

GENERAL OVERVIEW & H1 2020 FINANCIAL PERFORMANCE

BNP Paribas Bank Polska SA Group

The Finest CEElection Conference 2020

October 7, 2020



BNP PARIBAS

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GENERAL OVERVIEW



EXECUTIVE SUMMARY

COMPLETION OF THE "NEW BANK" BUILDING CHAPTER, GOOD START OF 2020 DISRUPTED BY THE CORONAVIRUS EPIDEMIC

Top 6 universal Bank in Poland post integration

- New brand positioning
- Network and offer optimization
- Successful completion as planned in Q4 2019 - client migration, IT systems integration

Transformation acceleration

- New solutions for customers
- Culture of cooperation and enthusiasm
- Transformation 2.0 adapted to new challenges

Business development

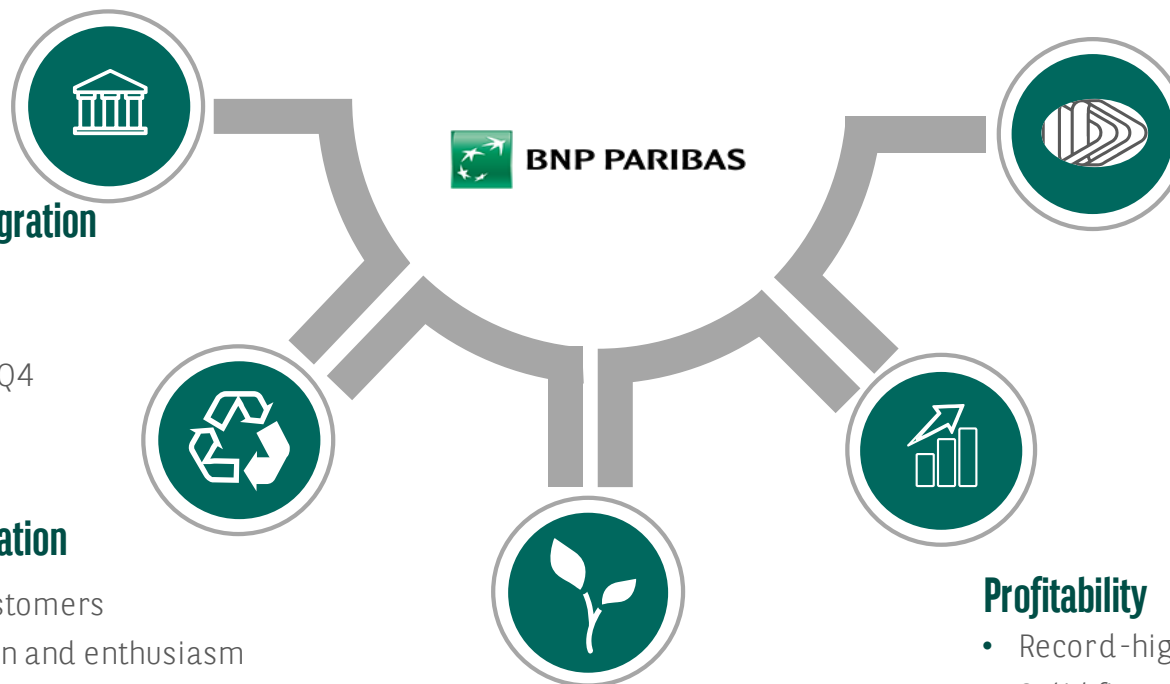
- Business projects executed in parallel with integration in 2019
- From Q1 2020 on, all resources focused on business – proven growth abilities
- Operational resilience through difficult times – business continuity well maintained during Covid-19 crisis

Repositioning for future growth - Fast Forward Strategy

- Based on 5 pillars: growth, digitalization, simplicity, quality, enthusiasm
- Focused on smart growth with aspirations for further financial performance improvement

Profitability

- Record-high results in 2019
- Solid financial results for 2020 already impacted by Covid-19-related items and macro environment (interest rate cuts)
- Synergies in line with assumptions



SOLID FOUNDATION POST SUCCESSFUL INTEGRATION

STRONGER POSITION TO FACE CHALLENGES

1 More diversified business model

- Increased scale of activity and more universal profile of the Bank
- Balanced retail & corporate loan portfolio
- Lower concentration in agro & dilution of FX mortgage portfolio

2 Prudent risk management

- Low cost of risk over recent years (2015-2019) – 61 bps on average
- Limited exposure to the most sensitive sectors
- Cautious credit risk policy

3 Enhanced profitability

- Core revenues generation ability improved
- Stronger contribution of non-interest core revenues, significant optimization of cost of deposit
- Effective hedging of interest rate risk towards interest rate cuts
- Costs synergies execution in line with assumptions

4 Capital & liquidity position under control

- Capital level strengthened organically, stable capital ratios
- Capital buffer above the regulatory minimum among others due to the cancellation of the systemic risk buffer
- Loans/deposits at 81.1%, LCR: 181% in H1 2020

BUSINESS MODEL

STRONG FOUNDATIONS OF THE BANK TO GENERATE SHAREHOLDER VALUE GROWTH AND BENEFITS FOR THE ECONOMY AND COMMUNITIES

A local bank with global coverage

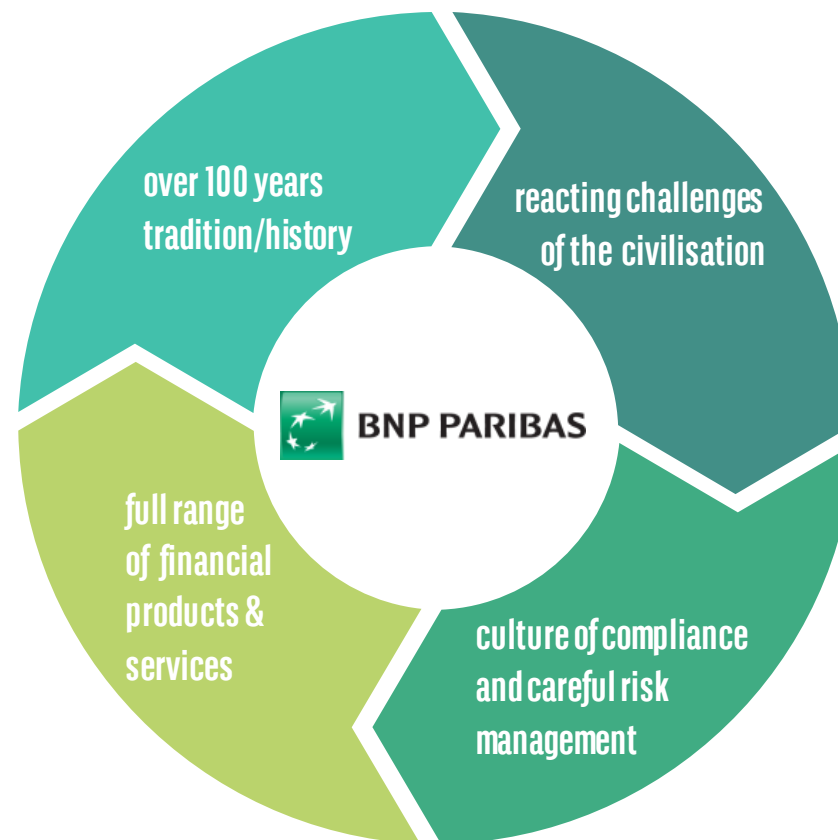
We are a Bank with **over 100 years of tradition/history** on the Polish market. Affiliation to BNP Paribas, a global financial group, enables us to apply best international practices to the needs of the local market and expectations of the Bank's customers.

Completeness and availability of the offer

A **full range of financial products and services** for customers, provided by the Bank and the Group's companies (including investment funds and leasing). Direct access to the offers of BNP Paribas entities functioning in Poland (e.g. factoring, leasing, insurance, etc.).

As a **Bank close to the customer**, we provide services through:

- a network of bank branches
- digital services channels
- outlets in partner shops and in selected car dealer networks - credit products.



Addressing challenges of the civilization

In our activity, we constantly analyse and consider the regulatory and economic aspects, as well as the dynamic development of digitalisation or social and climate changes, which affect both the national and global economy. We react to challenges of civilisation through development and adjusting our offer to the changing environment and needs of our customers.

Responsible risk management

The pillar of our business activity in order to provide services of the highest quality to our customers is a culture of compliance and careful risk management. One of the elements of the risk management framework is incorporating the ESG criteria into the overall risk assessment.

in a changing world— by taking care of their financial needs, providing professional services and innovative solutions, we support our customers in sustainable development, we build professional development and employee involvement and generate shareholder value growth and benefits for the economy and local communities

STRONG SHAREHOLDER

WE ARE PART OF THE BNP PARIBAS GROUP – EUROPEAN LEADER WITH A GLOBAL REACH

Key areas of activity

BNP Paribas holds key market positions in its 3 operating divisions: Domestic Markets and International Financial Services for retail-banking networks and specialised financial services, and Corporate & Institutional Banking for large corporates and institutional investors



200 years
of banking history



71 countries
in the world



~200,000
employees



6.21 €
net earnings per share in 2019
the highest level during last
4 years

Leading bank in the eurozone



8.2 bln € net income
44.6 bln € revenues
in 2019



2,165 bln € assets
111.8 bln € equity
end of 2019



Diversified clients' base

33 m customers in retail-banking
networks worldwide
13.6 m digital customers

FULL MARKET COVERAGE

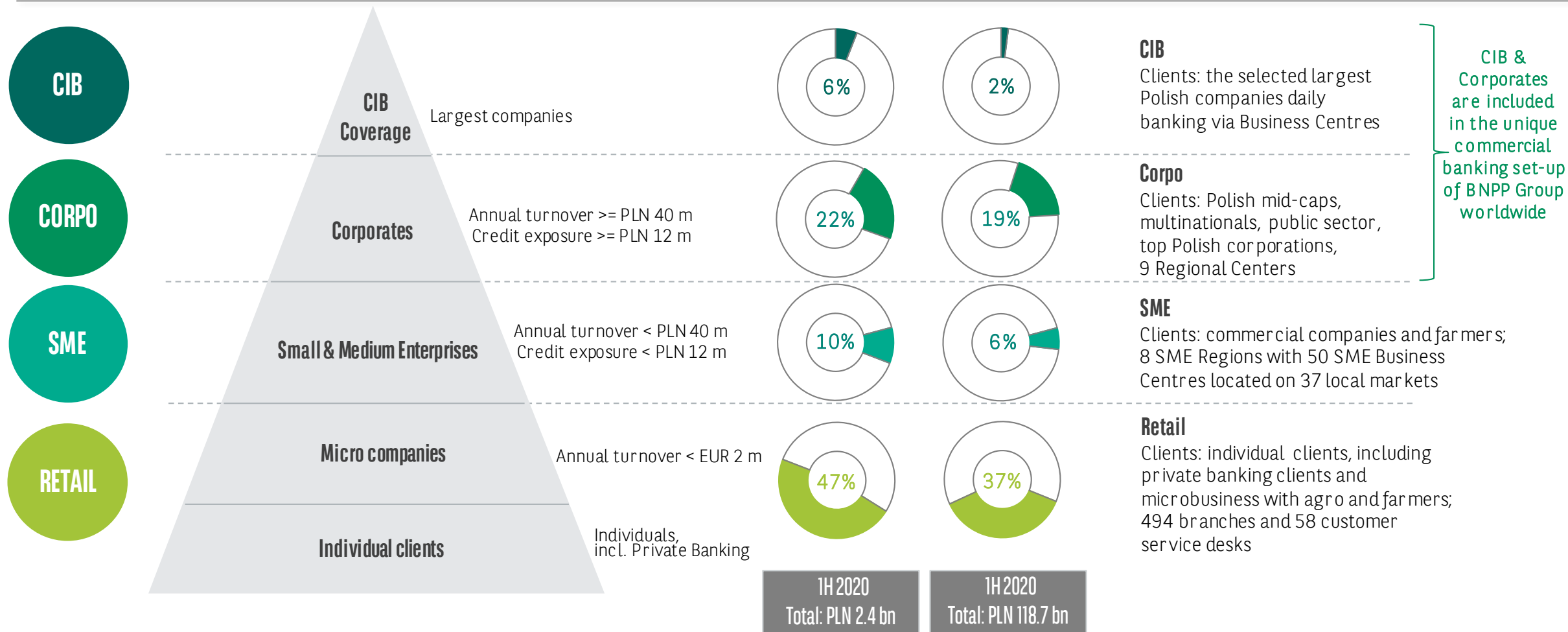
WE SERVE ALL CLIENT SEGMENTS

Business segments*

NBI contribution**

Assets contribution**

Description



* simplified criteria of segmentation

** consolidated data as at the end of 1H 2020; Other banking activities accounted for 15% of NBI and 36% of assets

THE FAST FORWARD STRATEGY 2018-2021

FIVE PILLARS FOR RAISING THE EFFICIENCY AND PROFITABILITY OF THE BANK



Universal, dynamic and technologically advanced Bank

with a multichannel access and product offer on the best market level, being in the top 6. banks in Poland

focus on the customer and digital transformation of products, services and processes aimed at accelerating development and increasing profitability.



growth

concentration of assets – people, IT, equity – **on the most profitable segments and products**



digitalization

smooth **digitalization of the Bank** and creation of competitive advantage based on technologies



simplicity

simplified **processes** and offer for clients as well as all organization functioning



quality

recognition and appreciation of the loyal regular customers and at the same time continuous improvement of their **satisfaction level**



enthusiasm

increase of involvement of the **employees** through participation in projects and better cooperation

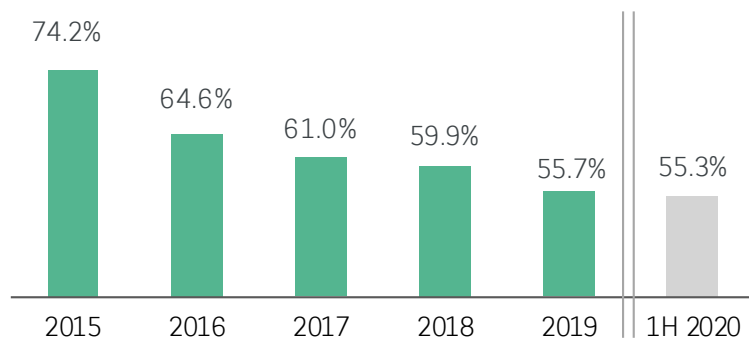


we believe that the pillars of the Fast Forward Strategy, i.e. smart and responsible growth, improvement of efficiency and quality as well as focus on people – supported by digitalization, will be still applicable in the post COVID-19 epidemic reality

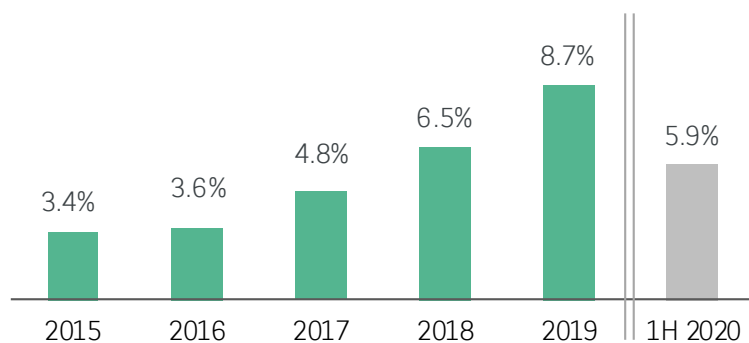
FINANCIAL PERFORMANCE

VISIBLE IMPROVEMENT IN FINANCIAL RESULTS IN THE RECENT YEARS DISRUPTED IN 2020 BY THE COVID-19 EPIDEMIC

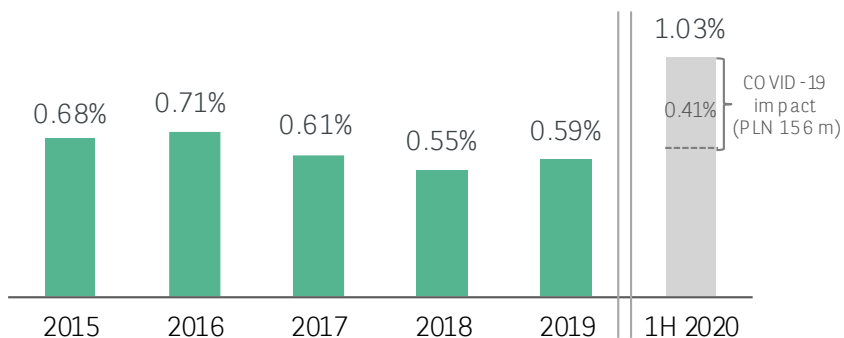
Cost / Income*



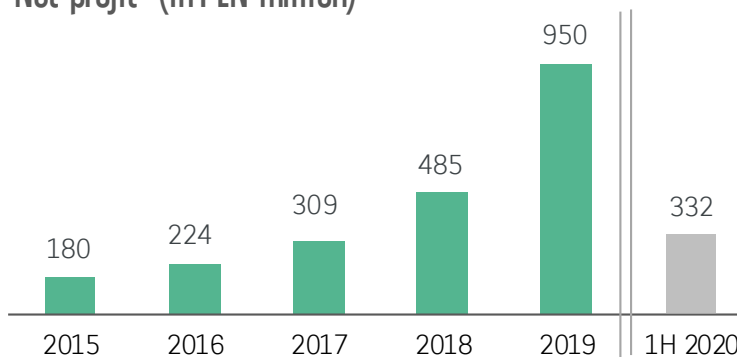
ROE*



Cost of risk*



Net profit* (in PLN million)



* Adjusted values - all calculations based on consolidated reported data, excluding:

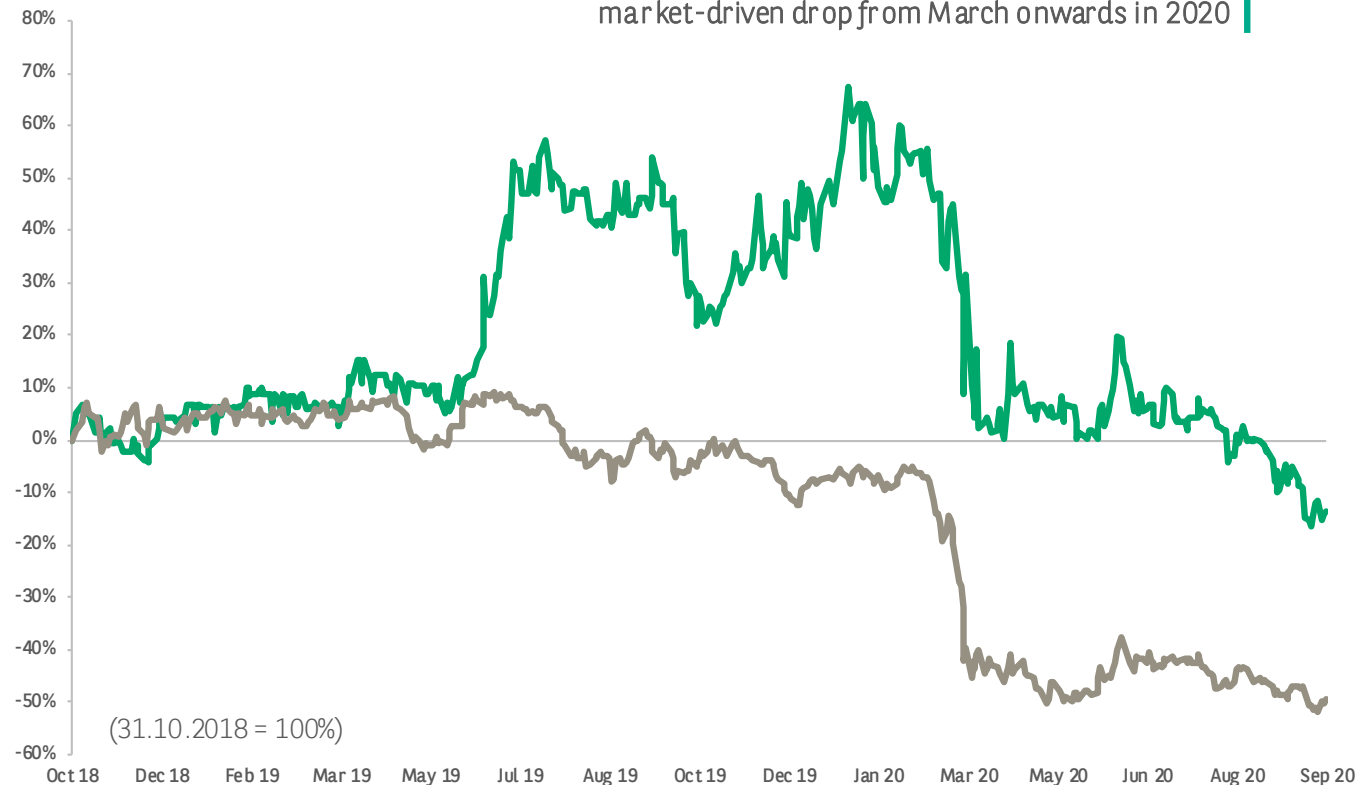
- for 2015-1H 2020 - integration costs associated with the merger processes carried out since 2015
- for 2018 - gains from the bargain purchase of Core RBPL and recognition of the expected credit losses/ECL (related to the purchase of Core RBPL)

SHARES OF BNP PARIBAS BANK POLSKA SA

SHARES HAVE BEEN LISTED ON THE WARSAW STOCK EXCHANGE SINCE 27 MAY 2011 (IPO OF BANK GOSPODARKI ŻYWNOŚCIOWEJ SA)

Change in the share price

Good performance of the Bank's shares in 2019 followed by a market-driven drop from March onwards in 2020



- Free-float: PLN 0.7 bn
- P/BV: 0.52
- Capitalisation: PLN 6.0 bn



BNP PARIBAS

PLN 40.5

-40.4% Sep 2020 / Sep 2019

WIG banki

-48.2% Sep 2020 / Sep 2019

Rating Moody's

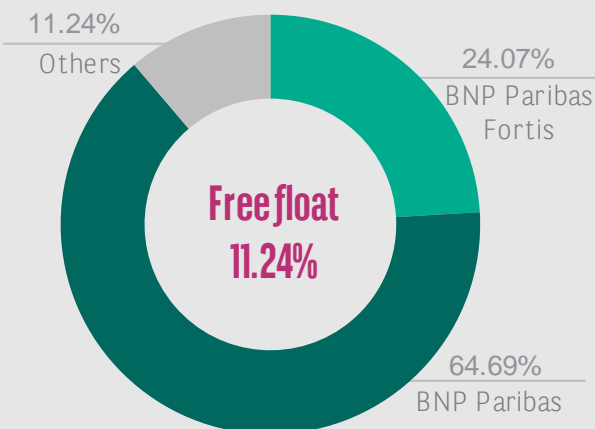
rating outlook – Stable

individual assessment/adjusted – ba1/ baa3

deposit ratings short-term/ long-term – Prime-2/ Baa1

Shareholder structure

(30.06.2020)



147,418,918

Total number of shares

ISIN Code: PLBGZ0000010

WSE Ticker: BNP

Index: mWIG40, WIG-ESG



BNP PARIBAS

02

KEY FACTS & H1 2020 INFORMATION



EXECUTIVE SUMMARY

THE FIRST FULL QUARTER OF OPERATION IN TIMES OF THE CORONAVIRUS PANDEMIC

SUPPORT FOR THE ECONOMY & OPERATIONAL RESILIENCY



Ensuring the **safety** of customers and employees as well as **business continuity** - a fully accessible network of branches; working in the headquarters still carried out mainly in remote mode

Supporting the economy and communities: credit moratoria, the Financial Shield, PFR and BGK bonds purchase, social commitment

BUSINESS ACTIVITY GRADUAL RECOVERY



Rebound in retail banking sales in the second half of Q2 2020

Significant **increase in customer deposits** - historically low level of loan / deposit ratio

Low demand for credit from corporate clients, PFR's Financial Shield impact

FINANCIAL RESULTS ADAPTATION MEASURES



Core revenues - the impact of the pandemic and the market environment. Sustained level q/q supported by one-off events

First quarter of visible **impact of reduced interest rates**

Operating **costs decrease** - synergies on track & cost savings initiatives launched

Stable cost of risk on a quarterly basis

- High priority for transformation and digitization - new digital facilities for customers
- The banking sector active in supporting the environment despite its own challenges: lower customer activity, record low interest rates and temporarily higher credit risk

THE BANK'S RESPONSE TO COVID-19

SUPPORT FOR OUR CLIENTS AND ECONOMY

CREDIT MORATORIES



We introduced suspension for 3 (interest & capital) / 6 months (capital only) of **loan repayments** - the offer has been launched at the beginning of April 2020 (online application process).

As at June 30, 2020, the number of loans and advances subject to moratoria was 48.1 thousand, with a total gross carrying amount of PLN 6.8 billion.

Government moratoria are available from the end of June, first applications were submitted at the end of Q2 (80 pcs. as of the end of July, PLN 8.7 million).

Among individual clients, about half of the applications concern cash loans, and about 23% - mortgage loans.

PLN 6.8 billion

credit exposures subject to moratoria*

Data as of 30.06.2020	Exposure value	Share in the portfolio	Number
Individual clients	PLN 3.4 billion	10.5%	38.4 k
Enterprises	PLN 3.1 billion	7.6%	7.8 k
Leasing & Other Receivables	PLN 0.3 billion	19.0%	1.9 k

ECONOMY SUPPORT



BGK guarantees, total limit: PLN 10 billion, of which: de minimis guarantees (from the beginning of April) with the available limit of PLN 1.2 billion, liquidity guarantees (from the beginning of May) with the available limit of PLN 8 billion.

PFR program - Bank participates in the distribution of funds for clients - 16.7 k positive decisions as of end of June (19.5 k as of 9 August) for the amount of PLN 4.5 billion (PLN 5.0 billion as of 9 August).

Bank has purchased bonds issued by PFR with a total value of PLN 4.0 billion and BGK bonds with a total value of PLN 3.7 billion by the Bank.

PLN 4.5 billion

funds from the PFR Shield distributed by the Bank

16.7 k

positive decisions for the Bank's customers in the Shield PFR program

PLN 7.7 billion

PFR and BGK bonds purchased by the Bank

* Bank's standalone data

THE BANK'S RESPONSE TO COVID-19

BUSINESS CONTINUITY, SOCIAL COMMITMENT

OPERATIONAL CAPACITY & ACCESSIBILITY FOR CUSTOMERS



We ensured safety for employees and customers (branches are equipped with protective glasses, masks, gloves, disinfectants) while maintaining full continuity of operation

During the "lockdown", we shortened opening hours of branches, an hour for seniors. ~99% of branches available to clients

"Banking from home" we have implemented i.a. account opening using video verification, loan disbursement without visiting a bank branch, Autenti e-signature in servicing individual and corporate clients

On May 11, **standard opening hours were restored**; all branches are open

Remote work is still recommended where possible. Stable number of employees working remotely (~85%)

Trainings, educational initiatives and corporate events are conducted online, remote recruitment of new employees

We have concluded an agreement with the nationwide network of ALAB diagnostic laboratories to **conduct PCR tests for employees**

100%

open
branches

~6 k

employees
working remotely

SOCIAL COMMITMENT IN THE FIGHT AGAINST THE EPIDEMIC



We support the health service:

- **tests and masks for medical personnel**
- providing meals for the Wolski Hospital's personnel from the Bank's Paribar canteen
- **financial support** for the development of a tool for managing public fundraising for hospitals: www.wsparciedlaszpitala.pl
- **involvement in the nationwide aid campaign** #hot16challenge2, the action was accompanied by a fundraising campaign for the health service via the siepomaga.pl portal

We work with social partners to support groups most exposed to the effects of the pandemic:

- **laptops for children** at risk of digital exclusion during remote education
- **promoting the project of the helpline** ("Good words - Help for seniors")
- **do nation to the "Easter basket for seniors"** of the Mali Bracia Ubogich Association
- **do nation for the purchase of protective measures** for patients of the Alivia Oncology Foundation
- **financial support** for the Itaka Foundation Antidepressant Helpline

670

laptops for
children

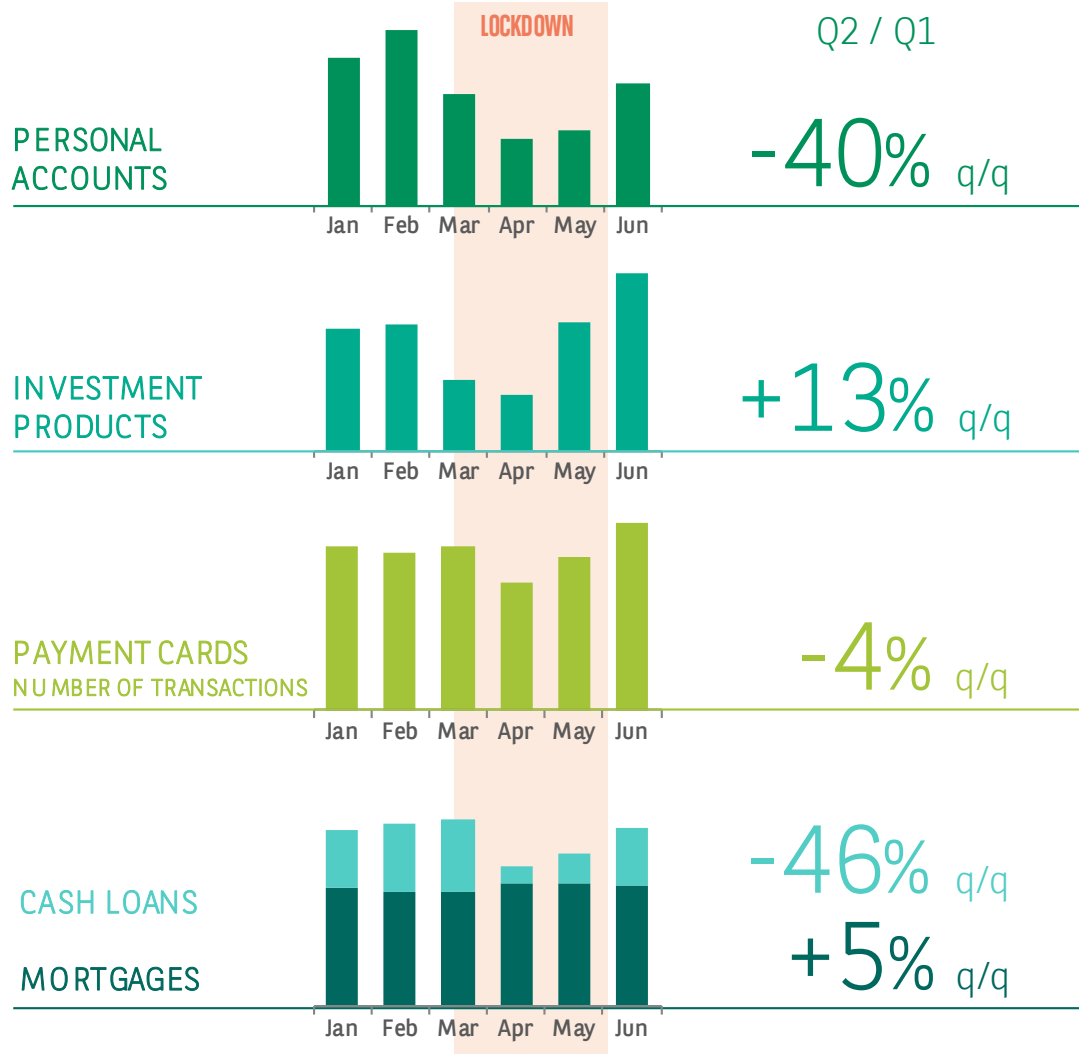
20 k

masks for medical
personnel

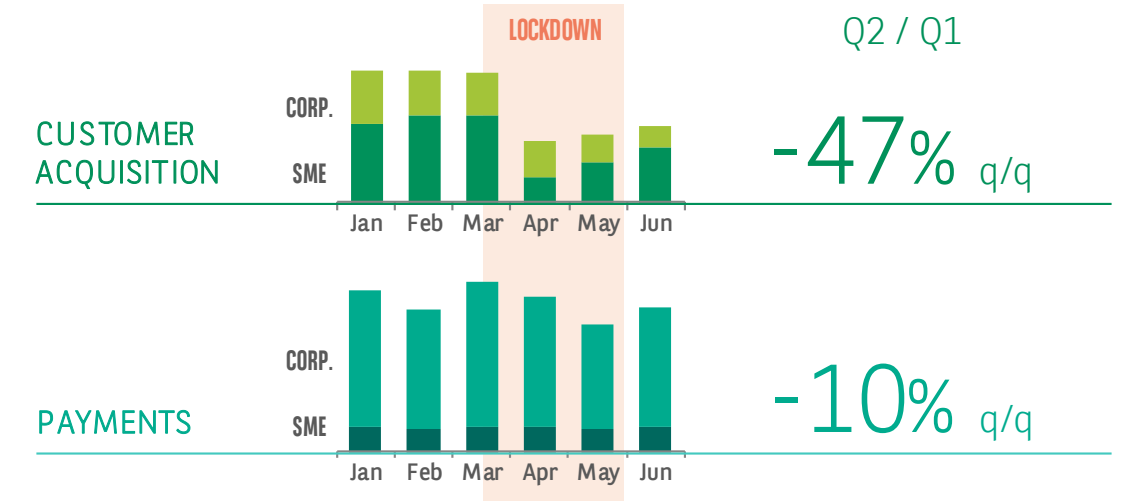
A GRADUAL RECOVERY TO PRE-PANDEMIC BUSINESS ACTIVITIES

REBOUND IN SALES AT THE END OF THE SECOND QUARTER. EXECUTION OF SEVERAL SIGNIFICANT CORPORATE TRANSACTIONS

Retail Banking – sales & volumes transactional trends in the first half of 2020



Corporate Banking - sales & transactional trends



Despite the general decline in demand from institutional clients for loans, we completed several important corporate transactions in Q2

Qair
Financing of wind and solar farm portfolio
PLN 630 000 000
BNP PARIBAS
Facility and Security Agent
Mandated Lead Arranger
May 2020

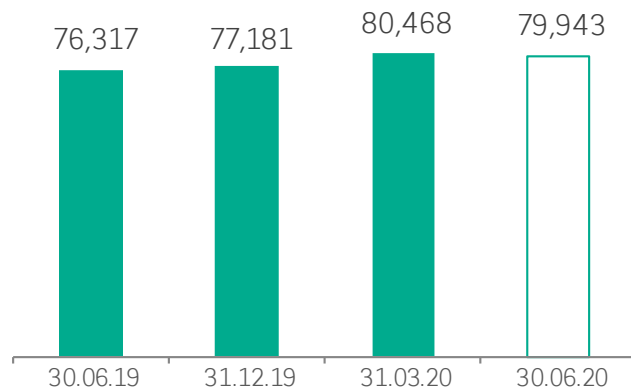
GRUPA AZOTY
PZP ENERGETYKA
Capex financing for the modernization and expansion of the rolling stock
PLN 3 100 000 000
BNP PARIBAS
Bookrunner
Mandated Lead Arranger
June 2020

GRUPA AZOTY
PZP ENERGETYKA
Financing for the construction of a petrochemical complex
EUR 1 500 000 000
BNP PARIBAS
Bookrunner
Mandated Lead Arranger
June 2020

PANDEMIC IMPACT ON BUSINESS ACTIVITIES

SLIGHT DECLINE IN LOANS, INFLOW OF DEPOSITS AS A RESULT OF GOVERNMENT SUPPORT PROGRAMS

Gross loans (in PLN million)

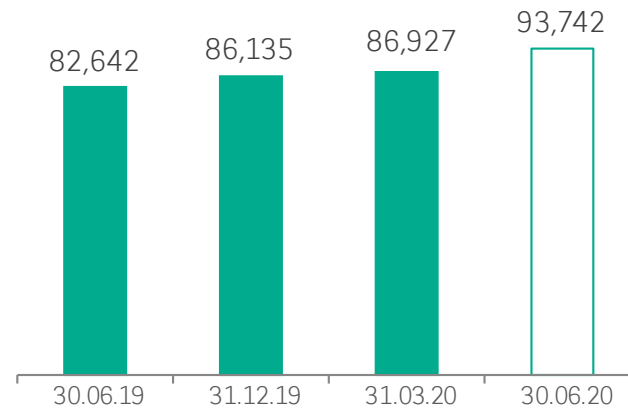


+2.1% q/q growth in individual customers loans (+13.1% y/y)

PLN 1.5 billion mortgage loans sales in Q2 (+5% q/q, +53% y/y)

-2.9% q/q decrease in enterprises loans in Q2 (+1.4% y/y)

Customer deposits (in PLN million)

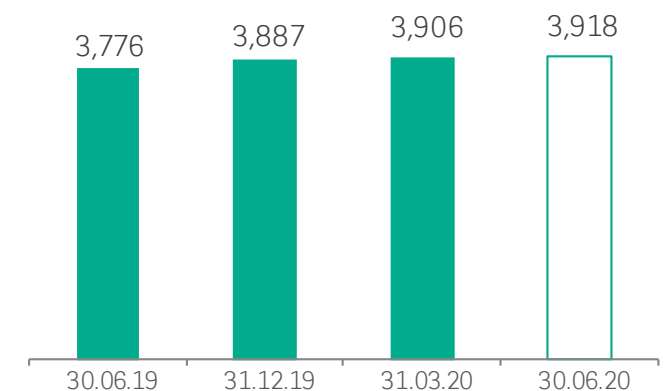


+15.7% q/q growth in enterprises deposits (+32.6% y/y)

+0.4% q/q growth in individual customers deposits (-2.6% y/y)

1.9 million of individual clients and micro enterprises current accounts (+0.5% q/q, +4.5% y/y)

No. of clients (in thousands)



+0.3% q/q growth in the number of individual customers (+4.0% y/y)

+0.5% q/q growth in the number of micro, SME and corpo customers (+2.9% y/y)

CONSISTENT IMPLEMENTATION OF THE FAST FORWARD STRATEGY

KEY ACHIEVEMENTS IN EACH STRATEGY PILLAR IN THE FIRST HALF OF 2020



growth

Record sale of mortgage loans PLN 2.9 bn

Over 110 k personal accounts sold

Allegro: more than 330 k clients financed their purchases worth PLN 700 million

Start of cooperation with Decathlon store chain - sales of credit cards and instalment loans

Completion of major transactions with corporate clients (Grupa Azoty, CIECH, Qair Polska, PKP Energetyka)

simplicity

Remote activation of loan moratoriums for clients

Opening a bank account online with a selfie

Booking a meeting at one of 100 branches via Booksy application

Applying for a mortgage loan remotely for applicants who already are among the Bank's clients

Autenti E-signature used inside the organisation and for sales of products

Financial Shield: option to submit an application for a PFR subsidy via the electronic banking system

quality

Competence Centre with respect to the Anti-Crisis Shield for Wealth Management clients

3rd place in the credit card category in the Golden Banker ranking

Customer Service Quality Star title awarded in the consumer survey carried out by Polish Customer Service Quality Programme

Campaigns supporting Polish entrepreneurs e.g. Let's Move Poland with Transactions, We Support Local Business and joint campaign with OLX marketplace portal

Assistance of a sign language interpreter in branches and contact centre

enthusiasm

Ranking of Responsible Companies 1st place in general classification and 1st place in the banking, financial and insurance sector

CSR Silver Leaf awarded by the Polityka Weekly

20,000 protective masks and 2,000 diagnostic tests for SARS-CoV-2 purchased by the Bank for medical facilities

670 laptops for those who need support in education and online work

Support for employees: remote work, protection measures, SARS-CoV-2 tests, support of a psychologist

digitalization

GOonline: successful completion of migration of retail clients to a new platform, integration with Real Time Marketing - information on client potential needs

GOmobile: spreading credit card payments into instalments, loan overpayment, access to FX PL@net platform

GOmobile Biznes: biometric login, execution of instant payments and processing the so-called "split payments"



#stayathome
digital statistics for Q2

✓ >76 k
contracts signed
in H1 2020 with
Autenti

✓ 1.2 m
clients using
digital
channels

✓ 536 k
GOmobile
users
(+9% q/q)

✓ 7.4 m
mobile
transactions
(+43% q/q)

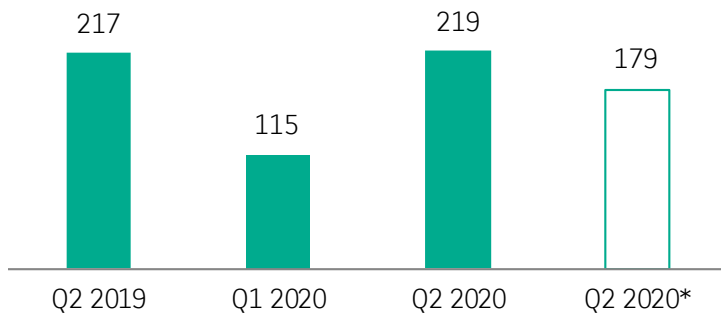
✓ 2.2 m
BLIK
transactions
(+31% q/q)

✓ 179 k
cards in the
digital wallets
(+11% q/q)

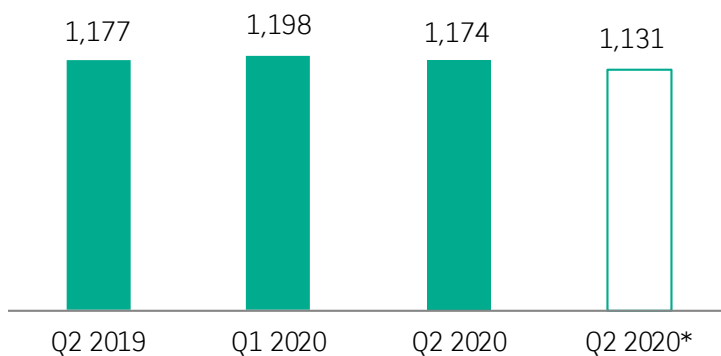
SOLID FINANCIAL RESULTS DESPITE THE COVID-19 IMPACT

MAINTAINING THE CORE REVENUES LEVEL, DECREASE IN EXPENSES, STABILISATION IN COST OF RISK

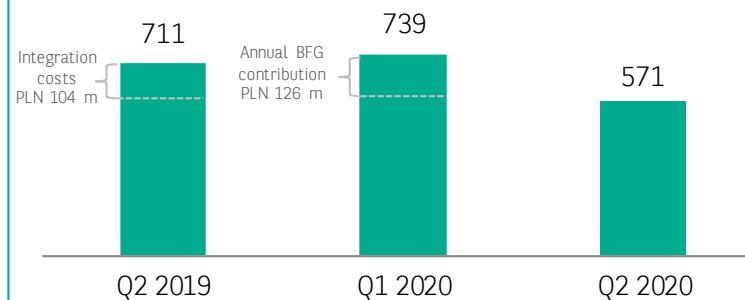
Net profit (in PLN million)



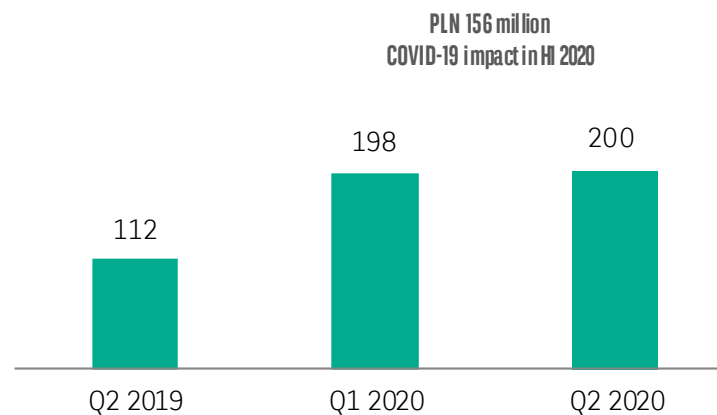
Net banking income (in PLN million)



Operating costs (in PLN million)



Cost of risk (in PLN million)



Stable level of core revenues (-2.0% q/q, -0.2% y/y) despite the negative impact of interest rate cuts on the net interest income, thanks to financing cost optimization, better results on investment activities and higher valuation of equity stake in infrastructure companies (BIK, KIR).

Lower operating costs (-22.8% q/q, -19.7% y/y) - no contribution to the BFG restructuring fund in Q2 2020, synergies resulting from the merger with Core RBPL and launch of cost saving measures.

Higher net profit (+90.3% q/q, +0.9% y/y) as a result of lower operating costs and stabilization in cost of risk at a level similar to Q1 2020.

* Excluding the impact of integration costs (in total: PLN +3.8m, in NBI: PLN -1.5m) and valuation of shares and stocks in BIK and KIR (PLN 45.1 m in total)

** PLN 126.0 m annual contribution to the bank resolution fund BFG (total BFG costs in Q1 2020 amounted to PLN -147.6 m)

KEY FINANCIAL DATA AFTER 1H 2020

GOOD FINANCIAL RESULTS, DECREASE IN OPERATING EXPENSES, STABILIZATION IN COST OF RISK, SAFE LIQUIDITY AND CAPITAL POSITION

Financial results

Net profit	PLN 334 million PLN 268 million*	-12% y/y (PLN -45 million) -43% y/y (PLN -206 million)*
Net banking income	PLN 2,372 million PLN 2,291 million*	+2% y/y (PLN +50 million), of which: net interest income: PLN 1,574 million, +0.6% y/y net fee & commission income: PLN 407 million, +0.0% y/y net trading income: PLN 377 million, +15.6% y/y +1% y/y (PLN +12 million)*
Expenses	PLN 1,310 million PLN 1,310 million*	-10% y/y (PLN +144 million) +1% y/y (PLN -17 million)*
C/I Ratio	55.2%	-7.4 pp y/y (+0.4 pp y/y*)
Net impairment write-offs	PLN 398 million	+94% y/y (PLN +193 million) approx. PLN 156 million – COVID-19 impact in 1H 2020

* in normalized terms, i.e. without integration costs: 6M 2020: positive value PLN 2.6 million (PLN 0.4 million in operating costs and positive value PLN 3.0 million in other operating expenses), 6M 2019: PLN 162.9 million (PLN 161.5 million in operating costs and PLN 1.4 million in other operating expenses) as well as without one-offs: in 6M 2020: PLN 78.8 million (BIK and KIR valuation PLN 45.1 million, sale of Kasprzaka PLN 43.6 million and provision for option case PLN -9.8 million), in 6M 2019 sale of factoring activities PLN 45 million.

Volumes

Assets	PLN 119 billion, +11.4% y/y
Loans (gross)	PLN 80 billion, +4.8% y/y
Customer deposits**	PLN 94 billion, +13.4% y/y
Equity	PLN 11,561 million, +5.8% y/y

Indicators

Capital Adequacy Ratio	15.24%
Tier 1	12.93%
Net loans/deposits	81.1%
ROE	5.9%
LCR	181%

** customer deposits defined as amounts payable to customers less loans and advances received from other financial entities

03

OUTLOOK



BNP PARIBAS

PRIORITIES AND CHALLENGES FOR THE SECOND HALF OF THE YEAR

ADAPTATION TO THE NEW ENVIRONMENT



Maintaining the growth path in times of low interest rates

- Continued involvement in financing customer needs while maintaining a responsible approach to risk
- Adjusting product prices to the market situation
- Continuation of activities aimed at reducing financing costs
- Strengthening non-interest income
- Extending the offer for individual clients (family banking)
- Building a strong and recognizable brand associated with sustainable development support



Cost efficiencies delivery through improved processes and accelerated digitization

- Continuation of the synergies planned in connection with the merger process
- Further optimization of the branch network in terms of location, arrangement and functionality
- Preparation of a new model of working in a bank, taking into account the wider use of remote work. The design of the new headquarters taking into account current trends and supporting the culture of cooperation
- Process optimization through simplification, automation and digitization
- Development of a digital sales and customer service model

The execution of the business strategy remains a priority despite the need to adapt to the environment and new challenges for the banking sector

04

FINANCIAL RESULTS H1 2020 - DETAILS



BNP PARIBAS

LOAN PORTFOLIO

MORTGAGE LOANS BEING THE DRIVER OF GROWTH IN LOANS TO INDIVIDUAL CUSTOMERS, LOW DEMAND FOR CREDIT FROM ENTERPRISES

PLN m

Increase in the portfolio value by 4.8% y/y (-0.7% q/q).

Increase in the value of the individual customer loan portfolio (+13.1% y/y, +2.1% q/q)

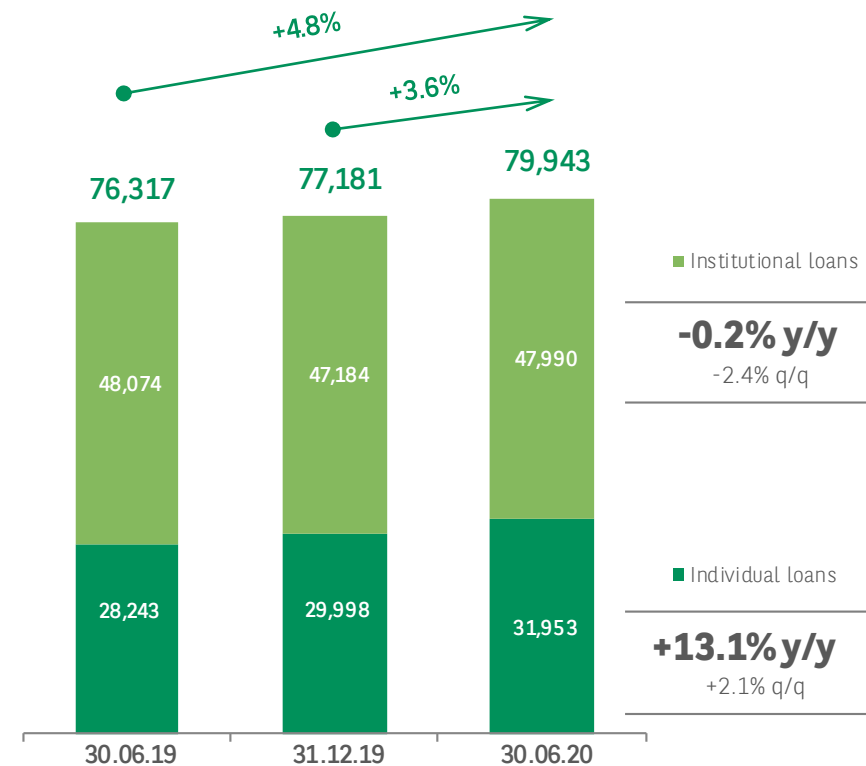
- further increase in the share of individual clients in the Bank's loan portfolio to 40.0% (+3.0 pp y/y),
- increase in the share of mortgages in the individual customer loan portfolio to the level of 64.9% (+4.6 pp y/y).

Decrease in institutional loan portfolio -0.2% y/y (-2.4% q/q)

- the share of current account loans in the loans to institutional customers on the level of 49.1% (+4.0 pp y/y, -2.9 pp q/q).

Customer loans market share: 5.7%

Gross customer loans*



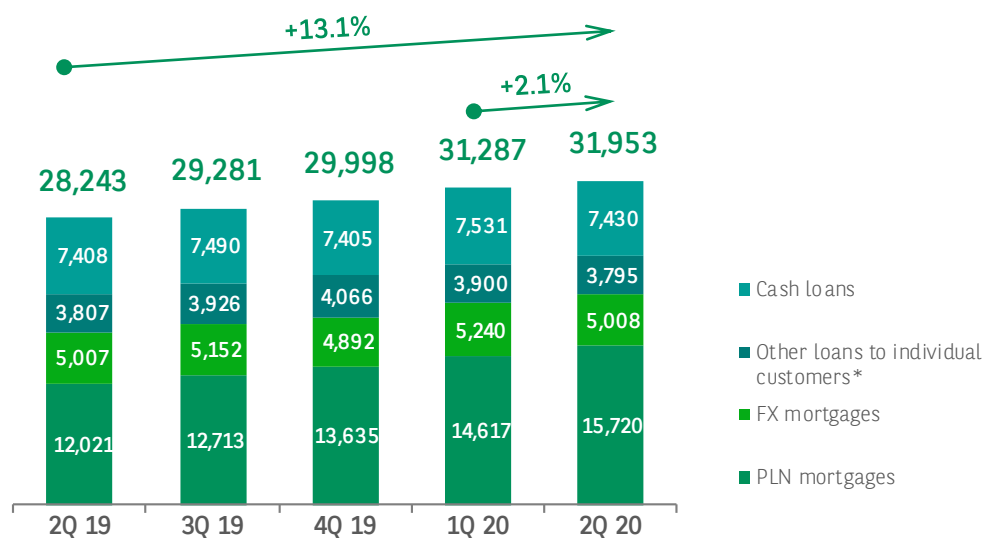
* taking into account the portfolio measured at fair value

GROSS LOAN PORTFOLIO

CONTINUATION OF THE INCREASE IN LOANS TO INDIVIDUAL CUSTOMERS (+ 2.1% Q/Q), DECREASE IN THE PORTFOLIO OF INSTITUTIONAL CLIENTS (- 2.4% Q/Q)

PLN m, as of the end of the quarter

Individual loans

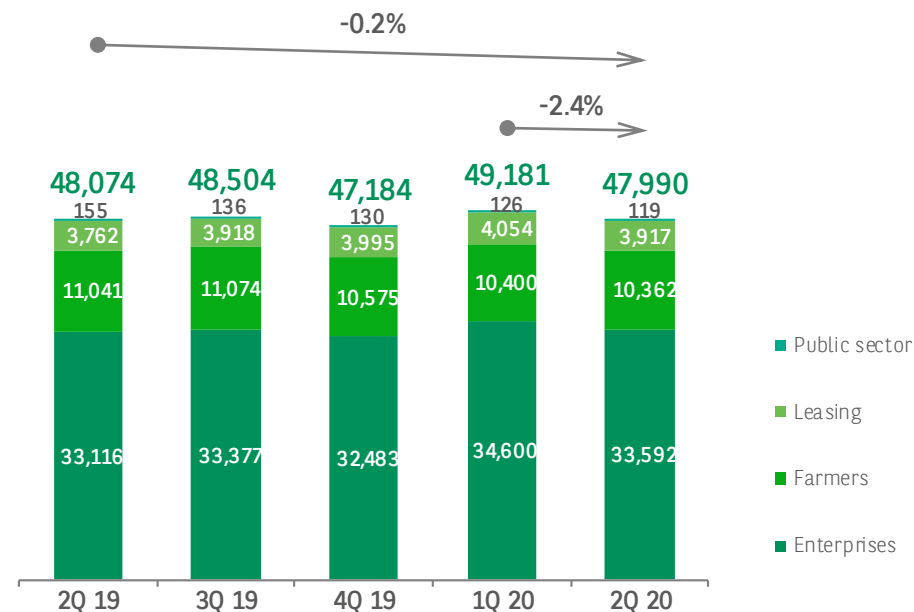


- Strongest dynamics: mortgage loans +21.7% y/y and +4.4% q/q. Increase driven mainly by an increase in the PLN loan portfolio (+30.8% y/y and +7.5% q/q) with simultaneous decrease in the FX loan portfolio (+0.0% y/y and -4.4% q/q).
- The share of mortgage loans in individual loans amounted to 64.9% (+4.6 pp y/y).
- Slowdown in cash loans – growth by +0.3% y/y, decrease by -1.3% q/q – negative impact of COVID-19 pandemic.

* e.g. car loans, instalment loans, overdraft facilities, credit cards

** taking account of the portfolio measured at fair value for "Farmer and enterprise loans" item (breakdown based on MIS data)

Institutional loans**



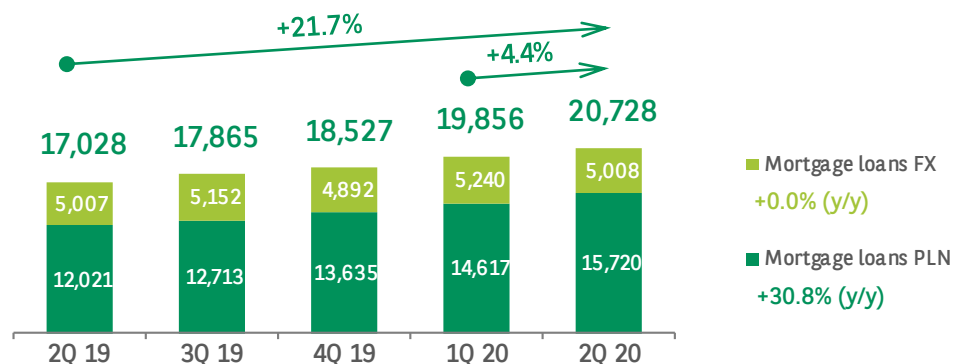
- Decrease in the total gross portfolio value by -0.2% y/y. The observed decline in demand for loans from institutional clients as a result of the lockdown on business activities in Q2 2020 and increased uncertainty about the outlook for the economy.
- As at the end of Q2 2020, the share of loans to enterprises in loans to institutional customers was 70.0% (+1.1 pp y/y), loans to individual farmers: 21.6% (-1.4 pp y/y), and lease: 8.2% (+0.3 pp y/y).

CHF MORTGAGE LOANS PORTFOLIO

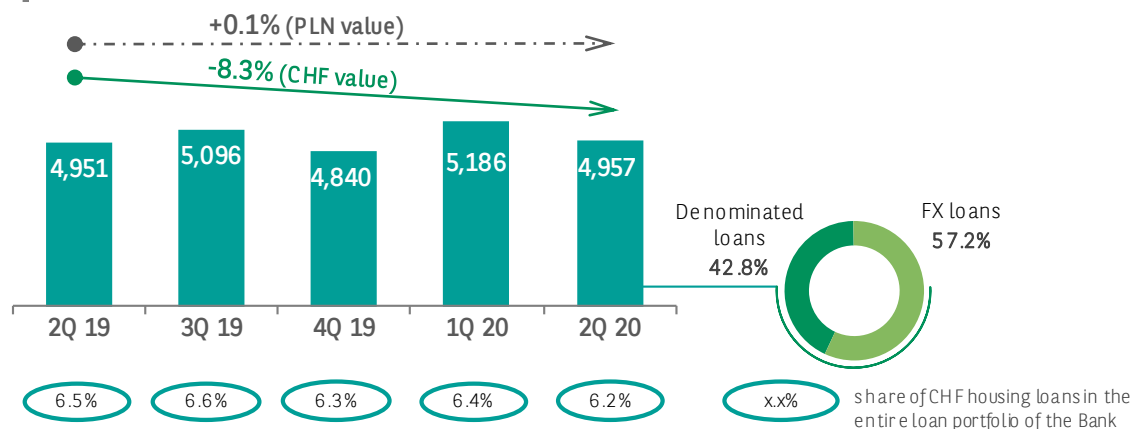
LOW SHARE OF CHF LOANS, RELATIVELY LOW NUMBER OF COURT CASES

PLN m, as of the end of the quarter

Gross mortgage loans



Gross mortgage loans (CHF)



Legal risk

Portfolio structure: The Bank's mortgage loan portfolio includes denominated loan agreements and foreign currency agreements only (it does not include indexed loans).

Customer court actions:

- As at the end of June 2020, the Bank was sued in **363** court cases (increase by **120 q/q**) concerning mortgage loan agreements.
- The Bank is not a party to any collective claim concerning such loans.
- The total value of claims sought is PLN 120.02 million (status as of 30.06.2020).
- Relatively (as compared to peers) low ratio of the value of claims to the balance sheet exposure: ~2%.

Completed proceedings: in 17 finally completed proceedings (as of 30.06.2020), 10 claims were dismissed; 2 cases were discontinued; 1 claim was rejected; 3 times, the invalidity of the contract was declared in the sentence justification, despite the dismissal; one time, the claim was recognised as valid only with regard to the insurance of low own contribution.

Provisions for CHF loan portfolio:

- PLN 14.75 million provision created in Q2 2020 for risk related to CHF loan portfolio, PLN 0.49 million for risk related to individual cases.
- PLN 58.68 million: the total value of provisions for proceedings concerning CHF loans as at the end of June 2020.

CUSTOMER FUNDS

SAFE LIQUIDITY POSITION - INCREASE IN THE VOLUME OF DEPOSITS, GROWTH IN VOLUME OF INVESTMENT PRODUCTS IN Q2 2020

PLN m

Higher balance of deposits y/y (+13.4%) and q/q (+7.8%)

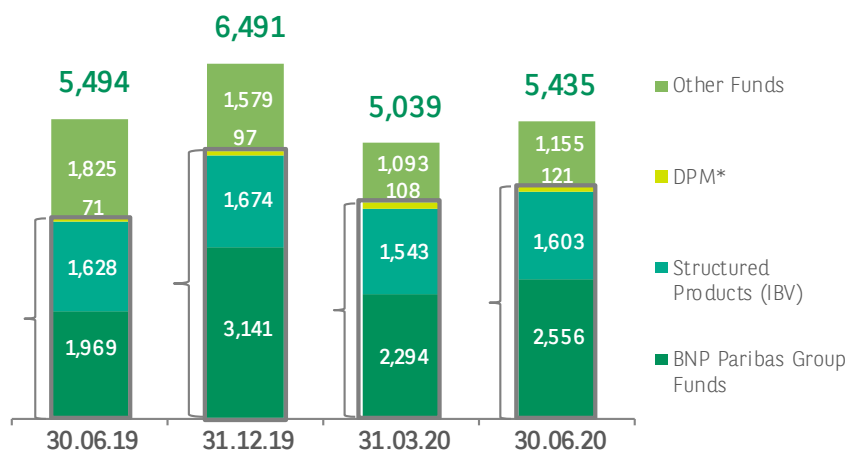
Significant growth in the balance of institutional deposits, continued growth in case of individual clients.

Substantial increase in the share of current deposits in the total customer deposits, to the level of 80.9% (+15.2 pp y/y, +13.5 pp q/q).

Gradual recovery in the volume of investment products in Q2 (-1.1% y/y, +7.9% q/q)

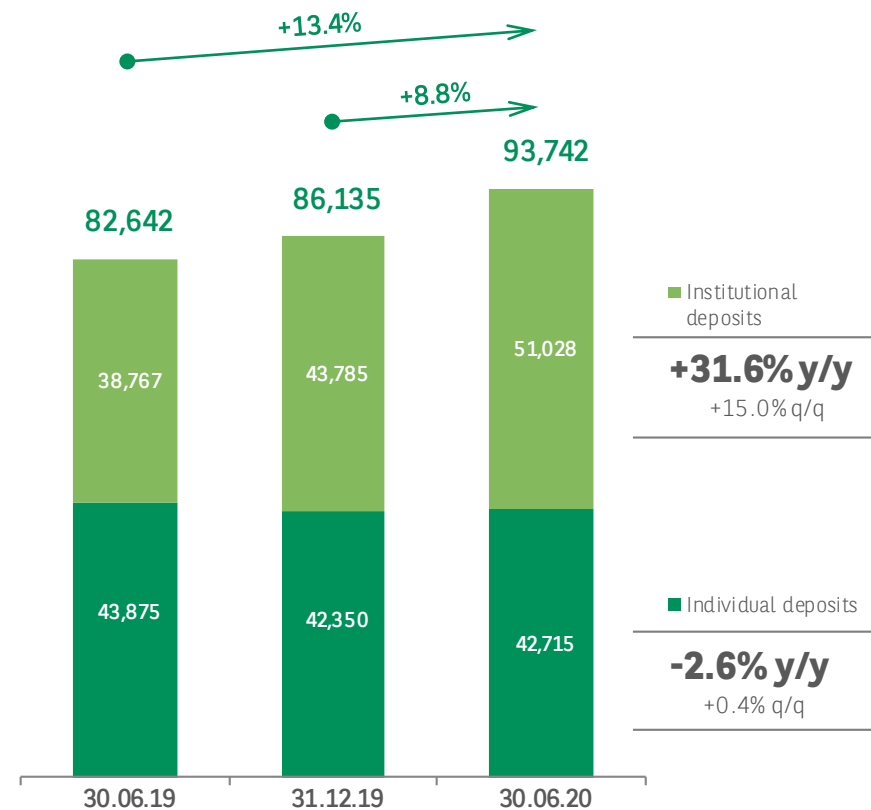
including the funds invested in BNP Paribas Group investment funds (+29.8% y/y, +11.4% q/q).

+16,7% y/y (+8,5% q/q)
assets under management



* Discretionary Portfolio Management

Customer deposits

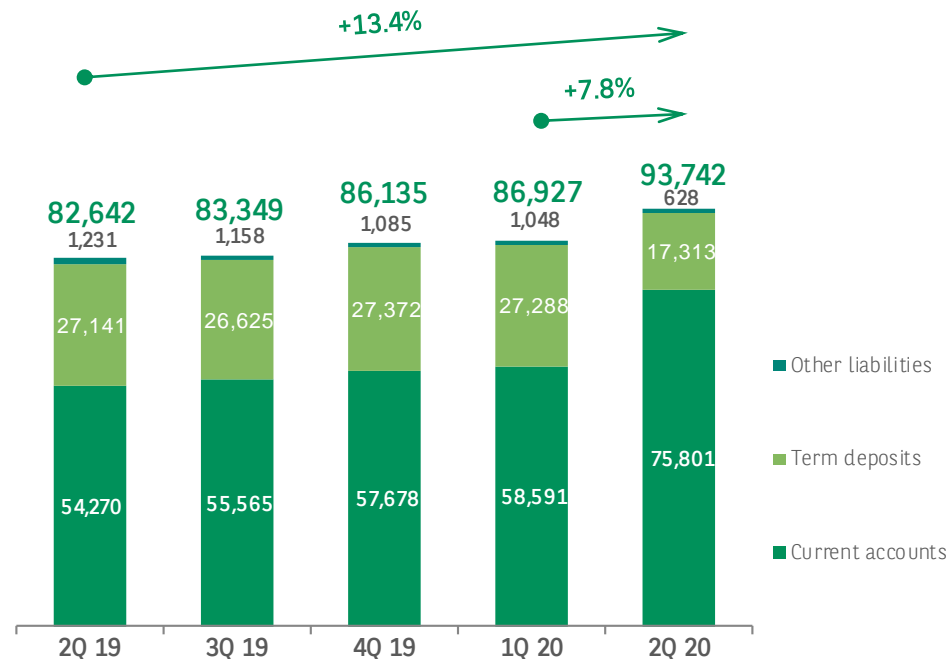


DEPOSIT BASE STRUCTURE

SUBSTANTIAL INCREASE IN THE SHARE OF CURRENT ACCOUNTS AND INSTITUTIONAL DEPOSITS DESPITE PRICING ADJUSTMENTS TO THE MARKET RATES

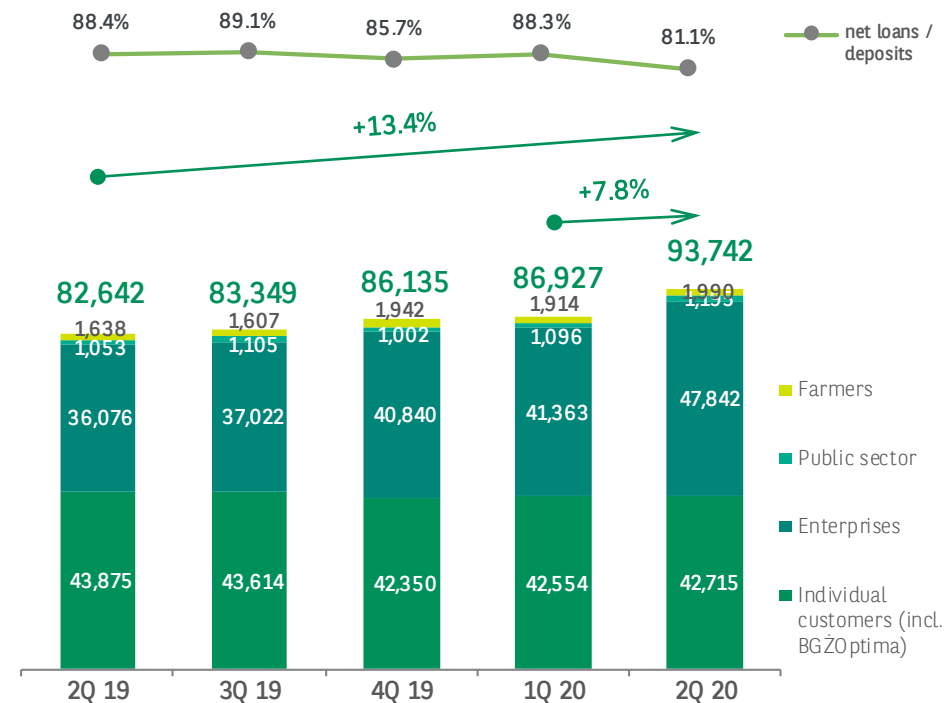
PLN m, as of the end of the quarter

Deposit term structure



- Substantial increase in the share of customer current accounts in total deposits: to 80.9% (+15.2 pp y/y, +13.5 pp q/q).
- Increase in Q2 2020 concerned mainly the volumes in current accounts of institutional customers (PLN + 14,180 million, +46.3% q/q).
- In case of individual customers, the increase in volumes in current accounts amounted to PLN +3,030 million, +10.8% q/q).

Customer deposits

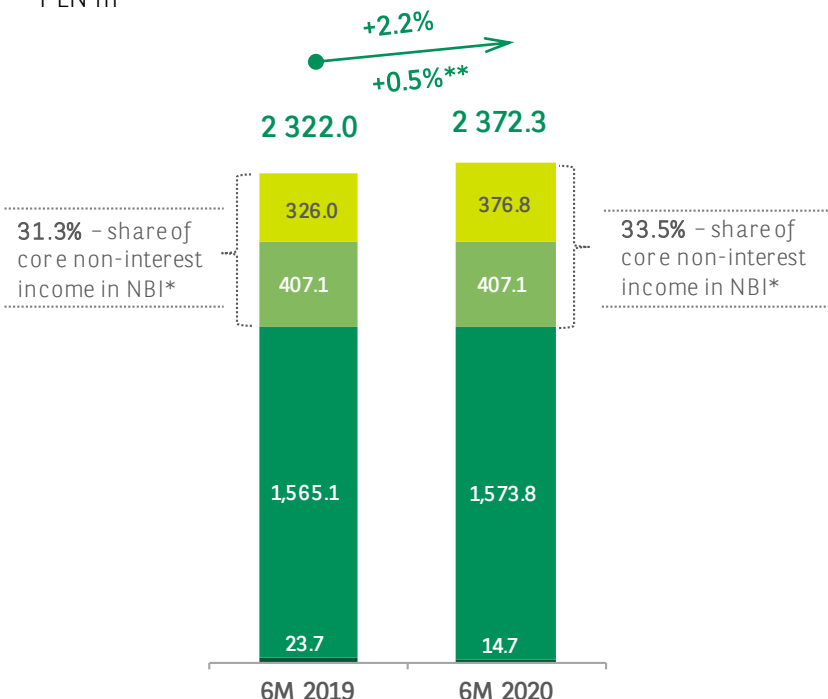


- Decrease in costs of deposits in Q2 (-34 bp June vs March 2020).
- Increase of enterprise deposits: +32.6% y/y and +15.7% q/q, and farmer deposits: +21.5% y/y and +4.0% q/q.
- Decrease in individual customer deposits by -2.6% y/y as a result of the liquidity position optimisation in 2019 including deposits acquired by BGŻ Optima (down to the level of PLN 3.6 billion, -23.8% y/y, -6.0% q/q). In Q2 2020, an increase in individual customer deposits by +0.4% (in Q1 2020 by +0.5%).

NET BANKING INCOME

MAINTAINING THE CORE REVENUES LEVEL, COVID-19 IMPACT OFFSET BY INCREASE IN NET TRADING & INVESTMENT INCOME

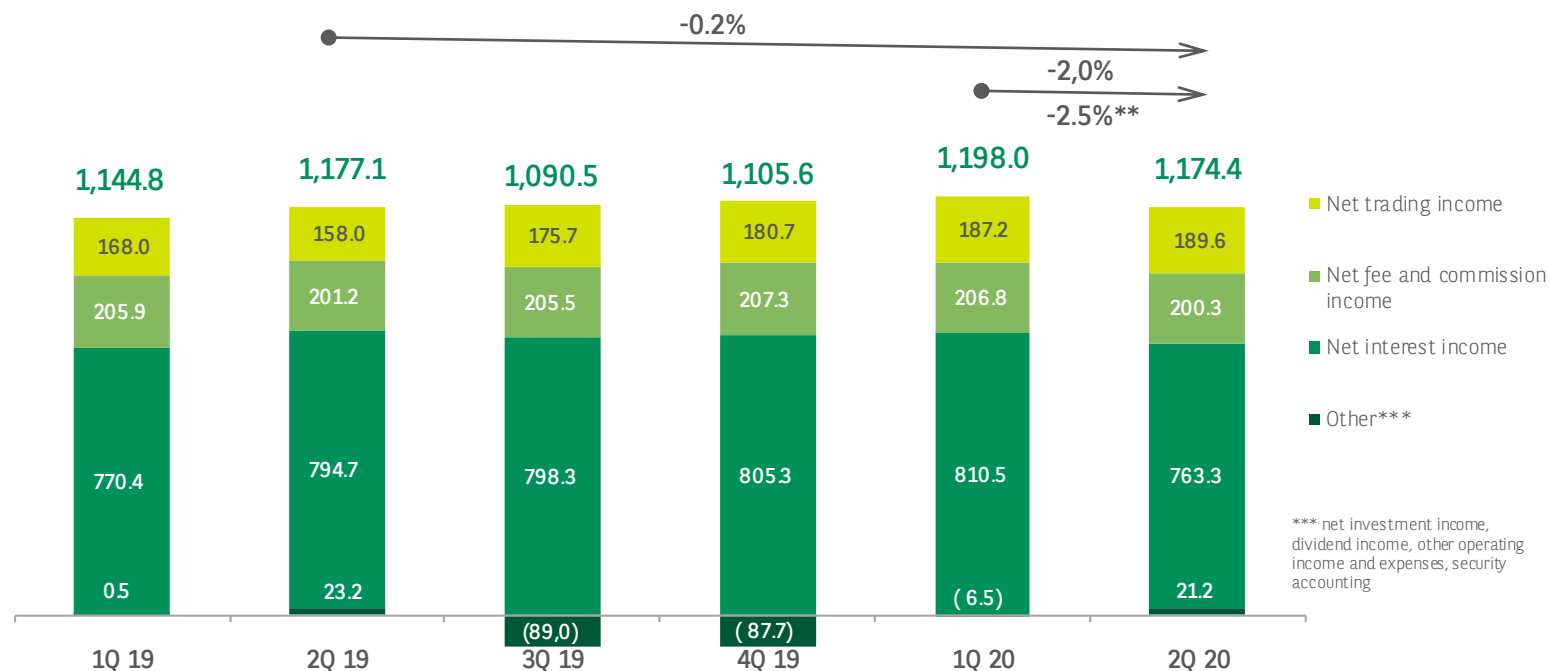
PLN m



- A slight increase in NII despite the negative impact of the interest rates cuts in the first half of 2020.
- The highest positive impact visible in net trading income (dynamics +15.6% y/y) possible thanks to the change in the valuation of stocks and shares in the first half of 2020 (VISA, Mastercard, BIK, KIR).
- Negative impact of the valuation of the loan portfolio FV in the amount of PLN -56.6 million in 1H 2020 (e.g. resulted from the downward movement in yield curve after reduction of NBP interest rates) neutralized by the result on debt instruments (sale of bonds mainly) in the total amount of PLN 74.4 million.

* NBI excluding the other operating income and expenses

** net banking income without integration costs and one-off events

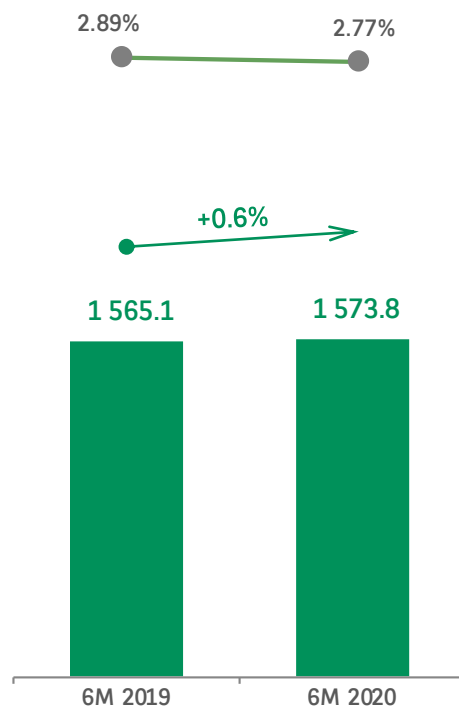


- In Q2 2020, the impact of lowering the NBP interest rates (from 1.5% to 0.1%) is visible. The decline in credit and deposit margins was slightly offset by an increase in interest on securities and derivative instruments as part of fair value hedge accounting.
- Positive impact of changes in the valuation of stocks and shares (VISA, Mastercard, BIK and KIR) on the net trading income in Q2 2020 (in the amount of PLN 57.0 million).
- "Other" item includes:
 - in 2Q 2020: the amount of PLN 41.4 million of the net investment result (PLN -6.4 million change in the valuation of the FV loan portfolio and PLN 47.8 million of result on debt instruments – sale of bonds mainly) and the creation of a provision for the legal risk of CHF housing loans PLN -15,2 million,
 - in 1Q 2020: the amount of PLN -23.6 million of the net investment result (PLN -50.2 million change in the valuation of the FV loan portfolio and PLN 26.6 million on the sale of securities) and the positive balance of one-off events, total of approx. PLN 22.4 million.

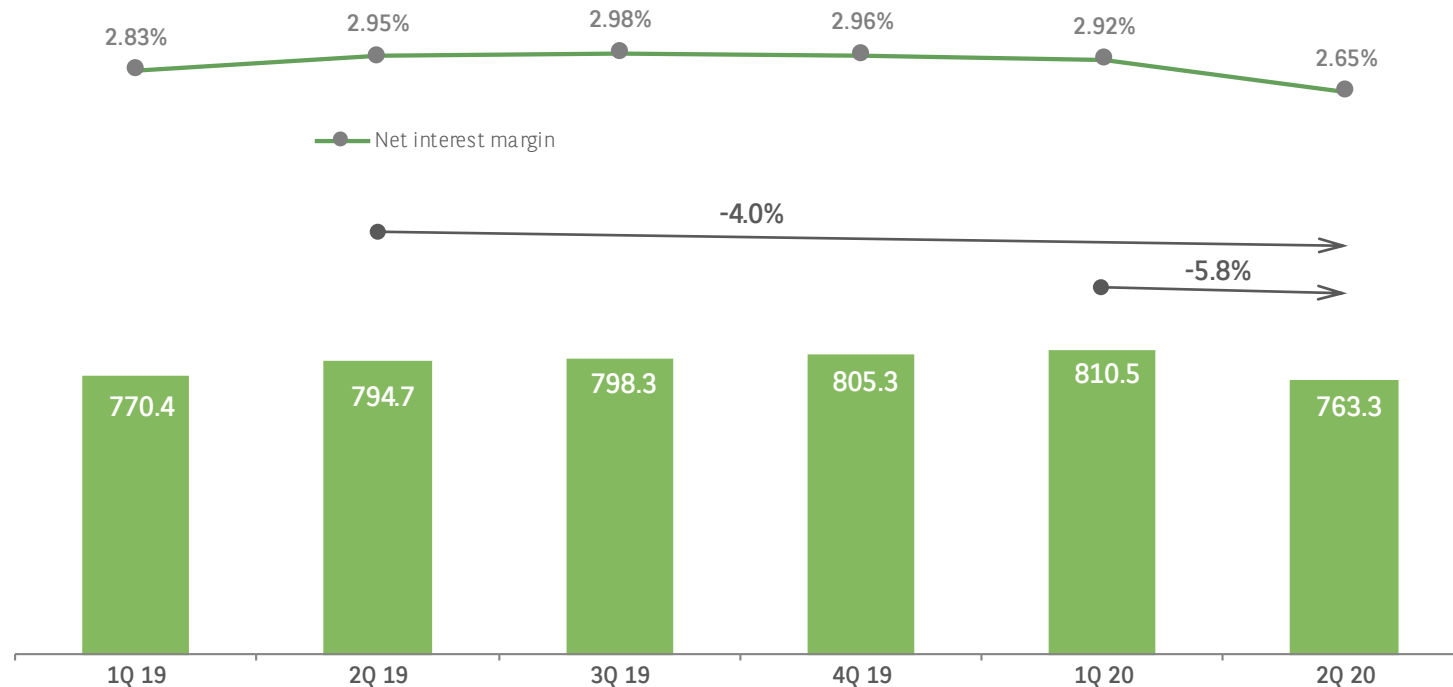
NET INTEREST INCOME

Q2 2020 UNDER PRESSURE OF LOW INTEREST RATES

PLN m



- Negative impact of the NBP interest rates cuts on the net interest margin neutralized by the increase in the scale of operations and the number of interest days.
- Impact of the settlement of the fair value adjustment for the loan portfolio, acquired as part of Core RBPL acquisition - decrease in revenues by PLN 35.6 million y/y. Lower average credit spreads.
- Impact of commission returns on early client loan repayments - decrease in NII in the amount of PLN 24 million y/y.

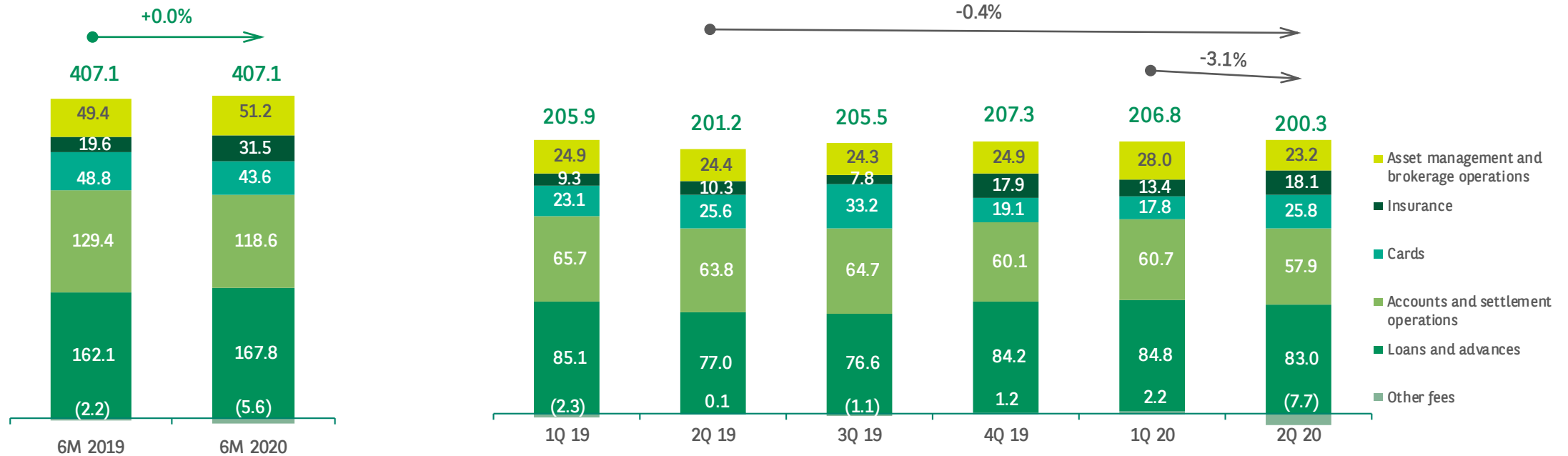


- A clear negative impact of the interest rates cuts (NBP reference rate from 1.5% to 0.1%) on net interest margin and net interest income realized in Q2 2020. Noticeable decline in deposit margins and a slightly slower in loan spreads, only partially neutralized by an increase in the average value of the loan portfolio, securities portfolio and the improvement in the result on derivative instruments as part of fair value hedge accounting.
- The net interest income in Q2 2020 includes the settlement of the fair value adjustment for the loan portfolio, acquired as part of Core RBPL acquisition, in the amount of PLN 11.7 million (PLN 13.4 million in Q1 2020, PLN 14.2 million in Q4 2019, PLN 22.0 million in Q3, PLN 28.4 million in Q2, PLN 32.3 million in Q1, PLN 18.0 million in Q4 2018).
- Negative impact on the interest income of Q2 2020 of commission returns on early client loan repayments made after 11 September 2019 (CIUE judgement) in the amount of PLN 12.2 million (PLN 11.8 million in Q1 2020, PLN 15.1 million in Q4 2019, PLN 3.5 million in Q3).

NET FEE AND COMMISSION INCOME

KEEPING NET COMMISSION INCOME STABLE, NO SIGNIFICANT NEGATIVE IMPACT OF COVID-19

PLN m



- Higher commission on insurance (PLN +11.9 million, +60.4% y/y) i.a. due to higher income from life insurance for mortgage loans (PLN +5.7 million y/y) and from Cardif insurances (PLN +3.6 million y/y).
- Decrease in F&C on accounts and settlements i.a. due to new EU regulations (SEPA, December 2019) and a lower number of transactions as a result of COVID-19 (in total, F&C are lower by approx. PLN 13.8 million y/y).
- A decrease in cards F&C, among others as a result of reclassification of income from exchange rate differences (transfer to the net trading income of PLN 11.1 million).

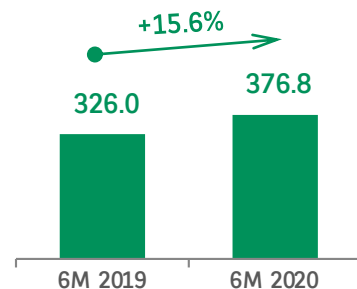
- The higher level of insurance F&C observed in Q2 2020 as compared to Q1 2020 related to higher income on life insurance for mortgage loans (PLN +2.4 million q/q), higher commission on Agro loans and profit sharing from Cardif insurances (in total PLN +1.8 million).
- An increase in F&C on cards in Q2 2020 despite the reclassification of income from exchange rate differences on card transactions with currency conversion (since Nov'19 exchange rate differences on card transactions are presented in net trading (FX) income; i.a. due to lower by PLN 4.6 million costs of loyalty programs).
- Approximately PLN 3 million lower F&C for asset management and brokerage operations performed by BNP Paribas TFI in Q2 2020.

NET TRADING AND INVESTMENT INCOME

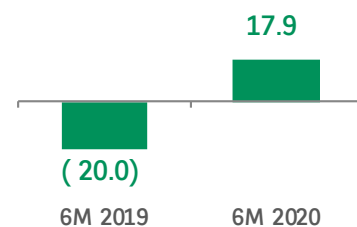
POSITIVE IMPACT OF SHARES VALUATION AS WELL AS THE SALE OF SECURITIES ON THE RESULT OF NET TRADING AND NET INVESTMENT INCOME

PLN m

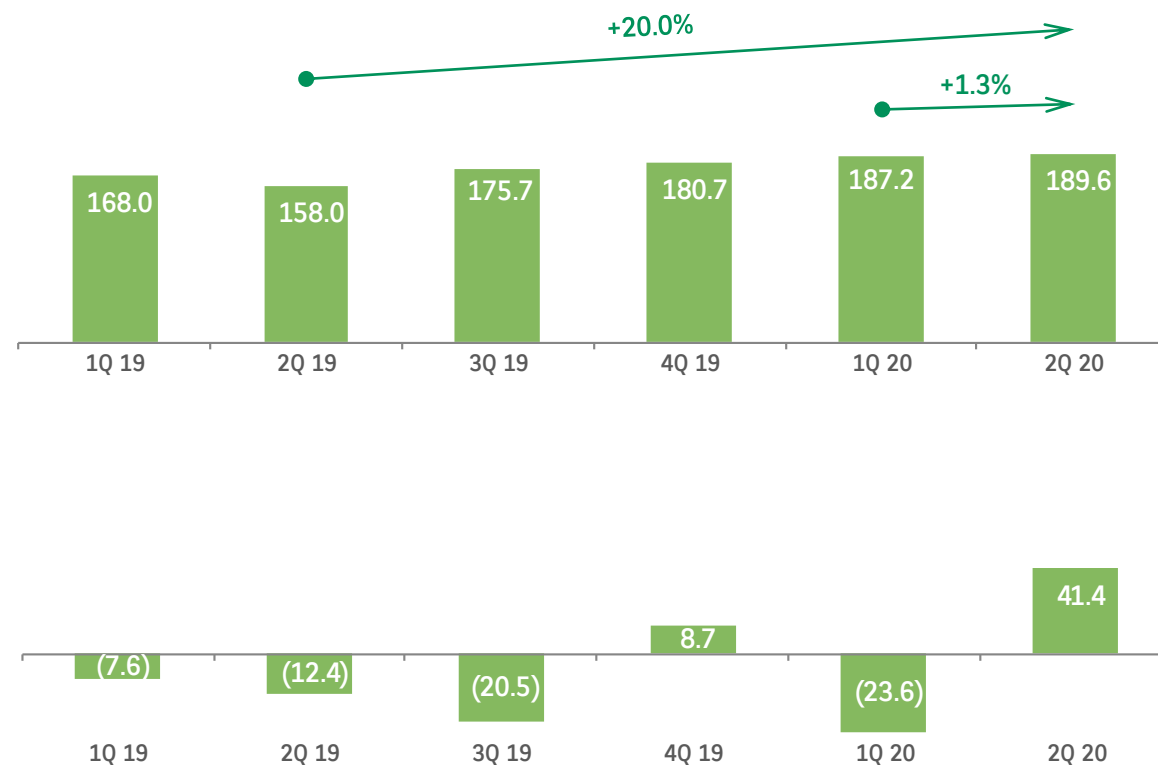
Net trading income



Net investment income



- Increase in the level of net trading income in 1H 2020 as a result of improvement in the valuation of stocks and shares in infrastructure companies (VISA, Mastercard, BIK, KIR) by the amount of PLN +56.7 million.
- As a part of the net investment income, the negative impact of the loan portfolio measured at fair value (FV) valuation in the amount of PLN -56.7 million in 1H 2020 i.a. as a result of the downward movement in interest rate curve (reduction of NBP interest rates, approx. PLN -25.9 million in March 2020 and PLN -12.1 million in May 2020), the result on debt instruments (sale of bonds mainly) in the total amount of PLN 74.4 million.

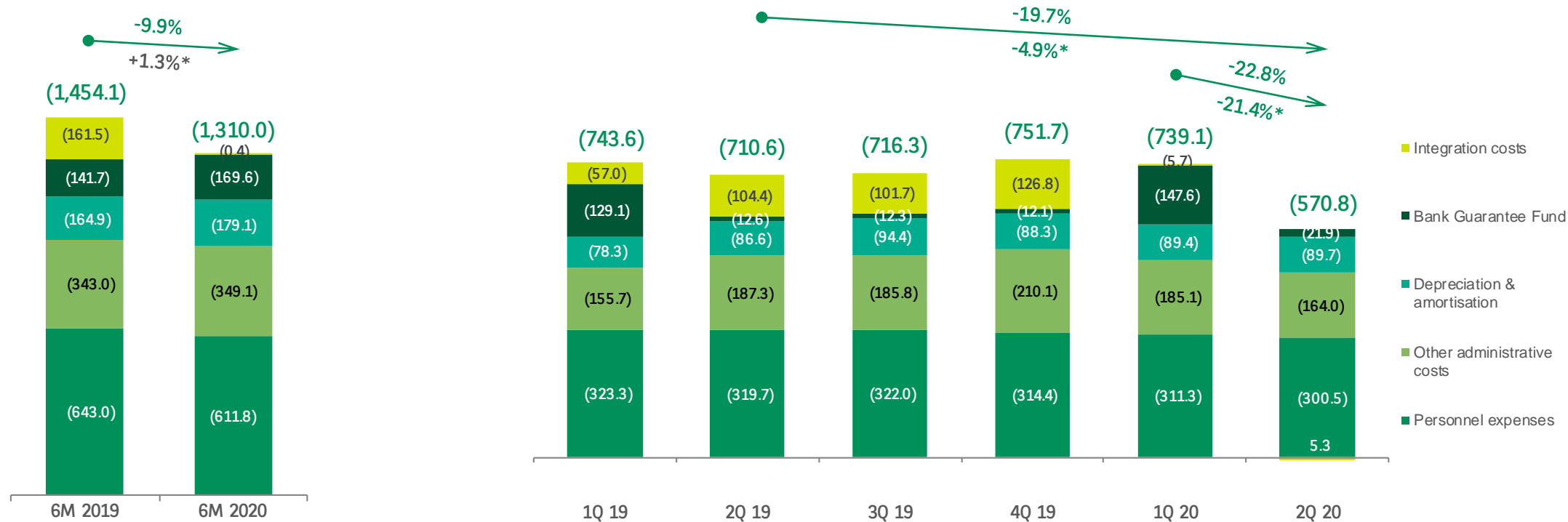


- Net trading result in Q2 2020 includes a positive change in the valuation of stocks and shares (VISA, Mastercard, BIK, KIR) in the amount of PLN 57.0 million as well as the negative impact of a simultaneous decrease in the scale of operations with customers caused by the freezing of the economy as a result of the COVID -19 pandemic.
- Net investment income in Q2 2020 includes:
 - the impact of the valuation of the portfolio of customer loans and advances measured at fair value in the amount of PLN -6.4 million (PLN -50.2 million in Q1 2020, PLN +5.5 million in Q4 2019, PLN -21.7 million in Q3 2019, PLN -12.5 million in Q2 2019, PLN -6.9 million in Q1 2019),
 - the result on debt instruments measured at FV through other comprehensive income (sale of bonds mainly) in the total amount of PLN 47.8 million (PLN +26.6 million in Q1 2020).

OPERATING EXPENSES, DEPRECIATION AND AMORTISATION

DECREASE IN EXPENSES - SYNERGIES IN LINE WITH THE PLAN & ADDITIONAL COST MEASURES IN PLACE

PLN m



- Lower operating costs -9.9% y/y due to the lack of significant integration costs in 1H 2020 (-0.4 million vs -161.5 million in 1H 2019). W/o integration costs +1.3% y/y.
- Visible decrease in personnel expenses (by PLN 31.2 million, -4.8% y/y).
- An increase in the Bank Guarantee Fund (BGF) costs by +19.6% y/y (PLN 27.8 million) due to a higher contributions to the bank resolution fund (as a result of including the Core RBPL acquisition in the calculation base) and to the guarantee fund. Operating costs excluding integration costs and BGF lower by 0.9% y/y (PLN 10.9 million).
- Within other administrative costs increase in costs resulting from fees to the Borrowers Support Fund (by PLN 6.2 million y/y).
- Increase in amortisation due to investments implemented in 2018-2019.

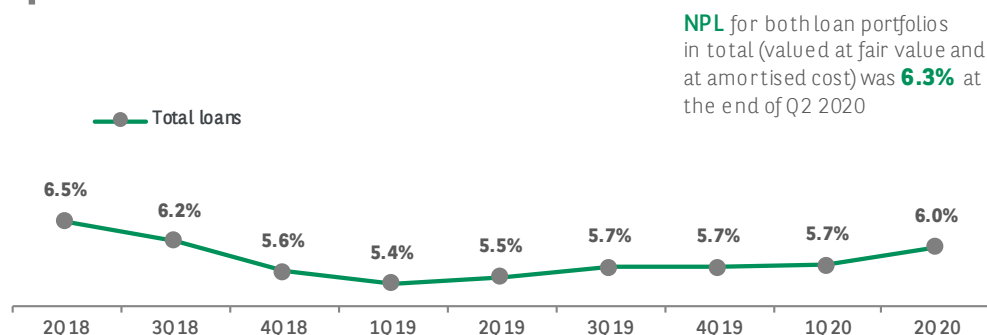
- A decrease in operating costs in Q2 2020 vs Q1 2020 by -22.8% as a result of lack of comparable BGF costs (a decrease by PLN +125.7 million).
- Costs of contribution to the bank restructuring fund incurred in full in Q1 2020 amounted to PLN 126.0 million, costs of contributions to the guarantee fund in Q2 2020: PLN 21.9 million, Q1 2020: PLN 21.7 million, Q4 2019: PLN -12.1 million).
- Decrease in other administrative costs in Q2 2020 vs Q1 2019 related to incurring lower marketing costs: by PLN 9.5 million, advisory and consulting costs by PLN 8.3 million and costs of business trips and car fleet in total by PLN 2.4 million.
- Continuation of the decrease in personnel costs in Q2 2020.
- Synergy effects – reduction of approx. 1.7 thousand FTEs, closure of 201 branches since the merger (Oct. 2018). The synergies realised mainly in HR, IT, consulting, real estate and marketing costs.

* excluding integration costs

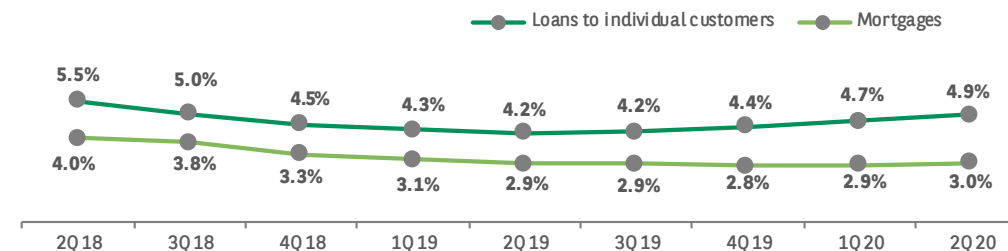
LOAN PORTFOLIO QUALITY

INCREASE IN THE NPL RATIO DUE TO THE LIMITED POSSIBILITIES OF ACTIVE MANAGEMENT OF THE NPL PORTFOLIO DURING THE COVID-19 PANDEMIC

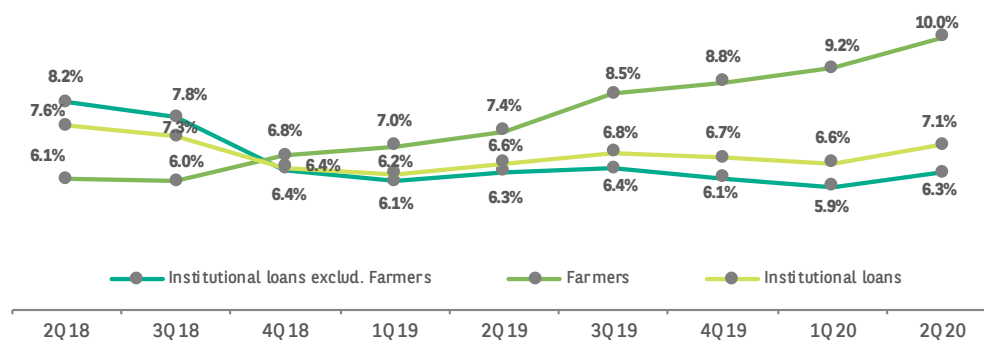
Total loans – NPL*



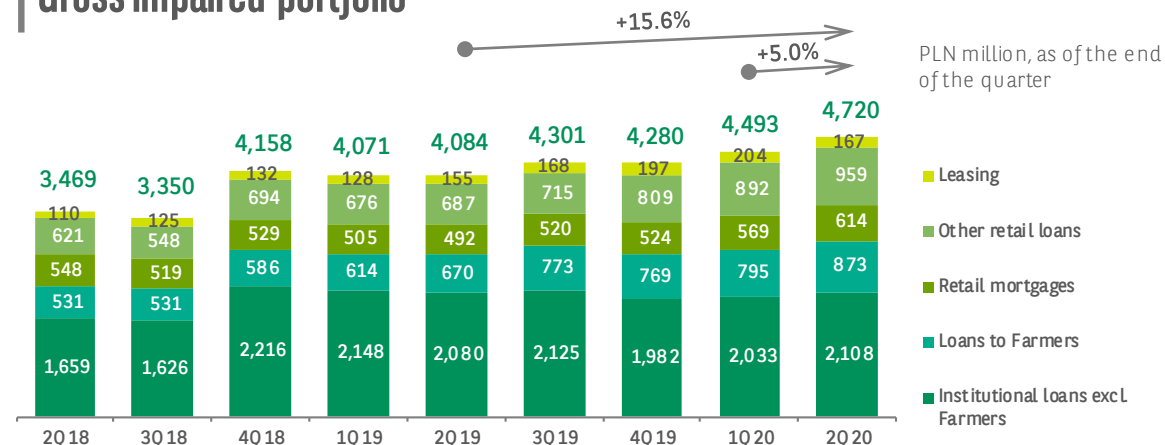
Retail loans – NPL*



Institutional loans – NPL*



Gross impaired portfolio**



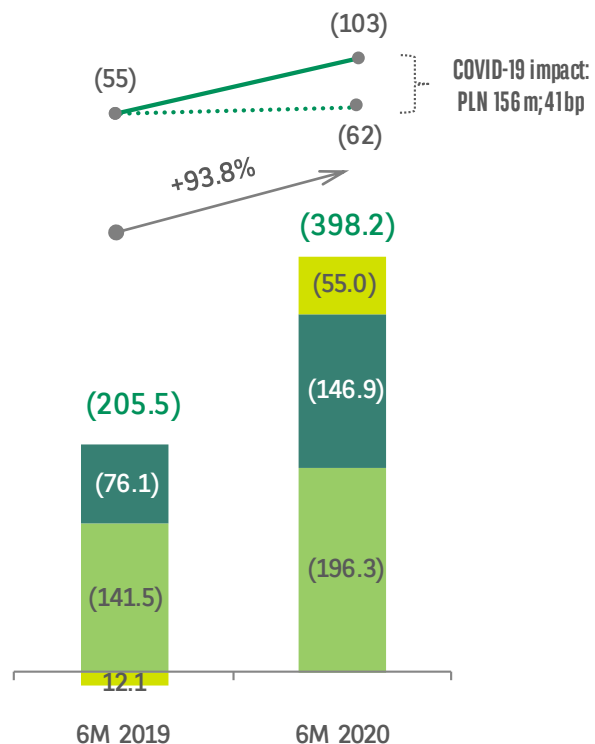
* NPL calculations are not including loans and advances valued at fair value, identified in accordance with IFRS 9

** impaired loan portfolios since 31 March 2018 are not inclusive of loans and advances valued at fair value, identified in accordance with IFRS 9

NET IMPAIRMENT LOSSES

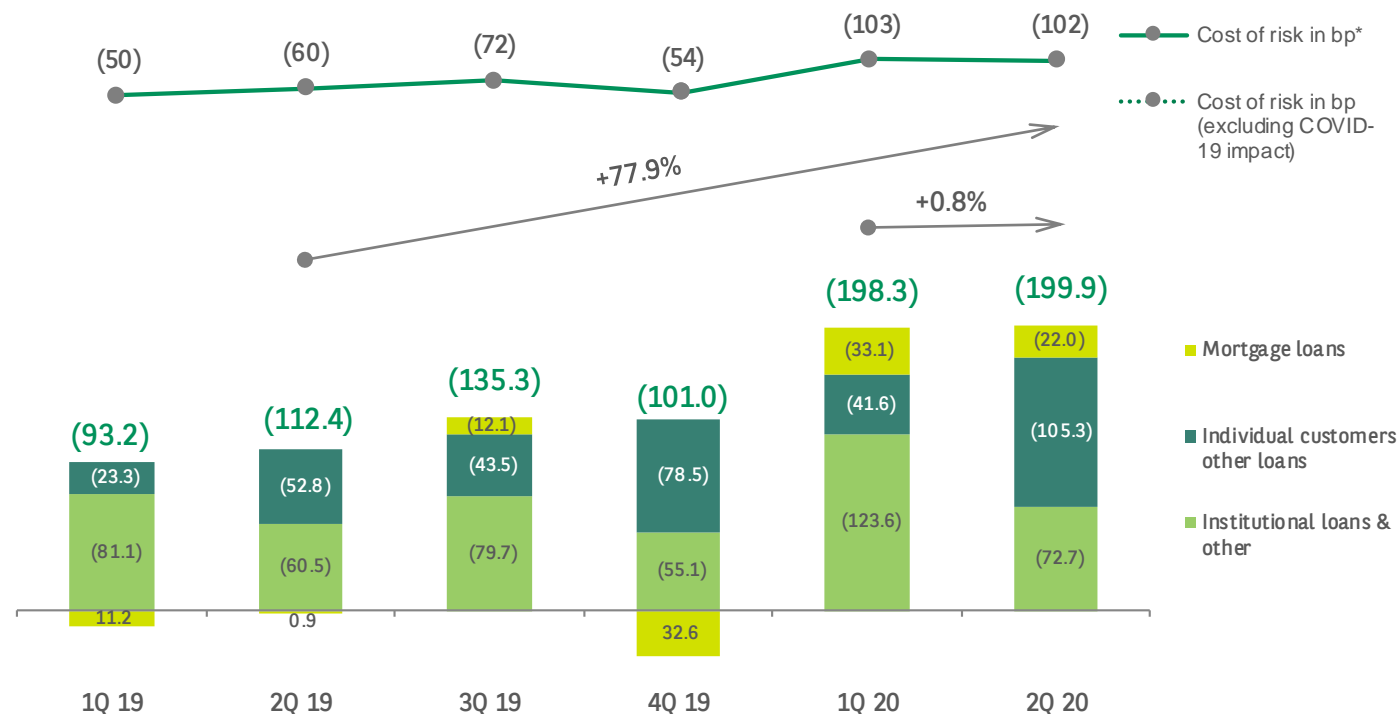
INCREASE IN COST OF RISK AS A RESULT OF APPLICATION OF MACROECONOMIC FORECASTS INCLUDING COVID-19 IMPACT

PLN m



- The increase in the cost of risk in 1H 2020 was mainly due to:
 - creation of PLN 156 million of additional provision resulting mainly from changes in macroeconomic scenarios as a result of COVID-19 pandemic (for ward looking PD and LGD determined based on smoothed macro forecasts) and the Bank's assessment of the expected future impact of the current economic situation on risk parameters for selected types of customers,
 - introducing the multi-scenario method in individual valuation and increase of the entry threshold for individual valuation (PLN 40 million).

* Cost of risk expressed as the ratio of the net impairment allowance to the average balance of gross loans and advances to customers valued at amortised cost (calculated based on quarter-end balances).



- Cost of risk changes in Q2 2020 compared to Q1 2020 were mainly due to:
 - in the institutional client portfolio: no impact of the introduction of the multi-scenario method in the individual portfolio valuation together with the change in the entry threshold for this method in Q2 2020 which in Q1 2020 amounted to PLN 40 million of additional provisions (one-off events),
 - in the portfolio of other individual clients: higher cost of risk mainly due to the greater negative impact of the update of macroeconomic scenarios in Q2 2020 than those included in Q1 2020 and the lack of a positive impact of the update of parameters that occurred in Q1 2020,
 - in the mortgage loan portfolio: no negative impact of foreign exchange rates on the value of LTV (compared to Q1 2020).

COVID-19 IMPACT ON CREDIT RISK

AN OVERVIEW, KEY STATISTICS

SUPPORT PROGRAMS FOR CLIENTS

Loan repayment grace periods implemented at the beginning of April 2020 and until 30 June applied to PLN 7.0 bn of loan exposure (on balance). Government moratoria launched at the end of June, and the first applications appeared at the end of Q2.

BGK Guarantees total limit of PLN 10 bn, of which: de minimis guarantee from the beginning of April with the current available limit of PLN 1.2 bn, liquidity guarantee (starting from beginning of May) with the current available limit of PLN 8 bn.

PFR program – the participation of the Bank in the funds' distribution to the clients - by 9 August 19.5k positive decisions in the amount of PLN 5,029.7 million.

Bank is analyzing the support programs in the context of MSSF 9 application and assumes them to have a positive impact on the credit risk parameters.

Statistics as at 30.06.2020 (Bank's standalone data)	Retail (incl. Micro) clients	Corporate & SME customers	Total
Number of applications submitted / processed (thousand)	53 / 45.5	2.9 / 2.6	55.9 / 48.1
Credit moratorium total amount (PLN million, on balance exposure)	4,177.7	2,610.6	6,788.3

FOCUS POINTS

Utilization of the BGK guarantee limit as high as possible

COVID-19 IMPACT REPORTING

A number of actions, including more frequent and detailed monitoring of the portfolio, were implemented:

- ad hoc, in-depth, case-by-case portfolio reviews were conducted – 8 thousand corporate & SME clients has been verified individually,
- weekly reporting on COVID-19 affected portfolio (sensitive sectors, highly COVID affected CTB & SME clients, actions undertaken),
- daily reporting on delays, loan repayment grace period weekly reporting.

Proper actions taken towards the COVID affected clients

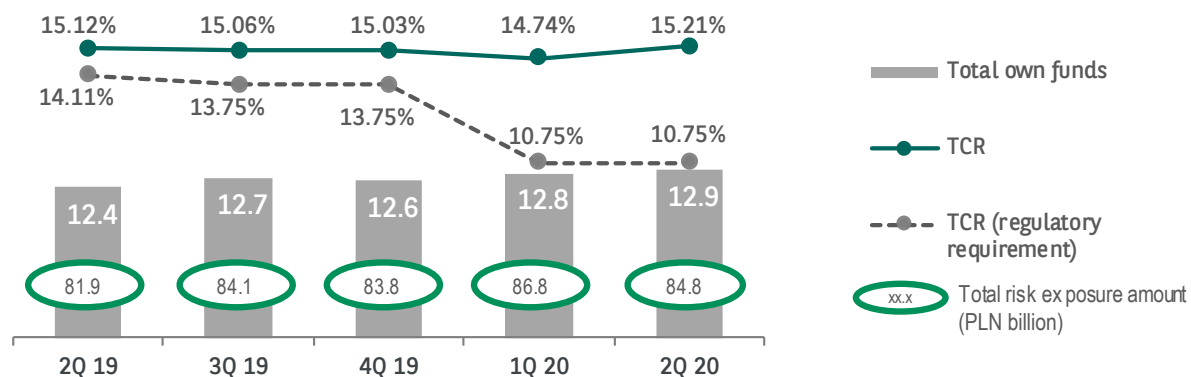
COST OF RISK

The impact of COVID-19 on the cost of risk in H1 2020 was PLN 156 million and is mainly due to the change in macroeconomic scenarios as a result of COVID-19 (forward looking PD and LGD determined based on smoothed macro forecasts) and the Bank's assessment of the expected future impact of the current economic situation on the risk parameters for selected types of clients.

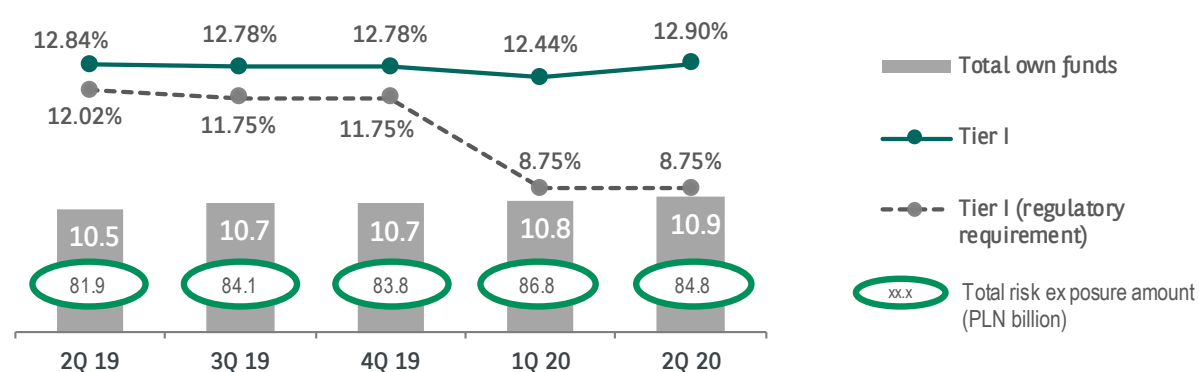
CAPITAL ADEQUACY

SAFE CAPITAL POSITION. TCR AND TIER I EXCEEDS THE REGULATORY MINIMUM

TCR



Tier I



**TCR and Tier I above the regulatory minimum:
+4.5 pp and +4.2 pp, respectively**

In accordance with the Resolution of the Ordinary General Meeting of BNP Paribas Bank Polska S.A. dated 29 June 2020, the entire Bank's profit for 2019, in the amount of PLN 628.7 million, was allocated to reserve capital.

Lower level of the total amount of risk exposure in Q2 2020 related mainly to the decrease in the requirement for credit risk mainly as a result of the entry into force of the Regulation of the European Parliament and of the Council (EU) 2020/873 of June 24, 2020 allowing for the reduction of risk weights for some part of SME loans.

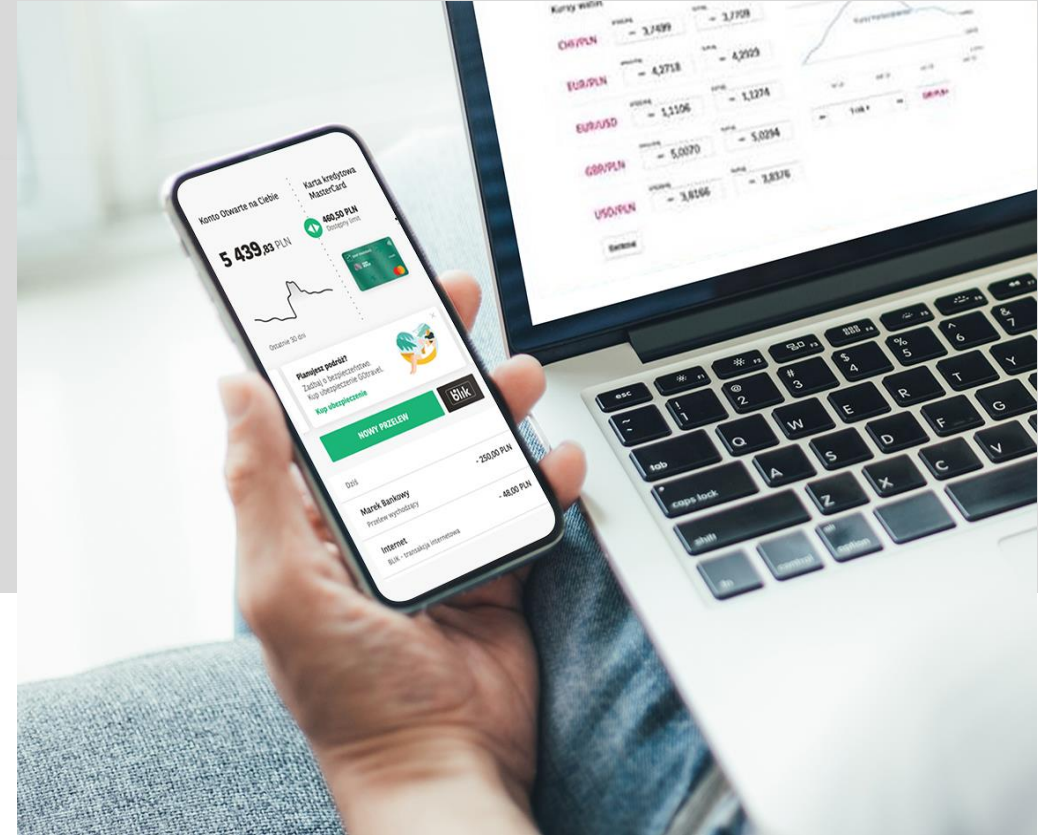
Reduction of the systemic risk buffer from 19 March 2020 from 3% to 0%.

No capital requirement for FX loans for the Bank (since 9 July 2019).

OSII buffer at 0.25%.

05

BUSINESS SEGMENTS PERFORMANCE



BNP PARIBAS

RETAIL AND BUSINESS BANKING & PERSONAL FINANCE

GRADUAL REVERSAL OF NEGATIVE SALES TRENDS - RETURN TO SALES LEVELS FROM THE BEGINNING OF Q1 VISIBLE IN JUNE

3.9 million individual customers

+143 thousand +4% y/y

+12 thousand +0.3% q/q

Growth

- **Mortgage loans** – highest quarterly sales in history, double increase in market share from 5.2% in June 2019 to 11.7% in June 2020
- **Investment products** – 20% increase in sales y/y in Premium Banking and Wealth Management
- **Deposit repricing**
- **Personal accounts** – sales in June highest since February
- **business accounts** – 7.3% increase in sales y/y (Q2 still weaker than Q1)
- **Cash loan granted** entirely in a digital process +153% q/q (PLN 28.6 million in Q2)

Transformation and digitalization

- Migration of 370 thousand individual customers to GOonline (closing down the PL@net application)
- **Remote account opening** with video-verification
- **Autenti e-signature** for account opening via website and at a branch, for deposits and confirmation of cash transactions at a branch
- **Booksy** – booking visits at branches
- **Integration of Real Time Marketing with GOonline** – informing the RM of potential banking needs of a customer in real time
- **Transformation of the distribution network** - 174 branches in a new format, 96 (as at the end of July) without cash service
- Shortening product sales process to micro
- Improvements in the mortgage process

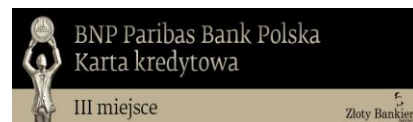
Support for customers in connection with COVID-19

- **Loan moratoria** for customers
- **We binars for entrepreneurs**, among others about the offer of the Polish Development Fund (PFR), subject areas regarding e.g. use of the Internet, **cooperation of the Bank with OLX**
- **Flexible sales and after-sales processes**, eg. an option of remote disbursement of a loan tranche

Awards and distinctions

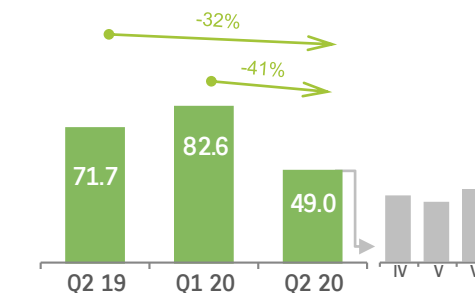


Konto
Otwarte
na Ciebie



Acquisition of individual customers*

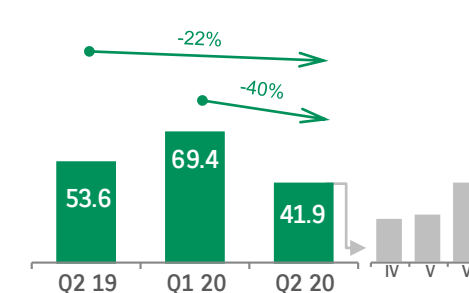
thous and



* Excluding acquisition via Customer Service Points

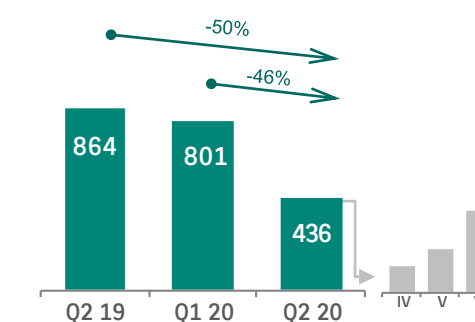
Sales of personal accounts

thous and



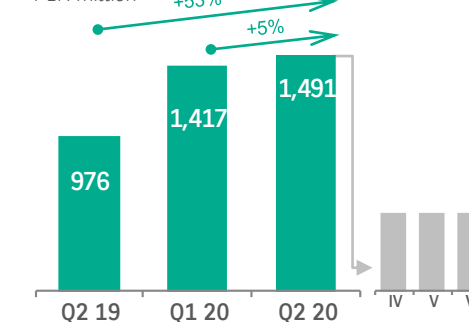
Sales of cash loans

PLN million



Sales of mortgage loans

PLN million

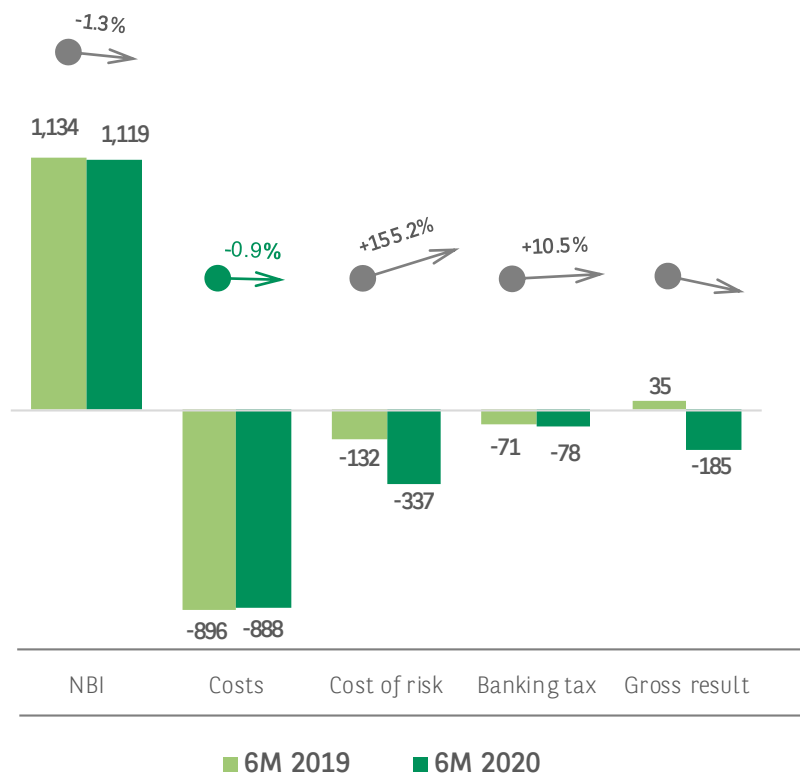


RETAIL AND BUSINESS BANKING

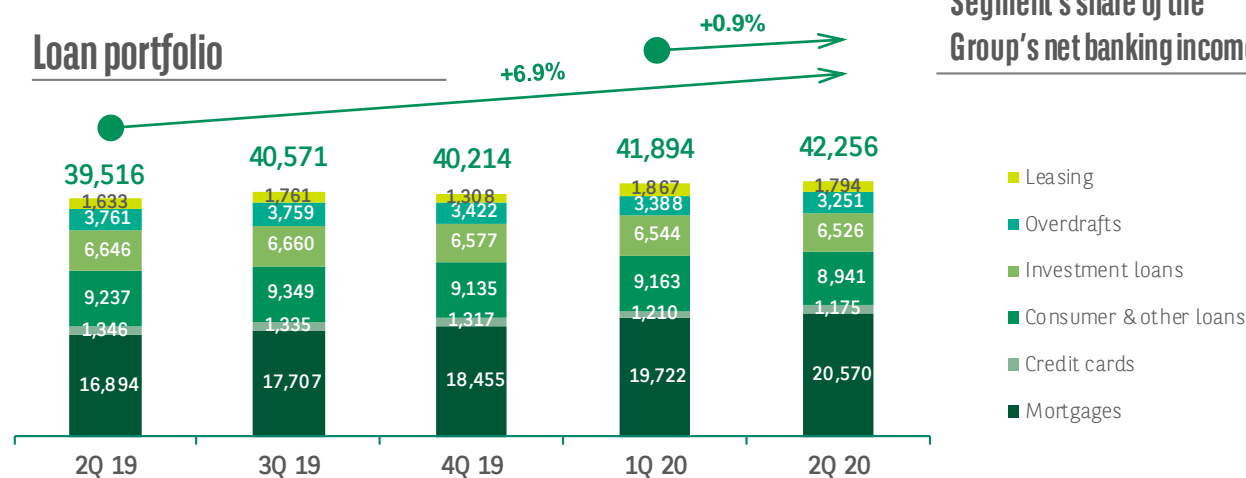
GROSS RESULT UNDER PREASSURE OF COST OF RISK RELATED TO COVID-19. LOWER OPERATING EXPENSES

PLN m

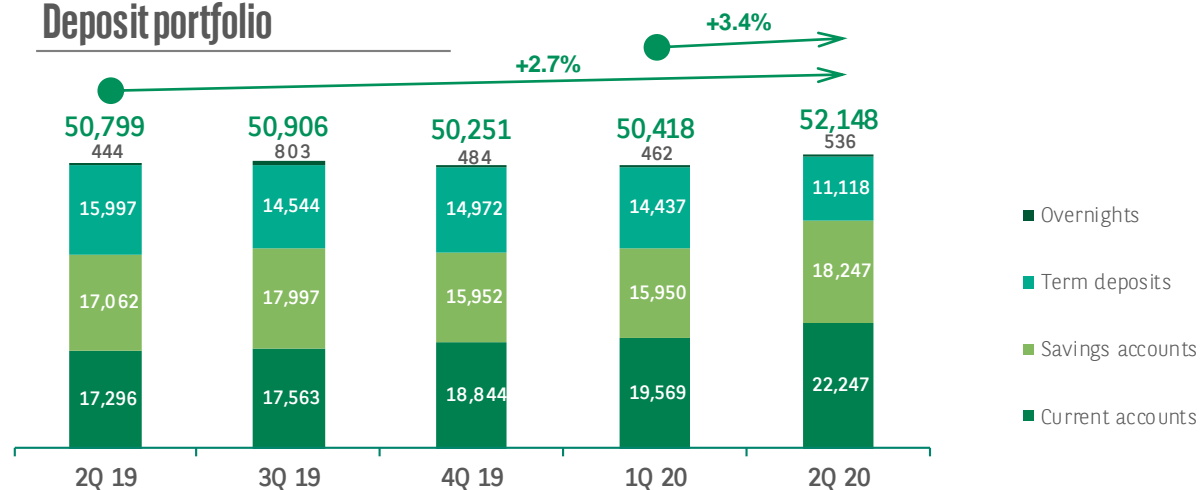
Gross result structure



Loan portfolio



Deposit portfolio



CORPORATE & SME BANKING

2Q RESULTS STRONGLY INFLUENCED BY THE ECONOMIC LOCKDOWN RELATED TO THE COVID-19 PANDEMIC

Product offer



- new version of GOmobile Biznes
- implementation of white list of VAT taxpayers in BiznesPl@net
- improvement in the area of Trade Finance - implementation of a guarantee content generator
- credit moratoria for clients

Transformation and digitalisation

- further development of tools for electronic client service, of which:
- implementation of a fully remote customer onboarding process
 - enabling the signing of most documents with an electronic signature
 - development of the self-service zone in the BiznesPl@net system: providing access to several electronic product applications

Business development

- after positive business trends in the first quarter of 2020, the decrease in customer business activity in connection with COVID-19 and abrupt cuts in interest rates negatively affected the result on banking activities in the second quarter of 2020
- acquisition of new clients: 599 in SMEs and 365 in Corporate Banking in the first half of 2020
- significant increase in the deposit balance with simultaneous optimization of the margin

Execution of several significant transactions despite difficult market conditions

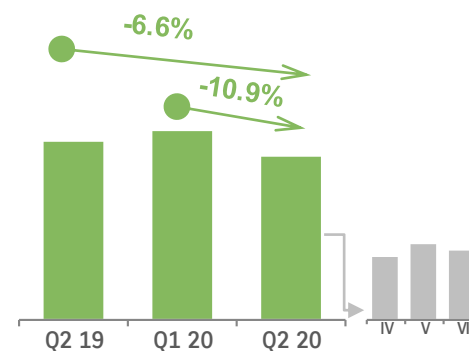
(chosen transactions):

 Qair Financing of wind and solar farm portfolio PLN 630 000 000 Facility and Security Agent Mandated Lead Arranger May 2020	 PEP ENERGETYKA Capex financing for the modernization and expansion of the rolling stock PLN 3 100 000 000 Bookrunner Mandated Lead Arranger June 2020	 GRUPA AZOTY Financing for the construction of a petrochemical complex EUR 1 500 000 000 Bookrunner Mandated Lead Arranger June 2020	 CARGOUNIT Capex and Working Capital financing PLN 272,400,000 Mandated Lead Arranger June 2020
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Transactionality and product cross-selling influenced by Covid-19

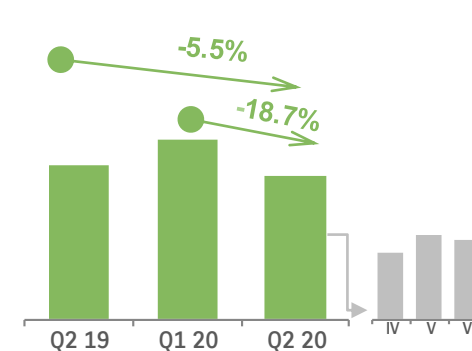
Cash management

Revenue



Currency exchange transactions

Revenue



Corporate banking customers

12.2 k

-1.3 k -9% y/y*
-0.1 k -1% q/q*

SME customers

27.7 k

-3.9 k -12% y/y*
-0.7 k -2% q/q*

* the change includes the effect of the database standardisation as a result of the operational merger conducted in November 2019 and resegmentation between SME and micro carried out in January 2020



BNP PARIBAS

BUSINESS SEGMENTS PERFORMANCE | 41

CORPORATE & SME BANKING

DIVERSIFIED CUSTOMER SUPPORT CHANNELS. ADAPTATION OF SERVICE AND CONTACT TOOLS TO THE PANDEMIC SITUATION

The Bank's involvement in government support programs aimed at enterprises

PFR Financial Shield (as a part of the Anti-Crisis Shield 2.0): the possibility of submitting applications for financing via BiznesPl@net online banking.

No 1 we were the first bank to prepare webinars on the Shield with PFR experts, attended by over 4,800 entrepreneurs

Through the Bank, the PFR's Financial Shield was used by (data as of 30.06.2020):

Corporate clients	850 clients PLN 1.27 billion – total amount of subsidy
SME clients	4 k clients PLN 2.2 billion – total amount of subsidy

8.9% share in the total disbursed funds from the Shield

Signing an agreement with BGK for liquidity guarantees:

- for SME&Corporate clients - BNP is one of the leading banks in the program, the requested guarantee amount is PLN 8 billion,
- for smaller companies under the extended de minimis guarantee program.

The Bank support for clients

Credit moratoria - the Group offered customers the option to postpone the payment of principal or principal/interest installments on all credit products, as well as on products offered by other BNP Group companies in Poland, i.e. leasing and factoring.

Corporate clients	1,966 approved requests for postponement of installments PLN 2,070 million - the volume of the exposures*
SME clients	604 approved requests for postponement of installments PLN 540 million - the volume of the exposures*

Constant contact with customers in a secure remote mode.

Implementation of remote signing of credit documents, onboarding and after-sales documentation with the use of electronic signature.



Remote work in the Business Service Center and the Business Service Zone: broad support for clients in the field of ongoing operations, BiznesPl@net, the PFR Shield.

Dedicated online information programs about pandemic-related law changes and the use of government support programs.

Online conferences as part of the Foreign Trade Program on consumer profiles in post-COVID markets and opportunities for exporters.



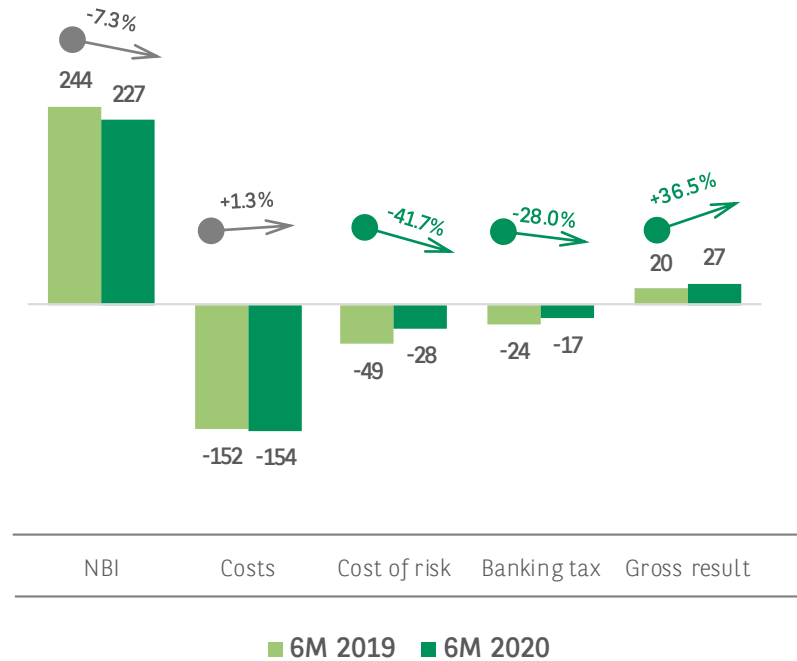
* Bank's standalone data as of 30.06.2020

SME BANKING

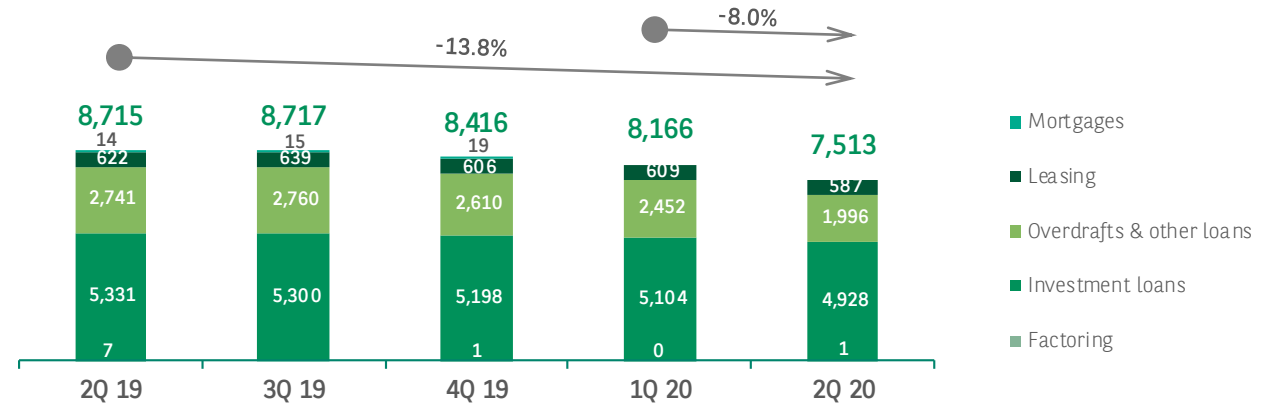
NET BANKING INCOME DECREASE RESULTED FROM FACTORING SALE AND COVID-19. INCREASE IN GROSS RESULT MAINLY DUE TO LOWER COST OF RISK

PLN m

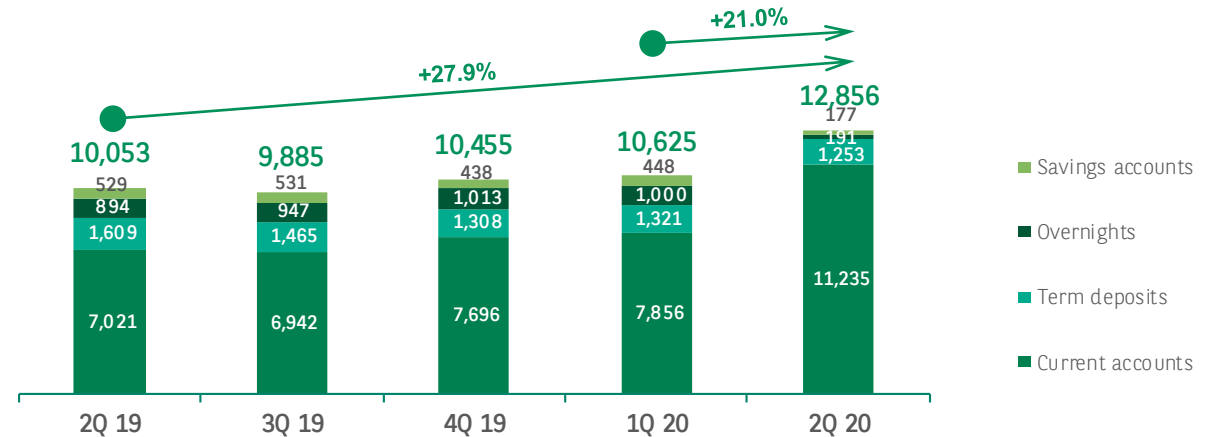
Gross result structure



Loan portfolio*



Deposit portfolio*



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

10%

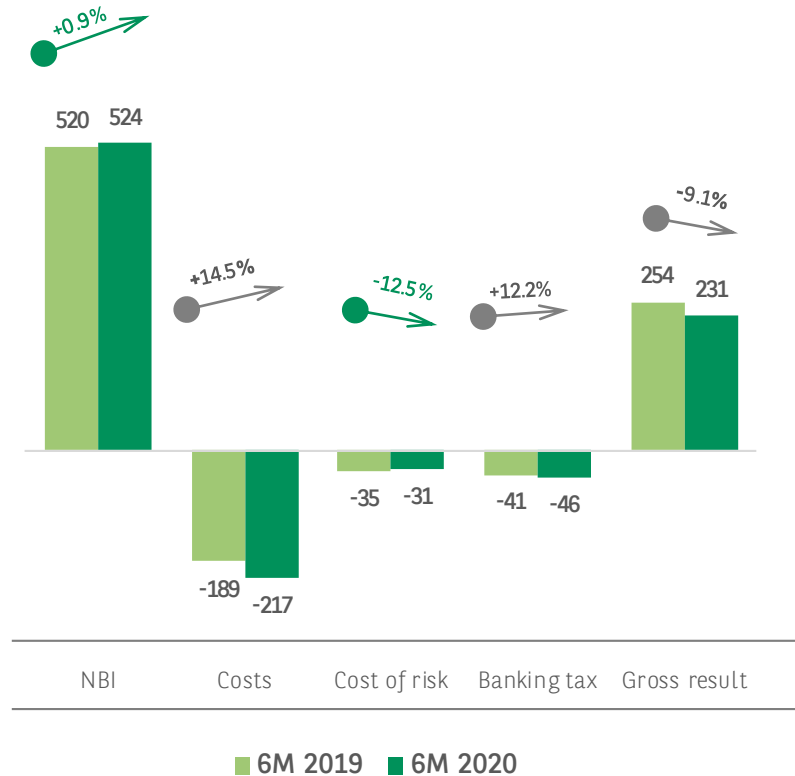
* in connection with the re-segmentation of SME, Corporate Banking and Micro clients, carried out in 2020; data for 2019 presented on a comparable basis

CORPORATE BANKING

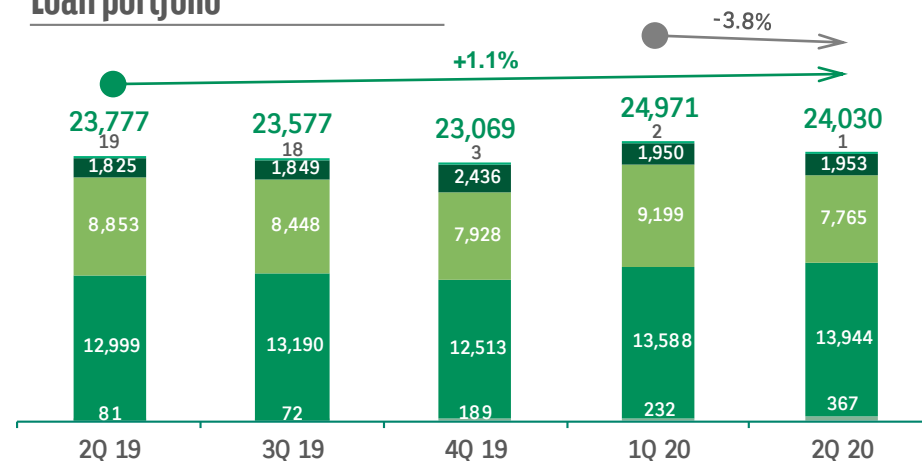
INCREASE IN NET BANKING INCOME BURDENED BY HIGHER OPERATING EXPENSES

PLN m

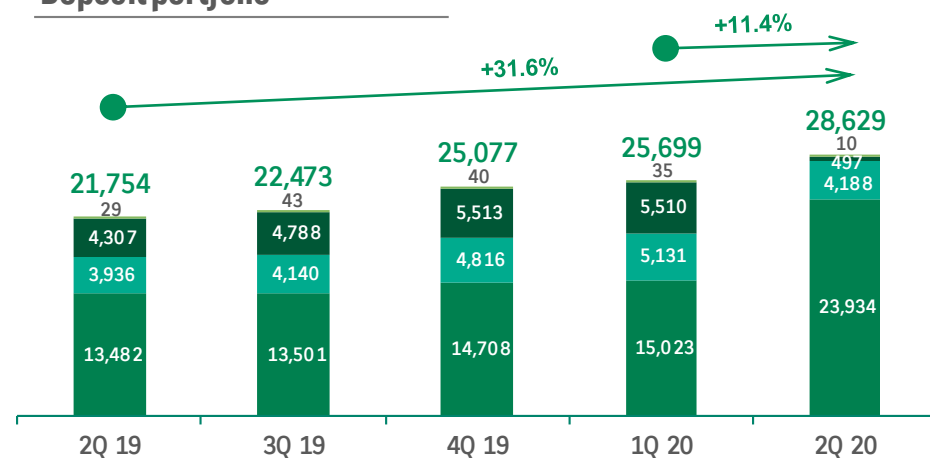
Gross result structure



Loan portfolio*



Deposit portfolio*



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

22%

* in connection with the re-segmentation of SME, Corporate Banking and Micro clients, carried out in 2020; data for 2019 presented on a comparable basis

AGRO SEGMENT

FOCUS ON MAINTAINING MARKET POSITION, MODERN CUSTOMER SOLUTIONS

75.5 thousand Agro clients

Product offer

- **FGR guarantee** – new form of collateral for farmers and Agro clients, granted by Bank Gospodarstwa Krajowego from the Agricultural Guarantee Fund (FGR)
- **EIB working capital loan** – offer in cooperation with the European Investment Bank for clients, including farmers, financing of photovoltaic installations on attractive terms (using the PF4EE instrument)
- **Financing increases the field** - campaign to promote loans and current account for farms, from 15th January to 31st May 2020

Conveniences for Clients, in connection with the COVID-19

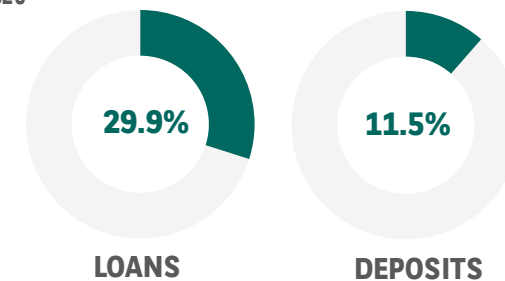
- **Credit moratoria** – the option to suspend repayment for max 3M of full principal and interest instalments of non-renewable products
- **Products' renewal** (overdraft, credit card) - by simplified procedure for up to 6 months
- **On-line application for a deferral of repayment** (via the Internet form available on the Bank's website) without any additional fees and without the need to provide additional documents
- **Simplifications in the loan process** and the loan application itself



- 3,000 registered users
- almost 1,000 users are the Bank's customers
- above 60% of users are women
- over 120,000 hits to the portal in 1H2020
- new user interface
- new focused sections introduced: Green changes dedicated to sustainable development; Agro on Heels - content for women active in the Food&Agro sector

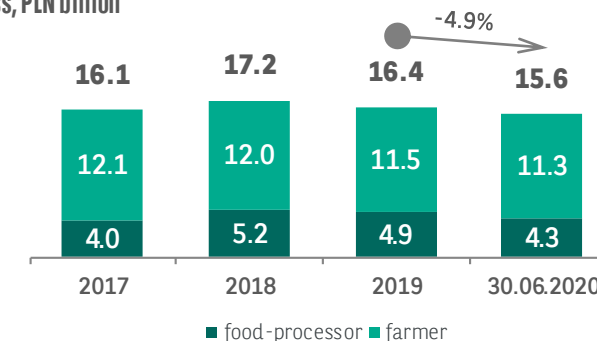
Market share

30.06.2020



Credit volume

gross, PLN billion



BNP PARIBAS

APPENDICES

History
Group structure
CSR and sustainable growth in H1 2020
Macroeconomic environment
H1 2020 financial results of the Group
2020 and 2019 - impact of material events
Profit and loss account
Assets, liabilities and equity

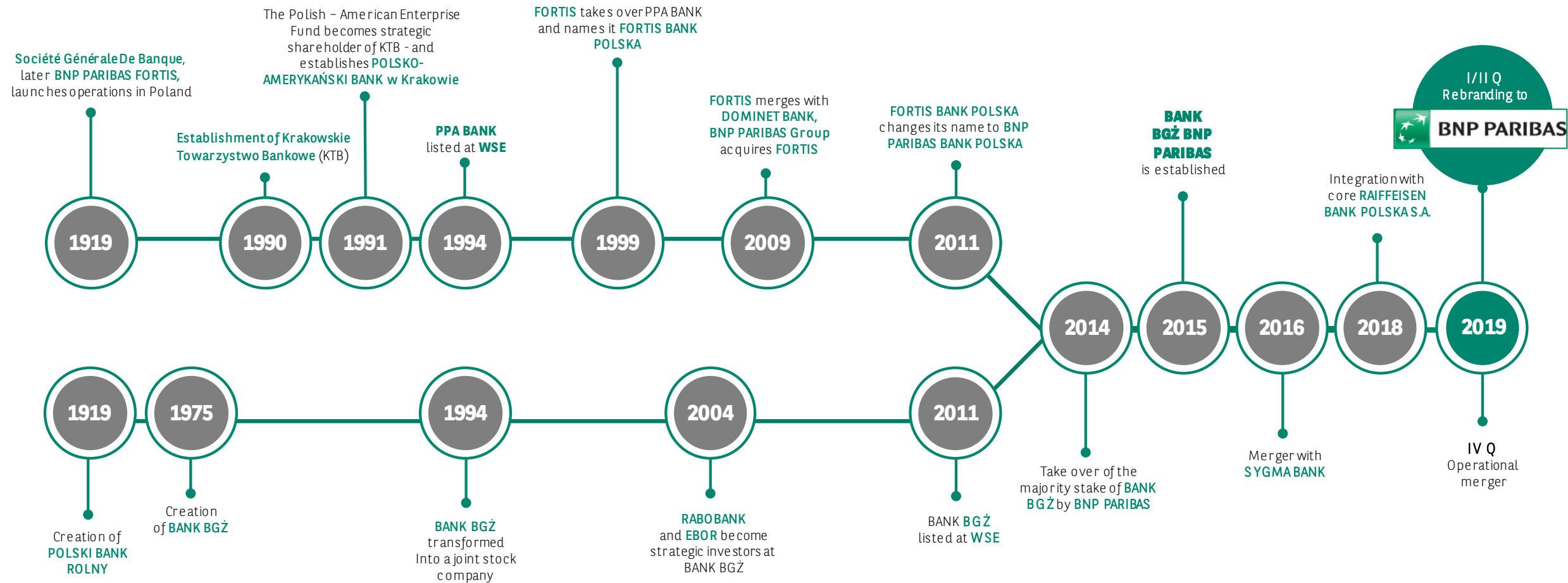


BNP PARIBAS



HISTORY OF M&A DRIVEN GROWTH


WE HAVE STRONG ROOTS ON THE POLISH MARKET




GOVERNANCE

BNP PARIBAS GROUP IN POLAND - PART OF STRONG FINANCIAL GROUP. GROWING PRESENCE IN POLAND

BANK SUBSIDIARIES

 **BNP Paribas Towarzystwo Funduszy Inwestycyjnych S.A.**
(Asset management)

 **BNP Paribas Leasing Services Sp. z o.o.**

 **BNP Paribas Group Service Center S.A.**
(IT development for PF entities,
financial intermediation services)


 **BNP Paribas Financial Services Sp. z o.o.**
(Financial intermediation services)

 **BNP Paribas Solutions Sp. z o.o.**

Campus Leszno Sp. z o.o. (Training Centre)

BGZ Poland ABS1 DAC (SPV, controlled by
the Bank under IFRS10)

OTHER BNP PARIBAS ENTITIES IN POLAND

 **BNP PARIBAS
LEASING SOLUTIONS**
BNP Paribas Lease Group
Sp. z o.o.

 **ARVAL**
BNP PARIBAS GROUP
Arval Service Lease Polska
Sp. z o.o.

 **BNP PARIBAS
SECURITIES SERVICES**
BNP Paribas Securities Services
S.K.A. Oddział w Polsce

 **BNP PARIBAS
CARDIF**
Towarzystwo Ubezpieczeń
na Życie Cardif Polska S.A.

 **BNP PARIBAS
FAKTORING**
BNP Paribas Faktoring Sp. z o.o.

 **BNP PARIBAS**
CORPORATE & INSTITUTIONAL BANKING
BNP Paribas SA Oddział
w Polsce (CIB)

 **BNP PARIBAS
REAL ESTATE**
BNP Paribas Real Estate
Poland Sp. z o.o.

BNP Paribas Group in Poland
employs

~12,000
people

CSR AND SUSTAINABLE GROWTH IN H1 2020

BNP PARIBAS BANK POLSKA AS THE LEADER OF RANKING OF RESPONSIBLE COMPANIES 2020 FOR THE SECOND TIME

business responsibility

- 9 sectors sensitive to ESG risks – CSR Policy and ESG monitoring of clients and transactions for compliance with sustainable growth principles – 1H 2020: 387 CSR analyses and recommendations
- Signatory of **Declaration of Responsible Sale**
- Investment in **Autenti** (together with Alior Bank and PKO BP) – Polish fintech offering a platform for electronic signature of agreements and document circulation
- The Bank joined the **Coalition for the Development of Organic Food Market**

responsibility for the natural environment

- II edition of the programme **Bank of Green Changes** entitled „Responsible consumption and balanced lifestyle”
- **Programme: photovoltaics for prosumers** – 4 380 installations in 1H 2020 (PLN 102 million, PLN 365 million of loans granted from the beginning of the program), until July this year the Bank has financed 15,000 installations
- **Issue of green bonds of Cyfrowy Polsat** – the Bank in the role of co-organizer and joint bookrunner; first such issue in Poland held by a non-financial entity
- Participating in the campaign: **Green Ribbon #For the Planet** and in the **Climate Leadership** expert program organized by the Bank's Partner – UNEP / GRID-Warsaw



social responsibility

- Programme of corporate wellness entitled „Well being”, which is a component of the long-term health promoting policy for the employees
- **Leader of the Diversity & Inclusion Rating** (for the second time)
- Programme: **Women changing BNP Paribas** – the project grouping women working at the Bank, and its purpose is to build diversity in the organisation, with a special emphasis on gender equality
- **Cooperation with the Foundation Share the Care** – for the gender equality on the labour market and in the society, work-life-balance and support to socio - cultural changes

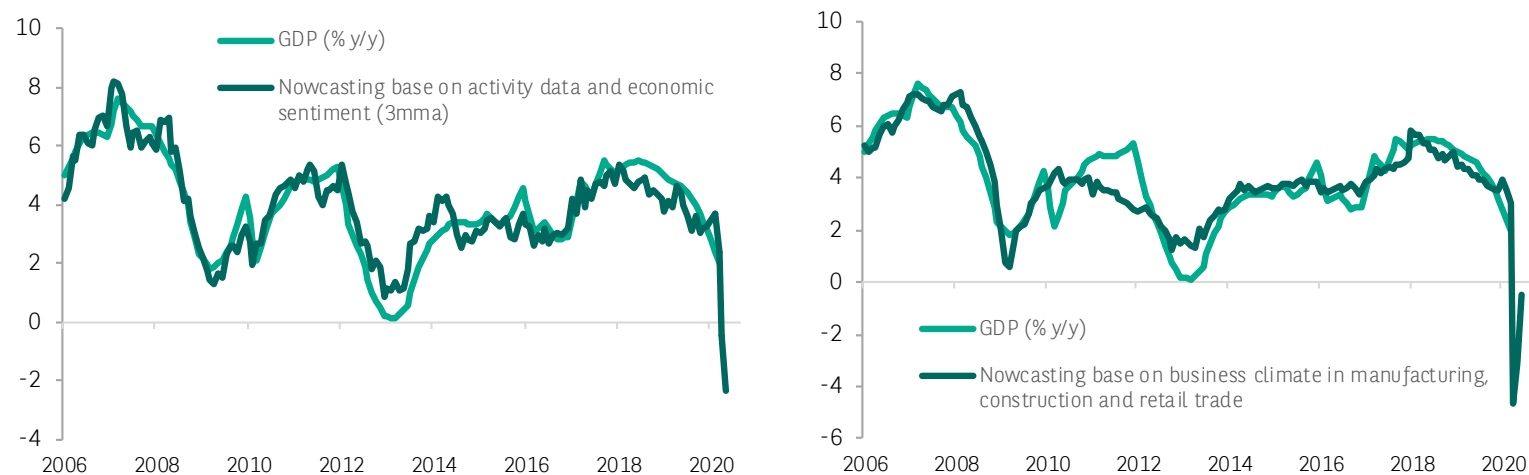
responsibility at workplace

- Adaptation of branches and contact centre in cooperation with the company MIGAM to provide service to Deaf Customers – **translations in the Polish sign language**
- **18. Edition of the grant programme: Classroom of the Foundation BNP Paribas** – nearly 60 applications
- **Volunteering projects contest** – 39 teams received a subsidy of up to PLN 4 thousand each from the Foundation BNP Paribas
- **Akcja Krwinka** – [blood cell donation] – more than 100 employees donated 30 litres of blood
- **Marketing initiatives:** podcasts of BNP Paribas Talks, cooperation with ABSTRA and the channel „It's already today”, campaign „It will still be beautiful” and the action „Let's enliven Poland”

MACROECONOMIC ENVIRONMENT - GDP & BUSINESS CLIMATE

GDP IN Q2: ECONOMY GETTING BACK TO LIFE IN MAY AND IN JUNE

GDP growth (% y/y)

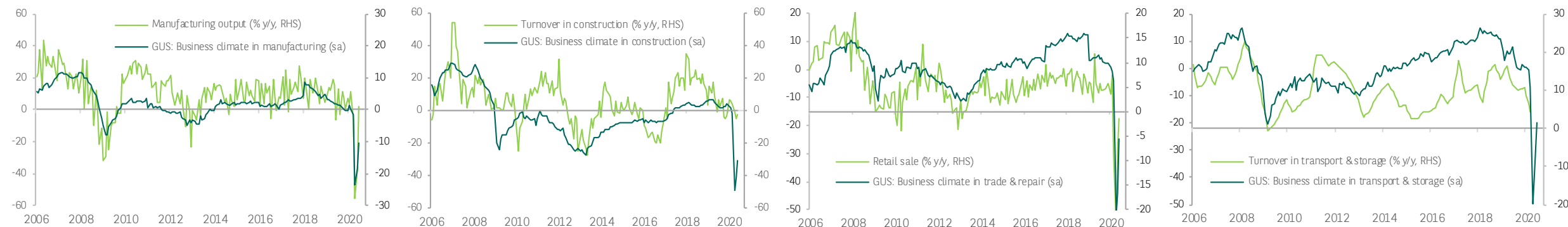


In Q1, GDP growth remained positive, increasing by 2.0% y/y vs. 3.2% in the previous quarter. According to initial estimation seasonally unadjusted GDP in Q2 declined in real terms by 8.2% y/y, compared to an increase of 4.6% in the corresponding period of 2019.

In June industrial production increased by 0.5% y/y, construction output dropped by more than 2% y/y, and retail sales dropped by 1.3% y/y.

For FY 2020 real GDP is forecasted to go down by 3.4% according to the governmental Convergence Program update.

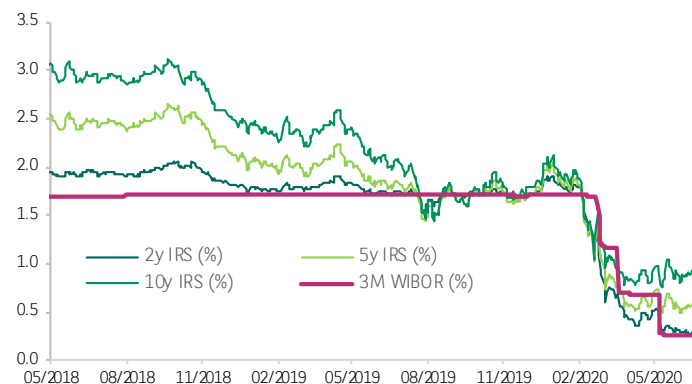
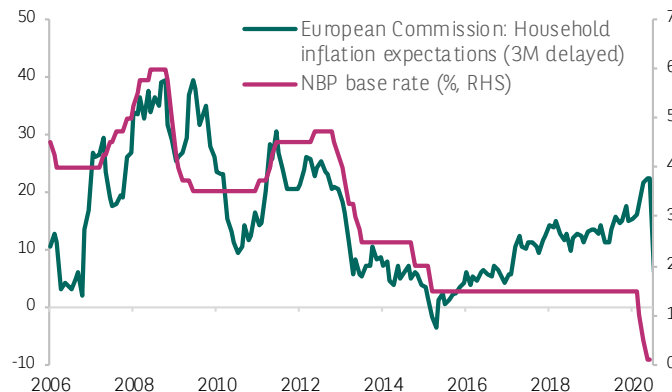
Business climate surveys



MACROECONOMIC ENVIRONMENT – MONETARY POLICY & FX RATES

INTEREST RATES CLOSE TO ZERO. GRADUAL STRENGTHENING OF ZLOTY

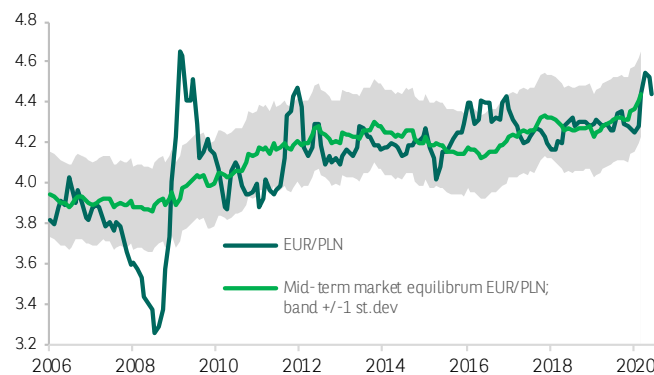
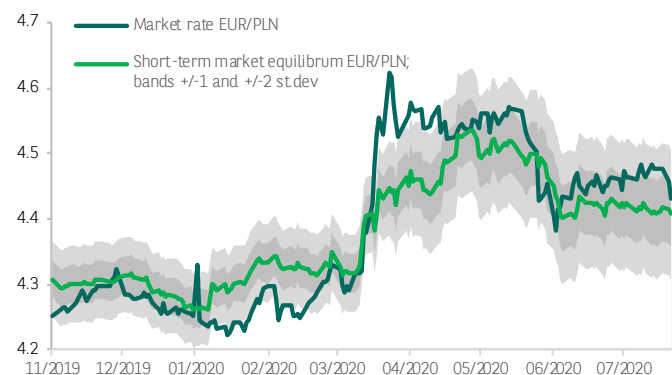
Monetary policy and money market rates



Starting from March, the Monetary Policy Council decided on making three cuts, by a total of 140 basis points. Currently the interest rate is 0.1%.

According to the members, the MPC has completed the cycle of loosening the interest rate loosening.

EUR/PLN: Short- and medium-term equilibrium rates



The short-term EUR/PLN exchange rate fell to 4.40 on the back of stabilising currency market sentiment.

The EUR/PLN medium term equilibrium exchange rate remained in the range of 4.40-4.50.

Gold seems to be slightly undervalued and may become more appreciated when pandemic risk decreases.

2020 H1 FINANCIAL RESULTS OF THE GROUP

INCREASE IN NET BANKING INCOME BY 2.2% (Y/Y), COST OF RISK BURDENED BY EFFECTS OF COVID-19 PANDEMIC, LOWER OPERATING EXPENSES

	6M 2020 PLN m	6M 2019 PLN m	Change y/y	Normalised* y/y change
Net banking income	2,372.3	2,322.0	+2.2%	+0.5%
Total costs	(1,310.0)	(1,454.1)	(9.9%)	+1.3%
Net impairment losses	(398.2)	(205.5)	+93.8%	+93.8%
Banking tax	(150.8)	(141.3)	+6.7%	+6.7%
Gross profit	513.3	521.0	(1.5%)	(32.4%)
Net profit	334.1	378.7	(11.8%)	(35.0%)

	30.06.2020	30.06.2019	Change y/y	Normalised* y/y change
Return on equity (ROE)	5.9%	7.1%	(1.2 pp)	-
Return on equity (ROE)*	4.7%	8.8%	-	(4.1 pp)
Cost / Income (C/I)	55.2%	62.6%	(7.4 pp)	-
Cost / Income (C/I)*	57.2%	56.7%	-	+0.4 pp
Total Capital Adequacy Ratio	15.2%	15.1%	+0.1 pp	-
Tier 1 Capital Ratio	12.9%	12.8%	+0.1 pp	-

The comparability of results achieved in 1H 2020 and 1H 2019 was affected by:

- increase in cost of risk in 1H 2020 related to negative impact of coronavirus pandemic on the financial situation of the Bank's credit customers. Net impairment losses in 1H 2020 amounted to PLN 398.2 m in comparison with PLN 205.5 m in 1H 2019 (increase of PLN 192.7 m, by 93.8%). The negative impact of COVID-19 was estimated at PLN 156 m in 1H 2020;
- no integration costs in 1H 2020 (positive impact of PLN 2.6 m - as opposed to PLN 162.9 m in 1H 2019);
- BFG costs higher in 1H 2020 by PLN 27.8 m y/y (as a result of an increase in the annual contribution to the bank restructuring fund and the guarantee fund for 2020);
- an increase in the banking tax related to the increase in the scale of operations by PLN 9.5 m compared to the first half of 2019.

Excluding impact of integration costs and one-off's the 1H 2020 net profit would amount to PLN 268.2 million (-43.4% y/y)

* One-off's and integration costs excluded

One-off's: in 6M 2020: PLN 78.8 million (BIK and KIR aluation PLN 45.1 million, sale of Kasprzaka PLN 43.6 million and provision for option case PLN -9.8 million), in 6M 2019 sale of factoring activities PLN 45.0 million

6M 2020 integration costs PLN +2.6 million, of which:
 ■ PLN -0.4 m – administrative expenses, depreciation and amortization
 ■ PLN +3.0 m – other operating expenses (positive value)

6M 2019 integration costs – PLN -162.9 million, of which:
 ■ PLN -161.5 m – administrative expenses, depreciation and amortization
 ■ PLN -1.4 m – other operating expenses

NET PROFIT

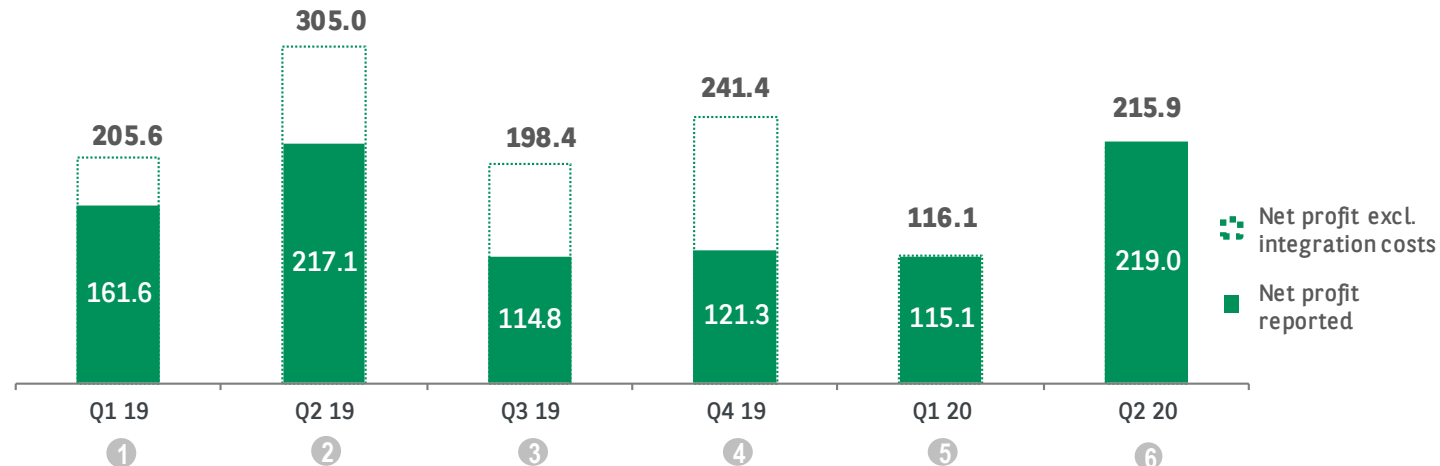
IMPACT OF MATERIAL EVENTS ON 2020 AND 2019 RESULTS

PLN m

Material events

- 1 Q1 2019
 - PLN -54.3 m integration costs
 - PLN -116.1 m contribution to the bank resolution fund BFG (PLN -129.1 m total BFG costs)
- 2 Q2 2019
 - PLN -108.5 m integration costs
 - PLN +45.0 m (net PLN +36.5 m) from the sales of factoring
- 3 Q3 2019
 - PLN -103.3 m integration costs
 - PLN -48.8 m of provision for commission reimbursement (CIEU)
 - PLN -11.3 m provision for a court judgment concerning the option case of a corporate client, PLN -6.4 m provision for operational losses, and PLN -2.6 m adjustment of the factoring selling price
- 4 Q4 2019
 - PLN -148.4 m integration costs
 - PLN -29.5 m portfolio provision for CHF loans (CIEU)
 - PLN -20.8 m provision for commission reimbursement (CIEU)
- 5 Q1 2020
 - PLN +43.6 m sale of Kasprzaka real estate
 - PLN -11.3 m provision for CHF loans (CIEU)
 - PLN -9.8 m provision for legal risk – lost option case
 - PLN -126.0 contribution to the bank resolution fund BFG (PLN -147.6 m total BFG costs)
- 6 Q2 2020
 - PLN +45.1 m valuation of BIK and KIR
 - PLN -15.2 m provision for CHF loans (CIEU)

Net profit



ROE as reported

6.1%

7.1%

6.1%

5.7%

4.1%

5.9%

ROE excl. integration costs

7.7%

9.5%

8.8%

8.7%

4.1%

5.9%

CONSOLIDATED P&L

PLN thousand

Profit and loss account	cumulatively		quarterly					
	30/06/2020	30/06/2019	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Interest income	1,946,868	2,094,595	919,168	1,027,700	1,040,116	1,053,372	059,509	1,035,086
Interest expenses	(373,095)	(529,456)	(155,887)	(217,208)	(234,504)	(255,064)	(264,812)	(264,644)
Net interest income	1,573,773	1,565,139	763,281	810,492	805,312	798,308	794,697	770,442
Fee and commission income	509,042	508,407	248,670	260,372	274,751	259,542	256,554	251,853
Fee and commission expenses	(101,983)	(101,320)	(48,371)	(53,612)	(67,424)	(54,019)	(55,350)	(45,970)
Net fee and commission income	407,059	407,087	200,299	206,760	207,327	205,523	201,204	205,883
Dividend income	2,439	1,556	460	1,979	-	4,451	1,348	208
Net trading income	376,805	326,032	189,619	187,186	180,687	175,696	158,035	167,997
Net investment income	17,870	(19,998)	41,439	(23,569)	8,695	(20,533)	(12,361)	(7,637)
Net income on collateral accounts	(9,697)	(1,083)	(869)	(8,828)	257	(3,559)	(3,009)	1,926
Other operating income	195,467	108,851	49,372	146,095	43,158	30,696	71,632	37,219
Result on impairment write-offs of financial assets and provisions for liabilities	(398,233)	(205,534)	(199,912)	(198,321)	(101,904)	(135,315)	(112,353)	(93,181)
General administrative expenses	(1,130,427)	(1,232,900)	(480,881)	(649,546)	(649,803)	(585,234)	(594,822)	(638,078)
Depreciation	(179,552)	(221,227)	(89,960)	(89,592)	(101,904)	(131,016)	(115,755)	(105,472)
Other operating expenses	(191,384)	(65,623)	(69,222)	(122,162)	(139,826)	(100,035)	(34,400)	(31,223)
Operating result	664,120	662,300	403,626	260,494	252,862	238,982	354,216	308,084
Banking tax	(150,823)	(141,327)	(80,182)	(70,641)	(70,405)	(69,457)	(70,982)	(70,345)
Gross profit (loss)	513,297	520,973	323,444	189,853	182,457	169,525	283,234	237,739
Income tax	(179,170)	(142,312)	(104,398)	(74,772)	(61,186)	(54,763)	(66,174)	(76,138)
NET PROFIT (LOSS)	334,127	378,661	219,046	115,081	121,271	114,762	217,060	161,601

ASSETS

PLN thousand

Consolidated statements of financial position

	30/06/2020	31/03/2020	31/12/2019	30/09/2019	30/06/2019	31/03/2019	31/12/2018
ASSETS							
Cash and balances with the Central Bank	4,524,539	3,225,246	4,658,171	2,432,745	2,350,499	2,715,459	2,897,123
Amounts due from banks	1,834,807	1,047,005	679,308	867,909	527,687	916,374	961,496
Derivative financial instruments	1,322,060	1,601,162	800,886	917,845	729,564	743,071	715,671
Adjustment of fair value of the hedging item	563,865	481,474	228,120	300,057	231,929	172,367	130,405
Loans and advances to customer's valued at amortised cost	74,339,859	74,977,955	71,836,643	72,196,212	70,857,188	72,210,895	70,997,701
Loans and advances to customer's valued at fair value through P&L	1,714,418	1,807,680	1,974,396	2,069,805	2,182,483	2,283,645	2,416,249
Financial assets for sale	-	-	-	-	-	-	-
Securities valued at amortised cost	19,905,356	18,204,480	17,916,645	17,009,661	15,977,152	16,079,051	11,939,238
Financial instruments valued at fair value through P&L	340,468	279,141	241,754	219,470	211,283	206,202	204,421
Securities valued at fair value through the other total income	10,677,194	7,093,076	7,953,358	8,082,845	9,917,396	10,194,356	15 8,75,339
Investment property	56,577	56,577	56,577	55,868	55,868	55,868	55,868
Intangible assets	525,717	511,272	519,945	490,969	498,069	506,991	520,767
Property, plant and equipment	1,149,393	1,158,185	1,226,746	1,189,700	1,136,103	1,097,855	511,275
Deferred income tax assets	904,821	943,848	976,748	1,028,678	989,616	994,738	1,034,313
Current income tax receivables	43,195	27,139	-	-	-	2,461	-
Other assets	804,879	629,701	884,845	693,855	879,264	665,890	872,115
TOTAL ASSETS	118,707,148	112,043,941	109,954,142	107,555,619	106,544,101	108,845,223	109,022,519

LIABILITIES AND EQUITY

PLN thousand

Consolidated statements of financial position

	30/06/2020	31/03/2020	31/12/2019	30/09/2019	30/06/2019	31/03/2019	31/12/2018
LIABILITIES							
Amounts due to banks	4,891,630	4,910,888	4,485,264	4,727,260	4,803,636	4,371,236	3,976,469
Liabilities on sold securities	-	-	-	-	-	-	-
Adjustment of fair value of the hedging and hedged item	597,961	535,006	224,218	276,030	205,551	175,283	123,600
Derivative financial instruments	1,333,735	1,549,344	815,637	940,532	800,950	789,219	783,818
Amounts due to customers	93,742,118	86,927,106	86,134,984	83,348,683	82,641,868	85,922,946	87,191,708
Liabilities on debt securities issue	1,704,302	1,919,545	2,179,052	2,179,424	2,179,424	2,179,610	2,179,424
Subordinated liabilities	1,962,317	1,998,570	1,882,064	1,920,534	1,867,972	1,879,367	1,875,769
Leasing liabilities	637,185	638,211	602,192	616,475	599,594	593,097	-
Other liabilities	1,715,669	1,762,631	1,893,414	1,983,840	2,095,921	1,818,286	1,711,641
Current income tax liabilities	31,192	4,463	38,338	65,837	20,303	5,380	174,589
Deferred income tax provision	8,410	8,410	8,535	8,274	8,274	8,275	8,276
Provisions	522,029	507,410	531,061	442,054	396,922	416,521	437,412
TOTAL LIABILITIES	107,146,548	100,761,584	98,794,759	96,508,943	95,620,415	98,159,220	98,462,706
EQUITY							
Share capital	147,419	147,419	147,419	147,419	147,419	147,419	147,419
Supplementary capital	9,110,976	9,110,976	9,110,976	9,110,976	9,110,976	9,110,976	9,111,033
Other reserve capital	2,206,558	1,572,757	1,572,757	1,572,757	1,572,757	1,208,018	1,208,018
Revaluation reserve	187,298	133,205	125,251	133,423	125,763	105,100	141,179
Retained earnings	(91,651)	318,000	202,980	82,101	(33,229)	114,490	(47,836)
retained profit	(425,778)	202,919	(411,714)	(411,322)	(411,890)	(47,111)	(408,214)
net profit for the period	334,127	115,081	614,694	493,423	378,661	161,601	360,378
TOTAL EQUITY	11,560,600	11,282,357	11,159,383	11,046,676	10,923,686	10,686,003	10,559,813
TOTAL LIABILITIES AND EQUITY	118,707,148	112,043,941	109,954,142	107,555,619	106,544,101	108,845,223	109,022,519

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BNP PARIBAS

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