

BANK BGŻ BNP PARIBAS S.A. GROUP

PRESENTATION OF THE FIRST HALF 2018 FINANCIAL RESULTS



Warsaw, 30 August 2018



BGŻ BNP PARIBAS

The bank for a changing world

I Essential facts & information

II Macroeconomic situation

III Financial results of the Group

IV Business segments performance

V Challenges for the next quarters

VI Appendices





ESSENTIAL FACTS & INFORMATION



BGZ BNP PARIBAS
The bank for a changing world

Strengthening position and further Bank's development

Addressed capital issue and step forward in the acquisition of the core bank business of RBPL

The new "Fast Forward"
strategy of Bank BGŻ BNP
Paribas SA for 2018-2021

NBI growth rate
faster than the market
ROE above 10%
C/I ratio at approx. 50%

Share issue
by Bank BGŻ BNP Paribas S.A.

Increase in Bank's own funds
by PLN 800 m

18 May 2018 – GSM's decision
3 July 2018 – capital increase registration
10 July 2018 – KNF's consent

16 July 2018
EU consent for the concentration

24 August 2018
approval of the RBPL Demerger Plan
by the GSMs of both banks

Completion of the transaction is
subject to obtaining approval of
the Polish regulator (KNF).

Planned acquisition finalisation
date Q4 2018.



Strategy "Fast Forward 2018-2021": implementation



Simplicity



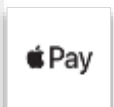
GOmobile
new functionalities



roBots
loan service
automation



Digitalization



Apple Pay
on the day of the Polish
premiere



Digital branches
subsequent openings



Startups
innovative
implementations



Quality



**"Code of
Cooperation with
Startups"**



**Rise in the ranking
"Golden Banker" and
"Ranking of banking
applications" Cashless**



Growth



**Banking services
for new companies**



**Banking services
for citizens of
Ukraine**



Enthusiasm



**CSR action
"Załączmy polskie
miasta"**



**Social responsibility
Srebrny Listek CSR
Polityki**

Acceleration in customers' acquisition

Upward trend in business activity

2,833 thousand
Bank's customers
+8.1% y/y

Further increase in sales of
structured products (IBV)
+417.4% y/y
PLN 357 m in H1 2018

+53% y/y
continuation of the growth
in sales of personal accounts

Growth in number of customers
y/y

- Retail +211 ths. (+8.1%)
- SME +0.6 ths. (+2.8%)
- Corpo +0.1 ths. (+1.7%)

+75% y/y
sales of mortgages

Number of GOmobile users:
103 thousand
+75% vs XII 2017

Improvement in financial performance

Maintaining the level of revenues despite the impact of additional cost of securitisation and factoring deconsolidation

PLN 189 m

1H 2018 net profit

+56.2%

y/y

**Higher
net profit**

+20.7% vs Q1 2018

-0.9%

y/y

**Stabilisation of
net banking income**
despite deconsolidation of Faktoring
and cost of securitisation

+5.1% vs Q1 2018

-1.1%

y/y

**Slight reduction in
operating costs**

+3.3% vs Q1 2018

-34.1%

y/y

**Lower
cost of risk**

-11.8% vs Q1 2018



H1 2018 – executive summary

Cost of risk decrease, cost effectiveness improvement and deposits' base optimisation drive results growth

Financials

Net profit	PLN 189 m	+56% y/y (PLN +68 m)
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Net banking income	PLN 1,343 m	-1% y/y (PLN -12 m), including:
		• net interest income: PLN 945 m, -0.3% y/y
		• net F&C income: PLN 253 m, +0.2% y/y
		• net trading income: PLN 139 m, +10% y/y

Costs	PLN 856 m	-1% y/y (PLN -10 m)
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C/I ratio	63.7%	-0.2 p.p. y/y
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Net impairment losses	PLN 117 m	-34% y/y (PLN -61 m)
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Volumes

Assets	PLN 71 bn, -1.9% y/y
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Loans (gross)	PLN 56 bn, -4.5% y/y
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Customer deposits*	PLN 53 bn, -1.3% y/y
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Ratios

Total equity	PLN 6.410 bn
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Total Capital Ratio	13.79%
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Tier 1	10.81%
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Net loans to deposits	101.3%
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ROE	5.9%
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* Customer deposits defined as liabilities due to customers excluding loans and advances received from other financial institutions



II

MACROECONOMIC SITUATION

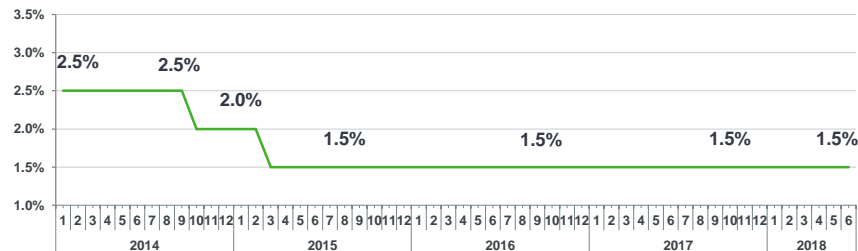


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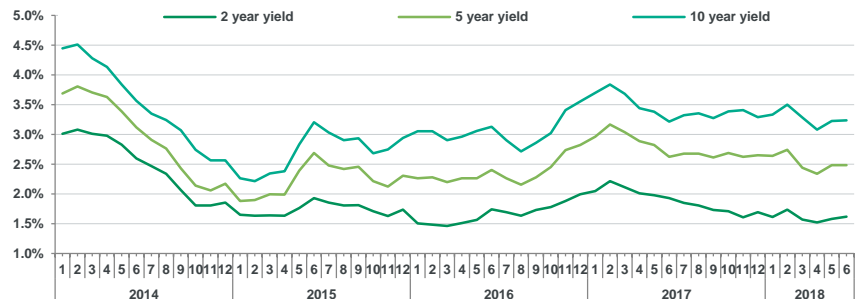
Financial markets

Stable interest rates and a slight zloty depreciation

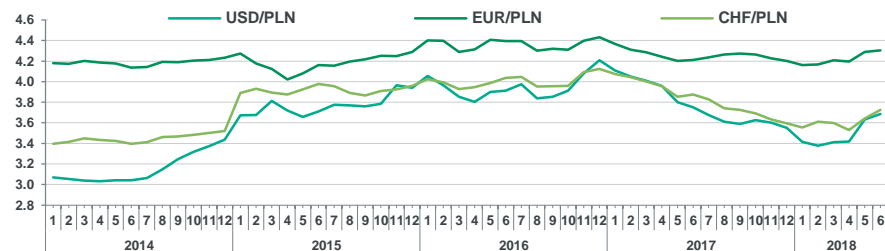
Central bank reference rate



Government bonds



Exchange rates



Interest rates and foreign exchange

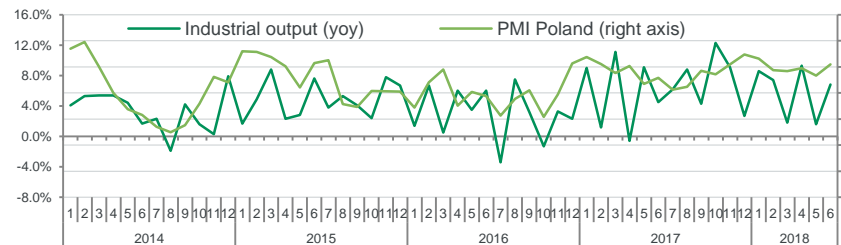
- We see policy rates unchanged at least for the next year and inflation rising above the 2.5% y/y target in the first half of 2019. Negative real rates may keep deposit growth (especially of households) in the banking sector subdued.
- In the second quarter of the current year the zloty has weakened against main currencies. We forecast a decrease in EUR/PLN to 4.27 by the end-year. At the same time, we expect an appreciation of the zloty against Swiss franc, due to an increase in EUR/CHF, which should support the quality of foreign currency loans.
- The tightening of monetary policy by the Fed and the ECB, as well as an acceleration of inflation in Poland, point to an increase in government bond yields in the coming quarters. This would imply a steeper yield curve, which is usually consistent with stronger financial results in the banking sector.

Source: NBP, Macrobond

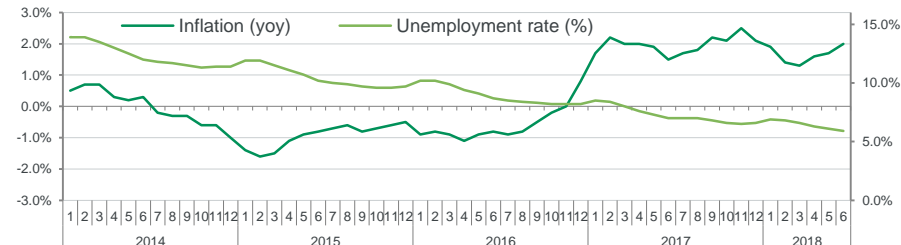
Favourable macroeconomic situation

Stable GDP and slight inflation growth

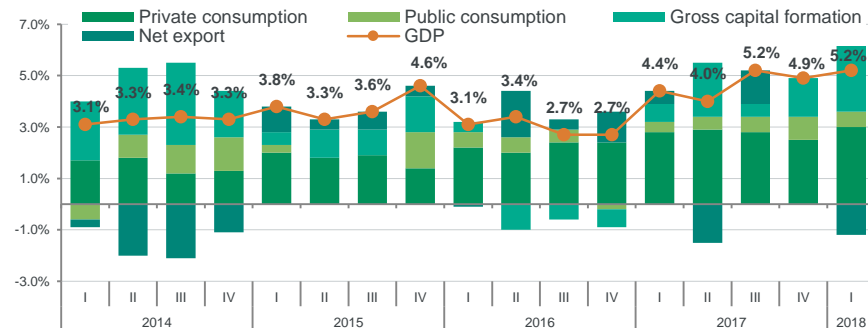
Economic sentiment



Inflation and unemployment



GDP growth



Source: GDP, unemployment – GUS, inflation – NBP

Polish economy in H1 2018

- Since mid-2017, GDP growth has been at around 5% y/y. Already available data suggest that it remained the same also in the second quarter of the current year. Credit growth remains moderate, close to the nominal GDP growth. Increasingly binding supply constraints point to the possibility of a weaker GDP growth in the coming quarters.
- The main driver of economic growth has been consumption, supported by good consumer sentiment, increasing wages and employment, as well as social transfers. Investment has also been rising, especially of the general government, boosted by a faster absorption of EU funds. Soft corporate investment could explain weak credit growth in the segment of loans to non-financial corporations.
- CPI inflation increased in June to 2.0% y/y, mainly due to higher fuel prices and the weaker zloty. In 2018 we expect inflation to reach a peak in the third quarter and then to decline due to a high base effect. We forecast the re-acceleration of inflation in 2019.



FINANCIAL RESULTS OF THE GROUP



BGZ BNP PARIBAS
The bank for a changing world

H1 2018 – consolidated financial results

Upward trend in business offsets negative factors and together with improvement in cost of risk boosted net profit by 56%

	6M 2018 PLN m	6M 2017 PLN m	Change y/y %	Change y/y adjusted ¹
Net banking income	1,342.8	1,354.8	(1%)	(1%)
Total expenses	(856.0)	(865.1)	(1%)	1%
Net impairment losses	(117.3)	(178.0)	(34%)	(34%)
Banking tax	(99.9)	(103.6)	(4%)	(4%)
Pre-tax profit	269.7	208.1	+30%	+19%
Net profit	188.6	120.8	+56%	+39%
ROE	5.9%	3.9%	+2.0 p.p.	-
ROE ¹	5.9%	4.4%	-	+1.5 p.p.
C/I	63.7%	63.9%	(0.2 p.p.)	-
C/I ¹	63.5%	62.3%	-	+1.2 p.p.
Total Capital Ratio	13.8%	14.0%	(0.2 p.p.)	-
Tier 1 Capital Ratio	10.8%	10.9%	(0.1 p.p.)	-

¹ - data excluding integration costs:

6M 2018 – PLN 3.5 m (general administrative expenses and amortization)

6M 2017 – PLN 21.4 m, of which:

- PLN 22.0 m – general administrative expenses and amortization
- PLN -0.6 m – other operation expenses (NBI)

Improvement of y/y results:

▶ maintaining the level of revenues* despite the occurrence of negative factors:

- factoring deconsolidation (NII+NF&C: PLN -13.6 m),
- costs of securitization (estimated at PLN -13 m),
- decrease in the NBP mandatory reserve interest rate (PLN -7.9 m),

* Excluding above mentioned factors the revenue dynamics amounted to +2% y/y

partially offset by:

- higher net trading income (+9.6%),

▶ reduction in operating costs (by -0.9%)

- lower integration costs in H1 2018,
- slightly higher operating costs excluding integration costs and factoring deconsolidation effect,

▶ decrease in cost of risk (by -34.1%).

Resulted in the net profit increase (+56.2%).

Slightly higher loan portfolio value

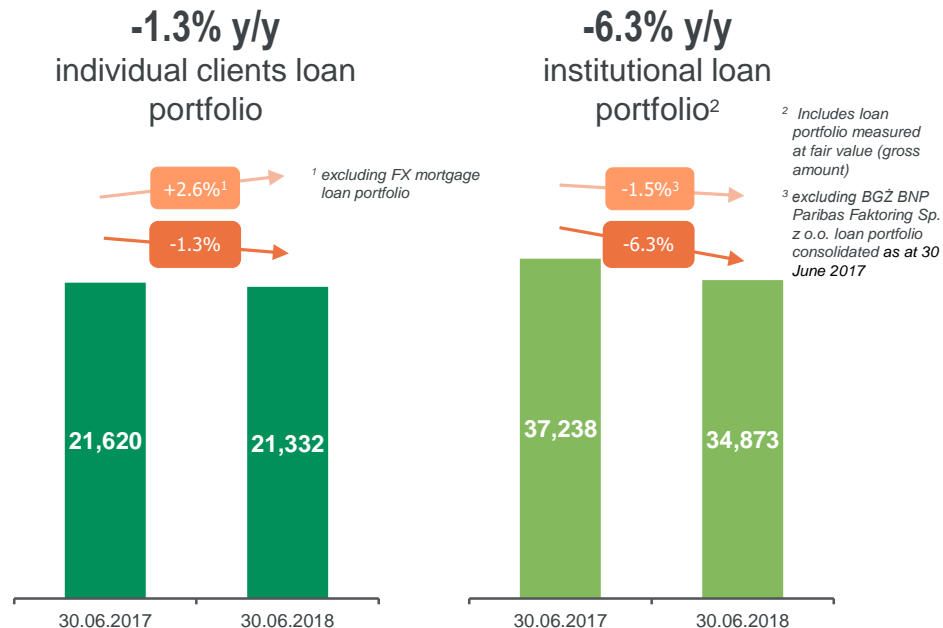
Excluding the one-offs the loan portfolio gross value increased by 2.3% vs December 2017 and by 1.2% y/y

(PLN m)

Gross* loan portfolio reported value decrease by 4.5% y/y to PLN 56.2 bn, caused by:

- deconsolidation of factoring receivables resulting from the sale of BGŻ BNP Paribas Faktoring Sp. z o.o. (as at 30 June 2017 the loan portfolio was equal to PLN 1.8 bn),
- sale of NPL portfolio in H1 2018 (PLN 0.7 bn),
- lower FX mortgage loan portfolio value resulting from portfolio amortization and PLN appreciation against CHF (PLN -0.7 bn).

Excluding the above factors gross loan portfolio value increased by 1.2% y/y and by 2.3% vs December 2017.



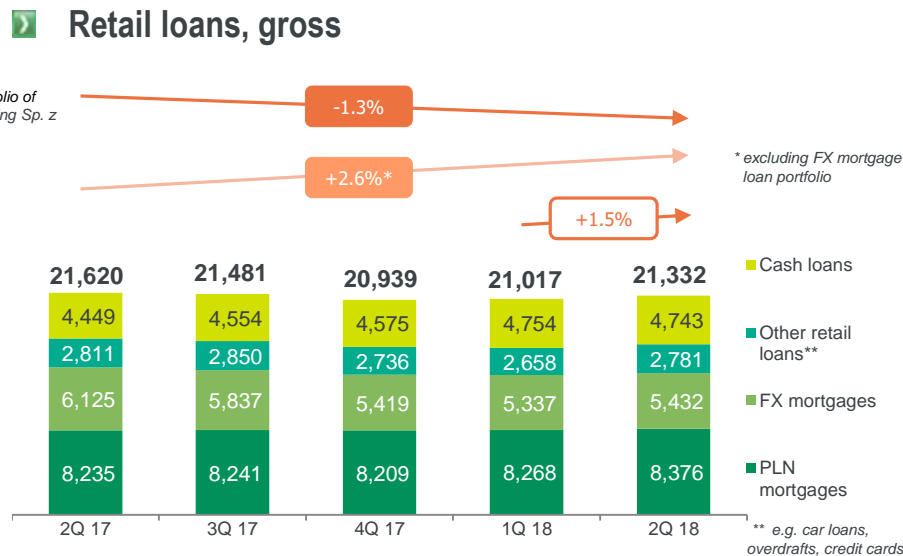
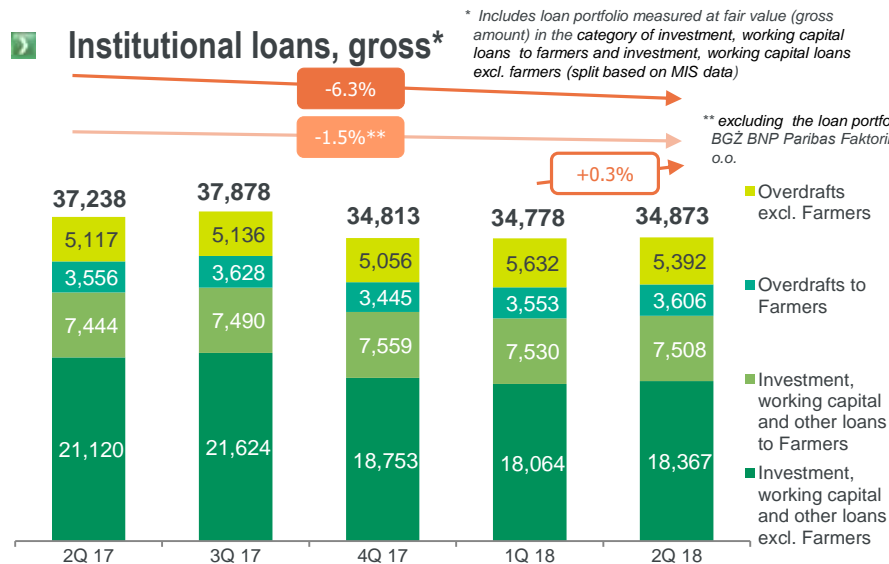
* including loan portfolio measured at fair value (gross amount)



Commercial volumes – loan portfolio

Back to the business in Q2 2018: growth of loan portfolio despite the sale of NPL's

(PLN m, end of quarter)



- For institutional customers excl. Farmers, a decrease in investment and working capital loans (by 13.0% y/y) caused by, among others, Faktoring deconsolidation (PLN 1.8 bn) and a change made in Q1 2018 in the presentation (IFRS 9) of debt instruments issued by non-financial entities previously recognized in the loan portfolio (PLN 0.5 bn), partially offset by an increase in overdrafts (5.4% y/y).
- The share of overdrafts in the total institutional loan portfolio increased by 2.5 p.p. to 25.8%.

- Increase in cash loans by 6.6% y/y.
- The share of consumer loans grew to 35.3%, i.e. by 1.7 p.p. y/y.

Adjustment of the deposit level to liquidity needs

Continued pricing policy optimisation, a slight decrease in the volume of institutional deposits

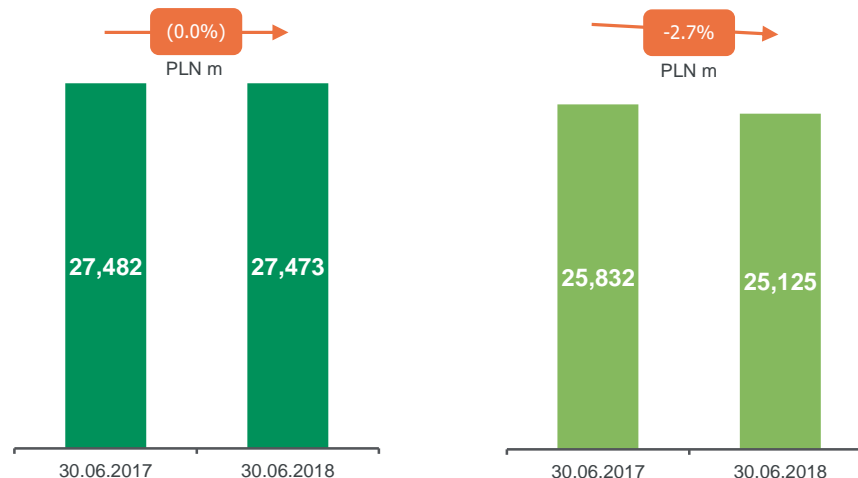
Lower level of deposits (-1.3% y/y)

stabilization in retail volume (PLN -0.01 bn) and decline in institutional deposits (PLN -0.7 bn) as a result of interest margin optimisation.



(0.0%) y/y
retail deposits

-2.7% y/y
institutional deposits

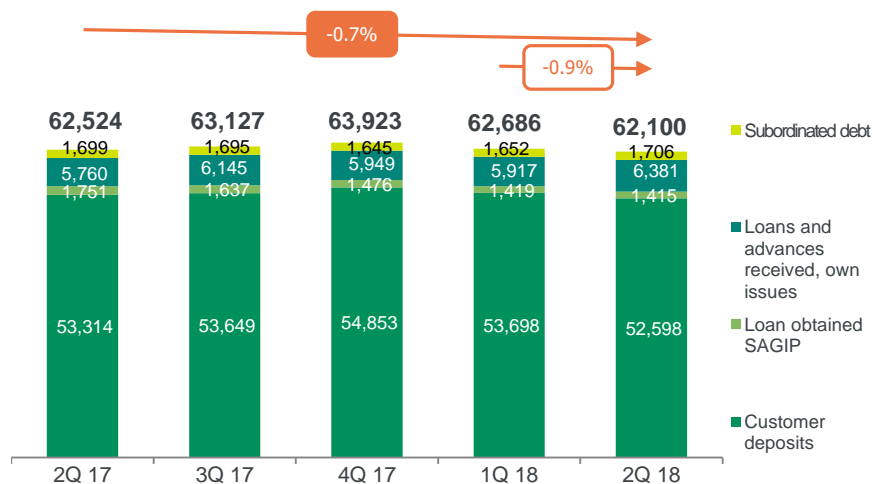


Commercial volumes – deposits and funding

Stabilization in the financing structure

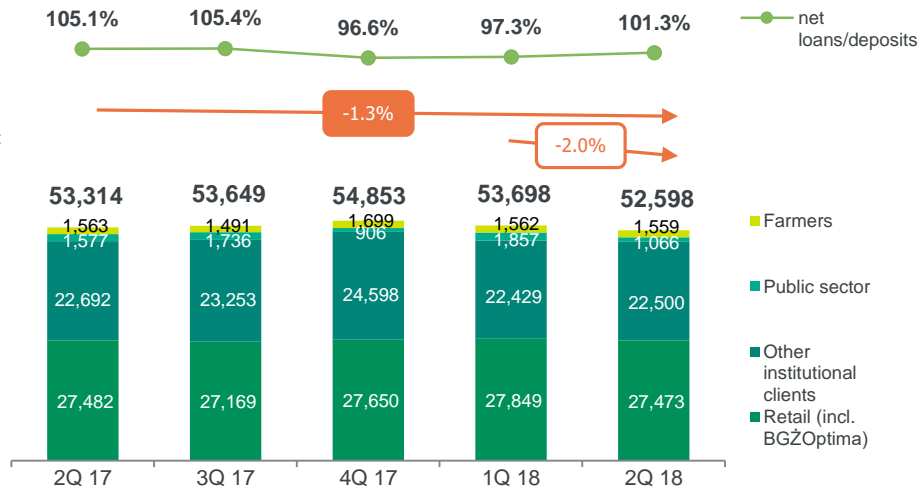
(PLN m, end of quarter)

Funding mix



- Increase in the share of loans and advances received from banks and own issues in the total funding mix by 1.1 p.p. y/y (to 10.3%) in parallel with a drop of customer deposits' share by 0.6 p.p. (to 84.7%).
- As a result of a securitisation transaction in Q4 2017, the Group gained funds in the form of bonds issued by SPV amounting to PLN 2.2 bn. They replaced funds acquired from banks in the form of loans and advances.

Customer deposits

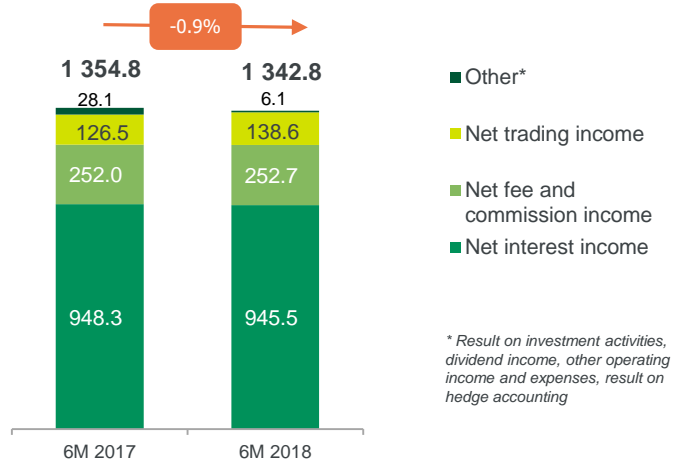


- The total deposit base drop by 1.3% y/y due to a decrease in nonbanking financial institutions' deposits (by PLN 0.5 bn) and retail deposits (by PLN 0.2 bn).
- Decrease in BGZOptima deposits as a consequence of price optimisation (by 10.5% y/y).

Net banking income

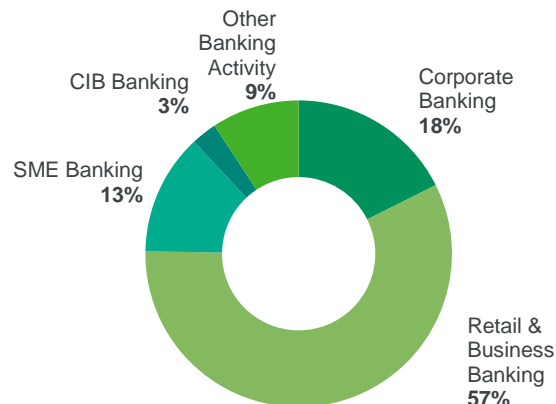
Stabilization of NBI despite impact of negative factors – Faktoring deconsolidation and cost of securitization

Structure of net banking income by types (PLN m)



- Negative impact of deconsolidation of BGŻ BNP Paribas Faktoring Sp. z o.o. (excl. its net fee and commission income in H1 2017, the NBI would increase by +0.1% y/y).
- The net trading income higher by +9.6% y/y and NF&C by +0.2% y/y.
- In H1 2018, the income on the sale of debt securities was lower than in H1 2017 and negative result of measurement of loans at fair value (PLN -4.2 m).

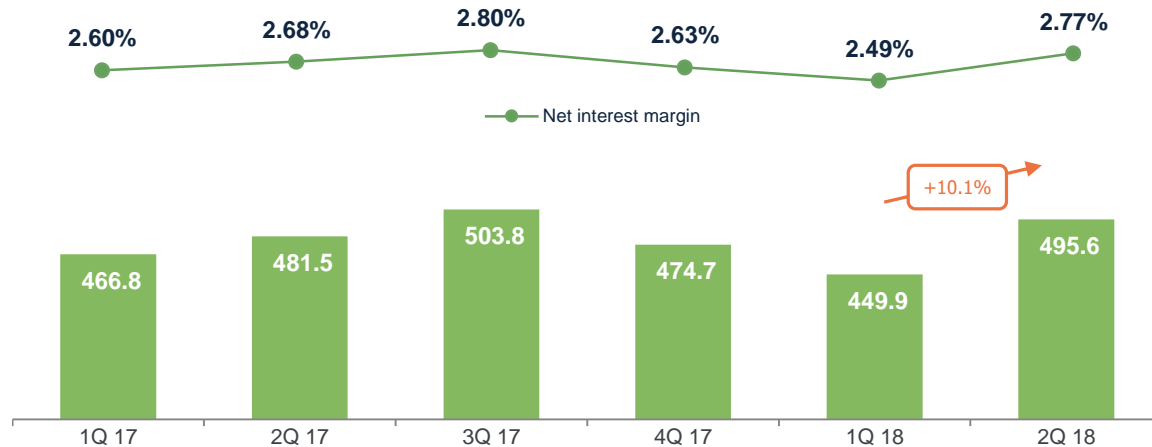
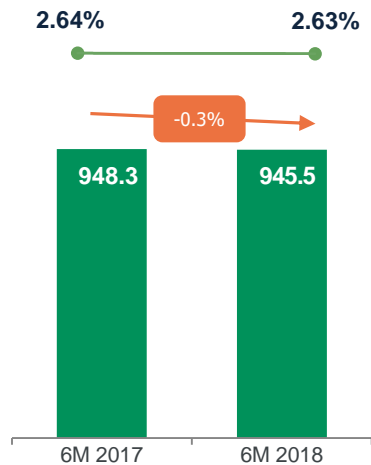
Structure of net banking income by business segments – 30 June 2018



- Higher share of Retail Banking and Corporate Banking (by 2.2 p.p. and 0.2 p.p. y/y, respectively) concurrent with a lower share of Other Banking Activity and CIB (by 1.7 p.p. and 0.7 p.p. y/y, respectively).

Net interest income

Improvement in margin offsets negative impact of factoring deconsolidation, costs of securitisation and decrease in the NBP mandatory reserve interest rate (PLN m)

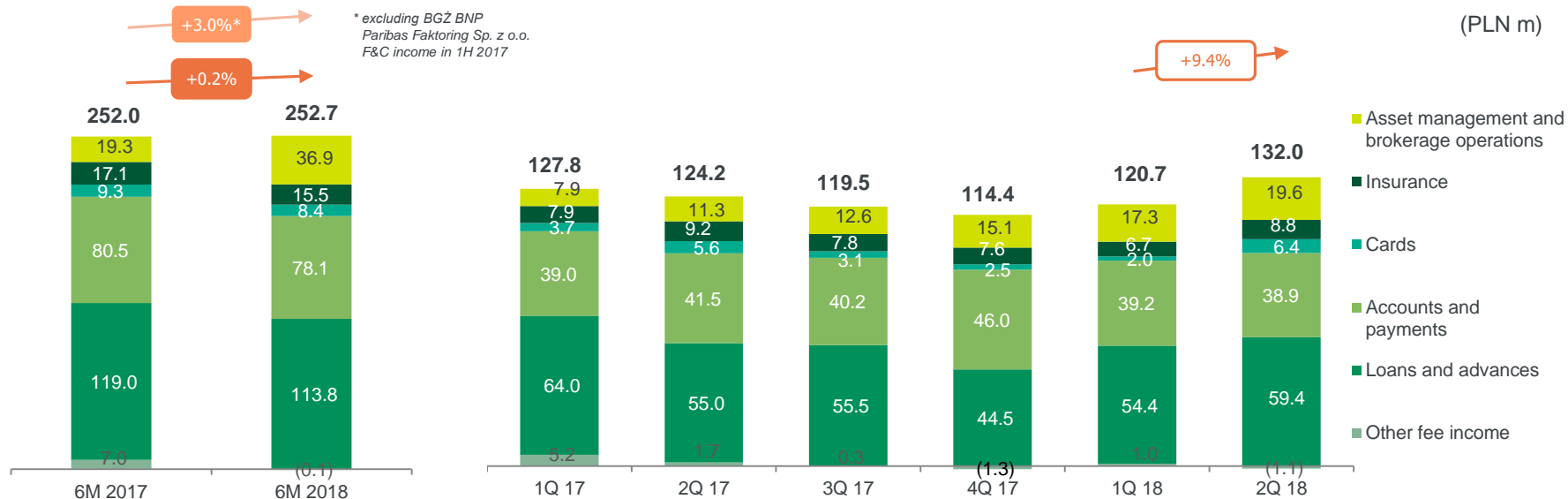


- Negative effect of BGŻ BNP Paribas Faktoring Sp. z o.o. deconsolidation (PLN 6.9 m net interest income in H1 2017).
- Negative effect of lower NBP obligatory reserve interest rate (income lower by PLN 7.9 m vs H1 2017).
- Negative impact of costs of securitisation (estimated at PLN -13 m y/y).

- Lower net interest income in Q1 2018 vs Q2 2018 due to one-off adjustments to the calculation of the effective interest rate (PLN -7.8 m).
- Positive effect of the improvement in the deposit margins on the net interest income in Q2 2018.
- Net interest income in Q2 2018 was higher than in the previous quarter among others as a result of a higher number of interest days (estimated impact of approx. PLN 5 m).

Net fee and commission income* – trend reversal

Specific actions related to processes and pricing drives growth in NF&C



- Negative effect of BGŻ BNP Paribas Faktoring Sp. z o.o. deconsolidation (in H1 2017, net F&C income of PLN 6.8 m).
- Y/Y increase in the net F&C income resulted from a nearly double growth of commissions for brokerage transactions and asset management.

- Increase in the net credit fee and commission income in Q2 2018 as a result of better sales of credit products vs the previous quarter.
- Further increase in importance of commissions for brokerage transactions and asset management – increase by +13.3% q/q (among others increase in sales of structured products).

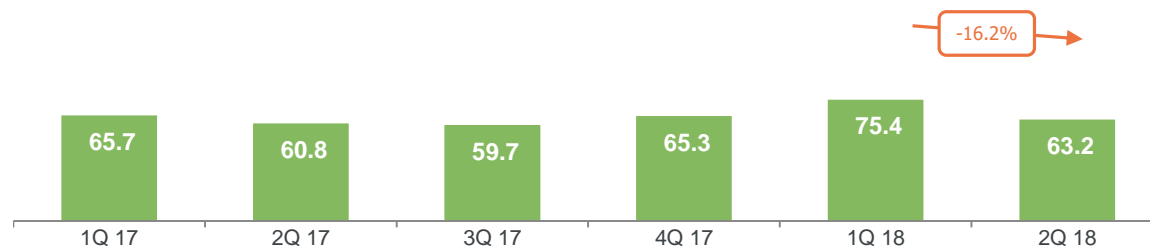
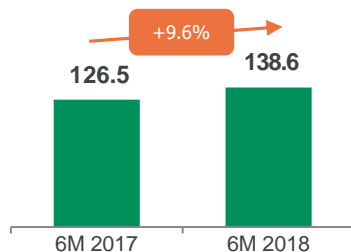
* In 2Q 2018 the Bank changed the presentation of NF&C income. In order to maintain comparability the change was applied to all quarters of 2017.

Net trading income and result on investment activities

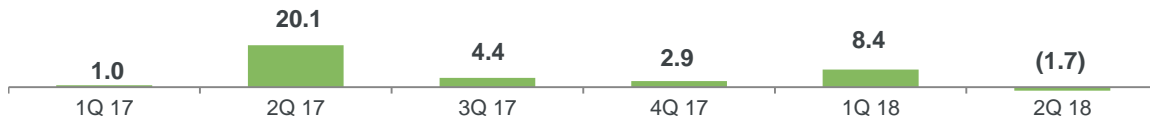
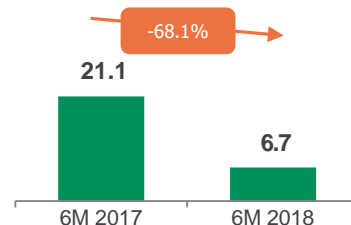
Positive impact of results on foreign exchange transactions and financial instruments

(PLN m)

Net trading income



Result on investment activities



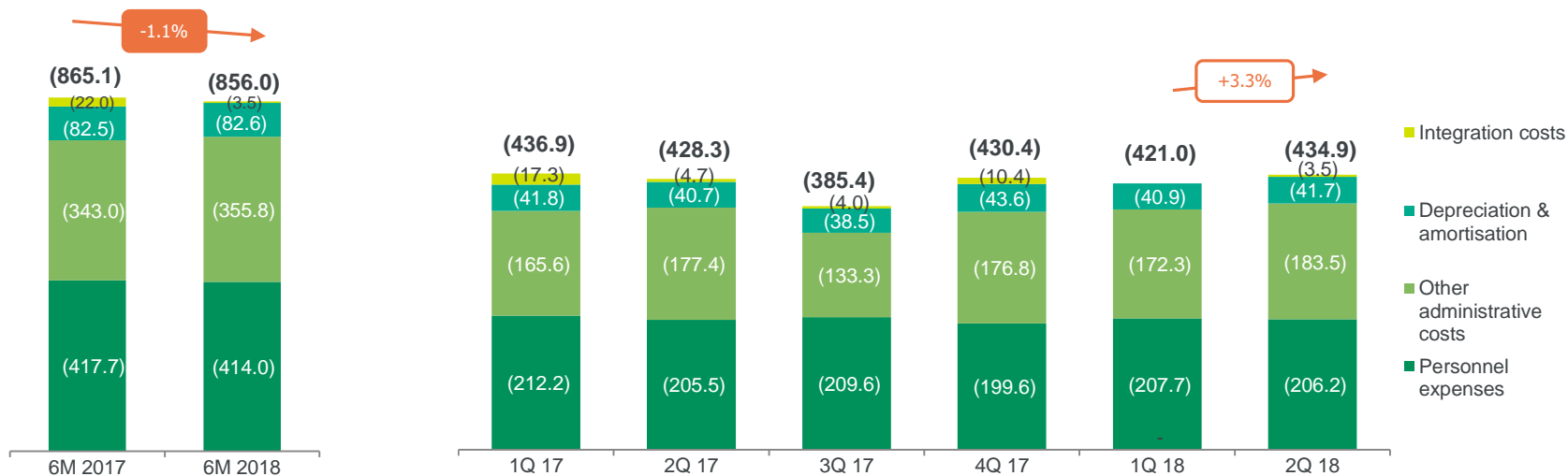
- Net trading income level results from the scale of FX transactions and derivative financial instruments valuation.
- A decrease in result on investment activity y/y due to the measurement of the loan portfolio at fair value (PLN -4.2 m) and a lower result on the sale of bonds.

- Positive impact of profit on debt instruments sale equal to PLN 10.4 mln in Q2 2018 (PLN 0.5 mln in Q1 2018) neutralized by the negative valuation of the portfolio of loans measured at fair value.
- The result in Q1 2018 includes impact of the valuation of the portfolio of loans and advances granted to customers measured at fair value (PLN +7.8 m) as compared to PLN -12.1 m in Q2 2018.

General administrative expenses (incl. depreciation)

Stabilization of the cost level

(PLN m)



- The costs in 2018, excluding integration costs higher by 1.1% y/y.
- Increase in other administrative costs resulted from higher marketing expenses (PLN +14.0 m) and BGF (PLN +8.8 m).

- Increase in other administrative costs in Q2 2018 vs Q1 2018 pertained primarily to marketing costs (PLN +4.3 m), BFG costs (PLN +4.0 m) and consulting expenses.
- Additionally increase in general administrative expenses in Q2 2018 vs Q1 2018 resulted from increase in integration costs (PLN +3.5 m).

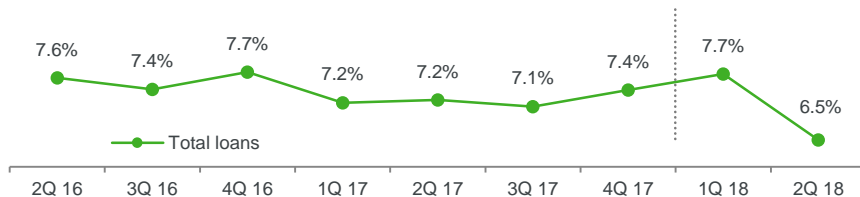


Loan portfolio quality

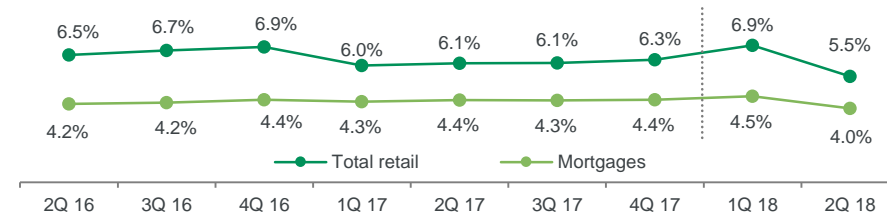
Sale of receivables completed in Q2 2018 considerably improves NPL ratios

(end of quarter)

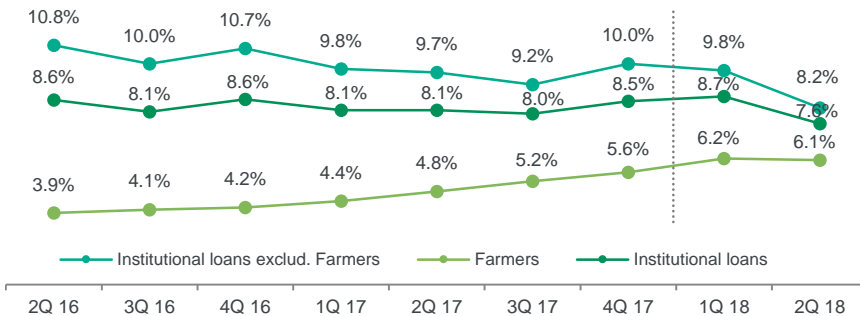
Total loans – NPL*



Retail loans – NPL

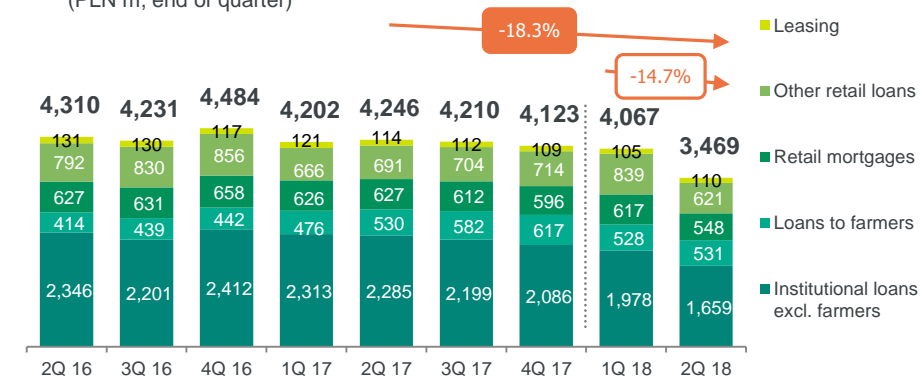


Institutional loans – NPL*



Impaired portfolio, gross**

(PLN m, end of quarter)



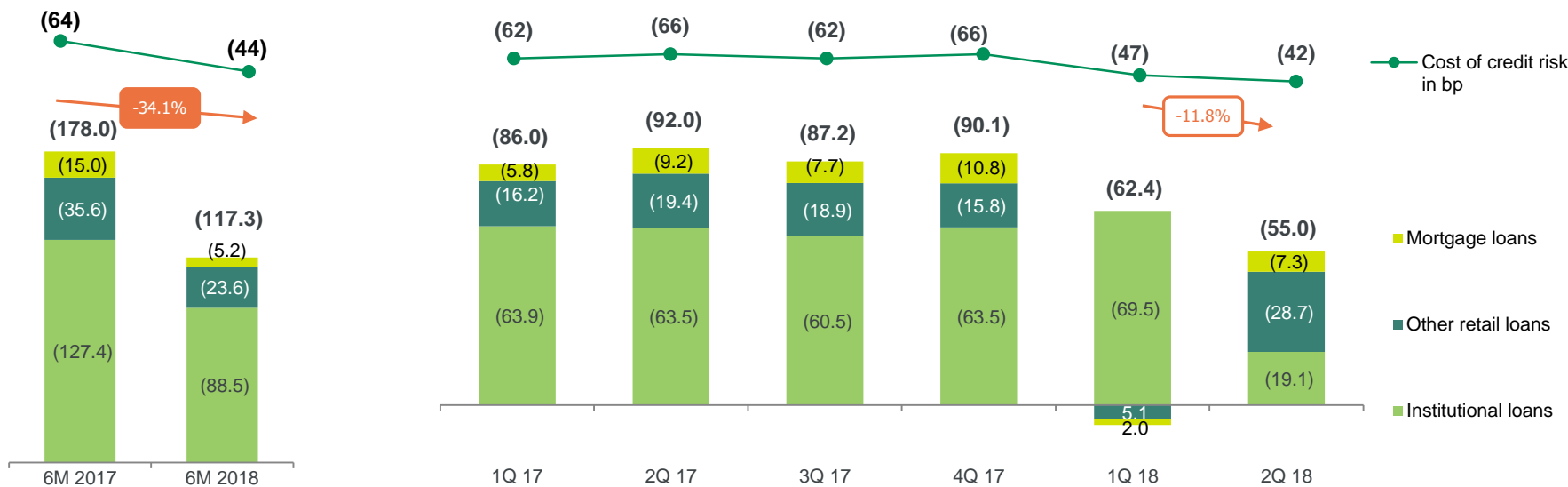
* NPL calculation for Q1 and Q2 2018 does not include loans and advances measured at fair value, separated according to IFRS 9

** impaired portfolio starting from March 31, 2018 does not include loans and advances measured at fair value, separated according to IFRS 9

Net impairment losses (main portfolios)

Significant improvement in the cost of risk

(PLN m)



- Cost of credit risk in 2018 lower by 20 b.p. y/y.

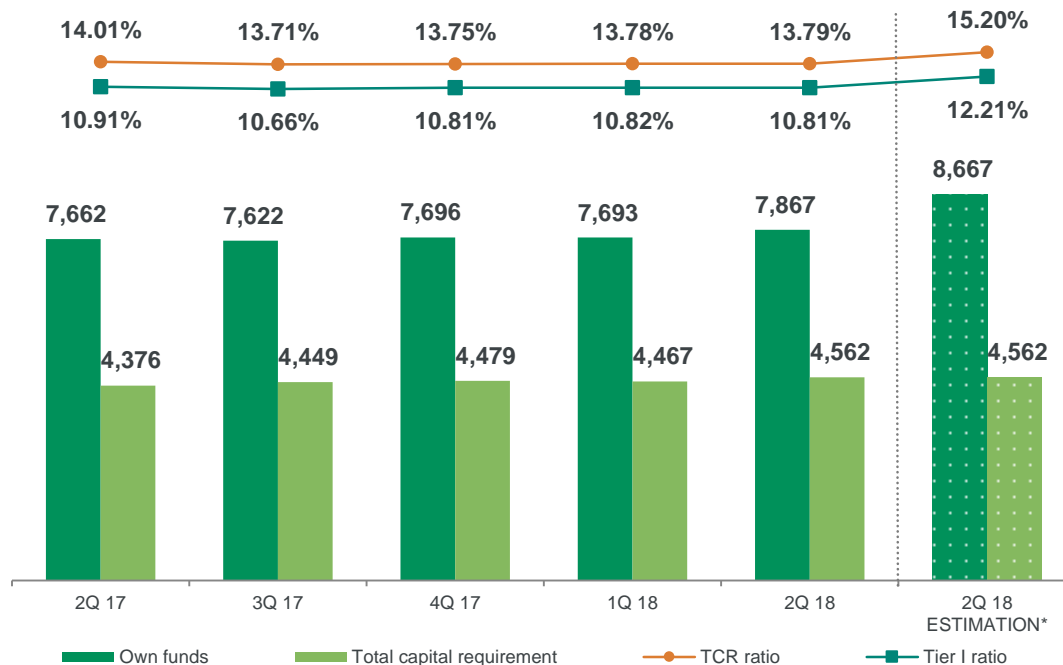
- Better results of collection process as well as lower loss given defaults positively influenced risk parameters which were updated in Q1 2018.
- Positive results on NPL portfolio sale (net impact PLN +7.7 m).
- Negative one-off impact of the recognition of the SKOK Rafineria loan portfolio in the Bank's books visible in the item "Other retail loans" in 2Q 2018.



Capital adequacy

Completion of Series J and K share issue in July 2018 - capital adequacy ratios above regulatory requirements

(PLN m, end of quarter)



- The resolution of Bank's Ordinary General Shareholders Meeting dated 18 May 2018 on the allocation of the Bank's profit for 2017 (PLN 298 m) to the reserve capital.
- The resolution of Bank's Ordinary General Shareholders Meeting dated 18 May 2018 on the increase of the share capital by way of the issuance of Series J and K ordinary shares.
- Registration of the increase of share capital in the National Court Register on 3 July 2018.
- Decision of the Polish Financial Supervision Authority (KNF) on the permission for classification of Series J and K shares issued by the Bank BGŻ BNP Paribas S.A. as Common Equity Tier 1 instruments dated 10 July 2018. Increase in Bank's own funds by PLN 799,995,000.

Resulted in capital adequacy ratios on standalone and consolidated basis above regulatory requirements (taking into account Bank's own funds as at 10 July 2018).

* Higher level of Common Equity Tier 1 capital (following the KNF decision dated 10 July 2018) included in the calculation of capital ratios based on the data as at 30 June 2018



IV

BUSINESS SEGMENTS PERFORMANCE



BGZ BNP PARIBAS
The bank for a changing world

Retail and Business Banking

Clear rebound in mortgage sale, positive trends in sales of current accounts and structured products



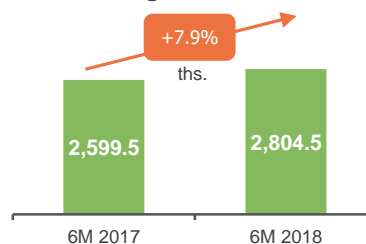
Offer development, new solutions

- Development of the **GOmobile** application **103 ths.** active users:
 - ✓ banking application under the cooperation with Carrefour (Carrefour Moje Finanse),
 - ✓ transfer from QR, option of a “return transfer”.
- **Ecosystem of services for start-ups** – the most comprehensive offering for start-up Micro Companies on the Polish market (eMikrofaktoring, online accountancy, lease of office space, etc.).

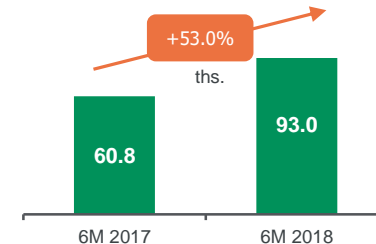
Sales results

- Growth in **sales of current accounts** to individual customers (93,000 in H1 2018, i.e. +53% y/y).
- Very good sales results as regards subscription of **IBV (structured product)**: PLN 357 m in H1 2018 vs PLN 69 m in H1 2017.
- Clear rebound of the **mortgage sales**: PLN 690 m in H1 2018 (+75% y/y).
- Sale of cash loans PLN 1.3 bn in H1 2018, +6% y/y.

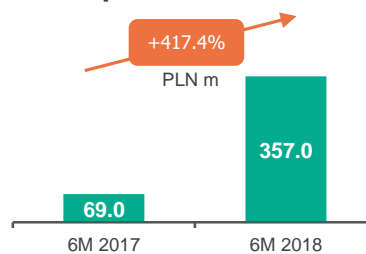
Number of customers growth



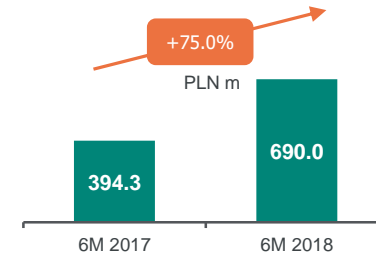
Sale of personal accounts



Sale of structured products



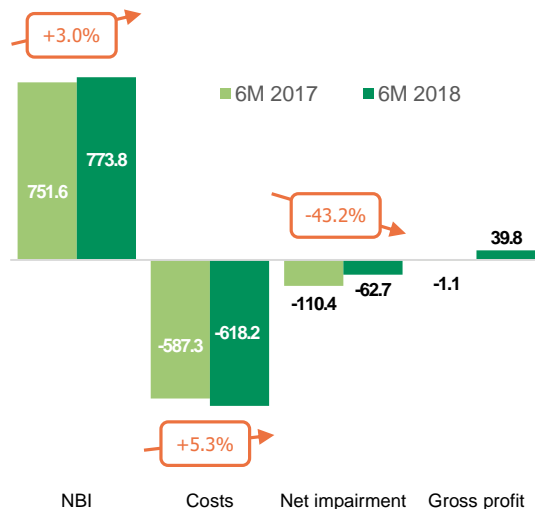
Sale of mortgages



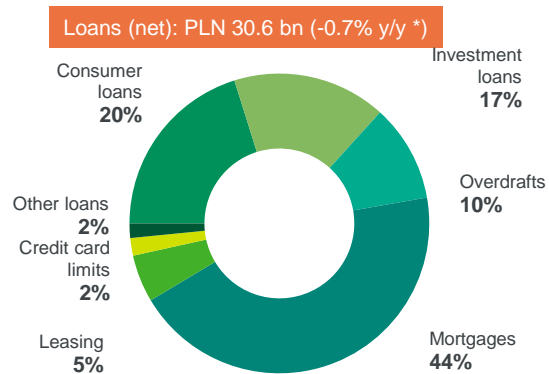
Retail and Business Banking

Results improvement, acceleration in sales, positive change in deposit mix

Profit before tax structure (PLN m)

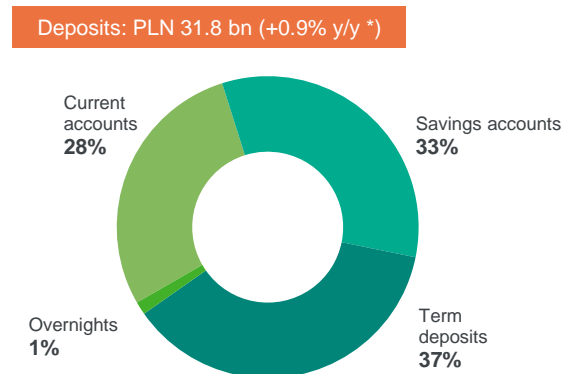


Loan structure as at 30 June 2018



- Decrease in net loan value y/y caused mostly by PLN appreciation and FX mortgages portfolio amortization.
- Excluding FX mortgages (CHF) net loan portfolio would grow by +1.9% (PLN +0.5 bn).
- The highest dynamics: leasing +86.2%, short term loans +56.8%.

Deposit structure as at 30 June 2018



- Growth in current account deposits volume +17.2% y/y concurrent with a decrease in savings accounts -2.4% y/y and term deposits -6.6% y/y.
- Current account share in total deposits went up by 4.0 p.p. (to 28.5%).

* Data comparable, after resegmentation in 2018

Corporate Banking

Acquisition of new customers, development of customers transactionality and cross-sell of products combined with long-term ambition to become TOP3 bank supporting foreign trade in Poland

Business line
share in
Group NBI



Acquisition & Activation of new Corporate Customers:

- number of newly acquired corporate customers in 1H 2018 – 144 companies,
- increased income out of newly acquired customers +15% y/y (by PLN 2.8 m).

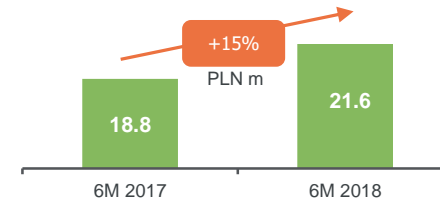
Development of transactionality & products cross-sell:

- further development of customers transactionality incl. +20% y/y increase in current accounts deposits (e.g. new products launched: mini-cash deposits machines). As a result, increase in transactionality measured by volume of incoming payments / cash deposits and increase in income on cash management fees & commissions +15% y/y,
- high dynamic in leasing sales (increase of volume +16% y/y).

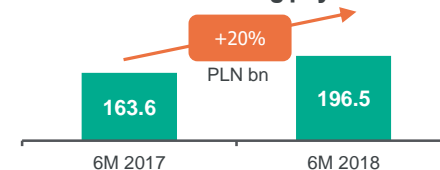
On the road to become TOP3 Bank in foreign trade in Poland:

- 71 newly acquired and 91 activated companies importers / exporters in 1H 2018,
- increase of revenues generated on international business products +7% y/y (PLN 4.2 m) incl.:
 - ✓ increase in revenues on FX Spot +16% y/y (PLN +3.2 m),
 - ✓ increase in trade finance revenues +9% y/y (PLN +1.4 m),
- launch of Foreign Trade Program (“PHZ”) – support of international expansion of Polish importers/exporters. The first edition took place April-June 2018 (1,500 companies invited to the PHZ Program).

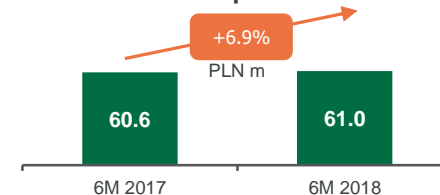
Revenue earned on new customers



Volume of incoming payments



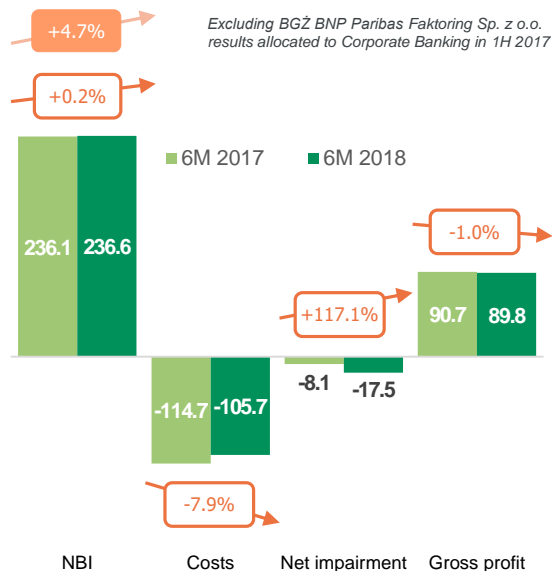
Revenue earned on international business products



Corporate Banking

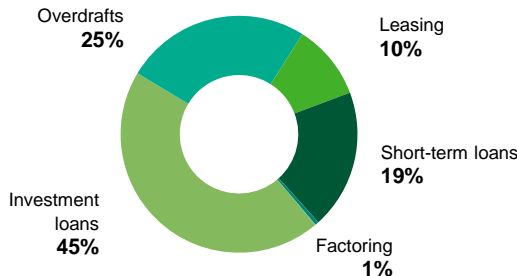
Growth in revenues, business development based on short-term, working capital financing, increase of customers transactionality and current accounts deposits

Profit before tax structure (PLN m)



Loan structure as at 30 June 2018

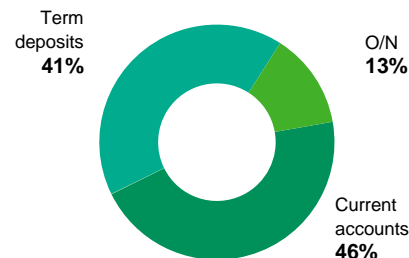
Loans (net): PLN 13.4 bn (-8.1%y/y*)



- Net loans decrease resulted from sale and deconsolidation of BGŻ BNP Paribas Faktoring Sp. z o.o. (as at 30 June 2017: PLN 1.3 bn in Corporate segment).
- Excluding factoring receivables growth in net loans by 1.2% (PLN +0.2 bn).
- Dynamic growth in short-term financing - overdrafts +11.7%.

Deposit structure as at 30 June 2018

Deposits: PLN 13.5 bn (-3.1% y/y*)



- Growth in current account deposits volume +19.6% y/y concurrent with a decrease in term deposits and O/N.
- Current account deposits share increase by +8.6 p.p. (to the level of 45.5%).
- Revenue optimization and increase of deposits margin.

* Data comparable, after resegmentation 2018

SME

Increase in acquisition and x-sell transactions as well as speed up of operational transformation



Increase in acquisition of new customers and x-sell transactions:

- increase in the number of new acquired customers by 85% y/y,
- increase in the volume of FX SPOT transactions by 13% y/y, offsetting results of the decrease in the volume of transactions with table FX rates,
- increase in Cash Management revenues by 12% y/y,
- improvement in credit margin y/y,
- ongoing portfolio diversification – higher share of non-agro customers.

Acceleration of the operating transformation:

- launch of the Enterprise Service Centre - a modern service channel for the SME segment (dedicated remote RMs, broad scope of support),
- new functionalities of the BiznesPI@net platform, including management of users / authorisation rights by the customer.

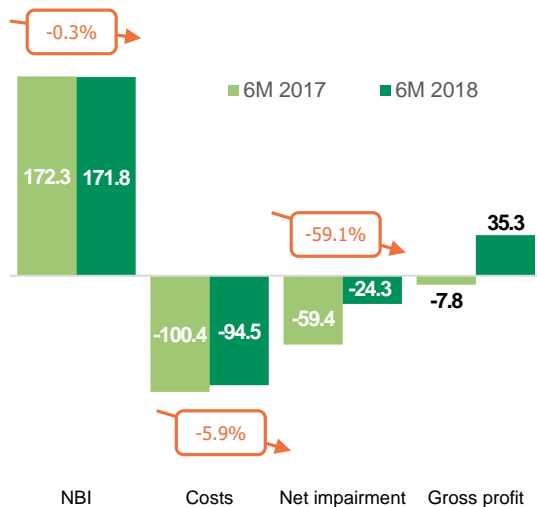
nearly 23,000
SME clients



SME

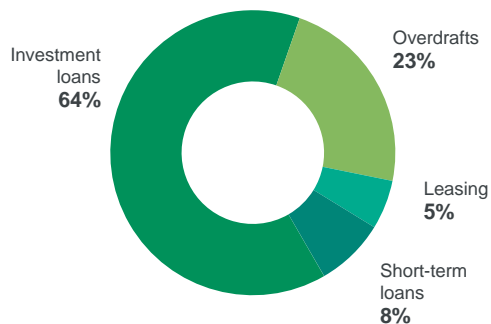
Revenues stabilization, improvement in cost of risk and operating costs, changing of the portfolio structure

Profit before tax structure (PLN m)



Loan structure as at 30 June 2018

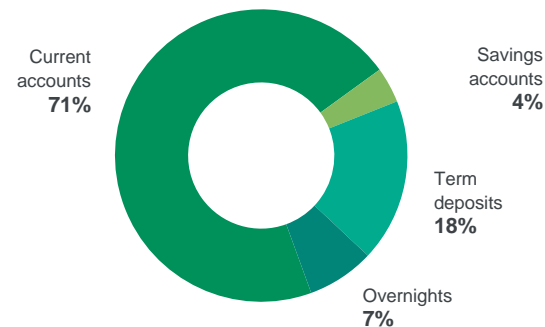
Loans (net): PLN 8.9 bn (-12.1% y/y*)



- Net loans decrease resulted among others from the sale and deconsolidation of BGŻ BNP Paribas Faktoring Sp. z o.o. (as at 30 June 2017: PLN 0.5 bn in SME segment). Excluding deconsolidation decrease by 7.8%.
- Significant increase in credit margin (+28 bps y/y)

Deposit structure as at 30 June 2018

Deposits: PLN 7.3 bn (-7.0% y/y*)



- Current accounts share in total deposits went up by 1.2 p.p. (to 70.6%) in parallel with drop in term deposits by 1.8 p.p. (to 18.0%).
- Deposit margin optimization, increase by 13 bps y/y.

* Data comparable, after resegmentation 2018

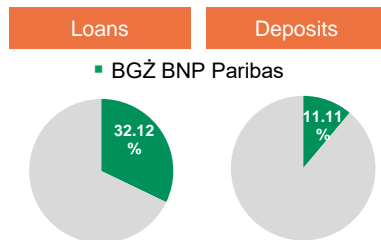
Segment Agro

Activities supporting sales and relations with customer

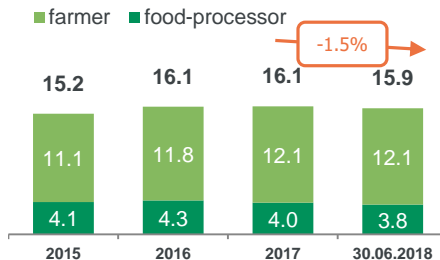
Activities supporting sales and relations with customers

- Agro HUB** – in recognition of many years of experience in servicing the Agro market, the BNP Paribas Group has established Agro HUB in Poland - competence center for Poland and the Group Banks in Eastern Europe and Africa (Ukraine, Morocco, Turkey).
 
- Agro Offensive** – sales campaign dedicated to individual farmers.
- Agro Akademia – 3rd Edition**
 The subject of this year edition is devoted mainly to innovations in the farm management, using sustainable agriculture.
- Meetings for SME Agro processors**
- AgroTech Kielce 2018**
 24th International Fair of Agricultural Techniques

Market share (30.06.2018)



Agro loan portfolio* (PLN bn)



Bank BGŻ BNP Paribas once again won the title of „The Best Bank for Farmers”



above 70,000
Agro clients



V

CHALLENGES FOR THE NEXT QUARTERS



BGZ BNP PARIBAS
The bank for a changing world

Transformation of the Bank and integration with Core RBPL the pillars of further growth



Digitalization



Processes optimization
and efficiency increase



Integration



Development of
the product offer



Organisational
culture change



A hand in a grey suit sleeve is pulling a green folder out of a white filing cabinet. The cabinet is filled with many other folders of various colors. The background is a bright, out-of-focus window.

VI

APPENDICIES

- INCOME STATEMENT
- ASSETS
- LIABILITIES AND EQUITY



BGZ BNP PARIBAS

The bank for a changing world

Income statement

(PLN thousand)

Consolidated income statement	30/06/2018	30/06/2017	2Q 2018	1Q 2018	4Q 2017	3Q 2017	2Q 2017	1Q 2017
Interest income	1 348 342	1 317 560	713 312	635 030	653 841	693 817	665 207	652 353
Interest expense	(402 852)	(369 270)	(217 734)	(185 118)	(179 170)	(190 034)	(183 732)	(185 538)
Net interest income	945 490	948 290	495 578	449 912	474 671	503 783	481 475	466 815
Fee and commission income	321 650	307 991	171 739	149 911	143 046	150 444	159 486	148 505
Fee and commission expense	(68 993)	(55 952)	(39 756)	(29 237)	(28 631)	(30 919)	(35 272)	(20 680)
Net fee and commission income	252 657	252 039	131 983	120 674	114 415	119 525	124 214	127 825
Dividend income	809	4 693	784	25	5 667	-	4 670	23
Net trading income	138 590	126 458	63 178	75 412	65 296	59 654	60 797	65 661
Result on investing activities	6 726	21 095	(1 667)	8 393	2 855	4 448	20 111	984
Result on hedge accounting	2 823	1 643	1 307	1 516	(2 132)	3 793	822	821
Other operating income	52 673	65 716	13 990	38 683	28 963	36 603	41 919	23 797
Net impairment losses on financial assets and contingent liabilities	(117 343)	(178 023)	(54 989)	(62 354)	(90 112)	(87 164)	(92 024)	(85 999)
General administrative expenses	(773 297)	(773 152)	(393 209)	(380 088)	(386 876)	(346 838)	(384 193)	(388 959)
Depreciation and amortization	(82 662)	(91 984)	(41 729)	(40 933)	(43 564)	(38 516)	(44 093)	(47 891)
Other operating expenses	(56 925)	(65 096)	(16 914)	(40 011)	(39 478)	(36 921)	(33 549)	(31 547)
Operating result	369 541	311 679	198 312	171 229	129 705	218 367	180 149	131 530
Banking tax	(99 871)	(103 555)	(49 836)	(50 035)	(51 258)	(51 053)	(51 480)	(52 075)
Profit (loss) before income tax	269 670	208 124	148 476	121 194	78 447	167 314	128 669	79 455
Income tax	(81 069)	(87 345)	(45 333)	(35 736)	(29 309)	(57 524)	(47 453)	(39 892)
Net profit (loss) for the period	188 601	120 779	103 143	85 458	49 138	109 790	81 216	39 563



Assets

(PLN thousand)

Consolidated statement of financial position	30 June 2018	31 Mar 2018	31 Dec 2017	30 Sept 2017	30 June 2017	31 Mar 2017	31 Dec 2016
ASSETS							
Cash and balances with the Central Bank	914 056	2 339 735	998 035	1 708 096	2 136 821	2 035 492	1 302 847
Loans and advances to banks	386 581	577 255	2 603 689	273 646	520 270	376 364	1 233 592
Derivative financial instruments	455 563	429 476	474 421	395 696	394 177	419 433	324 005
Differences from hedge accounting regarding the fair value of hedged items	42 401	53 459	32 730	20 230	9 682	29 062	18 671
Loans and advances to customers measured at amortised cost	50 620 652	49 500 358	52 967 568	56 546 787	56 040 582	55 884 822	55 075 871
Loans and advances to customers measured at fair value through profit or loss	2 636 772	2 750 954	-	-	-	-	-
Financial assets available for sale	-	-	13 922 540	11 218 587	11 098 211	11 018 172	12 497 855
Securities measured at amortised cost	9 413 855	9 478 262	-	-	-	-	-
Financial instruments measured at fair value through profit or loss	134 997	118 562	-	-	-	-	-
Securities measured at fair value through other comprehensive income	4 768 541	4 801 476	-	-	-	-	-
Investment property	54 435	54 435	54 435	54 466	54 466	54 466	54 466
Intangible assets	306 452	282 311	288 340	260 424	245 367	237 592	246 552
Property, plant and equipment	479 903	486 575	500 647	507 276	518 260	529 818	546 002
Deferred tax assets	612 039	612 851	512 045	518 139	504 291	499 021	529 824
Current tax assets	15 400	-	-	-	-	-	-
Other assets	514 294	434 965	394 809	396 832	453 344	514 273	475 314
TOTAL ASSETS	71 355 941	71 920 674	72 749 259	71 900 179	71 975 471	71 598 515	72 304 999



Liabilities and equity

(PLN thousand)

Consolidated statement of financial position	30 June 2018	31 Mar 2018	31 Dec 2017	30 Sept 2017	30 June 2017	31 Mar 2017	31 Dec 2016
LIABILITIES							
Amounts due to banks	4 550 137	5 053 224	3 891 235	6 607 230	6 890 764	5 880 408	7 308 814
Repo transactions	-	-	-	-	-	-	-
Differences from hedge accounting regarding the fair value of hedged items	7 948	21 668	(2 992)	(9 895)	(2 455)	1 783	(4 080)
Derivative financial instruments	432 470	401 096	427 710	309 422	394 994	345 337	271 757
Amounts due to customers	54 012 858	55 116 570	56 328 897	55 285 977	55 064 772	55 894 690	55 155 014
Debt securities issued	2 181 744	2 181 931	2 471 966	386 516	387 914	394 153	398 059
Subordinated liabilities	1 706 237	1 652 130	1 645 102	1 695 470	1 698 941	1 708 282	1 768 458
Other liabilities	1 908 356	941 151	1 225 323	952 263	1 006 120	984 672	1 122 780
Current tax liabilities	18 018	93 620	117 699	104 171	59 276	8 147	8 313
Provision for deferred tax	8 026	8 003	8 003	8 022	8 064	8 063	8 022
Provisions	119 842	117 524	76 853	88 447	86 063	112 300	121 041
TOTAL LIABILITIES	64 945 636	65 586 917	66 189 796	65 427 623	65 594 453	65 337 835	66 158 178
EQUITY							
Share capital	84 238	84 238	84 238	84 238	84 238	84 238	84 238
Other supplementary capital	5 127 086	5 127 086	5 127 086	5 127 899	5 127 899	5 108 418	5 108 418
Other reserve capital	1 208 018	909 629	909 629	909 629	909 629	860 241	860 241
Revaluation reserve	122 257	148 852	141 988	94 669	112 921	73 799	(497)
Retained earnings	(131 294)	63 952	296 522	256 121	146 331	133 984	94 421
retained profit	(319 895)	(21 506)	16 815	25 552	25 552	94 421	17 561
net profit for the period	188 601	85 458	279 707	230 569	120 779	39 563	76 860
TOTAL EQUITY	6 410 305	6 333 757	6 559 463	6 472 556	6 381 018	6 260 680	6 146 821
TOTAL LIABILITIES AND EQUITY	71 355 941	71 920 674	72 749 259	71 900 179	71 975 471	71 598 515	72 304 999



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