

BANK BGŻ BNP PARIBAS GROUP

PRESENTATION OF 3 QUARTERS OF 2016
RESULTS

Warsaw, November 10, 2016



BGŻ BNP PARIBAS

The bank for a changing world

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- The data presented for the 9 months of 2016 refer to the Capital Group of Bank BGŻ BNP Paribas. Data comparability was upset by the prospective recognition of the result of BNPP Polska in the profit or loss of the Capital Group in the 9 months of 2015, i.e. from 30 April 2015, and failure to consolidate the results of Sygma Bank Polska in this period. Sygma Bank Polska was integrated into the Group's structure on 1 December 2015.



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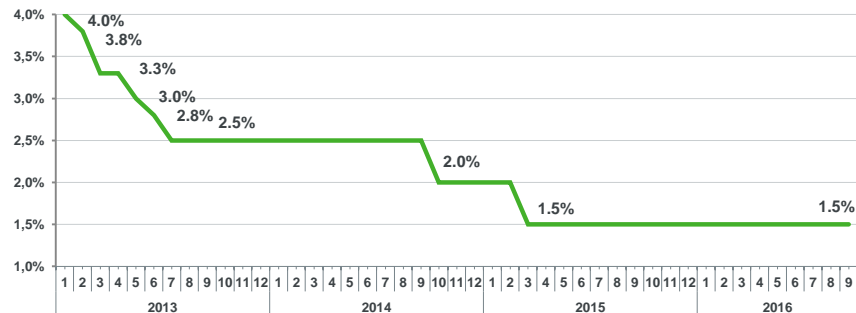


MACROECONOMIC SITUATION

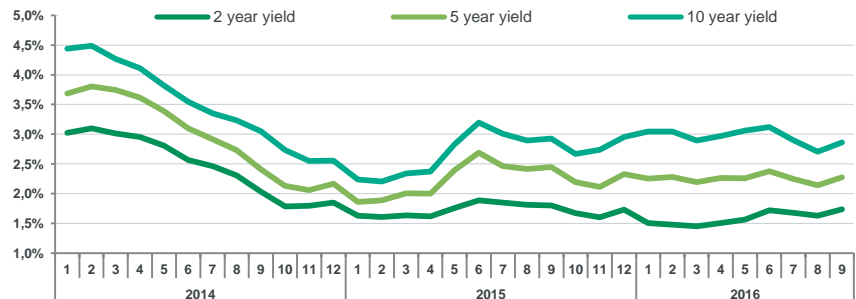


Financial markets

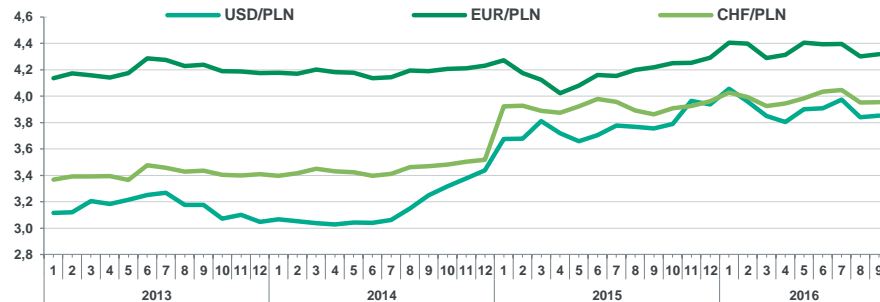
Central bank reference rate



Government bonds



Exchange rates



Interest rates and foreign exchange

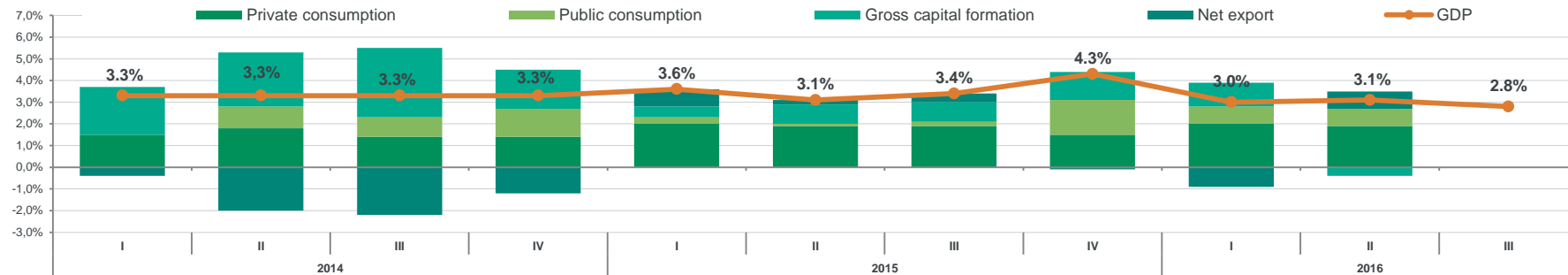
- The Monetary Policy Council maintains the opinion that changes in the cost of money are not necessary. Rate cuts could occur rather only in case of a visible slowdown in the economy and deepened deflation.
- The zloty has strengthened against major currencies in Q3 2016. It seems that in the coming months the EUR/PLN exchange rate may stabilize.
- Demand for Treasury bonds was strong in the beginning of Q3 2016 but weakened significantly in September. In the following months bond market will be determined mainly by trends in inflation and the subsequent decisions of rating agencies.

Source: Yields and FX rates - Bloomberg, reference rate - NBP

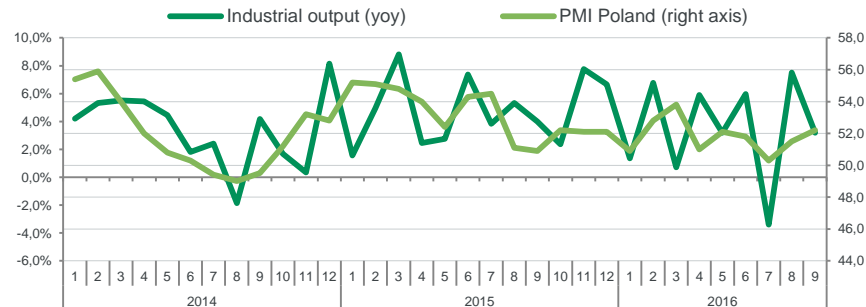


Macroeconomic situation

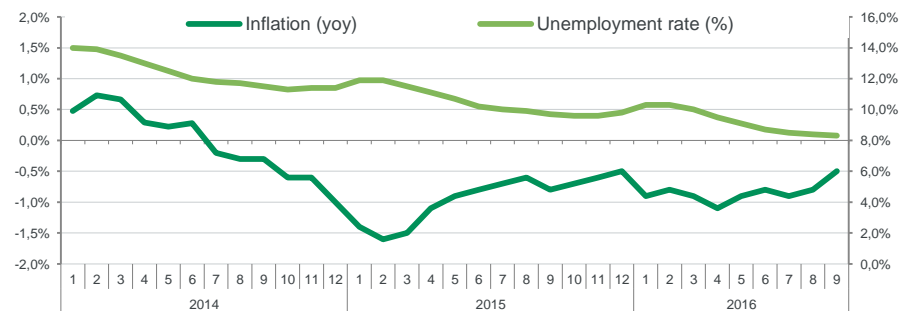
GDP growth



Economic sentiment



Inflation and unemployment



Source: GDP, unemployment – CSO, Inflation – NBP; GDP in Q3/2016 – Bank's forecast



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Polish economy in 3 quarters of 2016

- Deterioration of economic sentiment due to the concerns about the condition of emerging markets and the political situation in the EU - "Brexit". GDP growth is also directly constrained by falling investment due to low inflow of EU funds.
- Growth of the Polish economy is based on individual consumption, supported by family-friendly policy of the government and strong labour market. With the strong consumption dynamics, total GDP growth in 2016 should remain close to 3.0% yoy.
- After consumer prices fell by 0.9% yoy in the first half of 2016, deflation decreased to -0.5% yoy on average in the Q3 this year. Consumer price dynamics is expected to grow gradually in the next quarters.
- Unemployment rate fell to 8.4% on average in Q3 2016 r. against 9.9% in the same period of prior year. Further improvement in labour market is expected in the next months but the rate of decline in unemployment rate may slow down.





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3 QUARTERS OF 2016 EXECUTIVE SUMMARY



3 quarters of 2016 - executive summary¹

satisfying results despite difficult macroeconomic conditions and integration processes

Financials

Net result	PLN 75 m	+29% yoy (+PLN 17 m)
NBI	PLN 1,987 m	+39% yoy (+PLN 553 m) , including: <ul style="list-style-type: none">• net interest result: PLN 1,363 m, +37% yoy• net fee and commission result: PLN 376m, +25% yoy• net trading result: PLN 178m, +47% yoy
Costs	PLN 1,414 m	+25% yoy (+PLN 287 m) <ul style="list-style-type: none">• integration costs of PLN 147m vs PLN 171m after 9M 2015
C/I Ratio	71.1%	-7.5 p.p. yoy <ul style="list-style-type: none">• 64.1% excluding integration costs (-3.2 p.p. yoy)

Commercial volumes

Loans (gross)	PLN 57 b, +8% yoy <ul style="list-style-type: none">• agro and food sector PLN 15b, +2% yoy (leading position in Agro)
Cash loan sales	PLN 1.9 b, +51% yoy
Clients' deposits	PLN 51 b, +21% yoy

Capital ratios

Total capital ratio	14.29%
Tier 1	11.44%
Net loans to deposits	106.6%

¹ – Data comparability was upset by the prospective recognition of the result of BNPP Polska in the profit or loss of the Capital Group in 9 months of 2016, i.e. from 30 April 2015, and failure to consolidate the results of Sygma Bank Polska in the 3 quarters of 2015



Internal changes in the Bank in 3 quarters of 2016



Legal merger of BGŻ BNP
Paribas with Sygma Bank Polska



Finalization of network
optimizations



Centralization of back-office
processes in the branches



Migration
of Optima and exRabobank Polska
customers to the target
IT systems



The last and key step in the integration process
- operational merger

- Merger of exBGŻ and exBNPP Paribas Bank Polska – November 2016
- Merger of BGŻ BNP Paribas and Sygma Banku – 1st half of 2017



7th* Bank in Poland in terms of assets

➤ Market share as at 30.09.2016

Loans **5.02%** (vs 4.89% as at 31.12.2015)

Deposits **4.56%** (vs 4.23% as at 31.12.2015)

➤ Agro market share as at 30.09.2016

Loans **32.58%** (vs 32.09% as at 31.12.2015)

Deposits **12.15%** (vs 12.03% as at 31.12.2015)

➤ 30.09.2016 r.

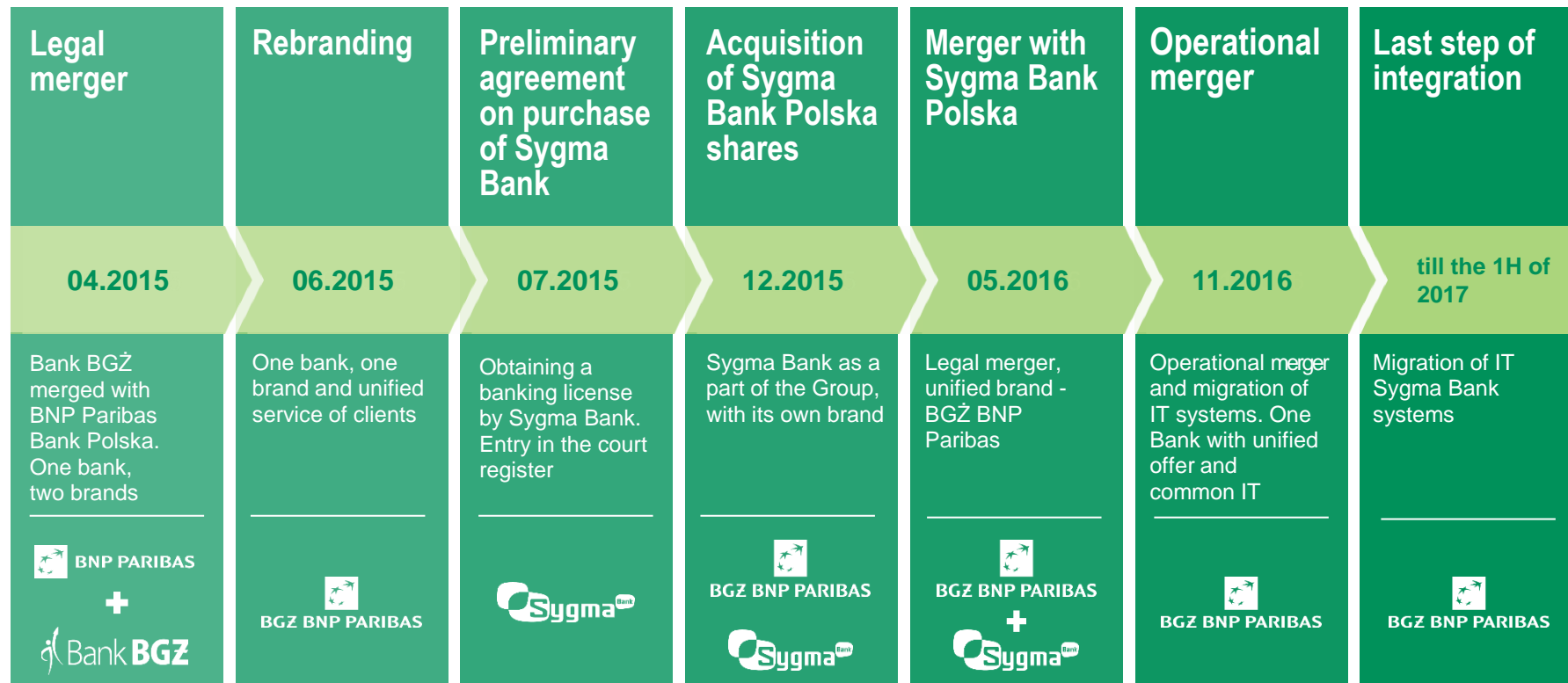
Bank Headcount	8,066 FTE
Clients total	2.67 m
Agri Clients	73 k
Branches	487 and 135 Customer Service Desks**
Assets	PLN 69.09 bn
Equity	PLN 6.32 bn



* position after 1 half of 2016

** Customer Service Desks previously in Sygma Bank Polska' structure

Integration process



Ambitions based on 4 strategic pillars



The most Customer Centric
Bank in Poland



Not only universal but
an integrated Bank



BGZ BNP PARIBAS



The best partner to support
foreign expansion



Fully mobile Bank for the
Customer





FINANCIAL RESULTS OF THE CAPITAL GROUP



Financial results of the Capital Group after 9M/2016¹

	9M 2015 PLN m	9M 2016 PLN m	Change yoy %	Change yoy adjusted ²
Net banking income	1,434.7	1,987.3	+39%	+37%
Total expenses	(1,127.0)	(1,413.7)	+25%	+30%
Net impairment losses	(226.0)	(281.7)	+25%	+25%
Banking tax	-	(133.7)	x	x
Pre-tax profit	81.8	158.1	+93%	+20%
Net profit	58.2	74.9	+29%	(2%)
ROE	1.5%	1.6%	+0.1 p.p.	-
ROE ²	5.1%	4.1%	-	(1.0 p.p.)
Cost/Income (C/I)	78.6%	71.1%	(7.5 p.p.)	-
Cost/Income (C/I) ²	67.3%	64.1%	-	(3.2 p.p.)
Total Capital Ratio	13.7%	14.3%	+0.6 p.p.	-

² - data excluding integration costs

9M 2016 – PLN 146.7 m, of which:

- PLN 125.0m - under general administrative expenses
- PLN 21.7m - under other operating expenses in net banking income

9M 2015 – PLN 171.2 m, of which:

- PLN 139.4 - under general administrative expenses
- PLN 31.8 - under other operating expenses

➤ **9M/2016 result was subjected to a new tax on financial institutions in the amount of PLN 133.7m**

➤ **2Q/2016 result includes settlement of a VISA transaction in the amount of PLN 41.8m**

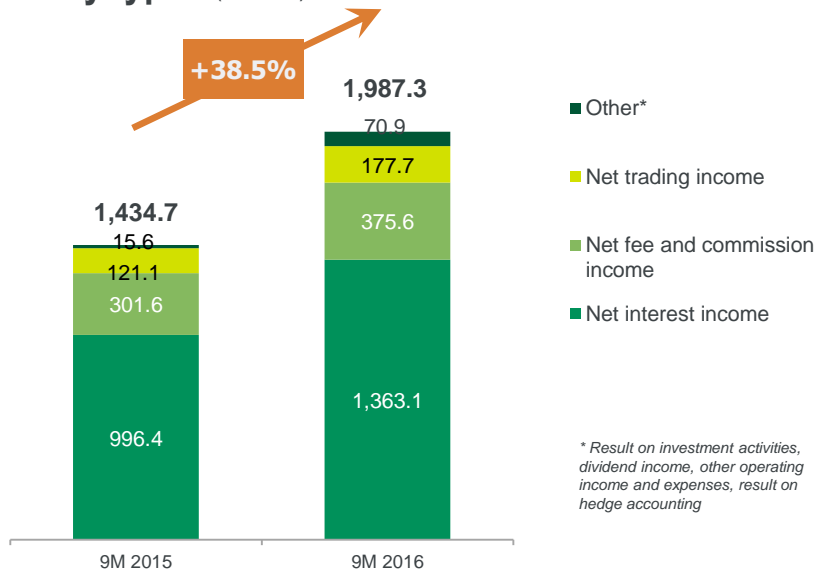
	30.09.2015 PLN m	30.09.2016 PLN m	Change yoy
Assets	61,737	69,087	+12%
Equity	6,199	6,320	+2%
Loans (net)	50,202	54,212	+8%
Deposits	41,869	50,862	+21%

¹ – Data comparability was upset by the prospective recognition of the result of BNPP Polska in the profit or loss of the Capital Group in 9M of 2015, i.e. from 30 April 2015, and failure to consolidate the results of Sygma Bank Polska in 9M of 2015.

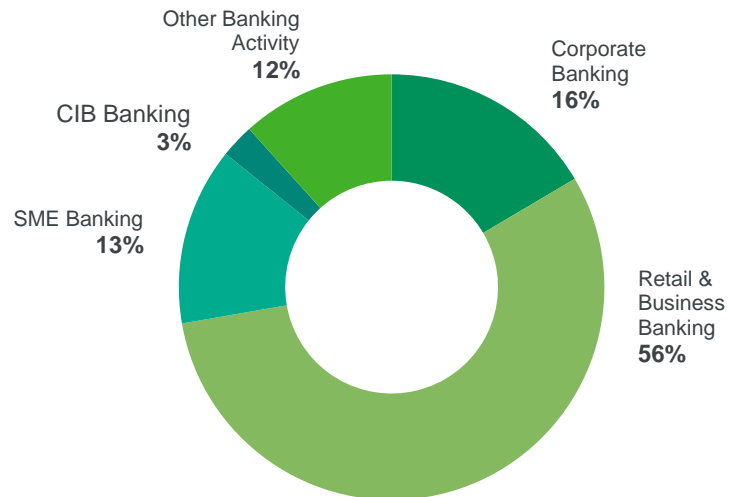


Net banking income

Structure of net banking income by types (PLN m)



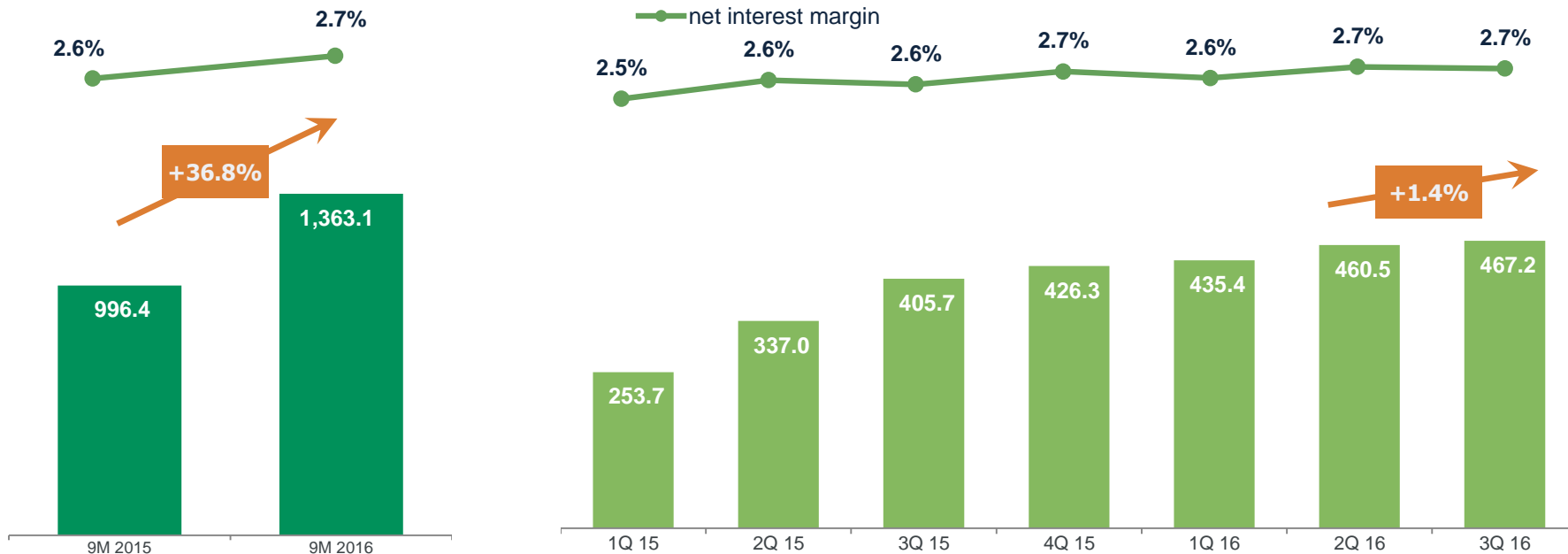
Structure of net banking income by business segments – 30.09.2016



- Net banking income grew YoY mainly due to the larger activity scale after the merger with BNP Paribas Bank Polska prospectively since 30 April 2015 and including Sygma Bank Polska into the Capital Group (December 1, 2015).

Net interest income

(PLN m)

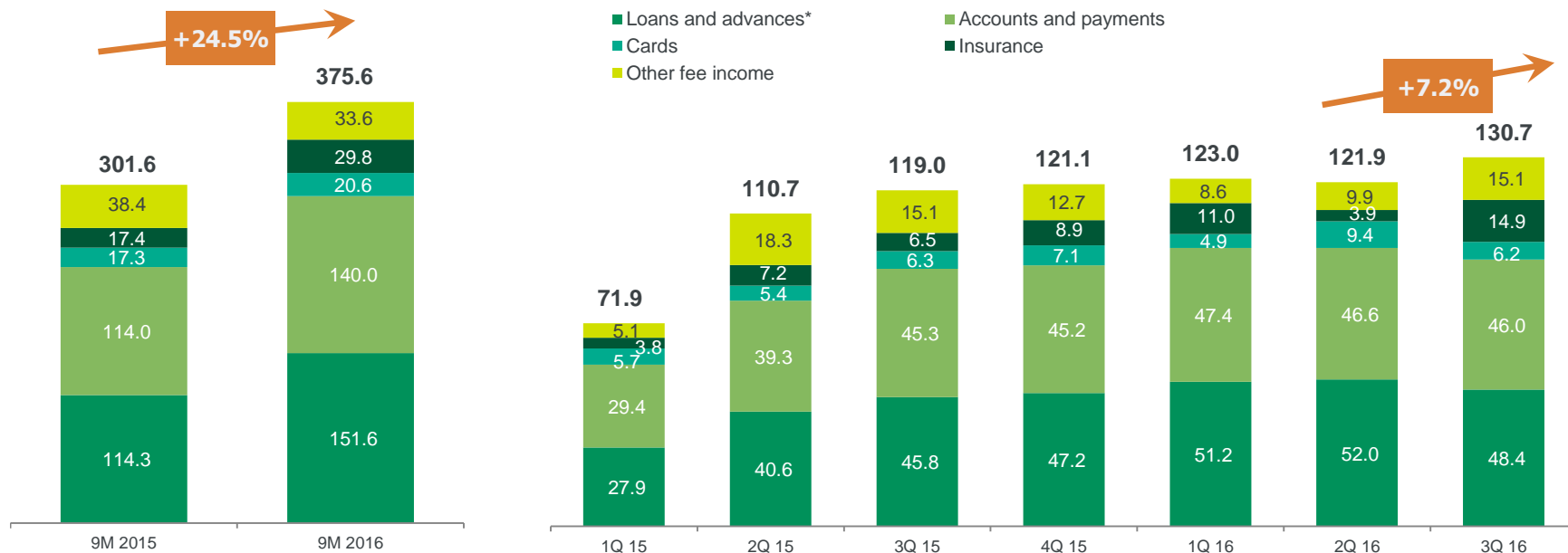


- Net interest income grew YoY due to the transfer of BNP Paribas Bank Polska operations prospectively since the legal merger date (30.04.2015) as well as a result of an increase in the share of high-margin consumer loans in total assets following the integration of Sygma Bank Polska into the Capital Group in December 2015.



Net fee and commission income

(PLN m)



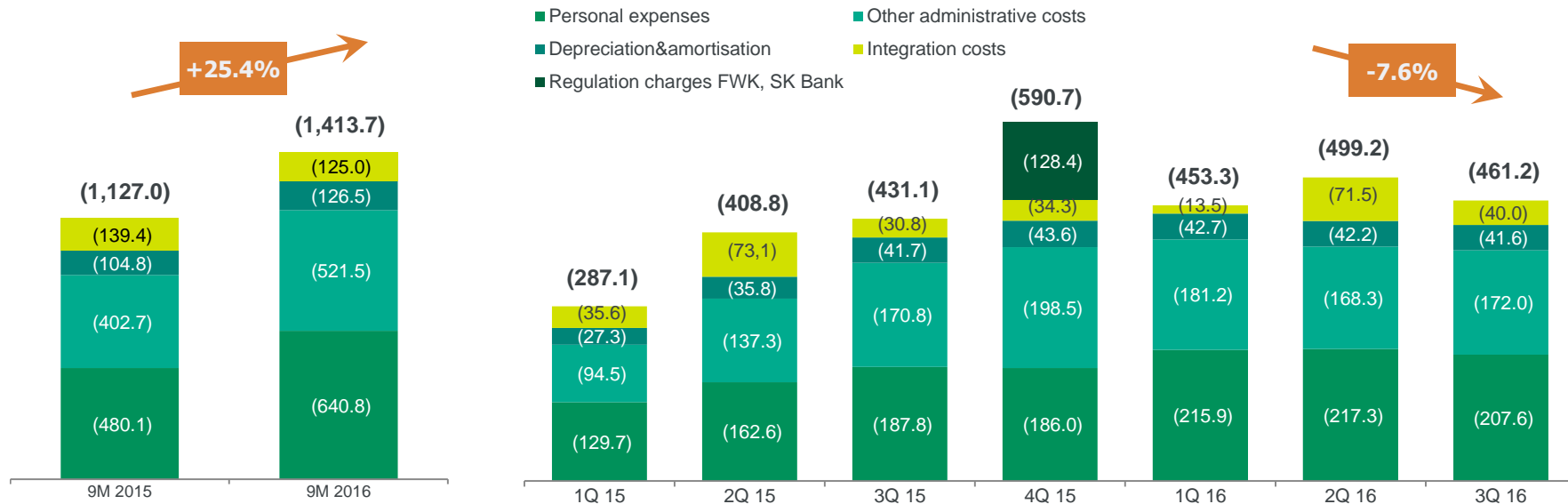
- Net fee and commission income grew YoY due to the transfer of BNP Paribas Bank Polska operations prospectively since the legal merger date as well as including Sygma Bank Polska activity into the Capital Group results since December 1, 2015.
- Increase of total fee and commission income as well as insurance commission in 3Q 2016 was a consequence of cumulative reclassification of PLN 7m insurance fee related to 2Q 2016 from the category of *other operating income* to fee and commission income.

* Includes credit fees and commissions not accounted for using the effective interest rate method (mainly on overdrafts and annexes to the credit agreements)



General administrative expenses (incl. depreciation)

(PLN m)

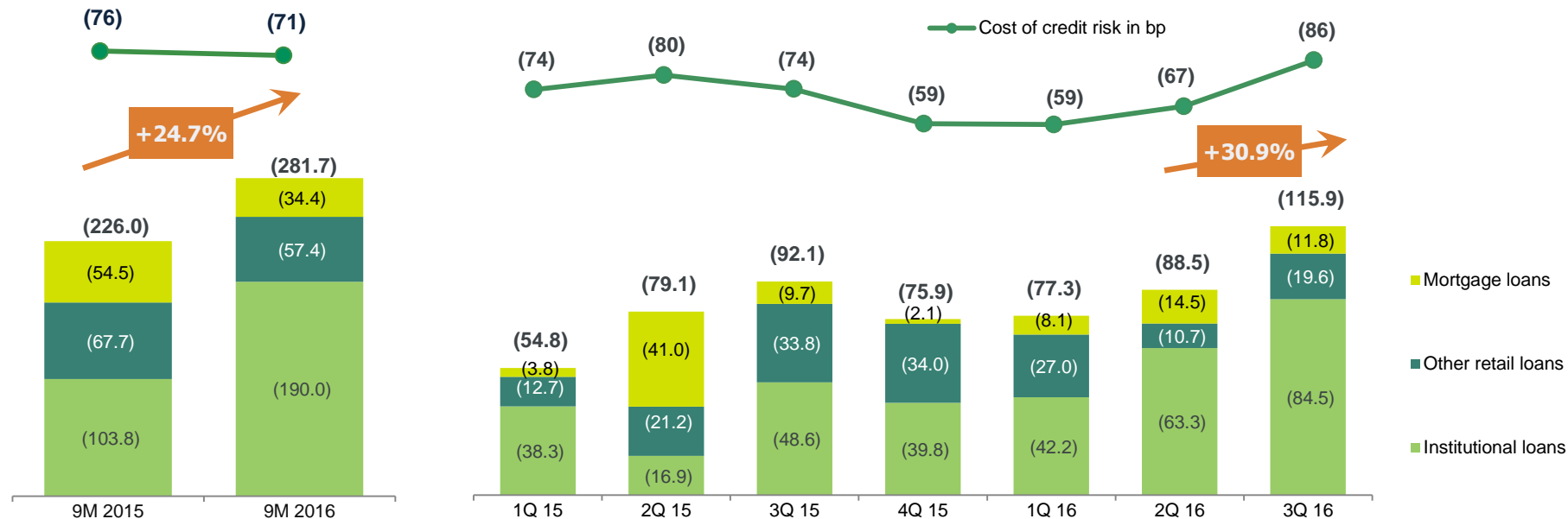


- Expenses grew YoY mainly due to the integration processes. Costs of exBNPP Polska and its subsidiaries (incurred in the period January – April) as well as costs of Sygma Bank Polska and Laser Services (now: BNPP Group Service Centre SA), integrated into the Capital Group on 1 December 2015, are not included in the 9M 2015.
- Decrease of personal expenses QoQ related among others to release of provision for unused holidays.
- Increase in other administrative costs QoQ (excluding integration costs) as a consequence of higher marketing costs.



Net impairment losses (main portfolios)

(PLN m)



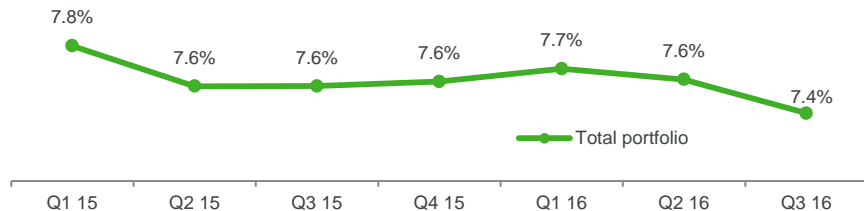
- Annualized cost of risk after 9M 2016 was 5 bp lower in comparison with previous year. Total net impairment losses went up yoy mainly as a consequence of credit portfolio increase resulted from mergers with BNPP Polska and Sygma Bank Polska.
- Quarterly differences in cost of risk in 2016 mainly due to one-off events such as sales of non performing portfolios, standardization of methodologies and updating of risk parameters.
- Decrease in balance sheet level of provisions parallel with increase of net impairment losses visible in P&L mainly due to NPL sales realized in 3Q of 2016.



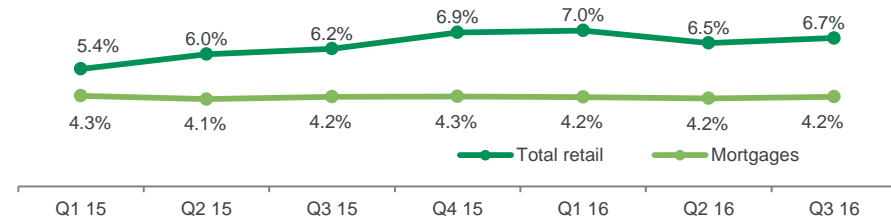
Loan portfolio quality

(quarter-end)

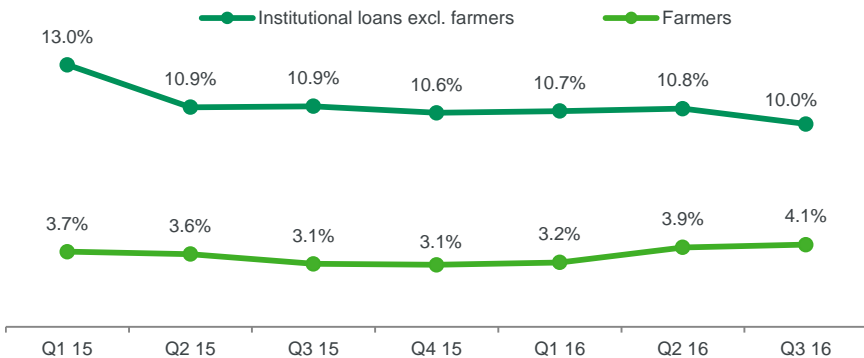
> Total loans – NPL



> Retail loans – NPL

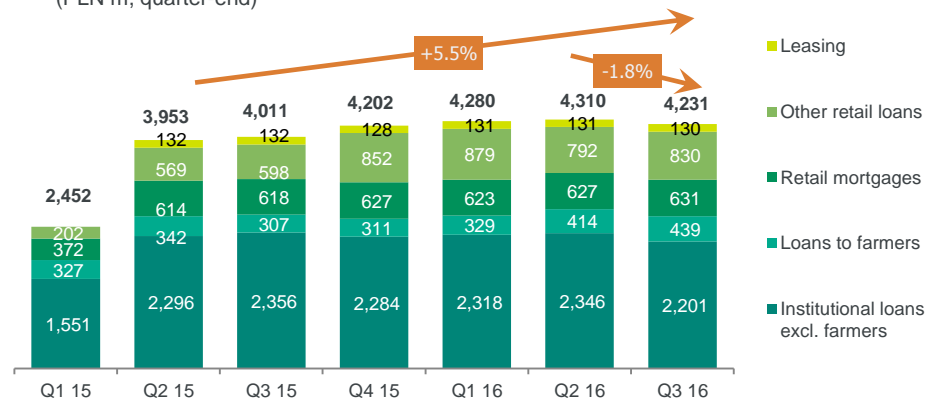


> Institutional loans - NPL



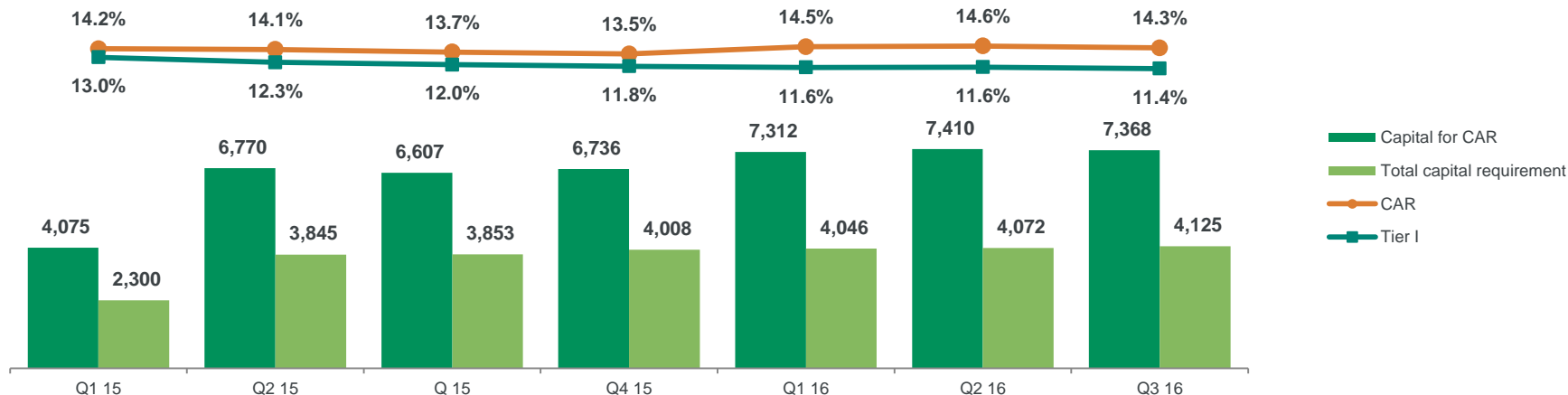
> Impaired portfolio, gross

(PLN m, quarter-end)



Capital adequacy ratio

(PLN m, quarter-end)



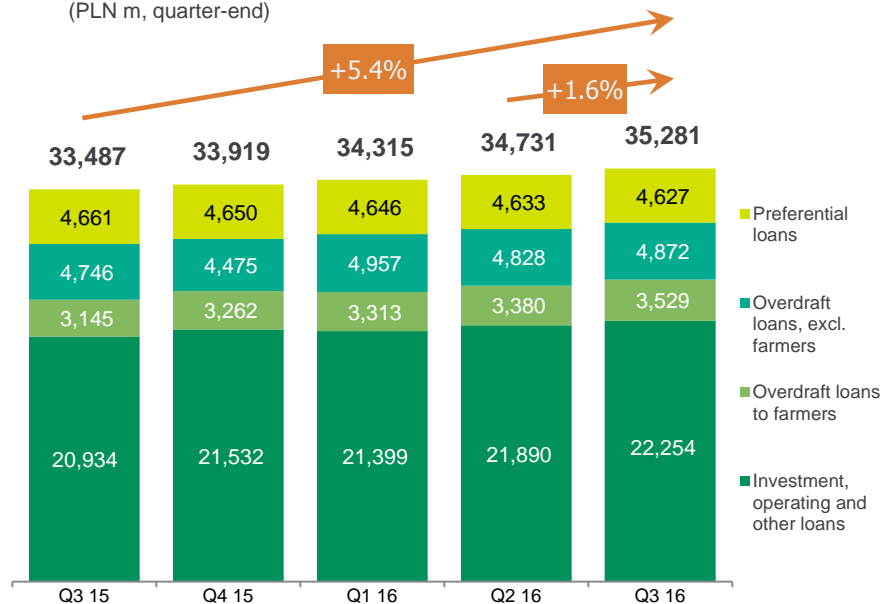
- The growth in equity by PLN 632 m as compared to the end of 2015 was mainly the effect of classification of subordinated loans of PLN 440m and EUR 40m received by the Bank from BNP Paribas S.A. as the Bank's Tier 2 capital (PFSA consent issued in January 2016) as well as allocation of the net profit for 2015 of PLN 8.3 m to the general risk reserve.
- KNF recommendation on the additional capital requirement to be maintained to hedge the risk of foreign currency mortgages: on consolidated level - at the level of 0.72 pp, for the Bank standalone - at the level of 0.71 pp.
- On 6 October 2016 the Bank obtained a decision of the Polish Financial Supervision Authority on identification of the Bank as other systemically-important institution, and imposing on the Bank a buffer of other systemically-important institution equal to 0.25 pp.



Commercial volumes – loan portfolio

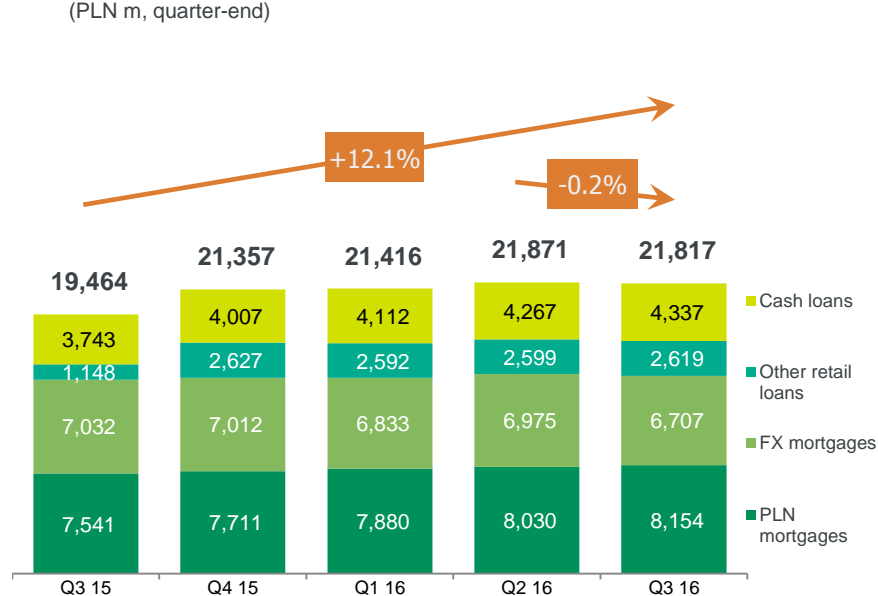
▶ Institutional loans, gross

(PLN m, quarter-end)



▶ Retail loans, gross

(PLN m, quarter-end)

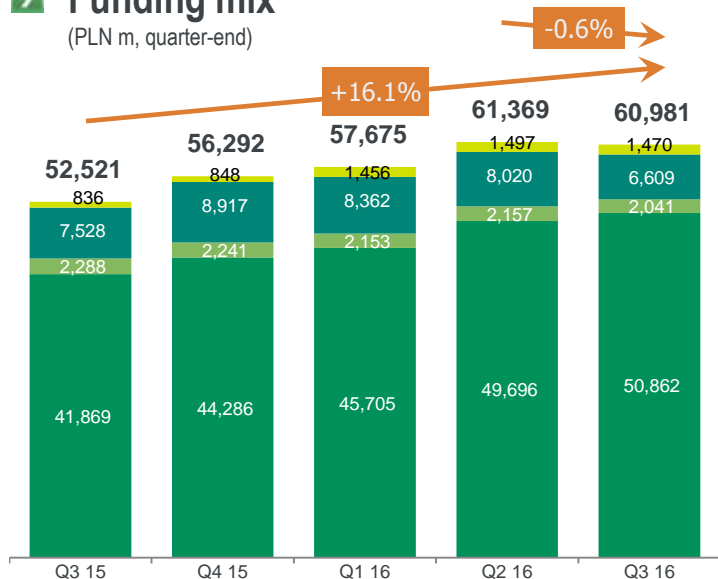


- The total credit portfolio (gross) went up by 7.8% YoY. An increase was visible mainly in investment and working capital loans.
- Institutional loans increased +5.4% YoY, retail loans + 12.1% (mainly due to the integration of Sygma Bank Polska's credit portfolio into the Capital Group structure in December 2015).

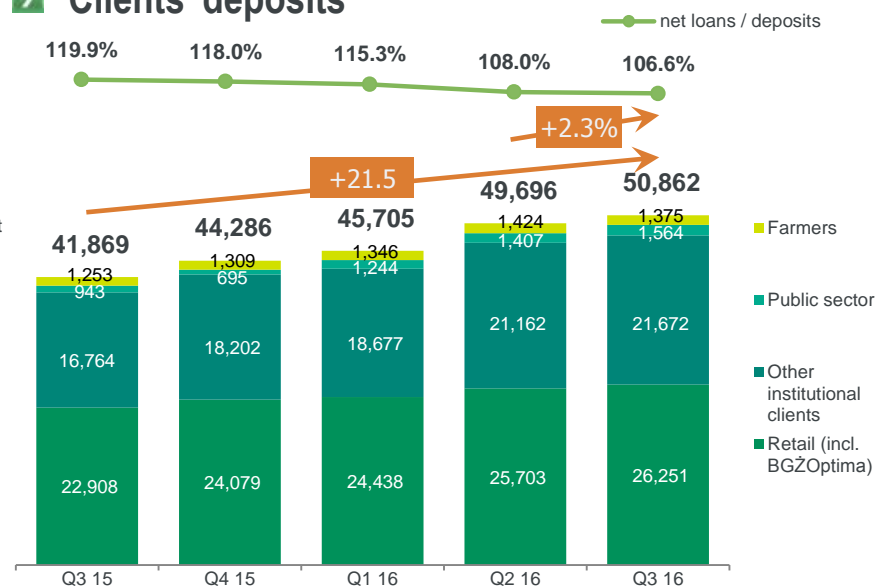
Commercial volumes – deposits and funding

Funding mix

(PLN m, quarter-end)



Clients' deposits



- Faster growth of the deposit base YoY compared to the market
- The total deposit base went up by 21.5% YoY due to the increase in term deposits in corporate segment.
- Significant improvement in L(net)/D ratio, decrease to the level of 106.6%





IV

PERFORMANCE OF BUSINESS SEGMENTS

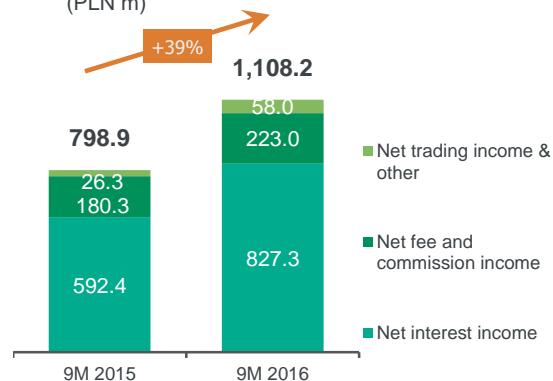


Retail and Business Banking

dynamic growth within the period of intensive integration processes

Net banking income

(PLN m)



Net banking income generated by the Retail and Business represents **55.8%** of the Group's net banking income.

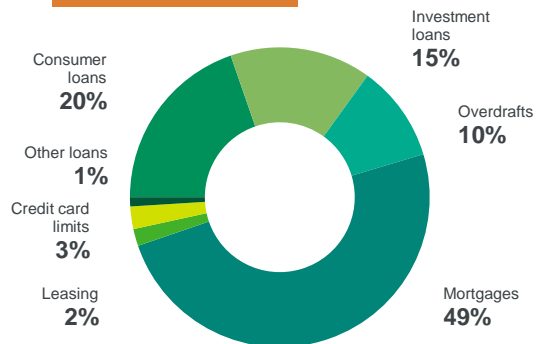
Załącz e-Portfel i płać wygodnie w Internecie.



MasterPass

Loan structure as at 30.09.2016

Loans: PLN 29.5 bn



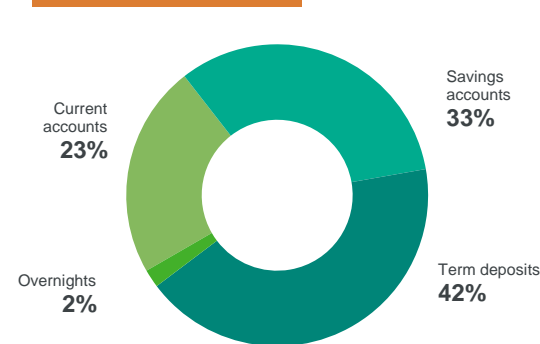
Offer development

- Implementation of unified offer in the whole network for individual and micro clients - as the last preparatory step to the operational merger
- Record-high result in sales of investment products in Q3 VIII subscription sales – PLN 161m
- Sales of mortgage loans stable at a high level (Q3'16 - PLN 280m; +3% y/y)



Deposit structure as at 30.09.2016

Deposits: PLN 31.2 bn



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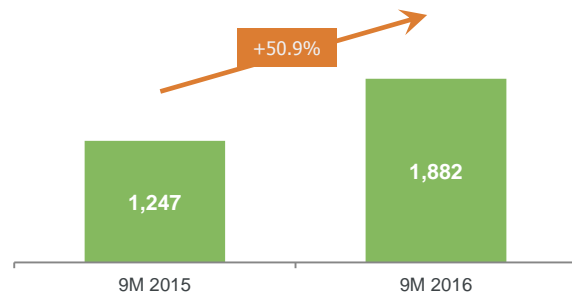
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Retail Banking – Personal Finance

strong position in consumer finance segment

> Cash Loan Sales

(PLN m)

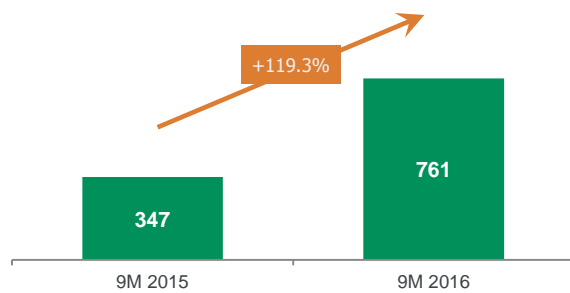


Significant growth in **cash loans** resulting from implementation of a new offering supported by ATL campaign.



> Car loans and leasing sales

(PLN m)

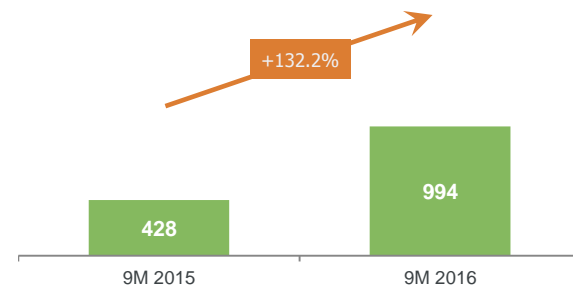


Bank maintained its leading market position in **car loans** segment and strengthened its position in **car leasing**.



> Value of transactions - credit cards

(PLN m)



Bank is one of the key **credit card** issuers after merger with Sygma Bank, with 11% market share.



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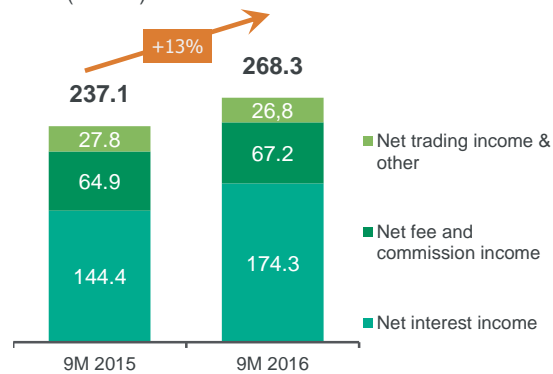
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SME

proximity in relations with customers and comprehensive service

Net banking income

(PLN m)

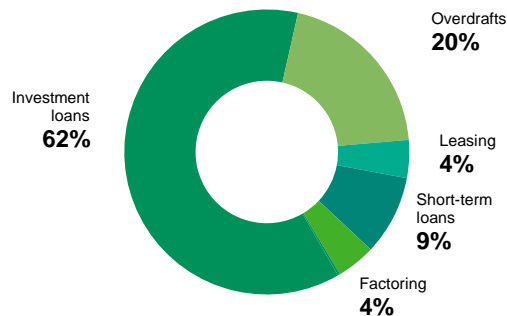


Net banking income generated by SME represents **13.5%** of the Group's net banking income.



Loan structure as at 30.09.2016

Loans: PLN 11.6 bn

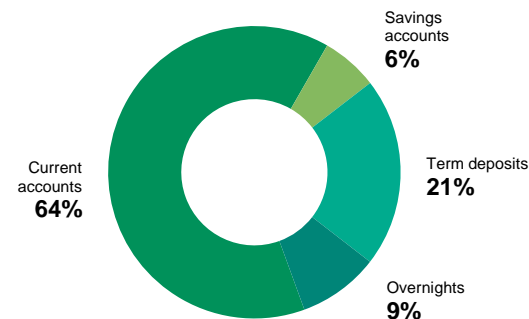


Offer development

- Focus on client's transactionality and promoting usage of Cash Management solutions
- Sectorial approach – focus on selected industries
- Clients' Council – we invite our clients to share ideas allowing us to improve our Bank

Deposit structure as at 30.09.2016

Deposits: PLN 5.3 bn

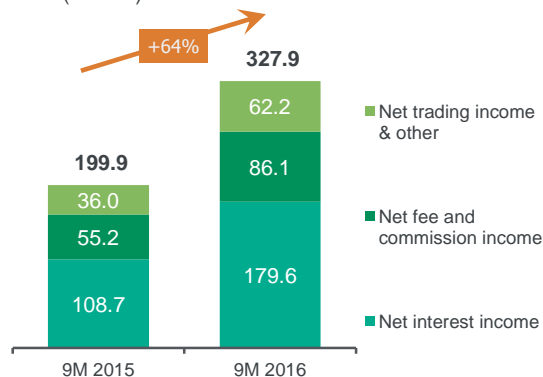


Corporate Banking

sector expertise in the large enterprises segment

> Net banking income

(PLN m)

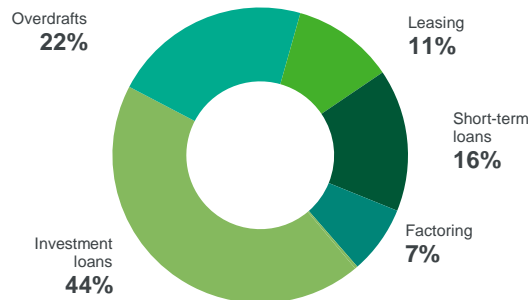


Net banking income generated by Corporate Banking represents **16.5%** of the Group's net banking income.



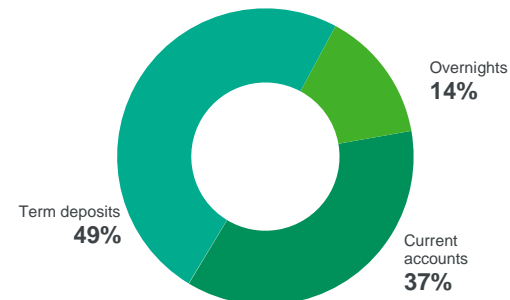
> Loan structure as at 30.09.2016

Loans: PLN 12.9 bn



> Deposit structure as at 30.09.2016

Deposits: PLN 14.2 bn



> Offer development

- Start of activity of Asia & Pacific Desk, which offers a unique opportunity to win new clients and to strengthen current relations with corporate client in the region
- Supporting and promoting development of Agro business among Corporate clients through participation in and organization of sectoral events



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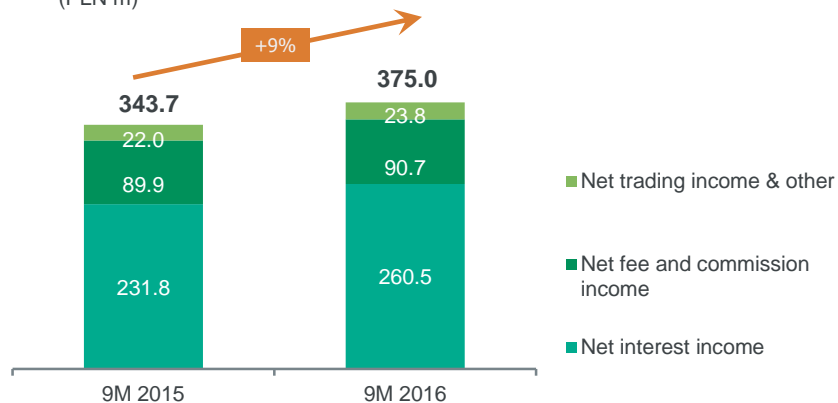
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Agro segment

bank of first choice for agro customers

Net banking income

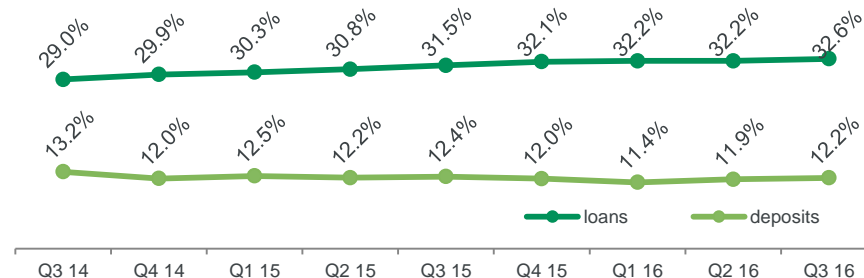
(PLN m)



Net banking income generated by Agro segment represents **18.9%** of the Group's net banking income.

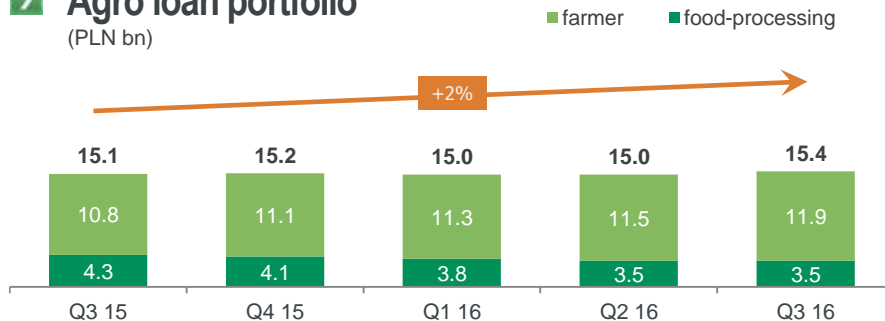


Market share



Agro loan portfolio

(PLN bn)



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Agro Segment

best bank for farmer 2016

> New offer

- **PLG-COSME Guarantee** – guarantees of repayment of loans (working capital and investment) provided by Bank for SME entrepreneurs, including farmers
- **Rzeczówka loan for SMEs** – new conditions: credit period to 36 months, without collateral
- **Cooperation with Arval Service Lease Poland** special offer for farmers in the long term car rental, along with a package of additional services



> Sharing knowledge

- **We participate in major industry fairs where we share our knowledge and experience on the Agro market :**
 - International Agriculture Exhibition **Agro Show** – the biggest complex agriculture outdoor exhibition in Europe
 - International Trade Fair For Food **Polagra Food**
 - **Modern milk production** Conference



> Supporting Development

- **We support and reward entrepreneurship in rural areas:**
 - Sposób na sukces – jury member and sponsor
 - Sołtys Roku 2015 – sponsor of prizes for Winners
 - Puchar Prezesa (CEO's Cup) - competition for key Clients of BGZ Bank BNP Paribas



> Developing ourselves

- **Regional Strategies for Agro** – a new tool in the bank to help advisors identify the potential customers' needs depending on the region
- **Benefits of belonging to the BNP Paribas Group**, building offer based on a wider range of services available



V

APPENDICES

- CONSOLIDATED INCOME STATEMENT
- CONSOLIDATED ASSETS
- CONSOLIDATED LIABILITIES AND EQUITY



Consolidated income statement

(PLN ths)

Consolidated income statement	30/09/2016	30/09/2015	IIIQ 2016	IIQ 2016	IQ 2016	IVQ 2015	IIIQ 2015	IIQ 2015	IQ 2015
Interest income	1 929 628	1 466 703	659 021	648 069	622 538	603 055	565 122	498 964	402 617
Interest expense	(566 500)	(470 315)	(191 832)	(187 551)	(187 117)	(176 796)	(159 455)	(161 929)	(148 931)
Net interest income	1 363 128	996 388	467 189	460 518	435 421	426 259	405 667	337 035	253 686
Fee and commission income	453 786	348 189	160 113	147 120	146 553	145 656	138 312	127 610	82 267
Fee and commission expense	(78 206)	(46 603)	(29 460)	(25 230)	(23 516)	(24 540)	(19 335)	(16 863)	(10 405)
Net fee and commission income	375 580	301 586	130 653	121 890	123 037	121 116	118 977	110 747	71 862
Dividend income	5 777	4 394	19	5 758	-	-	(836)	5 230	-
Net trading income	177 652	121 106	67 797	57 820	52 035	62 355	53 242	47 809	20 055
Result on investing activities	42 437	35 305	4	41 959	474	12 447	105	12 167	23 033
Result on hedge accounting	256	-	116	(221)	361	-	-	-	-
Other operating income	105 410	38 317	21 630	52 707	31 073	22 494	21 402	10 558	6 357
Net impairment losses on financial assets and contingent liabilities	(281 737)	(225 972)	(115 922)	(88 533)	(77 282)	(75 904)	(92 533)	(78 680)	(54 759)
General administrative expenses	(1 264 891)	(1 022 165)	(408 780)	(445 891)	(410 220)	(547 118)	(389 392)	(372 971)	(259 802)
Depreciation and amortization	(148 829)	(104 833)	(52 443)	(53 299)	(43 087)	(43 624)	(41 722)	(35 794)	(27 317)
Other operating expenses	(82 952)	(62 368)	(23 443)	(36 749)	(22 760)	(30 091)	(18 681)	(32 161)	(11 526)
Operating result	291 831	81 758	86 820	115 959	89 052	(52 066)	56 229	3 940	21 589
Banking tax	(133 748)	-	(51 203)	(50 810)	(31 735)	-	-	-	-
Profit (loss) before income tax	158 083	81 758	35 617	65 149	57 317	(52 066)	56 229	3 940	21 589
Income tax expense	(83 227)	(23 539)	(25 399)	(31 776)	(26 052)	7 140	(15 813)	(653)	(7 073)
Net profit (loss) for the period	74 856	58 219	10 218	33 373	31 265	(44 926)	40 416	3 287	14 516



Consolidated assets

(PLN ths)

Consolidated statement of financial position	30/09/2016	30/06/2016	31/03/2016	31/12/2015	30/09/2015	30/06/2015	31/03/2015
ASSETS							
Cash and balances with the Central Bank	2 021 495	2 998 185	1 455 294	2 826 416	2 022 991	2 472 825	1 901 971
Loans and advances to banks	281 018	881 471	541 296	495 431	518 141	308 917	186 636
Reverse repo transactions	-	-	-	-	-	-	84 578
Debt securities held for trading	-	-	-	-	-	260	183 312
Derivative financial instruments	323 378	365 705	430 834	368 147	372 814	357 102	340 384
Hedging instruments	49 063	35 692	26 123	2 711	6 880	6 459	-
Loans and advances to customers	54 211 801	53 675 770	52 713 155	52 269 544	50 201 630	49 534 661	29 877 265
Available for sale financial assets	10 464 436	10 011 272	9 484 763	7 845 074	6 962 185	8 432 095	6 267 672
Investment property	54 487	54 487	54 487	54 627	54 627	54 627	54 627
Intangible assets	242 688	236 462	253 192	256 455	261 231	265 983	166 528
Property, plant and equipment	537 341	537 587	531 291	537 201	526 526	490 236	398 895
Deferred tax assets	485 424	459 761	429 207	465 211	415 874	438 027	167 273
Current tax assets	-	-	10 814	-	-	-	7 890
Other assets	415 948	460 962	330 145	251 521	393 911	241 051	126 716
TOTAL ASSETS	69 087 079	69 717 354	66 260 601	65 372 338	61 736 810	62 602 243	39 763 747



Consolidated liabilities and equity

(tys. zł)

Consolidated statement of financial position	30/09/2016	30/06/2016	31/03/2016	31/12/2015	30/09/2015	30/06/2015	31/03/2015
LIABILITIES							
Amounts due to banks	6 517 608	8 014 535	8 553 069	9 876 892	8 650 762	9 528 844	1 471 085
Repo transactions	-	-	-	-	-	-	111 734
Hedging instruments	8 585	13 748	13 676	1 605	5 293	5 442	-
Derivative financial instruments	291 901	358 133	397 890	351 539	347 710	357 215	321 792
Amounts due to customers	52 902 388	51 852 581	47 857 311	46 527 391	44 156 915	44 176 712	32 374 716
Debt securities issued	396 577	397 816	434 948	469 083	467 686	469 276	477 882
Subordinated liabilities	1 470 248	1 496 873	1 456 494	847 568	836 112	859 333	352 185
Other liabilities	1 006 473	1 083 466	1 023 685	816 984	872 101	832 664	407 006
Current tax liabilities	22 372	4 010	1 299	40 716	31 664	38 155	-
Provision for deferred tax	8 025	8 026	8 026	8 052	8 068	8 052	8 052
Provisions	143 125	158 916	152 560	164 154	161 771	198 986	70 683
TOTAL LIABILITIES	62 767 302	63 388 104	59 898 958	59 103 984	55 538 082	56 474 679	35 595 135
EQUITY							
Share capital	84 238	84 238	84 238	84 238	84 238	84 238	56 139
Other supplementary capital	5 108 418	5 108 418	5 092 196	5 092 196	5 092 196	5 092 196	3 430 785
Other reserve capital	860 241	860 241	780 874	780 874	780 875	780 875	271 859
Revaluation reserve	174 462	194 153	260 114	198 090	171 720	142 234	253 154
Retained earnings	92 418	82 200	144 221	112 956	69 699	28 021	156 675
retained profit	17 562	17 562	112 956	99 663	11 480	10 218	142 159
net profit for the period	74 856	64 638	31 265	13 293	58 219	17 803	14 516
TOTAL EQUITY	6 319 777	6 329 250	6 361 643	6 268 354	6 198 728	6 127 564	4 168 612
TOTAL LIABILITIES AND EQUITY	69 087 079	69 717 354	66 260 601	65 372 338	61 736 810	62 602 243	39 763 747



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