




Bank BGŻ BNP Paribas S.A.
GROUP

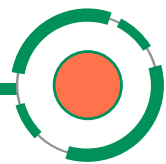
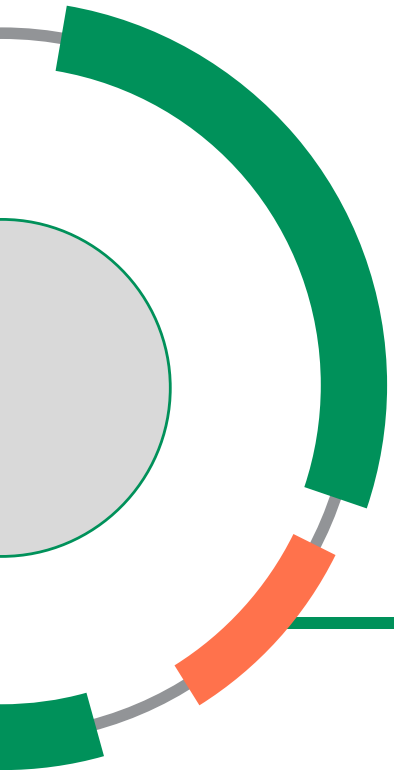


BGZ BNP PARIBAS

**Presentation of 2018
Financial Performance**

Warsaw, 14 March 2019

- 
- **Key facts & information**
 - **Macroeconomic situation**
 - **Financial results of the Group**
 - **Business segments performance**
 - **Priorities & challenges for the next quarters**
 - **Appendices**



Key facts & information

The first year of the Fast Forward strategy implementation

The Bank's transformation supporting increase in business activity and a substantial rise in scale after the legal merger with Core RBPL

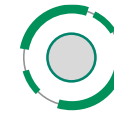


Visible effects of the transformation



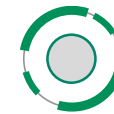
Increased customer acquisition
Digital solutions for customers
Transformation of the branch network and internal processes

Substantial growth in scale



Assets PLN 109 bn | +50% y/y
Customers 3.8 m | +37.7% y/y

Profitability improvement



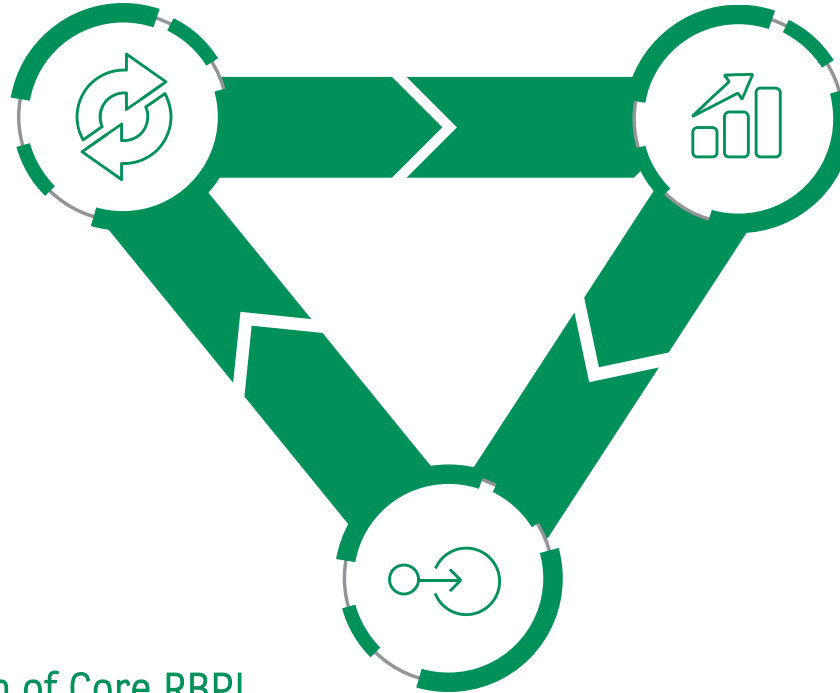
ROE 6.5%* | +1.7 p.p. y/y
C/I 59.9%* | -1.1 p.p. y/y



Key levers of 2018 financial results improvement

Transformation of the Bank

- Network transformation – 15 new format branches launched in 2018
- Processes improvement – electronic signature and automation of credit processes (roBoty)
- Digital solutions, e.g.:
 - GOMobile application development
 - Apple Pay introduction
 - Ecosystem for new micro companies – cooperation with fintechs



Organic Business Growth

- Positive dynamics in acquisition and sales volumes impacting revenue growth
- Client acquisition up by 28% y/y
- Sales of mortgage and cash loans up by 157% and 19% y/y, respectively
- Focus on cross-selling and higher transaction activity of corporate & SME clients translating into higher non-interest income
- Leading position in Agro maintained

Acquisition of Core RBPL

- Strategic repositioning on the Polish market – gaining economies of scale, total assets of PLN 109 bn and client base of 3.8 m
- Increase in loan volumes with more diversified product mix
- Liquidity position improvement allowing for further margin optimization
- Core revenues structure change - increase in share of non-interest income (fees, FX income)

Transformation

The main program supporting the implementation of the Bank's growth strategy

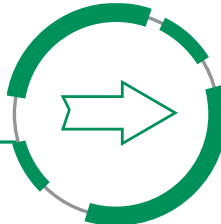
Growth

- Banking services for new businesses: Ecosystem for new micro companies, Platform for beginner entrepreneurs.
- Agro Hub BNP Paribas in Warsaw – competence center for regional partners.
- Diversification of distribution channels - innovative partnerships: Allegro, Carrefour, Play, innogy Polska.



Simplicity

- Robotization - approx. 30 robots servicing over 1.5 thousand inquiries from branches per month.
- Simplification of processes - implementation of electronic signature enabling credit processes.



Quality

- Service Quality Star 2018 in XI edition of Polish Service Quality Program.
- Certifications „Investment without Barriers“ for chosen branches opened in the new format (award „Warsaw Investment without Barriers 2018“).
- The best account for citizens of Ukraine in the Bankier.pl ranking.
- 210 recycler devices with a deposit and withdrawal function.



Digitalization

- New, technologically advanced digital and cashless branch format
- Apple Pay on the day of the Polish premiere.
- GOmobile application development (new functionalities: QR, ZUS, BLIK, Russian and Ukrainian languages).
- Cooperation with Startups - innovative implementations.



Enthusiasm

- "Responsible Business Leader" in the "Banking, Financial and Insurance Sector" category, Responsible Business Ranking 2018.
- The "Why no women are on banknotes" campaign.
- A strategic partnership with Szlachetna Paczka (Noble Gift).
- CSR Report 2018.



Substantial growth in the scale of operations

Business activity growth combined with the purchase of Core RBPL



3,778 k

Bank's customers

+37.7% y/y



+69% y/y

volume of assets
under management



**Number of customers
growth y/y**

- Retail +1,017 k (+37.5%)
- SME +9.1 k (+40.2%)
- Corporate +8.3 k (+139.8%)



+157% y/y

mortgage sales



+39% y/y

personal account sales



280 k

GOmobile & Mobilny

Portfel users +241% y/y



Financial performance improvement

Positive contribution from Core RBPL acquisition already visible in the main performance categories dynamics



PLN 360 m
net profit for 2018

+28.8% y/y



+22.0%
y/y

Growth
in net banking income
PLN 292 m gain on
a bargain purchase of Core RBPL

+12.3% y/y



+21.9%
y/y

Growth
in operating costs
PLN 266 m integration costs
(of which 249 m in Q4 2018)

+10.3% y/y



+57.0%
y/y

Cost of risk
increase
ECL - PLN 239 m

-10.3% y/y

Normalized*

+57.0% y/y



2018 – the Core RBPL purchase realized

Increased capability to generate profits, major improvement in liquidity position

Financial results

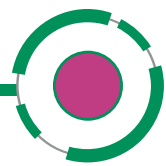
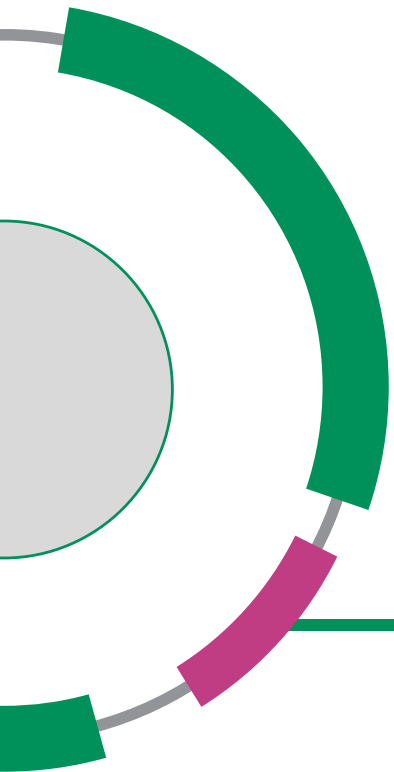
Net Profit	PLN 360 m	+29% y/y (+PLN 81 m)
Net banking income	PLN 3,289 m	+22% y/y (+PLN 593 m), of which: <i>net interest income: PLN 2,107 m, +9.3% y/y</i> <i>net fee&commission income: PLN 567 m, +16.8% y/y</i> <i>net trading income: PLN 331 m, +31.6% y/y</i> <i>gain from the bargain purchase of Core RBPL: PLN 291.7 m</i>
Costs	PLN 2,049 m	+22% y/y (+PLN 368 m)
C/I Ratio	62.3%	0.0 p.p. y/y
Net impairment losses	PLN 558 m	+57% y/y (-PLN 202 m)

Volumes

Assets	PLN 109 bn, +50.0% y/y
Loans (gross)	PLN 77 bn, +37.4% y/y
Customer Deposits*	PLN 87 bn, +54.8% y/y
Equity	PLN 10,560 m

Indicators

Total capital adequacy ratio	14.63%
Tier 1 ratio	12.38%
Net loans to deposits ratio	84.2%
ROE	4.8%

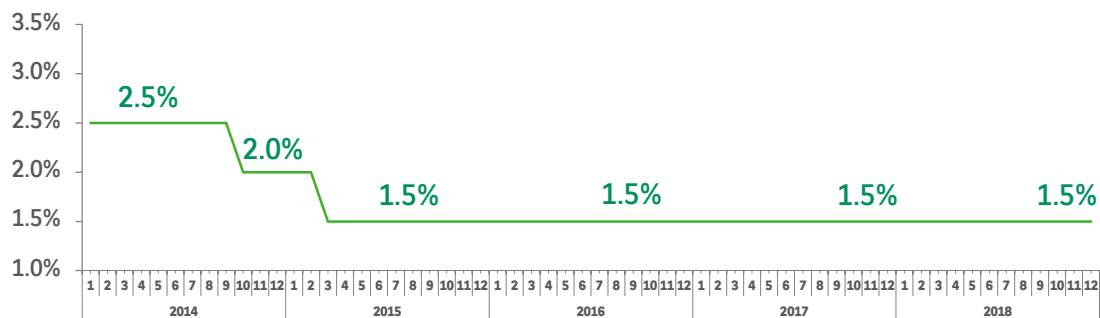


Macroeconomic situation

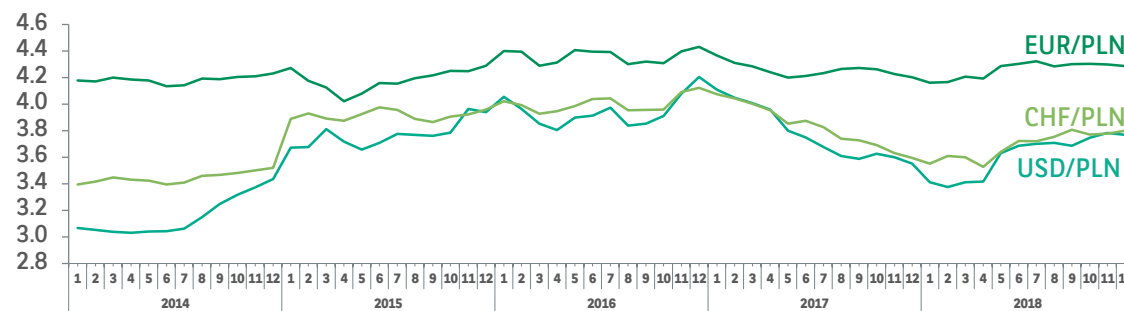
Financial markets

Stable interest rates and zloty

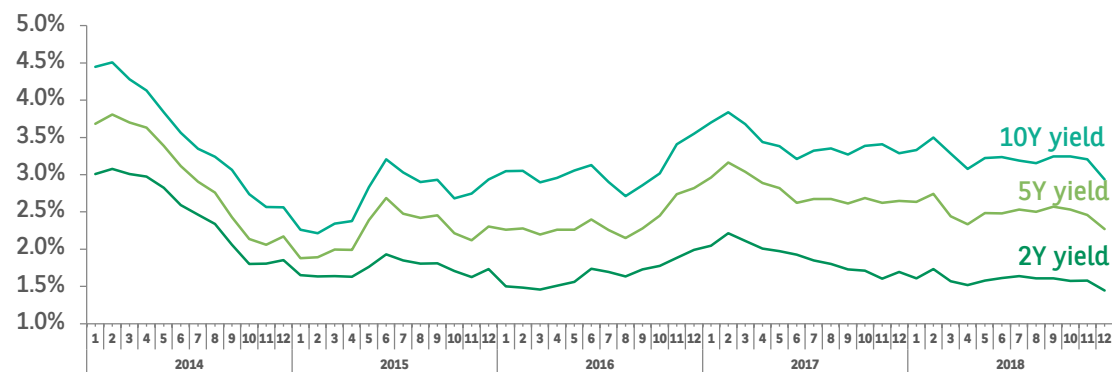
NBP reference rate



Exchange rates



Bond profitability



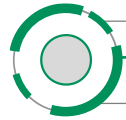
Interest rates and exchange rates

- By the end of 2019, interest rates expected to stabilise, and the inflation rate expected to be below the target 2.5% y/y.
- In Q4 2018 EUR/PLN exchange rate was relatively stable and stood at around 4.30. USD/PLN exchange rate fluctuated between 3.70 and 3.85, and that of CHF/PLN between 3.75 and 3.85 in the first quarter we expect the EUR/PLN exchange rate to stand at around 4.30.
- The expected slowdown in Fed's interest rate hikes and no expectations of changes to EBC interest rates, at least in the first three quarters of 2019, suggest stable bond profitability in the nearest future.

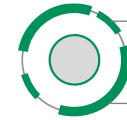
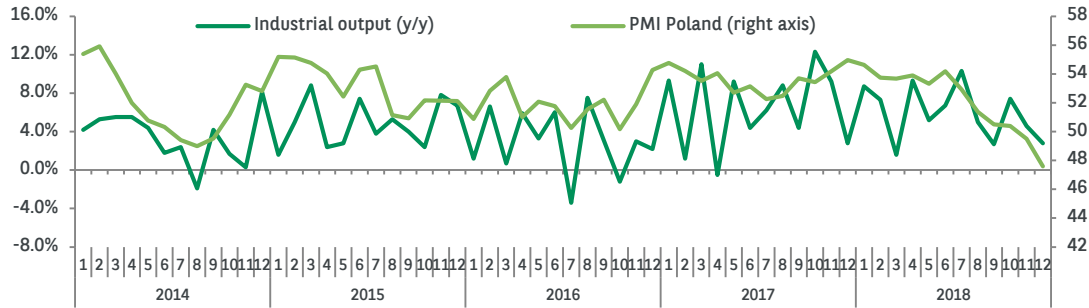


Favourable macroeconomic situation

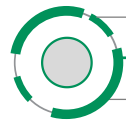
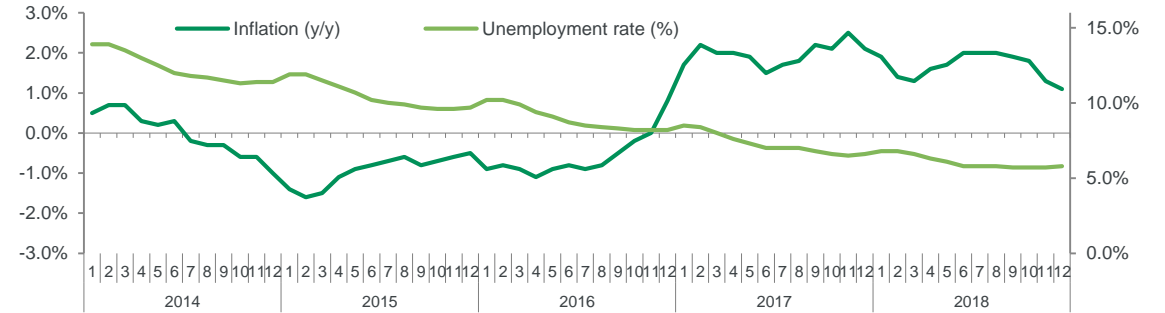
Probable GDP slowdown, inflation rate stabilisation



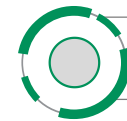
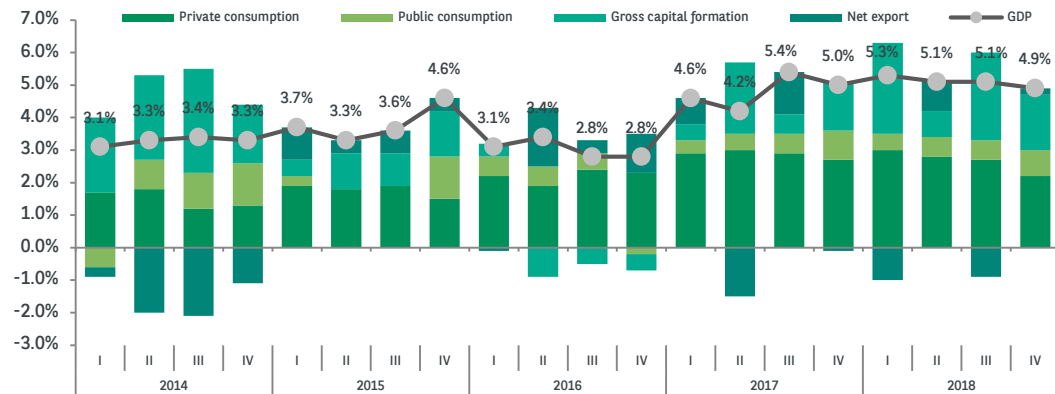
Economic sentiment



Inflation rate and unemployment



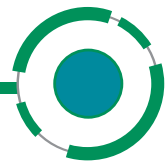
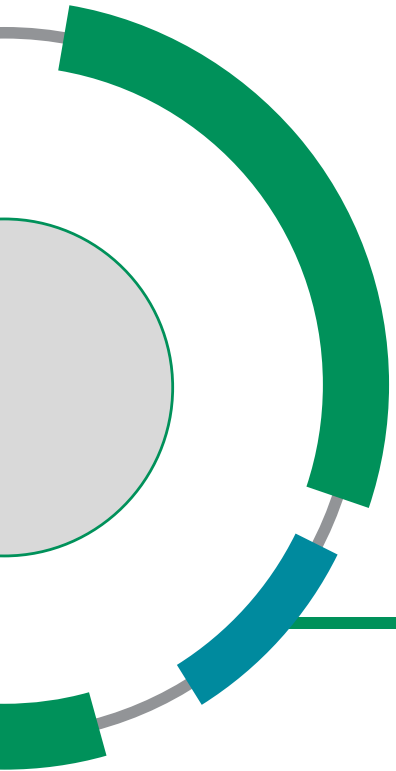
GDP Growth



Economy in 2018

- Since mid-2017, GDP growth has stood at around 5% y/y. According to the available data, in Q4 2018 it stood at 4.9%. Loan growth rate remains moderate and close to the GDP nominal growth. Supply limitations may contribute to a weaker GDP growth in the next quarters.
- The main economic growth driver is consumption favoured by good consumer sentiment, rising salaries and employment rates as well as by social transfers. Investment is also on the rise, especially government investment, driven by an increased use of EU funds. Relatively low growth of company investment may account for the low growth rate of loans for non-financial companies.
- In December CPI fell to 1.1% y/y (lowest level in two years) mostly due to the lower fuel price growth rate as a result of the drop in oil prices.





Financial results of the Group

2018 Financial Results of the Group*

Includes the initial settlement of the Core RBPL purchase and integration costs

	2018 PLN m	2017 PLN m	y/y change	y/y change normalized ¹
Net banking income	3,289.1	2,696.0	+22%	+12%
Total costs	(2,049.4)	(1,680.9)	+22%	+10%
Net impairment losses	(557.7)	(355.3)	+57%	(10%)
Banking tax	(213.1)	(205.9)	+4%	+4%
Profit before tax	468.9	453.9	+3%	+39%
Net Profit	360.4	279.7	+29%	+57%

	2018	2017	y/y change	y/y change normalized ¹
Return on investment (ROE)	4.8%	4.4%	+0.4 p.p.	-
Return on investment (ROE) ¹	6.5%	4.8%	-	+1.7 p.p.
Costs / Income (C/I)	62.3%	62.3%	0.0 p.p.	-
Costs / Income (C/I) ¹	59.9%	61.0%	-	(1.1 p.p.)
Total capital adequacy ratio	14.6%	13.8%	+0.8 p.p.	-
Tier 1 Capital Ratio	12.4%	10.8%	+1.6 p.p.	-

¹ - excluding the integration costs, gains from the bargain purchase of Core RBPL and recognition of the expected credit losses/ECL

2018 integration costs - PLN 265.8 m, of which:

- PLN 236.2 m - administrative expenses, depreciation& amortization
- PLN 29.6 m - other operating expenses

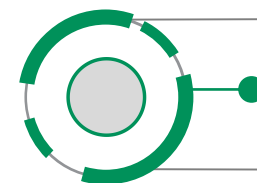
2017 integration costs - PLN 35.6 m, of which:

- PLN 36.3 m - administrative expenses, depreciation& amortization
- -PLN 0.7 m - other operating expenses

Net profit improvement +29% y/y

Events affecting the comparability of 2017 and 2018 results:

- gain from the bargain purchase of Core RBPL (+PLN 291.7 m in the "other operating income" category),
- expected credit losses in 12-month horizon for loans and advances to customers and banks without impairment and debt securities measured at amortised cost / ECL 12M (-PLN 238.9 m),
- integration costs charged to 2018 operating costs and other operating expenses in the amount of PLN 265.8 m (of which PLN 9.1 m related to the acquisition of SKOK Rafineria) compared to 2017 integration costs of PLN 35.6 m.



Excluding the above factors,
net profit growth equal to +57.0% y/y



Initial settlement of acquisition transaction of Core RBPL

PLN m



● Calculation of gain from the bargain purchase

Price as agreed	3,250.0
Initial price adjustment	(5.5)
Payment made after the adjustment	3,244.5
Value of the net assets purchased	3,719.7
Fair value of the net assets purchased	3,536.2
Gains from the bargain purchase	291.7

→ **Fair value adjustments** in the total amount of -PLN 183.5 m mainly refer to:

- Intangible assets adjustments (-PLN 125.9 m in total), mainly relating to IT systems
- Loan portfolio adjustments (-PLN 43.2 m) resulting from negative adjustment to fair value on impaired loans (POCI) and a positive adjustment on loans without impairment - Stage 1.
- The fair value adjustment for Stage 1 portfolio is to be amortised over the subsequent periods, impacting the net interest income
- The value of the initial settlement can be adjusted within 12 months from the date of acquisition.



● Expected credit losses (ECL 12M)

Loans and advances to banks and debt securities	(3.2)
Loans and advances to customers	(235.7)
Total ECL 12M	(238.9)

ECL 12M settled from the 2018 result:

- In accordance with the IFRS9 requirements, ECL 12M should be recognised for the acquired loan portfolio in Stage 1 as of the first reporting date.
- ECL 12M was estimated for the customer loan portfolio in Stage 1 with a book value of PLN 17.5 bn as well as receivables from banks and debt securities worth in total PLN 3.4 bn.



A significant rise in the scale of lending operations

Gross loan portfolio growth +37.4% vs December 2017

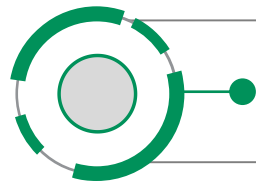
PLN m

The gross value of loan portfolio* up by 37.4% y/y to PLN 76.6 bn,

- the market share of the individual loans up to 4.6% (+0.9 p.p. y/y),
- the market share of the institutional loans up to 7.3% (+1.8 p.p. y/y).

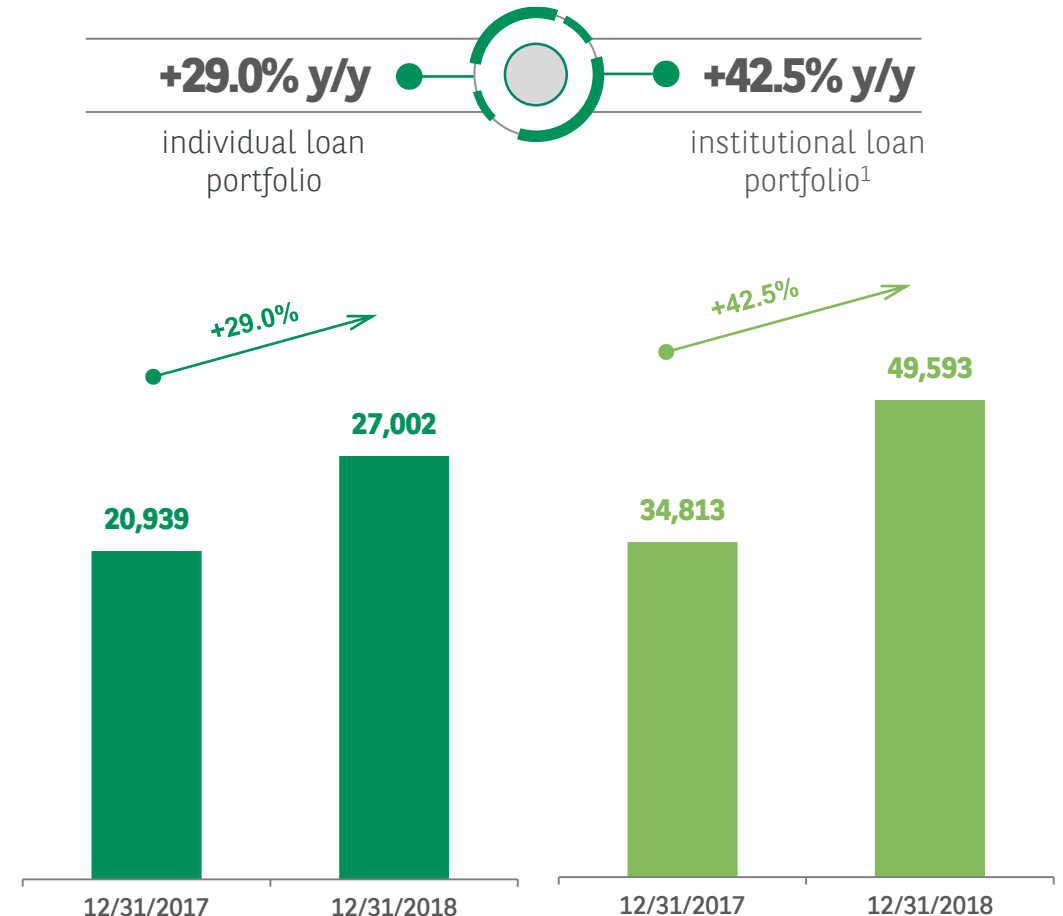
Lower concentration:

- the share of FX mortgage loans in the total gross loan portfolio is down by 2.9 p.p. to 6.8%,
- the share of loans to individual farmers in the total gross loan portfolio is down by 5.5 p.p. to 14.2%.



The market share of the customer loans was up by 1.4 p.p. to 6.0%

* Including the portfolio at fair value (gross balance sheet value)



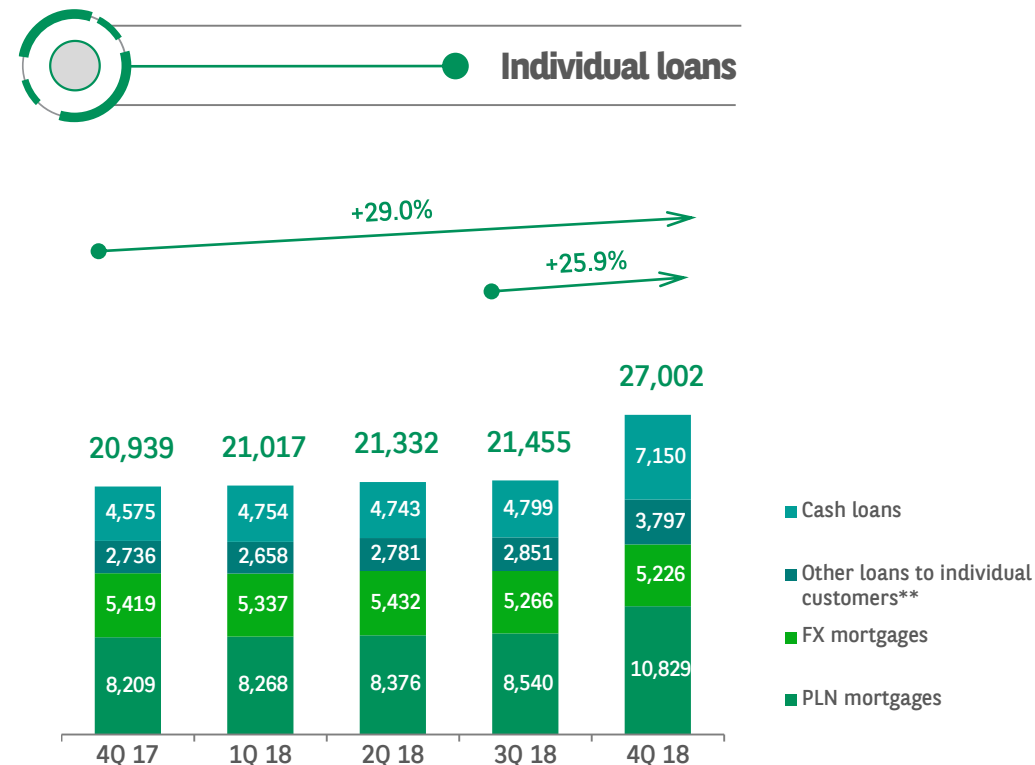
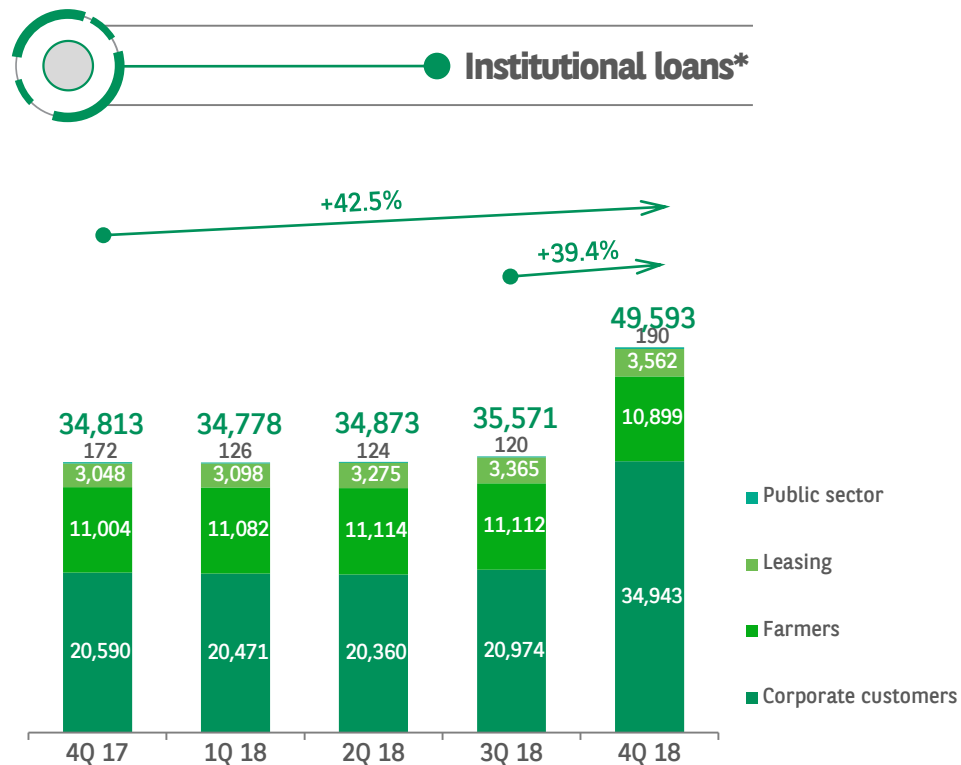
¹ the gross portfolio value includes portfolio measured at fair value



Loan portfolio – growth and change in structure

Changes in the portfolio structure resulting in a lower industry concentration and improved profitability

(PLN m, end of quarter)



As a result of the Core RBPL purchase:

- the share of gross institutional loans in the Bank's total loan portfolio was up by 2.3 p.p. to 64.7%
- the share of corporate loans in total institutional loans was up by 11.3 p.p. to 70.5%,
- the share of loans to individual farmers was down by 9.6 p.p. to 22.0%.

As a result of the Core RBPL purchase:

- the share of mortgages in total individual loans went down by 5.6 p.p. to 59.5%.
- the share of cash loans was up by 4.6 p.p. to 26.5% contributing to the improvement in total loan portfolio profitability.

* Including the portfolio at fair value for the agro loans and institutional loans (breakdown based on MIS data)

** among others, car loans, overdraft facilities, credit cards

Deposit base reinforced as a result of the Core RBPL purchase

Optimisation of the liquidity position and margin

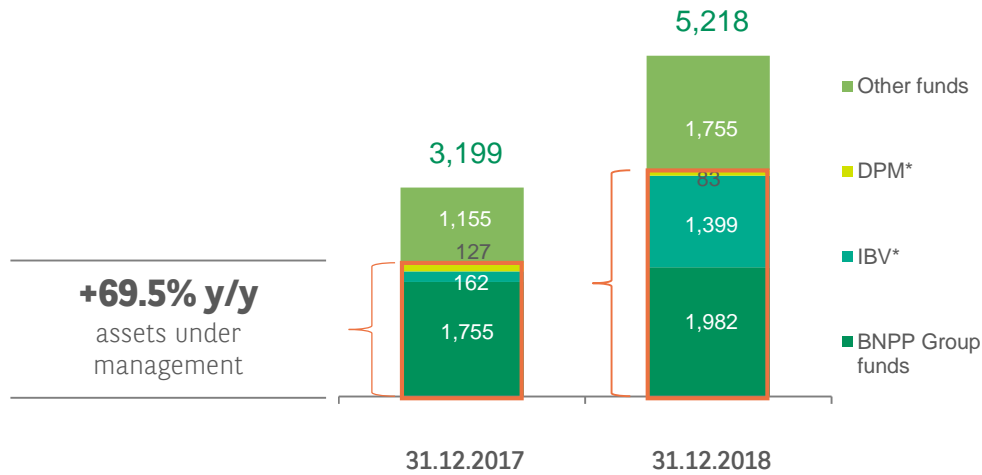
PLN m

Higher deposit balance (+59.0% y/y, +68.6% vs Q3 2018)

The share of current accounts in total customer deposits up by 9.8 p.p. to 63.6%.

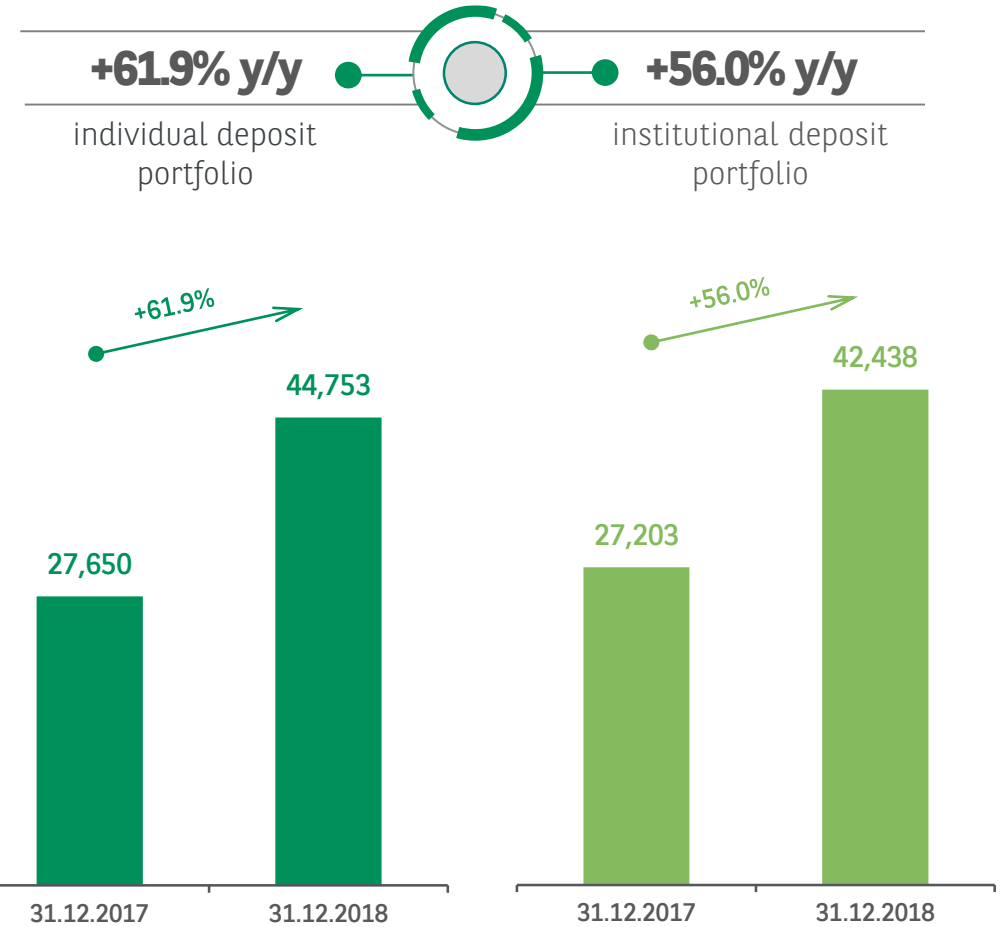
The growth in investment products (+63.1% y/y)

The volume of other funds (Core RBPL purchase) and of structured products (IBV) was up.



* Discretionary Portfolio Management

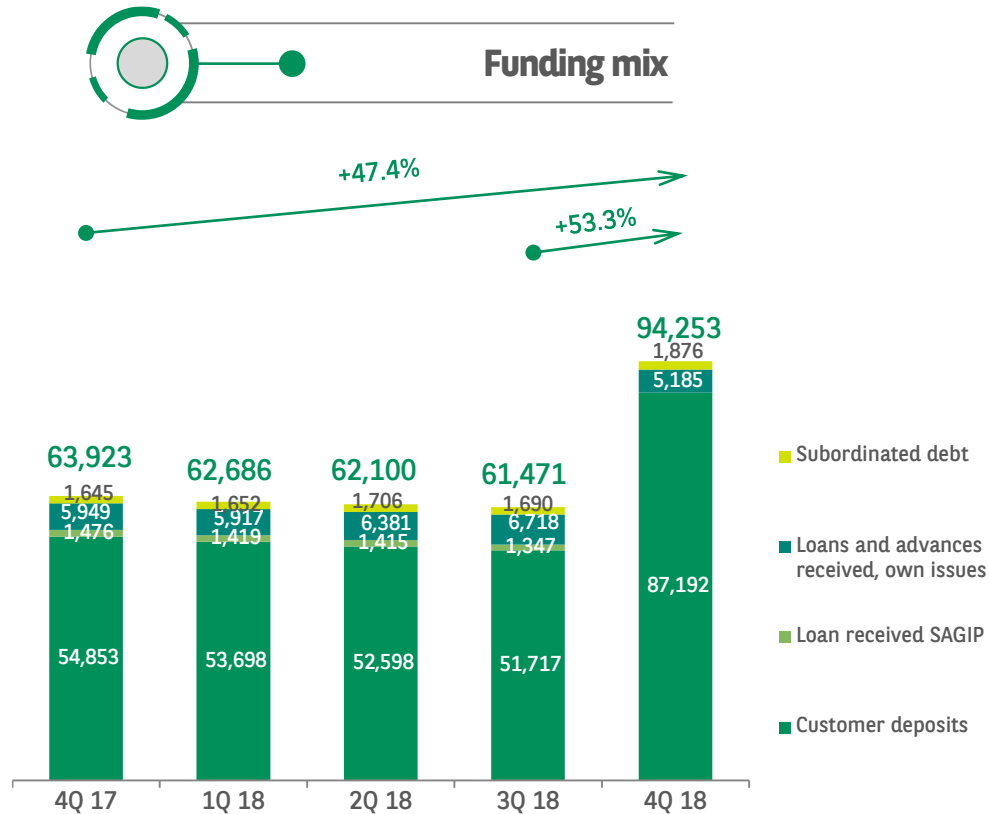
** Structured Products



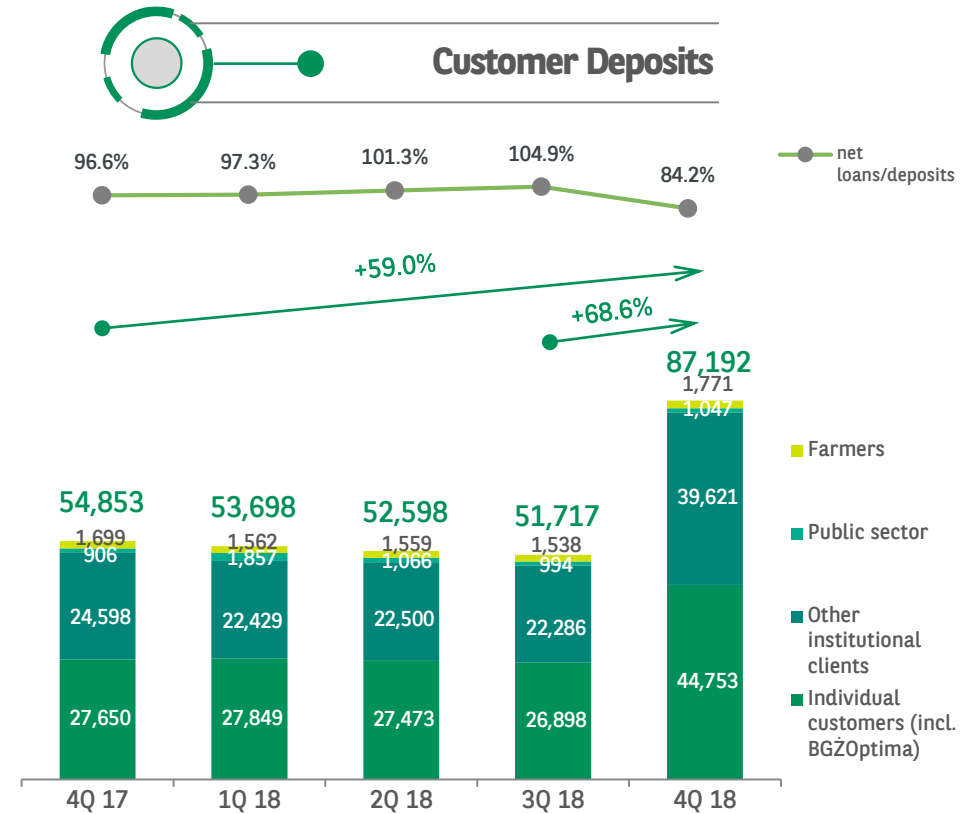
Funding mix – higher share of customer deposits

Improvement in the Bank's liquidity position as a result of the Core RBPL purchase

PLN m, end of quarter



- The share of customer deposits in total funding mix was up by 6.7 p.p. (to 92.5%).
- Lower significance of wholesale funding. Earlier repayment of loans received from the BNP Group (PLN 2.9 bn).
- As a result of securitisation in Q4 2017, the Group gained funds from bonds issued by SPV in the amount of PLN 2.2 bn. They replaced funds acquired from banks in the form of loans and advances.

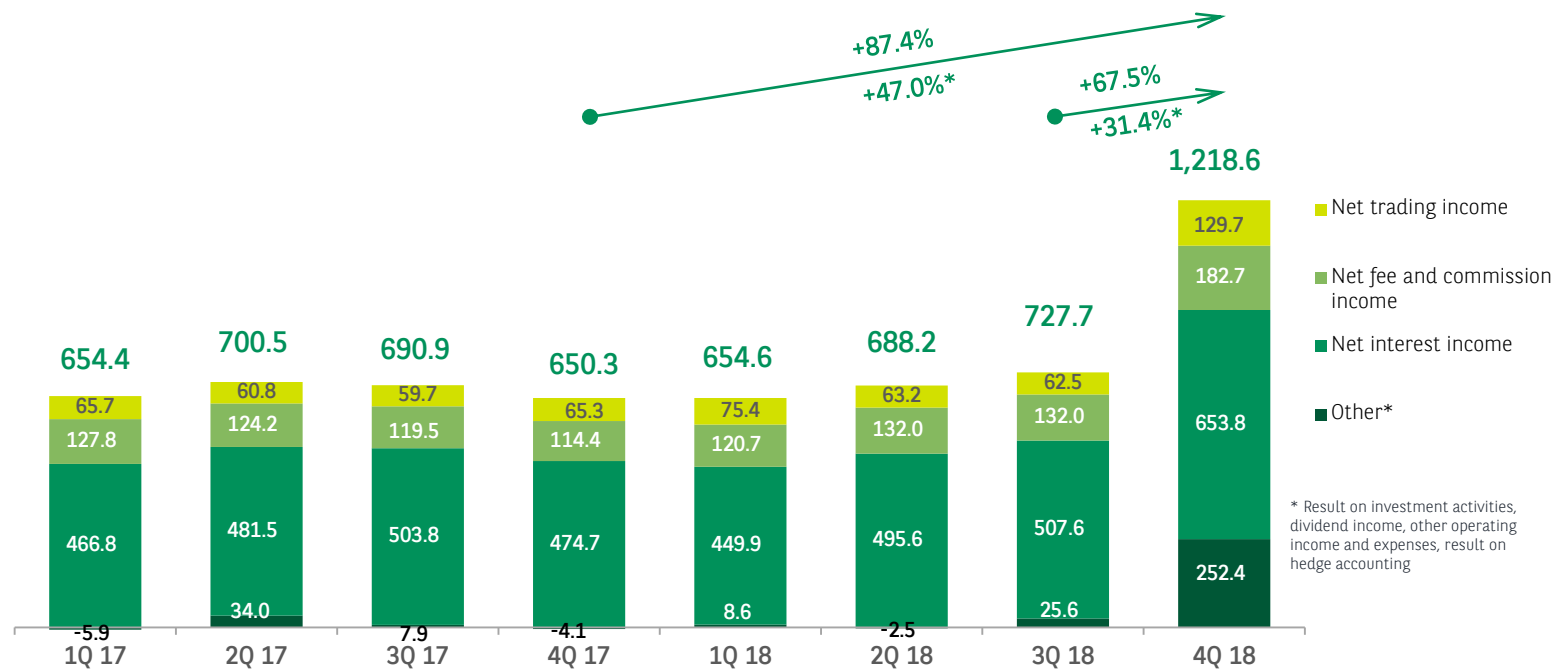
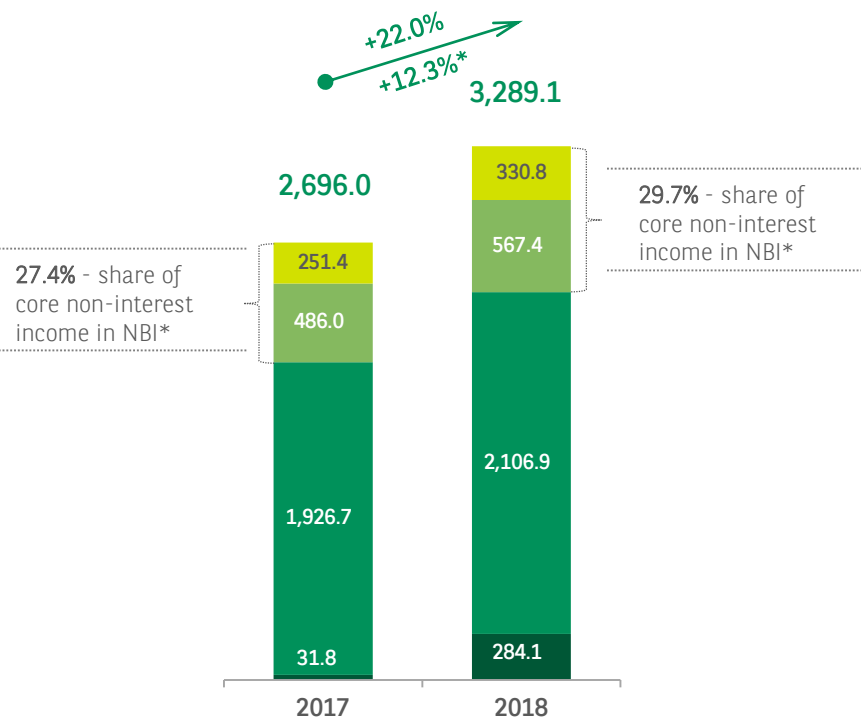


- The share of individual customers and non-banking financial customers in total customer deposits was up (by 0.9 p.p. to 51.3% and by 1.7 p.p. to 4.6%, respectively).
- The share of other institutional customers and farmers in total customer deposits was down (by 1.1 p.p. to 40.8% and by 1.1 p.p. to 2.0%, respectively).
- The volume of deposits obtained through BGZ Optima was down as a result of pricing policy optimisation (-34.0% y/y).

Net banking income

Growing importance of non-interest income as a result of the Core RBPL purchase

PLN m



- As part of other operating income, gains from the bargain purchase of RBPL in the amount of PLN 291.7 m were presented. Excluding this category and integration costs disclosed in other operating expenses, the net banking income would be up by +12.3% y/y.
- Net trading income improved by +31.6% y/y, and net fee and commission income was up by +16.8% y/y.

- Visibly greater importance of the net trading income, and net fee and commission income after finalizing the Core RBPL purchase.
- Positive impact of loan portfolio valuation at fair value (+PLN 6.0 m in FY2018).
- The Other category includes in Q4 2018 an amount of PLN 291.7 gain on a bargain purchase of Core RBPL and integration costs recognized in other operating expenses, including PLN 22 million provision for branch restructuring costs and PLN 7.5 million impairment costs of fixed assets.

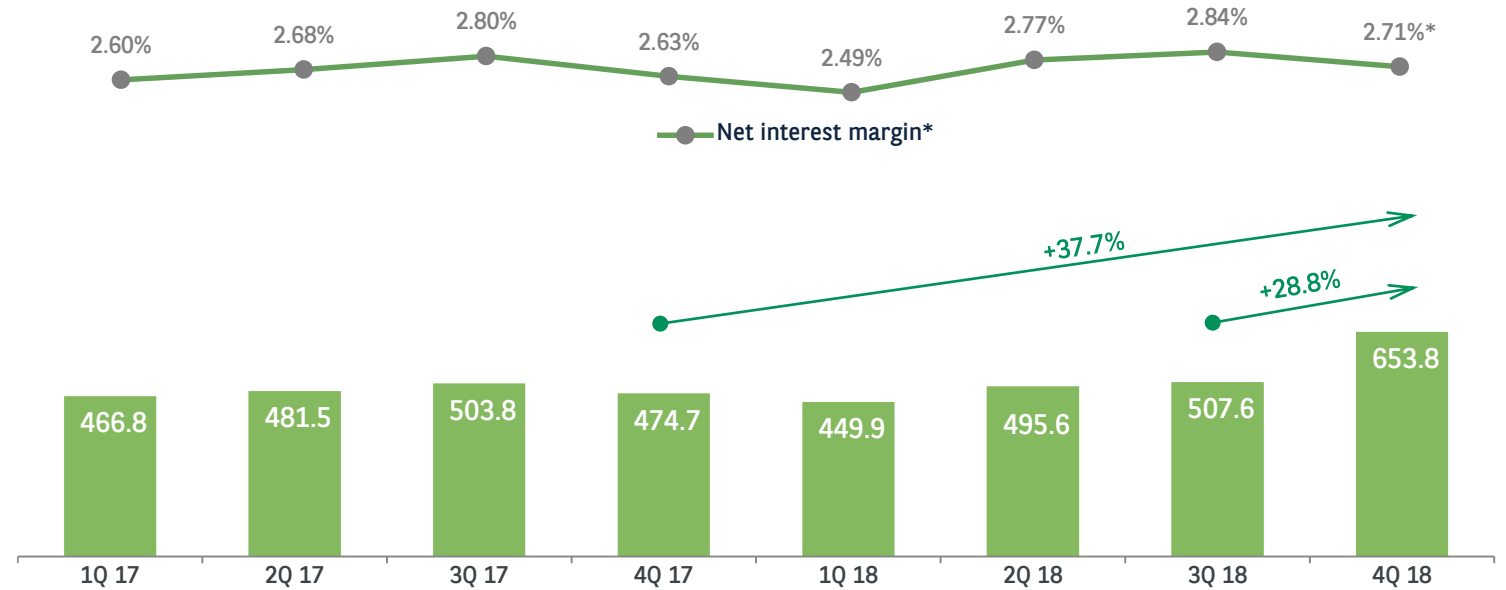
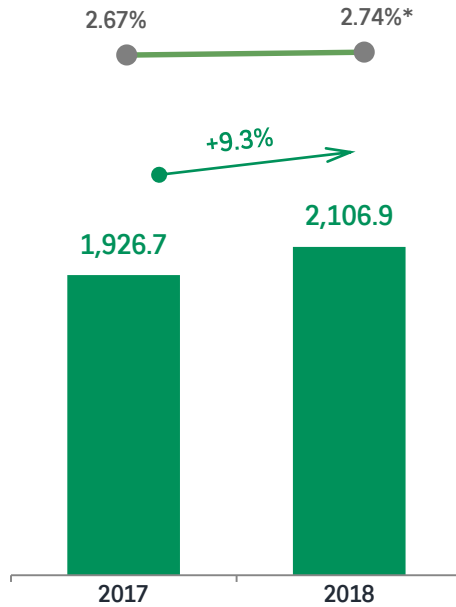


* Based on normalized value i.e. excluding of the settlement of purchase of Core RBPL (gain from the bargain purchase) in 2018 as well as integration costs recognized in other operating income for both years.

Net interest income

Higher net interest income as a result of finalising the Core RBPL purchase and improved deposit margins

PLN m



- The effect of reduction in the NBP obligatory reserve rate (income was down by PLN 15.3 m compared to 2017).
- The impact of securitization costs (estimated at -PLN 25.9 m in 2018).
- Early repayment of loans received from the BNPP Group - negative impact of PLN 31.8 m.
- Inclusion of the Core RBPL result for the last two months of 2018.

- The improved liquidity position as a result of the Core RBPL purchase made it possible to keep on optimizing pricing policy. Consistently improved deposit margins over subsequent quarters of 2018.
- The increase in loan volumes was among net interest income growth drivers starting from Q3 2018.
- The net interest income for Q1 2018 is lower compared to Q2 2018 due to one-off adjustments to the effective interest rate calculation (-PLN 7.8 m).

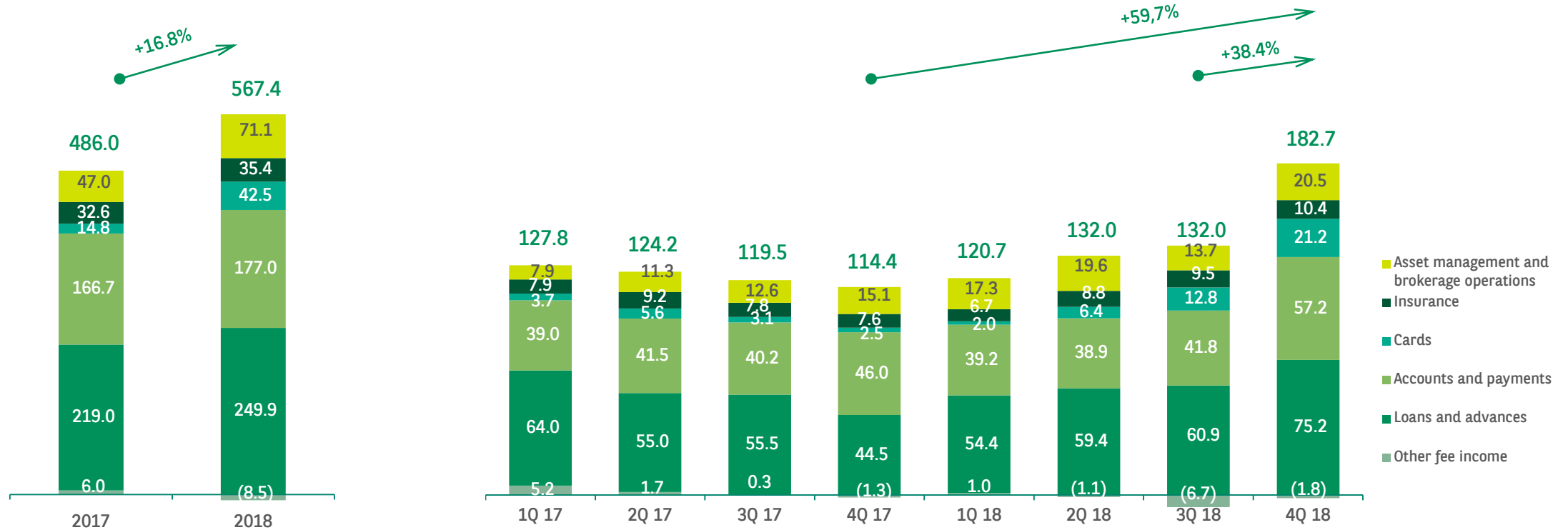
* Net interest margin is calculated as a ratio of net interest income to average total assets as of quarter ends. Due to the significant increase in the total assets as of 31 October 2018 and to the recognition of the net interest income of the purchased Core RBPL for the last two months of 2018 in the Bank's net interest income - for Q4 2018 average weighted days are applied.



Net fee and commission income*

Higher net fee and commission income as a result of greater scale of business activity as well as the Core RBPL purchase finalization

PLN m



- Higher net fee and commission income y/y as a result of higher card (186.7% y/y), brokerage and asset management fees (+51.4% y/y).
- Higher net fee and commission from loans and leasing (+14.1% y/y).

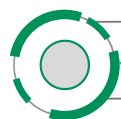
- Higher share of card fees (Q4 vs Q3 2018 +65.9%).
- Further increase in the share of brokerage and asset management fees (Q4 vs Q3 2018 +49.2%).

* In Q2 2018, the presentation method for net fee and commission income was changed. To make data comparable, the change was implemented for all quarters of 2017.

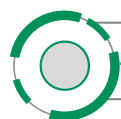
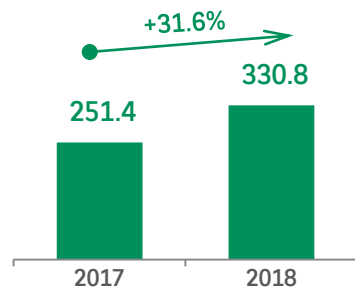
Net trading and investment income

Positive impact of the Core RBPL purchase

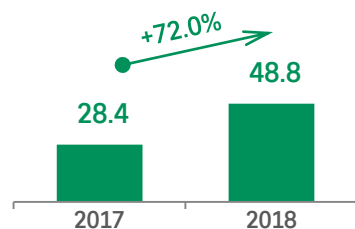
PLN m



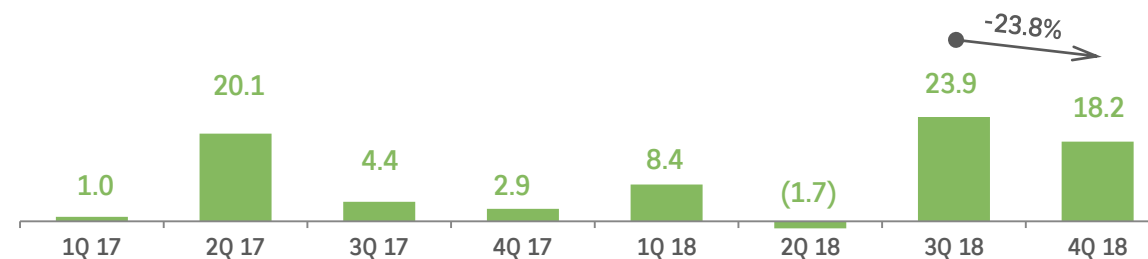
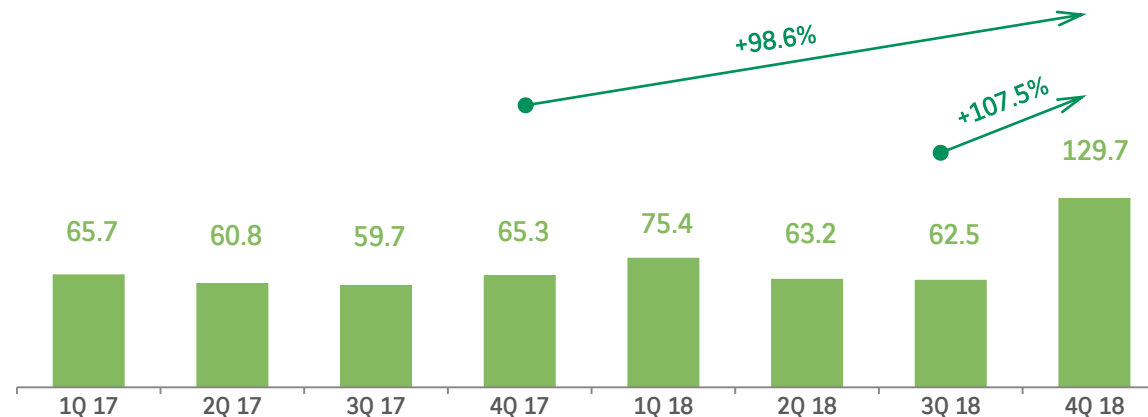
Net trading income



Net investment income



- Higher net trading income as a result of Core RBPL finalisation (most of all, FX transactions).
- Higher net investment income y/y due to PLN 15.7 m higher profit from sales of debt instruments and to positive valuation of the loan portfolio measured at fair value (+PLN 6.0 m).



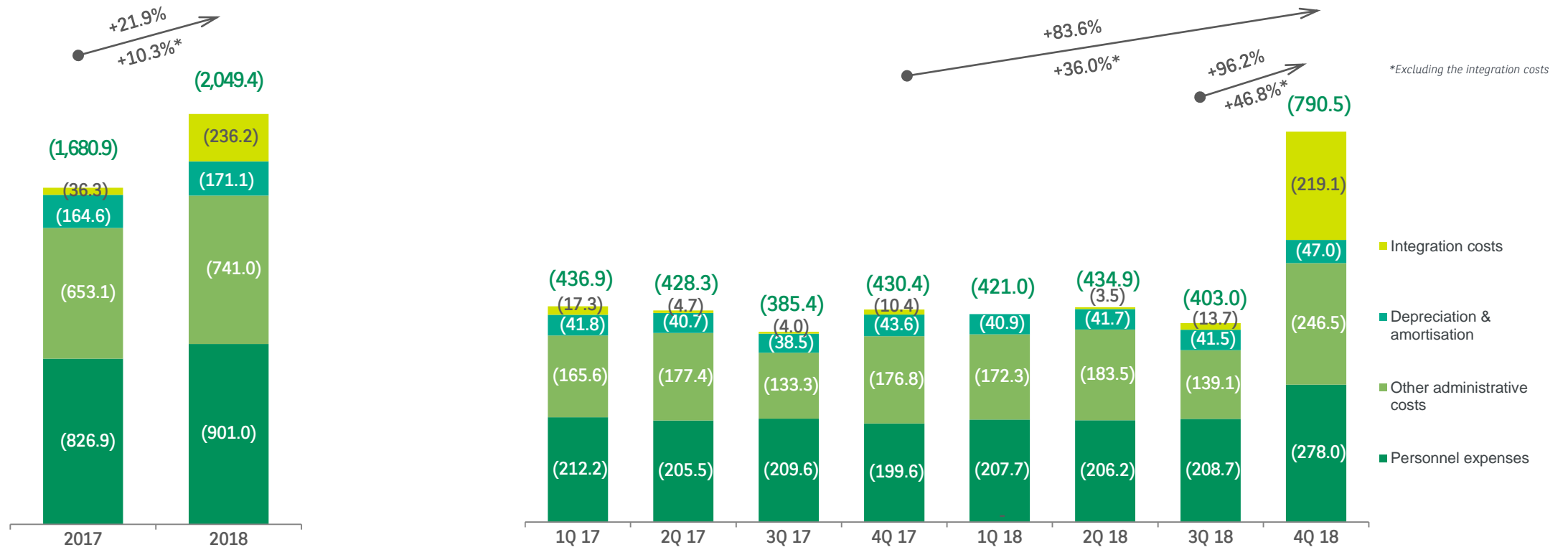
- The positive impact of profit from sales of debt instruments +PLN 30.2 m in Q4 2018 partly neutralised by the negative impact of valuation of loans and advances to customers measured at fair value of -PLN 13.6 m.
- The net investment income for Q3 2018 includes the impact of valuation of loans and advances to customers measured at fair value of +PLN 23.9 m compared to PLN -12.1 m in Q2 2018 and +PLN 7.8 m in Q1 2018.



Operating expenses, depreciation and amortisation

Higher costs as a result of the Core RBPL purchase finalization and the integration process

PLN m



- 2018 expenses excluding integration costs were up by 10.3% y/y.
- 2018 integration costs include:
 - provision for restructuring – PLN 130.5 m,
 - provision for retention programmes – PLN 10.9 m,
 - costs of legal and consulting services – PLN 49.7 m,
 - costs of accelerated systems depreciation in connection with banks' merger processes – PLN 18.5 m.

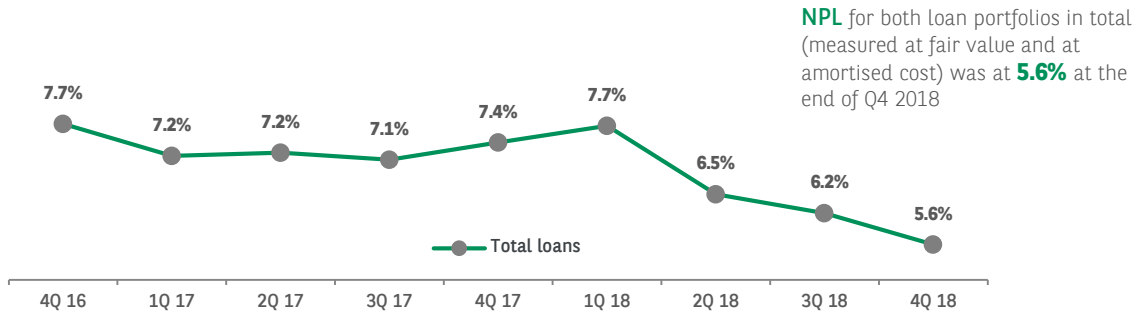
- The increase in personnel expenses in Q4 2018 related to, among others the increase in employment as a result of the acquisition of Core RBPL (11,265 FTEs at the end of Q4 vs. 7,523 at the end of Q3 2018).
- The increase in other administrative expenses in 4Q 2018 in addition to the recognition of Core RBPL expenses was related to the increase in marketing costs and IT costs.
- The integration costs incurred in Q4 2018 were up by PLN 205.4 m compared to Q3 2018 (PLN 219.1 m vs PLN 13.7 m).
- The drop in other administrative expenses in Q3 2018 vs Q2 2018 involved mostly the costs of Banking Guarantee Fund fees (costs are down by PLN 29.1 m) and marketing expenses (down by PLN 11.1 m).



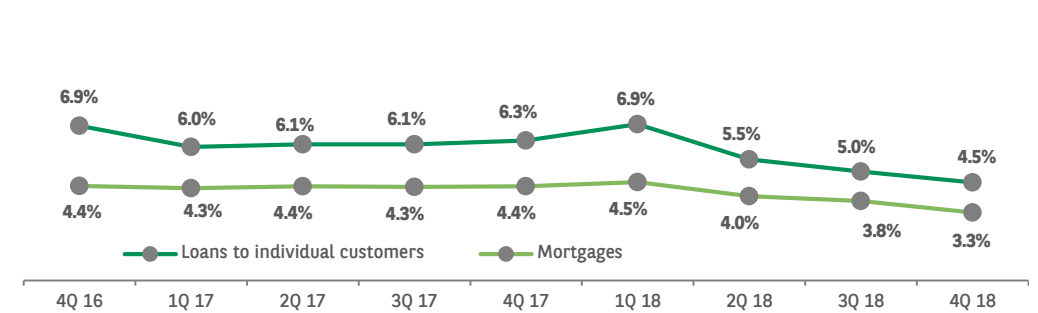
Loan portfolio quality

Improved NPL ratios thanks to consistent credit policy and to the significant rise of loan portfolio in Q4

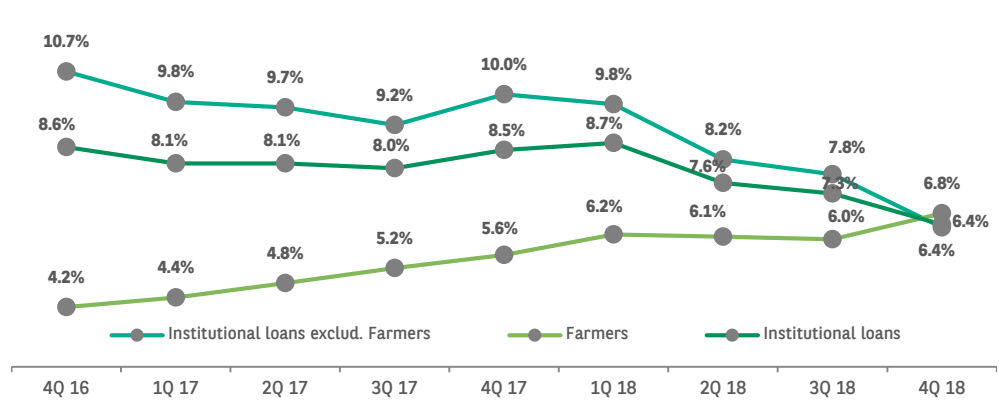
Total loans – NPL*



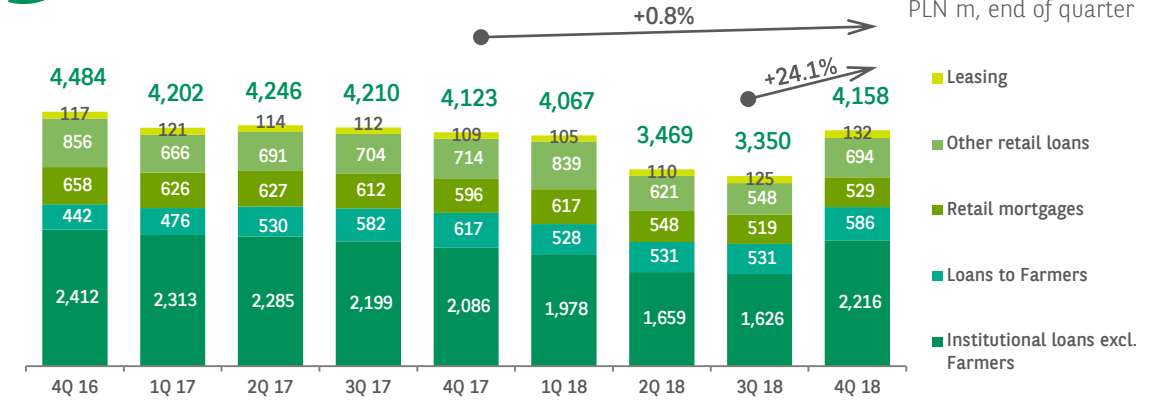
Retail loans – NPL*



Institutional loans – NPL*



Impaired portfolio, gross**

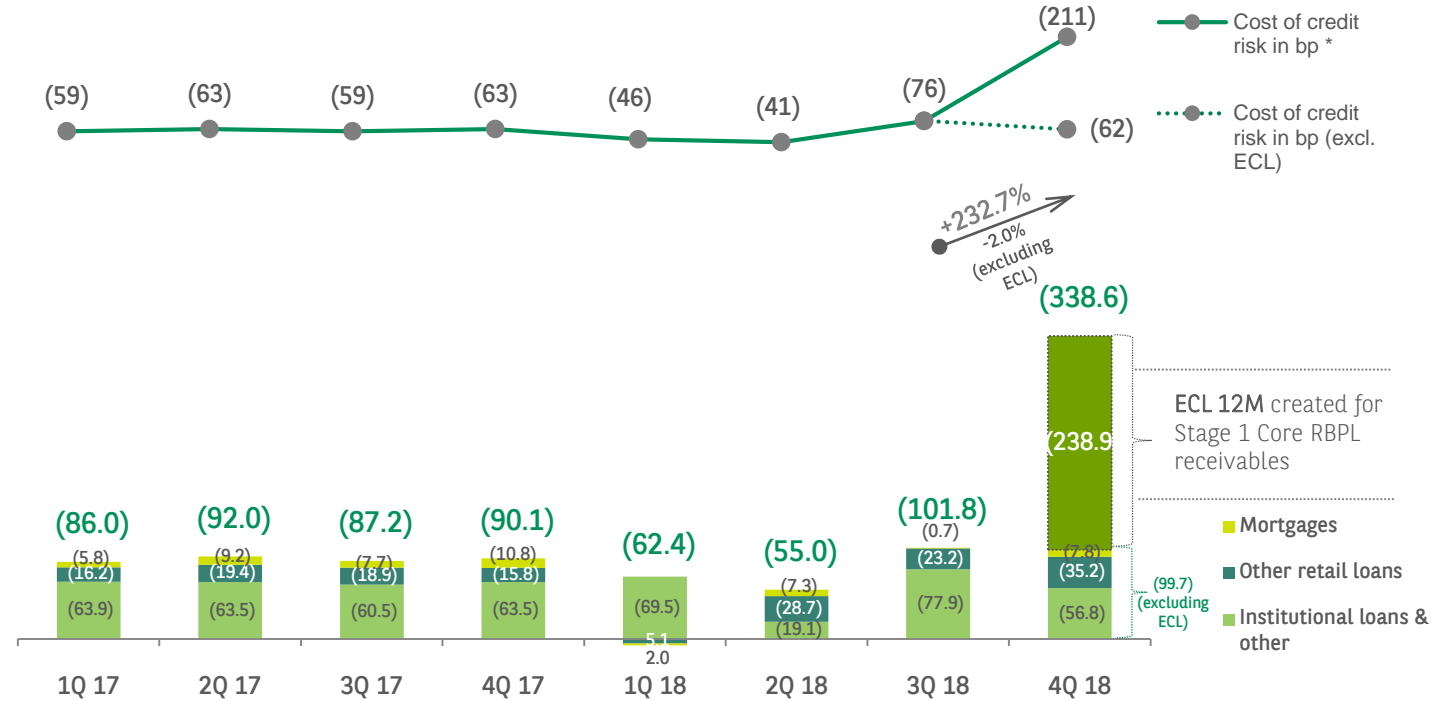
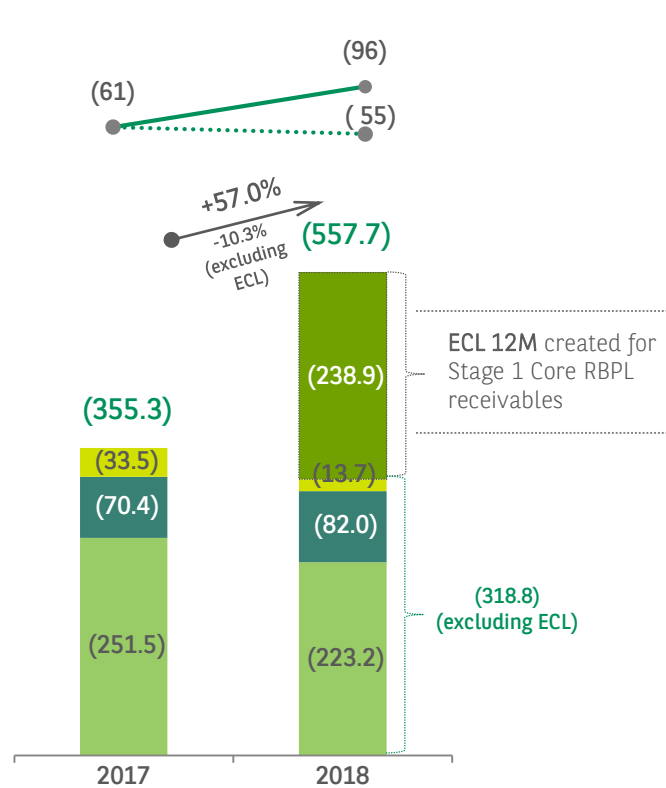


* NPL calculation for Q1, Q2, Q3 and Q4 2018 does not include loans and advances measured at fair value, separated according to IFRS 9
 ** impaired portfolio starting from March 31, 2018 does not include loans and advances measured at fair value, separated according to IFRS 9

Net impairment losses (by main portfolios)

Stable cost of risk level and the one-off impact of the Core RBPL purchase

PLN m



The cost of risk level in Q4 stems driven mainly by the following items:

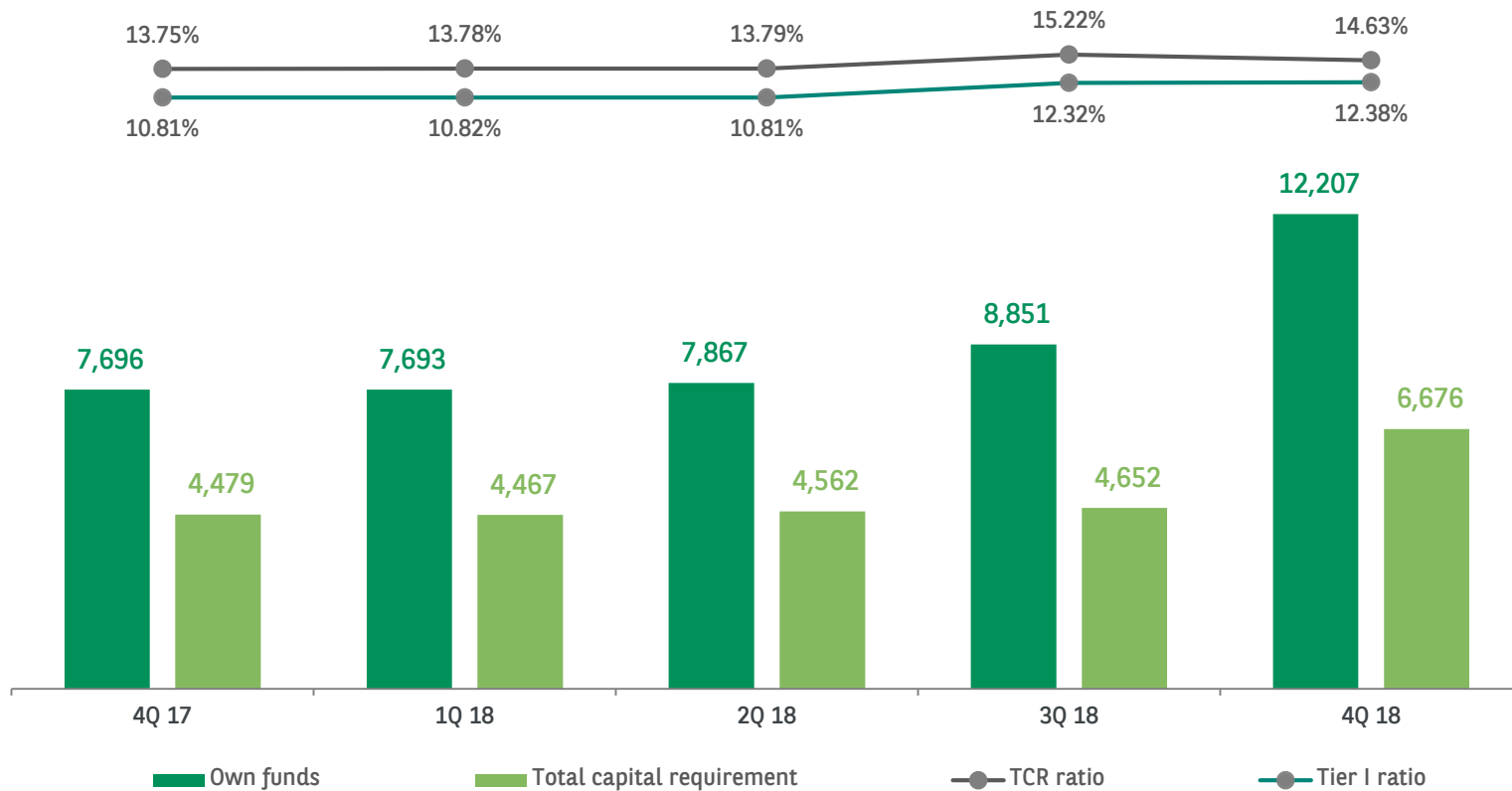
- an additional PLN 28 m provision for exposures to loans to farmers operating in drought-affected areas,
- higher PD application resulting from the expected economic growth slowdown in Poland,
- the impact of the aforementioned factors was partly compensated by the positive effect of implementing a behavioral scoring model for farmers.

- Excluding the ECL provision, the cost of credit risk in 2018 was 6 b.p. lower y/y.
- A positive impact of the sale of receivables on 2018 results of PLN 30.4 m.

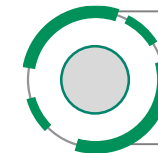
Capital adequacy

Own funds growth as a result of share issues and net profit allocation - capital ratios above the regulatory requirements

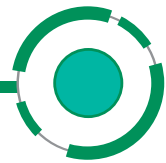
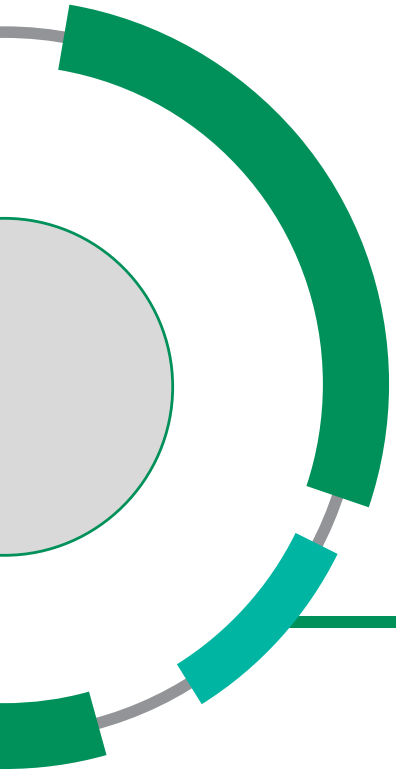
PLN m, end of quarter



- The net profit for 2017 (PLN 298 m) was allocated to the reserve capital.
- Own funds were up due to J and K series (PLN 800 m) and L series (PLN 3,250 m) share issues.
- Polish Financial Supervision Authority's approvals obtained for the recognition of the net profit for the first half year 2018 and Q3 2018 (PLN 328 m in total) in own funds.



As a result both standalone and consolidated capital ratios were above regulatory requirements.



Business segments performance

Retail and Business Banking

Growth in customer acquisition and sales volumes, a significant rise in the scale of business



3.7 m
number of retail
customers

+1,017 k
+38% y/y

+810 k core RBPL
+207 k former BGZ BNPP

Offering extended and sales results consistently growing

- The personal account offering made more attractive, and focus on customer acquisition - increased individual customer acquisition and high personal account sales growth maintained.
- Mortgage loan sales clearly on rebound.
- Investment certificate sales (IBV): PLN 693 m (+232% y/y; former BGZ BNPP: +201% y/y).
- Ecosystem for new micro companies → micro customer account sales in 2018 were up by 19% y/y (former BGZ BNPP: +13% y/y).
- Margin optimization on savings products → deposit margin improved.

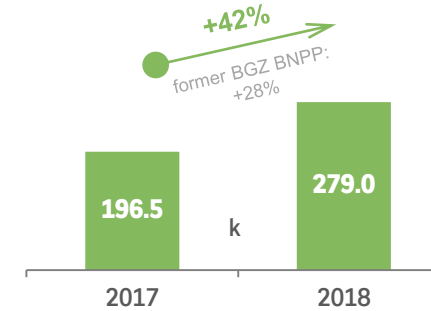
Transformation

- Further development of the GOMobile app and mobile transactions - the number of active users doubled y/y to 164 thousand and the number of transactions tripled y/y to 4.4 m.
- Apple Pay implemented and Google Pay popularised - 10x growth in the number of users y/y.
- Further branches opening in the new format (flagship branch at Warsaw Sezam premises). 15 new format branches launched in 2018.

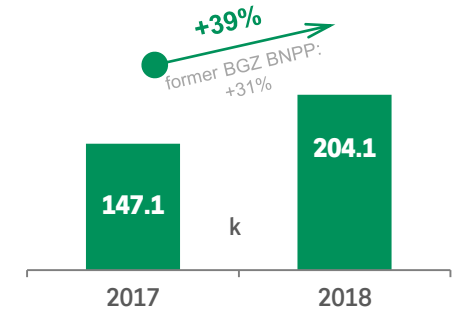
Implementing the BNP Paribas Wealth Management brand

- New positioning - 8 thousand customers, 13% market share in terms of the number of customers with assets above PLN 1 m*.

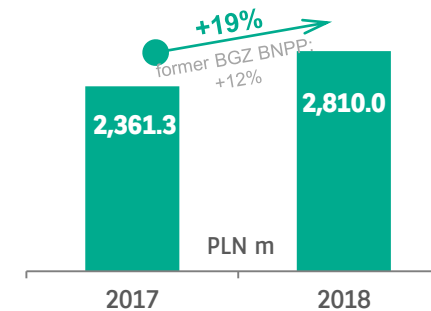
Individual customer acquisition



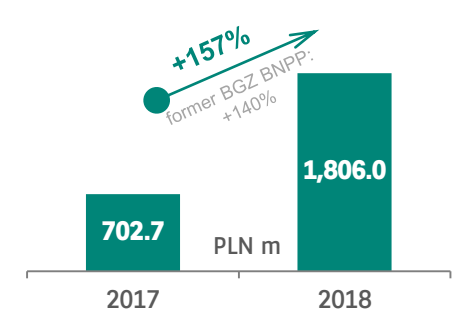
Personal account sales



Cash loan sales



Mortgage loan sales



*Based on the Bank's estimate..

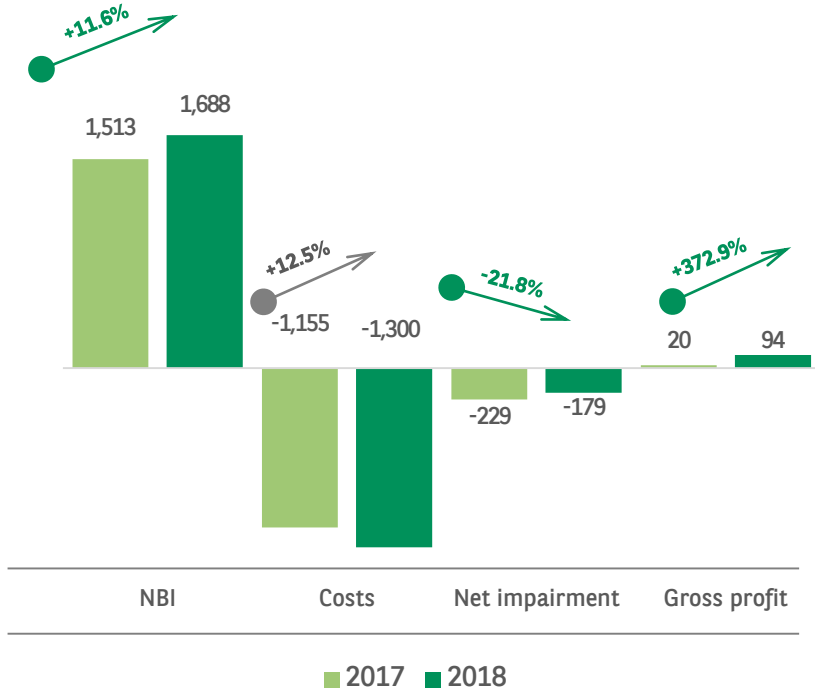


Retail and Business Banking

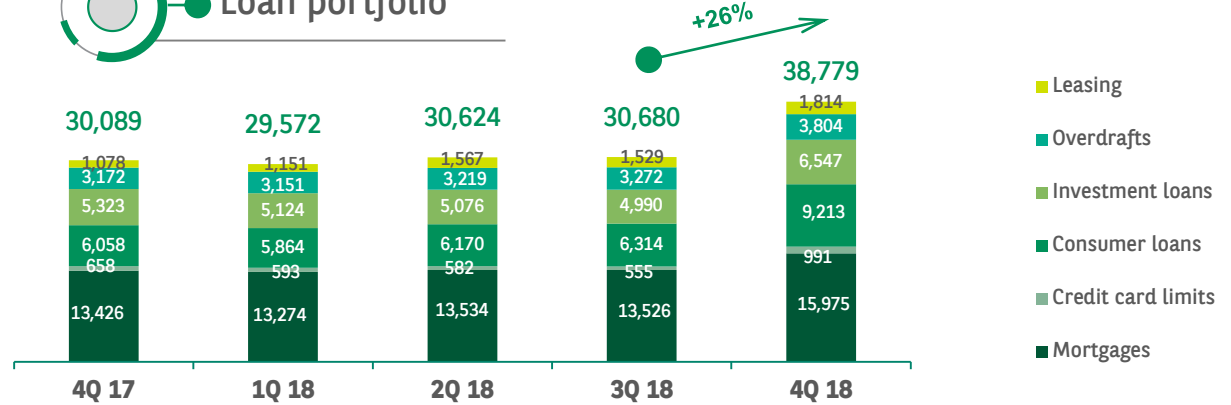
Greater significance of the net fee and commission and trading income, and lower cost of risk are the main factors of the increase in profit before tax

PLN m

Profit before tax structure



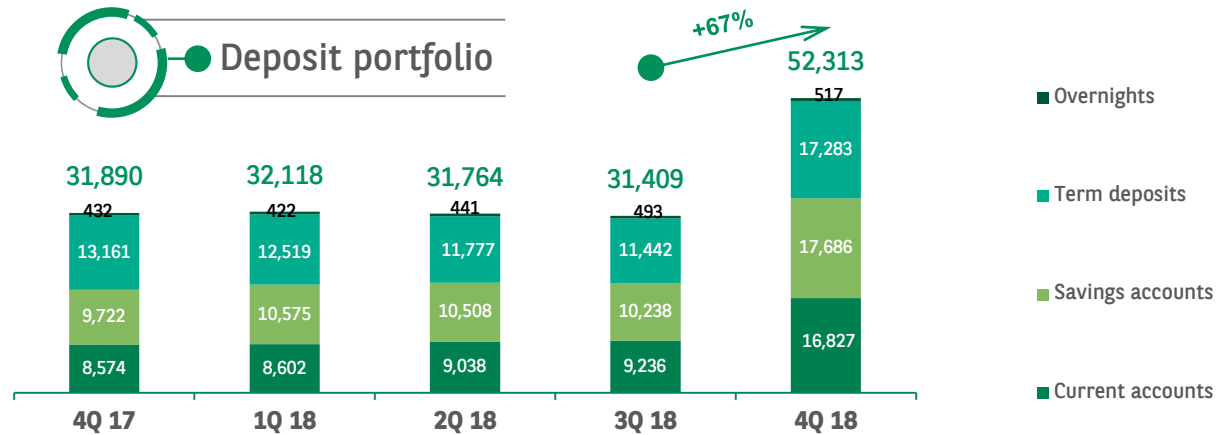
Loan portfolio



Segment's share of the Group's net banking income



Deposit portfolio



* Excluding gains from the bargain purchase



Corporate Banking

Building the position of a key market player. Further organisation transformation, concern for quality and customer satisfaction

Growth in the scale of business due to consistent strategy implementation and the Core RBPL purchase

- Acquisition and activation of new corporate customers. The number of newly acquired corporate customers in 2018: +315 (+256 former BGŻ BNPP).
- Continuation of the business strategy based on development of transactionality and product cross-selling:
 - ✓ higher net fee and commission income by 27% y/y,
 - ✓ higher leasing sales by PLN 709 m, +25% y/y (above the market dynamics).

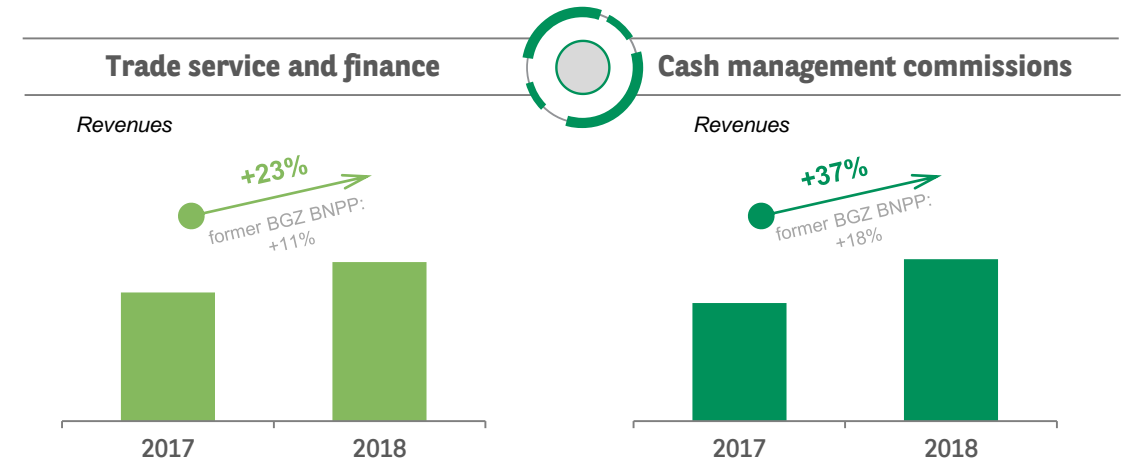
A wide array of changes in Corporate Banking processes and systems

- New cash management solutions: micro-CDMs (immediate transfer of depositor's funds to the account), split payment implementation.
- eDeveloper - launching a dedicated system for safe and effective service and settlement of housing trust accounts.
- Further development of the BiznesPl@net internet banking system: corporate customers provided with VAT account functionality, postal orders (transfer of funds to beneficiaries who do not have a bank account) and user management functionality.

Multinational companies and foreign trade service as the key pillar of the Bank's growth

- Special Foreign Trade Programme ("PHZ") launched - supporting importers and exporters in their foreign expansion.
- The spring edition - Asian markets (1.5 thousand participating companies), the autumn edition - African markets (8 meetings in large cities, 0.8 thousand participating companies).

Development of transactionality and product cross-selling



Significant rise in the customer base



14.3 k
corporate
customers

+8.3 k
+140% y/y

+8.2 k Core RBPL
+0.1 k ex BGŻ BNPP

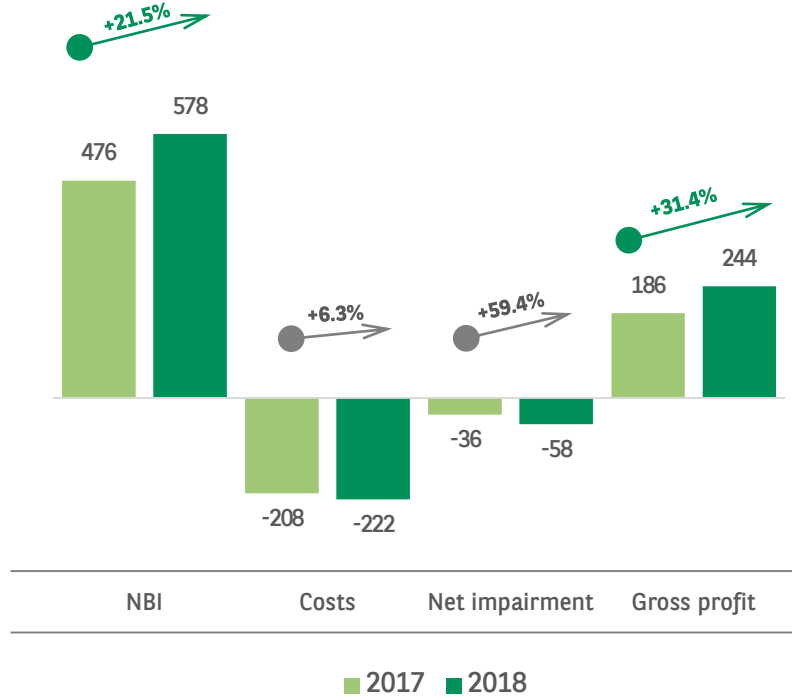


Corporate Banking

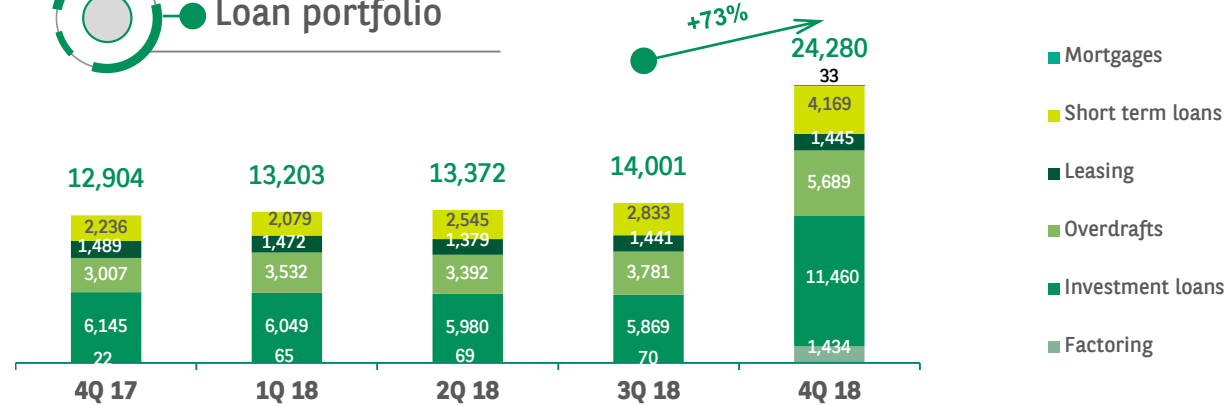
Improved net interest, and net fee and commission income as the main factors for the increase of profit before tax, significant loan portfolio increase

PLN m

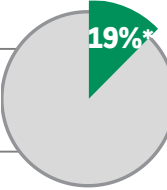
Profit before tax structure



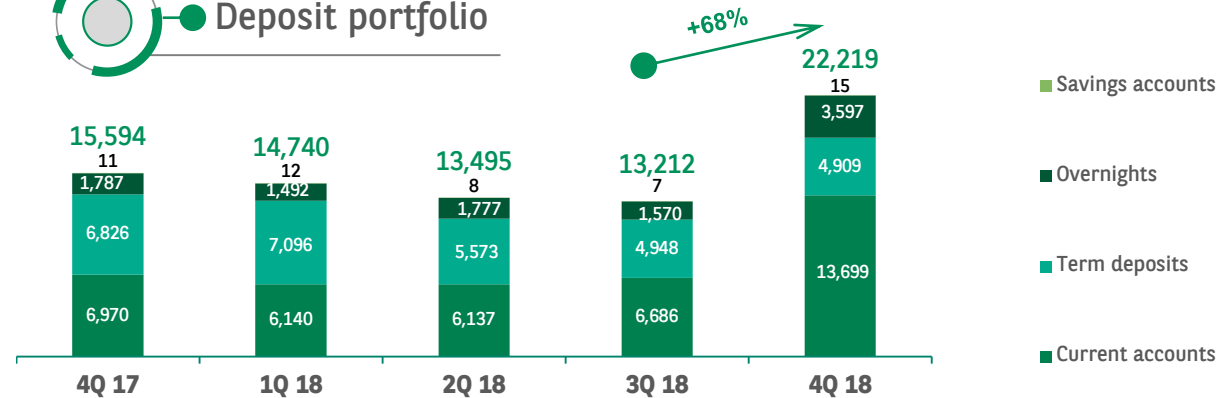
Loan portfolio



Segment's share of the Group's net banking income



Deposit portfolio



* Excluding gains from the bargain purchase

SME Banking

Building the scale of business by means of consistent organisation transformation and Core RBPL purchase

Positive business trends, increased customer acquisition and the scale of business in SME segment

- Effective new customer acquisition in 2018: +2,825 (+2,171 former BGŻ BNPP).

Bank's position significantly strengthened due to the Core RBPL purchase

- More diversified business with a larger number of non-Agro customers.
- An efficient distribution network (including increased geographical coverage of the country) and innovative centralised customer service.
- A profitable product mix characterised by low capital-intensity, experienced product specialists, particularly in the areas of factoring, trade finance and FX.

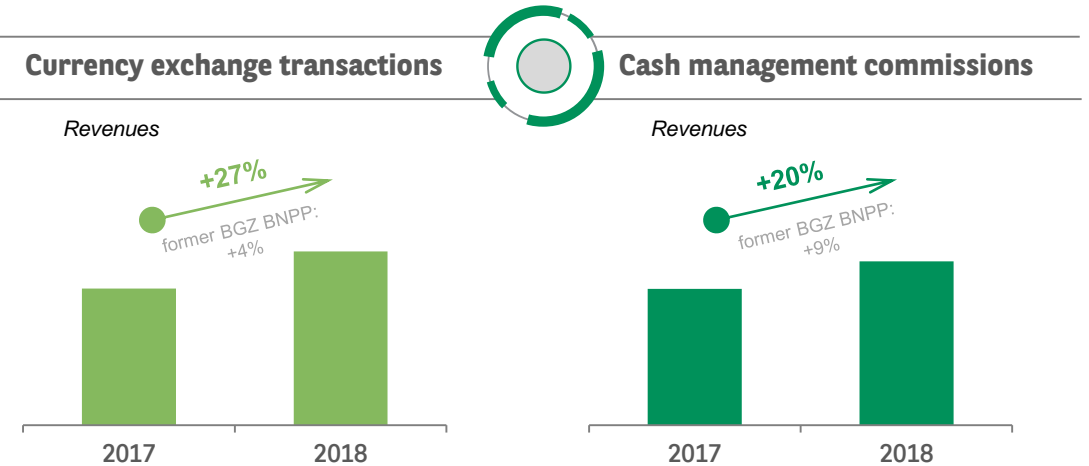
Further process and product mix improvement:

- New lending process, fast lane for the cross-sell package.
- Customer Service unit made available to SME clients – dedicated operational advisor, wide range of support.
- Self service zone for customers – new BiznesPl@net functionalities.
- New product packages implemented.

Developing relationships with companies with international market presence

- A cycle of meetings “New Directions” as part of the autumn edition of the Foreign Trade Programme. Meetings in 14 cities, 610 participating companies.

Development of ongoing services and product cross-selling



Significant rise in the customer base



31.8 k
SME customers

+9.1 k
+40% y/y

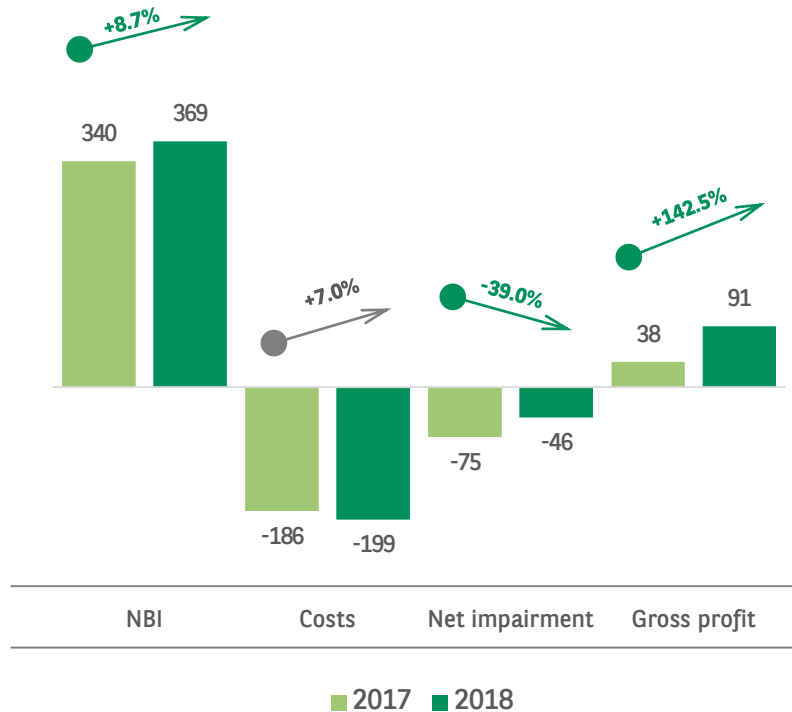
+8.6 k core RBPL
+0.5 k ex BGŻ BNPP

SME Banking

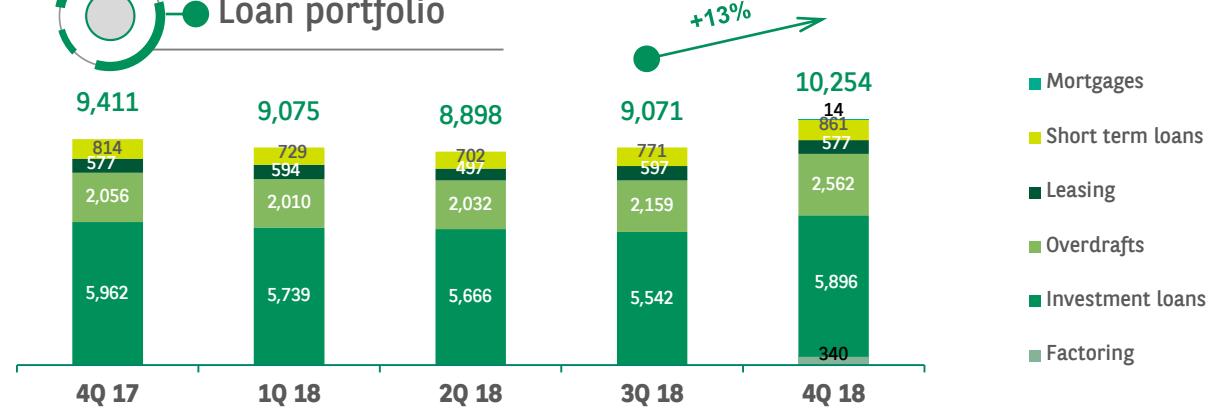
Improved net interest income and lower cost of risk as the main factors for the increase of profit before tax, significant deposit portfolio increase

PLN m

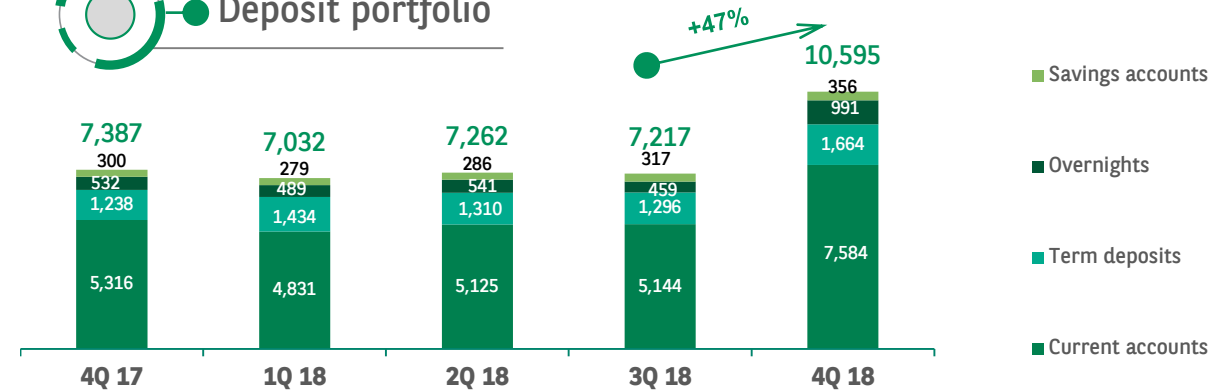
Profit before tax structure



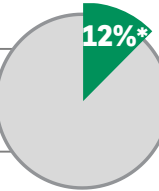
Loan portfolio



Deposit portfolio



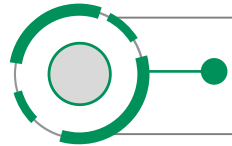
Segment's share of the Group's net banking income



* Excluding gains from the bargain purchase

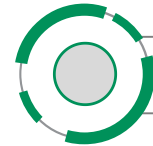
Agro Segment

Focus on maintaining the market position and profitability growth

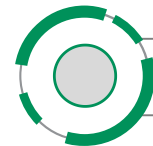
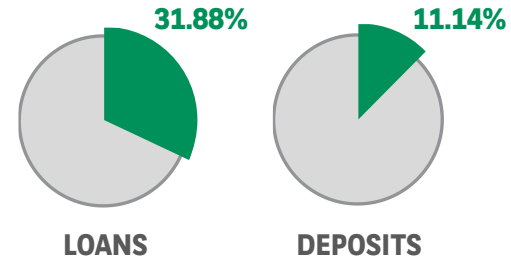


Activities supporting sales and relations with customers

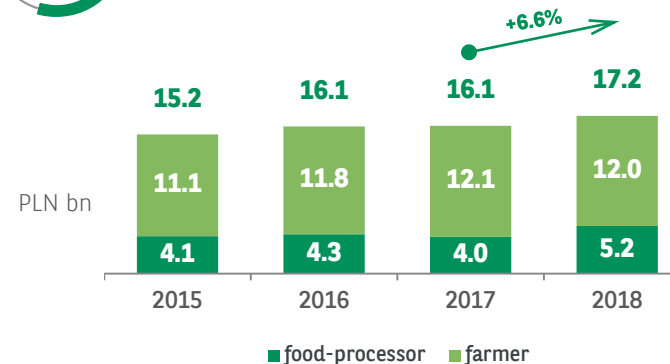
- **Agro HUB** – BNP Paribas Group created in Poland an Agro competence centre for Poland and the Group’s banks in Eastern Europe and Africa
- **Agro Progres Premium** – a new investment loan to buy farming machines, granted to Micro customers on simplified terms
- **Financing the purchase and assembly of photovoltaic installations** – a new offering for Micro customers
- **Disaster loans** granted in collaboration with ARiMR (Agency for Restructuring and Modernisation of Agriculture)
- **Agro Akademia – 3rd Edition** – this year’s edition is devoted mainly to innovation in farm management, using sustainable agriculture
- **AgroKurier** - a modern farmer's magazine - gold in the Power of Content Marketing Awards competition
- **Agrokonferencja** – an annual meeting for Agro customers and institutions; in 2018 its subject was costs in the business



Market share (31.12.2018)



Volume of loans, gross



75 k

number of Agro customers



Bank BGŻ BNP Paribas again won the title of "Best Bank for Farmer"

FINANSOWANIE



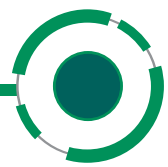
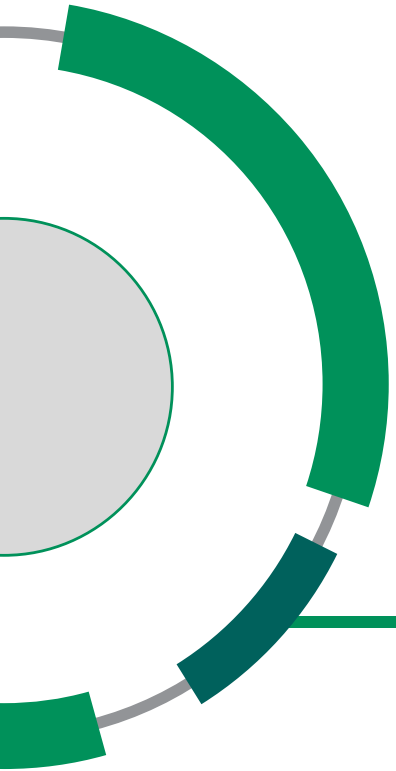
BGŻ BNP PARIBAS

DLA MIKROINSTALACJI FOTOWOLTAICZNYCH



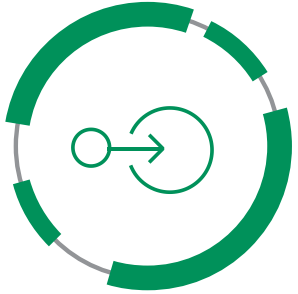
BGŻ BNP PARIBAS

The bank for a changing world



Priorities & challenges for the next quarters

Priorities and challenges for 2019



Integration with Core RBPL

- Rebranding – increasing the customer brand awareness
- Making the product offering uniform
- Operational merger
- Changes in the organisational culture



Business and profitability growth

- Further quality improvement for services provided by the Bank.
- Acquisition of new customers and increasing the number of bank accounts
- Increased cross-selling



Digitalisation and higher performance

- Further development of digital channels
- Internal process optimisation and automation
- Redesigning customer journeys



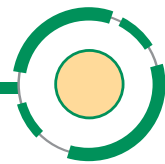
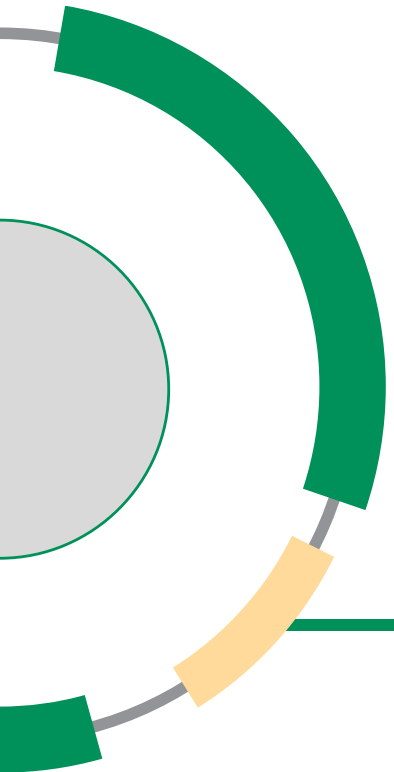
One Bank, one brand for the client



BNP PARIBAS

From 1 April 2019 – BNP Paribas Bank Polska S.A.



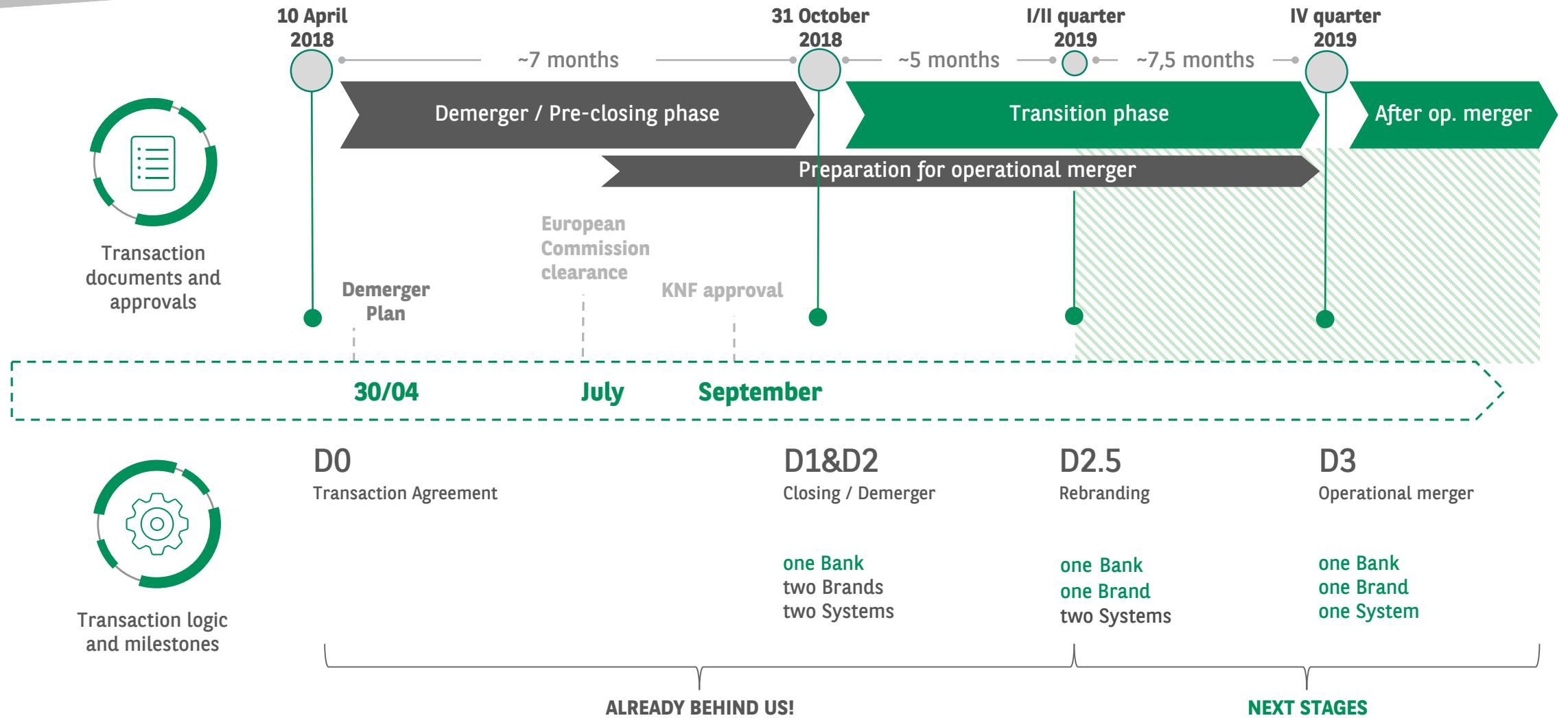


Appendices

Integration with Core RBPL – timetable
Bank BGŻ BNP Paribas shares
Profit and loss account
Assets
Liabilities and equity

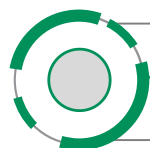
Integration with Core Raiffeisen Bank Polska S.A.

Timetable

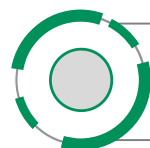


Bank BGŻ BNP Paribas shares

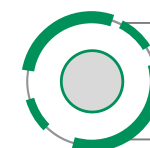
ISIN Code:
PLBGZ0000010
WSE Ticker : BGZ
Index: sWIG80



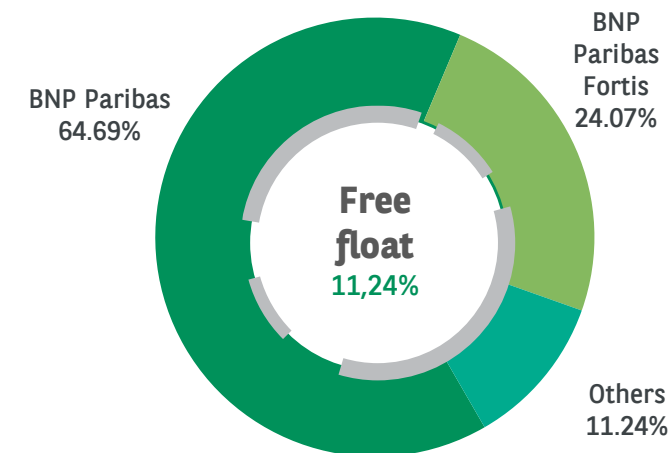
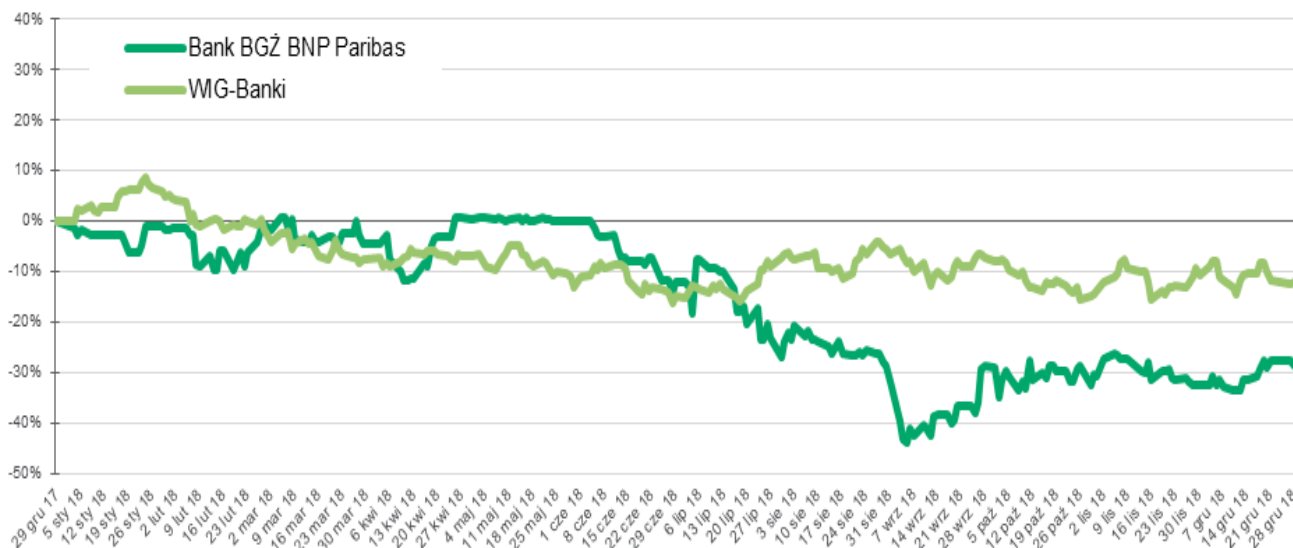
Share price: PLN 48.50
P/BV: 0.68 (28.12.2018)



Capitalisation: PLN 7.15 bn
Outstanding shares: PLN 3.90 bn



Shareholder structure
(31.12.2018)



Consolidated statement of profit or loss

(PLN thousand)



Consolidated statement of profit or loss

	31/12/2018	31/12/2017	4Q 2018	3Q 2018	2Q 2018	1Q 2018	4Q 2017	3Q 2017	2Q 2017	1Q 2017
Interest income	2 983 829	2 665 218	930 361	705 126	713 312	635 030	653 841	693 817	665 207	652 353
Interest expense	(876 978)	(738 474)	(276 589)	(197 537)	(217 734)	(185 118)	(179 170)	(190 034)	(183 732)	(185 538)
Net interest income	2 106 851	1 926 744	653 772	507 589	495 578	449 912	474 671	503 783	481 475	466 815
Fee and commission income	724 714	601 481	229 315	173 749	171 739	149 911	143 046	150 444	159 486	148 505
Fee and commission expense	(157 324)	(115 502)	(46 597)	(41 734)	(39 756)	(29 237)	(28 631)	(30 919)	(35 272)	(20 680)
Net fee and commission income	567 390	485 979	182 718	132 015	131 983	120 674	114 415	119 525	124 214	127 825
Dividend income	4 860	10 360	80	3 971	784	25	5 667	-	4 670	23
Net trading income	330 773	251 408	129 677	62 506	63 178	75 412	65 296	59 654	60 797	65 661
Result on investing activities	48 838	28 398	18 212	23 900	(1 667)	8 393	2 855	4 448	20 111	984
Result on hedge accounting	(9 997)	3 304	(14 609)	1 789	1 307	1 516	(2 132)	3 793	822	821
Other operating income	387 778	131 282	319 337	15 768	13 990	38 683	28 963	36 603	41 919	23 797
Net impairment losses on financial assets and contingent liabilities	(557 682)	(355 299)	(338 567)	(101 772)	(54 989)	(62 354)	(90 112)	(87 164)	(92 024)	(85 999)
General administrative expenses	(1 859 672)	(1 506 866)	(724 971)	(361 404)	(393 209)	(380 088)	(386 876)	(346 838)	(384 193)	(388 959)
Depreciation and amortization	(189 714)	(174 064)	(65 488)	(41 564)	(41 729)	(40 933)	(43 564)	(38 516)	(44 093)	(47 891)
Other operating expenses	(147 407)	(141 495)	(70 636)	(19 846)	(16 914)	(40 011)	(39 478)	(36 921)	(33 549)	(31 547)
Operating result	682 018	659 751	89 525	222 952	198 312	171 229	129 705	218 367	180 149	131 530
Banking tax	(213 122)	(205 866)	(64 779)	(48 472)	(49 836)	(50 035)	(51 258)	(51 053)	(51 480)	(52 075)
Profit (loss) before income tax	468 896	453 885	24 746	174 480	148 476	121 194	78 447	167 314	128 669	79 455
Income tax	(108 518)	(174 178)	16 133	(43 582)	(45 333)	(35 736)	(29 309)	(57 524)	(47 453)	(39 892)
Net profit (loss) for the period	360 378	279 707	40 879	130 898	103 143	85 458	49 138	109 790	81 216	39 563



Assets

(PLN thousand)



Consolidated statement of financial position

	31/12/2018	30/09/2018	30/06/2018	31/03/2018	31/12/2017	30/09/2017	30/06/2017	31/03/2017	31/12/2016
ASSETS									
Cash and balances with the Central Bank	2 897 123	1 170 138	914 056	2 339 735	998 035	1 708 096	2 136 821	2 035 492	1 302 847
Loans and advances to banks	961 496	272 634	386 581	577 255	2 603 689	273 646	520 270	376 364	1 233 592
Derivative financial instruments	715 671	378 014	455 563	429 476	474 421	395 696	394 177	419 433	324 005
Adjustment regarding the fair value of hedge item	130 405	39 213	42 401	53 459	32 730	20 230	9 682	29 062	18 671
Loans and advances to customers measured at amortised cost	70 997 701	51 671 510	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	2 416 249	2 555 133	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	11 939 238	9 166 178	9 413 855	9 478 262	-	-	-	-	-
Financial instruments measured at fair value through profit or loss	204 421	139 591	134 997	118 562	-	-	-	-	-
Securities measured at fair value through other comprehensive income	15 875 339	4 541 389	4 768 541	4 801 476	-	-	-	-	-
Investment property	55 868	54 435	54 435	54 435	54 435	54 466	54 466	54 466	54 466
Intangible assets	520 767	317 698	306 452	282 311	288 340	260 424	245 367	237 592	246 552
Property, plant and equipment	511 275	465 377	479 903	486 575	500 647	507 276	518 260	529 818	546 002
Deferred tax assets	1 034 313	616 346	612 039	612 851	512 045	518 139	504 291	499 021	529 824
Current tax assets	-	5 303	15 400	-	-	-	-	-	-
Other assets	872 115	430 924	514 294	434 965	301 041	396 832	453 344	514 273	475 314
TOTAL ASSETS	109 022 519	71 823 883	71 355 941	71 920 674	72 655 491	71 900 179	71 975 471	71 598 515	72 304 999



Liabilities and equity

(PLN thousand)



Consolidated statement of financial position

	31/12/2018	30/09/2018	30/06/2018	31/03/2018	31/12/2017	30/09/2017	30/06/2017	31/03/2017	31/12/2016
LIABILITIES									
Amounts due to banks	3 976 469	5 162 377	4 550 137	5 053 224	3 891 235	6 607 230	6 890 764	5 880 408	7 308 814
Repo transactions		800 580	-	-					
Adjustment regarding the fair value of hedged and hedge items	123 600	4 664	7 948	21 668	(2 992)	(9 895)	(2 455)	1 783	(4 080)
Derivative financial instruments	783 818	375 858	432 470	401 096	427 710	309 422	394 994	345 337	271 757
Amounts due to customers	87 191 708	53 063 346	54 012 858	55 116 570	56 328 897	55 285 977	55 064 772	55 894 690	55 155 014
Debt securities issued	2 179 424	2 181 744	2 181 744	2 181 931	2 471 966	386 516	387 914	394 153	398 059
Subordinated liabilities	1 875 769	1 689 887	1 706 237	1 652 130	1 645 102	1 695 470	1 698 941	1 708 282	1 768 458
Other liabilities	1 711 641	1 047 004	1 908 356	941 151	1 131 555	952 263	1 006 120	984 672	1 122 780
Current tax liabilities	174 589	28 496	18 018	93 620	117 699	104 171	59 276	8 147	8 313
Provision for deferred tax	8 276	8 025	8 026	8 003	8 003	8 022	8 064	8 063	8 022
Provisions	437 412	117 949	119 842	117 524	76 853	88 447	86 063	112 300	121 041
TOTAL LIABILITIES	98 462 706	64 479 930	64 945 636	65 586 917	66 096 028	65 427 623	65 594 453	65 337 835	66 158 178
EQUITY									
Share capital	147 419	97 538	84 238	84 238	84 238	84 238	84 238	84 238	84 238
Other supplementary capital	9 111 033	5 910 913	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	1 208 018	1 208 018	909 629	909 629	909 629	909 629	860 241	860 241
Revaluation reserve	141 179	127 880	122 257	148 852	141 988	94 669	112 921	73 799	(497)
Retained earnings	(47 836)	(396)	(131 294)	63 952	296 522	256 121	146 331	133 984	94 421
retained profit	(408 214)	(319 895)	(319 895)	(21 506)	16 815	25 552	25 552	94 421	17 561
net profit for the period	360 378	319 499	188 601	85 458	279 707	230 569	120 779	39 563	76 860
TOTAL EQUITY	10 559 813	7 343 953	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	109 022 519	109 022 519	71 355 941	71 920 674	72 655 491	71 900 179	71 975 471	71 598 515	72 304 999



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 hereof, 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 presented data relate to the Group of Bank BGŻ BNP Paribas



Investor Relations – contact details

Aleksandra Zouner

Executive Director

Management Accounting and Investor Relations Line

tel.: +48 22 56 21 750

relacjeinwestorskie@bgzbnpparibas.pl

Bank BGŻ BNP Paribas Spółka Akcyjna, with its seat in Warsaw, at Kasprzaka St. 10/16, 01-211 Warsaw, entered into the Register of Entrepreneurs of the National Court Register (KRS) maintained by the District Court for the capital city of Warsaw in Warsaw, XII Commercial Division of the National Court Register, under KRS number: 0000011571 and VAT PL: 5261008546 (NIP), holding paid-up share capital of PLN 147,418,918.

