



## PRESS RELEASE

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The BNP Paribas Bank Polska Group posts PLN 115 million net profit in Q1 2020.  
Good beginning of the year, although with the first effects of the COVID-19 pandemic.

– We started this year fully focused on growth and development of the business, with increased sales of loans to both businesses and individual clients. We have achieved the revenue level which confirms our capacity to generate dynamic growth of our business. The outbreak of the pandemic in the second half of March forced us to redefine some of our assumptions. We have quickly adjusted our organization to the new circumstances, adapting the work model and focusing on ensuring safety for our employees and clients. The solutions implemented during the digital transformation enabled us to efficiently divert the client traffic to remote channels. We can see that the number of mobile transactions has grown by more than one third and the number of users of our GOMobile app has also clearly increased, says **Przemek Gdański, CEO of BNP Paribas Bank Polska**. – At the same time, we actively support our clients. We offer them the possibility of postponing the repayment of loan instalments and interest. Businesses may, through us, take advantage of the support mechanisms devised by state institutions, adds **Przemek Gdański**.

### Our response to COVID-19 - we protect employees, support clients and the economy



#### PFR Financial Shield

6240 applications filed by businesses through the Bank  
PLN 929 million of granted aid\*



#### BGK guarantees

PLN 10 billion of granted limit for the de minimis program and Liquidity Guarantee Fund



#### Credit moratorium

33 thousand clients have already taken advantage of postponing the repayment of loan instalments\*



#### Client and employee safety

90% of Head Office employees work remotely, special customer service rules in branches  
99.4% of branches remain open for clients (safety rules applied)  
98% of customers felt safe during their visit to the Bank's branch (Kantar survey)  
The vast majority of employees believe that the Bank responded properly to the virus threat



#### Digitalization

50 thousand digitally signed documents on the Autenti platform  
49% more users of the GOMobile application y/y



#### Supporting the needy and health care professionals

2,000 purchased coronavirus tests, arranging for meals and protective equipment  
650 computers donated to children for remote schooling

\*as at 8 May 2020

### Key business highlights:

- Retail client loan portfolio: +13.7% growth y/y (+4.3% q/q)
- Institutional client loan portfolio: +0.9% growth y/y, excluding factoring (+4.2% q/q)
- Production of new mortgage loans: PLN 1.4 billion, +52.6% growth y/y (+6.8% q/q)
- Opening of new personal accounts: 69.4 thousand, +8.2% growth y/y (-1.1% q/q), sales of online accounts: +72.2% y/y
- Number of users using remote channels: 1.2 m, including those using the GOMobile app: 492.6 thousand (+49.0% y/y), (+15.7% q/q)

**Financial highlights:**

- Total assets: PLN 112.0 billion, +2.9% y/y (+1.9% q/q)
- Total loans granted: PLN 80.5 billion, +3.5% y/y (+4.3 q/q)
- Client deposits: PLN 86.9 billion, +1.2% y/y (+0.9% q/q)
- Net banking income: PLN 1,198.0 million, +4.6% y/y (+8.4% q/q)
  - Interest income: PLN 810.5 million, +5.2% growth y/y (+0.6% q/q)
  - Commission income: PLN 206.8 million, +0.4% growth y/y (-0.3% q/q)
  - Result on trading activity: PLN 187.2 million, +11.4% growth y/y (+3.6% q/q)
- General administrative expenses in 2019, including depreciation: PLN 739.1 million, -0.6% y/y (-1.7% q/q)
- Cost of risk: 103 basis points in reference to the average value of the loan portfolio, including the expected deterioration of the economic situation in connection with the COVID19 epidemic: (negative impact of +36 basis points)
- Profitability: ROE 4.1% (-2.0 p.p. y/y), C/I 61.7% (-3.2 p.p. y/y)
- Stable liquidity position – L/D ratio : 88.3% (+1.6 p.p. y/y)
- Safe capital position – Tier 1: 12.44% (+12 basis points y/y)

In Q1 2020, the BNP Paribas Bank Polska Group posted a net profit of PLN 115 million (-28.8% y/y, -5.1% q/q). The decline resulted primarily from the first effects of the Covid-19 pandemic. The Bank has decided to recognize additional provisions in the amount of PLN 70 million, taking into account, among others the depreciation of PLN and the Bank's expectations regarding the impact of the pandemic on the borrowers' financial standing. After excluding the charges associated with the impact of the Covid-19 epidemic, the Group's cost of risk in Q1 2020 would have amounted to 67 basis points. The results were also affected by the deterioration of the valuation of the loan portfolio carried at fair value. After excluding above elements, the Group would record an increase in net profit in Q1 2020.

In Q1 2020, the BNP Paribas Bank Polska Group recorded an increase in the net banking income to PLN 1,198 million, attributable to all key income items, i.e. PLN 810 million of interest income, PLN 207 million of fee and commission income and PLN 187 million of the result on trading activity. The Bank's costs were affected by the posting of the full amount of the mandatory restructuring fund contribution in Q1 in the amount of PLN 147.6 million. At the same time, in Q1 2020 the Bank no longer incurred material costs of integration and implemented cost synergies in line with assumptions .

From the first days following the declaration of the state of epidemiological threat in Poland, BNP Paribas Bank Polska has taken actions aimed at safeguarding its employees and ensuring uninterrupted client service. Approximately 90% of the Bank's Head Office employees work remotely, and 99,4% of branches are available to clients in keeping with appropriate safety rules. BNP Paribas Bank Polska consistently educates its clients on how to fully take advantage of remote banking. In March, in the GOMobile app and the GOonline platform, we implemented a number of new functionalities. The number of mobile transactions exceeded 5.2 million (+32.7% q/q) and the number of users of the mobile app was 493 thousand (+15.7% q/q). The Bank has also accelerated and extended the scope of use of the innovative Autenti platform for electronic signing of agreements. This form of signature has already been used over 50 thousand times.

As part of the credit moratorium the Bank has already approved 33 thousand applications from individual clients and businesses (as at 8 May). Thanks to the Bank's partnership with the Polish Development Fund, companies may, through BNP Paribas, take advantage of the support mechanisms provided by the PFR Financial Shield. By 8 May, through the Bank, entrepreneurs have been granted funding in the amount of PLN 929 million.

Bank BNP Paribas is also involved in the efforts supporting the fight with the effects of the COVID19 epidemic. So far the Bank has financed 2,000 virus tests and donated 20,000 face masks to medical facilities. In addition, 650 computers have been donated to support remote education of children who did not have such a possibility. The Bank also supports senior citizens and health care professionals, providing them with free meals.



As at the end of Q1 2020, BNP Paribas Bank Polska had 509 retail and business banking branches and 59 Customer Service Locations. Since the merger, the Bank has shut down 186 and transformed 170 branches, as part of the optimization of the branch network. The Bank has 3.9 million clients.

**Consolidated financial highlights (PLN 000s)**

Profit and loss account	3 months ending 31 March 2020	3 months ending 31 March 2019	change y/y
Interest income	810 492	770 442	+5.2%
Fee and commission income	206 760	205 883	+0.4%
Net banking income	1 197 953	1 144 815	+4.6%
General administrative expenses and depreciation	739 138	743 550	-0.6%
Net impairment loss	(198 321)	(93 181)	+112.8%
Result on operating activities	260 494	308 084	-15.4%
Net profit	115 081	161 601	-28.8%
per share in PLN	0.80	1.10	-27.3%

Balance sheet	31 March 2020	31 December 2019	Change
Total assets	112 043 941	109 954 142	+1.9%
Total loans (gross)	80 467 835	77 181 416	+4.3%
Liabilities towards clients	86 927 106	86 134 984	+0.9%
Total equity	11 282 357	11 159 383	+1.1%
Capital adequacy	31 March 2020	31 December 2019	Change
Total capital requirement	14.74%	15.03%	-29 bp
Tier 1 ratio	12.44%	12.78%	- 34 bp