



Press Release

Warsaw, 7 November 2019

## BNP Paribas Bank Polska Group posts net profit of PLN 493.4 million in the first three quarters of the year

BNP Paribas Bank Polska Group's net profit is PLN 493.4 million year to date as at the end of Q3, signifying 54.4% growth on a year-on-year basis. Its Q3 net profit is PLN 114.8 million, down 12.3% from last year, on the back of the costs of finalizing integration (subsequent to acquiring the core business of Raiffeisen Bank Polska) and provisioning the pro rata refund of commissions on prepaid loans following the judgment pronounced by CJEU. After adjusting for the costs of integration, the net profit for the Q3 would amount to PLN 198.4 million and would be higher at 39.7% year-on-year.

### Increasing scale and organic growth with a positive impact on core incomes



**+54,4%**

y/y

Net  
profit



**+64,8%**

y/y

Net banking  
income



**+28%**

y/y

Sales of personal  
accounts



**+164%**

y/y

Sales of mortgage  
loans

#### Key financial highlights as at the end of Q3:

- Balance sheet total: PLN 107.6 billion, +49.7% y/y (+0.9% q/q)
- Total loans sold: PLN 77.8 billion, +36.4% y/y (+1.6% q/q)
- Customer deposits: PLN 83.3 billion, +61.2% y/y (+0.9% q/q) – strong liquidity position facilitating the optimization of funding costs
- Interest income: PLN 2,363.4 million, +62.7% growth y/y (+0.5% q/q)
- Commission income: PLN 612.6 million, +59.3% growth y/y (+2.1% q/q)
- Net banking income: PLN 3,412.5 million, +64.8% y/y (-7.4% q/q)
- Core income (i.e. after adjusting for other operating income and expenses containing non-recurring events): PLN 3,438.6 million, +65.4% y/y, +1.8% q/q
- General administrative expenses in Q3 including depreciation: PLN 2,170.4 million, +72.4% y/y, (+1.4% q/q), net of integration costs totaling PLN 263.1 million they are up 53.6% y/y (+1.4% q/q)
- Costs of risk at 61 basis points in reference to the average value of the loan portfolio (+7 basis points y/y)
- Profitability and cost effectiveness ratios (excluding integration costs): ROE 8.8% (+2.1 pp y/y) and C/I 55.8% (+4.1 pp y/y)
- Tier 1 ratio : 12.78% (+46 bp y/y)



#### Key business highlights of Q3 results:

- Sales of mortgage loans in Q3 2019: +163.6% growth y/y (+7.1% q/q)
- Sales of personal accounts in Q3 2019: +28.0% growth y/y (+20.5% q/q), the new offering for retail customers has been welcomed
- Launch of the new GOonline electronic banking system and the upgrade of the GOMobile mobile app, (363 thousand mobile users at the end of Q3), together they form a single coherent ecosystem

The Group's Q3 net profit of PLN 114.68 million is down by 47.1% quarter-on-quarter resulting from non-recurring events in Q2 and Q3. In Q3, in connection with the judgment handed down by CJEU, the Bank established a provision of PLN 48.8 million for the pro rata refund of commissions on loan prepayments, while in Q2 the sale of factoring activity enlarged the result on a one-off basis (+PLN 45 million gross impact). The Bank's net profit was PLN 493.4 million on a year to date basis at the end of the first 9 months of the year, while after adjusting for the costs of integration the net profit at the end of Q3 would be PLN 709.0 million.

*"It was a quarter full of challenges. We focused mainly on preparations for the migration of IT systems. During the upcoming weekend we are going to finalize this process. Despite our strong commitment to this task, we have been able to record positive dynamics in many areas of our business. I am convinced that successful IT integration will enable us to achieve full business efficiency and generate results adequate to our aspirations and market position."* – says **Przemek Gdański**, CEO of BNP Paribas Bank Polska.

As at the end of September 2019, BNP Paribas Bank Polska has 527 retail and business banking branches and 95 Customer Service Locations. The bank has 3.8 million customers.

#### Consolidated financial highlights (PLN 000s)

Statement of profit or loss	9 months ending 30 Sept. 2019	9 months ending 30 Sept. 2018	change y/y
Interest income	2,363,447	1,453,079	62.7%
Fee and commission income	612,610	384,672	59.3%
Net banking income	3,412,508	2,070,535	64.8%
General administrative expenses and depreciation	(2,170,377)	(1,258,927)	72.4%
Net impairment loss	(340,849)	(219,115)	55.6%
Result on operating activities	901,282	592,493	52.1%
Net profit	493,423	319,499	54.4%
per share in PLN	3.35	3.61	-7.2%



Balance sheet	30.09.2019	31.12.2018	Change
Total assets	107,555,619	109,022,519	-1.3%
Total loans (gross)	77,785,295	76,595,082	1.6%
Liabilities towards customers	83,348,683	87,191,708	-4.4%
Total equity	11,046,676	10,559,813	4.6%
Capital adequacy	30.09.2019	31.12.2018	Change
Total capital requirement	15.06%	14.63%	+43 basis points
Tier 1 ratio	12.78%	12.38%	+40 basis points