Securitization of the Bank's consumer loans – signing agreements

current report no. 32/2017

date: 11 December 2017

With reference to current report no. 28/2017 dated 4 December 2017, the Management Board of Bank BGŻ BNP Paribas S.A. (the "Bank") hereby discloses that on 11 December 2017, the Bank concluded a number of agreements under a securitization transaction regarding the portfolio of loan receivables, including a significant agreement on the sale of receivables (the "Receivables Sale Agreement") arising from cash loan agreements and car loan agreements concluded by the Bank with Borrowers, in the total value of PLN 2,300,470.732.54 (the "Receivables"), in favour of BGZ Poland ABS1 Designated Activity Company, a company organized under the Irish law, based in Dublin ("SPV"). The Bank is not related to the SPV either by capital or organization.

Under a service agreement signed concurrently with Receivables Sale Agreement, the Bank will remain obliged to provide an ongoing service of the receivables.

The receivables will be sold for the price consisting of the initial price equal to the nominal value of the receivables as at the sale date, and the deferred price, equal to the part of interest income of the SPV in a given settlement period, specified in accordance with the terms agreed between the Bank and SPV. The sale of Receivables is conditioned on the initial price payment for the Receivables.

Funds needed to pay the price will be acquired by the SPV through a private placement of bonds denominated in PLN in the total value of PLN 2,300,470,732.54. The repayment of bonds will be secured by a registered pledge on a collection of movables or rights, comprising in particular the Receivables.

The bonds are planned to be issued on 19 December 2017. The interest rate of the bonds issued will be based on the relevant reference rate plus a margin. The bonds are to be repaid by 27 April 2032.

The Bank will not acquire the bonds issued by the SPV.

The securitization transaction structure provides for a two-year revolving period when the Bank will have the right to sell further receivables arising from car loan agreements or cash loan agreements.

The signed Receivables Sale Agreement governs conditions which must be met by the receivables to be included in the securitized portfolio and a number of cases where a deterioration of the SPV situation or of the receivables portfolio being sold will end the revolving period earlier. The agreement also determines the situations when the Bank is entitled to a reverse repurchase of a portion of receivables or cases in which an earlier discontinuation of the structure could be done.

The planned transaction is aimed at a capital relief by excluding securitized credit receivables from the calculation of the Bank's risk-weighted assets on the standalone and consolidated level, and the acquisition of a mid-term financing by the Bank. The finalization of the transaction will improve the standalone capital adequacy ratios: the Common Equity Tier 1 Ratio (CET 1) by 0.38 pp, Tier 1 Ratio by 0.38 pp and Total Capital Ratio (TCR) by 0.49 pp, where the calculation is based on data as at 30 September 2017. For consolidated capital adequacy ratios, the increase would equal 0.34 pp, 0.34 pp and 0.44 pp, respectively.

Additionally, the transaction will improve the liquidity position of the Bank and Bank BGŻ BNP Paribas S.A. Group.

Legal basis - Article 17, item 1 of the MAR Regulation – inside information