

# 1Q 2021

13 May 2021

## PRESENTATION OF FINANCIAL PERFORMANCE

BNP Paribas Bank Polska S.A. Group



# AGENDA

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**BNP PARIBAS**

01

# KEY HIGHLIGHTS



BNP PARIBAS

# EXECUTIVE SUMMARY OF Q1

SOLID OPERATIONAL RESULTS SUPPORTED BY GOOD QUALITY OF THE CREDIT PORTFOLIO AND FURTHER COST OPTIMIZATION

## FOCUS ON TECHNOLOGY DEVELOPMENT, SUPPORTING OUR CLIENTS & THE ECONOMY

Transformation 2.0 – further development of technology, digitization of customer service processes, changes in the operating model

Development of green financing – commitment to the European green deal, new products and services

Supporting anti-crisis measures: credit moratoria, distribution of government programs, acquisition of PFR and BGK bonds

number of digital customers

**+10%** q/q **+20%** y/y

## DELIVERING ON BUSINESS DURING THE PANDEMIC

Retail banking – continued growth of sale of accounts, investment products and mortgages, upturn in cash loans

Growth of deposits in all customer sectors, return of corporate balances after seasonal decrease at the end of the year

Still low demand for credit from enterprises despite the rebound in the quarterly trend. Execution of several significant transactions with corporate customers

gross loans

**+2%** q/q **-0.3%** y/y

## GOOD FINANCIAL PERFORMANCE IN A DEMANDING ENVIRONMENT

Change in the core revenues structure – as a result of adaptation to the zero interest rate environment, stabilization of recurring income

Further improvement of cost efficiency – visible transformation effects, synergies on track, lower Bank Guarantee Fund costs

Risk management – low cost of risk confirming the quality of credit portfolio

Results impacted by additional provisions on court cases related to CHF mortgage loans

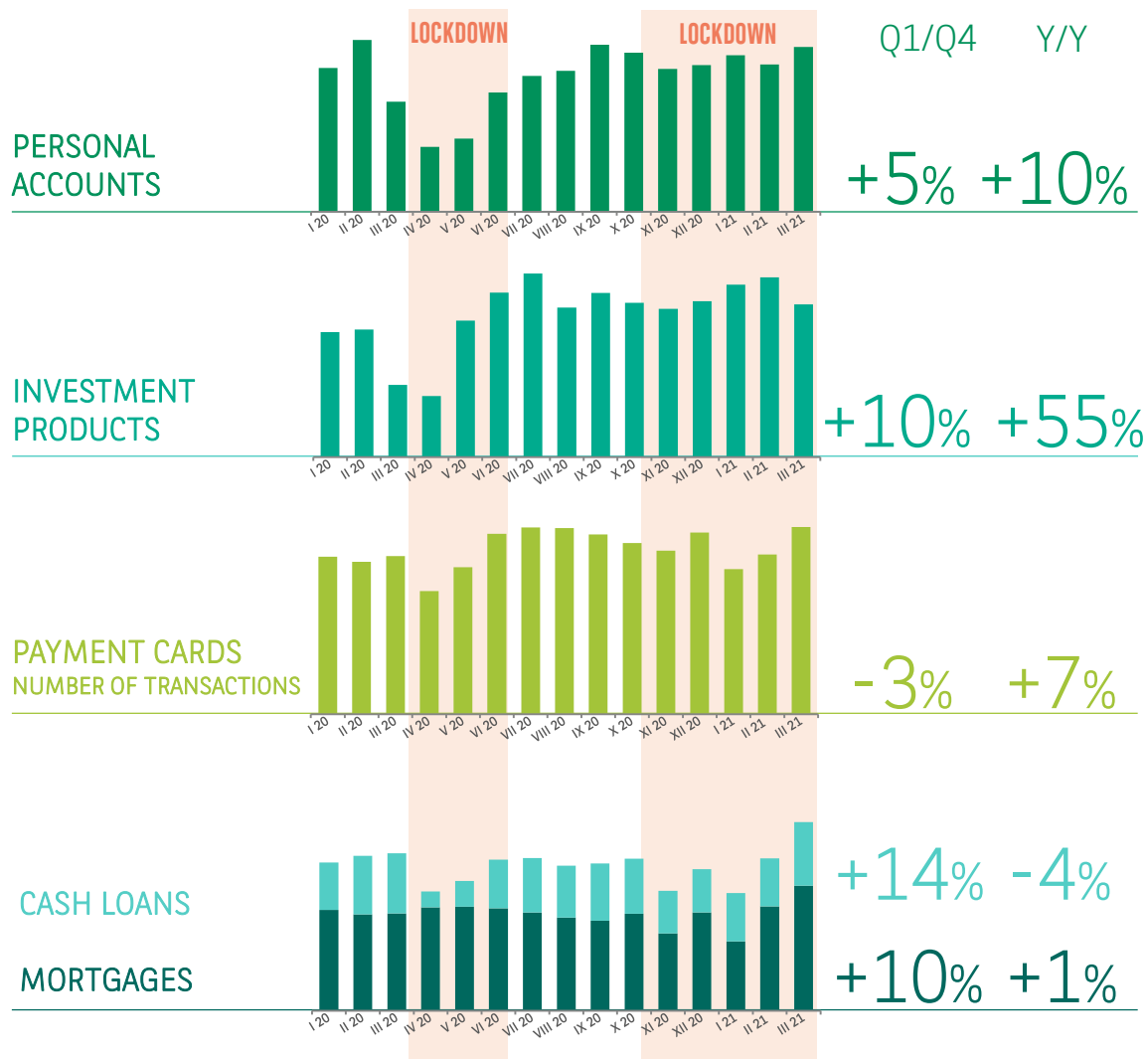
net profit

**-2%** q/q **+42%** y/y

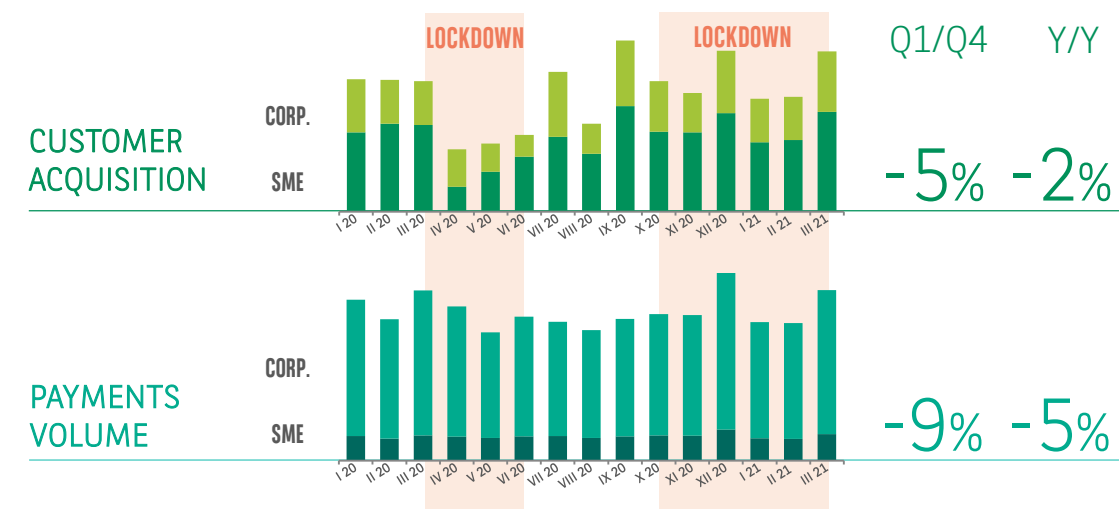
# IMPACT OF THE PANDEMIC ON THE CUSTOMERS BUSINESS ACTIVITY

GRADUAL NORMALIZATION DESPITE THE ECONOMY LOCKDOWN. CONTINUOUS IMPROVEMENT IN RETAIL BANKING

## Retail Banking – sales & transactional volumes trends



## Corporate & SME Banking – sales & transactional volumes trends



Despite still low demand for loans from institutional customers, we completed several landmark corporate transactions in Q1

**PLN 2 750 million**  
Post IPO financing  
Syndicated loan  
BNP PARIBAS  
Bookrunner, Global Coordinator and Lender  
January 2021

**PLN 1 100 million**  
Bank financing  
BNP PARIBAS  
Mandated Lead Arranger  
March 2021

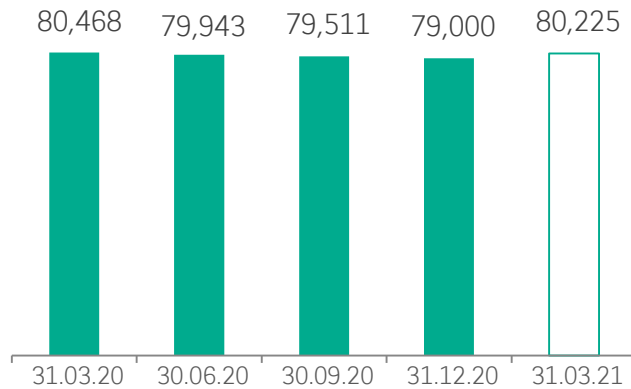
Corporate bond issuance  
**PLN 285 million**  
BNP PARIBAS  
Co-Arranger & Bookrunner  
March 2021



# COMMERCIAL VOLUMES - ASYMMETRIC GROWTH IN LOANS AND DEPOSITS

INCREASE IN LOANS IN BOTH SECTORS. DEPOSITS RETURN TO THE LEVELS FROM Q2 AND Q3 2020

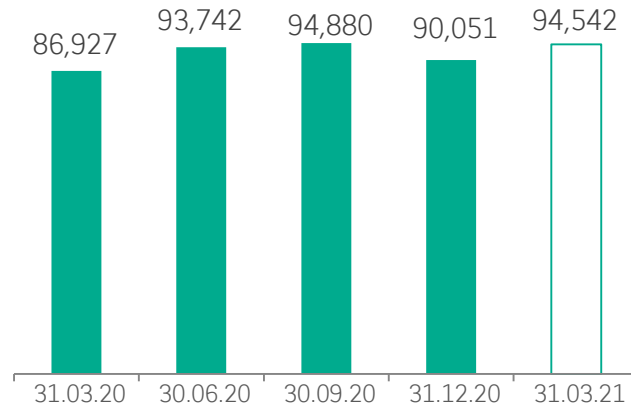
## Gross loans (in PLN million)



**+2.5% q/q** growth in individual customer loans (+10.8% y/y) mainly driven by mortgage loans (+3.3% q/q, +17.4% y/y)

**+0.8% q/q** increase in enterprise loans (-7.3% y/y)

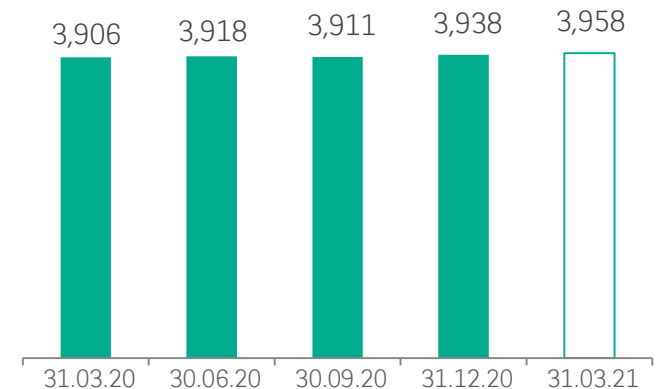
## Customer deposits (in PLN million)



**+9.0% q/q** increase in enterprise deposits (+14.2% y/y)

**+0.7% q/q** increase in individual customer deposits (+3.1% y/y)

## Number of customers (in thousands)



**+0.7% q/q** increase in the number of individual customers (+1.3% y/y)

**-1.4% q/q** decrease in the number of micro, SME and corporate customers (+1.5% y/y)



# CONSISTENT EXECUTION OF THE FAST FORWARD STRATEGY

CSR AND SUSTAINABLE DEVELOPMENT INTEGRATED WITH THE BANK'S STRATEGY PILLARS



## growth

Effective customer acquisition in Q1 of 2021, sale: **personal accounts** 76,500 (+10% y/y), **mortgage loans** PLN 1.4 bn (+1% y/y)

**Cooperation with renowned partners:** Allegro, Decathlon and Media Saturn Holding

**Participation in significant transactions** of corporate clients: syndicated financing: Ciech (PLN 2.1 billion), Cargounit (PLN 0.6 billion), Arctic Paper (PLN 0.3 billion); post-IPO financing for InPost, Bielenda Kosmetyki structured financing package (PLN 215 million)

**Green financing:** **Qair Polska** investments (PLN 184 m), transaction of **130 photovoltaic farms** takeover by Aberdeen Standard Investments

**Joining the „Clean Air“** state program for 2021-22

**23,000 home photovoltaic installations**, thanks to the bank's offer at the end of Q1 2021

## simplicity

**Development of the Autenti solution** - over 142,000 electronically signed documents (over 290,000 signed throughout 2020)

**Chatbot Eva** - development of a learning programme supporting internal processes - ~1,300 users and ~2,000 conversation since launch

## digitalization

**GOmobile:** 728,000 users +48% r/r

**GOonline:** 803,000 users +6% r/r

**New functionalities** in mobile banking app: e.g. modification of standing orders, increasing the Allegro purchase limit

**Two years of Agronomist.pl portal** - an increase in the number of users in the last 12 months by 280%

**1.4 million pages of paper saved** due to digitalization in three years

## quality

Awards in ranking „**Institution of the Year**“ 2021, incl: Best bank in Poland, Best service in remote channels, Best bank for corporates

**BNP Paribas Wealth Management** once again with the highest score in Forbes rating

**Travel insurance** with Mastercard World Elite card, expanded by COVID-19 risk

**Refinitiv award** for the bank's Economic Analysis Bureau for the best forecasts of macro indicators in Poland

**BAKCYL - financial education** distinction for the largest number of trained volunteers and the number of conducted lessons in 2020

## enthusiasm

**Top Employer Polska**, the title awarded for the eighth time confirming the highest standards in human resource management

**„Where are our patroness?“** initiative to encourage schools to adopt the names of extraordinary women

**Signing the #JamaisSansElles card (Never Without Her)** obliging key managers not to participate in public events of more than three people without female representation

**"The World Needs You" campaign** engaging stakeholders in the implementation of the UN Sustainable Development Goals

**The BNP Paribas Foundation is a strategic partner of the Ocalenie Foundation**

**Start of recruitment for the 19th edition of the Class scholarship program**



**CSR and Sustainability Strategy - four pillars of responsibility**

**economic** **at the workplace** **social** **environmental**





### further development of front-end systems

- GOonline and GOMobile:
  - New functionalities released in Agile model: video chat on the login page, credit cards management functionalities, standing order, forms with UX improved based on customers feedback
  - More than 20% of cash loans digital sales during Q1 2021 (4x higher vs. Q1 2020)
  - Real time marketing Integration (including push notification) with GOMobile to leverage the 15 millions contacts with customers per month on this channel
- GOonline biznes, GOMobile Biznes and other tools for businesses:
  - New functionalities released in Agile model: improving the following modules: FXPl@net, credit module, authorization, mass collect and self-services, syndicated loans management system
  - GOMobile Biznes active users: from 8k (YE 2020) to more than 12k (end of March 2021)

### operating model enhancement

- Cash transactions in branches more than halved in one year (-54% y/y in Q1) thanks to cashless branches (28%), cash-in ATMs (80% of branches) and instant issuing printers (>300)
- Paper consumption halved in one year (-50% y/y in Q1). Thanks to the cooperation with Autenti, among others, the bank has saved about 6 tons of carbon dioxide and 170 cubic meters of water since 2018
- Process optimization & AI:
  - The AI lab implemented in 2020 has now delivered 13 AI / models (mainly in the Retail CRM)
  - Eva chatbot (self-learning machine) fully implemented in Operations and Procurement area to answer internal questions (1.3k users)
  - Agile monthly improvements on the top 10 customer pain points received from NPS feedback

### open & responsible transformation

- E-Commerce and Open Banking: the open banking HUB is now connected to 8 banks and 1 non financial institution. The focus as of today is to support our E-Commerce partners improving their customer journeys and security
- Partnership with the Habitat for Humanity Poland Foundation: 60 tons of furniture from old offices donated to non-governmental organizations
- Campaign "Furniture for 1 PLN" - a new life has gained over 1,200 pieces of equipment from the closed buildings in Warsaw
- Airly air quality monitoring system - "green" startup in the headquarter building. Thanks to the MyAirly application, employees will be able to check air quality when they will be back at the office



#stayathome  
digital statistics for Q1 2021

✓ ~142 k

documents signed with Autenti (+0.4% q/q)

✓ 1.4 m

clients using digital channels

✓ 728 k

GOMobile users (+9% q/q)

✓ 8.8 m

mobile transactions (+10% q/q)

✓ 3.4 m

BLIK transactions (+11% q/q)

✓ 258.5 k

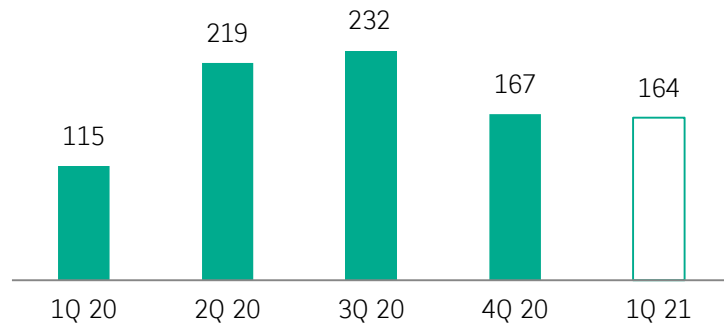
number of tokens in digital wallets (+2% q/q)



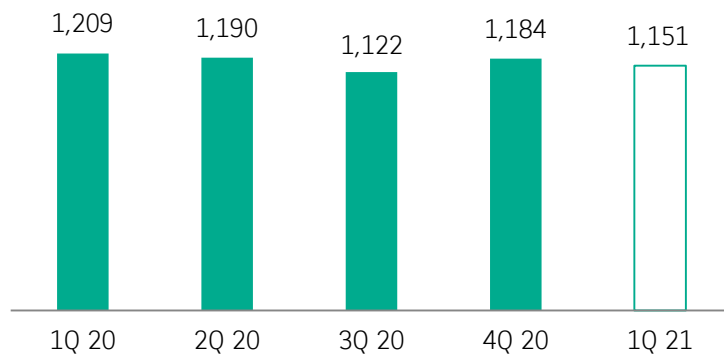
# NET PROFIT INCREASE YEAR-OVER-YEAR. COMPARABLE QUARTERLY RESULTS

LOWER COST OF RISK AND FURTHER REDUCTION OF OPERATING EXPENSES

Net profit (in PLN million)

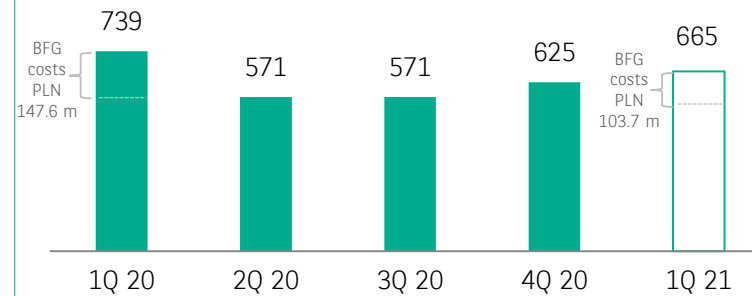


Net banking income\* (in PLN million)

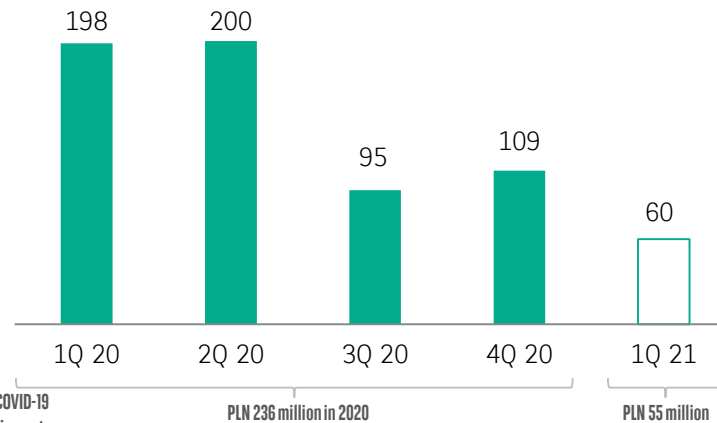


\* in Q3 2020, the result from provisions for legal risk of CHF housing loans from the NBI was excluded. Changes were made in all periods.

Operating costs (in PLN million)



Cost of risk (in PLN million)



Impact of interest rate cuts on the net banking income mitigated by an increase in non-interest income. Slight quarterly decline in NBI (by PLN 33 million, -3%q/q).

Consistent optimization of operating expenses. Excluding Bank Guarantee Fund costs, operating expenses decreased by PLN 30 million (-5% y/y) and by PLN 42 million (-7% q/q).

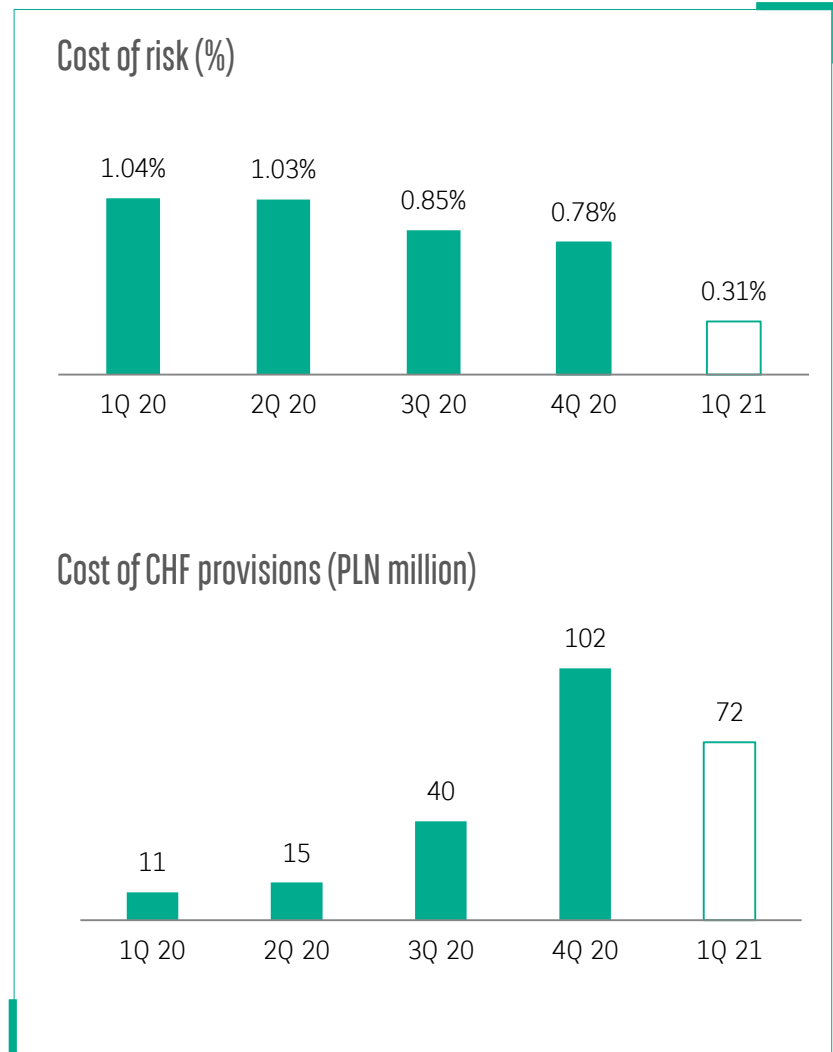
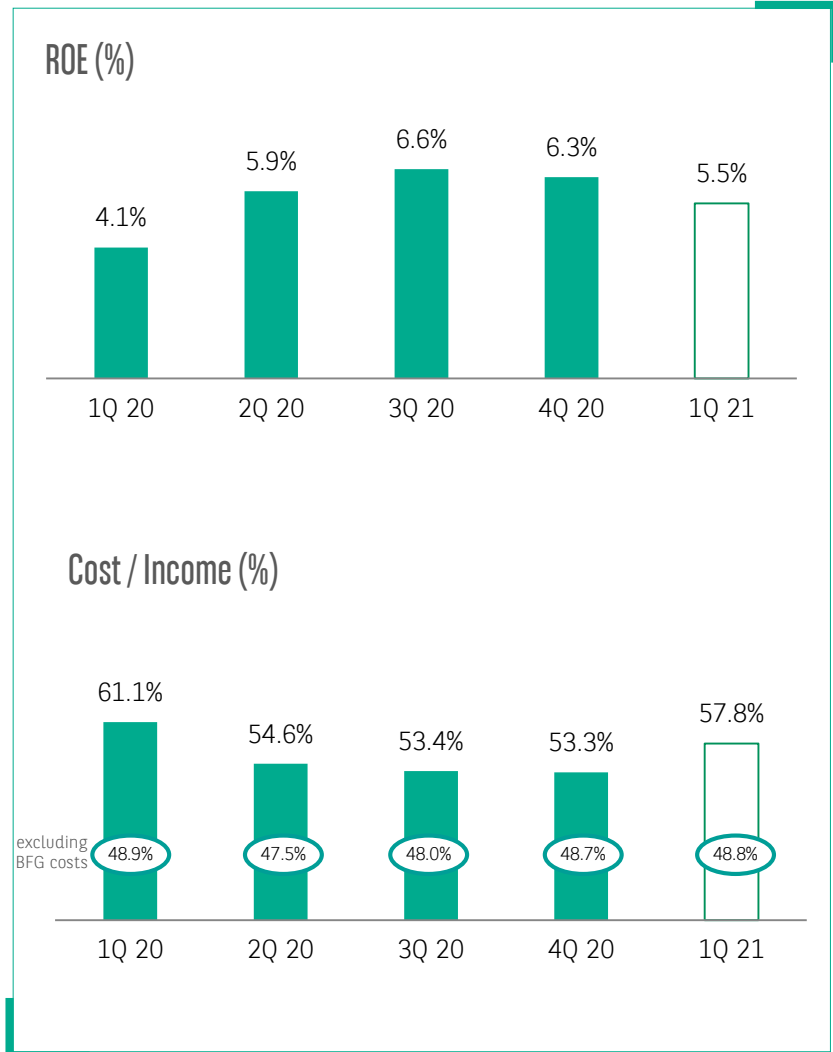
Lower cost of risk confirming the resistance of the loan portfolio to negative changes in the environment.

Higher burden of the costs of provisions for court proceedings related to CHF mortgages as compared to Q1 2020.

As a result, the net profit higher by 42% vs. Q1 2020 and close to Q4 2020 (-2%).

# MAINTAINING PROFITABILITY IN THE CHANGED ENVIRONMENT

VISIBLE EFFECTS OF BUSINESS MODEL ADAPTATION. GROWING IMPACT OF THE CHF LOANS RELATED PROVISIONS



2020 and Q1 2021:

- a decline in net interest income as a result of interest rate cuts,
- an increase in the share of non-interest income, a positive impact of price changes on the quarterly level of generated F&C,
- lower activity of business customers, lower impact of the pandemic on sales results in the retail segment,
- assumed synergies as planned, visible transformation effects,
- additional credit risk costs related to the COVID-19 pandemic,
- growing burden of the costs of provisions for court proceedings related to CHF mortgages.

02

# MACROECONOMIC ENVIRONMENT

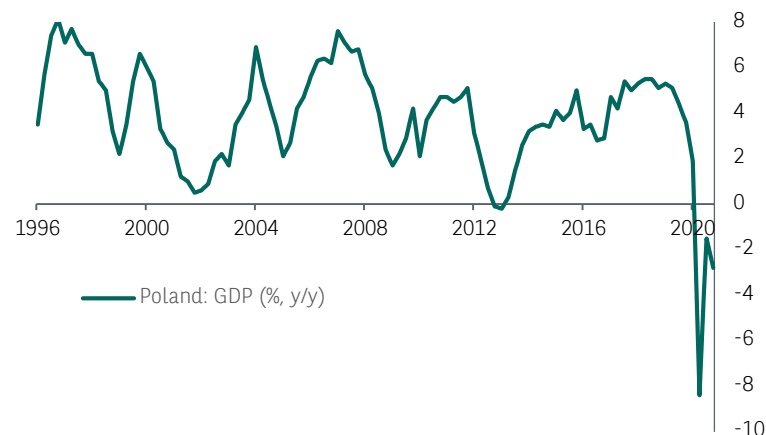


BNP PARIBAS

# MACROECONOMIC ENVIRONMENT: GDP AND ECONOMIC OUTLOOK

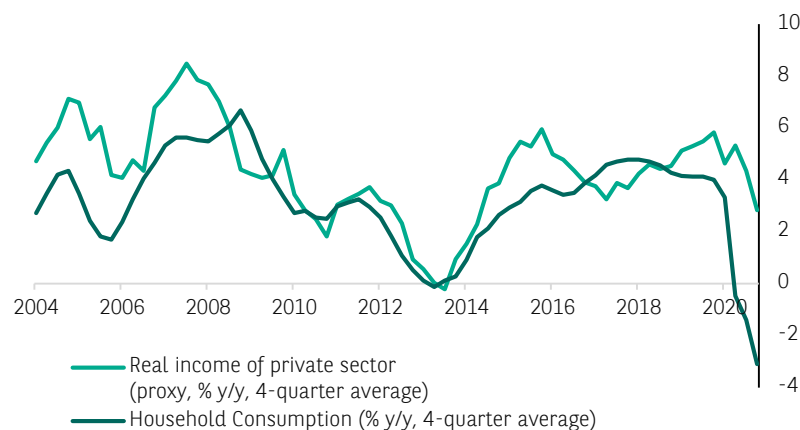
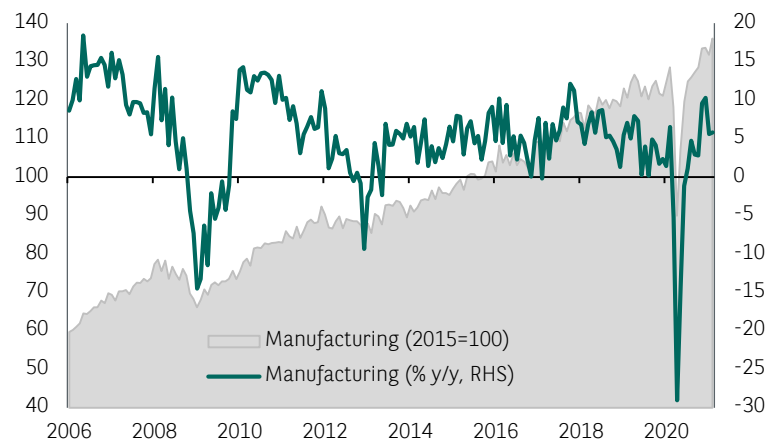
2021 THE YEAR OF ECONOMY REVIVAL

## An asymmetric shock and a "two-speed" recovery



	share	Q2 2020	Q3 2020	Q4 2020
<b>Gross value added (change y/y), of which:</b>	<b>100.0%</b>	<b>-8.1%</b>	<b>-1.7%</b>	<b>-3.1%</b>
Agriculture	2.7%	-4.5%	-3.6%	-2.3%
Manufacturing	24.7%	-11.8%	2.9%	4.8%
Construction	7.2%	-0.9%	-9.2%	-5.4%
Wholesale and Retail Trade	17.7%	-11.6%	-0.6%	-4.6%
Transport and Logistic	7.0%	-15.8%	-5.7%	-0.8%
Accommodation & Food Service	1.3%	-78.4%	-29.7%	-69.3%
Information and Communication	4.3%	2.3%	3.9%	1.0%
Financial and Insurance Activities	4.1%	-8.2%	-6.2%	-15.3%
Real Estate Activities	5.5%	0.8%	1.0%	0.9%
Professional, Scientific and Technical Activities	8.6%	-2.6%	-0.5%	-1.2%
Public Administration	14.6%	2.6%	2.7%	2.2%
Entertainment and Recreation	2.3%	-45.4%	-42.8%	-66.2%

## Key factors for growth rebound: industry and consumption



In the fourth quarter, the recovery was dampened by the third wave of the pandemic, which caused the temporary closure of some sectors. As a result, Poland's economy contracted by 2.8% y/y and 0.7 q/q.

The main driver of growth remains industrial production, which is the least affected by the restrictions.

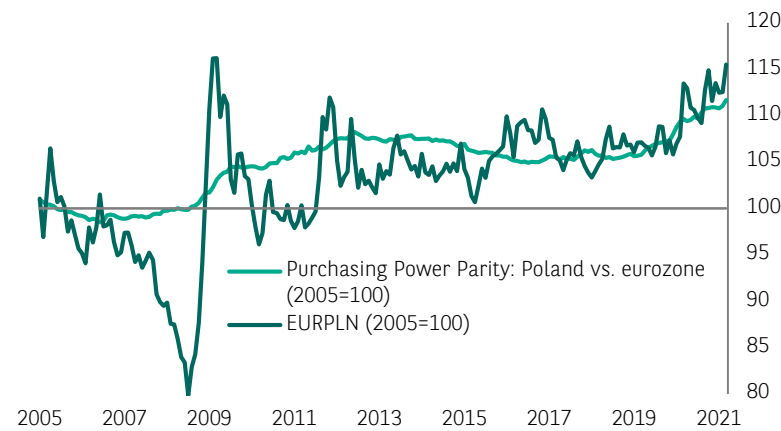
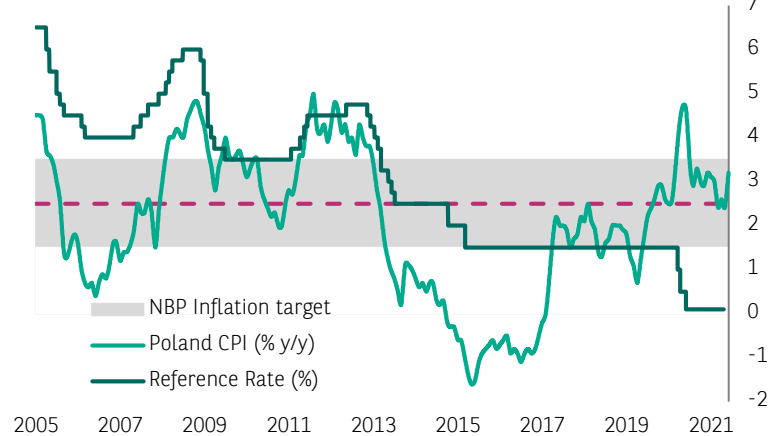
We expect a gradual return to normality this year, following the accelerating vaccination program. We expect GDP to grow by 3.8% y/y, although the pace of recovery is likely to be uneven across sectors.

Sustained high household incomes combined with stifled demand should support an acceleration in consumption in 2021.

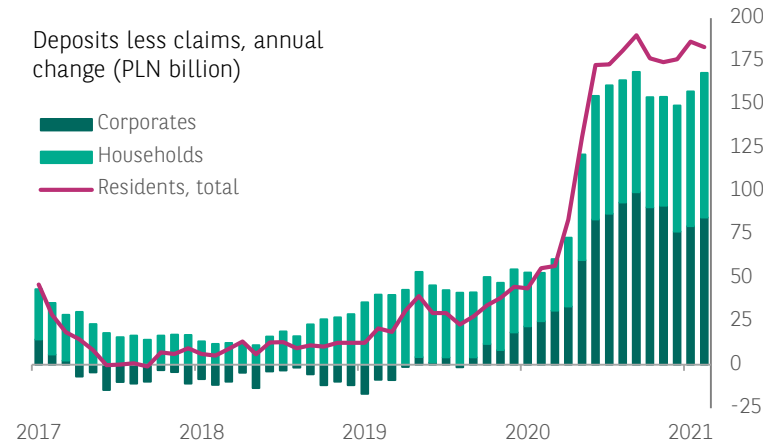
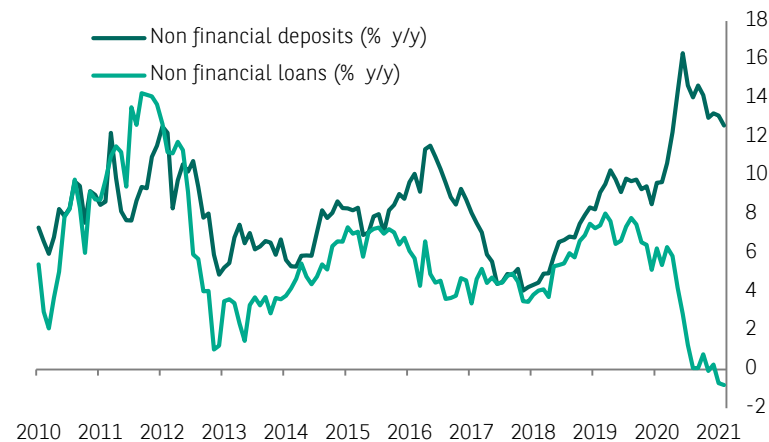
# MACROECONOMIC ENVIRONMENT: MONETARY POLICY, EXCHANGE RATE AND THE BANKING SECTOR

ECONOMIC POLICY REMAINS SOFT, PACE OF PRIVATE SECTOR DE-LEVERAGING SLOWING DOWN

## Zero interest rates, inflation close to target, EUR/PLN exchange rate in line with fundamentals



## Banking sector: deposits outpace credit, but the pace of private sector de-leveraging (finally) slowing down



Consumption-driven recovery, increases in administered prices and taxes, point to inflation remaining at the upper limit of the NBP inflation target (2.5% +/-1pp).

Nevertheless, we do not expect changes in the monetary policy. According to the MPC members, the monetary easing cycle has come to an end unless the economic outlook clearly deteriorates.

Despite increased volatility, EUR/PLN exchange rate remains largely in line with fundamentals.

Loan-to-deposit ratio declined markedly in 2020. Fiscal transfers have increased private sector deposits and reduced corporate demand for credit.

Very low interest rates are likely to continue to support strong residential credit growth.

03

# FINANCIAL RESULTS



BNP PARIBAS



# KEY FINANCIAL DATA Q1 2021

STABLE FINANCIAL RESULTS DESPITE THE PANDEMIC'S IMPACT, GOOD PORTFOLIO QUALITY AND LOW COST OF RISK. FURTHER IMPROVEMENT IN TIER I RATIO

## Financial results

Net profit	<b>PLN 164 million</b>	<b>+42% y/y (PLN +49 million)</b>
Net banking income*	<b>PLN 1,151 million</b>	<b>-5% y/y (PLN -58 million), of which:</b> net interest income: PLN 733 million, -9.5% y/y net fee & commission income: PLN 247 million, +19.6% y/y net trading income: PLN 158 million, -15.6% % y/y
Expenses	<b>PLN 665 million</b>	<b>-10% y/y (PLN +74 million)</b>
C/I Ratio	<b>57.8%</b>	<b>-3.3 pp y/y</b>
C/I Ratio w/o BFG	<b>48.8%</b>	<b>-0.1 pp y/y (48.9%)</b>
Net provisions for legal risk of CHF loans	<b>PLN 72 million</b>	<b>+534% y/y (PLN -61 million)</b> gradual increase of CHF provision over 2020 and 2021
Net impairment write-offs	<b>PLN 60 million</b>	<b>-70% y/y (PLN +138 million)</b> PLN 55 million COVID-19 impact in Q1 2021

\* In Q3 2020, the result from provisions for legal risk of CHF housing loans was excluded from the category of other operating expenses. For the sake of comparability, the shift was made in all the presented periods.

## Volumes

Assets	<b>PLN 122 billion, +9.0% y/y</b>
Loans (gross)	<b>PLN 80 billion, +0.3% y/y</b>
Customer deposits	<b>PLN 95 billion, +8.8% y/y</b>
Equity	<b>PLN 12 billion, +7.3% y/y</b>

## Indicators

Capital Adequacy Ratio	<b>18.81%</b>
Tier 1	<b>13.79%</b>
MREL (% of TLOF)	<b>13.15%</b>
Net loans/deposits	<b>81.3%</b>
ROE	<b>5.5%</b>
LCR	<b>192%</b>

# LOAN PORTFOLIO

CONTINUATION OF THE INCREASE IN LOANS TO INDIVIDUAL CUSTOMERS. RECOVERY IN THE PORTFOLIO OF INSTITUTIONAL CUSTOMERS

PLN m

## Increase in the portfolio value in Q1 2021 by 1.6% q/q (-0.3% y/y)

- impact of the sale of PLN 856 million of impaired loans (mostly realized in Q4 2020) on the yearly dynamics

## Increase in the value of the individual customer loan portfolio (+2.5% q/q,+10.8% y/y)

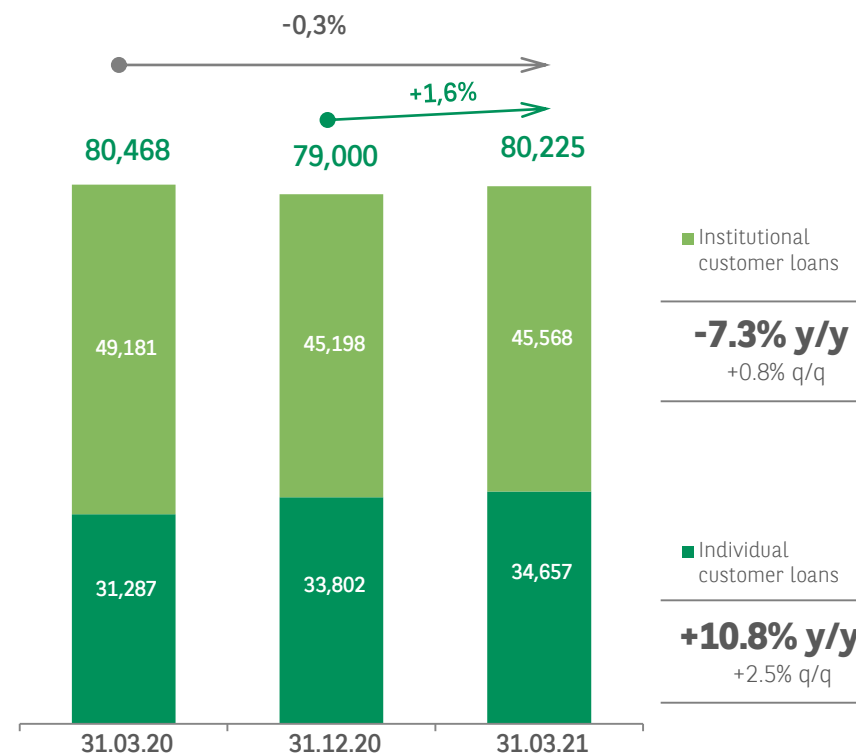
- further increase in the share of individual customers in the Bank's loan portfolio to 43.2% (+4.3 pp y/y)
- increase in the share of mortgages in the Bank's loan portfolio to 29.0% (+4.3 pp y/y)

## Increase in the institutional loan portfolio +0,8% q/q (-7.3% y/y)

- reversal of the downward trend in the share of overdraft loans in the portfolio of loans granted to business entities visible from the beginning of 2020 (increase to 46.8% at the end of Q1 2021; +0.7 pp q/q and -5.1 pp vs. March 2020)

**Customer loans market share: 5.7%**

## Gross customer loans\*



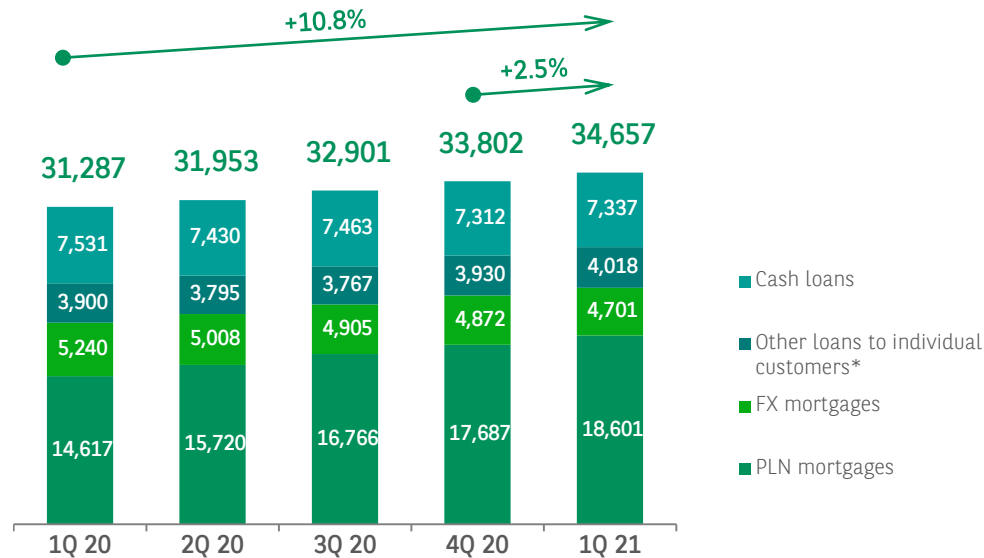
\* including the portfolio measured at fair value

# GROSS LOAN PORTFOLIO

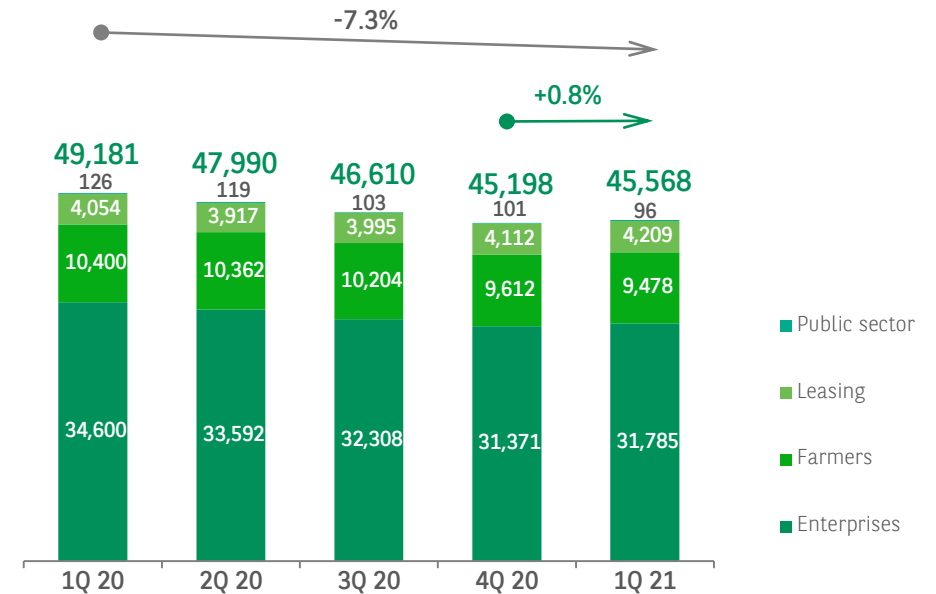
MORTGAGE LOANS BEING THE MAIN DRIVER OF GROWTH IN LOANS TO INDIVIDUAL CUSTOMERS. SLIGHT RECOVERY IN CASE OF ENTERPRISES

PLN m, gross

## Individual customer loans



## Institutional customer loans\*\*



- The increase results mainly from the growth in the portfolio of PLN mortgages (+5.2% q/q and +27.3% y/y) with a simultaneous decline in the portfolio of FX mortgages (-3.5% q/q and -10.3% y/y).
- Further growth in the share of mortgage loans in individual loans to 67.2% (+0.5 pp q/q and +3.8 pp y/y).
- Slight increase in cash loans +0.3% q/q (-2.6% y/y – negative impact of the COVID-19 pandemic).

- Signs of recovery and an increase in the gross portfolio value of institutional clients despite the lockdown and persistent uncertainty about the pandemic development and macroeconomic outlook.
- As at the end of Q1 2021, the share of loans to enterprises in loans to institutional customers increased to 69.8% (+0.3 pp q/q, -0.6 pp y/y), with a parallel increase in the share of leasing to 9.2% (+0.1 pp q/q, +1.0 pp y/y).

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

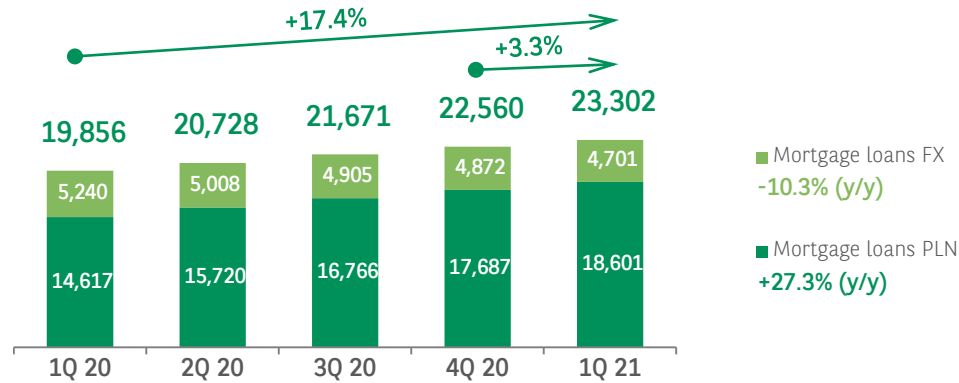
\*\* including the portfolio measured at fair value for "Farmers" and "Enterprises" items (breakdown based on MIS data)

# CHF MORTGAGE LOANS PORTFOLIO

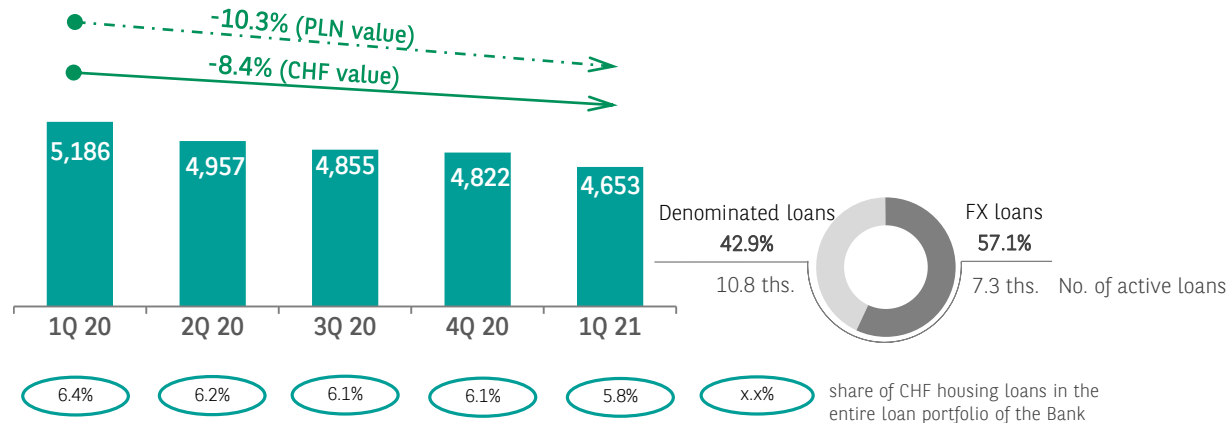
LOW AND DECREASING SHARE OF CHF LOANS. FURTHER INCREASE IN LEGAL PROVISION IN LINE WITH COURT PROCEEDINGS EVOLUTION

PLN m, as of the end of the quarter

## Gross mortgage loans



## Gross mortgage loans (CHF)

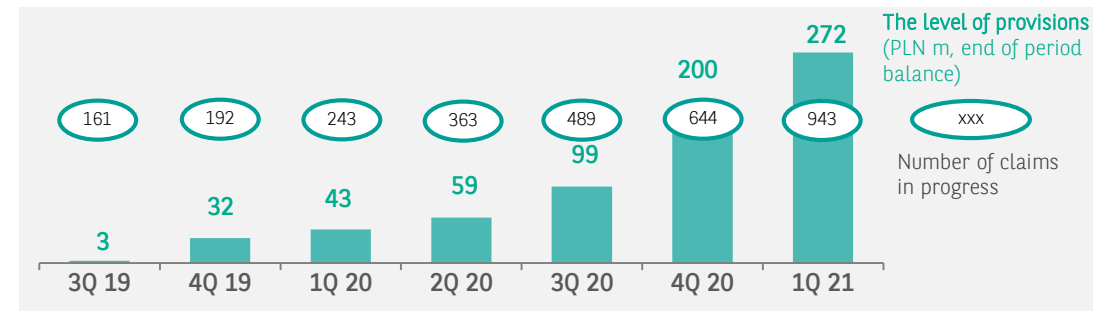


## Legal risk

### Customer court proceedings, as at 31.03.2021

- Bank was sued in **943** court cases (**300 new cases in Q1**) concerning mortgage loan agreements (no collective claims).
- The total value of claims sought is PLN 323.6 million. Coverage ratio of pursued claims with the provision equal to 84%.
- Value of claims to the balance sheet exposure ratio: ~7.0%.
- In 25 finally completed proceedings, 14 claims were dismissed; 2 cases were discontinued; 1 claim was rejected; 7 times, the invalidity of the contract was declared in the sentence justification; one time the claim was recognised as valid only with regard to the insurance of low own contribution.
- Bank is still assessing the impacts of the latest judgements (TSUE: April 29, Supreme Court Resolution: May 7). No decision taken in terms of voluntary conversion program.

### The level of provisions and number of claims



# CUSTOMER FUNDS

RECOVERY IN CORPORATE DEPOSITS, STRONG PERFORMANCE IN ASSETS UNDER MANAGEMENT

PLN m

## Higher balance of deposits q/q (+5.0%) and y/y (+8.8%)

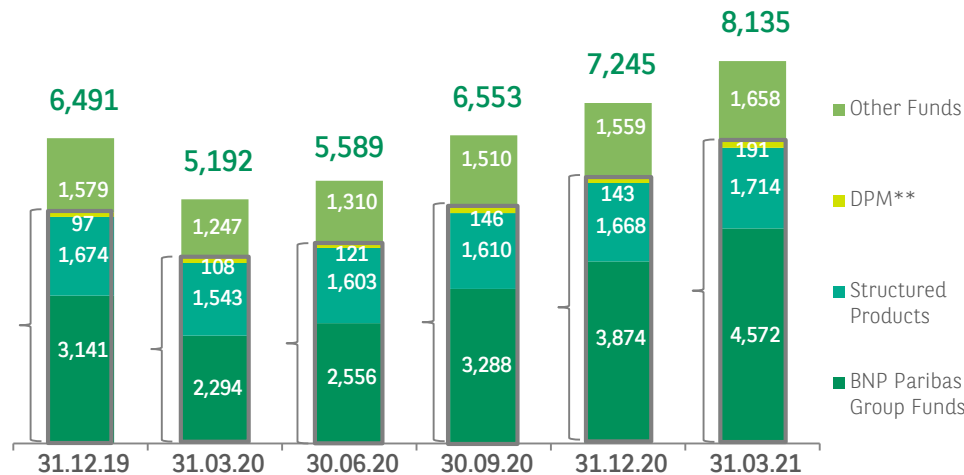
Increase in institutional deposits; slower increase in individual customers deposits.

Further increase in the share of current accounts in total customer deposits – to 89.3% (+2.1 pp q/q, +21.9 pp y/y).

## Continued growth in the volume of investment products\* in Q1 (+12.3% q/q, +56.7% y/y)

including the funds invested in BNP Paribas Group investment funds (+18.0% q/q, +99.3% y/y).

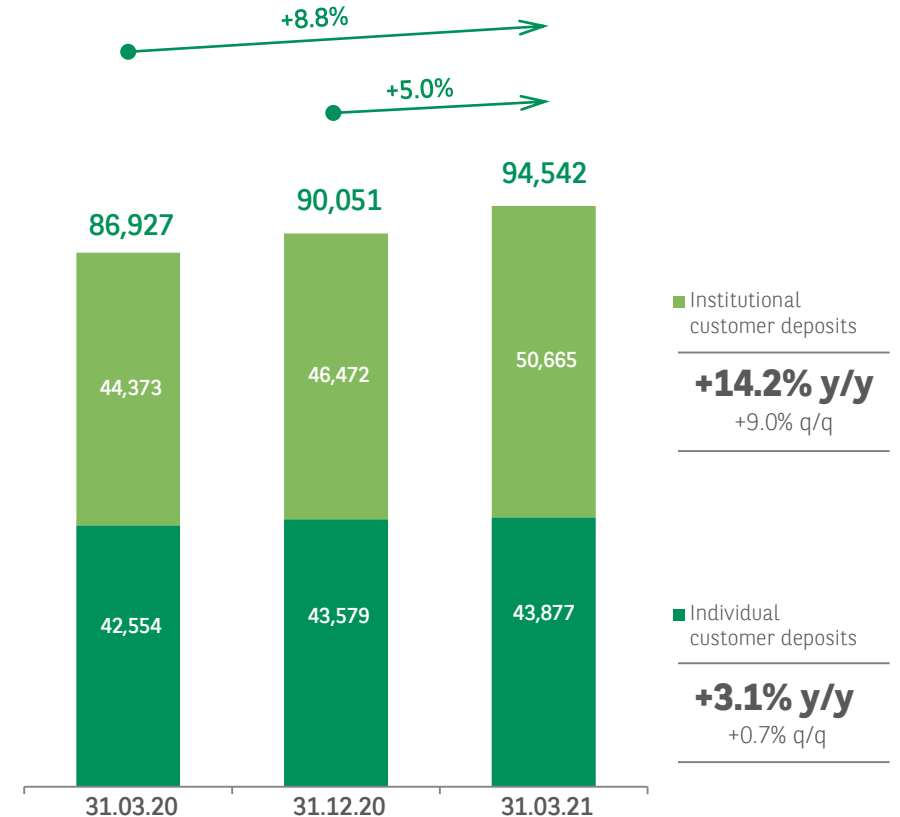
**+13.9% q/q (+64.2% y/y)**  
assets under management



\* The data presented in the graph have been revised. The corrections concerned mainly the value of closed-end investment funds (presented in „Other Funds“ category).

\*\* Discretionary Portfolio Management

## Customer deposits

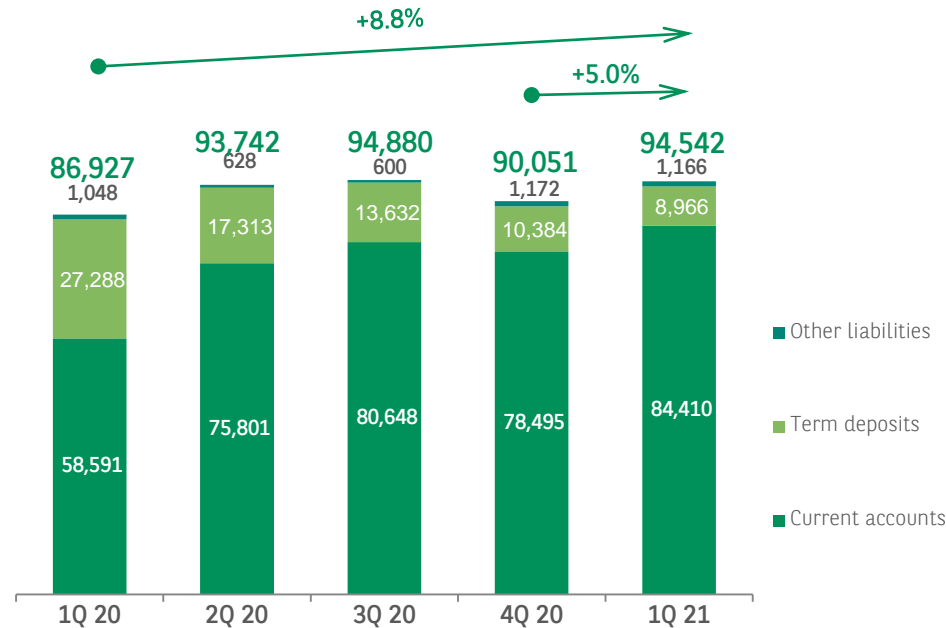


# DEPOSIT BASE STRUCTURE

FURTHER INCREASE IN THE SHARE OF CURRENT ACCOUNTS. STABILIZATION IN COST OF DEPOSITS

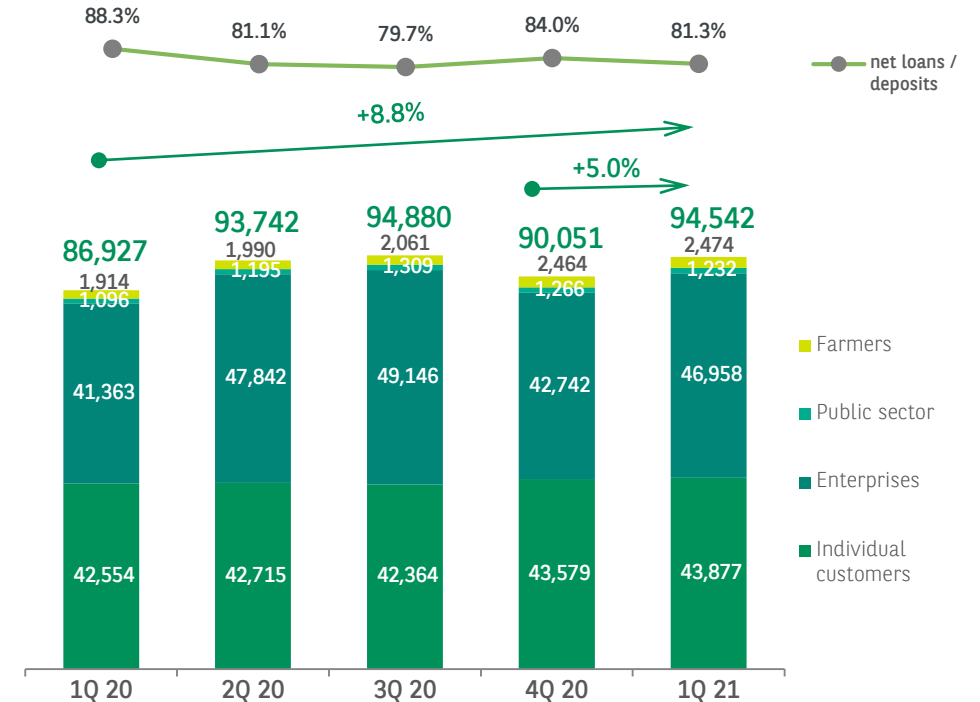
PLN m, as of the end of the quarter

## Deposits term structure



- Further increase in the share of customer current accounts in total deposits: to 89.3% (+2.1 pp q/q and +21.9 pp y/y).
- The increase in deposit volume in Q1 2021 concerned the volumes in current accounts only (+PLN 5,915 million, +7.5% q/q) with further drop in term deposits (-PLN 1,418 million, -13.7% q/q).
- In case of current accounts the funds of institutional customers increased by PLN 4,606 million (+10.8% q/q) and the individual customers funds grew by PLN 1,309 million (+3.7% q/q).

## Deposits structure by Customer type



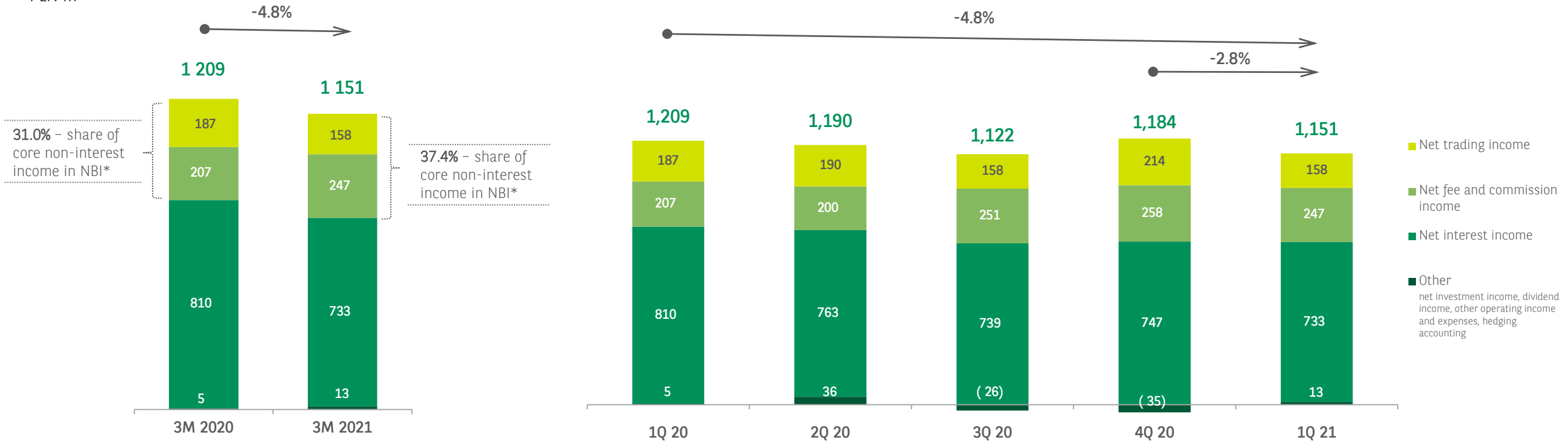
- Stabilization in cost of deposits in Q1 (-2 bp March 2021 vs. December 2020 and -44 bp vs. March 2020).
- Quarterly increase in enterprise deposits: +9.9% q/q with an increase on an annual basis +13.5% y/y.
- Growth in farmer deposits: +0.4% q/q and +29.2% y/y.
- Growth in individual customer deposits by +0.7% q/q and +3.1% y/y with parallel decline in deposits acquired by GOptima (down to PLN 2.5 billion, -6.8% q/q and -33.6% y/y).



# NET BANKING INCOME

FURTHER INCREASE IN THE SHARE OF NON-INTEREST INCOME. LACK OF RESULTS ON THE VALUATION OF STOCKS AND SHARES COMPARABLE TO THE 4TH QUARTER OF 2020

PLN m



- A decrease in net interest income (-9.5% y/y) - fully visible impact of lowering interest rates in 2020.
- Increase in the net fee and commission income (+19.6% y/y) thanks to, among others, adaptation measures undertaken in Q3 & Q4 2020.
- Negative impact of the net trading income (-15.6% y/y), among others, as a result of lower result on derivative instruments and foreign exchange transactions.
- As a part of the other category - positive valuation of the loan portfolio measured at fair value, neutralizing the lack of one-off events in Q1 2021, i.e. sale of Kasprzaka real estate in Q1 2020.

- In Q2 and Q3 2020, the impact of lowering the NBP interest rates (from 1.5% to 0.1%) is visible. Decrease in NII in Q1 2021 vs. Q4 2020 due to increased costs of subordinated debt and smaller number of interest days.
- The decrease in F&C income compared to Q4 2020 related to, inter alia, lack of comparable credit F&C in the CIB area.
- Lack of positive valuation of stocks and shares comparable to Q4 2020 in Q1 2021 as a result of commercial activities (ie VISA and Mastercard: PLN +23.9 million).
- "Other" item includes:
  - fluctuations in the valuation of the loan portfolio measured at FV (+PLN 17.9 million in Q1 2021, -PLN 2.8 million in Q4 2020, +PLN 11.0 million in Q3 2020),
  - in Q3 2020: provision for a penalty imposed by the Office of Competition and Consumer Protection (UOKiK) in connection with the provisions specifying the rules for determining the currency spreads in loan agreements (-PLN 26.6 million),
  - in Q2 2020 the amount of PLN 47.8 million of profit on the sale of bonds.

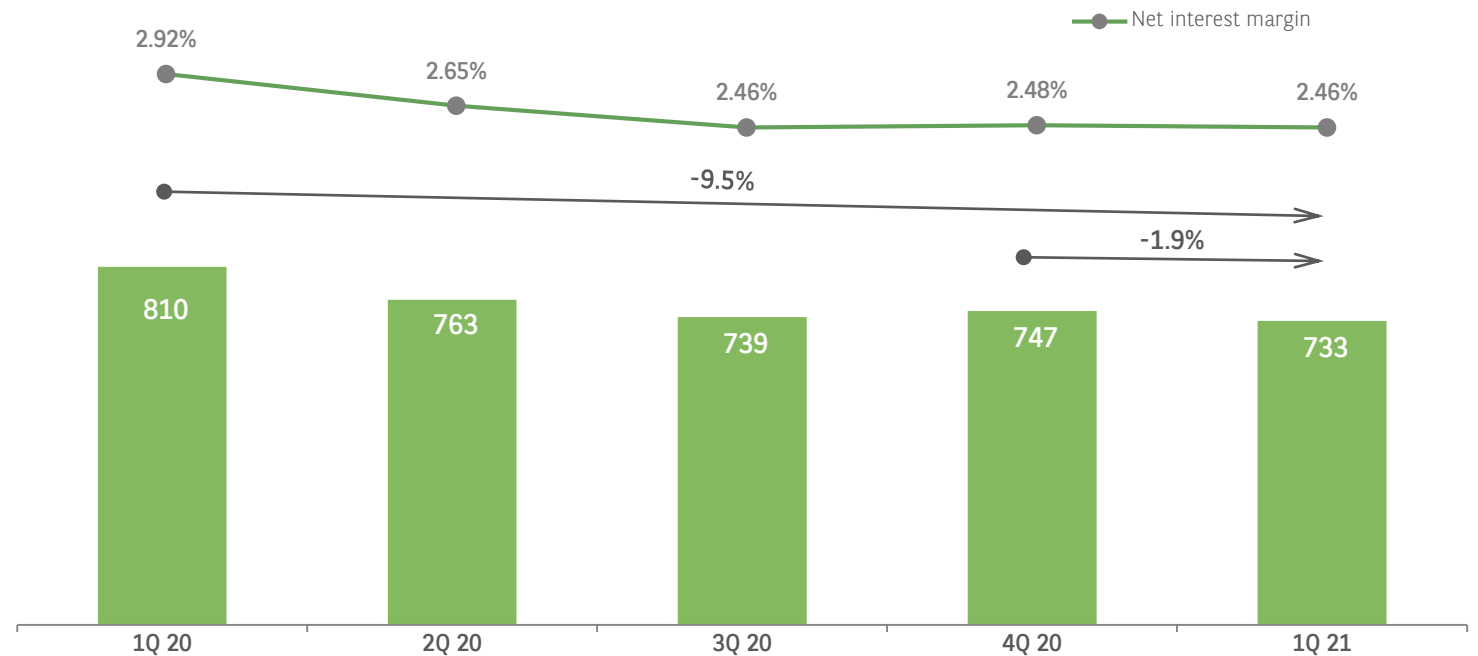
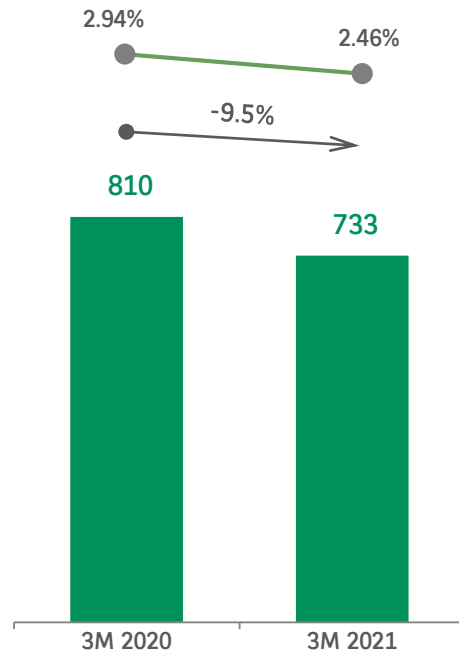
In Q3 2020, the result from provisions for legal risk of CHF housing loans was excluded from the category of other operating expenses. For the sake of comparability, the shift was made in all the presented periods.

\* NBI excluding the other operating income and expenses

# NET INTEREST INCOME

STABILIZATION OF THE NET INTEREST INCOME IN THE ENVIRONMENT OF LOW INTEREST RATES. FIRST QUARTER WITH THE FULL IMPACT OF MREL FINANCING

PLN m



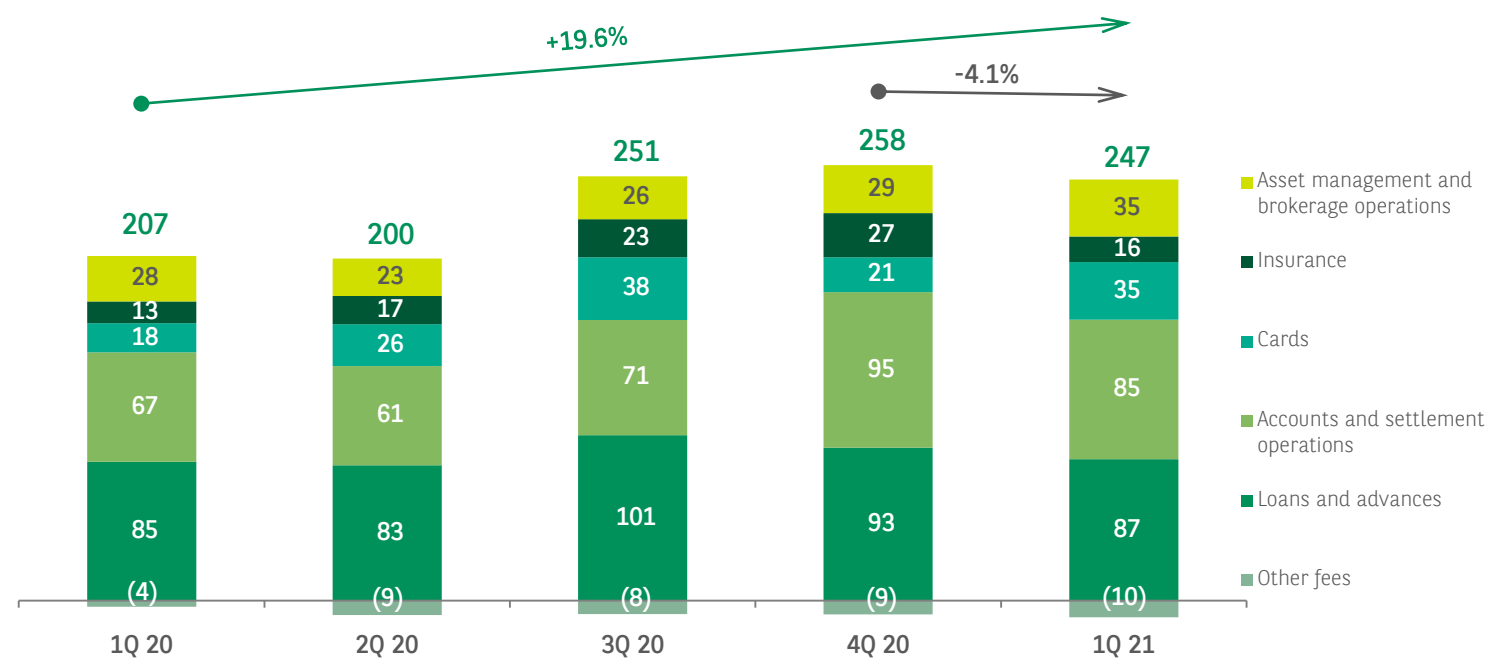
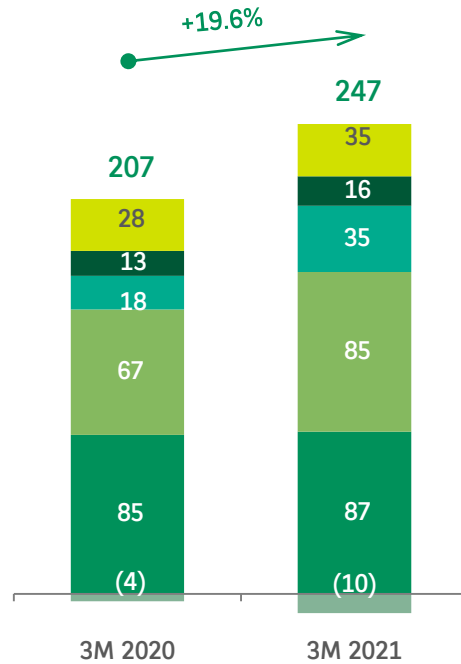
- Negative impact of the NBP interest rates cuts on the credit margins in 2021 partially neutralized by the cost of financing reduction (-44 bp March 2021 vs. March 2020).
- Impact of the settlement of the fair value adjustment for the loan portfolio, acquired as part of Core RBPL acquisition - (decrease in interest income by PLN 7.1 million y/y)
- Increase in the result on derivative instruments as part of fair value hedge accounting by PLN 20.8 million y/y.

- A clear negative impact of the interest rates cuts (NBP reference rate decrease from 1.5% to 0.1%) on net interest margin and net interest income visible in Q2 & Q3 2020. Growth in NII in Q4 due to: further lowering of financing costs (-4 bps December 2020 vs. September 2020), increase in the average value of securities portfolio and growth in the result on derivatives as part of fair value hedge accounting.
- Lower NII in Q1 2021 due to increased costs of subordinated debt (MREL) and 2 less interest days.
- NII in Q1 2021 includes the settlement of the fair value adjustment for the loan portfolio, acquired as part of Core RBPL acquisition, in the amount of 6.3 million (PLN 5.8 million in Q4 2020, PLN 9.4 million in Q3 2020, PLN 11.7 million in Q2 2020, PLN 13.4 million in Q1 2020).

# NET FEE AND COMMISSION INCOME

INCREASE IN THE SHARE OF F&C IN CORE REVENUES. POSITIVE IMPACT OF CHANGES IN THE PRICING POLICY ON THE LEVEL OF FEES & COMMISSION RESULT

PLN m



- Increase in F&C on accounts and settlement operations\* (+27.3 %) mostly due to higher account maintenance fees (among others fees for high account balances from business entities and high balances on FX accounts) as well as fees for using Internet Banking.
- Increase in card F&C (+98.2%) mainly due to higher revenues from Mastercard, VISA and Allegro.
- Increase in commission for asset management and brokerage operations (+25.4%) as a result of increased sales of mutual funds and structured products.

- Decrease in loan F&C in Q1 2021 due to the lack of comparable commissions on large transactions in the CIB segment (in Q4 2020 PLN +10 million).
- Lower F&C on accounts and settlement operations in Q1 2021 due to lower fees for high account balances from business entities (by approximately PLN 9 million).
- Lower insurance F&C in Q1 2021 due to lower profit sharing with Cardif, lower mortgage and Agro loan insurance as well as lower insurance related to cards.
- The increase in cards F&C in Q1 2021 is mainly related to higher revenues from Mastercard and VISA.
- Increase in F&C for asset management and brokerage operations related to the increase in sales of certificates of deposit and mutual funds.

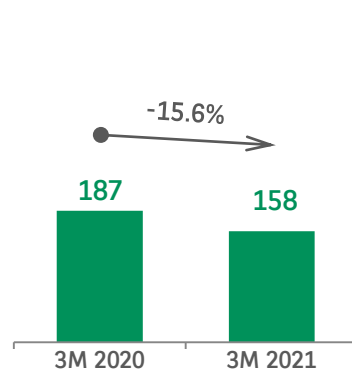
\* In Q4 2020, mapping of write-offs and provisions for unpaid fees was changed. The shift was made in all quarters in 2020 as well as in cumulative 2019 and 2020 figures

# NET TRADING AND INVESTMENT INCOME

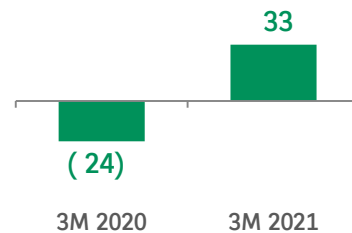
LACK OF EVENTS COMPARABLE TO THE POSITIVE VALUATION OF SHARES IN Q4 2020. POSITIVE IMPACT OF THE VALUATION OF THE LOAN PORTFOLIO MEASURED AT FV

PLN m

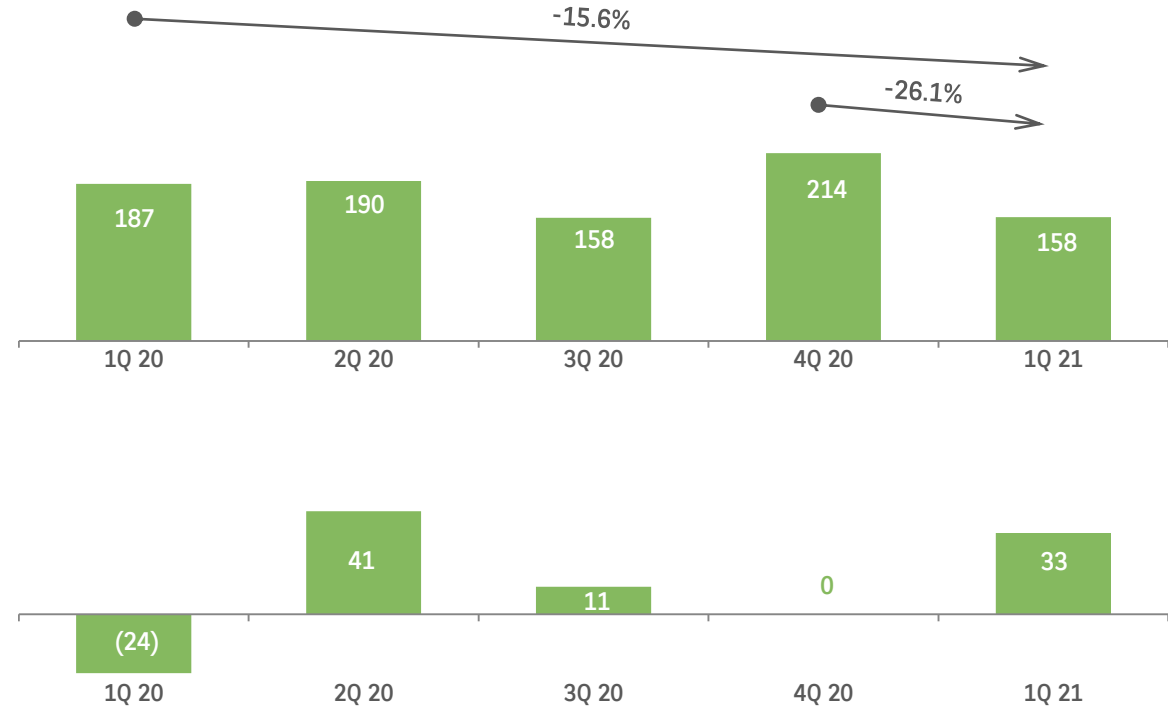
## Net trading income



## Net investment income



- Decrease in the net trading income, among others as a result of a weaker result on derivative instruments and foreign exchange transactions (including negative impact of transactions hedging the valuation of the portfolio of loans measured at fair value: PLN -13.3 million).
- Increase in the net investment income as a result of an improvement in the valuation of the loan portfolio measured at fair value (+PLN 68 million y/y).

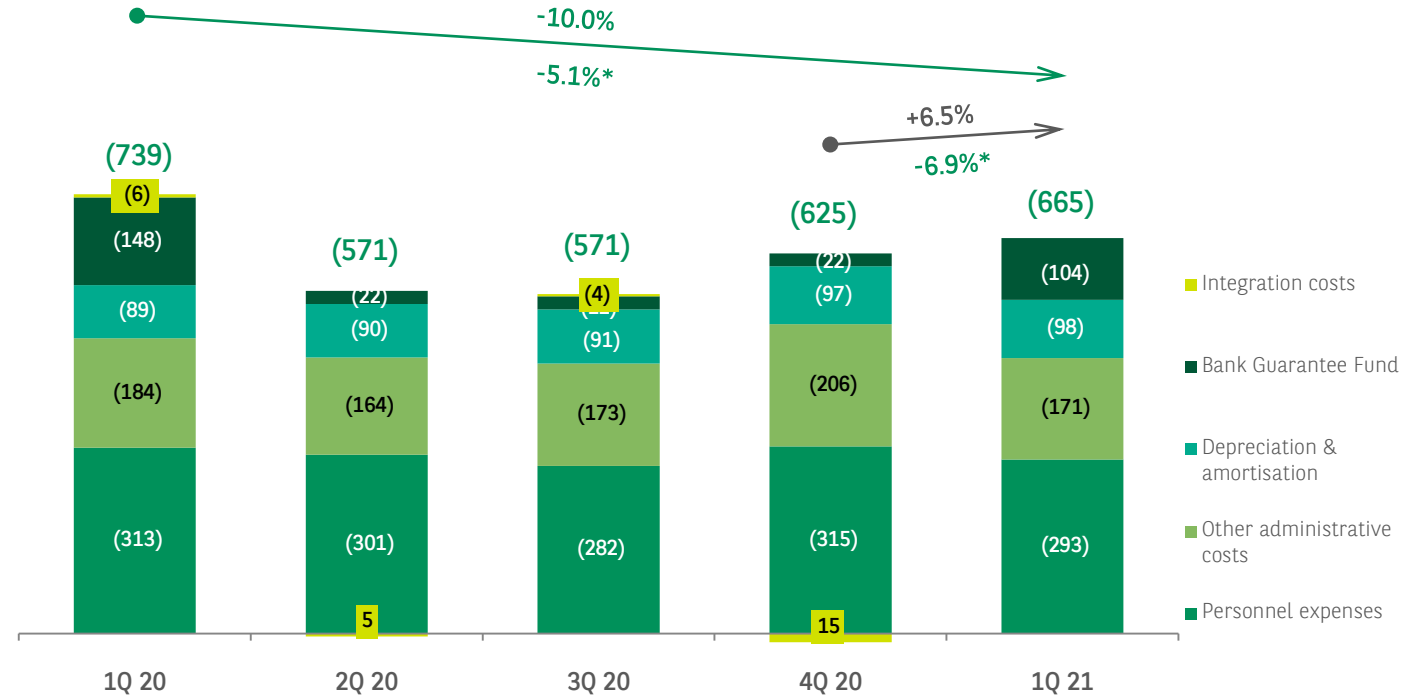
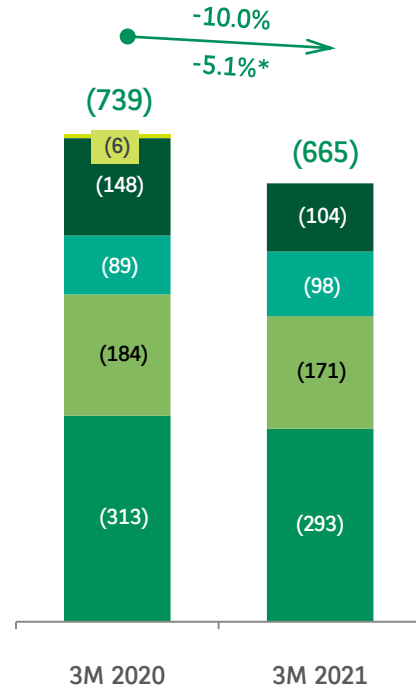


- A decrease in net trading income in Q1 2021, among others due to the lack of increase of valuation of shares and stocks comparable to Q4 2020 (including VISA and Mastercard, approx. PLN 23.9 million in total) and a worse result on derivatives.
- The valuation of the portfolio of customer loans and advances measured at fair value presented in net investment income amounted to PLN +17.9 million in Q1 2021 (PLN -2.8 million in Q4 2020, PLN +11.0 million in Q1 2020, PLN -6.4 million in Q2 2020, PLN -50.2 million in Q1 2020).

# OPERATING EXPENSES, DEPRECIATION AND AMORTIZATION

SYNERGIES EXECUTION AS ASSUMED. VISIBLE POSITIVE IMPACT OF THE TRANSFORMATION. BFG COSTS LOWER Y/Y

PLN m



- Lower operating costs -10.0% y/y mainly due to the lower costs of BFG contributions (by PLN 43.9 million - a decrease in the level of contributions to the bank restructuring fund and the guarantee fund). Excluding BFG costs, the decline in operating costs would have amounted to -5.1% y/y.
- Visible decrease in personnel expenses (by PLN 19.7 million, -6.3% y/y) as a result of employment optimization programs.
- Increase in amortization due to investments projects implemented in 2018-2020.

- Lower personnel costs in Q1 2021 as a result of the restructuring provision in the amount of PLN 41.4 million booked in Q4 2020. At the same time, personnel costs in Q1 2021 include an increase in wages and salary charges as well as higher provisions for bonuses.
- The decrease in other administrative expenses in Q1 2021 vs. Q4 2020 related mainly to incurring lower costs of development projects, consulting, short-term lease and operating as well as marketing costs.
- Visible synergies coming from Core RBPL acquisition as well as savings related to business model transformation. Since the merger (October 2018): a reduction of approx. 2,000 FTEs, optimization of the branch network - closure of 249 branches, including 13 branches closed in Q1 2021.

\* excluding BFG costs

# COVID-19 IMPACT ON CREDIT RISK

## OVERVIEW & KEY STATISTICS

### SUPPORT PROGRAMS FOR CLIENTS

Moratoria as at 31.03.2021 (Bank's standalone data)	Retail (incl. Micro) clients	Corporate & SME clients	Total
Number of applications submitted / approved (thousand)	62.5/49.9	3.0/3.0	65.5/52.9
in which granted public moratoria	2.1	-	2.1
Credit moratorium total amount (PLN million, on balance exposure)	4,133.0	2,358.0	6,491.0
in which granted public moratoria	199.9	-	199.9
Clients post-moratoria with DPD>30 (%, on balance exposure)	4%	1%	3%

- Loan repayment grace periods implemented in April 2020 applied to PLN 6.5 bn of loan exposure (for Bank's current clients until 31 March 2021). Public moratoria as at 31.03.2021 amounted to PLN 199.9 million (on-balance exposure).
- Private moratoria were reactivated from 19 January 2021 and available till end of March 2021.
- BGK Guarantees total limit of PLN 12 bn (as at the end of Q1 2021), of which:
  - PLN 4 bn (available limit PLN 1.9 bn) de minimis guarantee
  - PLN 8 bn (available limit PLN 5.6 bn) liquidity guarantee
  - PLN 0.12 bn (available limit PLN 0.04 bn) Agricultural Guarantee Fund
- PFR program – reactivated – the participation of the Bank in the funds' distribution to the clients since 15 January 2021. 2,000 positive decisions (excl. returns) in the amount of PLN 0.4 bn.

**Utilization of the BGK guarantee limits as high as possible.  
Proper actions taken towards the COVID-19 affected clients.**

### SECTORS CONSIDERED AS SENSITIVE

#### limited exposure in the loan portfolio

sector	% of balance
Transport	1.4%
Accommodation&Food service activities	0.7%
Manufacturing	0.3%
Arts, Entertainment&Recreation	0.1%
Tourism	0.0%

### COST OF RISK

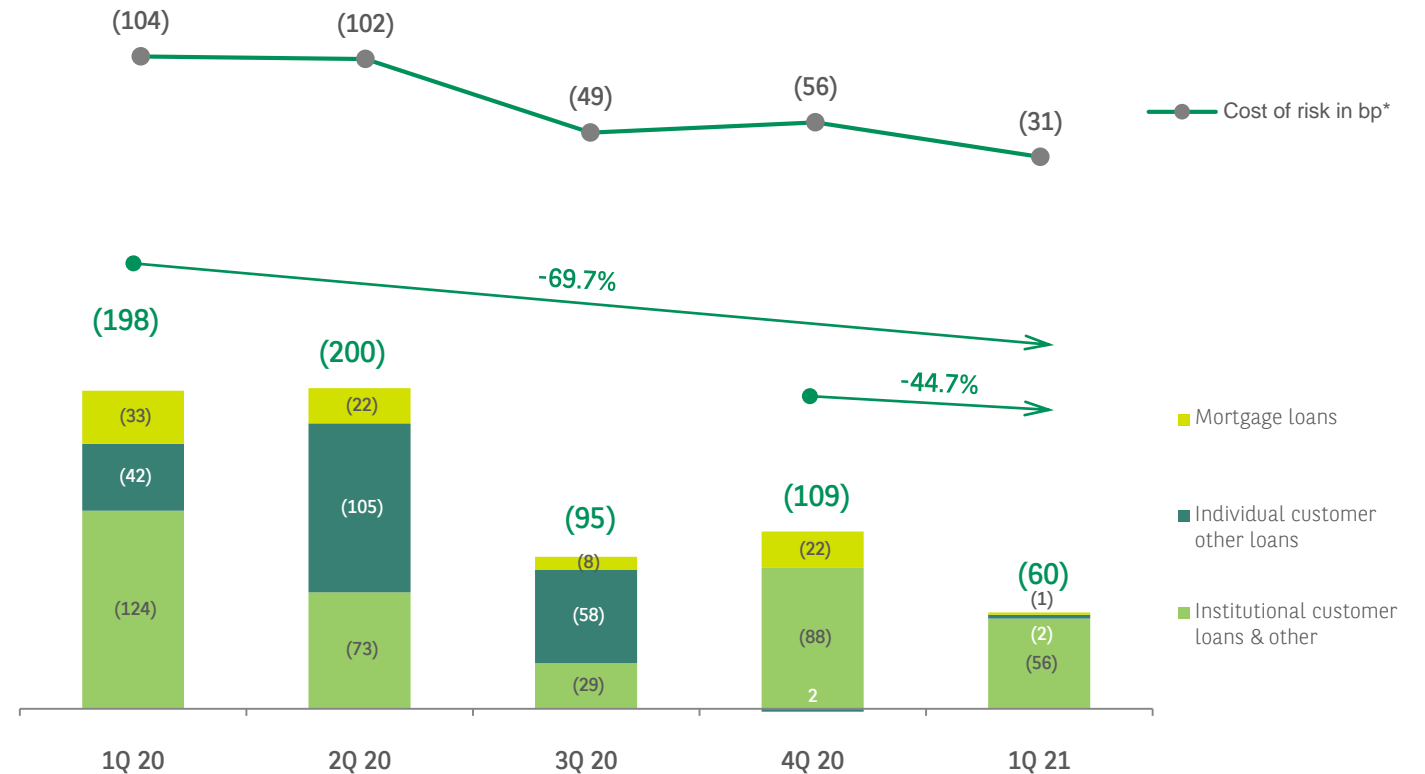
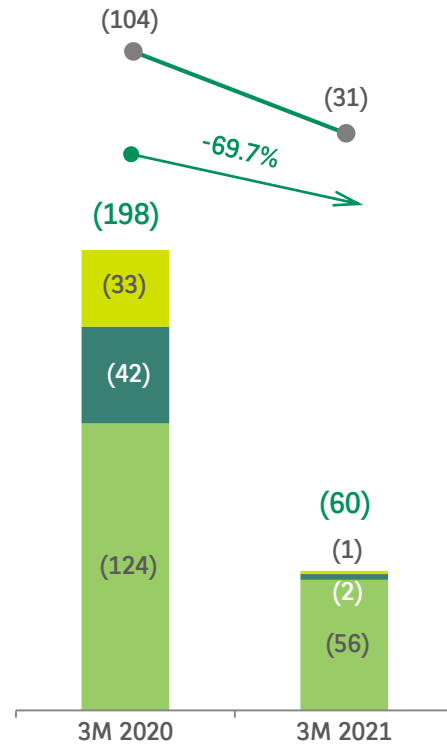
- Release of provisions for not realised credit losses related to change of macroeconomic scenarios in Q1 2021
- Provisions charges for future potential worsening of the economic and financial situation of the entities in the sectors impacted by COVID-19.
- **Total impact of the above factors amounted to PLN 55 million.**



# NET IMPAIRMENT LOSSES

LOW COST OF RISK THANKS TO RESILIENCE OF THE LOAN PORTFOLIO

PLN m



- Low COR in Q1 2021 resulting from confirmed resilience of the whole portfolio to short-term „shocks“. At the same time, government support programs helped in maintaining financial liquidity of clients in short period.
- Additional factors that impacted the COR decrease y/y:
  - ✓ negative impact of multi-scenario method implementation in individual and risk parameters valuation in Q1 2020 (PLN 58 million),
  - ✓ positive effect of the new definition of default (NDoD) implementation in Q1 2021 as a result of classification change and recalculation of risk parameters (PLN 21 million),
  - ✓ impact of reserves on the coronavirus pandemic related risks amounted to PLN 70 million in Q1 2020 and PLN 55 million in Q1 2021.

Cost of risk in Q4 2020 was impacted mainly by:

- NDoD implementation in Q1 2021 as a result of classification change and recalculation of risk parameters (positive impact equal to PLN 21 million),
- overall good performance of the credit portfolio, especially in terms of timely repayments,
- significant recoveries from impaired exposures assessed individually (repayments and sale of non-performing exposures), lack of new significant impaired loans,
- release of provisions for unrealized credit losses related to the change in macroeconomic scenarios and the creation of an additional provision for future economic downturn for entities in sectors impacted by COVID-19. Total impact of those factors amounted to PLN 55 million.

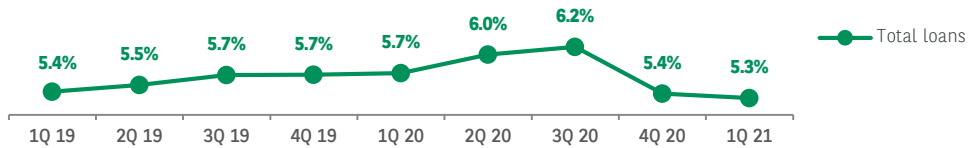
\* Cost of risk expressed as the ratio of the net impairment allowance to the average balance of gross loans and advances to customers valued at amortized cost (calculated based on quarter-end balances).

# LOAN PORTFOLIO QUALITY

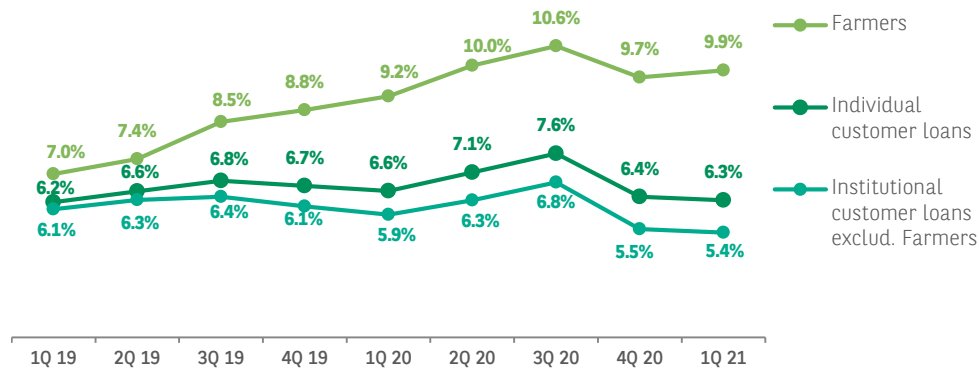
DECLINE IN THE NPL RATIO TO A HISTORICALLY LOW LEVEL

## Total loans – NPL ratio\*

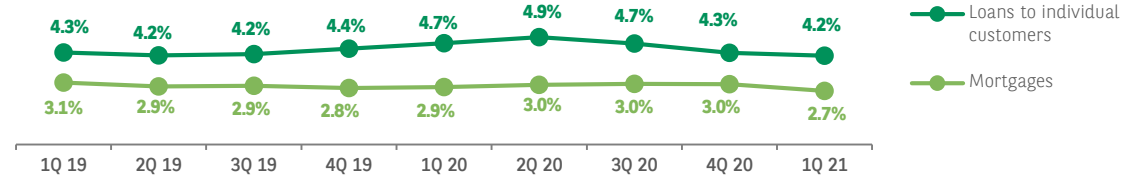
NPL for both loan portfolios in total (valued at fair value and at amortized cost) was **5.5%** at the end of Q1 2021



## Institutional loans – NPL ratio\*

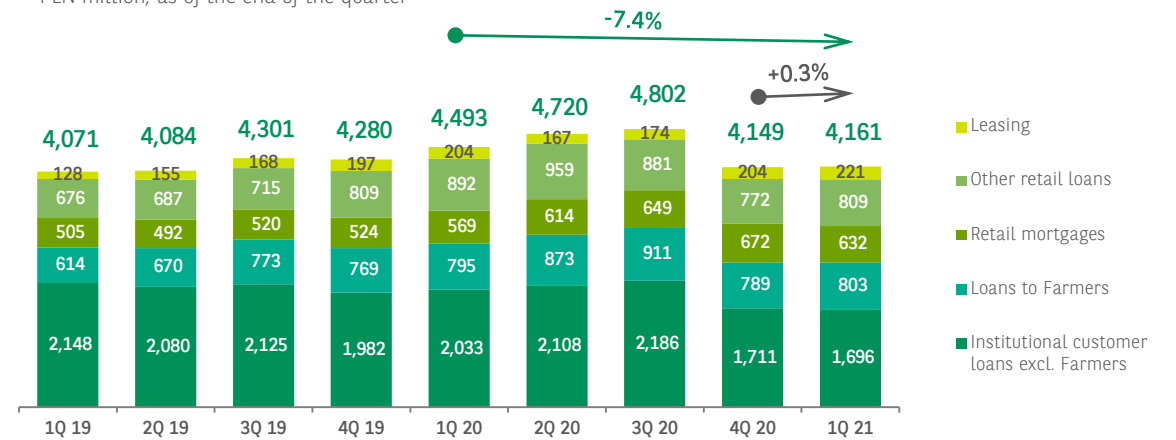


## Retail loans – NPL ratio\*



## Gross impaired portfolio\*\*

PLN million, as of the end of the quarter



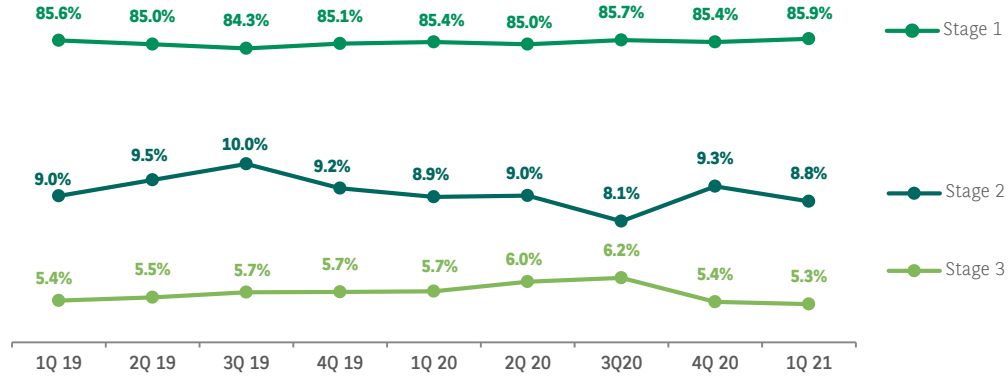
\* NPL ratio calculations are not inclusive of loans and advances valued at fair value, identified in accordance with IFRS 9

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

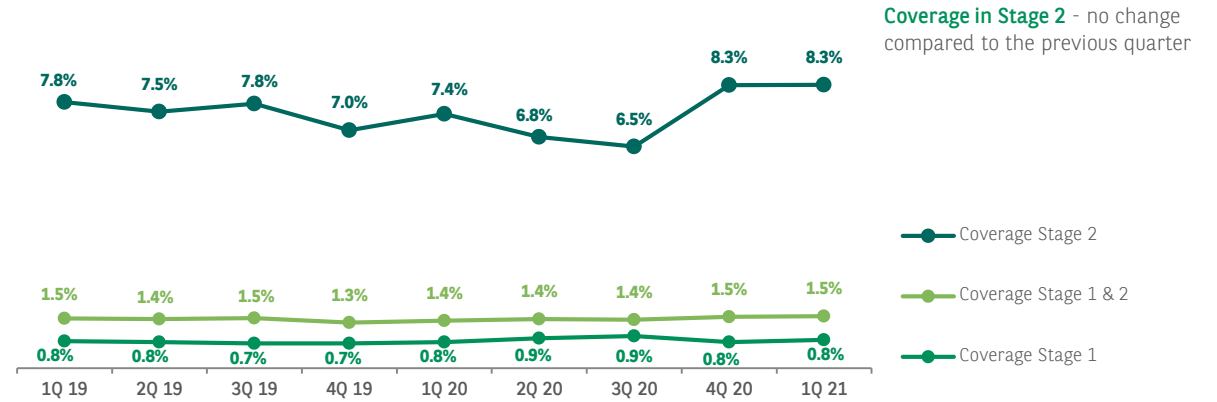
# LOAN PORTFOLIO QUALITY

STABLE LOAN PORTFOLIO STRUCTURE. STAGE 3 PROVISION COVERAGE RATIO DECREASED DUE TO THE SALE OF NPL PORTFOLIO IN Q4 2020

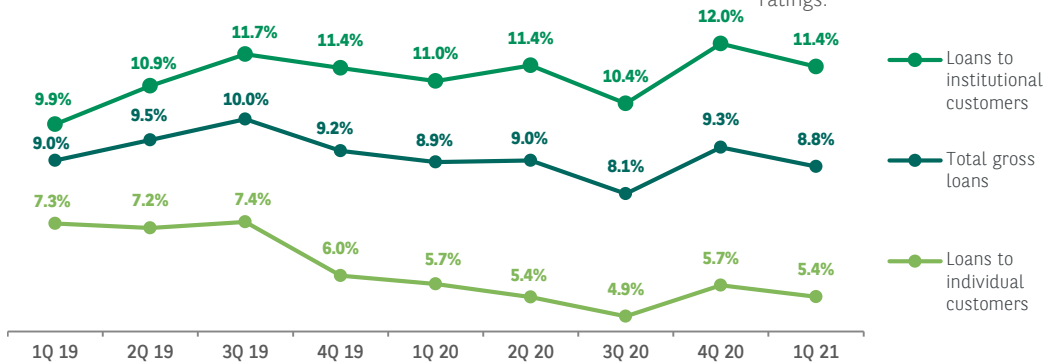
## Share of each stage in gross loan portfolio



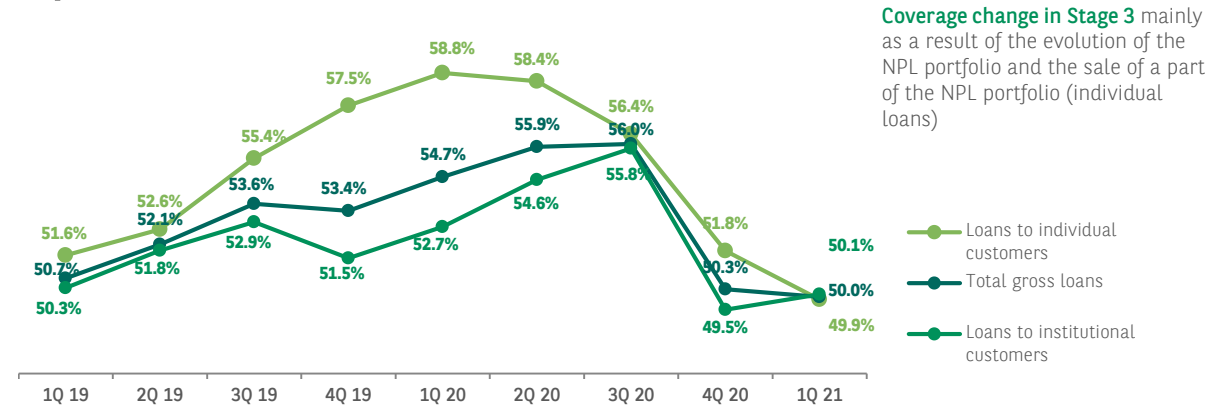
## Provision coverage for gross loan portfolio – Stages 1 & 2



## Share of Stage 2 in gross loan portfolio



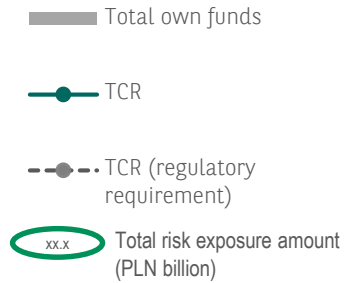
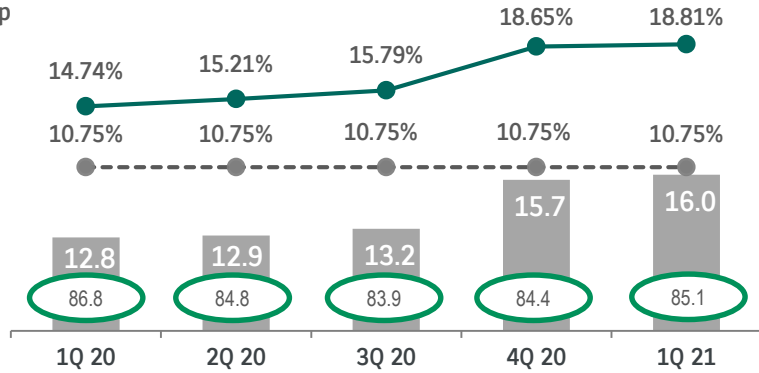
## Provision coverage for gross loan portfolio – Stage 3



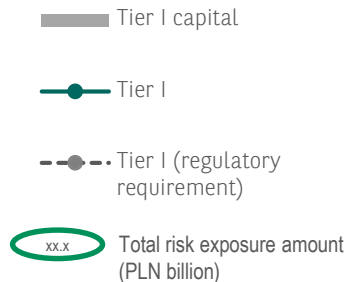
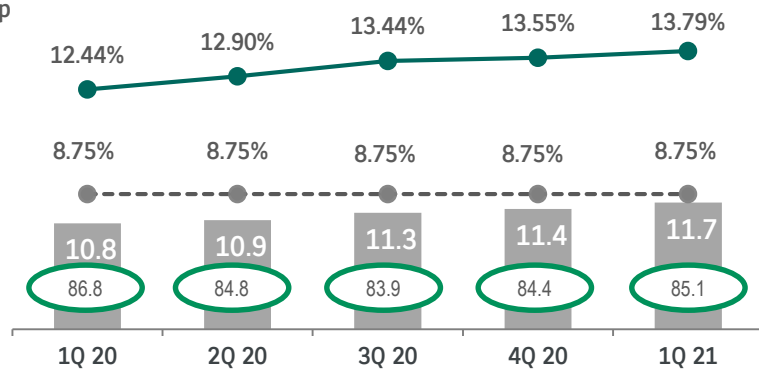
# CAPITAL ADEQUACY

SAFE CAPITAL POSITION. FURTHER IMPROVEMENT IN TIER 1 RATIO

**TCR** ↑ +407 bp  
y/y



**Tier I** ↑ +135 bp  
y/y



**TCR and Tier I above the regulatory minimum:  
+8.1 pp and +5.0 pp respectively**

On 28 December 2020, the Bank received the consent of the Polish Financial Supervision Authority for qualifying PLN 2.3 billion subordinated loan to the Bank's Tier 2 funds – meeting the MREL requirements as at year-end 2020.

Pursuant to the Resolution of the Bank's OGM of 24 March 2021, the entire Bank's net profit for 2020 (PLN 731.1 million), was allocated to reserve capital. The decision allows the net profit for the 2nd half of 2020 to be included in Tier 1 capital starting from 31 March 2021.

Higher level of the total amount of risk exposure in Q1 2021 related mainly to the increase in the requirement for credit risk.

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%.

04

# OUTLOOK



# PRIORITIES AND CHALLENGES FOR THE COMING QUARTERS

FURTHER ADJUSTMENT OF THE BUSINESS MODEL. BUSINESS INCREASE AND CAUTIOUS RISK MANAGEMENT WITH EXPECTED RECOVERY OF THE ECONOMY



## RESPONSIBLE BUSINESS GROWTH

- Business growth while maintaining appropriate risk profile, considering the implications of prolonged pandemic restrictions
- Focus on implementation of new products delivering non-interest income
- Using the scale effect and the potential of the BNP Paribas Group in Poland and worldwide in offering a range of financial solutions to customers
- Proactive involvement in local implementation of the European „Green Deal“
- Strengthening the position of banking leader in ESG area. Embedding our brand identity in social and environmental engagement
- Promoting responsible attitudes and commitment to the implementation of the UN Sustainable Development Goals among the bank's customers and partners



## SOLID BACKBONE

- Continued digital transformation in response to accelerating change of market trends
- Wide scale implementation of agile methodology in bank structures, enhancing efficiency and competitiveness of the organization
- Further focus on improving customer experience and satisfaction
- Further stages of optimization and efficiency improvement of sales and customer service processes
- Adaptation to upcoming complex regulatory requirements in ESG area
- Promoting diversity in corporate culture

### EXTERNAL ENVIRONMENT IS STILL UNCERTAIN:

- pace of expected economic recovery as a result of the ongoing vaccination program and easing of the restrictions,
- legal uncertainty related to CHF mortgages, possibly impacting the banking sector,

**yet we are focused on the successful execution of the bank's plans.**



05

# BUSINESS SEGMENTS



# RETAIL AND BUSINESS BANKING & PERSONAL FINANCE


FURTHER DIGITALIZATION AND BUSINESS GROWTH

**3.9 m retail Customers**

+52 k +1% y/y

+21 k +0,7% q/q

## we create a digital bank

- 1.2 million of online banking active users +8.5% q/q
- sales processes: cash loan PLN 74 million (almost 7x more y/y), mortgage loan, Family Banking
- service processes: remote arrangement of bank branch visits: 4.2k, +41% q/q; updating Client data: 16k automatic certificates for credit cards, execution of stock exchange transactions 24/7
- [www.bnpparibas.pl](http://www.bnpparibas.pl) - smallest carbon footprint; green product zone 

## by building efficient processes

- paper-less and electronic signature: opening of a personal account: +45% q/q, 73k cash transaction authorisations, 44% of all transactions
- cash-less sales network: volume of cash payments/withdrawals decrease by 24% q/q
- complaint process: reduction of the number of complaints by 42% q/q, reduction of the processing time by 58% q/q
- increase in process efficiency: +17% q/q mortgage loan, +22% q/q micro loan

## our Clients appreciate this



Best Bank in Poland 2021  
Best Bank for Companies  
Best service in remote channels

**Forbes**



Highest 5\* score in the Forbes ranking list and Forbes recommendation



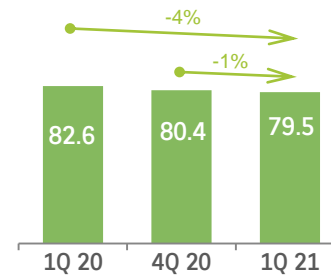
BNP Paribas – Lokata Kapitału Fund ranked first among Polish corporate securities fund acc. to the Analityz Online portal

## and are more willing to bank with us

- current accounts (incl. micro): 85.2 k, +6% q/q
- investment products: PLN 1.8 bn, +10% q/q
- mortgage loans: PLN 1.4 bn, +9% q/q
- micro loans (including leasing): PLN 1.1 bn, +19% q/q

## Acquisition of individual customers\*

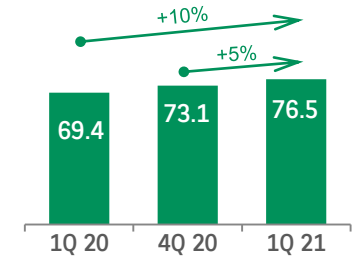
thousand



\* excluding acquisition via customer service points

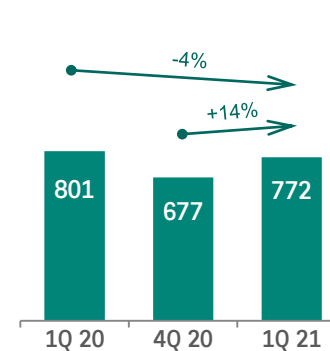
## Sale of personal accounts

thousand



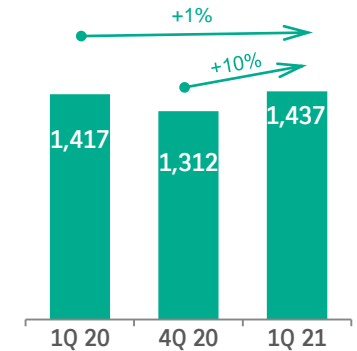
## Sale of cash loans

PLN million



## Sale of mortgage loans

PLN million

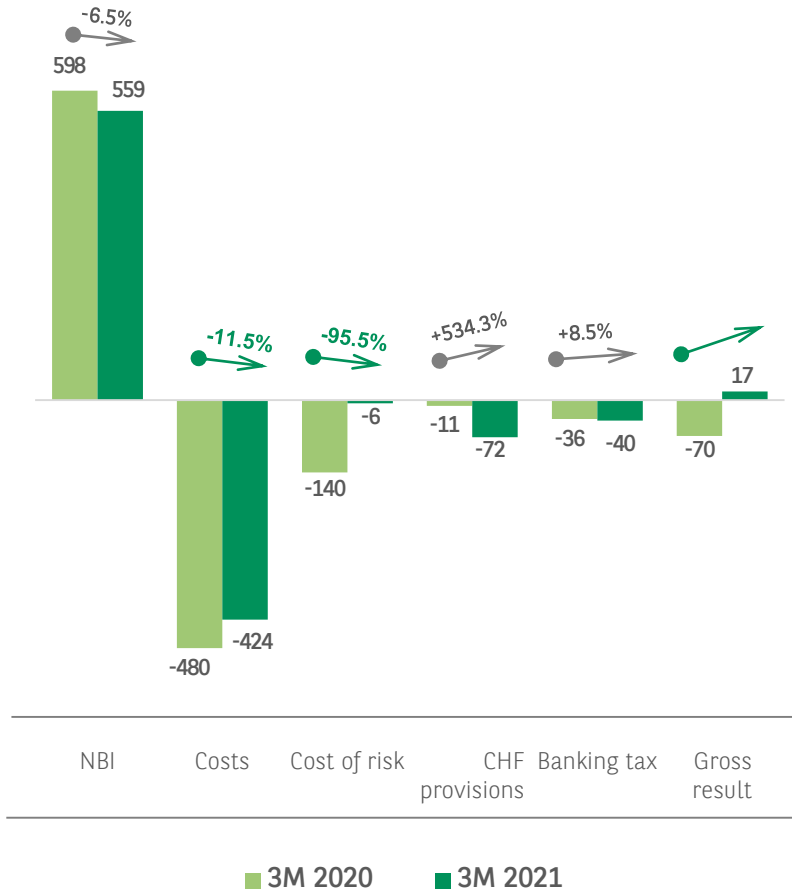


# RETAIL AND BUSINESS BANKING

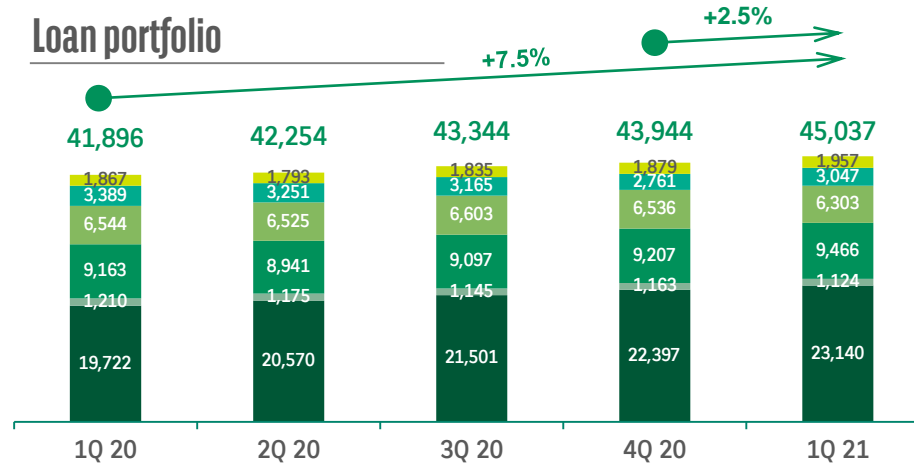
IMPROVEMENT IN GROSS RESULT DUE TO SIGNIFICANTLY LOWER COST OF RISK, DESPITE AN INCREASE IN PROVISIONS FOR LEGAL RISK OF THE CHF PORTFOLIO

PLN m

## Gross result structure



## Loan portfolio

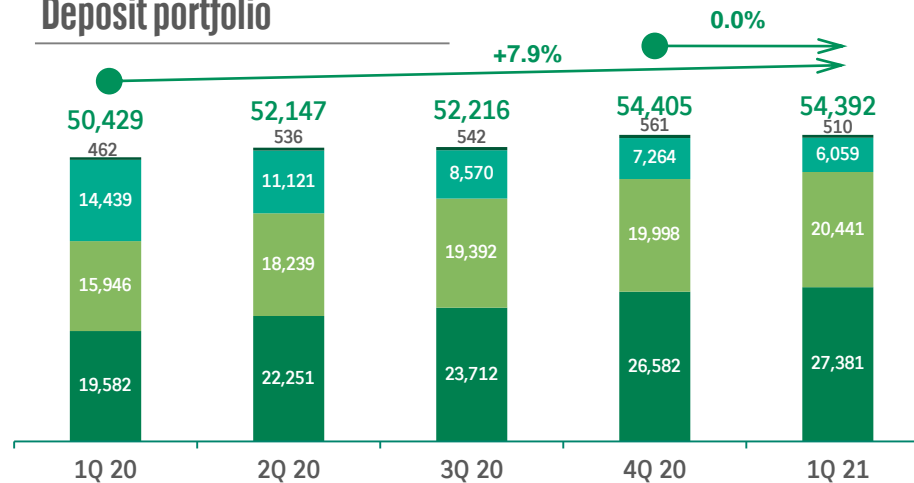


Segments' share in the Group's net banking income

49%

- Leasing
- Overdrafts
- Investment loans
- Consumer & other loans
- Credit cards
- Mortgages

## Deposit portfolio



- Overnights
- Term deposits
- Savings accounts
- Current accounts

# CORPORATE & SME BANKING

LOAN VOLUMES AND INTEREST INCOME UNDER PRESSURE, VISIBLE IMPACT OF THE THIRD WAVE OF COVID-19 ON CLIENTS' BUSINESS ACTIVITY

## Transformation and digitalization

- GOonline Biznes - implementation of the next stage of changes in internet banking
- Launch in GOonline Biznes the possibility of submitting applications for a financial subsidy within the PFR Financial Shield Program for Micro, Small and Medium Companies 2.0
- GOmobile Biznes mobile banking - continuation of the dynamic growth in number of users to over 12,000
- Launch of the pilot of the electronic KYC recertification application (digitization of the Bank's contact with the Customer as part of the process of cyclical KYC update)
- Leasing: implementation of the Customer Portal (self-service) and electronic signature in leasing contracts

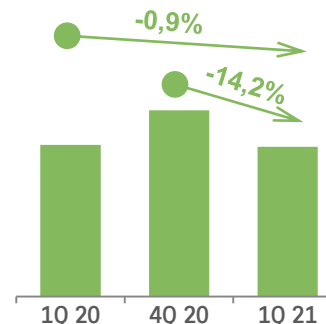
## Business development

- High dynamics of non-credit commission income: in SMEs +24% y/y and +39% y/y in Corporate Banking as a result of changes in the table of commissions and fees
- Interest income under pressure from historically low interest rates and low credit limits utilization resulting from prolonging COVID-19 pandemic and market over-liquidity
- Increase of sales of new leasing volumes +40% y/y, full photovoltaic financing offer

## Revenue decrease due to low interest rates and limited Customer activity during pandemic

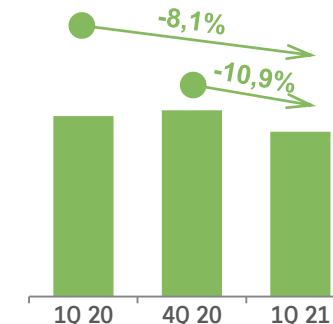
### Cash management

Revenues



### Currency exchange transactions

Revenues



## Selected significant transactions executed in Q1 2021

 <b>PLN 2 750 million</b> Post IPO financing Syndicated loan BNP PARIBAS Bookrunner, Global Coordinator and Lender January 2021	 Capex and Working Capital financing <b>PLN 2 115 million</b> BNP PARIBAS Mandated Lead Arranger, Agent March 2021	 Bank financing <b>PLN 1 100 million</b> BNP PARIBAS Mandated Lead Arranger March 2021	 Capex and Working Capital financing <b>PLN 615 million</b> BNP PARIBAS Mandated Lead Arranger, Agent, Security Agent March 2021	 Logistics Portfolio <b>EUR 67 million</b> Investment Loan BNP PARIBAS Sole Lender January 2021	 City Logistics Wroclaw North <b>EUR 21 million</b> Construction and Investment Loan BNP PARIBAS Sole Lender March 2021	 Warehouse building <b>EUR 17 million</b> Construction and Investment Loan BNP PARIBAS Sole Lender February 2021	 Corporate bond issuance <b>PLN 285 million</b> BNP PARIBAS Co-Arranger & Bookrunner March 2021
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Corporate banking  
Customers

11.7 k

-0.6 k, -5% y/y  
-0.5 k, -4% q/q

SME  
Customers

25.7 k

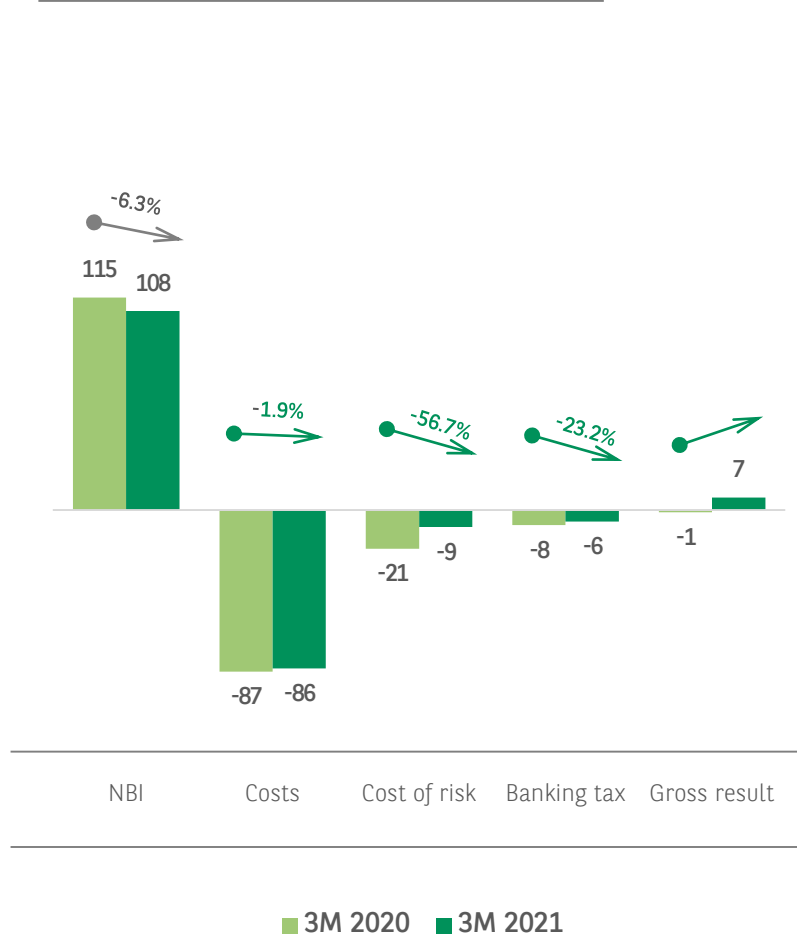
-2.7 k, -9% y/y  
-1.5 k, -5% q/q

# SME BANKING

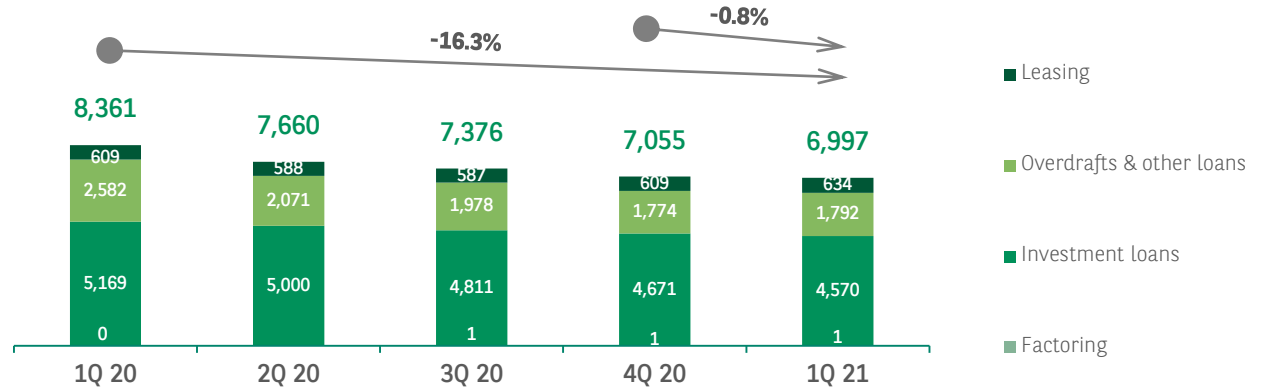
NET BANKING INCOME DECREASE RELATED TO INTEREST RATES REDUCTION. IMPROVEMENT IN GROSS RESULT MAINLY DUE TO LOWER COST OF RISK

PLN m

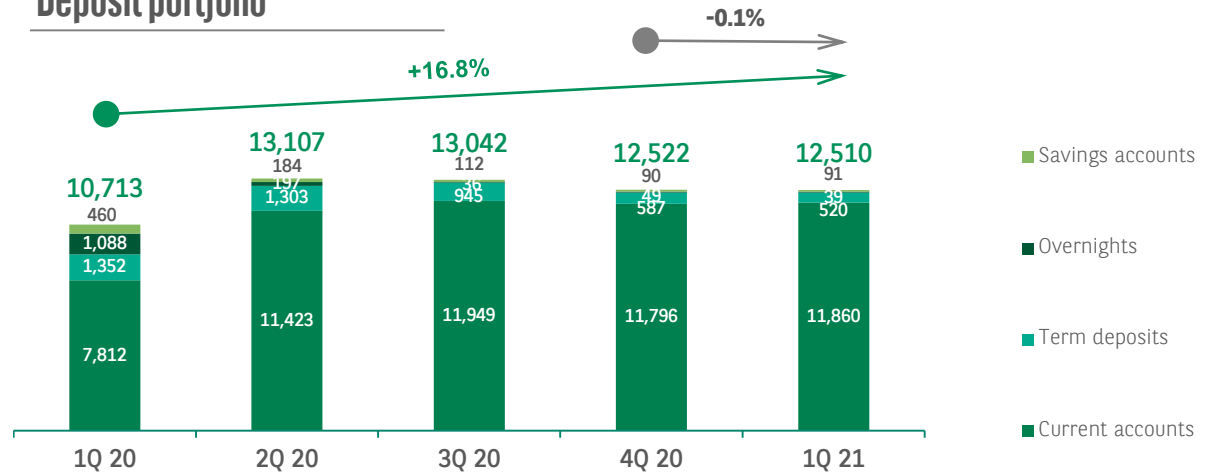
## Gross result structure



## Loan portfolio\*



## Deposit portfolio\*



Segments' share in the Group's net banking income

9%

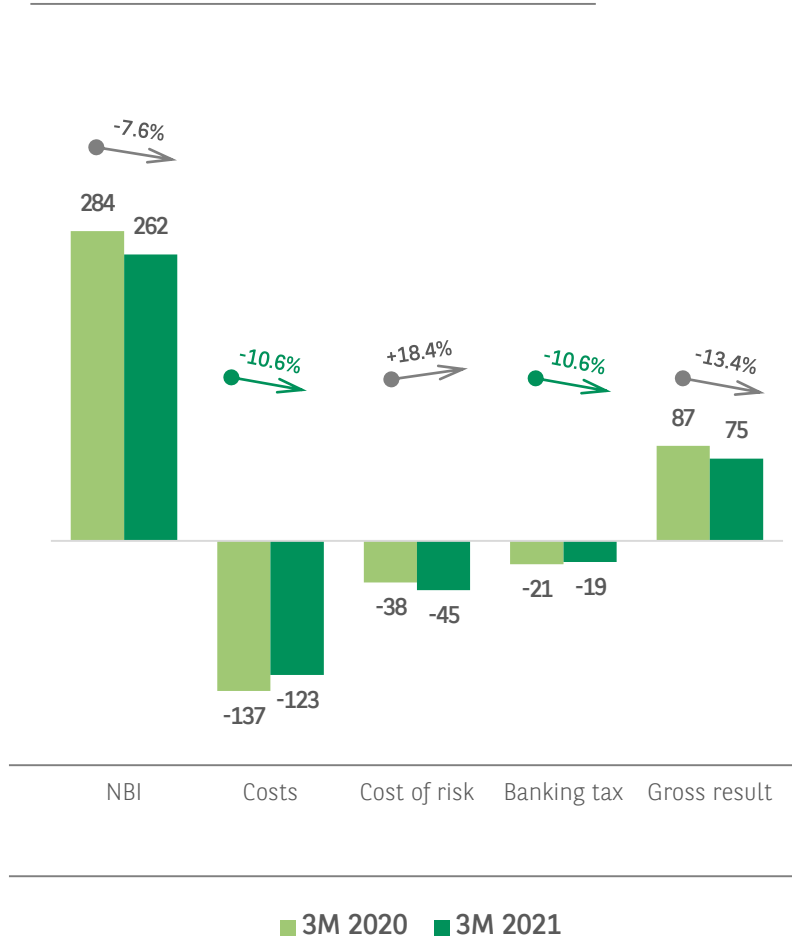
\* in connection with the re-segmentation of SME and Corporate Banking, carried out in 2021; data for 2020 presented on a comparable basis

# CORPORATE BANKING

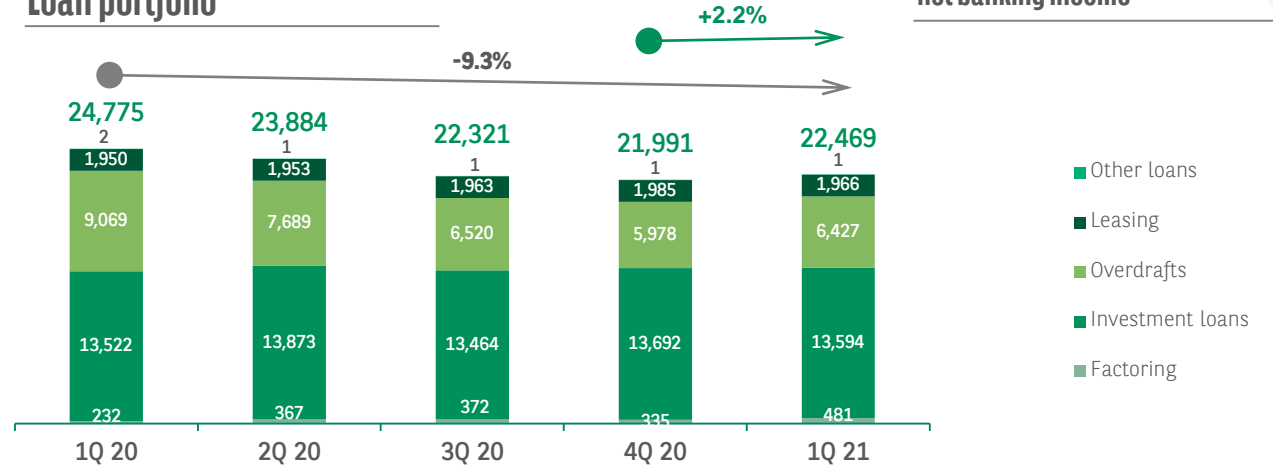
NET BANKING INCOME DECREASE RELATED TO INTEREST RATES REDUCTION. TREND REVERSAL IN CORPORATE LOANS - FIRST QUARTER OF GROWTH

PLN m

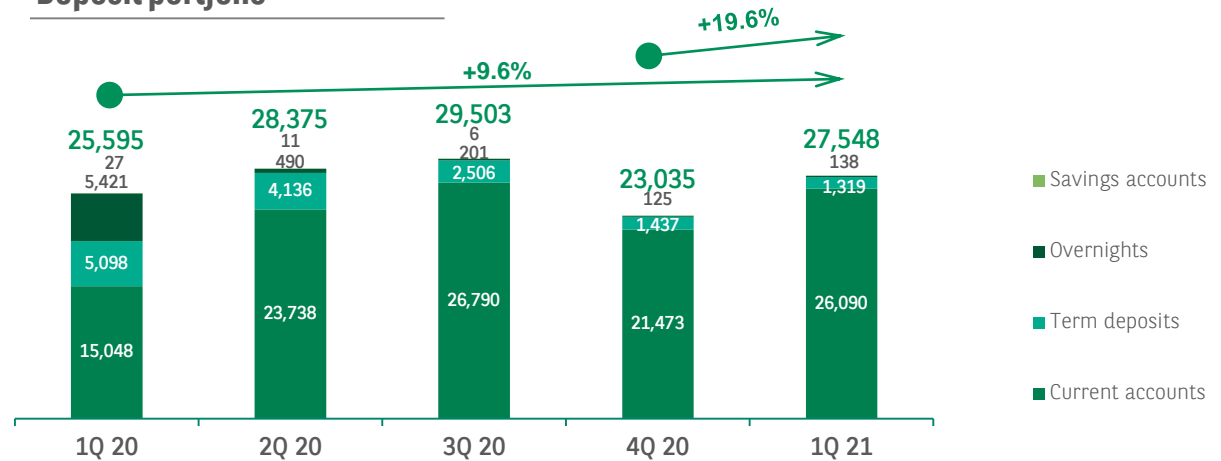
## Gross result structure



## Loan portfolio\*



## Deposit portfolio\*



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

# AGRO SEGMENT

SUPPORT FOR THE DEVELOPMENT OF SUSTAINABLE AGRICULTURE AND THE IMPLEMENTATION OF THE OBJECTIVES OF THE EUROPEAN GREEN DEAL

## 74.8 thousand Agro Clients

### Business development

- Working capital loan with FGR\* guarantee and interest rate subsidy for the Food & Agro sector - extension of the loan period to 4 years (offer valid until June 30, 2021)
- Making the loan offer more attractive for Micro farmers - introducing the possibility of financing agricultural machinery without the borrower's own contribution

\* Agricultural Guarantee Fund

### Activities supporting sales and client relations

Promotional campaigns from 1 February to 31 May 2021:

- Get more reasons to be proud - promotion of loans and current accounts for Micro segment farms
- Agro Ofensywa - loan promotion for the SME segment (processor / farmer sub-segment)

### agronomist

- 4,400 registered users
- 1,200 users are the Bank's Customers
- 45% of users are women
- almost 265,000 hits to the portal in 2021

second anniversary of the Bank's in-house platform for the AGRO segment, the first such platform in the sector - an increase in the number of users in the last 12 months by 280%

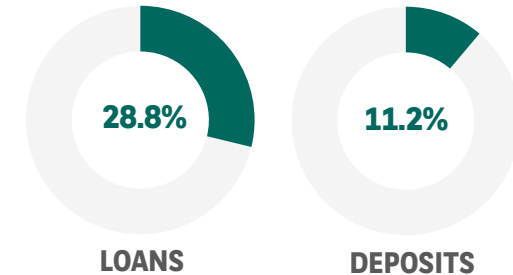
Development of further thematic sections:

- new module *Legal Field* - containing interpretations of legal regulations relevant to the sector
- expansion of the *After Hours* module with elements of competition on the portal: thematic quizzes and an ecological Eco-man game



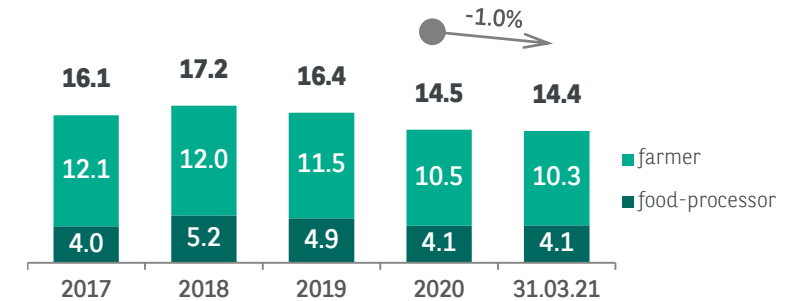
### Market share

31.03.2021



### Credit volume

gross, PLN billion



The Bank is the first financial institution to provide a greenhouse gas emissions calculator for individual farms (VI 2021)



# APPENDICES



Share price performance  
Q1 2021 Financial results of the Group  
Profit and loss account  
Assets, liabilities and equity





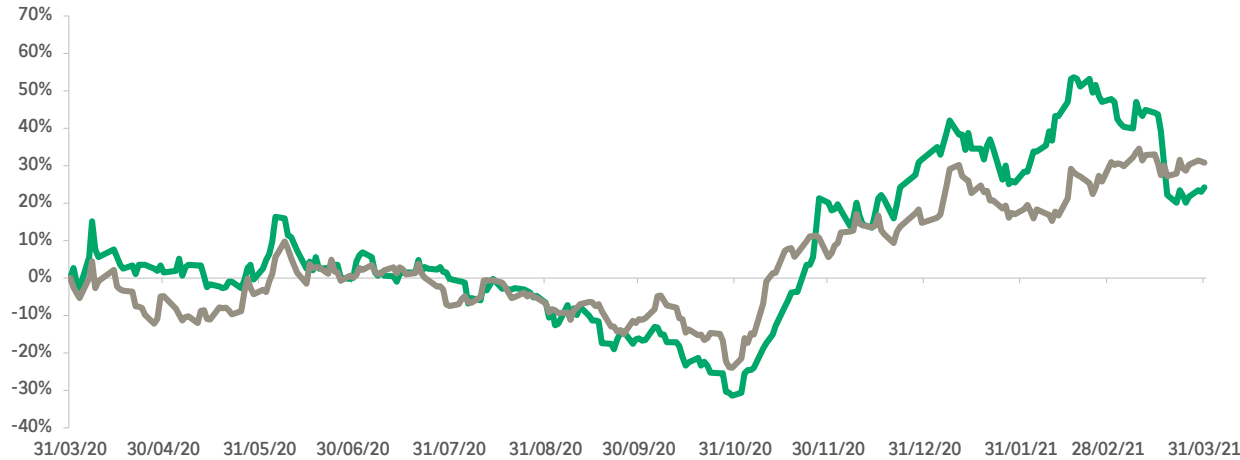
# SHARES OF BNP PARIBAS BANK POLSKA SA

REVERSAL OF THE DOWNWARD TREND IN THE BANK'S SHARE PRICE IN Q4 2020. DECREASE IN THE SHARE PRICE IN MARCH

## Change in the share price

(31.03.2020 = 100%)

ISIN Code: PLBGZ0000010 WSE Ticker: BNP Index: sWIG80, sWIG80TR, WIG-ESG



## WIG banki

+30.7% y/y

## BNP PARIBAS

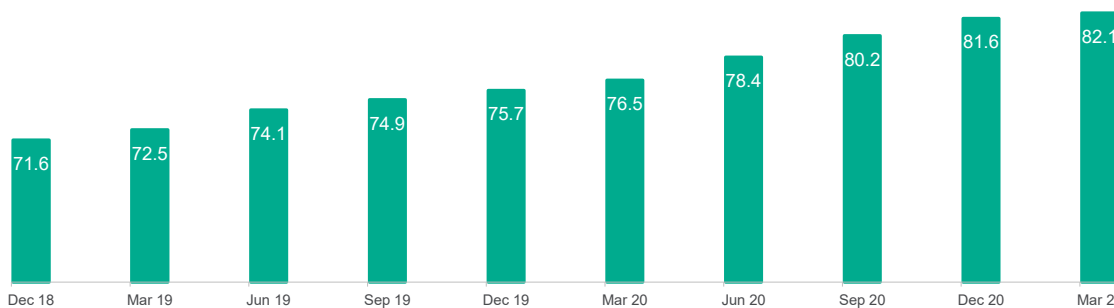
PLN 60.0  
+24.2% y/y

## Moody's rating

rating outlook - Stable  
individual assessment/ adjusted - ba1/ baa3  
deposit ratings short-term/ long-term - Prime-2/ Baa1

## Growing book value per share

(PLN thousand)

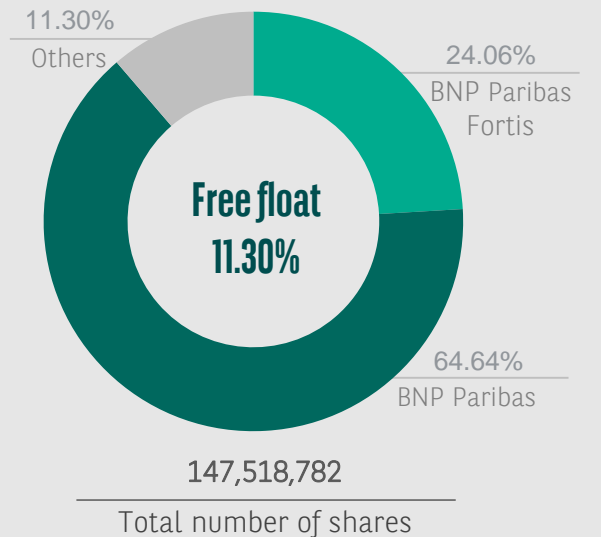


## 31 March 2021

free-float: PLN 1.0 bn  
P/BV: 0.73  
capitalization: PLN 8.8 bn

## Shareholder structure

(since 6.04.2021)



# Q1 2021 FINANCIAL RESULTS OF THE GROUP

SLIGHT DECREASE IN NET BANKING INCOME (BY 4.8% Y/Y), NEUTRALIZED BY LOWER COST OF RISK AND BETTER COST EFFECTIVENESS

	3M 2021 PLN m	3M 2020 PLN m	Change y/y	Change y/y normalized*
Net banking income	1,151.3	1,209.3	(4.8%)	(1.7%)
Total costs	(665.2)	(739.1)	(10.0%)	(9.3%)
Net impairment losses	(60.1)	(198.3)	(69.7%)	(69.7%)
Provisions for legal risk of CHF loans	(71.9)	(11.3)	534.3%	534.3%
Banking tax	(78.4)	(70.6)	+11.0%	+11.0%
Gross profit	275.8	189.9	+45.3%	+75.3%
<b>Net profit</b>	<b>164.0</b>	<b>115.1</b>	<b>+42.5%</b>	<b>+84.8%</b>

	31.03.2021	31.03.2020	Change y/y	Change* y/y change
Return on equity (ROE)	5.5%	4.1%	+1.4 pp	-
Return on equity (ROE)*	5.5%	3.2%	-	+2.3 pp
Cost / Income (C/I)	57.8%	61.1%	(3.3 pp)	-
Cost / Income (C/I)*	57.8%	62.6%	-	(4.8 pp)
Total Capital Adequacy Ratio	18.8%	14.7%	+4.1 pp	-
Tier 1 Capital Ratio	13.8%	12.4%	+1.4 pp	-

In Q3 2020, the result from provisions for legal risk of CHF housing loans was excluded from the category of other operating expenses. For the sake of comparability, the shift was made in all the presented periods.

\* One-offs and integration costs excluded

One-offs:

- 3M 2021: lack of one-off's
- 3M 2020: PLN 43.6 m sale of real estate Kasprzaka, PLN -9.8 m provision for legal risk - lost option case

3M 2021 integration costs: lack of integration costs

- 3M 2020 integration costs - PLN -1.2 m, of which:
  - PLN -5.7 m - administrative expenses, depreciation and amortization
  - PLN +4.5 m - other operating expenses

## The comparability of results achieved in Q1 2021 & Q1 2020 was affected by:

- decrease in cost of risk in Q1 2021 in comparison to Q1 2020 as a result of lower negative impact of the coronavirus pandemic on macroeconomic forecasts and the financial condition of the Bank's credit customers. Net impairment losses lower by PLN 138.3 million (i.e. 69.7%);
- BFG costs lower by PLN 43.9 million y/y as a result of lower annual and quarterly contributions to the restructuring and guarantee funds for 2021;
- increase in the cost of provisions for legal risk related to CHF loans by PLN 60.5 million (i.e. by 534.3%);
- net interest result lower by PLN 77.4 million (i.e. 9.5%) resulted from sharp interest rate cuts at the turn of Q1 and Q2 2020, partially neutralized by an increase in non-interest income.

**Reported net profit equal to PLN 164 million, higher by 42.5% y/y.  
Excluding impact of integration costs and one-offs, the Q1 2021 net profit  
would be higher by +84.8% y/y.**

# MATERIAL EVENTS

## IN PARTICULAR REPORTING PERIODS

	1 quarter	2 quarter	3 quarter	4 quarter
2021	<ul style="list-style-type: none"> <li>• PLN -90.1 m contribution to the bank resolution fund BFG (PLN -103.7 m total BFG costs)</li> <li>• PLN -71.9 m provision for CHF loans (CJEU)</li> </ul>			
2020	<ul style="list-style-type: none"> <li>• PLN +43.6 m sale of Kasprzaka real estate</li> <li>• PLN -11.3 m provision for CHF loans (CJEU)</li> <li>• PLN -9.8 m provision for legal risk – lost option case</li> <li>• PLN -126.0 contribution to the bank resolution fund BFG (PLN -147.6 m total BFG costs)</li> </ul>	<ul style="list-style-type: none"> <li>• PLN +45.1 m valuation of BIK and KIR</li> <li>• PLN -15.2 m provision for CHF loans (CJEU)</li> </ul>	<ul style="list-style-type: none"> <li>• PLN -26.6 provision for UOKiK penalty related to spread clauses in credit agreements</li> <li>• PLN -39.9 m provision for CHF loans (CJEU)</li> </ul>	<ul style="list-style-type: none"> <li>• PLN -41.4 m restructuring provision (employment optimization program)</li> <li>• PLN -101.7 m provision for CHF loans (CJEU)</li> </ul>
2019	<ul style="list-style-type: none"> <li>• PLN -54.3 m integration costs</li> <li>• PLN -116.1 m contribution to the bank resolution fund BFG (PLN -129.1 m total BFG costs)</li> </ul>	<ul style="list-style-type: none"> <li>• PLN -108.5 m integration costs</li> <li>• PLN +45.0 m (net PLN +36.5 m) from the sales of factoring</li> </ul>	<ul style="list-style-type: none"> <li>• PLN -103.3 m integration costs</li> <li>• PLN -48.8 m of provision for commission reimbursement (CJEU)</li> <li>• PLN -11.3 m provision for option case, PLN -6.4 m operational loss, PLN -2.6 m adjustment of the factoring price</li> </ul>	<ul style="list-style-type: none"> <li>• PLN -148.4 m integration costs</li> <li>• PLN -29.5 m portfolio provision for CHF loans (CJEU)</li> <li>• PLN -20.8 m provision for commission reimbursement (CJEU)</li> </ul>

# CONSOLIDATED P&L

PLN thousand

Profit and loss account	cumulatively		quarterly				
	31/03/2021	31/03/2020	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Interest income	808,563	1,027,700	808,563	823,360	832,568	919,168	1,027,700
Interest expenses	(75,433)	(217,208)	(75,433)	(75,974)	(93,657)	(155,887)	(217,208)
<b>Net interest income</b>	<b>733,130</b>	<b>810,492</b>	<b>733,130</b>	<b>747,386</b>	<b>738,911</b>	<b>763,281</b>	<b>810,492</b>
Fee and commission income*	304,436	266,538	304,436	314,772	301,050	249,685	266,538
Fee and commission expenses*	(57,150)	(59,778)	(57,150)	(56,972)	(49,814)	(49,386)	(59,778)
<b>Net fee and commission income</b>	<b>247,286</b>	<b>206,760</b>	<b>247,286</b>	<b>257,800</b>	<b>251,236</b>	<b>200,299</b>	<b>206,760</b>
Dividend income	359	1,979	359	1,419	5,811	460	1,979
Net trading income	158,065	187,186	158,065	213,992	157,593	189,619	187,186
Net investment income	32,605	(23,569)	32,605	196	11,015	41,439	(23,569)
Net income on collateral accounts	(965)	(8,828)	(965)	1,612	(2,992)	(869)	(8,828)
Other operating income	51,684	146,095	51,684	84,763	43,356	49,372	146,095
<b>Result on impairment write-offs of financial assets and provisions for liabilities</b>	<b>(60,068)</b>	<b>(198,321)</b>	<b>(60,068)</b>	<b>(108,533)</b>	<b>(94,733)</b>	<b>(199,912)</b>	<b>(198,321)</b>
<b>Net provisions for CHF mortgages legal risk**</b>	<b>(71,858)</b>	<b>(11,329)</b>	<b>(71,858)</b>	<b>(101,680)</b>	<b>(39,914)</b>	<b>(15,233)</b>	<b>(11,329)</b>
General administrative expenses	(567,069)	(649,546)	(567,069)	(527,326)	(479,852)	(480,881)	(649,546)
Depreciation	(98,104)	(89,592)	(98,104)	(97,424)	(90,982)	(89,960)	(89,592)
Other operating expenses	(70,836)	(110,833)	(70,836)	(123,043)	(83,255)	(53,989)	(110,833)
<b>Operating result</b>	<b>354,229</b>	<b>260,494</b>	<b>354,229</b>	<b>349,163</b>	<b>416,193</b>	<b>403,626</b>	<b>260,494</b>
Banking tax	(78,397)	(70,641)	(78,397)	(84,461)	(83,625)	(80,182)	(70,641)
<b>Gross profit (loss)</b>	<b>275,832</b>	<b>189,853</b>	<b>275,832</b>	<b>264,702</b>	<b>332,568</b>	<b>323,444</b>	<b>189,853</b>
Income tax	(111,846)	(74,772)	(111,846)	(97,236)	(101,066)	(104,398)	(74,772)
<b>NET PROFIT (LOSS)</b>	<b>163,986</b>	<b>115,081</b>	<b>163,986</b>	<b>167,466</b>	<b>231,502</b>	<b>219,046</b>	<b>115,081</b>

\* In Q4 2020, mapping of write-offs and provisions for unpaid fees was changed. The changes were made for all the presented periods.

\*\* In Q3 2020, the result from provisions for legal risk of CHF housing loans was excluded from the category of other operating expenses. The changes were made in all presented periods.

# ASSETS

PLN thousand

## Consolidated statements of financial position

	31/03/2021	31/12/2020	30/09/2020	30/06/2020	31/03/2020	31/12/2019
<b>ASSETS</b>						
Cash and balances with the Central Bank	4,421,561	3,421,877	2,923,598	4,524,539	3,225,246	4,658,171
Amounts due from banks	1,103,773	774,722	661,528	1,834,807	1,047,005	679,308
Derivative financial instruments	1,670,578	1,531,617	1,447,087	1,322,060	1,601,162	800,886
Adjustment of fair value of the hedging item	311,980	531,793	578,742	563,865	481,474	228,120
Loans and advances to customers valued at amortised cost	75,407,355	74,097,269	73,961,882	74,339,859	74,977,955	71,836,643
Loans and advances to customers valued at fair value through P&L	1,449,151	1,539,848	1,640,581	1,714,418	1,807,680	1,974,396
Financial assets for sale	-	-	-	-	-	-
Securities valued at amortised cost	23,456,816	23,361,022	21,832,298	19,905,356	18,204,480	17,916,645
Securities valued at fair value through P&L	379,637	371,900	363,874	340,468	279,141	241,754
Securities valued at fair value through the other total income	10,311,427	10,228,560	14,707,256	10,677,194	7,093,076	7,953,358
Investment property	-	-	56,577	56,577	56,577	56,577
Intangible assets	634,350	651,608	552,575	525,717	511,272	519,945
Property, plant and equipment	1,446,340	1,479,540	1,123,993	1,149,393	1,158,185	1,226,746
Deferred income tax assets	699,561	745,606	871,098	904,821	943,848	976,748
Current income tax assets	62,938	55,087	42,816	43,195	27,139	-
Other assets	739,544	786,839	810,344	804,879	629,701	884,845
<b>TOTAL ASSETS</b>	<b>122,095,011</b>	<b>119,577,288</b>	<b>121,574,248</b>	<b>118,707,148</b>	<b>112,043,941</b>	<b>109,954,142</b>

# LIABILITIES AND EQUITY

PLN thousand

## Consolidated statements of financial position

	31/03/2021	31/12/2020	30/09/2020	30/06/2020	31/03/2020	31/12/2019
<b>LIABILITIES</b>						
Amounts due to the Central Bank	-	84,675	106,994	-	-	-
Amounts due to other banks	4,910,453	6,824,894	6,625,208	4,891,630	4,910,888	4,485,264
Liabilities on sold securities	-	-	-	-	-	-
Adjustment of fair value of the hedging and hedged item	319,557	542,719	585,208	597,961	535,006	224,218
Derivative financial instruments	1,404,643	1,521,148	1,344,080	1,333,735	1,549,344	815,637
Amounts due to customers	94,687,974	90,051,004	94,880,015	93,742,118	86,927,106	86,134,984
Liabilities on debt securities issue	1,148,518	1,318,380	1,504,164	1,704,302	1,919,545	2,179,052
Subordinated liabilities	4,308,602	4,306,539	1,975,455	1,962,317	1,998,570	1,882,064
Leasing liabilities	978,393	968,749	629,323	637,185	638,211	602,192
Other liabilities	1,527,922	1,269,243	1,500,465	1,715,669	1,762,631	1,893,414
Current income tax liabilities	-	-	53,714	31,192	4,463	38,338
Deferred income tax provision	-	-	8,410	8,410	8,410	8,535
Provisions	704,417	659,410	540,925	522,029	507,410	531,061
<b>TOTAL LIABILITIES</b>	<b>109,990,479</b>	<b>107,546,761</b>	<b>109,753,961</b>	<b>107,146,548</b>	<b>100,761,584</b>	<b>98,794,759</b>
<b>EQUITY</b>						
Share capital	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
Other reserve capital	2,942,411	2,208,982	2,207,770	2,206,558	1,572,757	1,572,757
Revaluation reserve	163,483	255,833	214,271	187,298	133,205	125,251
Retained earnings	(259,757)	307,317	139,851	(91,651)	318,000	202,980
retained profit	(423,743)	(425,778)	(425,778)	(425,778)	202,919	(411,714)
net profit for the period	163,986	733,095	565,629	334,127	115,081	614,694
<b>TOTAL EQUITY</b>	<b>12,104,532</b>	<b>12,030,527</b>	<b>11,820,287</b>	<b>11,560,600</b>	<b>11,282,357</b>	<b>11,159,383</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>122,095,011</b>	<b>119,577,288</b>	<b>121,574,248</b>	<b>118,707,148</b>	<b>112,043,941</b>	<b>109,954,142</b>

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# INVESTOR RELATIONS

BNP PARIBAS BANK POLSKA S.A.

## CONTACT

### INVESTOR RELATIONS BUREAU

2, KASPRZAKA ST., 01-211 WARSAW

e-mail: [relacjeinwestorskie@bnpparibas.pl](mailto:relacjeinwestorskie@bnpparibas.pl)

<https://www.bnpparibas.pl/investor-relations>



**BNP PARIBAS**

BNP Paribas Bank Polska Spółka Akcyjna with its seat in Warsaw at ul. Kasprzaka 2, 01-211 Warsaw, registered in the Register of Entrepreneurs of the National Court Register by the District Court for the capital city of Warsaw in Warsaw, XIII Business Division of the National Court Register under the number KRS 0000011571, with tax identification number (NIP): 526-10-08-546 and share capital of PLN 147 518 782 fully paid up.