

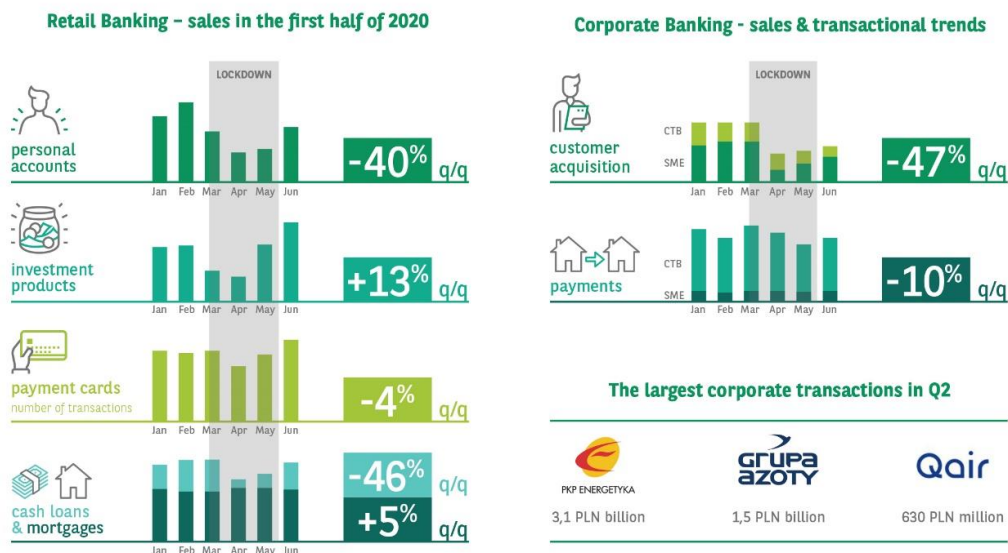


PRESS RELEASE

Warsaw, August 13, 2020

BNP Paribas Bank Polska Group in H1 2020 – care for the safety of clients and employees, supporting the economy in the difficult times of the pandemic and accelerating digital transformation

In Q2 2020, the BNP Paribas Bank Polska Group posted a net profit of PLN 219 million (+0.9% y/y) despite the unprecedented freeze of the economy. The impact of the pandemic on business activity was particularly visible in April and May, while June brought a rebound in sales and the first optimistic signs of increased activity among clients. In the new market environment, the Bank focuses on further development of innovative technologies to ensure safe and functional solutions for clients.



The second quarter of this year was exceptional. We operated in the conditions of a freeze of social and economic activity and our key task was to ensure safety of our clients and employees and to support the economy. We adjusted our priorities to the changed market conditions, maintaining our activity in all business segments. At the same time, we were implementing further innovative solutions improving service quality, taking into account the increasing demand for remote access to banking services, says **Przemek Gdański, President of the BNP Paribas Bank Polska Management Board**. Despite the challenges we maintained the level of core revenues, which remain under the pressure resulting from the 3 interest rate cuts and uncertainty regarding the development of the macroeconomic situation. We consistently execute the assumed cost synergies. We undertake further internal process' optimization and automation initiatives, which should partly neutralize the effects of reduced revenues. June brought optimistic signals pointing to a significant rebound in sales and increased client activity. We carefully monitor them to see if this trend keeps up in the months going forward, adds **Przemek Gdański**.



Key business highlights – Q2 2020:

- Retail client loan portfolio: +13.1% growth y/y (+2.1% q/q)
- Institutional client loan portfolio: 0.2% decrease y/y (-2.4% q/q)
- Sales of mortgage loans: PLN 1.5 billion, 53% growth y/y (+5% q/q)
- As at the end of June 2020, the number of clients using the remote channels stood at 1.2 million while 536 thousand clients used the GOMobile app (+141% y/y) (+9% q/q)

Key financial highlights – Q2 2020:

- Balance sheet total: PLN 118.7 billion, +11.4% y/y (+5.9 q/q)
- Gross loans granted: PLN 79.9 billion, +4.8% y/y (-0.7 q/q)
- Client deposits: PLN 93.7 billion, +13.4% y/y (+7.8% q/q)
- Net banking income: PLN 1,174.4 million, -0.2% y/y (-2.0% q/q)
 - Interest income: 763.3; -4.0% y/y (-5.8% q/q)
 - Commission income: 200.3; -0.4% y/y (-3.1% q/q)
 - Result on trading activity: PLN 189.6 million, +20.0% growth y/y (+1.3% q/q)
- General administrative expenses, including depreciation: PLN 570.8 million, -19.7% y/y (-22.8% q/q)
- Costs of risk: 103 basis points in reference to the average value of the loan portfolio, including an additional reserve following from the application of updated macroeconomic forecasts taking into account the situation associated with the COVID-19 pandemic: (negative impact of +41 basis points).
- Profitability: ROE 5.9% (-1.2 pp y/y), C/I 55.2% (-7.4 pp y/y)
- Stable liquidity position – L/D: 81.1% (-7.2 pp y/y)
- Safe capital position – Tier 1: 12.90%

In Q2 the BNP Paribas Bank Polska Group's net profit exceeded PLN 219 million (compared to PLN 217 million the year before). The result was positively affected by non-recurring events in the range of PLN 45 million, including the valuation of shares in infrastructural companies BIK and KIR. Without them, net profit would have amounted to PLN 179 million. The profit was also increased by the result on investing activity in the amount of PLN 41 million (profitable sale of securities from the investment portfolio). At the end of the six-month period, the Group's net profit stood at PLN 334.1 million (-11.8% y/y).

The result on the BNP Paribas Bank Polska Group's banking activities in Q2 reached PLN 1,174 million (compared to PLN 1,177 million the year before) and at the end of H1 2020 exceeded PLN 2,372 million (compared to PLN 2,322 million in the corresponding period). Maintaining basic incomes despite the negative impact of interest rate cuts was possible, among others, thanks to the optimization of financing costs and adjustment of deposit prices to the changed market environment.

In Q2 the results were affected by the COVID-19 pandemic and the temporary freeze of the economy. Costs of risk amounted to PLN 200 million and PLN 398 million in 1H 2020. There was PLN 156.5 million of provision following from the application of updated macroeconomic forecasts taking into account the situation associated with the pandemic created in 1H 2020.

The Group consistently reduces the operating expenses which, in Q2 2020 amounted to PLN 571 million, compared to PLN 739 million in Q1 of this year and PLN 711 million the year before. This is a synergy effect of the acquisition of Raiffeisen Bank Polska's core business and savings initiatives, no payment of the charge towards the BFG restructuring fund incurred in full in the first quarter, and, in the yearly comparison, no material integration costs.

From the beginning of the pandemic BNP Paribas Bank has been taking actions to ensure the safety of its employees and clients. During the greatest restrictions caused by the coronavirus epidemic, practically



the entire branch network was open to clients, complying with special service rules. At the same time about 90% Head Office employees worked remotely.

During the entire pandemic period the Bank has been supporting its clients by offering the possibility of deferring installments as part of moratory on loan moratoria and the possibility of obtaining support from PFR and BGK funds. Under the anti-crisis shield, until mid-year, 16.7 thousand entrepreneurs took advantage of the aid and the amount of total subsidies granted exceeded PLN 4.5 billion. BNP Paribas Bank also subscribed for the bonds issued by PFR and BGK with the total par value of PLN 7.7 billion.

To address the market challenges the Bank develops innovative solutions and makes them available to clients. As of May, using the Booksy app, everyone can make an appointment with a consultant regarding investment or mortgage products in one of a hundred of the Bank's branches. Working with Autenti, the Bank implemented a solution which allows for signing documents without the need of their physical exchange between the bank and the client. Over 70,000 contracts were signed via the Autenti platform in the first half of the year. BNP Paribas also made it possible for the Bank's business clients to use the Autenti platform for electronic document signing in their internal processes. The increasing role of the new technologies is confirmed by the figures – as at the end of June, approx. 1.2 million of the Bank's clients used digital channels and 536 thousand clients used the GOMobile app (+9% q/q). In Q2 only, the Bank processed 7.4 million mobile transactions (+43% q/q) and 2.2 million BLIK transactions (+31% q/q).

As at the end of June 2020, BNP Paribas Bank Polska had 494 retail and business banking branches and 58 Customer Service Locations. As part of optimization of the branch network, since the merger the Bank has shut down 201 and transformed 147 branches. The Bank has 3.9 million clients.

Consolidated financial highlights (PLN 000s)

Profit and loss account	H1 2020	H1 2019	change y/y	Q2 2020	Q2 2019	change y/y	Q1 2020
Interest income	1,573,773	1,565,139	+0.6%	763,281	794,697	(4.0%)	810,492
Fee and commission income	407,059	407,087	(0.0%)	200,299	201,204	(0.4%)	206,760
Net banking income	2,372,332	2,321,961	+2.2%	1 174,379	1 177,146	(0.2%)	1,197 953
General administrative expenses and depreciation	(1,309,979)	(1,454,127)	(9.9%)	(570,841)	(710,577)	(19.7%)	739 138
Net Impairment loss	398 233	205 534	+93.8%	(199 912)	(112 353)	+77.9%	(198,321)
Result on operating activities	664,120	662,300	+0.3%	403,626	354,216	+13.9%	260,494
Net profit	334,127	378,661	(11.8%)	219,046	217,060	+0.9%	115,081
per share in PLN	2.27	2.57	(11.8%)	1.49	1.47	+0.9%	0.78

Balance sheet	30.06.2020	31.03.2020	31.12.2019	30.06.2019
Total assets	118,707,148	112,043,941	109,954,142	106,544,101
Total loans (gross)	79,943,320	80,467 835	77,181,416	76,316,777
Liabilities towards clients	93,742,118	86,927,106	86,134,984	82,641,868
Total equity	11,560,600	11,282,357	11,159,383	10,923,686
Capital adequacy	30.06.2020	31.03.2020	31.12.2019	30.06.2019
Total capital requirement	15.21%	14.74%	15.03%	15.12%



Tier 1 ratio	12.90%	12.44%	12.78%	12.84%
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