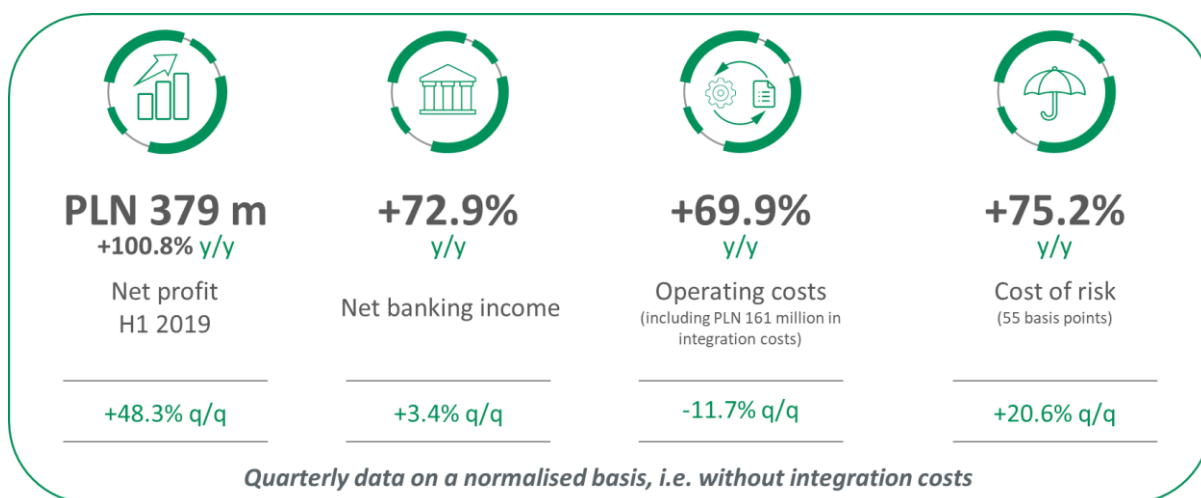




Warsaw, 29 August 2019

BNP Paribas Bank Polska Capital Group earned PLN 378.7 million in net profit in H1 2019. Adjusting for integration costs, H1 2019 net profit would have exceeded PLN 510 million.

The BNP Paribas Bank Polska Capital Group generated PLN 378.7 million in net profit in the first half of 2019, 101% higher than in the previous year (prior to the acquisition of the core business of Raiffeisen Bank Polska). In the second quarter of this year, which was fully comparable to the first quarter, net profit increased by 34.3%.



Key financial information:

- Further improvement in profitability: ROE 7.1%, and 9.5% excluding integration costs
- Result on NBI: PLN 2,322 million, up 72.9% y/y (+2.8 q/q), excluding integration costs +3.4% q/q
- Interest income of PLN 1,565 million, up 65.5% y/y (+3.1% q/q)
- Commission income of PLN 407.1 million, up 61.1% y/y (-2.3% q/q)
- General administrative expenses with depreciation of PLN 1,454 million, up 69.9% y/y and down 4.4% quarter-on-quarter (11.7% lower q/q without integration costs)
- Cost of risk is stable and under control: 55 basis points in reference to the average gross value of the credit portfolio
- Balance sheet total: PLN 106.5 billion, down 2.3% from the end of 2018, mainly due to the sale of the factoring business

Key business information:

- Rebranding implemented—development of offering under new brand and standardising of network and customer service
- New online banking system—GOonline launched from July 2019
- Housing loan sales in H1 2019—up 176.2% y/y (+5.1% q/q)
- Consumer loan sales in H1 2019—up 27.7% y/y (+2.8% q/q)
- Development of loan offering for renewable energy installations for retail customers, with c. 3,300 photovoltaic installations financed (+311% y/y)



“The historic doubling of net profit on a year-on-year basis clearly shows how far the Bank has come in recent quarters and serves as testimony to the successful implementation of our growth strategy. Excluding integration costs, net profit would have exceeded PLN 510 million, which shows the Bank’s income and growth potential. We are still in the process of creating a new Bank. Although we have carried out a lot of changes, there is still hard work ahead of us to gradually improve quality of customer service, develop products and solutions in a new digital format, as well as further optimise processes and realize cost synergies,” **said Przemek Gdański, CEO of BNP Paribas Bank Polska.**

Net banking income in the first half of 2019 increased to PLN 2,322 million, i.e. by 72.9% y/y and 2.8 q/q, largely due to higher interest income, which in H1 exceeded PLN 1.5 billion and was 65.5% higher than in the preceding year and 3.1% higher than in the preceding quarter. The Group also noted growth in loan volume by 35.8% y/y and in deposits by 53.0%, all while optimising margins. First-half revenue also included the sale of the factoring business, which brought in PLN 45 million.

Total integration costs in the first half of 2019 were PLN 162.9 million (PLN 3.5 million in H1 2018). The main expenses concerned adaptation of IT systems, rebranding and faster amortisation of IT systems. The Group’s effectiveness, measured by the cost-to-income ratio, improved: excluding integration costs, this ratio reached 55.6%.

In the first half of 2019, the Group further improved its capital situation, supported by the growing net profit. The total capital ratio was 15.12% and the Tier 1 capital ratio 12.84% (up 1.33 pp and 2.03 pp, respectively).

At the end of June 2019, BNP Paribas Bank Polska had 544 retail and business banking branches and 101 customer service points. From the beginning of the merger process to the end of June this year, 150 branches were closed as part of the Bank’s optimization activities. At the end of Q2, BNP Paribas Bank Polska Group had 10,673 employees (700 less since the merger with RBPL on 31 Oct 2018), and 3.78 million customers.

The Bank received the “Leader in Accessibility” award in the branch network category for its consistent and deliberate policy for increasing accessibility for persons with disabilities and reduced mobility.

The Bank’s strategic approach to sustainable development was recognised in this year’s edition of the Ranking for Responsible Firms. The Bank placed first both in the overall classification and in the banking, financial and insurance sector category. Several years ago, as pioneers, we began the process of withdrawing from financing the coal sector and ceased cooperation with the tobacco and fur-farming industries. The Bank is also developing products and services that assist customers in transitioning to the low-emission economy. Since March 2019, in an agreement with the European Investment Bank, the Bank has secured funding from the EU’s ELENA (European Local Energy Assistance) program for supporting the thermal modernisation of multi-family buildings that are part of housing cooperatives.



Selected financial data (PLN '000)

Statement of profit and loss	6 months to 30.06.2019	6 months to 30.06.2018	y/y change
Interest income	1,565,139	945,490	+65.5%
Fee and commission income	407,087	252,657	+61.1%
Result on banking activities	2,321,961	1,342,843	+72.9%
General administrative expenses and depreciation	(1,454,127)	(855,959)	+69.9%
Net impairment loss	(205,534)	(117,343)	+75.2%
Result on operating activities	662,300	369,541	+79.2%
Net profit	378,661	188,601	+100.8%
<i>per share</i>	PLN 2.57	PLN 2.24	+14.7%

Balance sheet	30.06.2019	31.12.2018	change
Total assets	106,544,101	109,022,519	-2.3%
Total loans (gross)	76,316,777	76,595,082	-0.4%
Liabilities towards customers	82,641,868	87,191,708	-5.2%
Total equity	10,923,686	10,559,813	+3.4%
Capital adequacy	30.06.2019	31.12.2018	change
Total capital requirement	15.12%	14.63%	+49 bp
Tier 1 ratio	12.84%	12.38%	+46 bp