



BANK BGŻ BNP PARIBAS GROUP

PRESENTATION OF H1 2015 RESULTS

Warsaw, August 31, 2015



BGŻ BNP PARIBAS

The bank for a changing world

Disclaimer

- This presentation does not constitute an offer or solicitation of an offer and under no circumstances shall form the basis for a decision to invest in the securities or other financial instruments issued by Bank BGŻ BNP Paribas S.A. ("Bank").
- This presentation may include forward-looking statements, future plans, projections and strategy or objectives. Such statements can neither be considered the Bank's projections nor guarantees of its future performance, as they were adopted based on expectations, projections and information on future events.
- The forward-looking statements included in the presentation are based on current knowledge and opinions of the Management Board and involve a number of known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Bank to be materially different from the information contained herein.
- The Bank neither does nor will undertake any obligation to update or disclose to the public any revisions to any forward-looking statements contained herein.
- Neither the Bank nor any of its subsidiaries or parent entities shall be held accountable for any damage resulting from the use of this presentation or a part thereof, or its contents or in any other manner in connection with this presentation.
- This presentation is not for the disclosure and distribution, to and within countries where such publication or dissemination may be prohibited under applicable law.
- The data presented for H1 2015 refer to the merged Bank BGŻ BNP Paribas. The merger was carried out using the book value method. The results of the operations of BNP Paribas Bank Polska ("BNPP Polska") were recognized in the consolidated financial statements of the Capital Group of Bank BGŻ BNP Paribas prospectively, i.e. as from 30 April 2015. The Bank BGŻ BNP Paribas Group's comparative data for the preceding periods were not restated.



Agenda

- 1. Merger of Bank BGŻ and BNPP Polska**
- 2. Macroeconomic Situation**
- 3. Executive Summary after the 1st half of 2015**
- 4. Financial Results of the Capital Group**
- 5. Business Segments Performance**
- 6. Appendices**

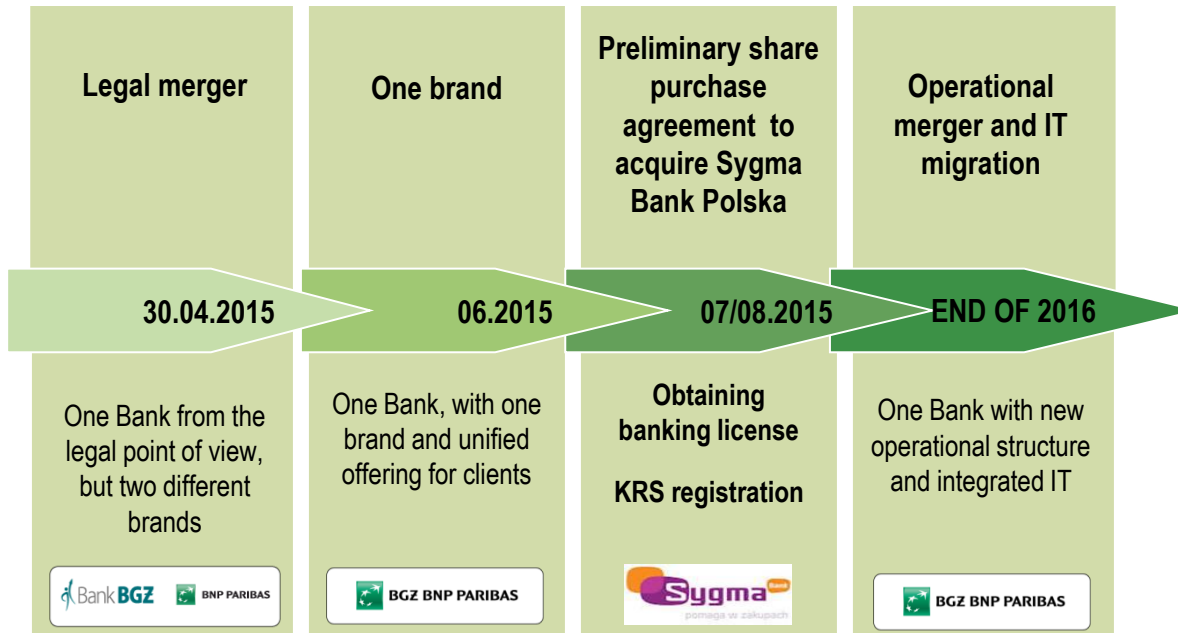


1.

MERGER OF BANK BGŻ AND BNPP POLSKA



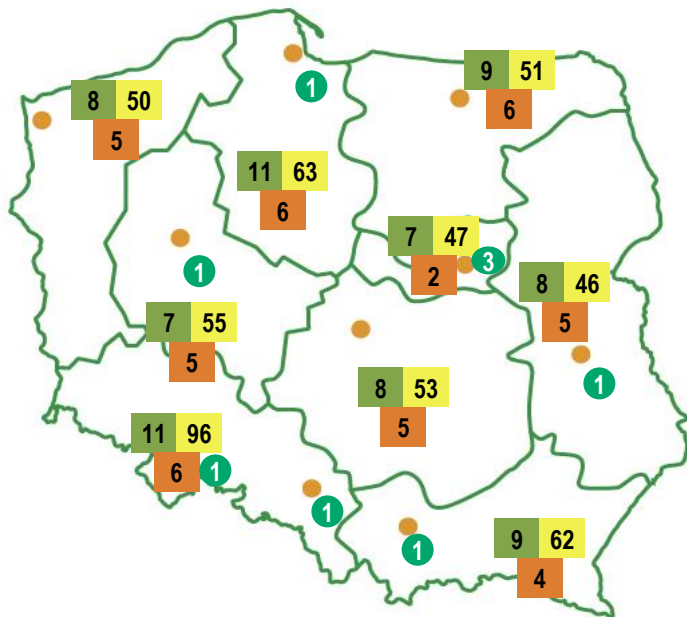
Smooth and successful integration of Banks



- Successful rebranding of 601 branches.
 - Unification of product offering
 - The Bank offers a full range of products from consumer loans, corporate and investment banking solutions to services to the multinationals and agri clients.
 - According to the growth strategy of the BNP Paribas Group in Poland, a preliminary agreement was signed for the purchase of shares in Sygma Bank Polska S.A. by Bank BGŻ BNP Paribas. The aim of this acquisition is to create unique and unrivaled integrated consumer finance model.
- Sygma Bank Polska is one of the leading entities on the Polish consumer finance market (with over 1 million clients and the credit portfolio worth PLN 1.4m).



8th Bank in Poland in terms of assets



● Retail Banking regional branches

■ No. of leading branches (78 in total) ■ No. of branches (523) in total

■ SME Business Centers (44 in total) ● Corporate Business Centres (9 in total)

30.06.2015

Branches	- 601
Employment	- 7,762 FTE
Clients	- 1,644 ths. (of which: Agro 74 ths.)
Assets	- PLN 62,602m
Equity	- PLN 6,128m

Market share as at 30.06.2015

Loans	4.91%	(vs 3.09% as at 31.12.2014)
Deposits	4.18%	(vs 3.16% as at 31.12.2014)

Agro market share as at 30.06.2015

Loans	30.8%	(vs 29.9% as at 31.12.2014)
Deposits	12.2%	(vs 12.1% as at 31.12.2014)



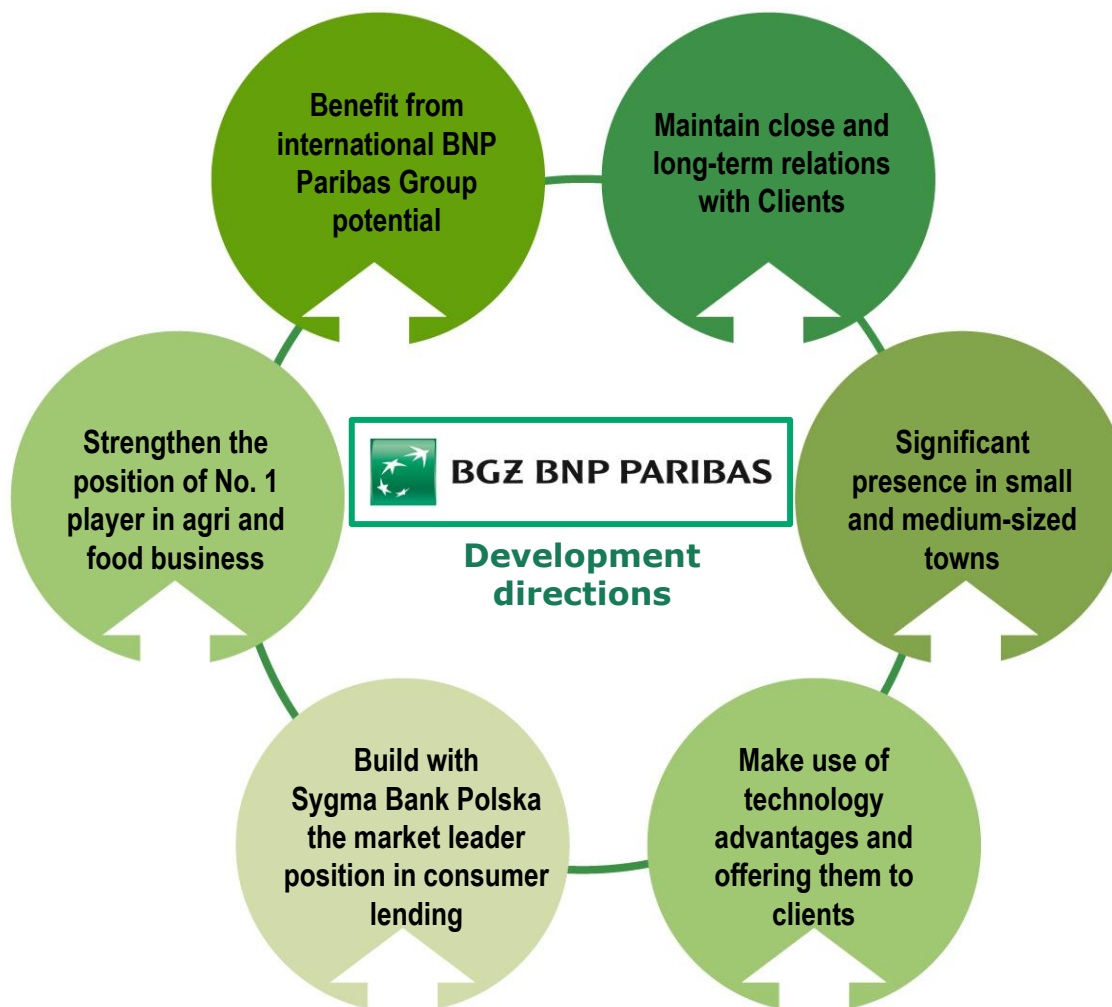
Mission of Bank BGŻ BNP Paribas



„Our Mission is to deliver responsibly innovative financial solutions to help our clients change their world while supporting the local economy”



Development directions



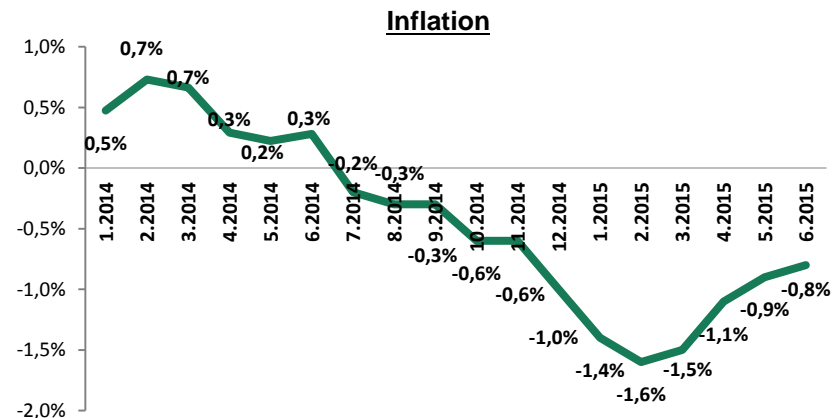
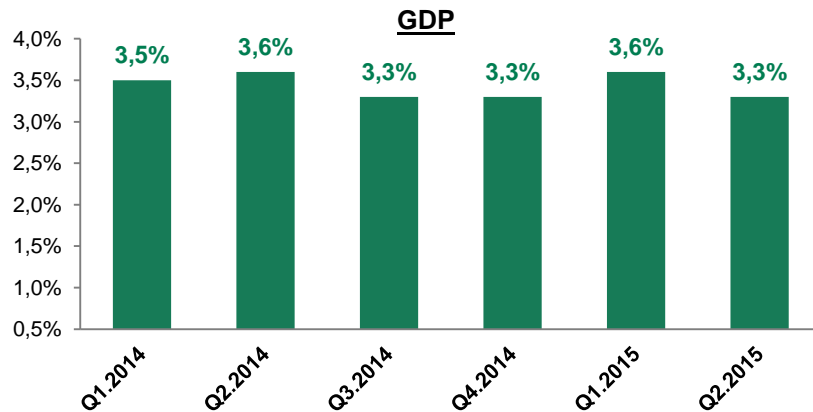
2.

MACROECONOMIC SITUATION



Macroeconomics (1)

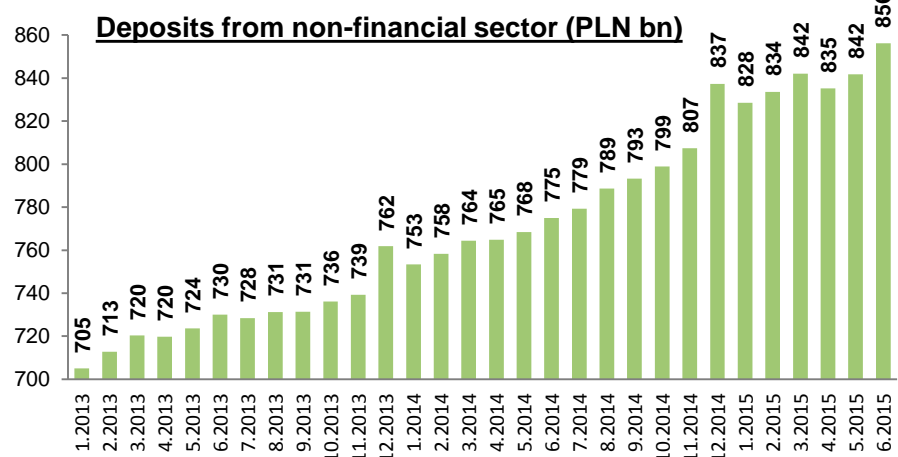
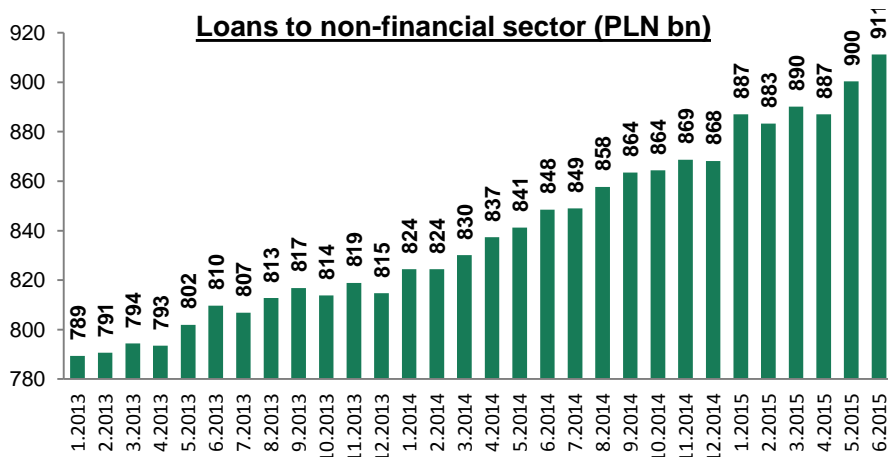
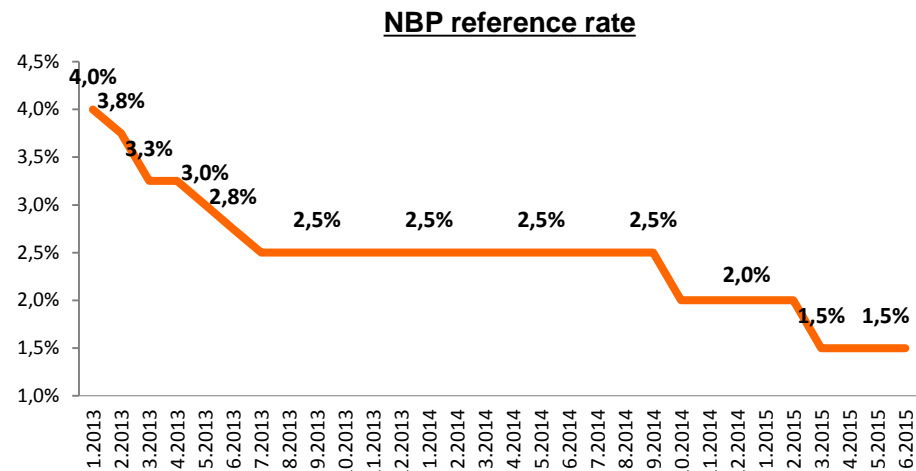
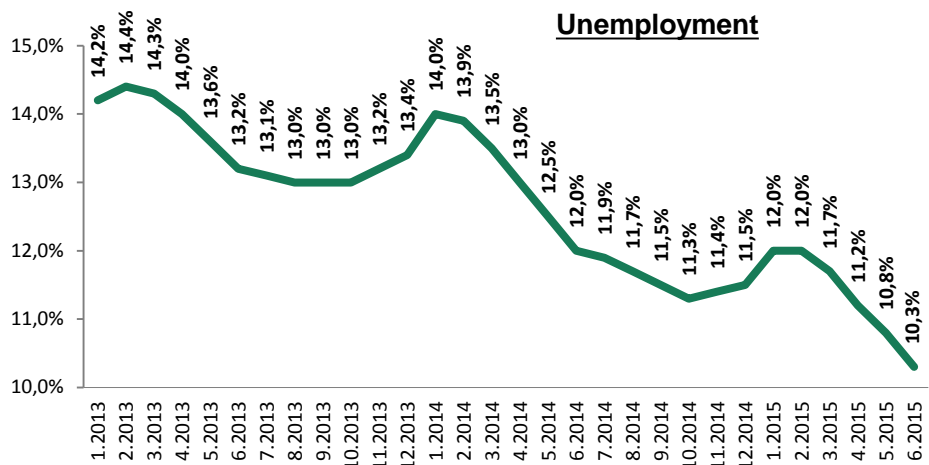
- Economic growth accelerated to around 3.5% YoY on average in the first half of 2015 compared to 3.3% in the second half of 2014.
- Consumer prices fell 1.2% YoY on average in H1 2015, compared to -0.5% on average in H2 2014. After bottoming in February 2015 to -1.6% YoY CPI inched up to -0.8% YoY in June.
- Unemployment rate fell in June 2015 to 10.3% from 12.0% in January 2015.
- Partial release of control of CHF exchange rate against EUR by the Swiss Central Bank in January 2015 caused significant appreciation of CHF against other currencies, PLN included.
- The reference rate cut in March 2015 to 1.5% from 2.0%, with previous decrease in October 2014.
- Decrease of interchange fee to max 0.2%-0.3% introduced at the end of January 2015; with previous reduction in July 2014 to max 0.5%.



Source: GDP - GUS; Inflation - NBP



Macroeconomics (2)



Source: Unemployment - GUS; NBP reference rates, Total loans & advances, Deposits & other liabilities of banks to non-financial sector – NBP, banking sector - excl. SKOK, non-financial sector - only residents



3.

EXECUTIVE SUMMARY AFTER THE FIRST HALF OF 2015



Executive summary after the 1st half of 2015*

Financials

- **NBI** **PLN 855m** **+16% YoY (PLN +116m)**, including:
 - *Net interest result: PLN 591m, +8% YoY (PLN +44m)*
 - *Net fee and commission result: PLN 183m +19% YoY (+PLN 29m)*
 - *Investment result: PLN 35m, +543% (PLN +30m)*
- **Costs** **PLN 696m** **+41% YoY (PLN+201m); integration costs of PLN 138m**
excluding integration costs +19% (PLN +93m)
- **Net profit** **PLN 18m** **-84% YoY (PLN -91m)**
excluding integration costs net profit of PLN 130m, i.e. +20% (PLN +21m)
- **C/I ratio** **81.4%** **+14.5 p.p. YoY**
excluding integration costs 66.4% (-0.5 p.p.)

Growth directions

Growth directions

- Merger of Bank BGŻ with BNP Paribas Bank Polska – 30 April 2015
- Wide and complex product offering dedicated to all market segments
- Strengthen the No 1 player position in agri sector: 30.8% market share in credits, 12.2% in deposits. Leader in the preferential loans in terms of volume (PLN 4.6 billion as at 30/06/2015)
- Planned purchase of Sygma Bank Polska to become the market leader in consumer loans.

Commercial volumes

Significant growth of commercial volumes

- | | | |
|------------------------------|----------|----------|
| • Loans (gross) | PLN 52b | +72% YoY |
| - agri and food sector | PLN 14b | +5% YoY |
| • Deposits | PLN 42b | +48% YoY |
| • Cash loan sales in H1 2015 | PLN 1.1b | +92% YoY |

Capital ratios

- Total capital ratio of 14.1%
- Tier 1 of 12.3%
- Loans to deposits ratio of 125.1%

* The merger was carried out using the book value method. The results of the operations of BNPP Polska were recognized in the consolidated financial statements of the Capital Group of Bank BGŻ BNP Paribas prospectively, i.e. as from 30 April 2015. The Group's comparative data for the preceding periods were not restated (data for H1 2014 refer to Bank BGŻ Group alone). Evolution of financials and commercial volumes results from the merger with BNPP Polska – Data for H1 2015 refer to the merged Bank BGŻ BNP Paribas.



4.

FINANCIAL RESULTS OF THE CAPITAL GROUP



Financial results of the Capital Group after the 1st half of 2015¹

mPLN	YTD June 2014	YTD June 2015	YTD June 2015 normalized ²	Change y/y	Change y/y normalized ²
Net banking income	739,7	855,3	884,9	+16%	+20%
Total expenses	(494,7)	(695,8)	(587,2)	+41%	+19%
Net impairment losses	(111,2)	(133,9)	(133,9)	+20%	+20%
Pre-tax profit	135,9	25,5	163,9	-81%	+21%
Net profit	108,5	17,8	129,9	-84%	+20%
ROE	5,9%	0,7%	5,4%	(5,1 p.p.)	(0,5 p.p.)
Cost / Income	66,9%	81,4%	66,4%	14,5 p.p.	(0,5 p.p.)
Total Capital Ratio	14,0%	14,1%	14,1%	0,1 p.p.	0,1 p.p.
Assets	38 774,5	62 602,2		+61%	
Equity	4 049,0	6 127,6		+51%	
Loans (net)	28 918,7	49 534,7		+71%	
Deposits	28 252,6	41 721,9		+48%	

¹ – Data for H1 2015 refer to the merged Bank BGŻ BNP Paribas. The merger was carried out using the book value method. The results of the operations of BNPP Polska were recognized in the consolidated financial statements of the Capital Group of Bank BGŻ BNP Paribas prospectively, i.e. as from 30 April 2015. The Group's comparative data for the preceding periods were not restated (data for H1 2014 refer to Bank BGŻ Group alone).

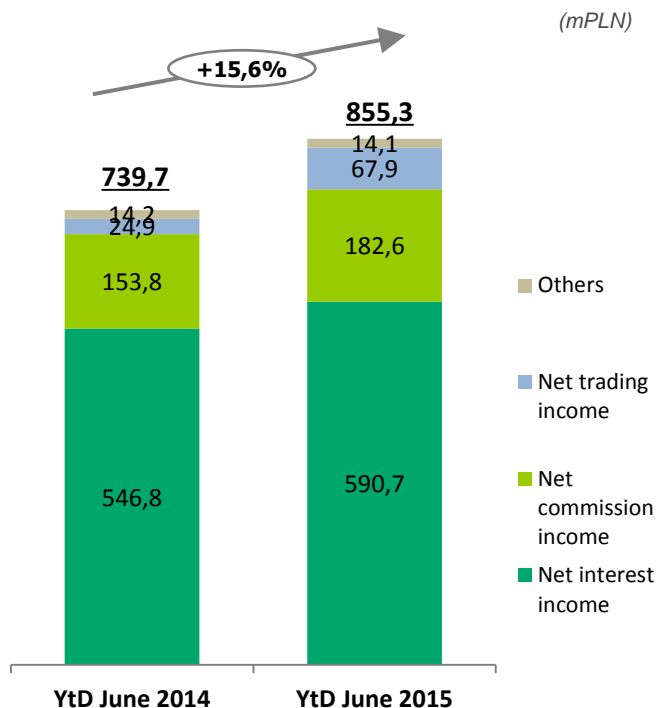
² – Data excluding the integration costs - in the amount of PLN 138.3m - incurred in H1 2015:

- PLN 108.6m recognized under general administrative expenses (Q1 – PLN 35.6m and Q2 – PLN 73m);
- PLN 29.7m recognized under other operating expenses in net banking income – PLN 29.7m (in Q2 2015).

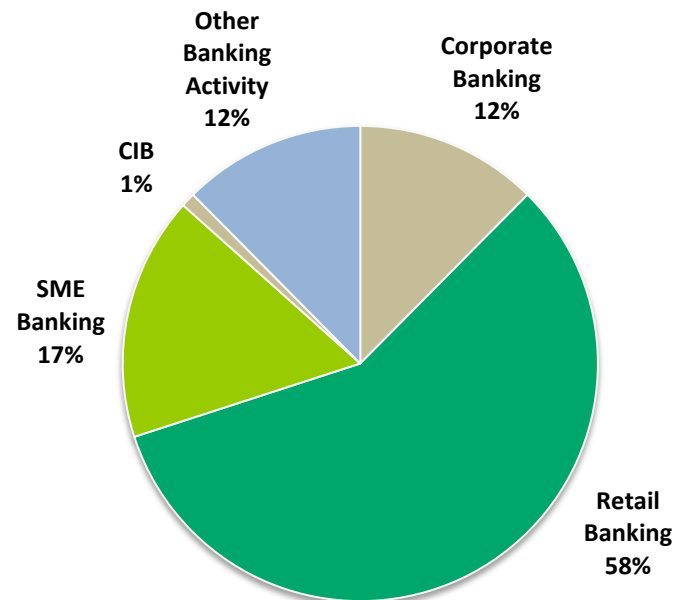


Net banking income

Structure of net banking income by types



Structure of net banking income by business segments

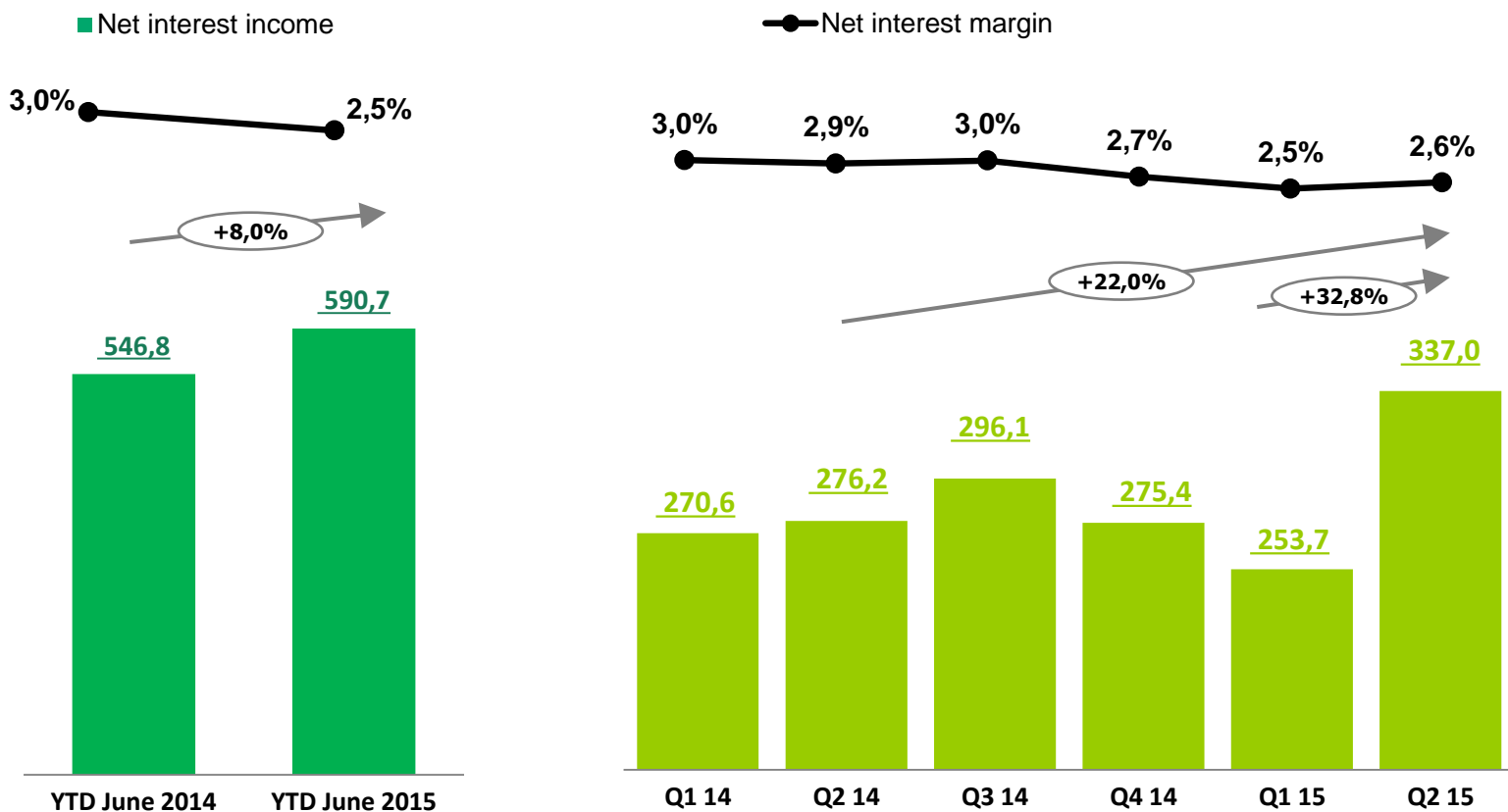


- Net banking income grew year-on-year due to the transfer of BNP Paribas Bank Polska operations prospectively since the legal merger date.
- Excluding the merger impact – the estimated decrease in net banking income by 3.2% YoY.



Net interest income

(mPLN)

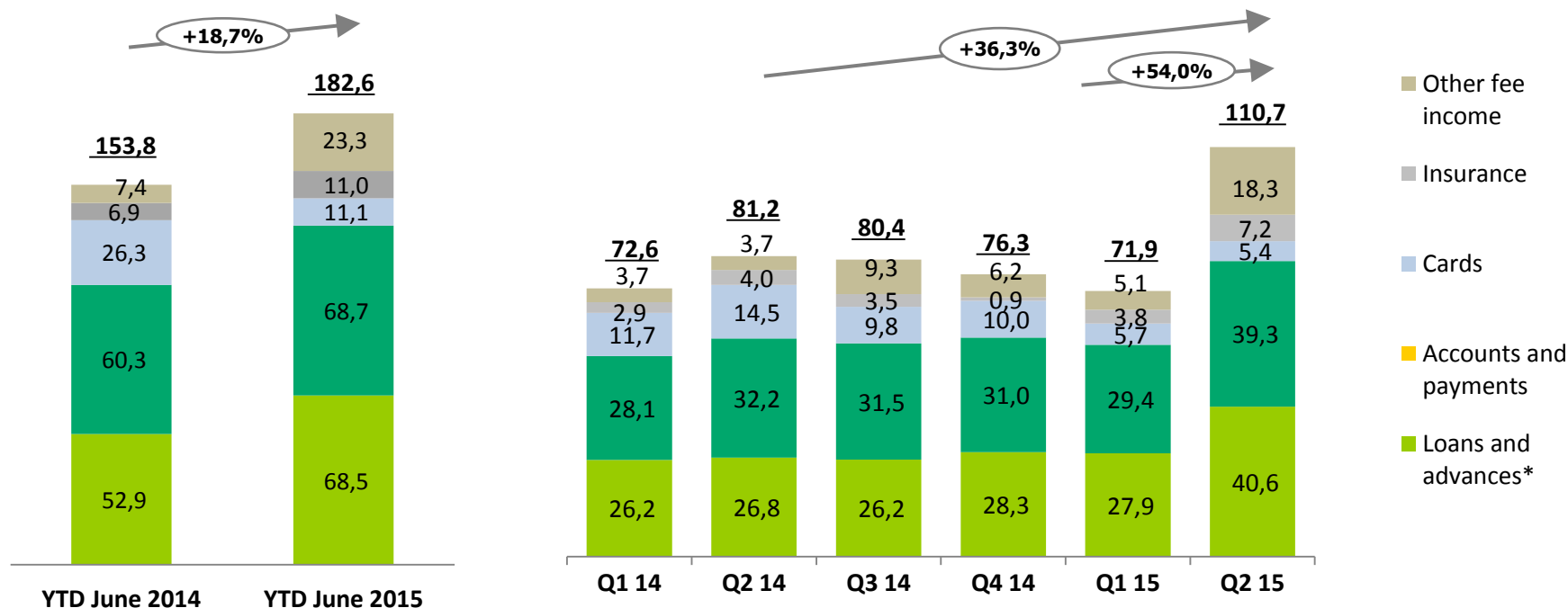


- Net interest income grew year-on-year due to the transfer of BNP Paribas Bank Polska operations prospectively since the legal merger date. Excluding the merger impact – the estimated decrease in net interest income by 8.3% YoY.
- A drop in net interest margin by 0.5 p.p. YoY to the level of 2.5% in Q2 2015 due to the pressure from main interest rates cuts: a drop in reference rate by 100 bps and in lombard rate by 150 bps as compared with the rates binding in H1 2014.



Net fee and commission income

(mPLN)



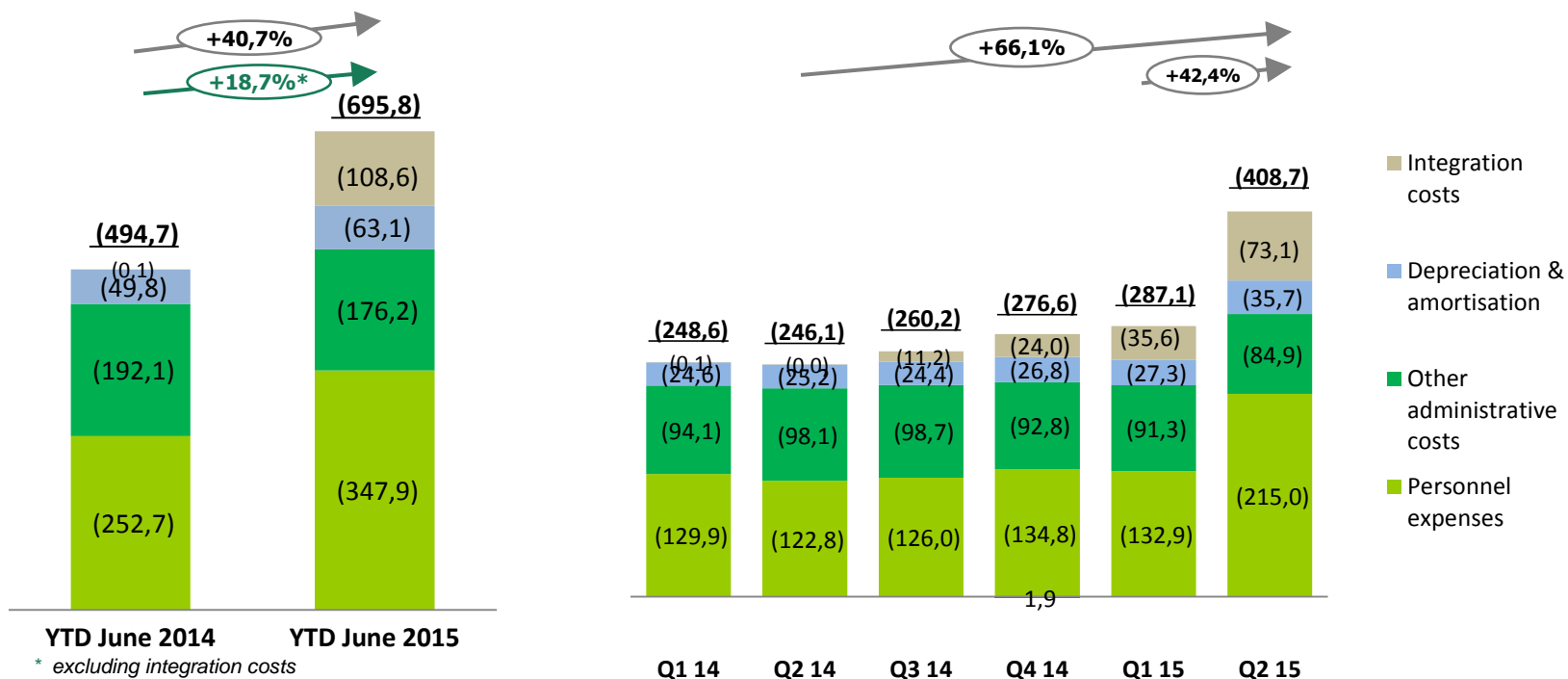
- Net fee and commission income grew YoY due to the transfer of BNP Paribas Bank Polska operations prospectively since the legal merger date. Excluding the merger impact – the estimated increase in net fee and commission income by 2.7% YoY.
- Net fee and commission income was affected mainly by the following factors:
 - Growth in loan fees - due to higher sales of credit products,
 - Growth in fees for account management and clearing transactions, partly due to a higher number of accounts after the merger with BNPP Polska,
 - Drop in fees for payment cards by PLN 13.5m in total, the vast majority of which results from interchange fee cuts in July 2014 and January 2015.

* 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)

(mPLN)



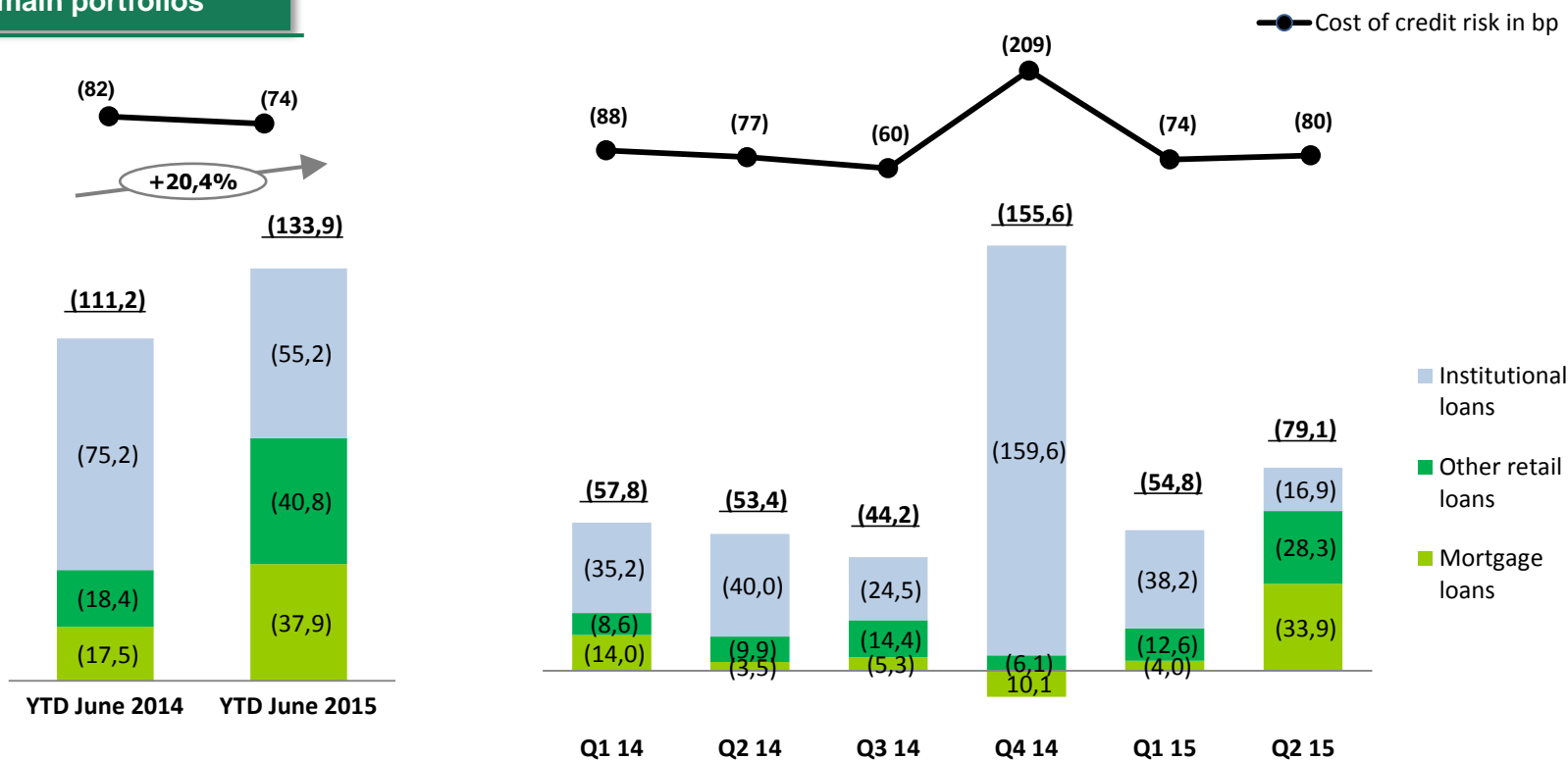
- * excluding integration costs
- Integration costs incurred in H1 2015 totalled PLN 138.3m, including
 - PLN 108.6m recognized under general administrative expenses,
 - PLN 29.7m recognized under other operating expenses.
- The expenses growth by +40.7% YoY, excluding the integration costs recognized as general administrative expenses, up by +18.7%.**
- The operating expenses grew YoY due to the transfer of BNP Paribas Bank Polska operations prospectively since the legal merger date:
 - takeover of the employees of BNPP Polska as of 30 April 2015; total FTE - 7,762 vs. 5,209 as at the end of 2014,
 - non-personnel expenses of ex-BNPP Polska of PLN 31.5m (excluding the costs of the Bank Guarantee Fund).
- Excluding the merger impact – the estimated increase in operating expenses by 3.2% YoY.
- Additionally, the expenses growth resulted from an increase in payments to the Bank Guarantee Fund by PLN 23.8m YoY attributable to introduction of higher rates of both the annual and the prudential fee.



Net impairment losses

(mPLN)

by main portfolios



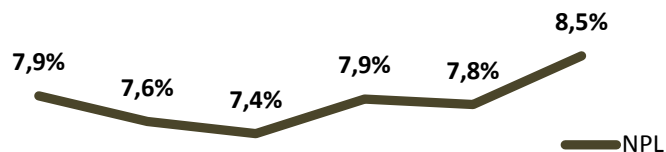
- Net impairment losses totalled PLN 133.9m in H1 2015, recorded a 20% growth YoY.
- Higher impairment losses year-on-year resulted partly from the credit portfolio growth after the merger with BNPP Polska at the end of April 2015 and update of the methodology applied to impairment losses assessment using the collective method, taking into account the KNF requirements (among others, dependence of the impaired losses amount on the collateral value).
- Cost of credit risk stood at 80 bps in Q2 2015.



Assets quality

(quarter-end)

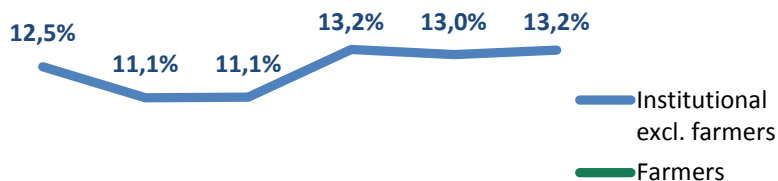
Total loans – NPL*



* Includes loans and advances to customers with impairment triggers, but no impairment identified

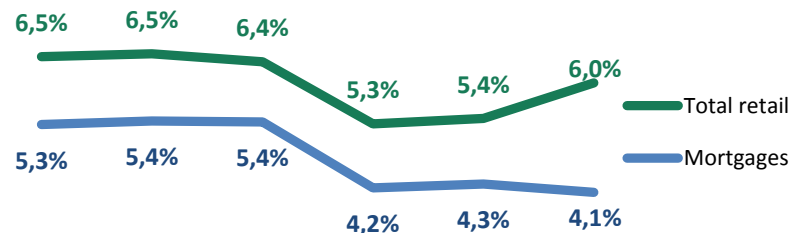
Q1 14 Q2 14 Q3 14 Q4 14 Q1 15 Q2 15

Institutional loans – NPL



Q1 14 Q2 14 Q3 14 Q4 14 Q1 15 Q2 15

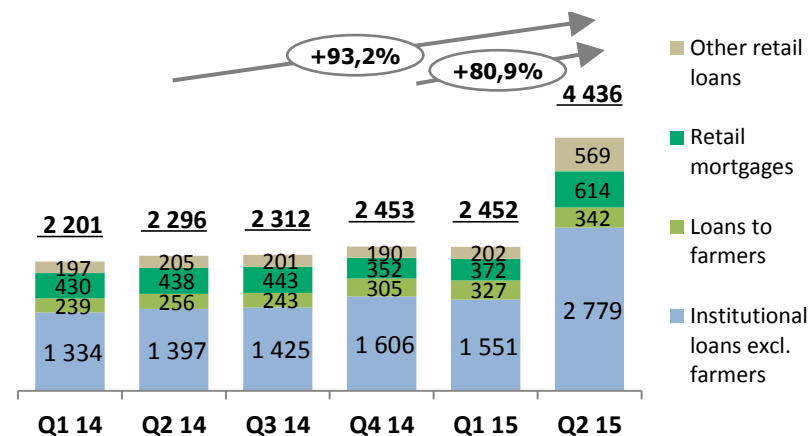
Retail loans – NPL



Q1 14 Q2 14 Q3 14 Q4 14 Q1 15 Q2 15

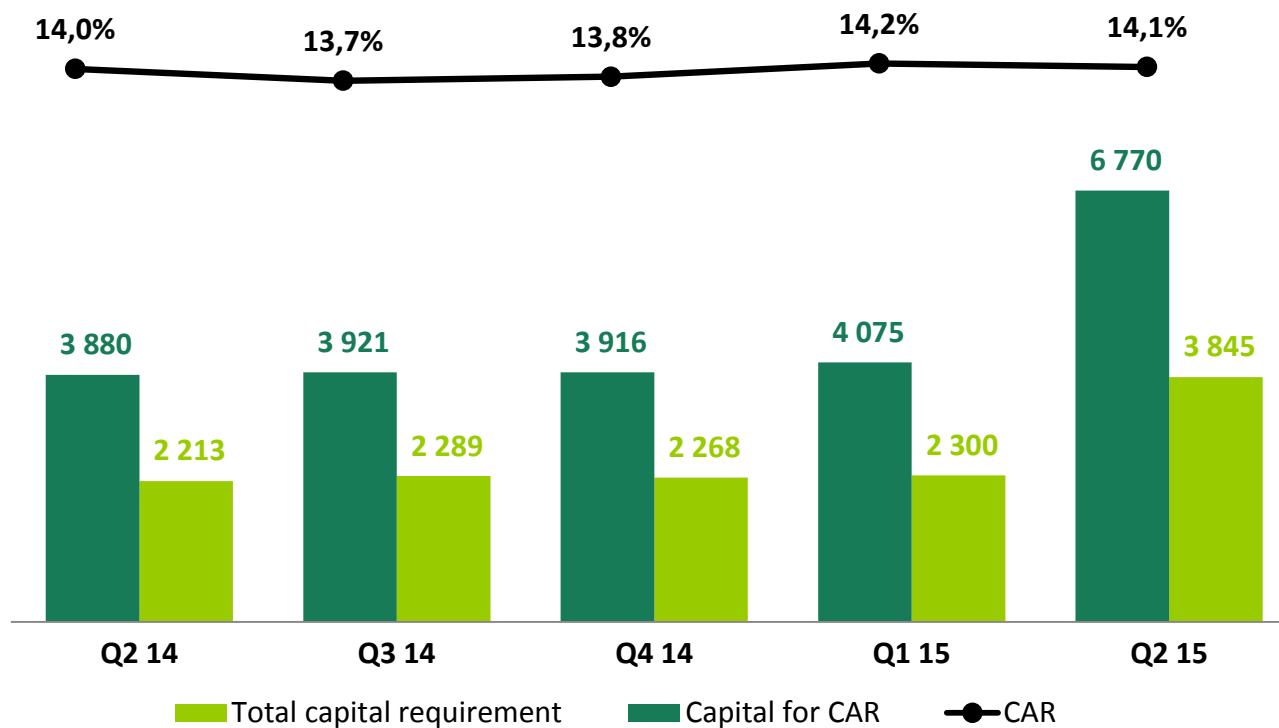
Impaired portfolio, gross

(mPLN)



Capital adequacy ratio

(mPLN, quarter-end)



- Total capital ratio remains at the safe level of 14.1%, significantly above the regulatory requirements.
- Tier 1 ratio stood at 12.3% as at the end of June 2015.

The growth in equity by PLN 2,854m as compared to the end of 2014 was mainly the effect of:

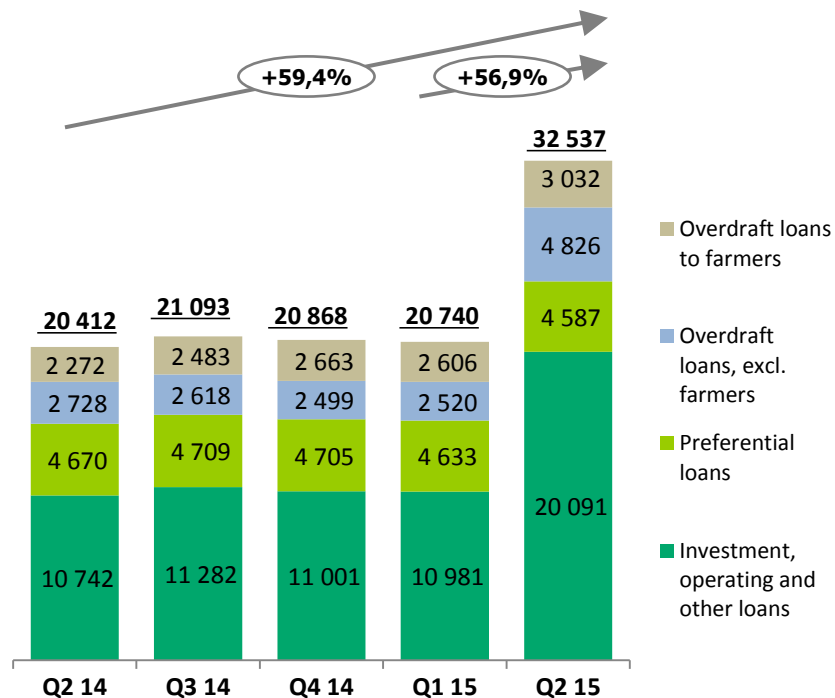
- the legal merger of Bank BGŻ and BNPP Polska - increase in share capital to PLN 84.2m as a result of the issue of I series merger shares and recognition of the difference between the transferred net assets of BNPP Polska and the par value of the issued shares,
- retaining the profit generated by Bank BGŻ in 2014 in the amount of PLN 137.7m to be allocated to the general risk reserve and the supplementary capital.



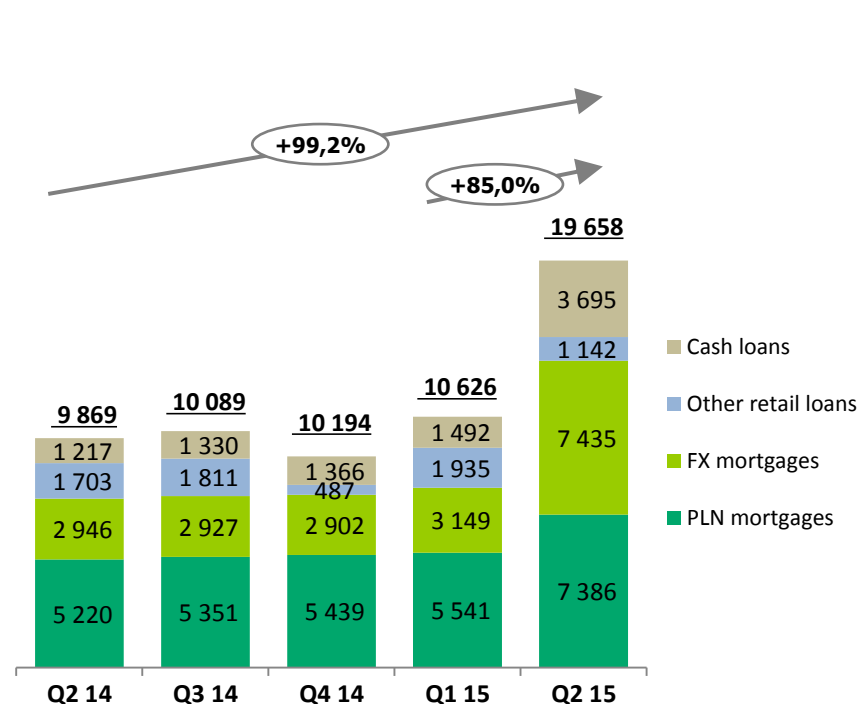
Commercial volumes – loan exposure

(mPLN, quarter-end)

Institutional loans, gross



Retail loans, gross



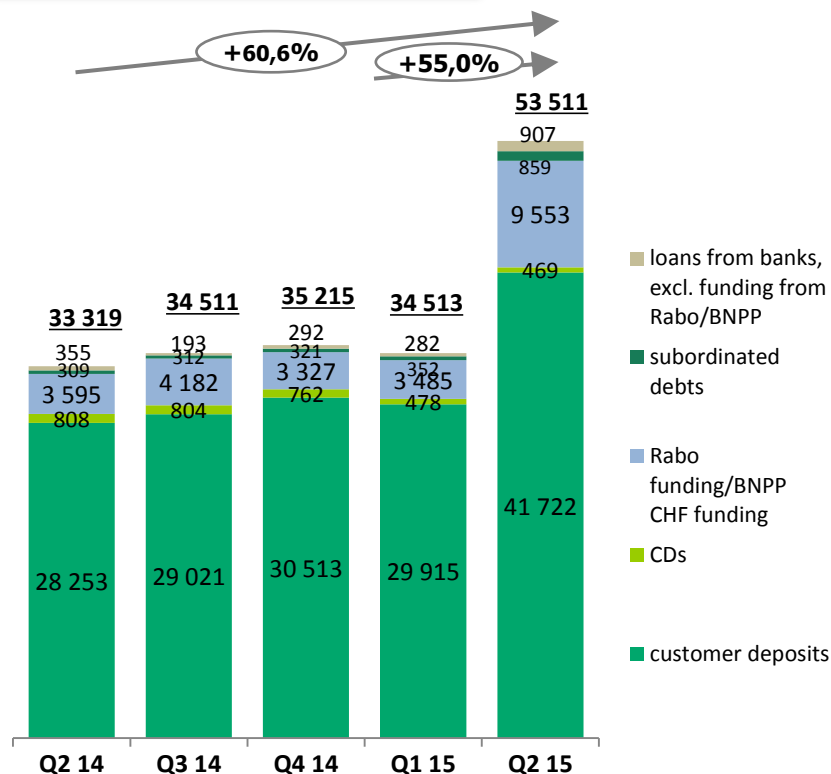
- The total credit portfolio went up by 72.4% due to the transfer of BNP Paribas Bank Polska operations prospectively since the legal merger date. Excluding the merger impact – the estimated increase in commercial volumes by 8.9% YoY.
- The growth in institutional loans by +59.4% YoY, retail loans up +99.2% YoY.



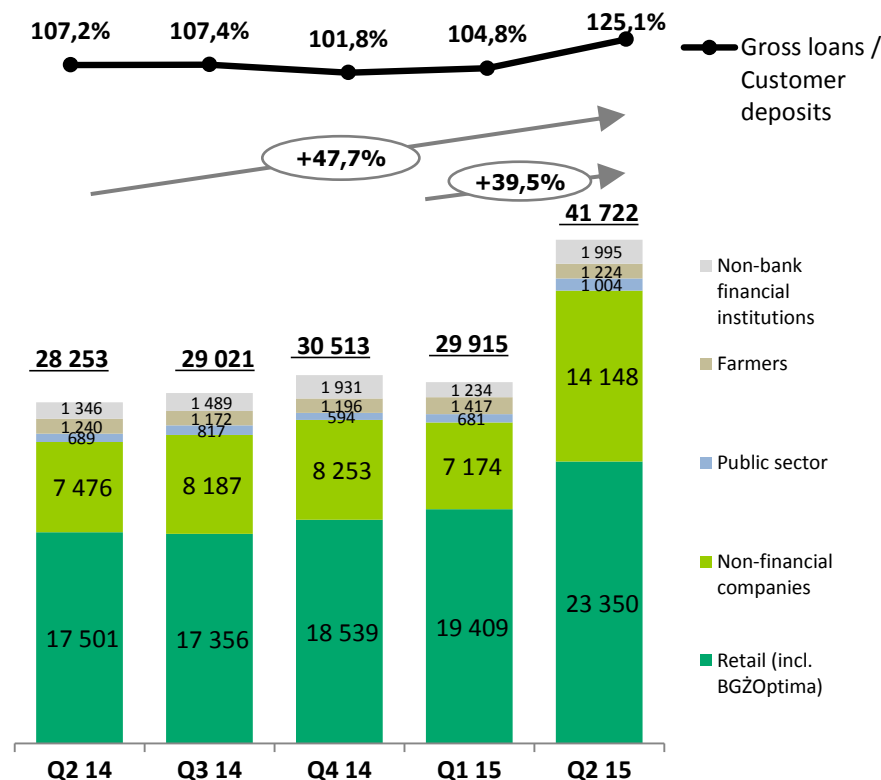
Commercial volumes – deposits and funding

(mPLN, quarter-end)

Funding sources*



Clients' deposits



- The total deposit base went up by 47.7% due to the transfer of BNP Paribas Bank Polska operations prospectively since the legal merger date. Excluding the merger impact – the estimated increase in the deposit base by 3.8% YoY.
- The L/D ratio stood at 125.1%.
- Redemption of 4 tranches of certificates of deposits with the total par value of PLN 290m in H1 2015.

* Funding sources = client deposits + loans from banks + own bonds



BGZ BNP PARIBAS

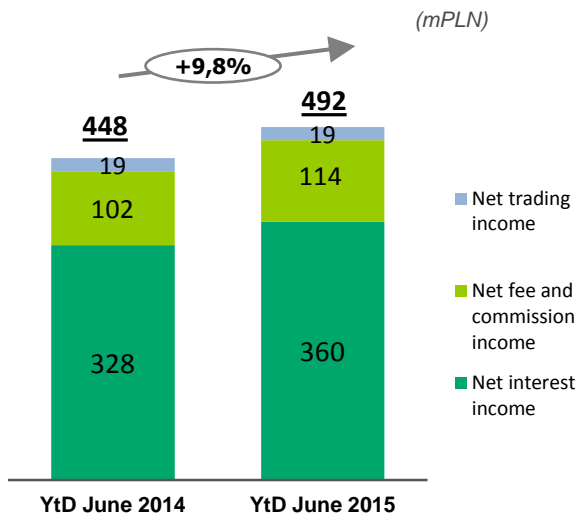
The bank for a changing world

5.

BUSINESS SEGMENT PERFORMANCE

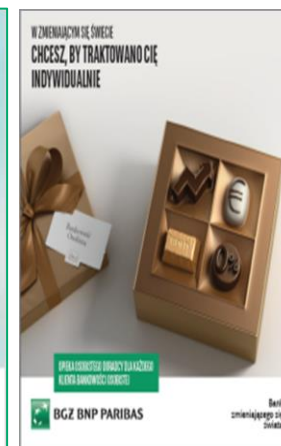


Retail and Business Banking

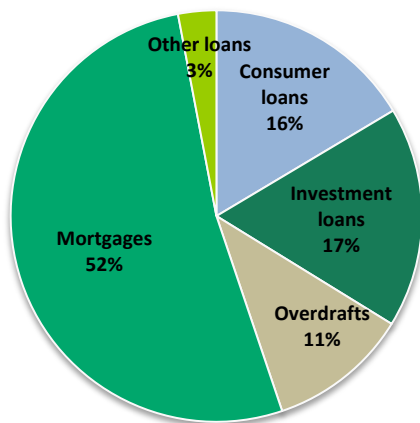


Net banking income

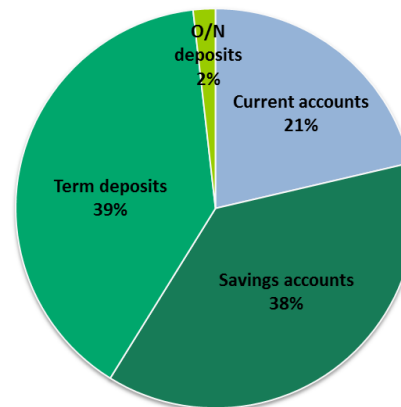
Net banking income generated by the Retail and Business Banking represents 57.6% of the Group's net banking income.



Loan structure as at 30.06.2015

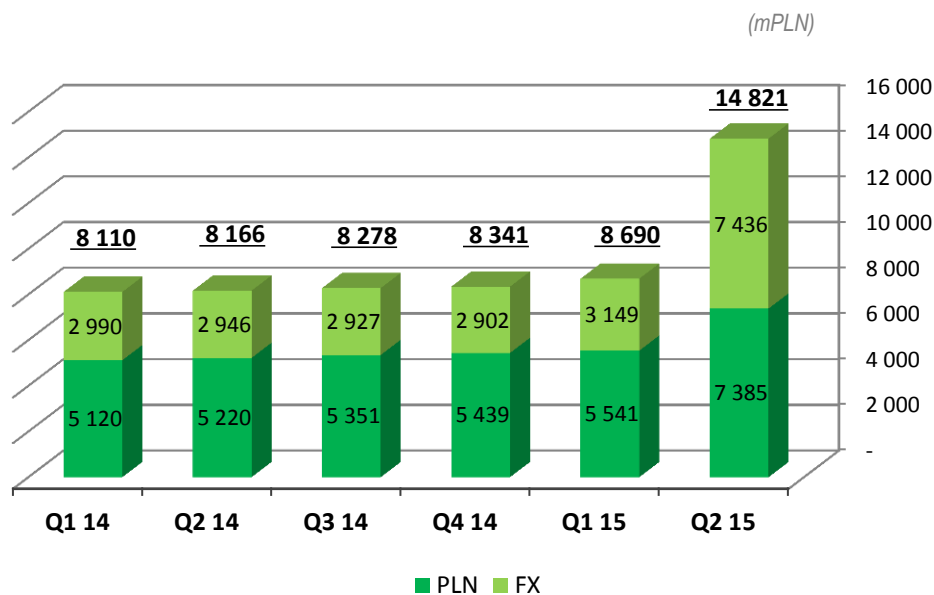


Deposit structure as at 30.06.2015



Mortgage loans

Mortgage loan portfolio



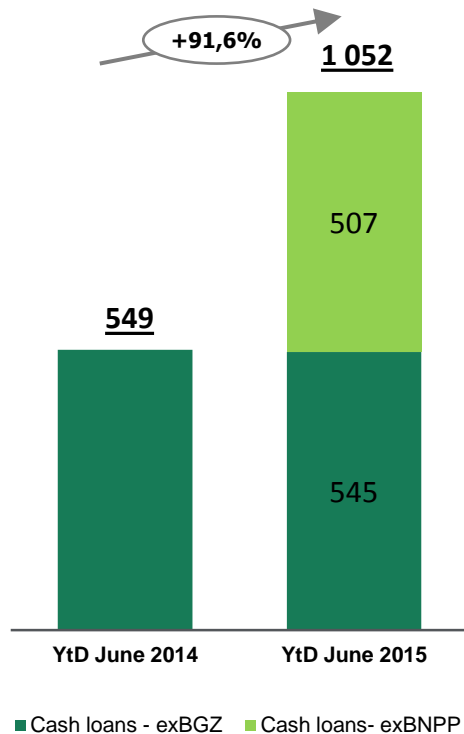
- The abrupt growth of the mortgage loan portfolio results from the legal merger of two banks (Bank BGZ and BNP Paribas Polska), which took place on 30 April 2015.
- 50% of the mortgage loan portfolio is composed of loans denominated in foreign currencies.
- The Bank's portfolio consists of 75.4 thousand mortgage loans.
- The average maturity in CHF is shorter than in PLN.
- The average mortgage loan amounts to PLN 197 thousand (CHF denominated loans of PLN 308.4 ths. on average).
- 88% of mortgage loans denominated in CHF were granted in the years of 2006-2008.
- The share of impaired loans in total mortgage portfolio improved thanks to restructuring of loans and adding high quality mortgage portfolio of BNPP Polska.



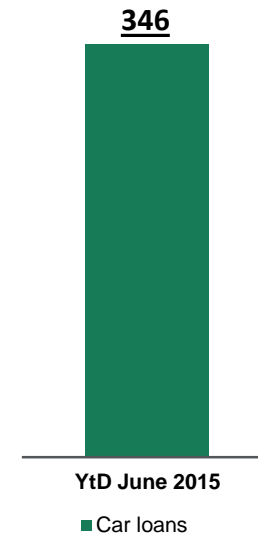
Retail Banking – Personal Finance

(mPLN)

Cash loans sales



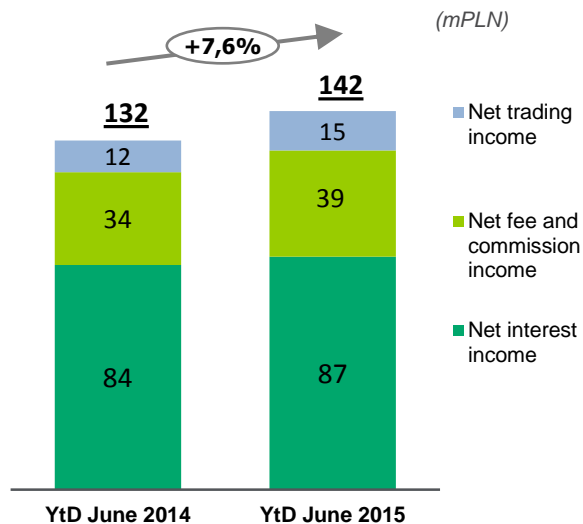
Car loans and leasing sales



- Significant growth in cash loans after the transfer of BNP Paribas Bank Polska operations. Excluding the merger impact – the level comparable to the same period of the previous year.
- Bank broadened its offer by car loans and strengthened its market position, mainly due to cooperation contracts signed with KIA and Hyundai in Poland in June 2014 .

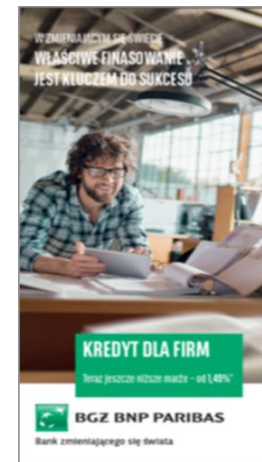


SME and Agro Banking

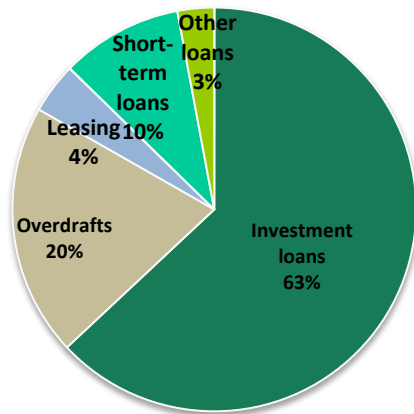


Net Banking Income

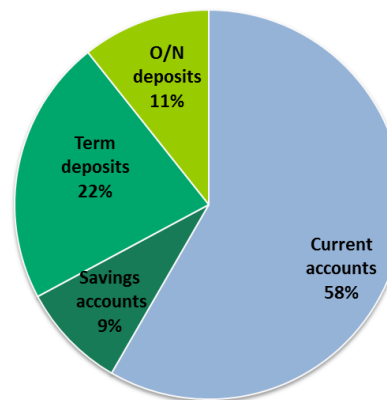
Net banking income generated by SME and Agro Banking represents 16.6% of the Group's net banking income.



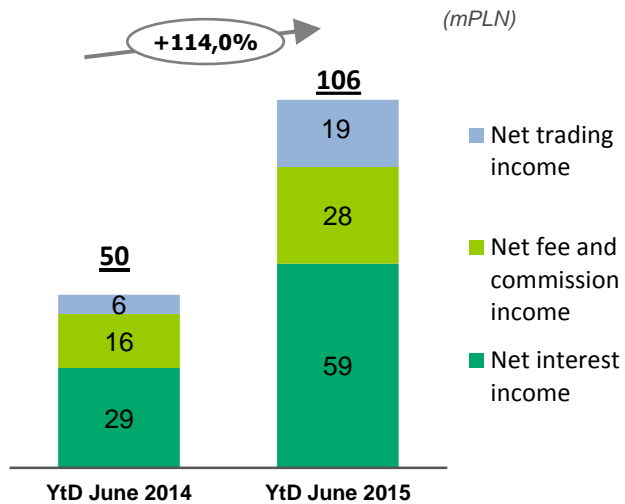
Loan structure as at 30.06.2015



Deposit structure as at 30.06.2015



Corporate Banking

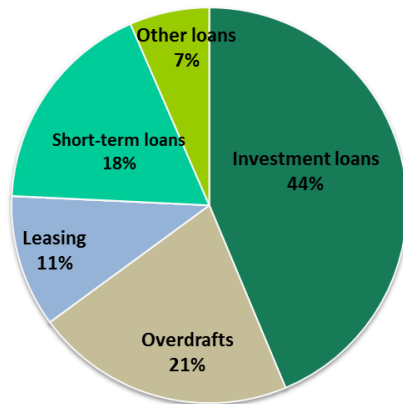


Net banking income

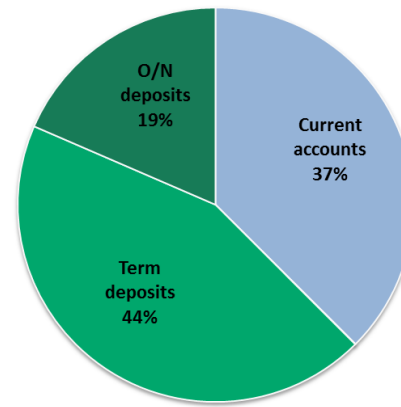
Net banking income generated by **Corporate Banking** represents 12.4% of the Group's net banking income.



Loan structure as at 30.06.2015

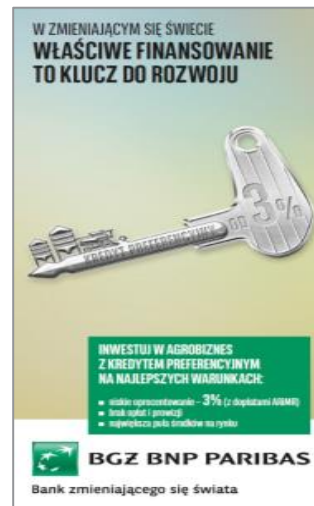
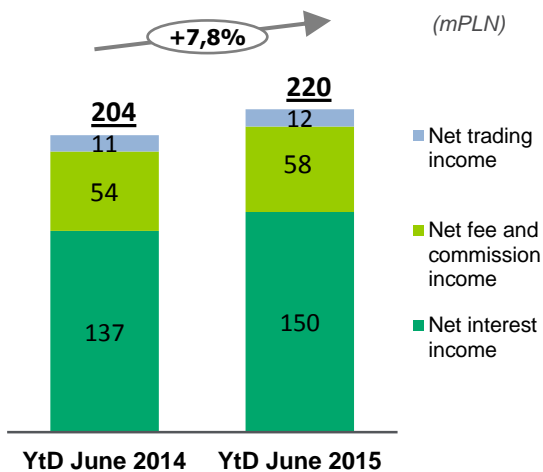


Deposit structure as at 30.06.2015



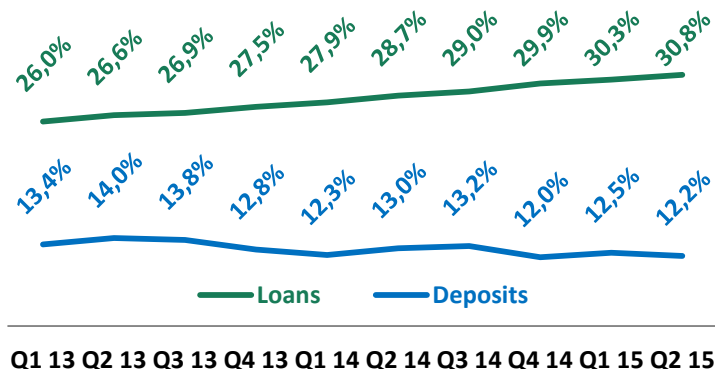
Agro segment

Net banking income

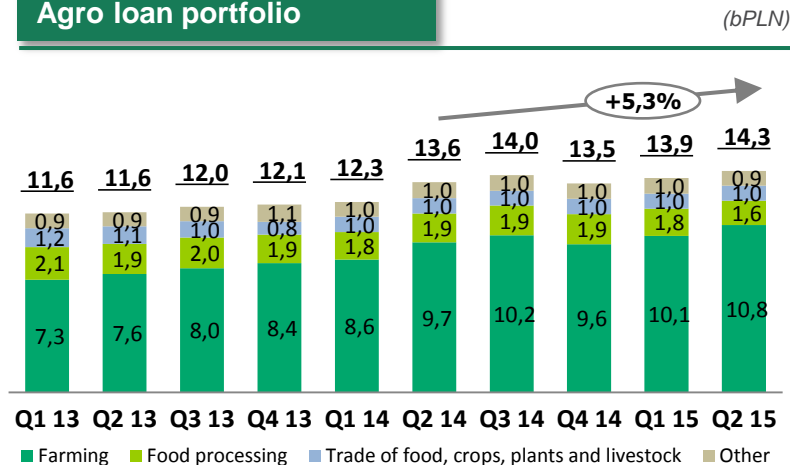


Leader in volume
of preferential loans
granted to clients

Market share



Agro loan portfolio



BGZ BNP PARIBAS

The bank for a changing world

6.

APPENDICES



Consolidated income statement

(PLN thousand)

Consolidated income statement	Year-to-date basis		Quarterly basis					
	30/06/2015	30/06/2014	30/06/2015	31/03/2015	31/12/2014	30/09/2014	30/06/2014	31/03/2014
Interest income	901 581	864 176	498 964	402 617	454 484	476 437	438 336	425 840
Interest expense	(310 860)	(317 351)	(161 929)	(148 931)	(179 087)	(180 375)	(162 091)	(155 260)
Net interest income	590 721	546 825	337 035	253 686	275 397	296 062	276 245	270 580
Fee and commission income	209 877	176 588	127 610	82 267	87 886	92 769	92 295	84 293
Fee and commission expense	(27 268)	(22 799)	(16 863)	(10 405)	(11 544)	(12 401)	(11 058)	(11 741)
Net fee and commission income	182 609	153 789	110 747	71 862	76 342	80 368	81 237	72 552
Dividend income	5 230	3 302	5 230	-	1	-	3 302	-
Net trading income	67 864	24 874	47 809	20 055	20 332	18 517	11 153	13 721
Result on investing activities	35 200	5 476	12 167	23 033	19 076	(87)	2 307	3 169
Result on hedge accounting	-	(156)	-	-	-	-	(21)	(135)
Other operating income	16 858	16 390	10 501	6 357	9 768	11 779	10 758	5 632
Net impairment losses on financial assets and contingent liabilities	(133 896)	(111 153)	(79 137)	(54 759)	(155 583)	(44 230)	(53 377)	(57 776)
General administrative expenses	(632 773)	(444 867)	(372 971)	(259 802)	(249 811)	(235 847)	(220 858)	(224 009)
Depreciation and amortization	(63 057)	(49 835)	(35 740)	(27 317)	(26 791)	(24 369)	(25 227)	(24 608)
Other operating expenses	(43 227)	(10 822)	(31 701)	(11 526)	(15 290)	(11 281)	(5 506)	(5 316)
Operating result	25 529	133 823	3 940	21 589	(46 559)	90 912	80 013	53 810
Share in profit (loss) of associates	-	2 096	-	-	-	(2 096)	842	1 254
Profit (loss) before income tax	25 529	135 919	3 940	21 589	(46 559)	88 816	80 855	55 064
Income tax expense	(7 726)	(27 421)	(653)	(7 073)	7 326	(20 050)	(16 995)	(10 426)
Net profit (loss) for the period	17 803	108 498	3 287	14 516	(39 233)	68 766	63 860	44 638



Consolidated Assets

(PLN thousand)

Consolidated statement of financial position	30/06/2015	31/03/2015	31/12/2014	30/09/2014	30/06/2014	31/03/2014
ASSETS						
Cash and balances with the Central Bank	2 472 825	1 901 971	1 790 160	1 495 370	1 416 197	1 607 994
Loans and advances to banks	308 917	186 636	404 724	296 707	291 876	109 767
Reverse repo transactions	-	84 578	100 668	353 656	61 351	34 508
Debt securities held for trading	260	183 312	199 404	153 976	300 818	171 331
Derivative financial instruments	357 102	340 384	420 152	401 899	247 465	302 609
Hedging instruments	6 459	-	-	-	-	67 218
Loans and advances to customers	49 534 661	29 877 265	29 631 923	29 794 139	28 918 697	26 458 387
Available for sale financial assets	8 432 095	6 267 672	7 084 017	6 893 680	6 537 759	6 377 810
Investment property	54 627	54 627	54 627	62 524	62 524	62 524
Investments in associates	-	-	-	-	37 101	36 259
Intangible assets	265 983	166 528	165 307	153 402	153 405	152 684
Property, plant and equipment	490 236	398 895	411 063	415 993	427 054	436 637
Deferred tax assets	438 027	167 273	173 828	130 656	159 639	155 552
Current tax assets	-	7 890	-	4 606	-	6 820
Other assets	241 051	126 716	60 702	46 418	160 651	192 159
TOTAL ASSETS	62 602 243	39 763 747	40 496 575	40 203 026	38 774 537	36 172 259



Consolidated liabilities and equity

(PLN thousand)

Consolidated statement of financial position	30/06/2015	31/03/2015	31/12/2014	30/09/2014	30/06/2014	31/03/2014
LIABILITIES						
Amounts due to banks	9 528 844	1 471 085	1 546 739	2 574 958	4 282 635	3 207 120
Repo transactions	-	111 734	45 364	145 412	159 148	261 837
Differences resulting from fair value hedges against interest rate risk attributable to hedged items	5 442	-	-	-	-	-
Financial liabilities held for trading	-	-	-	18 074	53 083	28 513
Derivative financial instruments	357 215	321 792	448 908	389 967	293 503	320 866
Hedging instruments	-	-	-	-	-	-
Amounts due to customers	44 176 712	32 374 716	32 804 444	31 331 127	28 252 639	27 140 819
Debt securities issued	469 276	477 882	762 311	803 779	807 583	824 879
Subordinated liabilities	859 333	352 185	320 951	311 648	308 674	309 805
Other liabilities	832 664	407 006	325 751	382 438	494 559	453 453
Provision for deferred tax	8 052	8 052	8 052	9 552	9 552	9 552
Deferred tax liabilities	38 155	-	9 639	-	1 265	-
Provisions	198 986	70 683	68 112	66 140	62 889	62 508
TOTAL LIABILITIES	56 474 679	35 595 135	36 340 271	36 033 095	34 725 530	32 619 352
EQUITY						
Share capital	84 238	56 139	56 139	56 139	56 139	51 137
Other supplementary capital	5 092 196	3 430 785	3 430 785	3 430 785	3 430 785	3 085 059
Other reserve capital	780 875	271 859	271 859	271 859	271 859	115 000
Revaluation reserve	142 234	253 154	255 362	229 756	177 609	90 552
Retained earnings	28 021	156 675	142 159	181 392	112 615	211 159
- retained profit	10 218	142 159	4 128	4 128	4 117	166 521
- net profit for the period	17 803	14 516	138 031	177 264	108 498	44 638
TOTAL EQUITY	6 127 564	4 168 612	4 156 304	4 169 931	4 049 007	3 552 907
TOTAL LIABILITIES AND EQUITY	62 602 243	39 763 747	40 496 575	40 203 026	38 774 537	36 172 259



Investor Relations – contact

Aleksandra Zouner

Executive Director

Management Accounting and Investor Relations

Phone no: +48 22 860 41 92

relacje.inwestorskie@bgz.pl

BANK BGZ BNP PARIBAS

Kasprzaka 10/15, Warsaw

Poland

www.bgzbnpparibas.pl