 16 749 (+115.4% YoY), mainly as a result of a considerable increase in the net banking income (+70/5% YoY) due to an increase in the scale of business post BNP Paribas Polska merger, the takeover of Sygma Bank Polska in December 2015, as well as the positive measurement of financial assets available for sale.

- figures in thousand PLN

Interim condensed consolidated statement of financial position

	Note	31.03.2016	31.12.2015
ASSETS			
Cash in hand and balances with the Central Bank	17	1 455 294	2 826 416
Loans and advances from banks	18	541 296	495 431
Derivative financial instruments	19	430 834	368 147
Hedging instruments	20	26 123	2 711
Loans and advances to customers	21	52 713 155	52 269 544
Available for sale financial assets	22	9 484 763	7 845 074
Investment property		54 487	54 627
Intangible assets	23	253 192	256 455
Property, plant and equipment	24	531 291	537 201
Deferred tax assets		429 207	465 211
Current tax assets		10 814	-
Other assets	25	330 145	251 521
TOTAL ASSETS		**66 260 601**	**65 372 338**

As at the end of March 2016, the balance sheet total of the Group amounted to PLN 66 260 601 thousand, which denotes a rise of PLN 888 263 thousand, i.e. 1.4% as compared to the end of December 2015.

Loans and advances to customers, which accounted for 79.6% of total assets as at the end of March 2016 vs. 78.9% at the end of 2015, were the key item in the structure of assets. In terms of value, the net loans and advances increased by PLN 443 611 thousand, i.e. 0.8%.

Another material item of assets (14.3%) were financial assets available for sale which saw an increase in nominal value of PLN 1 639 689 thousand, i.e. 20.9%, predominantly as a result of a growth in the share of treasury bonds issued by governments in the portfolio (an increase of PLN 1 533 885 thousand).

The reserve requirement declared as at the end of March 2016 was PLN 1 646 033 thousand vs. PLN 1 590 634 thousand in December 2015.

- figures in thousand PLN

Interim condensed consolidated statement of financial position (continued)

	Note	31.03.2016	31.12.2015
LIABILITIES			
Amounts due to banks	26	8 553 069	9 876 892
Hedged items		13 676	1 605
Derivative financial instruments	19	397 890	351 539
Amounts due to customers	27	47 857 311	46 527 391
Debt securities issued	28	434 948	469 083
Subordinated liabilities	29	1 456 494	847 568
Other liabilities	30	1 023 685	816 984
Current tax liabilities		1 299	40 716
Provision for deferred tax		8 026	8 052
Provisions	31	152 560	164 154
TOTAL LIABILITIES		**59 898 958**	**59 103 984**

EQUITY			
Share capital	39	84 238	84 238
Supplementary capital		5 092 196	5 092 196
Other reserve capital		780 874	780 874
Revaluation reserve		260 114	198 090
Retained earnings:		144 221	112 956
retained profit		112 956	99 663
net profit for the period		31 265	13 293
TOTAL EQUITY		**6 361 643**	**6 268 354**
TOTAL LIABILITIES AND EQUITY		**66 260 601**	**65 372 338**

As at the end of March 2016, the Group's total liabilities amounted to PLN 55 898 958 thousand and were PLN 794 974 thousand, i.e. 1.3% higher compared with the end of 2015.

The main factors contributing to the change in liabilities in the 1st quarter of 2016:

- An increase in amounts due to customers – at the end of March 2016, customer deposits went up by PLN 1 329 920 thousand, i.e. 2.9% vs. PLN 47 857 311 thousand at the end of December 2015. They accounted for 79.9% of total liabilities as compared to 77.7% at the end of 2015;
- An increase in subordinated liabilities – a result of two subordinated loans received by BNP Paribas, with its registered office in Paris, of PLN 440 million and EUR 40 million;
- A decrease in amounts due to banks – the item decreased by PLN 1 323 823 thousand, i.e. 13.4%, mainly as a result of a drop in the volume of interbank deposits;
- The balance of liabilities arising from issue of debt securities went down as a result of redemption of a tranche comprised of 66 certificates of deposits with a total par value of PLN 33 000 thousand in March 2016.

As at the end of March 2016, the Group's equity amounted to PLN 6 361 643 thousand and was PLN 93 289 thousand, i.e. 1.5% higher compared with the end of 2015.

- figures in thousand PLN

Interim condensed consolidated statement of changes in equity

	Share capital	Supplementary capital	Other reserve capital	Revaluation reserve	Retained earnings		Total:
					Retained profit	Net profit for the period	
Balance as at 1 January 2016	**84 238**	**5 092 196**	**780 874**	**198 090**	**99 663**	**13 293**	**6 268 354**
Total comprehensive income for the period	**-**	**-**	**-**	**62 024**	**-**	**31 265**	**93 289**
Net profit for the period	-	-	-	-	-	31 265	31 265
Other comprehensive income for the period	-	-	-	62 024	-	-	62 024
Approportion of retained earnings	**-**	**-**	**-**	**-**	**13 293**	**(13 293)**	**-**
Reclassification to unappropriated profit/ uncovered loss	-	-	-	-	13 293	(13 293)	-
Balance as at 31 March 2016	**84 238**	**5 092 196**	**780 874**	**260 114**	**112 956**	**31 265**	**6 361 643**

- figures in thousand PLN

Interim condensed consolidated statement of changes in equity (continued)

	Share capital	Supplementary capital	Other reserve capital	Revaluation reserve	Retained earnings		Total
					Retained profit	Net profit for the period	
Balance as at 1 January 2015	**56 139**	**3 430 785**	**271 858**	**255 363**	**4 128**	**138 031**	**4 156 304**
Total comprehensive income for the period	**-**	**-**	**-**	**(58 881)**	**-**	**13 293**	**(45 588)**
Net profit for the period	-	-	-	-	-	13 293	13 293
Other comprehensive income for the period	-	-	-	(58 881)	-	-	(58 881)
Approportion of retained earnings	**-**	**7 730**	**130 000**	**-**	**301**	**(138 031)**	**-**
Approportion of retained earnings to other supplementary capital	-	7 730	130 000	-	301	(138 031)	-
Merge	**28 099**	**1 653 681**	**379 016**	**1 122**	**-**	-	**2 061 918**
Issued shares of I series	28 099	-	-	-	-	-	28 099
Equity resulting from merger	-	1 653 681	379 016	1 122	-	-	2 033 819
Other (equity of subsidiaries)	**-**	**-**	**-**	**486**	**95 234**	**-**	**95 720**
Balance as at 31 December 2015	**84 238**	**5 092 196**	**780 874**	**198 090**	**99 663**	**13 293**	**6 268 354**

- figures in thousand PLN

Interim condensed consolidated statement of changes in equity (continued)

	Share capital	Supplementary capital	Other reserve capital	Revaluation reserve	Retained earnings		Total
					Retained profit	Net profit for the period	
Balance as at 1 January 2015	**56 139**	**3 430 785**	**271 858**	**255 363**	**4 128**	**138 031**	**4 156 304**
Total comprehensive income for the period	**-**	**-**	**-**	**(2 208)**	**-**	**14 516**	**12 308**
Net profit for the period	-	-	-	-	-	14 516	14 516
Other comprehensive income for the period	-	-	-	(2 208)	-	-	(2 208)
Approportion of retained earnings	**-**	**-**	**-**	**-**	**138 031**	**(138 031)**	**-**
Reclassification to unappropriated profit/ uncovered loss	-	-	-	-	138 031	(138 031)	-
Balance as at 31 March 2015	**56 139**	**3 430 785**	**271 858**	**253 155**	**142 159**	**14 516**	**4 168 612**

- figures in thousand PLN

Interim condensed consolidated statement of cash flows

	Note	1st quarter 2016 from 01.01.2016 to 31.03.2016	1st quarter 2015 from 01.01.2015 to 31.03.2015
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit/ (loss) for the period		**31 265**	**14 516**
Adjustments for:		**643 744**	**(638 277)**
Income tax expense		26 052	7 073
Depreciation and amortization		43 087	27 317
Interest income		(622 538)	(402 617)
Interest expense		187 117	148 931
Change in provisions		(5 103)	2 651
Change in loans and advances from banks		158 365	(10 224)
Change in reverse repo transactions		-	16 089
Change in debt securities held for trading		-	16 071
Change in derivative financial instruments (assets)		(86 099)	79 768
Change in loans and advances to customers		(445 164)	(240 677)
Change in amounts due to banks		(459 154)	(69 734)
Change in repo transactions		-	66 365
Change in derivative financial instruments (liabilities)		46 351	(127 116)
Change in amounts due to customers		1 345 099	(370 660)
Change in other assets and current tax assets		(77 173)	(73 904)
Change in other liabilities and deferred tax liability		167 258	71 616
Other adjustments	**33**	(18 815)	32 967
Interest received		587 459	327 243
Interest paid		(202 998)	(139 436)
NET CASH FROM OPERATING ACTIVITIES		**675 009**	**(623 761)**

- figures in thousand PLN

Interim condensed consolidated statement of cash flows (continued)

	Note	1st quarter 2016 from 01.01.2016 to 31.03.2016	1st quarter 2015 from 01.01.2015 to 31.03.2015
CASH FLOWS FROM INVESTING ACTIVITIES:			
Financing activities inflows		**10 066 240**	**49 204 600**
Sale of available for sale financial assets		10 066 240	49 204 264
Sale of intangible assets and property, plant and equipment		-	336
Financing activities outflows		**(11 616 140)**	**(48 336 535)**
Purchase of available for sale financial assets		(11 582 226)	(48 319 830)
Purchase of intangible assets and property, plant and equipment		(33 914)	(16 705)
NET CASH FROM INVESTING ACTIVITIES		**(1 549 900)**	**868 065**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Financing activities inflows		**1 046 417**	**-**
Long-term loans received		432 517	-
Increase in the balance of subordinated liabilities		613 900	-
Financing activities outflows		**(1 330 619)**	**(360 640)**
Repayment of long-term loans and advances to banks		(1 297 183)	(76 013)
Redemption of debt securities issued		(33 436)	(284 627)
NET CASH FROM FINANCING ACTIVITIES		**(284 202)**	**(360 640)**
TOTAL NET CASH		**(1 159 093)**	**(116 336)**
Cash and cash equivalents at the beginning of the period		**3 262 335**	**2 180 981**
Cash and cash equivalents at the end of the period, of which:	**32**	**2 103 242**	**2 064 645**
effect of exchange rate fluctuations on cash and cash equivalents held		(4 768)	12 609
of restricted use		8 277	1 453

EXPLANATORY INFORMATION TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 General information

Bank BGŻ BNP Paribas S.A. is the parent in the Capital Group of Bank BGŻ BNP Paribas S.A. (the "Group").

The registered office of Bank BGŻ BNP Paribas S.A. (the "Bank" or "BGŻ BNP Paribas") is located at ul. Kasprzaka 10/16 in Warsaw. The Bank is registered in Poland, with the District Court for the capital city of Warsaw, 12th Commercial Division of the National Court Register, under number KRS 0000011571. The duration of the parent and the Group companies is unlimited.

2 General information of the Capital Group of Bank

Bank BGŻ BNP Paribas S.A. operates within the BNP PARIBAS SA Group with its registered office in Paris.

As at 31 March 2016, the Group comprised BGŻ BNP Paribas S.A., the parent, and its subsidiaries:

2.1. Bankowy Fundusz Nieruchomościowy Actus Sp. z o.o. ("Actus") with its registered office at ul. Kasprzaka 10/16 in Warsaw. The company is registered with the District Court for the capital city of Warsaw, 13th Commercial Division of the National Court Register, under number KRS 0000023062. The Bank holds 100% interest in the share capital of the Company and 100% of votes at the Shareholders' Meeting.

2.2. Towarzystwo Funduszy Inwestycyjnych BNP Paribas Polska S.A. ("TFI"), with its registered office at Bielańska 12 in Warsaw. The company is registered with the District Court for the capital city of Warsaw, 12th Commercial Division of the National Court Register, under number KRS 0000031121. The Bank holds 100% shares of the Company.

2.3. Fortis Lease Polska Sp. z o.o. in liquidation ("FLP"), with its registered office at ul. Suwak 3 in Warsaw. The Company is registered with the District Court for the capital city of Warsaw, 13th Commercial Division of the National Court Register, under number KRS 0000098813. The Bank holds 100% of the Company's shares.

Pursuant to a Resolution of the Extraordinary Shareholders' Meeting of FLP dated 30 June 2014, the liquidation procedure was opened for Fortis Lease Polska Sp. z o.o. on 1 July 2014. As at 31 March 2016 and the date of approval hereof, i.e. 9 May 2016, the liquidation procedure had not been closed.

2.4. BGŻ Paribas Faktoring Sp. z o.o. ("Faktoring") with its registered office at ul. Suwak 3 in Warsaw. The Company is registered with the District Court for the capital city of Warsaw, 13th Commercial Division of the National Court Register, under number KRS 0000225155. The Bank holds 100% of the Company's shares.

2.5. Sygma Bank Polska S.A., with its registered office at ul. Suwak 3 in Warsaw. The Company is registered with the District Court for the capital city of Warsaw, 13th Commercial Division of the National Court Register, under number KRS 0000569806. The Bank holds 100% of the Company's shares.

2.6. Laser Services Polska S.A., with its registered office at ul. Suwak 3 in Warsaw. The company is registered with the District Court for the capital city of Warsaw, 13th Commercial Division of the National Court Register, under number KRS 0000022784. The Bank holds 100% of the Company's shares.

In accordance with the principles laid down in IFRS, the interim condensed consolidated financial statements cover all subsidiaries as at 31 March 2016.

Planned merger of the Bank with Sygma Bank Polska S.A.

Since 1 December 2015, i.e. the date of completion of the acquisition of 100% shares in Sygma Bank Polska S.A. (Sygma Bank Polska) and the acquisition of 100% shares in the company LaSer Services Polska S.A. (LSP) by the Bank from BNP Paribas SA Personal Finance, both companies have been part of the Capital Group of the Bank.

On 10 December 2015, the Management Boards of the Bank and of Sygma Bank Polska agreed and signed the merger plan prepared pursuant to Articles 498 and 499 of the Code of Commercial Companies of 15 September 2000 (consolidated text: *Journal of Laws* of 2013 item 1030, as amended) (henceforth: the "Merger Plan") whereby the merger is to be effected in accordance with Art. 492.1.1 of the Code od Commercial Companies by way of transferring all the assets of and liabilities of Sygma Bank Polska, i.e. the acquiree, to the Bank, i.e. the acquirer.

On 30 March 2016, the Extraordinary Shareholders' Meeting passed a resolution on a merger between Bank BGŻ BNP Paribas S.A. and Sygma Bank Polska S.A. ("Merger"), and approved the "Merger Plan" on the condition that all statutory authorizations and permissions, including authorizations and permissions for the Merger from the Polish Financial Supervision Authority would be obtained.

As a result of the Merger, the Bank would assume all the rights and obligations of Sygma Bank Polska, which would be wound up without a liquidation procedure as of the date of entering the Merger into the register kept by the court competent for the registered office of the Bank. Following the Merger, the Bank will operate under the name "Bank BGŻ BNP Paribas Spółka Akcyjna".

The key objective of the planned merger of the Bank with Sygma Bank Polska is to create a larger and more versatile bank, offering its customers with a wider range of consumer finance products. The merger of the Bank with Sygma Bank Polska is expected to bring benefits to both banks, their clients and shareholders (including minority shareholders of the Bank). Further, the banks will achieve the following objectives:

- enhance their competitive position on the retail banking market;
- extend their product offer;
- extend the sales network;
- benefit from the synergy effects.

On 19 April 2016, pursuant to Art. 124.1 of the Banking Law of 29 August 1997, the Polish Financial Supervision Authority gave its permission for the merger of the Bank (the acquiring bank) and Sygma Bank Polska (the acquired bank) by way of transferring all the assets and liabilities of Sygma Bank Polska to BGŻ BNPP in line with the conditions set forth in the Merger Plan agreed between the banks on 10 December 2015. The condition for the merger between BGŻ BNPP and Sygma Bank Polska set forth in Art. 2 of Resolution No. 3 of the Extraordinary Shareholders' Meeting of BGŻ BNPP of 30 March 2016 was met as a consequence of that.

From the legal perspective, the merger will take place when registered in the business register of the competent court of registration.

The legal registration of the Merger is planned for the first half of 2016 with the full operational integration in the first half of 2017.

3 Accounting principles applied for purposes of preparation of the interim condensed consolidated financial statements

These interim condensed consolidated financial statements for the third quarter ended 31 March 2016 have been prepared in conformity with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34"), as endorsed by the European Union, and other applicable regulations. The accounting principles applied in the first quarter of 2016 do not differ from the principles used in 2015, which were presented in detail in the Consolidated Financial Statements of the Capital Group of Bank Gospodarki Żywnościowej for the year ended 31 December 2015.

As the interim condensed consolidated financial statements do not contain all the information and disclosures required for the annual consolidated financial statements, they should be read together with the Consolidated Financial Statements of the Capital Group of BGŻ BNP Paribas S.A. for the year ended 31 December 2015.

These financial statements have been prepared in conformity with the requirements set out in all International Accounting Standards ("IAS") and International Financial Reporting Standards endorsed by the European Union ("IFRS EU"), as well as the related interpretations, except the standards and interpretations listed below, which are awaiting endorsement by the European Union or have already been endorsed by the European Union but entered or will enter into force after the end of the reporting period

Standards and interpretations awaiting endorsement by the EU:

- IFRS 9 *Financial Instruments* (applicable to annual periods beginning on or after 1 January 2018);
- IFRS 14 *Regulatory Deferral Accounts* (applicable to annual periods beginning on or after 1 January 2016);
- IFRS 15 *Revenue from Contracts with Customers* (applicable to annual periods beginning on or after 1 January 2017);
- Revised IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (applicable to annual periods beginning on or after 1 January 2016);
- Revised IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 28 *Investments in Associates and Joint Ventures* – Investment Entities: Applying the Consolidation Exception (applicable to annual periods beginning on or after 1 January 2016);
- Revised IFRS 11 *Joint Arrangements* – Accounting for Acquisitions of Interests in Joint Operations (applicable to annual periods beginning on or after 1 January 2016);
- Revised IAS 1 *Presentation of Financial Statements* – Disclosure Initiative (applicable to annual periods beginning on or after 1 January 2016);
- Revised IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* – Clarification of Acceptable Methods of Depreciation and Amortization (applicable to annual periods beginning on or after 1 January 2016);
- Revised IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture* – Agriculture: Bearer Plants (applicable to annual periods beginning on or after 1 January 2016);
- Revised IAS 27 *Separate Financial Statements* – Equity Method in Separate Financial Statements (applicable to annual periods beginning on or after 1 January 2016);
- Revised standards IFRS Improvements (2012-2014) – amendments to standards resulting from the annual improvements process (IFRS 5, IFRS 7, IAS 19 and IAS 34), primarily with a view to removing inconsistencies and clarifying wording (applicable to annual periods beginning on or after 1 January 2016).

Standards and interpretations which have been endorsed by the EU but not entered into force yet

- Revised standards IFRS Improvements (2010-2012) – amendments to standards resulting from the annual improvements process (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38), primarily with a view to removing inconsistencies and clarifying wording, endorsed by the EU on 17 December 2014 (applicable to annual periods beginning on or after 1 February 2015);
- Revised IAS 19 *Employee Benefits* – Defined Benefit Plans: Employee Contributions, endorsed by the EU on 17 December 2014 (applicable to annual periods beginning on or after 1 February 2015).

The Management Board does not believe that the implementation of the aforesaid standards and interpretations could have a significant effect on the accounting principles (policy) adopted by the Group, except for the modifications introduced by IFRS 9.

4 Going concern

These interim condensed consolidated financial statements have been prepared on the assumption that the Group companies will continue as a going concern in the foreseeable future, i.e. within at least 12 months of the end of the reporting period, in substantially the same scope.

5 Approval for publication

The consolidated interim report of the Capital Group of Bank BGŻ BNP Paribas S.A. for the first quarter ended 31 March 2016 was approved by the Management Board for publication on 9 May 2016.

6 Seasonality or cyclicality of business

There are no major seasonal or cyclical phenomena in the operations of the Group.

7 Estimates

The Group makes estimates and assumptions which affect the value of its assets and liabilities in the subsequent period. The estimates and assumptions, which are reviewed on an ongoing basis, are made based on prior experience and considering other factors, including expectations as to future events, which appear reasonable in specific circumstances.

a) Impairment of loans and advances

In accordance with IFRS, the Bank's financial assets measured at amortized cost and available for sale financial assets which are not measured at fair value are tested for impairment. Financial assets are tested so as to verify whether any objective indications of their impairment exist.

As regards business entities with integrated accounts, the Bank has compiled a list of indications if impairment, such as considerable financial difficulties of the customer, substantial deterioration in the customer's rating or delinquency exceeding 90 days (or 30 days for restructured exposures).

As regards individuals and micro enterprises with simplified accounts, delinquency by more than 90 days (or more than 30 days for exposures with forbearance granted to obligors) is the key indication of impairment. Other indications include debt restructuring or a suspicion of fraud.

For exposures with objective indications of impairment identified, individual or collective (group) tests are performed by the Bank. Individual tests are performed for assets considered by the Bank to be individually material.

Impairment tests for assets which are individually material

The individual test is performed by the Bank for financial assets which are individually material. It consists in case-by-case verification of financial assets for impairment. The individual test determines expected future cash flows and impairment is calculated as the difference between the present value (carrying amount) of a financial asset which is individually material and the value of future cash flows generated by that asset, discounted using the effective interest method. Cash flows from collateral are taken into account for purposes of estimating future cash flows.

Collective (group) tests

Collective tests are performed for assets:

- classified as individually immaterial, for which an objective indication of impairment has been identified; and
- classified as individually material and individually immaterial, for which no objective indication of impairment has been identified.

For exposures with objective indications of impairment identified, the Bank recognizes a collective impairment loss. The value of the aforesaid impairment loss depends on the type of the credit exposure, the delinquency period as well as the type and value of collateral (applicable to selected portfolios). For exposures with no objective indications of impairment identified, an IBNR (incurred but not reported) loss is recognized by the Bank. The amount of the IBNR loss depends on the probability of default (PD), loss given default (LGD), credit conversion factor (CCF) and the loss identification period (LIP).

The amount of impairment losses estimated using the collective method, both for exposures which are individually immaterial with an objective indication of impairment identified and exposures which are individually material and immaterial without an objective indication of impairment identified, is determined with the application of statistical methods for defined exposure portfolios which are homogenous from the perspective of credit risk. Homogeneous exposure portfolios are defined based on customer segment, type of credit products and, for purposes of IBNR estimates, exposure delinquency classes which do not exceed 90 days and, for institutional customers with a rating assigned by the Bank internally, the credit rating assigned to the customer. The criteria applied by the Bank to define homogeneous portfolios are aimed at grouping exposures so that the credit risk profile is reflected as accurately as practicable and, consequently, so as to estimate the level of impairment losses on financial assets as objectively and adequately as possible.

In line with the Bank's impairment testing methodology, the PD parameters are updated twice a year. The aforesaid parameter is determined based on statistical analyses of historical data as well as observable monthly migration of credit exposures. The value of LGD, CCF and LIP is verified and updated on an annual basis. As regards CCF, the Bank's analysis focuses on the percentage of off-balance sheet liabilities converted into on-balance sheet exposures during the loss identification period (LIP). LIP parameters are determined based on analyses of the period between the occurrence of an event driving the impairment loss in relation to the obligor and the date when the impairment status is actually assigned to the debtor. The length of LIP depends on the characteristics of the product as well as effectiveness and frequency of the credit exposure monitoring process carried out by the Bank. For selected portfolios, LGD is determined separately for each exposure, depending on the type and value of collateral. For the remaining portfolios, it is determined at the level of the homogeneous portfolio defined by the Bank.

When classifying exposures into those with objective indications of impairment identified and those without objective indications of impairment identified, the Bank takes into account a quarantine period, where a credit exposure with an objective indication of impairment identified may be again classified as an exposure without an objective indication of impairment identified only if the Bank's receivables from the customer have been paid on time, i.e. without a delinquency of more than 30 days, for a specific number of months. The required quarantine period differs depending on the customer type and the type of the credit exposure. Its length is determined by the Bank on the basis of historical observations which are sufficient to determine the time after which the probability of the customer's default decreases to a level comparable to other exposures classified as exposures without indications of impairment.

Impairment losses on financial assets estimated using statistical models in a collective impairment test are back-tested periodically. The parameters used for purposes of estimating impairment losses and the statistical models are covered by the model management process, which involves laying down the principles of their development, approval, monitoring and validation as well as model back-testing. The models and parameters are validated and impairment losses/provisions determined using the collective method are back-tested at least on an annual basis. Additionally, the process of estimating impairment losses is subject to periodic functional control and verified independently by the Bank's internal audit. .

b) Fair value of derivative financial instruments

The fair value of derivative financial instruments which are not quoted on active markets is determined using measurement techniques (e.g. models). Such methods are evaluated and verified periodically by qualified independent employees who have not participated in their development. All models require approval before use as well as calibration to ensure that the results reflect actual data and comparable market prices. The models used at present rely on data obtained from Reuters and/or Bloomberg information systems. Derivative financial instruments are measured on the basis of generally acceptable models. Linear instruments are measured using the discounted cash flow method while plain vanilla options using the Black-Scholes model. Other options included in structured deposits are measured either through decomposition into vanilla options or through Monte Carlo simulations.

CVA/DVA is estimated for all derivatives which are active at a specific date. The adjustment is determined based on the projected future exposure resulting from the instrument, counterparty rating and collateral provided/accepted.

c) Securities

Securities with no liquid market are measured using the discounted cash flow model. As regards level 3 securities, the credit risk margin is a non-observable parameter corresponding to the market margin for instruments with similar characteristics.

d) Impairment of property, plant and equipment

At the end of each reporting period, the Group verifies whether there is any objective indication of impairment of its property, plant and equipment. If such indications have been identified, the Group estimates the recoverable amount. Determination of the value in use of property, plant and equipment requires the Bank to make assumptions as to the estimated amounts, dates of future cash flows that may be generated by the Group on the property, plant and equipment as well as other factors. When estimating the fair value less costs to sell, the Group relies on available market data or valuations of independent appraisers, which, as a rule, are also based on estimates.

e) Provision for retirement benefits

Provisions for retirement benefits have been estimated by an independent actuary using actuarial methods. The underlying assumptions are revised at the end of each quarter.

f) Leases – the Group as a lessor

Lease agreements whereby substantially all risks and rewards of ownership of the assets are transferred onto the lessee are classified as finance leases. The receivables representing the net lease investment are recognized on the balance sheet. Revenue from finance lease agreements is recognized to reflect the fixed periodic rate of return on the net lease investment made by the Group in the form of a finance lease.

The Group does not offer operating lease products where substantially all risks and rewards of ownership of the assets are not transferred onto the lessee.

- figures in thousand PLN

8 Net interest income

	1st quarter 2016 from 01.01.2016 to 31.03.2016	1st quarter 2015 from 01.01.2015 to 31.03.2015
Interest income		
Loans and advances from banks	6 378	5 521
Loans and advances to customers in current accounts	87 660	66 758
Loans and advances to customers, in this:	455 148	272 080
corporate	109 197	72 575
households	326 287	197 529
budget entities	1 248	1 636
other entities	18 416	340
Hedging instruments	14 234	-
Reverse repo transactions	-	6 120
Debt securities, in this:	59 118	52 138
held for trading	-	1 272
available for sale	59 118	50 866
	622 538	**402 617**
Interest expense		
Amounts due to banks	(31 924)	(8 088)
Debt securities issued	(3 489)	(6 164)
Amounts due to customers, in this:	(133 138)	(128 567)
corporate	(33 114)	(19 933)
households	(76 552)	(86 616)
budget entities	(4 301)	(2 669)
other entities	(19 171)	(19 349)
Hedged items	(18 509)	-
Repo transactions	(57)	(6 112)
	(187 117)	**(148 931)**
Net interest income	**435 421**	**253 686**

- figures in thousand PLN

In the reviewed period, the net interest income was affected by external factors, mainly interest rates that were at a record low, as well internal factors, namely the growth rate of commercial volumes, the merger of Bank BGŻ with BNPP Polska on 30 April 2015, and the acquisition of Sygma Bank Polska by the Group on 1 December 2015.

In the first quarter of 2016, the net interest income which represents the main source of the Group's income, went up PLN 181 735 thousand, i.e. 71.6% compared to the same period a year before. This was driven by an increase in interest income of PLN 219 921 thousand, i.e. 54.6% YoY, which covered the rise in interest expense of PLN 38 186 thousand YoY.

Interest income on loans and advances to customers, the value of which went up PLN 183 068 thousand (i.e. 67.3%) YoY, is the largest item in the structure of the Group's interest income (73%). In addition to interest on loans and advances, the Group saw a rise in interest on overdrafts to customers (up PLN 20 902 thousand, i.e. 31.3% YoY).

The volume of gross loans in the Group increased by 77.7% YoY.

The rise in interest expense was mainly driven by an increase in amounts due to banks of PLN 23 836 thousand.

A change in the interest income on hedging instruments in the first quarter of 2016 compared with the same period last year results from the fact that the financial statements for 2015 were prepared for BGŻ Bank prior to the merger with BNP Paribas Bank Polska S.A. and they did not contain any information about the hedging instrument revenue and expense as no active hedging relationships were in place in that period.

9 Net fee and commission income

	1st quarter 2016 from 01.01.2016 to 31.03.2016	1st quarter 2015 from 01.01.2015 to 31.03.2015
Fee and commission income:		
loans and advances	44 545	28 152
settlements	15 584	4 075
account maintenance	31 826	25 291
guarantee commitments	6 789	2 014
brokerage operations	5 631	5 353
payment cards	19 411	13 535
insurance activity	12 463	2 667
asset management	902	-
other	9 402	1 180
	146 553	**82 267**
Fee and commission expense:		
loans and advances	(161)	(1 015)
payment cards	(14 499)	(7 813)
insurance activity	(1 491)	(100)
related to partners' network	(2 658)	-
other	(4 707)	(1 477)
	(23 516)	**(10 405)**
Net fee and commission income	**123 037**	**71 862**

- figures in thousand PLN

In the period from 1 January 2016 to 31 March 2016, net fee and commission income went up PLN 51 175 thousand, i.e. 71.2% YoY, which was driven by a rise in fee and commission income of PLN 64 286 thousand, i.e. 78.1% YoY, and was accompanied by an increase in fee and commission expense of PLN 13 111 thousand, i.e. 126.0%.

An increase in fee and commission income, mainly as a consequence of acquisition of the customer base of BNPP Polska and Sygma Bank Polska, was recorded in almost all fee categories, specifically the following:

- loans and advances: PLN 16 393 thousand, i.e. 58.2%;
- account administration and clearing transactions (a total of PLN 18 044 thousand, i.e. 61.4%), which was additionally attributable to an increase in the number of accounts as well as changes made to the Rates and Charges Information;
- insurance products sold: PLN 9 796 thousand, i.e. 367.3%;
- Payment cards: PLN 5 876 thousand, i.e. 43.4%.

An increase in fee and commission expense was mainly driven by higher fee expense on payment cards, paid to card operators due to a higher number of transactions carried out by the Bank's customers, and costs of the partners' network incurred.

10 Net trading income

	1st quarter 2016 from 01.01.2016 to 31.03.2016	1st quarter 2015 from 01.01.2015 to 31.03.2015
Debt instruments	-	314
Derivative instruments and result on foreign exchange transactions	52 035	19 741
Net trading income	**52 035**	**20 055**

The net trading income for the three months of 2016 increased by PLN 31 980 thousand, i.e. 159.5% YoY. The level of and changes in net trading income are affected mainly by measurement of the Bank's IRS positions used as interest rate hedges as well as trading in debt securities.

11 Other operating income

	1st quarter 2016 from 01.01.2016 to 31.03.2016	1st quarter 2015 from 01.01.2015 to 31.03.2015
Sale and liquidation of property, plant and equipment and intangible assets	1 483	187
Gain on sale of goods and services	1 370	1 163
Release of provisions for litigation and claims and other liabilities	2 556	30
Recovery of debt collection costs	1 475	776
Recovery of overdue debts, redeemed receivables, non-collectible debts and payment of receivables that were excluded from the consolidated statement of financial position	3 326	2 712
Income from investment operations	566	-
Income from leasing operations	7 065	-
Other	13 232	1 489
Total other operating income	**31 073**	**6 357**

- figures in thousand PLN

Other operating income for the first quarter of 2016 increased by PLN 24 716 thousand YoY, mainly as a result of the following:

- Recognition of income from leasing operations under other operating income as a consequence of inclusion of leasing operations worth PLN 7.1 million in the Bank's operating structure;
- A higher income on sale and liquidation of property, plant and equipment and intangible assets;
- Reversal of a part of the provision for a penalty imposed by the President of UOKiK on the Bank in 2012 for using a certain template of an agreement on maintaining individual retirement account which was deemed to be in breach of collective consumer interests.[1]

Furthermore, other operating income includes an annual adjustment to input VAT for 2015.

12 Other operating expenses

	1st quarter 2016 from 01.01.2016 to 31.03.2016	1st quarter 2015 from 01.01.2015 to 31.03.2015
Loss on sale or liquidation of property, plant and equipment and intangible assets	(2 769)	(154)
Impairment charges on other receivables	(430)	(257)
Provisions for restructuring of assets, litigation and claim and other liabilities	(457)	(1 726)
Debt collection	(4 946)	(1 963)
Donations made	(1 029)	(9)
Costs of leasing operations	(6 749)	-
Other operating expenses	(6 380)	(7 417)
Total other operating expenses	**(22 760)**	**(11 526)**

Other operating expenses for the first quarter of 2016 went up PLN 22 760 thousand YoY, and were almost twice the amount of the expenses in this respect in the previous year, mainly as a result of the following:

- Recognition of costs of leasing operations under other operating expenses as a consequence of inclusion of leasing operations worth PLN 6.7 million in the Bank's operating structure;
- The costs of integration of Bank BGŻ with BNPP Polska amounting to PLN 2.9 million (impairment loss on intangible assets and liquidation of property, plant and equipment);
- An increase in the cost of debt collection of PLN 3.0 million.

13 Net impairment losses on financial assets and contingent liabilities

	1st quarter 2016 from 01.01.2016 to 31.03.2016	1st quarter 2015 from 01.01.2015 to 31.03.2015
Loans and advances from banks	(751)	6
Loans and advances to customers	(74 187)	(54 127)
Contingent commitments granted	(2 344)	(638)
Total net impairment losses on financial assets and contingent liabilities	**(77 282)**	**(54 759)**

[1] Details of the UOKiK court case are described in Note 31 *Provisions*.

- figures in thousand PLN

Total net impairment losses on financial assets and contingent liabilities in the first quarter of 2016 went up PLN 22 523 thousand, i.e. 41.1% YoY, predominantly as a consequence of a higher volume of (net) loans and advances by 76.4% YoY following the merger with BNPP Polska and acquisition of shares in Sygma Bank Polska.

The cost of credit risk exposure, i.e. net impairment losses on loans and advances relative to the average balance of net loans and advances to customers, calculated based on quarter-end balances, went down to 0.59% in the first quarter of 2016 as compared with 0.74% in the same quarter of 2015. The decrease was mainly possible due to:

- Reversal of a provision for credit losses recognized in the fourth quarter of 2014, to cover potential effects of the Russian embargo, which followed a review of entities exposed to the risk of cooperating with Russia;
- Sale of exposure of a corporate client with indications of impairment;
- Furthermore, while the Bank had to recognize additional impairment losses on a portfolio of mortgage loans denominated in CHF due to depreciation of the Polish zloty in the first quarter of 2015, no such circumstances took place in the first quarter of 2016.

14 General administrative expenses

	1st quarter 2016 from 01.01.2016 to 31.03.2016	1st quarter 2015 from 01.01.2015 to 31.03.2015
Personnel expenses	(219 923)	(135 643)
Marketing expenses	(22 734)	(6 633)
IT and telecom costs	(28 837)	(20 607)
Rental expenses	(44 597)	(22 398)
Other non-personnel expenses	(50 424)	(54 667)
Business travels	(1 731)	(528)
ATM and cash handling costs	(1 474)	(227)
Costs of outsourcing services related to leasing operations	(6 479)	-
Payment to the Bank Guarantee Fund	(30 594)	(16 966)
Polish Financial Supervision Authority fee	(3 427)	(2 133)
Total general administrative expenses	**(410 220)**	**(259 802)**

From 1 January to 31 March 2016 the Group's general administrative expenses went up PLN 150.4 million, i.e. 57.9% YoY. The key factors contributing to the increase were as follows:

- An increase in the Bank's administrative expenses of PLN 112.3 million, including:
- An increase in the Bank's marketing expenses of PLN 15.3 million (in the first quarter of 2015 marketing expenses were reduced in connection with the approaching merger with BNP Paribas Bank Polska, and a campaign to promote the new brand thereafter);
- An increase of PLN 13.6 million in payments to the Bank Guarantee Fund and Polish Financial Supervision Authority mainly as a result of increase in the scale of activity following the merger with BNP Paribas Polska and change in the rates effective from 2016;
- The costs of leasing operations: PLN 6.5 million;
- An increase in provisions for unused holidays and paid holiday equivalent of PLN 3.7 million;
- Subsidiaries' costs that were not recognised in the consolidated financial data for the first quarter of 2015: PLN 38.1 million at the end of March 2016.

In the first quarter of 2015 the cost of integration amounted to PLN 16.3 million compared with PLN 35.6 million incurred by Bank BGZ in the first quarter of 2015. The current integration cost includes PLN 3.2 million of necessary costs of legal and consultancy services related to preparation for the legal merger with Sygma Bank Polska.

- figures in thousand PLN

The total integration costs incurred by the Bank (PLN 16.3 million) in the current period comprise:

- Total administrative expenses of PLN 13.4 million, including:
  - PLN 3.1 million related to the merger with BGŻ BNP Paribas z Sygma Bank Polska;
  - PLN 7.4 million related to the integration of BGŻ and BNP Paribas Polska;
  - PLN 1.1 million retention programs.
- Other operating expenses of PLN 2.9 million (impairment loss on intangible assets and liquidation of property, plant and equipment).

15 Depreciation and amortization

	1st quarter 2016 from 01.01.2016 to 31.03.2016	1st quarter 2015 from 01.01.2015 to 31.03.2015
Property, plant and equipment	(19 756)	(12 538)
Intangible assets	(23 331)	(14 779)
Total amortization and depreciation	**(43 087)**	**(27 317)**

In the reporting period, the costs of amortization and depreciation went up by PLN 15 770 thousand, i.e. 57.7% as compared with the first quarter of 2015. The increase was a result of acquisition of intangible assets and property, plant and equipment from BNPP (an increase of PLN 13.4 million), and an increase in depreciation and amortization charges of PLN 2.4 million in subsidiaries.

16 Income tax expenses

	1st quarter 2016 period 01.01.2016 to 31.03.2016	1st quarter 2015 period 01.01.2015 to 31.03.2015
Current income tax	(7 557)	-
Deferred income tax	(18 495)	(7 073)
Total income taxes	**(26 052)**	**(7 073)**
Profit before income tax	57 317	21 589
Statutory tax rate	19%	19%
Income taxes on gross profit	**(10 890)**	**(4 102)**
Receivables write-off	(285)	(109)
Non-tax-deductible overheads	(878)	(91)
PFRON	(366)	(188)
Prudential fee to the Bank Guarantee Fund	(1 796)	(674)
Impairment loss on purchased receivables	159	(28)
Impairment allowance for receivables	(2 010)	(1 116)
Tax on financial institutions	(6 030)	-
Other differences	(3 956)	(765)
Total income tax charge on gross profit	**(26 052)**	**(7 073)**

- figures in thousand PLN

17 Cash in hand and balances with the Central Bank

	31.03.2016	31.12.2015
Cash and other balances	931 196	1 128 335
Account with the National Bank of Poland	524 098	1 698 081
Total cash and balances at Central Bank	**1 455 294**	**2 826 416**

18 Loans and advances from banks

	31.03.2016	31.12.2015
Current accounts	408 994	163 914
Interbank placements	82 686	280 775
Loans and advances	50 040	49 947
Other receivables	1 374	1 851
Total loans and advances from banks (gross)	**543 094**	**496 487**
Impairment allowances on loans and advances from banks	(1 798)	(1 056)
Total loans and advances from banks (net)	**541 296**	**495 431**

	3 months ended 31.03.2016	12 months ended 31.12.2015
Impairment allowances on loans and advances from banks at the beginning of the period	**1 056**	**487**
Impairment charges	1 021	1 438
Release of impairment charges	(271)	(500)
Provision acquired as a result of merger	-	79
Write-off	-	(352)
Other changes	(8)	(96)
Impairment allowances on loans and advances from banks at the end of the period	**1 798**	**1 056**

- figures in thousand PLN

19 Derivative financial instruments

31.03.2016	Nominal value	Fair value	
		Assets	Liabilities
Trading derivatives			
Currency derivatives:			
Non-deliverable Forward (NDF)	1 146 970	5 172	5 772
Foreign Exchange Forward (FX Forward)	6 065 151	23 370	29 421
Currency Swap (FX Swap)	5 910 185	59 170	18 352
Currency Interest Rate Swaps (CIRS)	1 199 054	16 710	(74)
OTC currency options	2 764 730	8 223	6 768
Total OTC currency derivatives	**17 086 090**	**112 645**	**60 239**
Interest rate derivatives:			
interest rate swap	45 578 270	297 056	319 537
Currency Interest Rate Swap (CIRS)	940	250	-
Forward Rate Agreements (FRA)	24 300 000	3 109	3 168
OTC interest rate options	2 327 587	7 396	6 980
Other	-	-	-
Total OTC interest rate derivatives	**74 206 797**	**307 811**	**329 685**
OTC options	289 974	3 606	1 767
Total OTC derivatives based on equity securities	**289 974**	**3 606**	**1 767**
OTC commodity swap	103 962	6 423	6 148
Total commodity derivatives from OTC transactions	**103 962**	**6 423**	**6 148**
Other options	**(6 500)**	**-**	**-**
Currency Spot (FX Spot)	2 636 521	349	-
Total currency spot transactions	**2 636 521**	**349**	**51**
TOTAL	**94 316 844**	**430 834**	**397 890**
of which: valued using model-based method	*94 316 844*	*430 834*	*397 890*

- figures in thousand PLN

31.12.2015	Nominal value	Fair value	
		Assets	Liabilities
Trading derivatives			
Currency derivatives:			
Non-deliverable Forward (NDF)	953 099	6 310	2 297
Foreign Exchange Forward (FX Forward)	4 846 974	20 828	23 867
Currency Swap (FX Swap)	4 850 365	25 838	17 174
Currency Interest Rate Swaps (CIRS)	879 953	5 090	(3)
OTC currency options	2 832 716	10 459	8 515
Total OTC currency derivatives:	**14 363 107**	**68 525**	**51 850**
Interest rate derivatives:			
Interest rate swap	43 458 255	279 779	281 084
Currency Interest Rate Swap (CIRS)	1 037	262	-
Forward Rate Agreements (FRA)	25 300 000	3 469	5 003
OTC interest rate options	1 230 627	5 783	5 180
Other	24 003	-	169
Total OTC interest rate derivatives :	**70 013 922**	**289 293**	**291 436**
OTC options	384 577	4 751	2 904
Total OTC derivatives based on equity securities:	**384 577**	**4 751**	**2 904**
OTC commodity swap	188 789	5 566	5 188
Total commodity derivatives from OTC transactions:	**188 789**	**5 566**	**5 188**
Other options	**(6 500)**	**-**	**-**
Currency Spot (FX Spot)	842 933	12	161
Total currency spot transactions	**842 933**	**12**	**161**
TOTAL:	**85 786 828**	**368 147**	**351 539**
of which: - valued using model-based method	*85 786 828*	*368 147*	*351 539*

- figures in thousand PLN

20 Hedge accounting

As at 31 March 2016, the Group used fair value hedges.

Hedging relationship	Hedging the risk of changes in the fair value of the Bank's fixed liabilities resulting from changes in market interest rates (WIBOR and IRS)
Hedged items	Non-interest bearing and fixed IR bearing current accounts in EUR and PLN
Hedging instruments	The hedging instruments are standard IRS transactions, i.e. plain vanilla IRS in the euro and zloty, where the Group receives a fixed interest rate and pays a floating rate based on EURIBOR or WIBOR.
Presentation of result on the hedged and hedging transactions	The change in fair value measurement of hedging instrument is recognized in the Result on hedge accounting. Interest on the IRS transaction and the hedged items is recognized in Interest income.

IRS	Nominal value	Fair value	
		Assets	Liabilities
31.03.2016	4 497 576	26 123	-

Amounts recognized in statement of profit or loss in relation to fair value hedges:

	31.03.2016	31.12.2015
Net interest income on hedging derivatives	14 234	15 197
Change in fair value of hedging transactions recognized in the Result on hedge accounting	-	-
Including: change in fair value of hedging transactions	12 202	(4 582)
change in fair value of hedge transactions	(12 202)	4 582

The table below presents hedging derivative instruments by nominal value as at 31 December 2016, broken down by residual maturity:

Hedging derivatives	31.03.2016							
	Fair value		Nominal value					
	positive	negative	Up to 1 month	1 - 3 months	3 months - 1 year	1-5 years	5 years	Total
Interest rate contracts	**26 123**	**-**	**-**	**-**	**517 074**	**3 831 108**	**149 394**	**4 497 576**
Swap (IRS)	26 123	-	-	-	517 074	3 831 108	149 394	4 497 576
Total hedging derivatives	**26 154**	**-**	**-**	**-**	**517 074**	**3 831 108**	**149 394**	**4 497 576**

- figures in thousand PLN

21 Loans and advances to customers

	31.03.2016	31.12.2015
Current accounts:	**8 470 928**	**7 944 880**
corporate:	4 419 269	3 906 021
households:	4 019 070	3 967 365
individual customers	201 106	207 899
individual entrepreneurs	504 722	497 868
farmers	3 313 242	3 261 598
budget entities	1 041	526
other entities	31 548	70 968
Loans and advances:	**47 259 848**	**47 330 763**
corporate:	13 986 073	14 152 769
investment loans	6 268 486	6 154 067
revolving loans	3 388 828	3 778 853
other	4 328 759	4 219 849
households:	30 507 286	30 371 955
individual customers, in this:	21 215 018	21 148 995
mortgage loans	14 712 428	14 722 641
individual entrepreneurs	2 291 749	2 352 245
farmers	7 000 519	6 870 715
budget entities	173 811	180 339
other entities	284 201	387 008
lease receivables	2 308 477	2 238 692
Total loans and advances to customers (gross):	**55 730 776**	**55 275 643**
Impairment allowances	(3 017 621)	(3 006 099)
Total loans and advances to customers (net)	**52 713 155**	**52 269 544**

At the end of March 2016, gross loans and advances to customers increased by PLN 455 133 thousand, i.e. 0.8% vs. December 2015. In the first quarter of 2016, the increase was mainly driven by a rise in corporate loans and advances, and loans and advances to farmers.

Loans and advances to enterprises rose by PLN 346 552 thousand, i.e. 1.9%, and represent one-third of the gross loan portfolio (no change as compared to the balance as at 31 December 2015).

Loans and advances to households (including individual entrepreneurs and farmers) increased by PLN 187 036 thousand, i.e. 0.5%, and accounted for 62% of the gross loan portfolio as at 31 March 2016 and 31 December 2015. Mortgage loans with a total value of PLN 14 712 428 thousand, including 53.6% and 45.9% of loans denominated, respectively, in PLN and CHF, accounted for almost 43% of loans and advances to households.

Lease receivables, which are now managed within the Bank's structure, account for almost 4% of the gross loan portfolio, following the merger of Bank BGŻ and BNPP Polska in April 2015.

At the end of March 2016, the share of impaired exposures in gross loans and advances to the Bank's customers amounted to 7.7% vs. 7.6% at the end of 2015.

- figures in thousand PLN

Impairment allowances on loans and advances to customers

	31.03.2016	31.12.2015
Current accounts:	**(425 865)**	**(427 738)**
corporate:	(280 872)	(286 390)
households:	(144 260)	(140 770)
individual customers	(25 274)	(24 384)
individual entrepreneurs	(74 990)	(74 438)
farmers	(43 996)	(41 948)
budget entities	(1)	-
other entities	(732)	(578)
Loans and advances:	**(2 591 756)**	**(2 578 361)**
corporate:	(980 575)	(1 009 631)
investment loans	(235 607)	(231 727)
revolving loans	(417 709)	(443 234)
other	(327 259)	(334 670)
households:	(1 516 167)	(1 473 521)
individual customers, in this:	(1 080 476)	(1 048 463)
mortgage loans	(355 292)	(347 082)
individual entrepreneurs	(250 108)	(242 403)
farmers	(185 583)	(182 655)
budget entities	(192)	(219)
other entities	(3 636)	(4 027)
lease receivables	(91 186)	(90 963)
Total impairment allowances	**(3 017 621)**	**(3 006 099)**

- figures in thousand PLN

The Bank's credit risk exposure related to loans and advances to customers by indications of impairment

	31.03.2016	31.12.2015
Impaired exposures		
Gross carrying exposure	4 279 901	4 202 122
Impairment allowance	(2 705 838)	(2 687 616)
Net exposure	**1 574 063**	**1 514 506**
Non-impaired exposures		
Gross carrying exposure	51 450 875	51 073 521
IBNR provision	(311 783)	(318 483)
Net exposure	**51 139 092**	**50 755 038**

	3 months ended 31.03.2016	12 months ended 31.12.2015
Opening balance of impairment allowances	**3 006 099**	**1 430 389**
Impairment charges*	430 218	2 010 656
Release of impairment charges*	(355 662)	(1 682 423)
Write-off	(61 744)	(140 954)
Impairment acquired as a result of merger	-	1 377 356
Other changes (including exchange differences)	(1 290)	11 075
Closing balance of impairment allowances	**3 017 621**	**3 006 099**

*Creation and release of impairment charges on loans and advances are presented by turnover due to functional system limitations.
This presentation does not impact the financial result of the Group.

CHF home loans to individual customers – by currency (in PLN '000)

Loans by currency	31.03.2016	31.12.2015
CHF	6 747 152	6 924 155
EUR	80 988	82 704
PLN	7 879 615	7 710 797
USD	4 673	4 985
Total	**14 712 428**	**14 722 641**

Separation of CHF loan portfolio value

	31.03.2016		31.12.2015	
(Gross) loan portfolio, including:	Total portfolio	including CHF exposures	Total portfolio	including CHF exposures
Current accounts:	**8 470 928**	**2**	**7 944 880**	**-**
corporate	4 419 269	1	3 906 021	-
households	4 019 070	1	3 967 365	-
individual customers	201 106	-	207 899	-
individual entrepreneurs	504 722	1	497 868	-
farmers	3 313 242	-	3 261 598	-
budget entities	1 041	-	526	-
other entities	31 548	-	70 968	-
Loans and advances:	**47 259 848**	**7 128 329**	**47 330 763**	**7 310 324**
corporate	13 986 073	110 378	14 152 769	116 457
investment loans	6 268 486	25 534	6 154 067	27 867
revolving loans	3 388 828	11 103	3 778 853	11 761
other	4 328 759	73 741	4 219 849	76 829
households	30 507 286	6 919 564	30 371 955	7 104 798
individual customers, in this:	21 215 018	6 849 271	21 148 995	7 030 204
mortgage loans	14 712 428	6 747 152	14 722 641	6 924 155
individual entrepreneurs	2 291 749	59 849	2 352 245	63 593
farmers	7 000 519	10 444	6 870 715	11 001
budget entities	173 811	-	180 339	-
other entities	284 201	2 694	387 008	2 811
lease receivables	2 308 477	95 693	2 238 692	86 258
Total loans and advances to customers (gross)	**55 730 776**	**7 128 331**	**55 275 643**	**7 310 324**

- figures in thousand PLN

Separation of impairment allowances on CHF loans

	31.03.2016		31.12.2015	
	Total portfolio	including CHF exposures	Total portfolio	including CHF exposures
(Gross) loan portfolio, including:				
Current accounts:	**(425 865)**	**(2)**	**(427 738)**	**-**
corporate	(280 872)	(1)	(286 390)	-
households	(144 260)	(1)	(140 770)	-
individual customers	(25 274)		(24 384)	-
individual entrepreneurs	(74 990)	(1)	(74 438)	-
farmers	(43 996)	-	(41 948)	-
budget entities	(1)	-	-	-
other entities	(732)	-	(578)	-
Loans and advances:	**(2 591 756)**	**(273 445)**	**(2 578 361)**	**(258 775)**
corporate	(980 575)	(17 052)	(1 009 631)	(16 734)
investment loans	(235 607)	(107)	(231 727)	(98)
revolving loans	(417 709)	(661)	(443 234)	(668)
other	(327 259)	(16 284)	(334 670)	(15 968)
households	(1 516 167)	(242 795)	(1 473 521)	(239 929)
individual customers, in this:	(1 080 476)	(233 875)	(1 048 463)	(230 132)
mortgage loans	(355 292)	(220 645)	(347 082)	(217 322)
individual entrepreneurs	(250 108)	(7 548)	(242 403)	(8 438)
farmers	(185 583)	(1 372)	(182 655)	(1 359)
budget entities	(192)	-	(219)	-
other entities	(3 636)	(5)	(4 027)	(6)
lease receivables	(91 186)	(13 593)	(90 963)	(2 106)
Total loans and advances to customers (gross):	**(3 017 621)**	**(273 447)**	**(3 006 099)**	**(258 775)**

In the first quarter of 2016, the Group did not sell its loan portfolio.

- figures in thousand PLN

22 Available for sale financial assets

	31.03.2016	31.12.2015
Debt securities available for sale:	9 420 915	7 792 947
issued by governments – T-bonds	9 314 705	7 780 820
issued by non-financial entities – bonds	94 023	-
issued by local governments – municipal bonds	12 187	12 127
Available for sale equity instruments (Stock and shares)	57 865	48 592
Share units	5 983	3 535
Total available for sale financial assets	**9 484 763**	**7 845 074**
of which:		
valued using the market quotation method	*9 320 716*	*7 689 232*
valued using model-based method	*164 047*	*155 842*

23 Intangible assets

	31.03.2016	31.12.2015
Licenses	205 910	218 004
Other intangible assets	7 816	6 447
Expenditure on intangible assets	39 466	32 004
Total intangible assets	**253 192**	**256 455**

In the first quarter of 2016, the gross book value of intangible assets purchased by the Group was PLN 19 841 thousand (vs. PLN 4 626 thousand in the first quarter of 2015), while the net amount of assets sold and liquidated was zero (first quarter of 2015: 0).

24 Property, plant and equipment

	31.03.2016	31.12.2015
Non-current assets, in this:	481 711	495 458
land and buildings	251 029	252 157
leasehold improvements	97 128	102 067
IT equipment	80 928	84 740
office equipment	19 758	49 262
equipment and vehicles	32 868	7 232
Fixed assets under construction	49 580	41 743
Total property, plant and equipment	**531 291**	**537 201**

In the first quarter of 2016, the gross book value of intangible assets purchased by the Group was PLN 15 434 thousand (vs. PLN 707 thousand in the first quarter of 2015), while the net amount of assets sold and liquidated was zero (first quarter of 2015: PLN 533 thousand).

- figures in thousand PLN

25 Other assets

	31.03.2016	31.12.2015
Other assets:		
other debtors	72 462	61 261
Interbank and intersystem settlements	22 332	500
prepaid expenses	50 554	38 126
accrued income	37 175	47 835
card settlements	13 668	12 633
tax and other regulatory receivables	116 876	108 542
Insurance receivables	1 114	930
other lease receivables	22 018	20 667
other	44 873	10 863
Total other assets (gross)	**381 072**	**301 357**
Impairment allowances on other receivables sundry debtors	(50 927)	(49 836)
Total other assets (net)	**330 145**	**251 521**

26 Amounts due to banks

	31.03.2016	31.12.2015
Current accounts	127 718	120 628
Interbank deposits	463 707	1 288 942
Loans and advances received	7 926 704	8 447 998
Other liabilities	34 940	19 324
Total amounts due to banks	**8 553 069**	**9 876 892**

- figures in thousand PLN

27 Amounts due to customers

	31.03.2016	31.12.2015
Other financial institutions:	**4 501 027**	**4 935 155**
Current accounts	438 249	622 755
Term deposits	1 868 525	2 028 453
Loans and advances received	2 152 543	2 240 934
Other liabilities, in this:	41 710	43 013
cash collaterals	212	43 002
other	41 498	11
Individual customers	**24 437 763**	**24 079 361**
Current accounts	13 671 474	13 398 459
Term deposits	10 683 571	10 595 406
Other liabilities, in this:	82 718	85 496
cash collaterals	8 124	36 017
other	74 594	49 479
Corporate:	**17 674 468**	**16 817 438**
Current accounts	9 669 466	9 888 534
Term deposits	7 790 592	6 695 150
Other liabilities, in this:	214 410	233 754
cash collaterals	196 371	208 568
other	18 039	25 186
Including farmers:	**1 346 416**	**1 309 339**
Current accounts	1 179 147	1 133 901
Term deposits	163 513	171 893
Other liabilities, in this:	3 756	3 545
cash collaterals	3 711	3 500
other	45	45
Public sector customers:	**1 244 053**	**695 437**
Current accounts	560 888	502 878
Term deposits	683 007	192 425
Other liabilities, in this:	158	134
cash collaterals	158	134
Total amounts due to customers	**47 857 311**	**46 527 391**

At the end of March 2016, gross loans and advances to customers increased by PLN 1 329 920thousand, i.e. 2.9% vs. December 2015.
Individual customer deposits rose by PLN 358 402 thousand, i.e. 1.5%, and accounted for 51.1% of all deposits at the end of March 2016, which represents a 0.7 p.p. decrease compared with December 2015.
On the other hand, corporate customer deposits increased by PLN 857 030 thousand, i.e. 5.1%. Their share in total deposits rose from 36.1% at the end of December 2015 to 36.9% at the end of March 2016.
The share of current and savings accounts in total deposits decreased to 50.9% vs. 52.5% at the end of December 2015. The value of funds deposited in current accounts decreased by PLN 72 549 thousand, i.e. 0.3%. On the other hand, the share of term deposits in total deposits dropped from 41.9% at the end of December 2015 to 43.9% at the end of March 2016. The value of term deposits increased by PLN 1 514 261 thousand, i.e. 7.8% vs. December 2015.
The balance of loans and advances taken out and other liabilities decreased by PLN 88 391 thousand (i.e. 3.9%) and PLN 23 401 thousand (i.e. 6.5%), respectively.

- figures in thousand PLN

28 Debt securities issued

Changes in the balance of debt securities issued

	3 months ended 31.03.2016	12 months ended 31.12.2015
Balance at the beginning of the period	**469 083**	**762 311**
Issuance of certificates of deposit	-	-
Redemption of certificates of deposit	(33 436)	(294 775)
Changes in discount from certificates of deposit, interests, commission and other fees on certificates of deposit amortized using EIR, foreign currency exchange differences	(699)	1 547
Balance of debt securities issued at the end of the period	**434 948**	**469 083**

In 2008, the Bank entered into several agreements with three financing banks, concerning the issue of bearer, materialized bank securities (Certificates of Deposit) denominated in PLN. The Bank, as the issuer of debt securities, signed a Dealer Agreement and an Underwriting Agreement for purposes of the Debt Securities Issue Program (“Program”) with Bank Handlowy w Warszawie S.A., Bank Pekao S.A., BRE Bank S.A. (now: mBank) and ING Bank Śląski S.A., acting as the Program Dealers. The scope of the Program includes multiple issues of Certificates of Deposit (“CDs”) and the Bank’s Bonds (“bonds”) denominated in PLN, with the total par value of no more than PLN 3 500 000. The Bank will issue zero-coupon and coupon CDs for a maximum term of 5 years as well as zero-coupon and coupon bonds for a maximum term of 10 years. The aforesaid agreements were signed for an indefinite term.

The Debt Securities Issue Program is aimed at financing the day-to-day lending operations of the Bank.

The agreements renew and extend the scope of the previous Debt Securities Issue Program of 14 March 2008, to include bonds.

As at 31 March 2016, the par value of certificates of deposit issued was PLN 432 000 thousand as compared to PLN 465 000 thousand as at 31 December 2015.

29 Subordinated liabilities

Change in the balance of subordinated liabilities	3 months ended 31.03.2016	12 months ended 31.12.2015
Balance at the beginning of the period	**847 568**	**320 951**
Decreases	-	-
Exchange differences	(8 060)	54 380
Loan acquired as a result of merger	-	474 016
Increases due to loan received	613 900	-
Change in the balance of interest	3 086	(1 779)
Balance of subordinated loans at the end of the period	**1 456 494**	**847 568**

- figures in thousand PLN

30 Other liabilities

	31.03.2016	31.12.2015
Interbank and intersystem settlements	247 860	165 646
Other creditors	111 125	64 860
Card settlements	36 846	37 929
Provisions for non-personnel expenses	136 813	157 340
Provisions for other employees-related liabilities	92 693	113 929
Provision for unused holidays	36 210	31 125
Deferred income	71 947	42 596
Trust account liabilities	111 247	8 429
Other regulatory liabilities	111 795	108 093
Insurance liabilities	8 572	6 851
Other lease liabilities	16 843	15 521
Brokerage house liabilities	8 754	15 114
Other	26 980	49 551
Total other liabilities	**1 023 685**	**816 984**

31 Provisions

	31.03.2015	31.12.2015
Provision for restructuring	46 751	60 824
Provision for retirement benefits and similar obligations	27 186	25 879
Provision for guarantees, suretyships and undrawn credit facilities	49 158	46 784
Provisions for litigation and claims	19 966	20 913
Other provisions	9 499	9 754
Total provisions	**152 560**	**164 154**

Provision for restructuring	**3 months ended 31.03.2016**	**12 months ended 31.12.2015**
Opening balance	**60 824**	**-**
Provisions charges	125	66 666
Provisions utilization	(14 198)	(61 869)
Provisions release	-	(49)
Provision acquired as a result of merger	-	56 076
Closing balance	**46 751**	**60 824**

Provision for retirement benefits and similar obligations	**3 months ended 31.03.2016**	**12 months ended 31.12.2015**
Opening balance	**25 879**	**26 859**
Provisions charges	423	1 938
Provisions release	(696)	(7 077)
Provision acquired as a result of merger	1 580	4 159
Closing balance	**27 186**	**25 879**

- figures in thousand PLN

Provision for guarantees, suretyships and undrawn credit facilities	3 months ended 31.03.2016	12 months ended 31.12.2015
Opening balance	**46 784**	**23 200**
Provisions charges	10 724	50 386
Provisions release	(8 381)	(68 366)
Provision acquired as a result of merger	-	41 260
Other changes	31	304
Closing balance	**49 158**	**46 784**

Provisions for litigation and claims	3 months ended 31.03.2016	12 months ended 31.12.2015
Opening balance	**20 913**	**16 457**
Provisions charges	501	9 734
Provisions utilization	(724)	(10 080)
Provisions release	(724)	(1 011)
Provision acquired as a result of merger	-	5 809
Other changes	-	4
Closing balance	**19 966**	**20 913**

Other provisions	3 months ended 31.03.2016	12 months ended 31.12.2015
Opening balance	**9 754**	**1 596**
Provisions charges	119	2 137
Provisions release	(374)	(2 985)
Provision acquired as a result of merger	-	9 006
Closing balance	**9 499**	**9 754**

In its decision of 31 July 2012, the President of UOKiK regarded the actions of the Bank which involved:

a) Exclusion of procedures for changing commissions and fees for performance of agreements in the from agreements on maintaining individual retirement accounts;

b) Failure to indicate reasons for making changes to the agreements on maintaining individual retirement accounts;

c) Use of a provision introducing an open list of reasons for terminating agreements on maintaining individual retirement accounts by the Bank;

To be to be in breach of collective consumer interests and demanded that they be discontinued effective as of 10 August 2011. The President of UOKiK imposed a fine of PLN 1 374 thousand on the Bank.

On 21 August 2012, the Bank filed an appeal against the decision to the District Court in Warsaw and requested that the contractual penalties imposed by the Court be revoked. In the court judgment of 28 October 2014, the Bank's appeal was dismissed in whole. The Bank prepared an appeal and sent it to the court. On 16 February 2016, the Court of Appeals in Warsaw changed the decision whereby the penalty was reduced by half, i.e. from PLN 1 374 thousand to PLN 687 thousand. The remaining scope of the appeal was dismissed. The Bank has carried out the court order.

- figures in thousand PLN

32 Cash and cash equivalents

For purposes of preparation of the statement of cash flows, the balance of cash and cash equivalents comprises the following balances with maturity shorter than three months:

	31.03.2016	31.12.2015
Cash in hand and balances with the Central Bank	1 455 294	2 826 416
Current accounts of banks and other receivables	416 484	163 957
Interbank placements	230 449	270 973
Loans and advances	1 015	989
Total cash and cash equivalents	**2 103 242**	**3 262 335**

33 Additional information regarding the statement of cash flows

Other adjustments in the statement of cash flows	3 months ended 31.03.2016	3 months ended 31.03.2015
FX differences from subordinated loans	(4 974)	32 967
Change resulting from hedge accounting	(11 341)	-
Other adjustments	(2 500)	-
Other adjustments	**(18 815)**	**32 967**

34 Contingent liabilities

	31.03.2016	31.12.2015
Contingent commitments granted	**16 281 819**	**16 898 723**
financial commitments	12 589 264	13 256 997
guarantees	3 692 555	3 641 726
Contingent commitments received	**1 889 585**	**5 372 144**
financial commitments	958 955	4 186 655
guarantees	930 630	1 185 489

35 Fair value of financial assets and liabilities

At the end of the second quarter of 2016, instruments were allocated to the following measurement levels:

- level 1: treasury bonds, WSE-listed shares (fair value determined directly by reference to published active market quotations);
- level 2: interest rate options in EUR, FX options, base interest rate and FX swaps, FRA, FX Forward and FX swaps maturing within 1 year, commodity swaps, OIS, interest rate swaps maturing within 10 years (fair value determined using measurement techniques which are based on available, verifiable market data) money bills, CATALYST-listed corporate bonds (fair value determined using measurement techniques (models) which are based on available, verifiable market data or based on prices available on a limited-liquidity market);
- level 3: interest rate options in PLN, FX options maturing over 1 year, FX Forward and FX swaps maturing over 1 year, interest rate swaps with residual maturity exceeding 10 years (fair value determined using measurement techniques (models) which are not based on available, verifiable market data), corporate bonds except of CATALYST-listed ones, shares not listed on WSE (fair value determined using measurement techniques not based on available, verifiable market data, i.e. in other cases than described in points 1 and 2).

- figures in thousand PLN

The table below presents classification of assets and liabilities measured at fair value in the consolidated financial statements into three categories:

31.03.2016	Level 1	Level 2	Level 3	Total
Assets re-measured to fair value:	**9 315 634**	**490 592**	**163 858**	**9 970 084**
Derivative financial instruments	-	424 154	6 680	430 834
Available for sale financial assets	9 315 634	66 438	102 691	9 484 763
Investment property	-	-	54 487	54 487
Liabilities re-measured to fair value:	**-**	**389 497**	**8 393**	**397 890**
Derivative financial instruments	-	389 497	8 393	397 890

31.12.2015	Level 1	Level 2	Level 3	Total
Assets re-measured to fair value:	**7 686 599**	**424 800**	**156 449**	**8 267 848**
Debt securities held for trading	-	-	-	-
Derivative financial instruments	-	361 454	6 693	368 147
Available for sale financial assets	7 686 599	63 346	95 129	7 845 074
Investment property	-	-	54 627	54 627
Liabilities re-measured to fair value:	**-**	**(344 994)**	**(6 545)**	**(351 539)**
Derivative financial instruments	-	(344 994)	(6 545)	(351 539)

The fair value of level 2 and 3 financial instruments is determined using the measurement techniques (e.g. models) described in Note 7 Estimates.

The input data used for purposes of valuation of level 2 and 3 instruments includes foreign exchange rates, yield curves, reference rates, changes in foreign exchange rates, reference rates, stock market indices and stock prices, swap points, basis spreads, stock market index values and futures prices.

As regards level 3 municipal bonds, the credit risk margin is a non-observable parameter corresponding to the market margin for instruments within similar characteristics. The effect of changes in the credit margin on changes in the fair value is considered immaterial.

For investment property, offer prices for comparable property, actual transaction prices and other information concerning the conditions on a specific regional real estate market are the input data used for purposes of valuation. Adoption of estimates other than those used as at 31 March 2016 could lead to a material change in the valuation of investment property. However, the Group is not able to estimate their effect on the fair value of real property reliably.

The measurement was carried out by a third-party property appraiser using the combined approach (residual method).

- figures in thousand PLN

Presented below are changes in the measurement of level 3 assets and liabilities as well as amounts charged to profit or loss and statement of comprehensive income.

	Derivative financial instruments – assets	Available for sale financial assets	Investment property	Derivative financial instruments – liabilities
Balance as at 1.01.2016	**14 976**	**174 893**	**54 627**	**(7 102)**
Total gains/losses recognized in:	2 793	10 090	-	2 435
net interest income	-	*635*	-	-
net trading income	*2 793*	*2*	-	*2 435*
other operating income/expenses	-	-	-	-
statement of other comprehensive income	-	*9 453*	-	-
Purchase	937	6	-	1 805
Settlement	(31)	(2 476)	-	31
Transfers	(11 995)	-	-	2 912
Balance as at 31 March .2016	**6 680**	**182 513**	**54 627**	**81**
Unrealized gains/losses recognized in profit or loss related to assets and liabilities held at the end of the period, in this:	**(166)**	**285**	**-**	**(421)**
Net interest income	-	285	-	-
Net trading income	(166)	-	-	(421)

	Derivative financial instruments – assets	Available for sale financial assets	Investment property	Derivative financial instruments – liabilities
Balance as at 1.01.2015	**8 283**	**20 675**	**54 627**	**(6 231)**
Total gains/losses recognized in:	(15 491)	21 848	-	(7 337)
net interest income	-	*371*	-	-
net trading income	*(15 491)*	-	-	*(7 337)*
other operating income/expenses	-	-	-	-
statement of other comprehensive income	-	*21 477*	-	-
Purchase	3 924	80 337	-	2 121
Settlement	229	(20 753)	-	229
Transfers	(469)	-	-	147
Merger	10 217	72 786	-	10 200
Balance as at 31.12.2015	**6 693**	**174 893**	**54 627**	**(871)**
Unrealized gains/losses recognized in profit or loss related to assets and liabilities held at the end of the period, in this:	**(5 131)**	**77**	**-**	**2 632**
Net interest income	-	77	-	-
Net trading income	(5 131)	-	-	2 632

- figures in thousand PLN

The Bank measures the fair value by discounting all contractual cash flows related to transactions, with the use of yield curves characteristic of each transaction group. Where no repayment schedule is agreed for a product, it is assumed that the fair value is equal to the carrying amount of the transaction.

The yield curve used for fair value measurement of liabilities (such as customer and interbank deposits) and receivables (such as loans to customers and interbank deposits) comprises:
- the credit risk free yield curve;
- the cost of obtaining financing above the credit risk free yield curve;
- the market margin that reflects credit risk for receivables.

The yield curve for fair value measurement of loans is constructed through classification of loans into sub-portfolios depending on the product type and currency as well as customer segmentation. A margin is determined for each sub-portfolio taking into account credit risk. The margin is determined by reference to margins used for each type of loan granted over the past three months and if no such loans were granted over such period, a period of six months is analysed. If no new transaction was entered into during the past six months, the margin for the whole portfolio of specific type loans is used as the basis. In particular, for foreign currency mortgage loans, the margin for the whole portfolio of a specific type of mortgage loans serves as the basis for determination of a margin reflecting credit risk as no new transactions are concluded.

At the end of the first quarter of 2016, receivables and liabilities were allocated to the following measurement levels:
- level 2, which denotes that the fair value is measured using techniques based on available, verifiable market data, without any discretionary adjustments that would have a considerable effect on the results of measurement;
- level 3, which denotes that the fair value is measured using available market data adjusted by parameters resulting from the Bank's own assumptions based on expertise and experience as well as the perceived behaviour of other market participants.

The following table presents the hierarchy of measurement of loans and advances from and amounts due to banks and customers as at 31 March 2016, and comparative data:

31.03.2016	Book value	Fair value	Level
Financial assets			
Loans and advances from banks	541 296	535 546	2,3
Loans and advances to customers	52 713 155	52 956 428	3
Financial liabilities			
Amounts due to banks	8 553 069	8 655 366	2,3
Amounts due to customers	47 857 311	47 940 115	3
Debt securities issued	434 948	440 324	3
Subordinated liabilities	1 456 494	1 699 700	2,3

- figures in thousand PLN

31.12.2015	Book value	Fair value	Level
Financial assets			
Loans and advances from banks	495 431	466 773	2,3
Loans and advances to customers	52 269 544	52 030 012	3
Financial liabilities			
Amounts due to banks	9 876 892	9 951 761	2,3
Amounts due to customers	46 527 391	46 584 000	3
Debt securities issued	469 083	469 690	3
Subordinated liabilities	847 568	972 970	2,3

36 Related party transactions

Bank BGŻ BNP Paribas S.A. operates within the BNP Paribas S.A. Group.

Bank BGŻ BNP Paribas S.A. is the parent in the Capital Group of Bank BGŻ BNP Paribas S.A.

As at 31 March 2016, the Group comprised BGŻ BNP Paribas S.A., the parent, and its subsidiaries:

1. Bankowy Fundusz Nieruchomościowy Actus Sp. z o.o. ("Actus"), with its registered office at ul. Kasprzaka 10/16 in Warsaw. The Company is registered with the District Court for the capital city of Warsaw, 13th Commercial Division of the National Court Register, under number KRS 0000023062. The Bank holds 100% interest in the share capital of the Company and 100% of votes at the General Meeting.
2. Towarzystwo Funduszy Inwestycyjnych BNP Paribas Polska S.A. ("TFI"), with its registered office at Bielańska 12 in Warsaw. The company is registered with the District Court for the capital city of Warsaw, 12th Commercial Division of the National Court Register, under number KRS 0000031121. The Bank holds 100% shares of the Company.
3. Fortis Lease Polska Sp. z o.o., in liquidation ("FLP"), with its registered office at ul. Suwak 3 in Warsaw. The company is registered with the District Court for the capital city of Warsaw, 13th Commercial Division of the National Court Register, under number KRS 0000098813. The Bank holds 100% interest in the share capital of the Company.
4. BGŻ BNP Paribas Faktoring Sp. z o.o. ("Faktoring"), with its registered office at ul. Suwak 3 in Warsaw. The company is registered with the District Court for the capital city of Warsaw, 13th Commercial Division of the National Court Register, under number KRS 0000225155. The Bank holds 100% interest in the share capital of the Company.
5. Sygma Bank Polska S.A., with its registered office at ul. Suwak 3 in Warsaw. The company is registered with the District Court for the capital city of Warsaw, 13th Commercial Division of the National Court Register, under number KRS 0000569806. The Bank holds 100% of the Company's shares.
6. Laser Services Polska S.A., with its registered office at ul. Suwak 3. The company is registered with the District Court for the capital city of Warsaw, 13th Commercial Division of the National Court Register, under number KRS 0000022784. The Bank holds 100% of the Company's shares.

All transactions between the Bank and its related parties were entered into as part of its day-to-day operations and included mainly loans, deposits, transactions in derivative instruments as well as income and expenses related to advisory and financial intermediation services.

- figures in thousand PLN

Transactions with shareholders of BGŻ S.A. and related parties

31.03.2016	BNP PARIBAS SA	BNP PARIBAS FORTIS SA/NV	OTHER ENTITIES FROM THE CAPITAL GROUP OF BANK BNP PARIBAS SA	KEY PERSONNEL	TOTAL
Assets	**77 664**	**368 020**	**49 991**	**1 542**	**497 217**
Current accounts, interbank placements and loans and advar	8 344	345 351	26 242	1 542	**381 479**
Derivative financial instruments	69 189	-	17	-	**69 206**
Hedging instruments	-	22 669	-	-	**22 669**
Other assets	131	-	23 732	-	**23 863**
Liabilities	**7 294 226**	**1 385 608**	**2 738 997**	**4 947**	**11 423 778**
Loans and advances received	5 308 919	1 318 460	2 624 065	-	**9 251 444**
Interbank deposits and current accounts	451 249	63 171	78 759	4 947	**598 126**
Subordinated liabilities	1 458 306	-	-	-	**1 458 306**
Derivative financial instruments	75 584	3 709	3 788	-	**83 081**
Hedged items	-	31	-	-	**31**
Other liabilities	168	237	32 385	-	**32 790**
Contingent liabilities					
Financial commitments granted	-	-	100 601	7	**100 608**
Guarantees granted	12 281	59 819	205 380	-	**277 480**
Commitments received	355 683	287 679	369 983	-	**1 013 345**
Derivative financial instruments (face value)	52 770 288	465 177	41 808	-	**53 277 273**
First quarter 2015 from 01.01.2016 to 31.03.2016					
Statement of profit or loss	**(81 106)**	**(6 057)**	**(3 477)**	**6**	**(90 634)**
Interest income	9 797	587	276	10	**10 670**
Interest expense	(39 110)	(6 810)	(6 089)	(4)	**(52 013)**
Fee and commission income	1	40	6 449	-	**6 490**
Fee and commission expense	(174)	(53)	(22)	-	**(249)**
Net trading income	(60 459)	(2 464)	1 420	-	**(61 503)**
Result on fair value measurement of hedge accounting	8 839	2 643	-	-	**11 482**
Other operating income	-	-	36	-	**36**
Other administrative expenses	-	-	(3 404)	-	**(3 404)**
General administrative expenses	-	-	(2 143)	-	**(2 143)**

- figures in thousand PLN

31.12.2015	BNP PARIBAS SA	BNP PARIBAS FORTIS SA/NV	OTHER ENTITIES FROM THE CAPITAL GROUP OF BANK BNP PARIBAS SA	KEY PERSONNEL	TOTAL
Assets	**44 885**	**121 369**	**49 127**	**1 553**	**216 934**
Current accounts, interbank placements and loans	6 097	112 846	41 399	1 553	**161 895**
Derivative financial instruments	38 781	-	2 951	-	**41 732**
Hedging instruments	-	8 523	-	-	**8 523**
Other assets	7	-	4 777	-	**4 784**
Liabilities	**6 410 337**	**1 483 770**	**3 785 558**	**3 519**	**11 683 184**
Loans and advances received	5 533 980	1 481 130	3 773 049	-	**10 788 159**
Interbank deposits and current accounts	-	16	-	3 519	**3 535**
Subordinated liabilities	848 360	-	-	-	**848 360**
Derivative financial instruments	27 413	2 392	2 413	-	**32 218**
Other liabilities	584	232	10 096	-	**10 912**
Contingent liabilities					
Financial commitments granted	-	-	103 817	223	**104 040**
Guarantees granted	7 313	60 316	174 690	-	**242 319**
Commitments received	287 341	73 743	558 855	-	**919 939**
Derivative financial instruments (face value)	36 200 827	848 082	704 829	-	**37 753 738**
First quarter 2015 from 01.01.2015 to 31.03.2015					
Statement of profit or loss	**(861)**	**-**	**(11 096)**	**(17)**	**(11 974)**
Interest income	-	-	-	-	-
Interest expense	(1 712)	-	(7 403)	(17)	(9 132)
Fee and commission income	-	-	-	-	-
Fee and commission expense	-	-	-	-	-
Net trading income	851	-	(2 229)	-	(1 378)
Result on fair value measurement of hedge accounting	-	-	-		-
Other operating income	-	-	1 286	-	1 286
Other operating expenses	-	-	(2 750)	-	(2 750)

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- figures in thousand PLN

Remuneration of the Management Board and Supervisory Board

Management Board	31.03.2016	31.12.2015
Short-term employee benefits	4 454	20 992
Long-term benefits	3 166	6 753
Benefits due to termination of employment	-	3 224
Share-based payments	2 286	2 542
TOTAL	**9 906**	**33 511**

Supervisory Board	31.03.2016	31.12.2015
Short-term employee benefits	366	664
Long-term benefits	-	-
Benefits due to termination of employment	-	-
Share-based payments	-	-
TOTAL	**366**	**664**

37 Consolidated capital adequacy ratio

	31.03.2016	31.12.2015
Total equity	7 312 395	6 735 562
Total risk exposure	50 575 368	50 095 750
Total capital requirement	**14.46%**	**13.45%**
Tier 1 ratio	**11.59%**	**11.76%**

38 Operating segments

Segment reporting

The Group has identified the following operating segments for reporting purposes and allocated income and expenses as well as assets and liabilities thereto: Retail and Business Banking, Small and Medium-Sized Enterprises (SME) and Agro, Corporate Banking, Corporate and Institutional Banking (CIB) as well as Other Operations, including the Assets and Liability Management Division and the Corporate Center. Additionally, performance related to Agro customers, i.e. individual farmers and agri-food sector enterprises, as well as the Personal Finance segment has been presented. Although the aforesaid segment performance overlaps with that of the basic operating segments, they are additionally monitored separately for purposes of the Group's management reporting. The abovementioned segmentation reflects the principles of customer classification to each segment in line with the business model adopted by the Group, which are based on such criteria as the entity, finances and type of business activity. Enterprises are segmented on the basis of activity classification codes.

The Group's management performance is monitored by considering all items of the income statement of the particular segment, to the level of gross profit, i.e. the for each segment revenue, expenses and net impairment losses are reported. Management revenue takes into account cash flows between customer segments and the asset liability management unit, measured by reference to internal transfer prices of funds based on market prices and liquidity margins for each maturity and currency. Management expenses of the segments include direct operating expenses and expenses allocated using the allocation model adopted by the Group. Additionally, the management performance of the segments may take into account amounts due to each business line for services between such lines – such information is assigned to the Bank's customers.

The Group's operations are carried out in Poland only. As no considerable differences in the risks, which might be affected by the geographical location of the Group's branches, can be identified, no geographical disclosures have been presented.

The Group applies consistent, detailed principles to all identified segments. As regards revenue, in addition to standard items, components of the net interest income of the segments have been identified, to include external and internal revenue and expenses. As regards operating expenses, the Group's indirect expenses are allocated to each segment in the Expense allocation (internal) item. Total integration of banks BGŻ and BNP Paribas Bank Polska costs are presented in the Other Operations segment. Considering the profile of the Group's business, no material seasonal or cyclical phenomena are identified. The Group provides financial services, the demand for which is stable, and the effect of seasonality is immaterial.

Description of operating segments

The Retail and Business Banking Segment offers comprehensive services to individuals, also private banking customers, as well as businesses (microenterprises), including:

- entrepreneurs whose annual net revenue for the preceding financial year is below PLN 10 million and the Bank's credit exposure to a customer is less than PLN 2 million
- farmers, where the Bank's credit exposure to a customer is less than PLN 1 million and Standard Output (parameter describing the economic size of farms in accordance with the Community Typology for Agricultural Holdings) in the preceding financial year was less than EUR 75 thousand.

The scope of financial services offered by the Retail and Business Banking Segment includes maintenance of current and deposit accounts, acceptance of term deposits, granting mortgages loans, cash advances, mortgage loans, overdrafts, loans to microenterprises, issuing debit and credit cards, cross-border cash transfers, foreign exchange transactions, sale of insurance products as well as other services of lesser importance to the Group's income. Additionally, the performance of the Retail and Business Banking Segment includes: balances and performance of direct banking (BGŻ Optima), performance of brokerage services and distribution of investment fund units.

The Retail and Business Banking customers are served by the Bank's Branches and alternative channels, i.e. online banking (eBGŻ, Pl@net), mobile banking and telephone banking (TeleBGŻ), indirect banking channel (BGŻ Optima) and the Personal Banking channel. Selected products are also sold by financial intermediaries active at the country and local level.

Personal Finance is responsible for development of product offering and management of financial services provided to consumers, with three major products, i.e. cash advances, car loans and credit cards. The aforesaid products are distributed through the Retail and Business Banking branch network as well as external distribution channels.

Personal Finance provides strong support in acquisition of individual customers, generating revenue and increasing profitability.

The SME and Agro Segment provides services to institutional customers (other than retail customers) with annual net revenue for the preceding financial year of PLN 10-60 million and the Bank's credit exposure of less than PLN 25 million, or the Bank's credit exposure of PLN 2-25 million and the customer's net revenue for the preceding financial year of less than PLN 60 million; farmers with the Bank's credit exposure of PLN 1-25 million or the Standard Output (parameter describing the economic size of farms in accordance with the Community Typology for Agricultural Holdings) in the preceding financial year of EUR 50 thousand or more as well as Agro entrepreneurs.

The SME sales network has been divided into 7 SME Regions with 44 SME Business Centers dedicated solely to provision of services to Small and Medium-Sized Enterprises.

The Corporate Banking Segment focuses on provision of services to medium-sized and large enterprises, offering them a wide range of financial solutions. Corporate Banking customers are corporations and institutions with annual sales revenue exceeding PLN 60 million. They are divided into four key groups:

- Polish mid-caps (with annual revenue of PLN 60-600 million);
- multinational customers (companies operating in multinational capital groups);
- large Polish corporations (with annual turnover of more than PLN 600 million and an investment banking potential);
- public sector and institutions

Additionally, an agro sub-segment and a non-agro sub-segment have been identified in the aforesaid segment.

Services are provided by 9 Business Centers located in large cities across Poland, which are separate from the Bank's branch network. Operating services are provided to all institutional segment customers by the Bank's Branches, via telephone (TeleBGŻ) and online (eBGŻ Firma, Biznes Planet and Connexis). Selected products are also sold by financial intermediaries active at the country and local level.

The basic products and services provided to Corporate Customers include cash management and global trade finance services – comprehensive services related to import and export LCs, bank guarantees and documentary collection, supply chain and exports financing, acceptance of deposits (from overnight to term deposits), corporate finance services which involve provision of overdraft facilities, revolving and investment loans as well as agro-business loans), financial market products, to include foreign exchange and derivative transactions on account of customers, lease and factoring products as well as specialized services such as financing real property, structured finance services to mid-caps and investment banking.

Corporate and Institutional Banking (CIB) Segment supports sales of products of the BNP Paribas Group, an international institution, dedicated to the largest Polish enterprises. It offers world-class quality expertise to customers by combining the knowledge of the Polish market with experience gained on international markets as well as top-class industry experts' competence. It supports development of Polish enterprises and implementation of projects of strategic importance to Poland, to include construction of power plants, green energy or fuel sector funding or securing financing for cross-border acquisitions of listed companies. In addition to the Strategic Customer Department, the organizational structure of CIB comprises the Financial Markets Division.

Other Operations of the Group are carried out mainly through the **Asset Liability Management Division**, the main objective of which is ensuring an appropriate and stable level of funding to guarantee security of the Bank's operations and compliance with the standards defined in the applicable laws.

The Asset Liability Management Division assumes responsibility for liquidity management at the Bank, setting internal and external reference prices, management of the interest rate risk inherent in the Bank's balance sheet as well as the operational and structural currency risk. The Asset Liability Management Division focuses on both prudential (compliance with external and internal regulations) and optimization aspects (financing cost management and generating profit on management of the Bank's balance sheet items).

The **Other Operations** segment includes also direct costs of the support functions, which have been allocated to segments in the Expense allocation (internal) item, as well as results that may not be assigned to any of the aforementioned segments (to include equity investment, gains/losses on own accounts and customer accounts not allocated to a specific segment).

The presentation of data in the segment reporting note as at 31 March 2015 and for the period then ended has been changed as compared to the presentation in the annual separate financial statements prepared as at 31 Mach 2015 and for the period then ended, with a view to ensuring their full comparability with the relevant financial information as at 31 March 2016 and for the period then ended.

- figures in thousand PLN

First quarter of 2016*	Retail and Business Banking	SME and AGRO	Corporate Banking	CIB	Other Operations	Total	including Agro customers	including Personal Finance
Statement of profit or loss								
Net interest income	270 035	57 540	54 730	500	52 616	**435 421**	86 764	115 384
external interest income	347 111	109 434	86 402	1 270	78 322	**622 538**	162 668	162 406
external interest expense	(94 447)	(14 952)	(32 856)	-	(44 862)	**(187 117)**	(10 528)	(11 367)
internal interest income	156 337	25 473	49 830	-	266 739	**498 380**	(88 356)	(35 658)
internal interest expense	(138 966)	(62 415)	(48 645)	(770)	(247 584)	**(498 380)**	22 980	3
Net fee and commission income	76 752	21 285	25 125	41	(166)	**123 037**	30 623	15 525
Dividend income	-	-	-	-	-	**-**	-	-
Net trading income	8 751	5 809	17 075	13 913	6 486	**52 035**	6 772	139
Result on investing activities	303	-	2	-	169	**474**	-	-
Result on hedge accounting	-	-	-	-	-	**-**	-	-
Share in profit (loss) of associates	-	-	-	-	-	**-**	-	-
Other operating revenue and expenses	7 427	1 055	1 547	145	(1 499)	**8 674**	1 772	457
Net impairment losses on financial assets and contingent liabilities	(61 958)	(22 932)	8 571	90	(1 052)	**(77 282)**	(4 953)	(24 230)
General administrative expenses	(212 692)	(27 735)	(36 438)	(7 505)	(125 849)	**(410 220)**	(1 658)	(65 762)
Depreciation and amortization	(20 107)	(317)	(1 919)	(292)	(20 452)	**(43 087)**	(84)	(3 393)
Expense allocation (internal)	(82 446)	(25 726)	(16 179)	(1 193)	125 544	**-**	-	(14344)
Segment result	**(13 935)**	**8 979**	**52 513**	**5 698**	**35 797**	**89 052**	**119 235**	**23 777**
Tax on financial institutions	(17 261)	(6 923)	(7 382)	(169)	**-**	**(31 735)**	**-**	(3 625)
Profit (loss) before income tax	**-**	**-**	**-**	**-**	**-**	**57 317**	**-**	**-**
Income tax expense	**-**	**-**	**-**	**-**	**-**	**(26 052)**	**-**	**-**
Net profit/ (loss) for the period	**-**	**-**	**-**	**-**	**-**	**31 265**	**-**	**-**
Statement of financial position as at 31.03.2015								
Segment assets	28 560 793	11 244 432	12 627 412	115 364	13 712 600	**66 260 601**	15 469 070	6 723 243
Segment liabilities	30 349 226	5 551 499	12 458 929	-	11 539 302	**59 898 958**	4 742 883	1 299 544

First quarter of 2015*	Retail and Business Banking	SME and AGRO	Corporate Banking	CIB	Other Operations	Total	including Agro customers	including Personal Finance
Statement of profit or loss								
Net interest income	155 375	43 238	17 008	1 779	36 286	**253 686**	74 062	35 358
external interest income	209 157	95 704	37 420	-	60 336	**402 617**	157 121	48 520
external interest expense	(91 363)	(10 902)	(19 536)	-	(27 130)	**(148 931)**	(13 376)	-
internal interest income	152 829	23 200	25 007	-	208 031	**409 066**	(99 182)	(13 165)
internal interest expense	(115 247)	(64 764)	(25 884)	1 779	(204 950)	**(409 066)**	29 499	3
Net fee and commission income	47 903	17 561	5 335	63	1 000	**71 862**	27 852	(144)
Dividend income	-	-	-	-	-	**-**	-	-
Net trading income	8 476	6 252	1 977	2 076	1 275	**20 055**	5 603	184
Result on investing activities	-	-	-	-	23 033	**23 033**	-	-
Result on hedge accounting	-	-	-	-	-	**-**	-	-
Share in profit (loss) of associates	-	-	-	-	-	**-**	-	-
Other operating revenue and expenses	(1 071)	1 401	(107)	-	(5 392)	**(5 169)**	151	(110)
Net impairment losses on financial assets and contingent liabilities	(34 940)	(13 360)	(6 407)	-	(52)	**(54 759)**	(4 979)	(10 535)
General administrative expenses	(120 154)	(10 417)	(9 201)	-	(120 030)	**(259 802)**	(2 229)	-
Depreciation and amortization	(13 717)	(153)	(1 263)	-	(12 184)	**(27 317)**	(81)	-
Expense allocation (internal)	(35 027)	(16 329)	(10 119)	(1 896)	63 372	**-**	-	(3 106)
Segment result	**6 845**	**28 193**	**(2 778)**	**2 022**	**(12 693)**	**21 589**	**100 379**	**21 646**
Profit (loss) before income tax	**-**	**-**	**-**	**-**	**-**	**21 589**	**-**	**-**
Income tax expense	**-**	**-**	**-**	**-**	**-**	**(7 073)**	**-**	**-**
Net profit/ (loss) for the period	**-**	**-**	**-**	**-**	**-**	**14 516**	**-**	**-**
Statement of financial position as at 31.12.2015								
Segment assets	29 082 102	11 056 056	11 873 872	128 144	13 232 162	**65 372 338**	14 817 940	4 697 762
Segment liabilities	29 753 756	6 285 391	10 689 816	-	12 375 018	**59 103 984**	5 311 070	-

*As the figures have been rounded and presented in PLN ‘000, in some cases their total may not correspond to the exact grand total.

- figures in thousand PLN

39 The shareholders' structure of Bank BGŻ BNP Paribas S.A.

As at 31 March 2016 and the date of submission of the report for the first quarter of 2016, i.e. 9 May 2016, the structure of the shareholders of Bank BGŻ BNP Paribas S.A., including those holding at least 5% of the total number of votes at the General Meeting, was as follows:

31.03.2016 Shareholders	Number of shares	Percentage interest in share capital	Number of votes at the General Shareholders' Meeting	Percentage share in the total number of votes at the General Shareholders' Meeting
BNP PARIBAS total:	74 409 864	88.33%	74 409 864	88.33%
BNP Paribas directly	50 524 889	59.98%	50 524 889	59.98%
BNP Paribas Fortis SA/NV directly	23 884 975	28.35%	23 884 975	28.35%
Rabobank International Holding B.V.*	5 613 875	6.66%	5 613 875	6.66%
Other shareholders	4 214 579	5.01%	4 214 579	5.01%
Total:	**84 238 318**	**100.00%**	**84 238 318**	**100.00%**

*Rabobank Group

In the first quarter of 2016 years there were not changes in the shareholders structure.

As at 31 March 2016, the Bank's share capital amounted to PLN 84 238 thousand and was divided into 84 238 318 shares with a par value of PLN 1.00, including: 15 088 100 A series shares, 7 807 300 B series shares, 247 329 C series shares, 3 220 932 D series shares, 10 640 643 E series shares, 6 132 460 F series shares, 8 000 000 G series shares, 5 002 000 H series shares and 28 099 554 I series shares.

The Bank's shares are ordinary bearer and registered shares (as at 31 March 2016, there were 13 024 915 registered shares, including 4 B series shares).

No special control rights are attached to the ordinary bearer shares.

Four B series registered shares in the Bank are preference shares with respect to payment of the full par value per share in the event of the Bank's liquidation, once the creditors' claims have been satisfied, with priority over payments per ordinary shares, which, after the rights attached to the preference shares have been exercised, may be insufficient to cover the total par value of those shares.

The Bank's Statute does not impose any limitations as to exercising the voting rights or set forth any provisions whereby the equity rights attached to securities would be separated from the holding itself. One right to vote at the General Shareholders' Meeting of the Bank is attached to each share. The Bank's Statute does not impose any limitations as to transferring the title to the securities issued by the Bank.

As at 31 March 2016 and the date of the Management Board's approval of the report for the first quarter of 2016, i.e. 9 May 2016, no shares issued by the Bank were held by members of the Management Board, Supervisory Board or the key executives, which had not changed since the date of publication of the report for 2015, i.e. 17 March 2016.

As declared by BNP Paribas SA to the Polish Financial Supervision Authority, the number of the Bank's shares that are traded freely should be increased to at least 12.5% by 30 June 2016 and to at least 25% plus one share by the end of 2018 at the latest, in accordance with the specific conditions laid down in the aforesaid declarations.

- figures in thousand PLN

As at 31 December 2015, the structure of the shareholders of Bank BGŻ S.A., including those holding at least 5% of the total number of votes at the General Shareholders' Meeting, was as follows:

31.12.2015 Shareholders	Number of shares	Percentage interest in share capital	Number of votes at the General Shareholders' Meeting	Percentage share in the total number of votes at the General Shareholders' Meeting
BNP PARIBAS total:	74 409 864	88.33%	74 409 864	88.33%
BNP Paribas directly	50 524 889	59.98%	50 524 889	59.98%
BNP Paribas Fortis SA/NV directly	23 884 975	28.35%	23 884 975	28.35%
Rabobank International Holding B.V.*	5 613 875	6.66%	5 613 875	6.66%
Other shareholders	4 214 579	5.01%	4 214 579	5.01%
Total:	**84 238 318**	**100.00%**	**84 238 318**	**100.00%**

*Rabobank Group

40 Dividends paid

By the date of preparing these Interim Condensed Consolidated Financial Statements for the first quarter of 2016, decisions regarding proposed distribution of the profit for 2015 had not been made. The Management Board of the Bank will not recommend dividend payment for 2015.

41 Litigation

As at 31 March 2016, the total value of the proceedings with the Bank as the defendant was PLN 108 668 thousand and of those with the Bank as the plaintiff amounted to PLN 219 729 thousand. As at 31 December 2015, the total value of the proceedings with the Bank as the defendant was PLN 113 395 thousand and of those with the Bank as the plaintiff amounted to PLN 169 552 thousand.

Bank BGŻ BNP Paribas S.A. or any other Group companies are not parties to any proceedings before courts, arbitration or public administration bodies, the value of which would account for at least 10% of the Bank's equity.

42 Risk management

Presented below are the major changes in the approach to credit risk management, basic market, liquidity, counterparty and country risk measures as well as changes in the approach to operational risk management, as introduced in the first quarter of 2016.

CREDIT RISK

Credit risk is inherent in the core financial operations of the Bank, the scope of which includes both lending and provision of funding with the use of capital market products. Consequently, credit risk is identified as the risk with the highest potential to affect the present and future profits and equity of Bank BGŻ BNP Paribas. The materiality of credit risk is confirmed by its 80% share in the total economic capital estimated by the Bank for purposes of covering major risks involved in the Bank's operations, in addition to its 88% share in the total value of regulatory capital.

Credit risk management is primarily aimed at implementation of the Group's strategy through a harmonious increase in the loan portfolio, accompanied by maintenance of the credit risk appetite at an acceptable level.

Credit risk management principles adopted by the Group:

- each credit transaction requires comprehensive credit risk assessment expressed in internal rating or scoring;
- in-depth and careful financial analysis serves as the basis for regarding the customer's financial information and collateral-related data as reliable; prudential analyses performed by the Group always take into account a margin of safety;
- as a rule, financing is provided to the customer based on its ability to generate cash flows that ensure payment of its liabilities to the Group;
- the credit risk assessment is additionally verified by credit risk assessment personnel, independent of the business;
- the pricing terms of a credit transaction have to account for the risk involved in such a transaction;
- credit risk is diversified on such dimensions as geographical regions, industries, products and customers;
- credit decisions may only be taken by competent employees;
- the Group enters into credit transactions only with customers it knows and long-term relationships are the basis for cooperation with customers;
- the customer and the transactions made with the customer are monitored transparently from the perspective of the customer, in a manner that strengthens the relationship between the Bank and the customer.

Forbearance practices

The Bank treats its exposures as forborne if the obligor is provided with a facility which results in a material economic loss or any facility for exposures with indications of impairment.

A facility is understood as the occurrence of at least one of the following events:

- a change to the repayment schedule;
- cancellation of the past due amount (e.g. capitalization of the past due amount, which may be repaid at a later date);
- cancellation of principal, interest or fees;
- granting a new loan for purposes of repayment of the existing debt only when the customer is faced with financial difficulties. i.e.:
  - the exposure is subject to debt collection; or
  - the exposure is not subject to debt collection but there is evidence (provided by the customer or obtained in the decision-making process) that the customer is facing financial difficulties.

A material economic loss is defined by the Bank as:

- margin reduction by more than 50%; or
- cancellation of receivables by more than 5% of the total amount due (principal, interest, fees, charges); or
- a combination of the aforementioned elements, provided that they represent at least 100% of the loss materiality threshold.

The “forborne” status is no longer assigned if the following conditions have been satisfied:

- the exposure has not been considered impaired for 24 months in a row;
- none of the exposures to the customer are past due by more than 30 days;
- the obligor has been making regular and considerable payments for at least a half of the trial period.

FINANCIAL RISK

Market risk in the banking book

The interest rate risk level in the first quarter of 2016 was reduced as compared to the fourth quarter of 2015. The level of utilization of interest rate position limits in each time range was low and amounted to 20% on average at the end of March.
The currency risk in the banking book is transferred to the trading book.

Market risk in the trading book

In the first quarter of 2016, the market risk measured by VaR remained at a moderate level with the average use of the VaR limit for the trading book at 44%. Interest rate exposures were the main source of risk in the trading book (with the major share of interest rate swaps and forward rate agreements). Currency risk exposures had a very limited impact on the Bank's market risk as end-of-day positions in each currency were reduced to minimum levels.

Liquidity risk

In the first quarter of 2016, the Bank maintained financial liquidity at a safe level. Ratios and supervisory liquidity measures remained at a satisfactory level, both in the short and in the long term, which means that the related requirements were satisfied by the Group in the whole reporting period.
Amounts due to customers, medium- and long-term lines of credit and equity are the major sources of funding used by the Bank. Medium- and long-term lines of credit, including subordinated loans, are provided mainly by the BNP Paribas Group.

Counterparty and country risk

Counterparty risk is the credit risk concerning the counterparty to transactions where the amount of liability may change in time depending on market parameters.
T counterparty risk was calculated for the following types of transactions contained in the trading portfolio of the Bank: foreign exchange transactions, interest rate swap transactions, FX options, interest rate options and commodity derivatives.

In the first quarter of 2016, the Bank saw a small decrease in exposure to the corporate customer risk (down 8%) and an increase in exposure to banks of 25%.

As at 31 March 2016, foreign lending operations of the Bank represented 37.6%, international trade transactions accounted for 35.7%, treasury transactions for 26.5% and derivative transactions entered into with foreign corporate customers represented 0.2% of the Bank's country risk exposure.
France accounted for 40%, Germany 13%, Belgium 9% and the Czech Republic for 9% of the exposure. The remaining exposure was related to the Netherlands, UK, Senegal and Switzerland.

OPERATIONAL RISK

The Bank's operational risk is defined, in accordance with a resolution of the Polish Financial Supervision Authority and the requirements of Recommendation M of the PFSA, as the possibility of incurring a loss or an unreasonable cost through the fault of inappropriate or unreliable internal processes, people, technical systems or as a result of external factors. It comprises legal but not strategic risk. Operational risk as such is inherent in any banking operations.

Operational risk is managed with a view to reducing the losses and costs resulting from the aforesaid risk, ensuring top quality of the services provided by the Bank in addition to security and compliance of the Bank's operations with the applicable laws and standards.

Procedures

Operational risk management consists in employment of measures aimed at operational risk identification, analysis, monitoring, control, reporting and mitigating in addition to implementation of corrective actions. Such measures take into account the structures, processes, resources and scopes of responsibilities for the said processes at various organizational levels. The operational risk management strategy has been described in the Operational Risk Management Strategy of Bank BGŻ BNP Paribas S.A., which was approved by the Management Board of the Bank and accepted by the Supervisory Board. The Operational Risk Policy of Bank BGŻ BNP Paribas S.A., adopted by the Management Board of the Bank, is another document of key importance. It addresses all aspects of the Bank's operations in addition to defining the Bank's objectives and the methods of their achievement as regards the quality of operational risk management as well as compliance with legal requirements set out in the recommendations and resolutions issued by local banking supervision authorities. The Bank's operational risk management objectives include, in particular, compliance with high operational risk management and assessment standards that guarantee security of customer deposits, the Bank's equity, stability of its financial performance as well as maintenance of the operational risk level within the range of the operational risk appetite and tolerance defined by the Bank. When developing the operational risk management and assessment system, the Bank complies with the applicable legal requirements, in particular the recommendations and resolutions of the national financial supervision authorities and the standards adopted by the Group.

In accordance with the Policy, the Bank's operational risk management instruments include:

- tools used for purposes of recording operational events, together with the principles of their recording, allocation and reporting;
- operational risk analysis, its monitoring and day-to-day control;
- counteracting an elevated level of operational risk, to include risk transfer;
- calculation of the capital requirement related to operational risk.

Compliance with the operational risk policy is verified by the Bank's Management Board periodically and, if necessary, the required adjustments are made in order to improve the system. To this end, the Management Board of the Bank is regularly provided with information concerning the scale and types of operational risk to which the Bank is exposed, its effects and management methods.

Internal environment

The Bank precisely defines the roles and responsibilities in the operational risk management process, considering its organizational structure. The Operational Risk Department is responsible for day-to-day operational risk analysis in addition to development of appropriate risk control and mitigation techniques and their improvement. Development and implementation of the Bank's strategy with respect to insurance as a risk mitigation technique is the responsibility of the Administration Department, while the Security and Continuity of Business (CoB) Department focuses on management of continuity of business.

As part of the legal risk management process, the Legal Division monitors, identifies and performs analyses of changes to common laws and their effect on the Group's operations, in addition to court and administrative proceedings which affect the Bank. The Compliance Department is responsible for day-to-day compliance risk analysis as well as development of appropriate risk control techniques and their improvement.

Considering the elevated level of external and internal risks related to fraud and offence against the assets of the Bank and its customers, the Bank has extended the scope of and improved its processes aimed at counteracting, detecting and examining such cases, which is the responsibility of the Fraud Management Department.

Risk management

The Bank places a strong focus on identification and assessment of the factors that trigger its present exposure to operational risk in relation to banking products. It is the Bank's objective to reduce the operational risk level through improvement of its internal processes as well as mitigating the risk inherent in the process of launching new products and services and outsourcing operations to third parties.

In accordance with the operational risk management policy, operational risk analysis is aimed at acquiring an understanding of the interdependence between the risk generating factors and operational event types, and it is performed primarily with the objective to define the operational risk profile.

The operational risk profile is the assessment of materiality of the risk, which is understood as the scale and structure of the operational risk exposure, defining the degree of exposure to the operational risk (operational losses), expressed in structural dimensions selected by the Bank (key process areas) and the scale (residual risk level). It is determined in the course of annual operational risk mapping sessions, which involve operational risk assessment for the major operational risk factors (people, processes, systems and external events) as well as the key process areas at the Bank.

Keeping a track record of operational events enables efficient operational risk analysis and monitoring. The process of operational event recording is overseen by the Operational Risk Department, which assumes responsibility for verification of the quality and completeness of data concerning operational events recorded in dedicated tools available to all organizational units of the Bank.

Internal control system

The internal control system principles have been formulated in the Internal Control Policy of the Bank BGŻ BNP Paribas SA, which was approved by the Management Board of the Bank and accepted by the Supervisory Board. The document lays down the key principles, defines the organizational framework and establishes the standards of the Bank's internal control environment. The Bank's internal control objectives are, in particular, improvement of efficiency of controls as part of a uniform, effective internal control system based on three control levels, as well as improvement of the process of the Bank responding to identified internal control inefficiencies and raising the risk awareness in the organization. The Bank's management is involved in the process of ensuring and confirming the efficiency of the key processes and controls (management sign-off).
Functional control is exercised in accordance with the Functional Control Rules.

Monitoring and reporting

The Bank monitors periodically the efficiency of the operational risk management system and its appropriateness for its current risk profile. The organization of the operational risk management system is reviewed as part of periodic control exercised by the Internal Audit Division, which is not directly involved in the operational risk management process but provides professional and unbiased opinions supporting achievement of the Bank's objectives. The operational risk management system is overseen and its appropriateness and efficiency are assessed by the Supervisory Board.
The Bank has been collecting information on losses driven by operational risk for more than ten years. In addition, the Bank estimates its regulatory capital necessary to cover operational risk in accordance with the applicable regulations. The said calculation is performed using the standard approach (STA). On a consolidated statement requirements for the subsidiaries are determined by the Basic Indicator Approach (BIA)

The Bank's subsidiaries

At the subsidiaries, operational risk is managed by dedicated units/designated employees. Operational risk management at the subsidiaries (methods and procedures) is organized considering the entity's scope of business as well as its business profile, in compliance with the Group policies.

43 Changes in the governing bodies of the Bank

Composition of the Management Board of Bank BGŻ BNP Paribas as at 31 March 2015:

1. Tomasz Bogus – President of the Management Board;
2. Daniel Astraud – Vice-President of the Management Board;
3. Francois Benaroya – Vice-President of the Management Board;
4. Blagoy Bochev – Vice-President of the Management Board;
5. Jan Bujak – Vice-President of the Management Board;
6. Wojciech Kembłowski – Vice-President of the Management Board;
7. Magdalena Legęć – Vice-President of the Management Board;
8. Jaromir Pelczarski – Vice-President of the Management Board;
9. Jean-Philippe Stephane Rodes – Vice-President of the Management Board;
10. Michel Thebault – Vice-President of the Management Board;
11. Bartosz Urbaniak – Member of the Management Board.

There were no changes in the composition of the Management Board of the Bank in the first quarter of 2016.

After the balance sheet date, i.e. on 21 April 2016, the Supervisory Board of the Bank appointed Mr. **Jerzy Śledziewski** Vice-President of the Management Board effective from 1 August 2016, until the end of the existing three-year joint office of the members of the Management Board referred to in Art. 21.1 of the Statute of the Bank.

On 21 April 2016, Mr. **Stephane Rodes** submitted a resignation from the position of Vice-President and Member of the Management Board of the Bank as of 31 July 2016.

Composition of the Supervisory Board of Bank BGŻ BNP Paribas as at 31 March 2015:

1. Józef Wancer – Chairman of the Supervisory Board;
2. Jarosław Bauc – Vice-Chairman of the Supervisory Board, an independent member;
3. Jean-Paul Sabet – Vice-Chairman of the Supervisory Board;
4. Stefaan Decraene – Member of the Supervisory Board;
5. Jacques d'Estais – Member of the Supervisory Board;
6. Alain Van Groenendael – Member of the Supervisory Board;
7. Thomas Mennicken – Member of the Supervisory Board;
8. Piotr Mietkowski – Member of the Supervisory Board;
9. Monika Nachyła – Member of the Supervisory Board;
10. Mariusz Warych – Member of the Supervisory Board, an independent member.

There were no changes in the composition of the Supervisory Board of the Bank in the first quarter of 2016.

44 Major events in 2016

8.01.2016 **Payment of a contribution to the Borrowers' Support Fund** – pursuant to a decision of the Board of the Borrowers' Support Fund of 5 January 2016 regarding the actual amount and due date of the contribution to the Borrowers' Support Fund (the "Fund"), the Bank was obliged to pay a contribution of PLN 38 167 677.50 by 18 February 2016.

In the fourth quarter of 2015, the Bank recognized a provision for the aforesaid contribution.

19.01.2016 **The estimated effect of the Act** (of 15 January 2016, *Journal of Laws* item 68, which came into force on 1 February 2016) **on Tax on Certain Financial Institutions on the performance of Bank BGŻ BNP Paribas S.A. in 2016** – the Management Board of the Bank estimated that the related reduction in the Bank's net profit for 2016 would be ca. PLN 200 million.

29.01.2016 **PFSA decisions granting consent for classification of subordinated loans (of PLN 440 million and EUR 40 million) as the Bank's Tier 2 capital, issued on 28 January 2016**, received by the Bank on 29 January 2016.

The Bank obtained the aforesaid funds from subordinated loans from Bank BNP Paribas S.A. of 29 December 2015. Once the aforesaid subordinated loans have been classified as Tier 2 capital, the Bank's equity will be sufficient to satisfy the capital requirements recommended by PFSA.

26.02.2016 **Announcement of the draft terms of merger of Bank BGŻ BNP Paribas S.A. with Sygma Bank Polska S.A.**

14.03.2016 **Amendments made to the Statute of the Bank** adopted by the Extraordinary Shareholders' Meeting of Bank BGŻ on 15 December 2015 **were entered in the National Court Register.**

21.03.2016 **Second announcement of the draft terms of merger of Bank BGŻ BNP Paribas S.A. with Sygma Bank Polska S.A.**

23.03.2016 **Position of the Management Board of Bank BGŻ BNP Paribas on the merger of Bank BGŻ BNP Paribas S.A. with Sygma Bank Polska S.A.**

24.03.2016 **Recommendations of the Polish Financial Supervision Authority** - on 23 March 2016. The Bank received a recommendation from the Polish Financial Supervision Authority concerning maintenance of equity necessary by the Bank's Group to satisfy an additional capital requirement at the level of 0.72 p.p. in order to hedge the risk resulting from foreign currency mortgage loans granted to households, with Tier 1 capital accounting for at least 75% (i.e. 0.54 p.p.) of such equity.

Effective from 1 January 2016, the Bank's minimum capital ratios taking into account the additional capital requirement recommended by PFSA should have been as follows:

a) Separate presentation:
   - Tier 1: 10.78%;
   - TCR: 13.96%;

b) Consolidated presentation:
   - Tier 1: 10.79%;
   - TCR: 13.97%.

Furthermore, the Bank received a recommendation to increase its capital through retaining its whole profit for the period from 1 January to 31 December 2015.

29.03.2016 **Redemption of certificates of deposits issued by Bank BGŻ S.A.** on 29 March 2016, under the deposit certificate issue program ("CD") and pursuant to agreements of 14 March 2008, the Bank redeemed a tranche comprising 66 certificates of deposits with a total par value of PLN 33 000 000 thousand. The Bank paid a nominal value for the CDs.

30.03.2015 **The Extraordinary Shareholders' Meeting of the Bank passed a resolution on a merger between Bank BGŻ BNP Paribas S.A. and Sygma Bank Polska S.A. ("Merger"), and approved the Merger Plan on the terms and conditions agreed by Bank BGŻ BNPP and Sygma Bank Polska on 10 December 2015.** The merger will take place on the condition that all necessary consents and permissions for the Merger, including from the Polish Financial Supervision Authority, are obtained. The merger will take place when registered in the business register of the competent court of registration.

45 Factors which, according to the Bank, will affect the Group's performance within the upcoming quarter

The major factors which may affect the Bank's performance in the future are:

- Strong domestic demand based on private consumption additionally supported by the launch of the 500+ governmental program translates into optimistic short-term forecasts for the Polish GDP. According to projections of the European Commission, Polish GDP should grow 3.5% both in 2016 and 2017. The growth projections for the Eurozone in the same period are 1.7% and 1.9%, respectively.
- In January 2016, Standard&Poor's reduced the long-term foreign currency rating for Poland from A- to BBB+ with a negative outlook. Further, it reduced the long- and short-term domestic currency rating from A/A-1 to A/A-2. The change resulted in a temporary drop in the PLN exchange rate and stock exchange indexes. The rating agency Moody's has planned a review of the rating for 13 May; the rating may be similar to the rating issued by Standard&Poor's.
- External conditions are the key risk factor for the growth of the economy as a whole. In the short term, the geopolitical disorder in Middle East and Ukraine as well as Britain's possible exit from the European Union (a referendum on possible Brexit will be held on 23 June 2016) remain the key problems. Adverse macro-economic factors include economic slowdown in China and discontinuation of the monetary policy easing in the U.S.
- Stabilization of the interest rates of the National Bank of Poland at a record low level reduces the Bank's ability to increase margins. On the one hand, it may result in a decrease of financing costs incurred by individuals and enterprises, which should translate into a higher demand for loans. On the other hand, it may discourage households from investing their savings in the form of bank deposits and have an adverse effect on the yield on zero-interest deposits.
- Government plans regarding translation of mortgage loans denominated or indexed in foreign currencies pose the key risk for the Bank and the entire banking sector. The Financial Supervision Authority has estimated the cost to banks arising from the President's draft law on the manners of restoring equality of the parties to certain facility and loan agreements at about PLN 67 billion. However, according to some members of the Ministry of Finance, the ministry will not support changes generating such a high cost. At present, work on changes to the original draft on the act supporting holders of mortgages denominated in Swiss franc in underway.
- The tax on financial institutions imposed in February 2016 has a negative effect on the profitability of banking activity. As regards banks, the tax will be charged on an annual basis at a rate of 0.4392% of the value of assets in excess of PLN 4 billion, excluding equity and treasury securities. According to preliminary estimates of the Management Board, this will reduce the net profit of the Bank by approx. PLN 200 million in 2016.
- Pursuant to Recommendation S, since January 2016 the amount of down-payment requirement regarding mortgage loans has increased from 10% to 15% of the value of real property. Banks may use the lower 10% requirement with the remaining 5% being covered

with insurance. The tighter mortgage down-payment requirement has a positive impact on the propensity to save but can adversely affect demand for mortgages.

- In 2016, the costs incurred by the Bank will be affected by contributions to the Bank Guarantee Fund. The annual BGF contribution rate will drop from 0.189% in 2015 to 0.167% in 2016, while the prudential fee rate will grow from 0.05% in 2015 to 0.079% in 2016. The rate for protection of guaranteed funds has been determined on the same level as in the previous year, i.e. 0.55%.
- In 2015, banks incurred costs of guaranteed funds paid to depositories of Spółdzielczy Bank Rzemiosła i Rolnictwa w Wołominie due to its bankruptcy. More problems in the cooperative banking sector, which will negatively affect the entire banking industry, may be expected.
- In December 2015 the Bank received information concerning its potential share in the settlement of a transaction involving the acquisition of Visa Europe Limited (Visa Europe) by Visa Inc. (the "Transaction"). As a member of Visa Europe, the Bank will be one of the beneficiaries of the said Transaction. The potential Transaction settlement effect on the Bank shall approximate EUR 8.7 million, including:

  EUR 6.5 million (approx. PLN 27.6 million) in cash;

  EUR 2.2 million (approx. PLN 9.3 million) in shares.

  The aforesaid amounts may be adjusted by the Transaction costs and as a result of accepted requests for adjustment of awarded amounts, which may be filed by members of Visa Europe. The Transaction will depend on the receipt of the required regulatory authorizations.

  Additionally, a deferred earn-out payment is expected in connection with the Transaction, to be made in cash following the expiry of 16 quarters of the Transaction settlement date. The receipt of the earn-out payment depends on satisfaction of the up-front distribution requirements and Visa membership for four years after the Transaction close date.

  In April 2016, the Bank was notified about planned changes to the structure of Transaction settlement. Under the new conditions, the Transaction will involve an additional payment of EUR 1.87 billion in cash (including interest). The additional payment will be divided into EUR 750 million paid up-front, and EUR 1.12 billion (including interest) payable three years thereafter, and it will replace the previously planned earn-out payment amounting to a maximum of EUR 4.7 billion that was payable by 2020 (provided that Visa Europe generated sufficient revenues). The closing of the Transaction on the new terms and conditions will be possible if the required regulatory authorizations are obtained.

  The final amounts allocated to each party to the Transaction will be known before the Transaction close date which was originally planned for the second quarter of 2016 but it can be postponed until the third quarter of 2016 as a result of the aforesaid changes.

46 Subsequent events

13.04.2016 **Announcement of updated strategy for 2016-2018 – the Bank discloses the main goals of the Strategy.**

The key strategic goals to be achieved by 2018 on the stable economic growth assumption:

- Over 5% share in the loans and deposits market;
- An improvement in effectiveness as a result of post-integration cost synergies and increased revenues;
- A 14-percent increase in Net Banking Income (NBI) measured as a compound annual growth rate from 2015 to 2018, resulting from implementation of new initiatives in all business lines;
- A decrease in the cost/income ratio from 74% (excluding integration cost) to about 55% by 2018;
- An increase in ROE to about 10%.

The key to effective implementation of the Strategy will be completion of the operating integration of Bank BGŻ S.A. with BNP Paribas Bank Polska S.A. by the end of 2016, as well as a legal merger of the Bank with Sygma Bank Polska S.A. in the middle of 2016. The four pillars of the Strategy are:

- Focus on the customer;
- Support for international expansion of corporate clients;
- Integrated universal bank;
- Implementation of digital services in each operating segment.

19.04.2016

The Polish Financial Supervision Authority gave its consent for the merger of the Bank with Sygma Bank Polska S.A. - pursuant to Art. 124.1 of the Banking Law of 29 August 1997, the Polish Financial Supervision Authority gave its permission for the merger of Bank BGŻ BNP Paribas S.A. (“BGŻ BNPP”) (the acquiring bank) and Sygma Bank Polska (“Sygma Bank Polska”) (the acquired bank) by way of transferring all the assets and liabilities of Sygma Bank Polska to BGŻ BNPP in line with the conditions set forth in the Merger Plan agreed between the banks on 10 December 2015.

The obtaining of the aforementioned permission was the condition for the merger between BGŻ BNPP and Sygma Bank Polska set forth in §2 of Resolution No. 3 of the Extraordinary Shareholders’ Meeting of BGŻ BNPP of 30 March 2016.

21.04.2016

The Bank announced plans on making changes in the composition of its Management Board:

- The Supervisory Board appointed Mr. Jerzy Śledziewski as Vice-President of the Management Board of Bank effective from 1 August 2016;
- On 21 April 2016, Mr. Stephane Rodes submitted a resignation from the position of Vice-President and Member of the Management Board of the Bank with effect from 31 July 2016.

- figures in thousand PLN

II INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

Interim condensed separate statement of profit or loss

	1st quarter 2016 period from 01.01.2016 to 31.03.2016	1st quarter 2015 period from 01.01.2015 to 31.03.2015
Interest income	575 408	402 906
Interest expense	(173 314)	(148 931)
Net interest income	**402 094**	**253 975**
Fee and commission income	129 700	82 267
Fee and commission expense	(21 700)	(10 405)
Net fee and commission income	**108 000**	**71 862**
Dividend income	8 759	-
Net trading income	52 081	20 055
Result on investing activities	171	23 033
Other operating income	29 363	6 354
Other operating expenses	(21 562)	(11 526)
Net impairment losses on financial assets and contingent liabilities	(75 088)	(54 589)
General administrative expenses	(372 050)	(259 748)
Depreciation and amortization	(40 704)	(27 317)
Operating result	**91 064**	**22 099**
Tax on financial institutions	(31 735)	-
Profit before income tax	**59 329**	**22 099**
Income tax expense	(23 733)	(7 073)
Net profit for the period	**35 596**	**15 026**
attributable to equity holders of the Bank	35 596	15 026
Earnings (loss) per share (in PLN per share)		
Basic	0.42	0.27
Diluted	0.42	0.27

- figures in thousand PLN

Interim condensed separate statement of other comprehensive income

	1st quarter 2016 period from 01.01.2016 to 31.03.2016	1st quarter 2015 period from 01.01.2015 to 31.03.2015
Net profit for the period	**35 596**	**15 026**
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss when specific conditions are met	***63 307***	***(2 274)***
Net change in valuation of available for sale financial assets	78 157	(2 807)
Net change in valuation of derivative instruments designated as cash flow hedges	-	-
Deferred income tax	(14 850)	533
Items that will not be reclassified subsequently to profit or loss	***(1 280)***	***66***
Actuary valuation of employee benefits	(1 580)	81
Deferred income tax	300	(15)
Other (net) comprehensive income (net of tax)	**62 027**	**(2 208)**
Total comprehensive income for the period	**97 623**	**12 818**
attributable to equity holders of the Bank	97 623	12 818

- figures in thousand PLN

Interim condensed separate statement of financial position

	31.03.2016	31.12.2015
ASSETS		
Cash in hand and balances with the Central Bank	1 455 259	2 826 407
Loans and advances from banks	596 724	544 012
Derivative financial instruments	430 834	368 138
Hedging instruments	26 123	2 711
Loans and advances to customers	50 017 322	49 831 458
Available for sale financial assets	9 399 858	7 762 677
Investments in subsidiaries	248 886	248 848
Intangible assets	247 638	250 691
Property, plant and equipment	523 031	528 230
Deferred tax assets	392 199	428 931
Current tax assets	10 814	-
Other assets	308 495	217 026
TOTAL ASSETS	**63 657 183**	**63 009 129**

- figures in thousand PLN

Interim condensed separate statement of financial position (continued)

	31.03.2016	31.12.2015
LIABILITIES		
Amounts due to banks	6 004 045	7 617 946
Hedged items	13 676	1 605
Derivative financial instruments	397 890	351 539
Amounts due to customers	47 980 513	46 620 848
Debt securities issued	434 736	468 933
Subordinated liabilities	1 456 494	847 568
Other liabilities	975 627	756 161
Current tax liabilities	-	37 547
Provisions	133 401	143 804
TOTAL LIABILITIES	**57 396 382**	**56 845 951**
EQUITY		
Share capital	84 238	84 238
Supplementary capital	5 092 196	5 092 196
Other reserve capital	780 874	780 874
Revaluation reserve	259 634	197 607
Retained earnings:	43 859	8 263
- retained profit	8 263	-
net profit for the period	35 596	8 263
TOTAL EQUITY	**6 260 801**	**6 163 178**
TOTAL LIABILITIES AND EQUITY	**63 657 183**	**63 009 129**

- figures in thousand PLN

Interim condensed separate statement of changes in equity

	Share capital	Supplementary capital	Other reserve capital	Revaluation reserve	Retained earnings: Retained profit and undistributed profit for the period	Retained earnings: Net profit for the period	Total
Balance as at 1 January 2016	**84 238**	**5 092 196**	**780 874**	**197 607**		**8 263**	**6 163 178**
Total comprehensive income for the period	**-**	**-**	**-**	**62 027**	-	**35 596**	**97 623**
Net profit for the period	-	-	-	-	-	35 596	35 596
Other comprehensive income for the period	-	-	-	62 027	-	-	62 027
Approportion of retained earnings	**-**	**-**	**-**	**-**	**8 263**	**(8 263)**	**-**
Reclassification to retained earnings	-	-	-	-	8 263	(8 263)	-
Balance as at 31 March 2016	**84 238**	**5 092 196**	**780 874**	**259 634**	**8 263**	**35 596**	**6 260 801**

- figures in thousand PLN

Interim condensed separate statement of changes in equity (continued)

	Share capital	Supplementary capital	Other reserve capital	Revaluation reserve	Retained earnings Net profit for the period	Total
Balance as at 1 January 2015	**56 139**	**3 430 785**	**271 858**	**255 363**	**137 730**	**4 151 875**
Total comprehensive income for the period	**-**	**-**	**-**	**(58 878)**	**8 263**	**(50 615)**
Net profit for the period	-	-	-	-	8 263	8 263
Other comprehensive income for the period	-	-	-	(58 878)	-	(58 878)
Approportion of retained earnings	**-**	**7 730**	**130 000**	**-**	**(137 730)**	**-**
Approportion of retained earnings	-	7 730	130 000	-	(137 730)	-
Merge	**28 099**	**1 653 681**	**379 016**	**1 122**	**-**	**2 061 918**
Issued shares of I series	28 099	-	-	-	-	28 099
Equity resulting from merger	-	1 653 681	379 016	1 122	-	2 033 819
Balance as at 31 December 2015	**84 238**	**5 092 196**	**780 874**	**197 607**	**8 263**	**6 163 178**

- figures in thousand PLN

Interim condensed separate statement of changes in equity (continued)

					Retained earnings		
	Share capital	Supplementary capital	Other reserve capital	Revaluation reserve	Retained profit and undistributed profit for the period	Net profit for the period	Total
Balance as at 1 January 2015	**56 139**	**3 430 785**	**271 858**	**255 363**	**-**	**137 730**	**4 151 875**
Total comprehensive income for the period	**-**	**-**	**-**	**(2 208)**	**-**	**15 026**	**12 818**
Net profit for the period	-	-	-	-	-	15 026	15 026
Other comprehensive income for the period	-	-	-	(2 208)	-	-	(2 208)
Approportion of retained earnings	**-**	**-**	**-**	**-**	**137 730**	**(137 730)**	**-**
Reclassification to retained earnings	-	-	-	-	137 730	(137 730)	-
Balance as at 31 March 2015	**56 139**	**3 430 785**	**271 858**	**253 155**	**137 730**	**15 026**	**4 164 693**

- figures in thousand PLN

Interim condensed separate statement of cash flows

	1st quarter 2016 period from 01.01.2016 to 31.03.2016	1st quarter 2015 period from 01.01.2015 to 31.03.2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit for the period	**35 596**	**15 026**
Adjustments for:	**474 094**	**(638 789)**
Income tax expense	23 733	7 073
Depreciation and amortization	40 704	27 317
Dividend income	(8 759)	-
Interest income	(575 408)	(402 906)
Interest expense	173 314	148 931
Change in provisions	(3 912)	2 651
Change in loans and advances from banks	(791)	(10 224)
Change in reverse repo transactions	-	16 089
Change in debt securities held for trading	-	16 071
Change in derivative financial instruments	(86 108)	79 768
Change in loans and advances to customers	(166 995)	(240 846)
Change in amounts due to banks	(751 332)	(69 734)
Change in repo transactions	-	66 365
Change in derivative financial instruments (liabilities)	46 351	(127 116)
Change in amounts due to customers	1 384 315	(370 714)
Change in other assets and current tax assets	(89 049)	(73 922)
Change in other liabilities and deferred tax liability	181 919	71 616
Other adjustments	(16 889)	32 967
Interest received	521 729	327 242
Interest paid	(198 728)	(139 417)
NET CASH FROM OPERATING ACTIVITIES	**509 690**	**(623 763)**

- figures in thousand PLN

Interim condensed separate statement of cash flows (continued)

	1st quarter 2016 period from 01.01.2016 to 31.03.2016	1st quarter 2015 period from 01.01.2015 to 31.03.2015
CASH FLOWS FROM INVESTING ACTIVITIES:		
Financing activities inflows	**10 074 999**	**49 204 601**
Sale of available for sale financial assets	10 066 240	49 204 264
Sale of intangible assets and property, plant and equipment	-	337
Dividends and other inflows from investing activities	8 759	-
Financing activities outflows	**(11 614 015)**	**(48 336 534)**
Purchase of available for sale securities	(11 581 779)	(48 319 829)
Purchase of intangible assets and property, plant and equipment	(32 236)	(16 705)
NET CASH FROM INVESTING ACTIVITIES	**(1 539 016)**	**868 067**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Financing activities inflows	**1 046 417**	**-**
Long-term loans received	432 517	-
Increase in the balance of subordinated liabilities	613 900	-
Financing activities outflows	**(1 328 519)**	**(360 640)**
Repayment of long-term loans to banks	(1 295 083)	(76 013)
Redemption of debt securities issued	(33 436)	(284 627)
NET CASH FROM FINANCING ACTIVITIES	**(282 102)**	**(360 640)**
TOTAL NET CASH	**(1 311 428)**	**(116 336)**
Cash and cash equivalents at the beginning of the period	**3 252 873**	**2 180 981**
Cash and cash equivalents at the end of the period, of which:	**1 941 445**	**2 064 645**
effect of exchange rate fluctuations on cash and cash equivalents held	(4 768)	12 609
to restricted use	8 277	1 453

EXPLANATORY INFORMATION TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

1 Accounting principles applied for purposes of preparation of the interim condensed separate financial statements

These interim condensed separate financial statements for the first quarter ended 31 March 2016 have been prepared in conformity with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") as endorsed by the European Union, and other applicable regulations.

As the interim condensed separate financial statements do not contain all the information and disclosures required for the annual financial statements, they should be read together with the interim condensed consolidated financial statements for the first quarter of 2016 and the Separate Financial Statements of Bank BGŻ BNP Paribas S.A. for the year ended 31 December 2015 approved by the Management Board of the Bank on 15 March 2016.

The accounting principles and the accounting estimate methods adopted for purposes of preparation of the interim condensed separate financial statements of the Bank are consistent with the accounting principles used for the preparation of the interim condensed consolidated financial statements of the Group, as presented in Section 3 and Section 7.

2 Related party transactions

Bank BGŻ BNP Paribas S.A. operates within the BNP Paribas S.A. Group.

Bank BGŻ BNP Paribas S.A. is the parent in the Capital Group of Bank BGŻ BNP Paribas S.A.

As at 31 March 2016, the Group comprised BGŻ BNP Paribas S.A., the parent, and its subsidiaries:

1. Bankowy Fundusz Nieruchomościowy ACTUS Sp. z o.o. ("Actus"), with its registered office at ul. Kasprzaka 10/16 in Warsaw. The company is registered with the District Court for the capital city of Warsaw, 13th Commercial Division of the National Court Register, under number KRS 0000023062. The Bank holds 100% interest in the share capital of the Company and 100% of votes at the Shareholders' Meeting.
2. Towarzystwo Funduszy Inwestycyjnych BGŻ BNP Paribas S.A. ("TFI"), with its registered office at ul. Bielańska 12 in Warsaw. The company is registered with the District Court for the capital city of Warsaw, 12th Commercial Division of the National Court Register, under number KRS 0000031121. The Bank holds 100% of the Company's shares.
3. Fortis Lease Polska Sp. z o.o., in liquidation ("FLP"), with its registered office at ul. Suwak 3 in Warsaw. The company is registered with the District Court for the capital city of Warsaw, 13th Commercial Division of the National Court Register, under number KRS 0000098813. The Bank holds 100% of the Company's shares.
4. BGŻ BNP Paribas Faktoring Sp. z o.o. ("Faktoring"), with its registered office at ul. Suwak 3 in Warsaw. The company is registered with the District Court for the capital city of Warsaw, 13th Commercial Division of the National Court Register, under number KRS 0000225155. The Bank holds 100% of the Company's shares.
5. Sygma Bank Polska S.A. with its registered office at ul. Suwak 3 in Warsaw. The company is registered with the District Court for the capital city of Warsaw, 13th Commercial Division of the National Court Register, under number KRS 0000569806. The Bank holds 100% of the Company's shares.

6. Laser Services Polska S.A., with its registered office at ul. Suwak 3 in Warsaw. The company is registered with the District Court for the capital city of Warsaw, 13th Commercial Division of the National Court Register, under number KRS 0000022784. The Bank holds 100% of the Company's shares.

All transactions between the Bank and its related parties were entered into as part of its day-to-day operations and included mainly loans, deposits, transactions in derivative instruments as well as income and expenses related to advisory and financial intermediation services.

- figures in thousand PLN

Transactions with shareholders of BGŻ S.A. and related parties

31.03.2016	BNP PARIBAS SA	BNP PARIBAS FORTIS SA/NV	OTHER ENTITIES FROM THE CAPITAL GROUP OF BANK BNP PARIBAS SA	KEY PERSONNEL	SUBSIDIARIES	TOTAL
Assets	**77 664**	**368 020**	**49 991**	**1 542**	**109 995**	**607 212**
Current accounts, interbank placements and loans and advances	8 344	345 351	26 242	1 542	108 036	**489 515**
Derivative financial instruments	69 189	-	17	-	-	**69 206**
Hedging instruments	-	22 669	-	-	-	**22 669**
Other assets	131	-	23 732	-	1 959	**25 822**
Liabilities	**7 294 226**	**1 385 608**	**2 738 997**	**4 947**	**283 782**	**11 707 560**
Loans and advances received	5 308 919	1 318 460	2 624 065	-	-	**9 251 444**
Interbank deposits and current accounts	451 249	63 171	78 759	4 947	283 659	**881 785**
Subordinated liabilities	1 458 306	-	-	-	-	**1 458 306**
Derivative financial instruments	75 584	3 709	3 788	-	-	**83 081**
Hedged items	-	31	-	-	-	**31**
Other liabilities	168	237	32 385	-	123	**32 913**
Contingent liabilities						
Financial commitments granted	-	-	100 601	7	35 430	**136 038**
Guarantees granted	12 281	59 819	205 380	-	-	**277 480**
Commitments received	355 683	287 679	369 983	-	-	**1 013 345**
Derivative financial instruments (face value)	52 770 288	465 177	41 808	-	-	**53 277 273**
First quarter 2016 from 01.01.2016 to 31.03.2016						
Statement of profit or loss	**(81 106)**	**(6 057)**	**(3 477)**	**6**	**316**	**(90 318)**
Interest income	9 797	587	276	10	835	**11 505**
Interest expense	(39 110)	(6 810)	(6 089)	(4)	(583)	**(52 596)**
Fee and commission income	1	40	6 449	-	61	**6 551**
Fee and commission expense	(174)	(53)	(22)	-	-	**(249)**
Net trading income	(60 459)	(2 464)	1 420	-	-	**(61 503)**
Result on hedge accounting	8 839	2 643	-	-	-	**11 482**
Other operating income	-	-	36	-	3	**39**
Other operating expenses	-	-	(3 404)	-	-	**(3 404)**
General administrative expenses	-	-	(2 143)	-	-	**(2 143)**

- figures in thousand PLN

31.12.2015	BNP PARIBAS SA	BNP PARIBAS FORTIS SA/NV	OTHER ENTITIES FROM THE CAPITAL GROUP OF BANK BNP PARIBAS SA	KEY PERSONNEL	SUBSIDIARIES	TOTAL
Assets	**44 876**	**121 369**	**49 127**	**1 553**	**110 134**	**327 059**
Current accounts, interbank placements and loans and advances	6 097	112 846	41 399	1 553	107 966	**269 861**
Derivative financial instruments	38 772	-	2 951	-	-	**41 723**
Hedging instruments	-	8 523	-	-	-	**8 523**
Other assets	7	-	4 777	-	2 168	**6 952**
Liabilities	**4 969 826**	**494 717**	**3 782 906**	**3 519**	**270 462**	**9 521 430**
Loans and advances received	4 093 896	492 077	3 773 049	-	-	**8 359 022**
Interbank deposits and current accounts	-	16	-	3 519	270 300	**273 835**
Subordinated liabilities	848 360	-	-	-	-	**848 360**
Derivative financial instruments	27 413	2 392	2 413	-	-	**32 218**
Other liabilities	157	232	7 444	-	162	**7 995**
Contingent liabilities						
Financial commitments granted	-	-	103 817	223	35 440	**139 480**
Guarantees granted	7 313	60 316	174 690	-	9 356	**251 675**
Commitments received	87 341	73 743	558 855	-	-	**719 939**
Derivative financial instruments (face value)	36 180 827	848 082	704 829	-	-	**37 733 738**
First quarter 2015 from 01.01.2015 to 31.03.2015						
Statement of profit or loss	**(861)**	**-**	**(11 096)**	**(17)**	**292**	**(11 682)**
Interest income	-	-	-	-	289	289
Interest expense	(1 712)	-	(7 403)	(17)	-	(9 132)
Fee and commission income	-	-	-	-	-	-
Fee and commission expense	-	-	-	-	-	-
Net trading income	851	-	(2 229)	-	-	(1 378)
Other operating income	-	-	1 286	-	3	1 289
General administrative expenses	-	-	(2 750)	-	-	(2 750)

- figures in thousand PLN

Remuneration of the Management Board and Supervisory Board

Management Board	31.03.2016	31.12.2015
Short-term employee benefits	4 454	20 992
Long-term benefits	3 166	6 753
Benefits due to termination of employment	-	3 224
Share-based payments	2 286	2 542
TOTAL	**9 906**	**33 511**

Supervisory Board	31.03.2016	31.12.2015
Short-term employee benefits	366	664
Long-term benefits	-	-
Benefits due to termination of employment	-	-
Share-based payments	-	-
TOTAL	**366**	**664**

3 Separate capital adequacy ratio

	31.03.2016	31.12.2015
Total equity	7 154 063	6 597 941
Total risk exposure	48 142 208	47 868 505
Total capital requirement	**14.86%**	**13.78%**
Tier 1 ratio	**11.99%**	**12.12%**

4 Seasonality or cyclicality of business

There are no major seasonal or cyclical phenomena in the operations of the Bank.

5 Debt securities issued and redeemed

Issue and redemption of securities have been described in Section 32 of the Interim Consolidated Financial Statements for the first quarter of 2016.

6 Dividends paid

By the date of preparing these Interim Condensed Consolidated Financial Statements for the first quarter of 2016, decisions regarding proposed distribution of the profit for 2015 had not been made. The Management Board of the Bank will not recommend dividend payment for 2015.

7 Contingent liabilities

	31.03.2016	31.12.2015
Contingent commitments granted	**15 185 238**	**15 607 484**
financial commitments	11 492 683	11 965 758
guarantees	3 692 555	3 641 726
Contingent commitments received	**1 627 444**	**5 136 758**
financial commitments	696 814	3 951 269
guarantees	930 630	1 185 489

8 Events after the end of the reporting period

13.04.2016 **Announcement of updated strategy for 2016-2018 – the Bank discloses the main goals of the Strategy.**

The key strategic goals to be achieved by 2018 on the stable economic growth assumption:

- Over five percent share in the loans and deposits market;
- An improvement in effectiveness as a result of post-integration cost synergies and increased revenues;
- A 14-percent increase in Net Banking Income (NBI) measured as a compound annual growth rate from 2015 to 2018, resulting from implementation of new initiatives in all business lines;
- A decrease in the cost/income ratio from 74% (excluding integration cost) to about 55% by 2018;
- An increase in ROE to about 10%.

The key to effective implementation of the Strategy will be completion of the operating integration of Bank BGŻ S.A. with BNP Paribas Bank Polska S.A. by the end of 2016, as well as a legal merger of the Bank with Sygma Bank Polska S.A. in the middle of 2016. The four pillars of the Strategy are:

- Focus on the customer;
- Support for international expansion of corporate clients;
- Integrated universal bank;
- Implementation of digital services in each operating segment.

19.04.2016

The Polish Financial Supervision Authority gave its consent for the merger of the Bank with Sygma Bank Polska S.A. - pursuant to Art. 124.1 of the Banking Law of 29 August 1997, the Polish Financial Supervision Authority gave its permission for the merger of Bank BGŻ BNP Paribas S.A. (“BGŻ BNPP”) (the acquiring bank) and Sygma Bank Polska (“Sygma Bank Polska”) (the acquired bank) by way of transferring all the assets and liabilities of Sygma Bank Polska to BGŻ BNPP in line with the conditions set forth in the Merger Plan agreed between the banks on 10 December 2015.

The obtaining of the aforementioned permission was the condition for the merger between BGŻ BNPP and Sygma Bank Polska set forth in Art. 2 of Resolution No. 3 of the Extraordinary Shareholders’ Meeting of BGŻ BNPP of 30 March 2016.

21.04.2016 **The Bank announced plans on making changes in the composition of its Management Board.**

- The Supervisory Board appointed Mr. Jerzy Śledziewski as Vice-President of the Management Board of Bank effective from 1 August 2016;
- On 21 April 2016, Mr. Stephane Rodes submitted a resignation from the position of Vice-President and Member of the Management Board of the Bank with effect from 31 July 2016.

09.05.2016	**Tomasz Bogus** *President of* *the Management Board*	.... signature
09.05.2016	**Jan Bujak** Vice-President of the Management Board	.... signature
09.05.2016	**Katarzyna Romaszewska-Rosiak** *Managing Director, Financial Accounting Division*	.... signature

Warsaw, 9 May 2016