

PRESS RELEASE

Warsaw, 12 August 2021

The BNP Paribas Bank Polska Group posted net profit of PLN 132 million in Q2 2021. The Bank has now more than 4 million clients. Loans extended to clients rose 4% q/q.

In Q2 of this year the BNP Paribas Bank Polska Group grew the sales of bank products and services by effectively leveraging the signs of market recovery. The Bank's number of clients topped 4 million for the first time in its history. The Group reported net profit of PLN 132 million in the period from April to June of this year and PLN 296 million in the first half of the year.

"We are capable of taking advantage of the opportunities presented by the market recovery as evidenced by the ongoing, highly robust retail sales results and the return to growth in loan volumes in corporate banking. We have delivered quarterly growth in interest and commission income while maintaining costs at a stable level and good quality in the loan portfolio. This quarter, the impact that the risk related to the CHF portfolio is exerting on the Bank's results is more pronounced than in prior quarters. We continue working intensively on the Bank's ongoing transformation and aligning it to the new digital reality. A very important part of our business activity across the Bank is linked to developing sustainable financing and positive banking," says **Przemek Gdański**, President of the BNP Paribas Bank Polska Management Board.

SIGNS OF MARKET RECOVERY IN BNP PARIBAS BANK POLSKA'S RESULTS

Key business highlights – Q2 2021:

- Retail client gross loan portfolio: +12.2% growth y/y (+3.4% q/q)
- Institutional client gross loan portfolio: -1.5% decrease y/y (+3.8% q/q)
- Sales of mortgage loans: PLN 1,756.4 million, +17.9% growth y/y (+22.2% q/q)
- Sales of cash loans: PLN 966.3 million, +121.7% growth y/y (+25.2% q/q)
- At the end of June 2021, the number of users of remote channels totaled 1.4 million, with 784 thousand of them using the GOMobile app, +46.3% growth y/y (+7.8% q/q)

Financial highlights – Q2 2021:

- Total assets: PLN 124.0 billion, +4.5% y/y (+1.6% q/q)
- Total loans (gross): PLN 83.1 billion, +4.0% y/y (+3.6% q/q)
- Client deposits: PLN 95.8 billion, +2.2% y/y (+1.4% q/q)
- Net banking income: PLN 1,150.0 million, -3.3% y/y (-0.1% q/q)



- Interest income: PLN 758.6 million, -0.6% y/y (+3.5% q/q)
- Fee and commission income: PLN 249.8 million, +24.7% y/y (+1.0% q/q)
- Result on trading activity: PLN 173.8 million, -8.4% y/y (+9.9% q/q)
- General administrative expenses, including depreciation: PLN 574.5 million, +0.6% y/y (-13.6% q/q)
- Cost of risk: 36 bps quarterly vs. 103 bps one year ago, 33 bps year-to-date vs. 104 bps one year ago, confirming the good quality of the loan portfolio
- Profitability: ROE of 4.9% (-1.0 pp y/y), C/I 53.9% (-0.7 pp y/y)
- Stable liquidity position – L/D ratio: 83.3% (+2.2 pp y/y)
- Safe capital position – Tier 1 ratio: 13.28%

The BNP Paribas Bank Polska Group posted net profit of PLN 132 million in Q2 2021 (-19.5% q/q, -39.8% y/y). In H1, net profit totaled PLN 296 million (-11.4% y/y). The differences ensue from the base effect: positive non-recurring events elevated the result in Q2 2020 by approximately PLN 45 million. In turn, this year's Q2 saw more costly provisions for CHF loans than in previous quarters. The provision established for claims relative to CHF mortgage loan agreements in Q2 2021 was PLN 187.1 million.

The BNP Paribas Bank Polska Group posted higher interest income of PLN 759 million (+3.5% q/q) and higher fee and commission income of PLN 250 million (+1.0% q/q) compared to Q1. The result on trading activity also increased and reached PLN 174 million (+9.9% q/q). The Bank benefited from the market recovery in Q2 of this year. This can be seen through the continued growth in the sales of all of the key retail banking products as well as the rebound of the trend and the upswing in corporate loan sales volumes.

The Bank generated quarterly growth in loans portfolio in the retail client segment (+3.4% q/q, +12.2% y/y) and the institutional client segment (+3.8% q/q, -1.5% y/y). It posted higher sales volumes of mortgage loans (+22% q/q, +17.9% y/y) and cash loans (+25% q/q, +121% y/y). The expanding activity of business customers is a positive signal that has translated into accelerating the growth of corporate loans portfolio (+4.8% q/q and -0.9% y/y).

In Q2 there was further growth in institutional client deposits (+3.6% q/q, +2.8% y/y) and a slight decline in retail client deposits (-1.1% q/q, +1.5% y/y). Total deposits climbed 1.4% on a quarterly basis and 2.2% on an annual basis. The Group also maintained a positive growth trend in the volume of investment products (+6.2% q/q, +54.5% y/y) and in assets under management (+6.2% q/q, +60.7% y/y) and improving fee and commission income.

In Q2 operating expenses and depreciation were down 13.6% versus Q1 of this year (-0.1% net of the costs of the Bank Guarantee Fund). On an annual basis they edged up by a mere 0.6% (+2.2% net of the costs of the Bank Guarantee Fund).

In Q2 the cost of risk totaled PLN 71 million and was down 64.5% from a year ago and 18.1% higher compared to the prior quarter. This goes to confirm the quality of the Bank's loan portfolio. Besides, the high level of clients' liquidity is noticeable. In H1 the cost of risk was equal to 33 basis points and was 71 basis points lower than in the corresponding period of 2020. This decline was chiefly the outcome of the lower loan provisions for the risk related to the impact exerted by the pandemic on clients' financial standing. CHF mortgage loans stated as a percentage of the Bank's overall loan portfolio fell to 5.3% at the end of June of this year. The effect of provisions for proceedings pertaining to CHF mortgage loans on H1 2021 results was PLN 259 million. The total value of the provisions for this purpose as at 30 June 2021 was PLN 458.7 million. That means that the level of coverage for the claims being sought was 90.5%.

The Group maintains a safe equity position with ratios above the minimum regulatory requirements. Its Tier 1 ratio was 13.28% at the end of June 2021.

Sustainable financing and positive banking

The Bank is steadily strengthening its position as the ESG leader in the banking industry and it is building its brand identity based on its social and environmental commitment while regularly extending its product and service offering to support sustainable development.



In H1 2021 the value of the „green financing“ provided by the Bank was PLN 842 million (+71% y/y), of which PLN 669 million represented funding provided in Q2 alone. During the first six months of the year, the Bank financed more than 6.8 thousand PV installations for prosumers, i.e. 54% more than in the corresponding period of 2020. The number of loans for green change extended to retail clients reached 13.6 thousand. Concurrently, the Bank continued financing large-scale investments involving renewable energy sources (funding provided to Eques Fotovoltaica 2 FIZ, Qair Polska and Aberdeen Standard Investments, among others).

At the same time, the Bank helps clients enhance the awareness of their environmental impact. In Q2 the users of the agronomist.pl portal obtained access to the AgroEmisja calculator. This is the first solution available in Polish enabling farmers to estimate the size of their greenhouse gas emissions.

Further digitalization

The further digitalization of access to bank products and services is a priority for the BNP Paribas Bank Polska Group. 1.4 million of the Bank's clients already use its remote access channels. The GOMobile app had 784 thousand users at the end of Q2 (+8% q/q). The numbers of mobile transactions (9.9 million, +12% q/q), BLIK transactions (3.9 million, +14% q/q) and tokens in digital wallets (288 thousand, +11% q/q) were also on the rise. Authorizing documents by using the Autenti electronic signature also enjoys growing popularity (approximately 173 thousand documents signed in Q2, +13% q/q). In H1 2021 the Bank curtailed its carbon dioxide emissions by 3.2 tons and its water consumption by 87 m³ by pursuing its paperless policy.

At the end of June 2021, BNP Paribas Bank Polska served more than 4 million clients. It had 446 retail and business banking branches. 131 of those outlets offered cash handling solely in self-service machines. 61 of the Bank's branches had the certificate "Barrier-free facility" confirming that they are suited to serving people with disabilities.

Consolidated financial highlights (PLN 000s)

Profit and loss account	1H 2021	1H 2020	change y/y	Q2 2021	Q2 2020	change y/y	Q1 2021
Interest income	1,491,728	1,573,773	(5.2%)	758,598	763,281	(0.6%)	733,130
Fee and commission income	497,130	407,059	22.1%	249,844	200,299	24.7%	247,286
Net banking income	2,301,336	2,398,894	(4.1%)	1,150,008	1,189,612	(3.3%)	1,151,328
General administrative expenses and depreciation	(1,239,697)	(1,309,979)	(5.4%)	(574,524)	(570,841)	0.6%	(665,173)
Net impairment loss	(131,014)	(398,233)	(67.1%)	(70,946)	(199,912)	(64.5%)	(60,068)
Result on operating activities	671,648	664,120	1.1%	317,419	403,626	(21.4%)	354,229
Net profit	295,943	334,127	(11.4%)	131,957	219,046	(39.8%)	163,986
per share in PLN	2.01	2.27	(11.5%)	0.89	1.49	(39.8%)	1.11

Balance sheet	30.06.2021	31.03.2021	31.12.2020	30.06.2020
Total assets	124,022,771	122,095,011	119,577,288	118,707,148
Total loans (gross)	83,134,820	80,225,385	78,999,754	79,943,320
Liabilities towards clients	95,971,665	94,687,974	90,051,004	93,742,118
Total equity	12,158,148	12,104,532	12,030,527	11,560,600



Capital adequacy	30.06.2021	31.03.2021	31.12.2020	30.06.2020
Total capital requirement	18.08%	18.81%	18.65%	15.21%
Tier 1 ratio	13.28%	13.79%	13.55%	12.90%