



Bank BGŻ BNP Paribas Group financial results for Q3 2017 – significant increase in net profit

Bank BGŻ BNP Paribas Group generated PLN 230.6 million in net profit in the first nine months of 2017, up by PLN 155.7 million compared to the same period last year. In the third quarter alone, net profit reached PLN 109.8 million. This improvement was driven by better net interest margin and lower integration costs following the completion of the integration as well as lower cost of risk.

- We are satisfied with these results which show an acceleration in net profit compared to the first half of this year. Integration costs are significantly lower due to the finalisation of the operational merger process. The Bank also decreased other operating costs, on the back of the successful merger process. Furthermore, the third quarter showed a decline in the cost of risk alongside an increase in credit volumes and a quarterly improvement in interest margin - said Jean-Charles Aranda, member of Bank BGŻ BNP Paribas' management board responsible for finance. - The third quarter was a period in which we finalised bank integration processes. In October, we successfully migrated the clients of the former Sygma Bank Polska. We also focused on delivering digital personal banking solutions to our retail banking clients including the implementation in October of new mobile banking – GOMobile. We also launched a pilot branch in the cashless&digital format and introduced the Android Pay service for contactless payments on mobile devices. Being focused on the integration process over the last 2 years, Bank BGŻ BNP Paribas has now entered its transformation phase- added Jean-Charles Aranda.

Net credit and loan volumes increased by 2.7% from the beginning of the year to PLN 56.5 billion. Customer deposits remained at a level similar to the end of last year, reaching PLN 55.3 billion.

The Group's interest income for the first nine months of 2017 reached PLN 1.45 billion, compared to PLN 1.36 billion in the same period of 2016. The Group's fee and commission income reached PLN 371.6 million, versus PLN 375.6 million in the first nine months of 2016.

The Group's general administrative expenses together with depreciation reached PLN 1,250.5 million in the period from January to September, down by PLN 163.2 million (11.5%) compared to the same period last year, largely thanks to the bank merger process being successfully completed (BGŻ S.A., BNP Paribas Bank Polska S.A. and Sygma Bank Polska S.A.). Total integration costs incurred by the Group in the first nine months of 2017 amounted to PLN 24.9 million, compared to PLN 146.7 million in the same period last year. Excluding integration costs, the total Group's general administrative expenses together with depreciation decreased by 5.0%.

In the first nine months of 2017, the Group booked PLN 265.2 million in impairment losses on financial assets, implying a decrease in the cost of credit risk by 7 basis points compared to the same period last year (to 63 basis points).

The Group's total capital ratio at the end of September was 13.71%, while the Tier1 ratio was 10.66%. The Group's equity at the end of the third quarter was PLN 6.47 billion. The Bank is working on optimising its capital position and solvency levels. On 30 October 2017, the Bank's



Supervisory Board approved the sale of the subsidiary BGŻ BNP Paribas Faktoring Sp. z o.o., which is planned for the fourth quarter of 2017. Once this transaction is closed, the Bank's solvency ratios on a consolidated basis will improve (TCR by +44 b.p., Tier1 by +38 b.p. – based on data as at the end of June 2017). The Bank continues analysing the most beneficial solutions intended to further improve capital ratios while pursuing ambitious business objectives.

The Bank's branch network as at 30 September 2017 consisted of 479 locations and 113 customer service points (the former Sygma Bank). As at 30 September 2017, Bank BGŻ BNP Paribas had nearly 2.7 million clients.

Bank BGŻ BNP Paribas Group – selected financial data

Selected items from the statement of profit and loss (in PLN 000s)	Q3 2017	Q1-Q3 2017	Q3 2016	Q1-Q3 2016
Interest income	503 783	1 452 073	467 189	1 363 128
Fee and commission income	119 525	371 564	130 653	375 580
Impairment losses on financial assets and provisions for conditional liabilities	(87164)	(265 187)	(115 922)	(281 737)
General administrative expenses	(346 838)	(1 119 990)	(408 780)	(1 264 891)
Depreciation	(38 516)	(130 500)	(52 443)	(148 829)
Operating result	218 367	530 046	86 820	291 831
Tax on financial institutions	(51 053)	(154 608)	(51 203)	(133 748)
Net profit	109 790	230 569	10 218	74 856
Profit (loss) per share (in PLN)	1.30	2.73	0.12	0.89
Selected items from the balance sheet (in PLN 000s)	30.09.2017		31.12.2016	
Total assets	71 900 179		72 304 999	
Liabilities to clients	55 285 977		55 155 014	
Total liabilities	65 427 623		66 158 178	
Capital adequacy	30.09.2017		31.12.2016	
Total capital requirement	13.71%		14.40%	
Tier1 ratio	10.66%		11.06%	