



PRESS RELEASE

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The BNP Paribas Bank Polska Group posted a net profit of PLN 164 million in Q1 2021

In Q1 2021, the BNP Paribas Bank Polska Group generated a net profit of PLN 164 million, up 42.5% on Q1 2020 and close to the level reached in Q4 2020 (-2.1%). The robust financial result was achieved owing to an increase in non-interest income, cost discipline and a high-quality loan portfolio, among other factors. Other drivers included the transformation of the Group's business model and continued digitization.

"We have reached a development stage that enables us to generate organic growth, despite the lingering uncertainty across the economy. Our consistently deployed technological transformation, continuous improvement of customer experience and satisfaction and the continued enhancement of our business model generate effects in the form of accelerated growth in the retail banking area, including personal finance. In corporate and SME banking, work on digitalization and improvement of processes are still in progress and we expect concrete results in the coming quarters. We keep building our position of a banking leader in the ESG domain by taking action to prevent climate change and supporting the energy transition. In the first quarter, we continued to focus on ensuring the top level of security for both our clients and employees," says **Przemek Gdański**, President of the BNP Paribas Bank Polska Management Board.

Q1 2021 IN NUMBERS

RETAIL BANKING SALES AND TRANSACTION TRENDS



MAJOR CORPORATE TRANSACTIONS



Key business highlights:

- Retail client loan portfolio: +10.8% growth y/y
- Institutional client loan portfolio: -7.3% decrease y/y
- Sales of mortgage loans: PLN 1,437 million, +1% growth y/y
- Sales of personal accounts: 76.5 thousand, +10% growth y/y



- **Increase in the volume of investment products: +56.7% y/y, including funds in the BNP Paribas Group's investment funds: +99.3% y/y**
- **The number of users of remote channels was 1.4 million, with 728 thousand of them using the GOMobile app, 48% growth y/y (+9% q/q)**

Financial highlights:

- **Balance sheet total: PLN 122 billion; +9% y/y**
- **Gross loans granted: PLN 80 billion; -0.3% y/y**
- **Client deposits: PLN 95 billion; +8.8% y/y**
- **Net banking income: PLN 1,151 million, -4.8% y/y**
 - **Interest income: PLN 733 million; -9.5% y/y**
 - **Commission income: PLN 247 million; +19.6% y/y**
 - **Result on trading activity: PLN 158 million, -15.6% y/y**
- **General administrative expenses, including depreciation: PLN 665 million, -10.0% y/y**
- **Cost of risk: 31 bps (-73 bps y/y)**
- **Profitability: ROE of 5.5% (+1.4 pp y/y), C/I 57.8% (-3.3 pp y/y)**
- **Stable liquidity position – L/D ratio: 81.3% (-7 pp y/y)**
- **Safe capital position – Tier 1 ratio: 13.79%**

In Q1 2021, the BNP Paribas Bank Polska Group generated a net profit of PLN 164 million (+42.5% y/y, -2.1% q/q). Its net banking income was PLN 1,151 million (-4.8% y/y). The Group's interest income stood at PLN 733 million (-9.5% y/y), commission income at PLN 247 million (+19.6% y/y) and result on trading activity at PLN 158 million (-15.6% y/y). As a result of the improvement in the valuation of the loan portfolio measured at fair value, the Group posted a substantial increase in the result on investing activity (+PLN 56 million y/y).

The Group's financial performance was favourably affected by the adjustment of the prices of products and services to the changing market conditions, the uninterrupted growth in retail banking, continued digitization and the acquisition of new clients. The cumulative effects of the interest rate cuts have had an unfavourable impact on the Group's bottom line. Despite the observed gradual upturn in business activity, the quarter's results were largely affected by the lingering uncertainties related to the effects of the pandemic and its impact on the future of many businesses.

In Q1, the Group recognized an increase in the value of its gross loan portfolio in quarterly terms (+1.6% q/q, -0.3% y/y). This was driven predominantly by the retail loan portfolio (+2.5% q/q, +10.8% y/y), including mortgage loans (+3.3% q/q, +17.4% y/y). The increase in the value of loans granted to institutional clients stood at 0.8% in quarterly terms (-7.3% y/y).

The total value of deposits increased by 5.0% q/q and 8.8% y/y. The segment of institutional clients' deposits demonstrated a significantly greater rate of growth (+9.0% q/q, +14.2% y/y) than that of retail clients (+0.7% q/q, +3.1% y/y). Q1 saw a steady increase in the volume of investment products (+12.3% q/q, +56.7% y/y), including cash in the BNP Paribas Group's investment funds (+18.0% q/q, +99.3% y/y).

In Q1, the BNP Paribas Bank Polska Group reduced its operating expenses to PLN 665 million (-10.0% y/y), largely as a result of continued improvements in cost effectiveness and lower contributions to the Bank Guarantee Fund. The execution of the employment optimization program enabled a reduction in employee costs (-1.8% q/q, -7.3% y/y).

The total cost of risk in Q1 2021 was PLN 60 million (-44.7% q/q, -69.7% y/y). The low cost of risk in Q1 2021 resulted from the confirmed resilience of the Group's loan portfolio to short-term shocks coupled with a good performance of the portfolio in terms of timely repayments. As at the end of Q1, the NPL ratio for the loan portfolio measured at amortized cost was 5.3%.



The cost of provisions for legal risk related to CHF mortgage loans totalled PLN 71.9 million.

Responsible support for the economy

In Q1, the BNP Paribas Bank Polska Group continued to support the development of the Polish economy by carrying out a number of significant transactions with corporate banking clients. The bank co-financed the acquisition of Sage Polska by Mid Europa Partners and the acquisition of shares in Bielenda Kosmetyki Naturalne by Innova Capital. It played the role of facility agent in a consortium providing financing to CIECH Group and acted as bookrunner, lead arranger and lender in a post-IPO financing for InPost.

The Bank's priority remains the pursuit of the Sustainable Development Goals, in particular those aimed at preventing climate change and supporting energy transition. BNP Paribas Bank Polska finances both large investments in renewable energy sector and home photovoltaic systems. To date, the Bank has financed a total of 23.4 thousand such systems, of which nearly 3,000 in Q1 2021 alone. In February 2021, the Bank entered into the Expert Support Facility Agreement with the European Investment Bank with a view to developing the financing of energy efficiency undertakings. The Bank also became involved in the creation of financial products under the "Clean Air" program launched by the Polish government.

Rapid digital changes continued

The Bank consistently continues its process of the rapid development of digital services. The Bank's remote channels are used by a total of 1.4 million clients, of which 728 thousand are users of the GOMobile app (+9.0% q/q). The number of executed mobile transactions in Q1 reached 8.8 million (+10.4% q/q), and that of BLIK transactions grew to 3.4 million (+10.7% q/q).

During the first three months of this year, some 142 thousand documents were signed with the Autenti e-signature. The Bank's paperless policy translated into savings of 325 thousand sheets of paper. Thanks to digitization of the authorization process, the Bank has reduced carbon dioxide emissions by almost 6 tons and the consumption of water by about 170 cubic meters.

As at the end of March 2021, BNP Paribas Bank Polska had 446 retail and business banking branches, including 124 fully cashless ones, and served 3.958 million retail clients.

Consolidated financial highlights (PLN 000s)

Profit and loss account	3 months ended 31 March 2021	3 months ended 31 March 2020	change y/y
Interest income	733,130	810,492	-9.5%
Fee and commission income	247,286	206,760	+19.6%
Net banking income	1,151,328	1,209,282	-4.8%
General administrative expenses and depreciation	665,173	739,138	-10.0%
Net impairment loss	(60,068)	(198,321)	-69.7%
Result on operating activities	354,229	260,494	+36.0%
Net profit	163,986	115,081	+42.5%
per share in PLN	1.11	0.78	-0.33

Balance sheet	31.03.2021	31.12.2020	Change
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Total assets	122,095,011	119,577,288	+2.1%
Total loans (gross)	80,225,345	78,999,754	+1.6%
Liabilities towards clients	94,687,974	90,051,004	+5.1%
Total equity	12,104,532	12,030,527	+0.6%
Capital adequacy	31.03.2021	31.12.2020	Change
Total capital requirement	18.81%	18.65%	+16 bps
Tier 1 ratio	13.79%	13.55%	+24 bps