



**BGZ BNP Paribas Group closes H1 2018 with PLN 188.6 million in net profit, including PLN 103 million in Q2**

**In the first half of 2018, BGZ BNP Paribas Group generated PLN 188.6 million in net profit, up by 56% from the same period of 2017. In this year's second quarter alone, net profit came to PLN 103 million, i.e. 27% more than in the preceding year and 21% more than in Q1 2018. The growth in profit was largely driven by lower impairment of financial assets, alongside a decline in the Group's operating costs.**

*"Results for this year's first half and for the second quarter show that the initiatives undertaken so far are yielding results. The number of clients surpassed 2.8 million, up by 8% from the previous year. Personal account sales grew dynamically, up by 53% y/y. The GOMobile app received new functionalities, and its user base grew by 2.5 times. At the same time, as one of the first banks in Poland, we introduced Apple Pay. The first effects of our new strategy Fast Forward for years 2018-21 are starting to be visible. These actions are intended to speed up our Bank's development by focusing on clients and the digital transformation of our products and services,"* commented **Przemek Gdański, CEO of Bank BGZ BNP Paribas.**

The result on banking activities in the first half of 2018 came to PLN 1.34 billion, a level similar to that achieved in the previous year. The slight decline (by 0.9% y/y) resulted from the deconsolidation of the factoring company's results (sold at the end of 2017). At the same time, on a q/q basis, the Bank recorded a 5% increase in result on banking activities. Comparing to the first three months of 2018, interest income in the second quarter grew by 10.1%, while fee and commission income advanced by 9.4%.

The Group's operating costs (together with depreciation) reached PLN 855.96 million, down by 1.1% from H1 2017. Lower impairment of financial assets and lower provisions for conditional liabilities were an important contribution to net profit growth in H1 2018.

As a result of very strong credit risk management in H1 2018, the cost of credit risk was 0.44%, down by 0.2pp from the same period last year.

The Group's balance sheet total at the end of June 2018 was PLN 71.36 billion, denoting a 1.9% decline from the end of 2017. Net credit value at the end of June 2018 was PLN 53.26 billion, up by 0.5%. At the end of H1 2018, liabilities to clients reached PLN 54.01 billion, down by 4.1% from the end of December 2017.

Total equity as at 30 June 2018 was PLN 6.41 billion. Total capital ratio at the end of June 2018 was 13.79%, while Tier I reached 10.81%.

*"In July 2018, the Bank completed an equity issue project and, after receiving approval from the Polish Financial Supervision Authority, increased its equity by PLN 800 million, thanks to which its solvency ratios are above regulatory requirements level, which additionally translates into further growth capabilities. The planned acquisition of the core part of Raiffeisen Bank Polska is another significant pillar of our strategy. This transaction will strengthen the Bank's role as one of the key players in the Polish banking sector and BNP Paribas Group's capability to contribute to the development of Polish economy. Closing of the transaction is planned for the 4th quarter of 2018, on condition of obtaining the required regulatory approvals."* said **Przemek Gdański, CEO of Bank BGZ BNP Paribas.**

At the end of June 2018, the Bank had 7 596 employees, down by 212 from the end of June 2017. At the end of H1 2018, Bank BGZ BNP Paribas had 2.8 million clients. The Bank's branch network extended to 472 locations across the countries, together with 101 customer service points.

**Selected consolidated financial data**

<b>Statement of profit and loss</b> <b>(in PLN 000s)</b>	<b>Q2 2018</b>	<b>Q2 2017</b>	<i>y/y</i> <i>change</i> <i>in %</i>	<b>H1 2018</b>	<b>H1 2017</b>	<i>y/y</i> <i>change</i> <i>in %</i>
Interest income	495 578	481 475	<b>+2.9%</b>	945 490	948 290	<b>-0.3%</b>
Fee and commission income	131 983	124 214	<b>+6.3%</b>	252 657	252 039	<b>+0.2%</b>
Result before tax	148 476	128 669	<b>+15.4%</b>	269 670	208 124	<b>+29.6%</b>
Result after tax	103 143	81 216	<b>+27.0%</b>	188 601	120 779	<b>+56.2%</b>
Profit (loss) per share (in PLN)	1.22	0.96	<b>+27.1%</b>	2.24	1.43	<b>+56.6%</b>

<b>BALANCE SHEET</b>	<b>30.06.2018</b>	<b>31.12.2017</b>	
Total assets	71 355 941	72 749 259	<b>-1.9%</b>
Total liabilities	64 945 636	66 189 796	<b>-1.9%</b>
Liabilities towards clients	54 012 858	56 328 897	<b>-4.1%</b>

<b>CAPITAL ADEQUACY</b>			
Total capital ratio	13.79%	13.75%	<b>+0.04 pp</b>
Tier 1 ratio	10.81%	10.81%	<b>0.00 pp</b>

*In December 2017, the Bank sold a 100% stake in BGŻ BNP Paribas Faktoring Sp. z o.o. for a total price of PLN 10.4 million to French company BNP Paribas S.A. After the transaction closing, the Bank and BGŻ BNP Paribas Faktoring Sp. z o.o. continue to work together as before, supporting the Bank's clients with a wide array of high-quality factoring services. The sale and the resulting deconsolidation (i.e. not including this company's data in the consolidated financial statements, in the statement of profit and loss and the balance sheet as at 30 June 2018) has impact on the comparability of results from Q2 2017 and H1 2017.*