

2021

3 March 2022



## PRESENTATION OF FINANCIAL PERFORMANCE

BNP Paribas Bank Polska S.A. Group



BNP PARIBAS

The bank for a changing world

# AGENDA

**01** **KEY HIGHLIGHTS**

**02** **MACROECONOMIC ENVIRONMENT**

**03** **FINANCIAL RESULTS**

**04** **SUMMARY & OUTLOOK**

**05** **BUSINESS ACTIVITIES**

**06** **APPENDICES**

01



# KEY HIGHLIGHTS



BNP PARIBAS

# 2021 - ORGANIC GROWTH IN A DYNAMICALLY CHANGING REALITY

CONSISTENT GROWTH AND TRANSFORMATION DESPITE UNCERTAINTY. GOOD FINANCIAL RESULTS BURDENED WITH ADDITIONAL CHF PROVISIONS

## STRATEGY & TRANSFORMATION

Digitisation and development of **omnichannel** - further increase in the share of digital customers in the total number of customers (+8 p.p. vs 2019)

Shared technological assets as strategic enablers for the future transformation (open banking, CRM, AI)

**Leader of sustainable finance and actions for positive change** – almost a 4-fold increase in the sustainable financing, Leader of the Responsible Companies Ranking for the 3rd year in a row

number of digital customers (retail)

**+4%** q/q **+19%** y/y

## BUSINESS ACTIVITY

**Retail banking** – record-high sales of personal accounts and mortgage loans. New sale levels significantly above 2019

**Corporate banking** – clear upward trend in 2021, loan volume above pre-pandemic levels

Increase in volume of customer deposits and investment products vs. 2020

Visible increase in **customers' transaction activity** in both segments (card transactions and payment volumes)

gross loans

**+3%** q/q **+13%** y/y

## FINANCIAL RESULTS

Improving the core business profitability. Interest income rebound in Q4 supported by interest rates hikes. Quarterly commission income ~25% above pre-pandemic level. Operating costs under control.

**Low cost of risk** despite an increase in lending. Resilience and good quality of the loan portfolio.

**Over PLN 1 bn of provisions** created for legal proceedings related to **CHF mortgage loans**. Coverage ratio at 1/3 of total portfolio value.

revenues

**+6%** q/q **+9%** y/y (Q4/Q4)

# FAST FORWARD STRATEGY IN 2021

THE LAST YEAR OF THE STRATEGY HORIZON 2018-2021 - EFFECTIVE IMPLEMENTATION OF STRATEGIC ACTIVITIES IN ALL PILLARS



## growth

Record-high customer acquisition and double-digit increases in loan volumes in retail and corporate banking



Sale of **current accounts** in 2021: **322k** (+25% y/y)



Growing sales of retail loans in 2021:  
- **mortgage** PLN 6.6 bn (+18% y/y)  
- **cash loan** PLN 3.6 bn (+32% y/y)



Financing the development of **corporate clients**: Ciech, Press Glass, Polpharma, Cargounit, CLIP logistyka, Arctic Paper, Resi4Rent, Scanmed



Almost **4-fold increase** in **sustainable financing** in 2021



Joining the „**Clean Air**” programme

## simplicity

Continuation of paperless approach. Development of new services for the convenience of customers and employees



**Autenti**: 613k documents signed digitally in 2021 (+110% y/y)



**mojeID** service. Electronic Identity for remote contact with public administration & commercial vendors



**Own carbon footprint tracking** for individual customers, farmers & food processors



**Chatbot Eva**: development of self-learning programme supporting bank's internal processes

## digitalization

Significant increases in the number of users, sales and transactions in remote channels



Development of **systems and tools** for customers from all segments (i.a. implementation of GOonline Biznes in place of Biznes PL@net)

**Increase in the number of mobile users and transactions** in remote channels

**Over one third of cash loans** in Q4 2021 sold completely remotely



**Open banking**: confirmation of income during instalment loan application

## quality

The best bank in 2021 in Poland in independent rankings. Improving the quality of service

“**Bank of the Year** in Poland” award from The Banker magazine

Triple victory in the **Institution of the Year competition**: “**Best bank in Poland**”, “**Best service in remote channels**”, “**Best bank for companies**”

**Best Private Bank in Poland** title for **BNP Paribas Wealth Management** according to Global Private Banking Innovation Awards 2021

**Decrease in the number of complaints** by 14% y/y and shortening of the handling time by 60% y/y

## enthusiasm

Further development of pro-social activities. Strengthening diversity in the Bank and its surroundings



**15 years of BNP Paribas Foundation**. 100 thousand hours of bank employees volunteering engagement



Largest organised employee volunteer action within the framework of the Noble Gift (**Szlachetna Paczka**) among companies

**BNP Paribas Poland Open**: Title partner of the only WTA tennis tournament in Poland

**Supporting diversity** (initiative “Where are our patronesses?”), Signing the #JamaisSansElles card (Never Without Her)



CSR and Sustainability Strategy - 4 pillars of responsibility



economic



at the workplace



social



environmental





## Acceleration of the development & usage of the digital customer front-ends

### Agile improvements of the electronic banking

Convenient services for clients, in 2021: Moje ID / Trusted profile: **400k** authorizations, „Mobility“ services (bus tickets...): **800k** transactions, E-Government (500+, 300+): **160k** applications.

New interfaces for GOonline Biznes, **17k** users of GOMobile Biznes (+104% y/y), **+30% y/y** of customer transactions on the platform FX PL@net.

### Growing digital acquisition & sales (Q4 2021)

More than **90%** of individual customers acquired are digitally active after 30 days thanks to digital and paperless processes across all channels (online and in branches).

Online sales: **>33%** for cash loans (number), **>25%** for investment products (volume).

## Implementation of shared technological assets as strategic enablers for the future transformation

### To leverage open banking opportunities

The Open Banking Data Hub is now used by many key processes of the Bank (KYC, fraud detection, income confirmation, credit scoring, accounts aggregation). The Hub was already called in 2021 by **15k** customers for their credit applications.

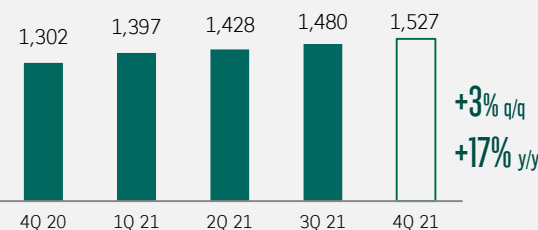
### To improve customer experience

The CRM system for individual clients were completely renewed in 2021 (real-time management, artificial intelligence). The Speech Analytics platform used by all Call-Center activities.

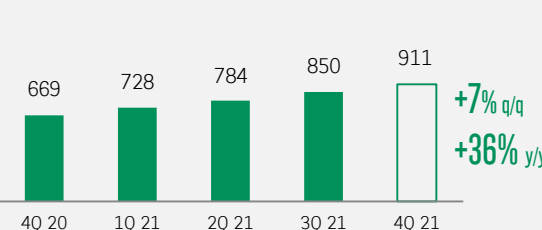
### To improve efficiency

The E-signature platform (Autenti) ramped-up across most of the bank's processes. More than **1 million** signatures already processed. Further development of the robotization platform (**58** additional robots delivered in 2021).

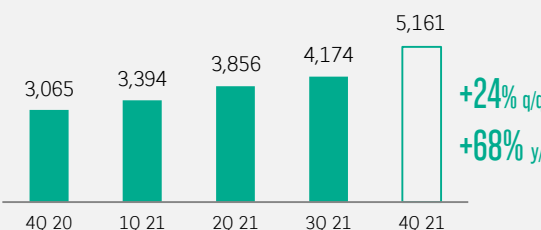
Customers using digital channels



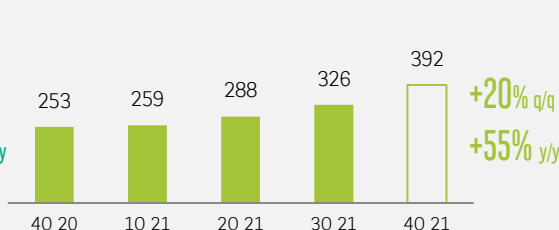
GOMobile users



BLIK transactions quarterly



Number of tokens in digital wallets



#GODigital  
digital statistics for  
Q4 2021 (in thousand)

# #SUSTAINABLE FINANCE #POSITIVE BANKING

STRATEGIC MANAGEMENT OF ESG (ENVIRONMENTAL, SOCIAL, GOVERNANCE) ISSUES, CONTRIBUTION TO ACHIEVEMENT OF SDGs

## E – care for climate is our strategic goal in development

We support our customers in green transformation and implement green changes in our offer and business

PLN 3.9 billion of sustainable (mainly green) financing granted by the Bank in 2021:

- first sustainability linked loan for Raben Group (EUR 225 million)
- >16k photovoltaic installations for prosumers
- Green mortgage, loan for green changes, My electric car
- Launch of financing under the “Clean Air” programme

Cooperation with financial institutions to support Clients in green transformation:

- cooperation of EIB and BNP Paribas Leasing Services – EUR 200 million for financing of SMEs in Poland
- EBRD agreement for energy transformation of residential buildings (PLN 450 million)

## S – responsible employer, supportive partner and friendly neighbor

We enhance employees' well-being and social commitment, as well as our positive impact on the environment

**Accessible services:** 77 branches with an “Accessible facility” certificate, induction loops in 50 branches, over 600 connections with a sign language interpreter

**Employee initiatives:** Women Changing BNP Paribas including WomenUp, Dad, you have got it in the Bank, Pride Poland

Another year of **Noble Gift scheme (Szlachetna Paczka)** support: 2.6 k volunteers and PLN 1 million of financial donation

**15 years** of the **BNP Paribas Foundation** activity for equal opportunities and strengthening education

- Strategic partnership with Fundacją Ocalenie
- “Quality Employee Volunteering” certificate

## G – sustainable development is key commitment

We build awareness among internal and external stakeholders and create a good market practices in the area of ESG

Launching the **Sustainable Development Area** in January 2022 to strengthen the **strategic position of the Bank in building the sustainable economy**

**Gender diversity** policy: >40% of women at SB and >20% at MB

**Sustainability Council** and almost **100 Sustainability Officers**, acting for ESG

New values defined under the Organisational Culture

Continuation and enhancement of **partnerships for sustainable development**, e.g. **Chapter Zero Poland** – facilitator of the climate competence development programme for the management and supervisory bodies of companies

### Leader among Responsible Companies

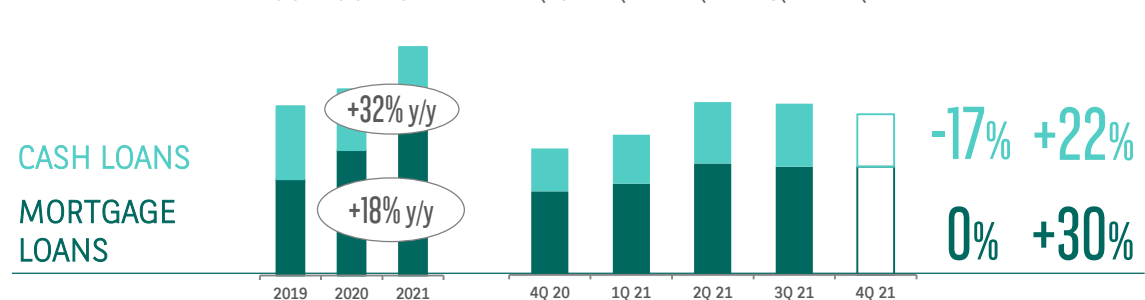
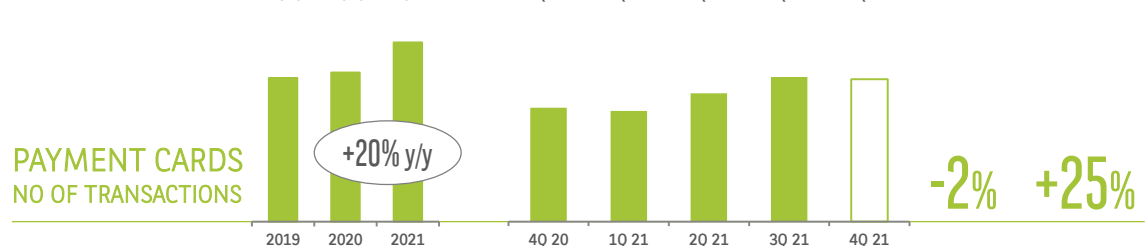
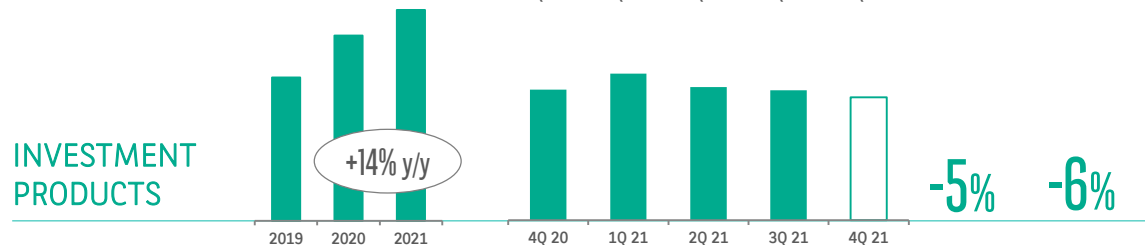
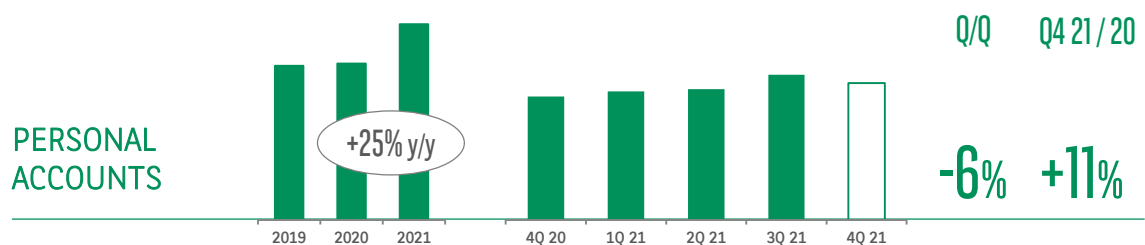
Ranking list of Responsible Companies: **1st place** for the third consecutive year in the overall ranking



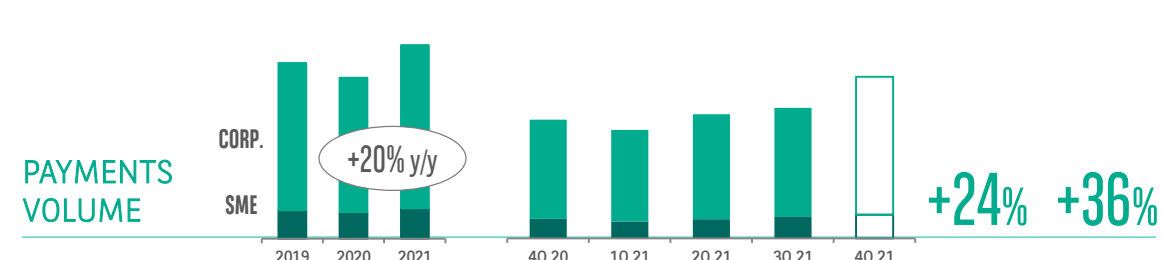
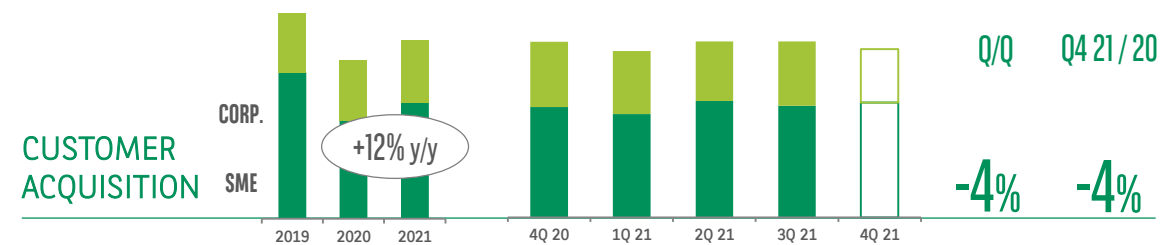
# CUSTOMER BUSINESS ACTIVITY

SIGNIFICANT IMPROVEMENT IN SALES OF RETAIL PRODUCTS COMPARED TO 2020. FURTHER INCREASE IN THE ACTIVITY OF COMPANIES

## Retail Banking – sales & transactional volumes trends



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



We support our Customers in business development by actively participating in key deals on the market

**INTERCARS**

Refinancing of existing indebtedness and financing of general corporate purposes

**PLN 1 644 million**

BNP PARIBAS  
Mandated Lead Arranger

November 2021

**kronos spa**

Refinancing of existing indebtedness and financing of general corporate purposes

**EUR 190 million**

BNP PARIBAS  
Mandated Lead Arranger

October 2021

**GS E&C**

Wroclaw Campus 39

BREEM

**EUR 70 million**

Construction and Investment Loan

BNP PARIBAS  
Sole Lender

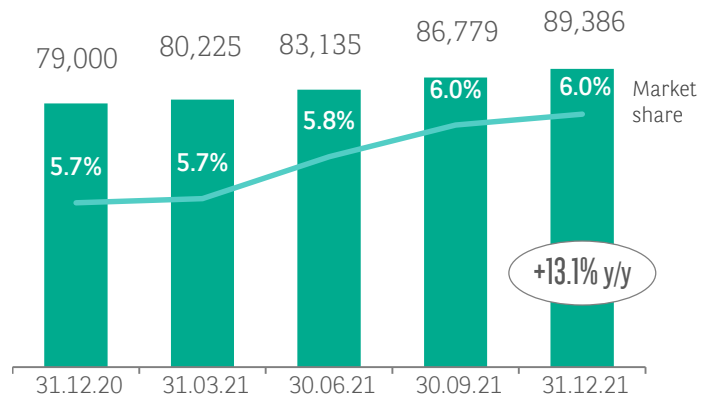
November 2021



# CONTINUATION OF THE UPWARD TREND IN THE LOAN PORTFOLIO AND CUSTOMER DEPOSITS

DOUBLE-DIGIT ANNUAL LOAN GROWTH IN BOTH SEGMENTS. FURTHER GROWTH IN THE NUMBER OF CUSTOMERS

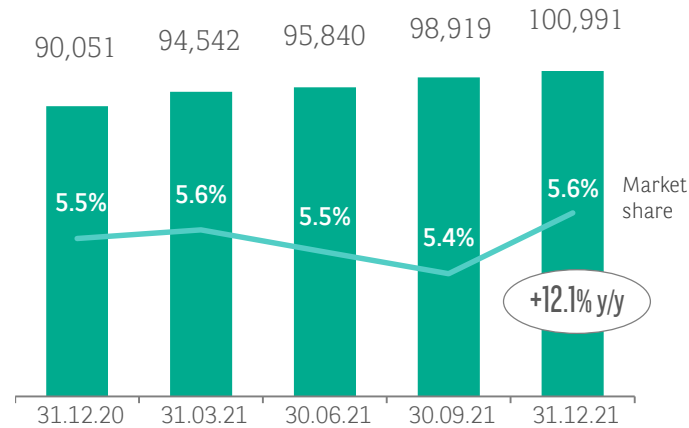
## Gross loans (in PLN million)



**+3.0% q/q** growth in individual customer loans (+14.8% y/y), mainly driven by mortgage loans (+4.4% q/q, +18.4% y/y)

**+3.0% q/q** increase in corporate loans (+11.9% y/y), the highest dynamics in leasing +6.8% q/q (+21.3% y/y)

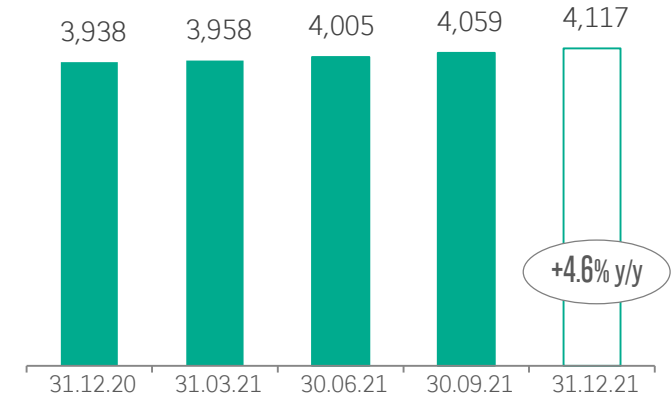
## Customer deposits (in PLN million)



**+2.9% q/q** increase in individual customer deposits (+2.7% y/y)

**+1.4% q/q** increase in corporate deposits (+21.0% y/y)

## Number of Customers (in thousand)



**+1.4% q/q** increase in the number of individual customers (+4.7% y/y)

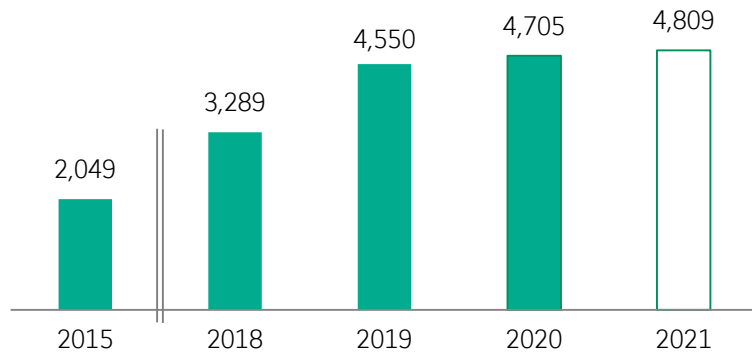
**+1.6% q/q** increase in the number of micro, SME and corporate customers (+2.9% y/y)

# FURTHER IMPROVEMENT OF THE CORE BUSINESS PROFITABILITY

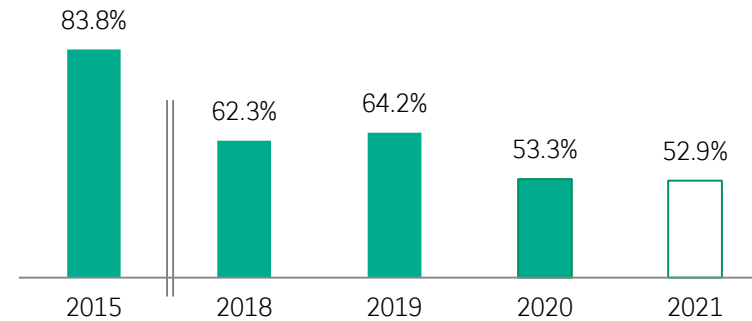
NO IMPACT OF COVID-19 ON THE COST OF RISK IN 2021. NEGATIVE IMPACT OF PROVISIONS ON THE CHF PORTFOLIO

PLN m, unless otherwise stated

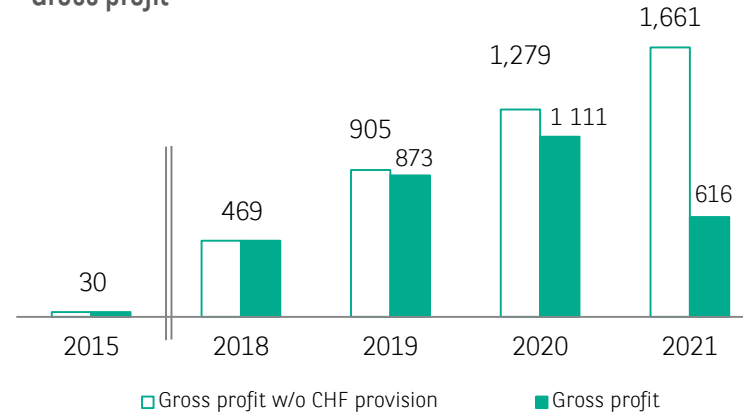
## Net banking income



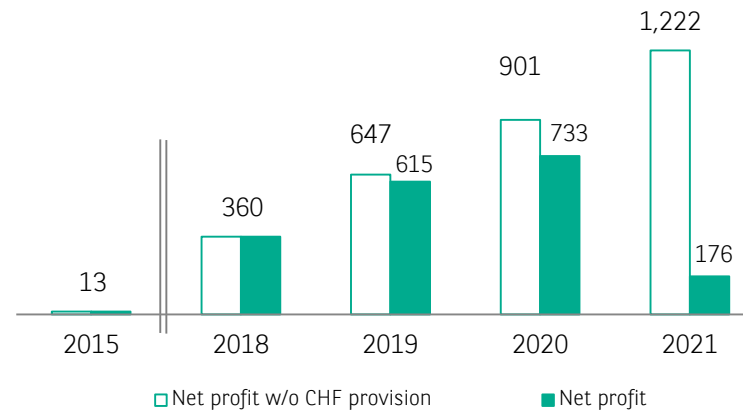
## Cost / Income (%)



## Gross profit



## Net profit



Historically the highest net banking income possible thanks to:

- increase in the NF&C income by PLN 133 million, + 14.5% y/y,
- growth in NII by PLN 81 million, + 2.6% y/y.

Good quality of the loan portfolio and lower cost of risk related to COVID-19 compared to the previous year, resulting in an improvement in the result on provisions by PLN 335 million, -55.7% y/y.

Effective management of operating costs (increase by PLN 38 million, +1.5% y/y). Positive effect of synergies, adaptation measures taken and lower BFG costs.

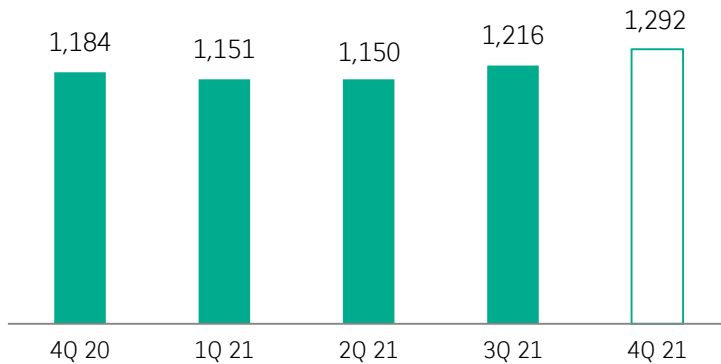
Lower net profit y/y as a result of the PLN 1,045 million provision created for court proceedings related to CHF loans (by PLN 877 million more compared to 2020).

# INCREASE IN CORE REVENUES. THE INTEREST RATE HIKES CYCLE BEGINNING

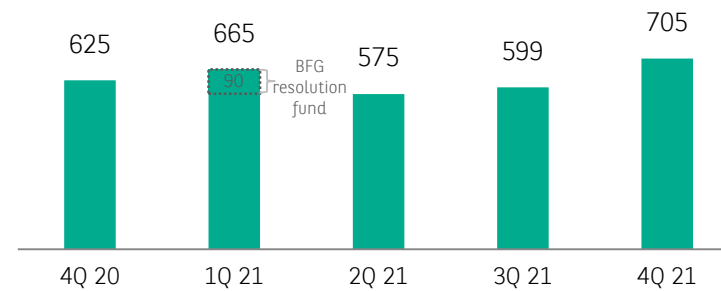
STABLE COST OF RISK. CREATION OF ADDITIONAL SIGNIFICANT PROVISIONS FOR THE CHF PORTFOLIO

PLN m

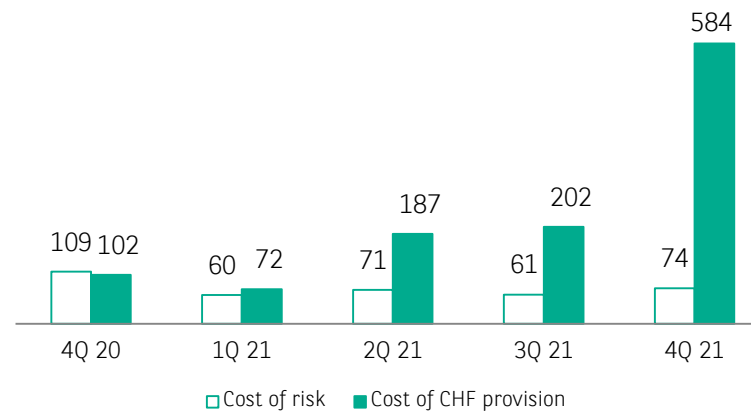
## Net banking income



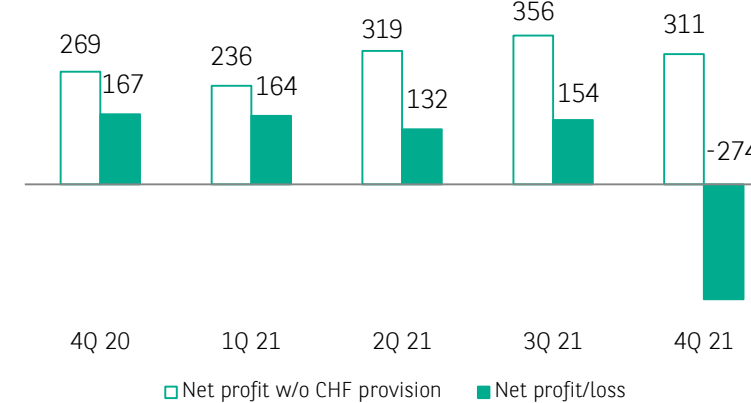
## Operating costs



## Cost of risk and cost of CHF provisions



## Net profit



The increase in the level of core revenues compared to the previous quarter was possible thanks to:

- increase in the F&C income as a result of earlier adjustments of the pricing policy, continued good product sales and customer business activity,
- increase in the NII as a result of an improvement in margins (interest rates hikes) and an increase in the scale of lending activities.

Operating costs under control. Quarterly increase related to higher costs of legal advisory and change in presentation of settlements with the Bank's subsidiary.

Stable cost of risk level resulting from good loan portfolio quality. Higher quarterly costs of provisions for the CHF portfolio, decisive for the level of the net result in Q4 2021.

02



# MACROECONOMIC ENVIRONMENT

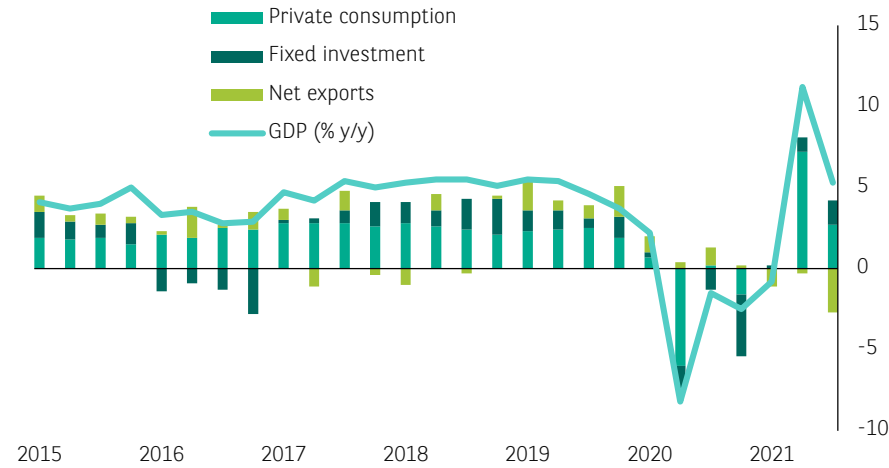
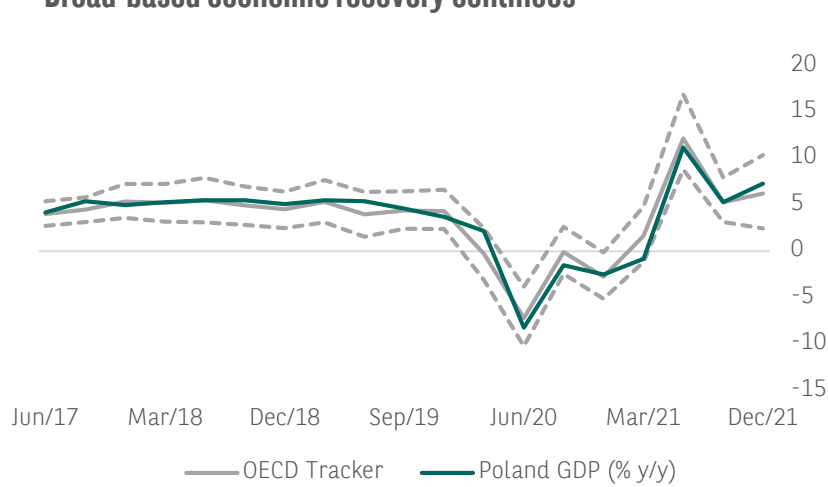


BNP PARIBAS

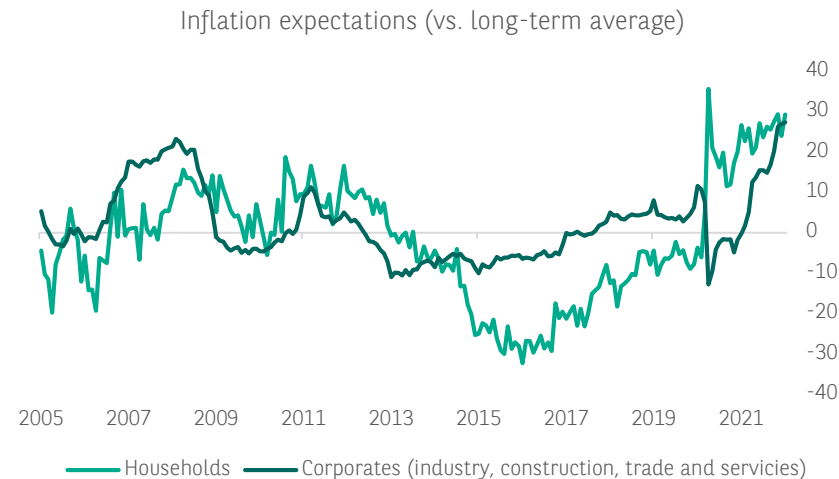
# GDP AND ECONOMIC OUTLOOK

STRONG GROWTH ACCOMPANIED BY VERY HIGH INFLATION

## Broad-based economic recovery continues



## Inflation and inflation expectations at multi-year highs



Last year, Poland's GDP rose 5.7%, with the growth rate in the final quarter reaching 7.3%. The economic recovery has become more robust and wide-spread. In addition to private consumption and exports, investments are also on the rise.

In 2022 the growth outlook will be largely shaped by the war in the Ukraine, its duration and political resolution of the conflict. Any precise estimate at present is impossible, though stagflationary risks are certainly rising.

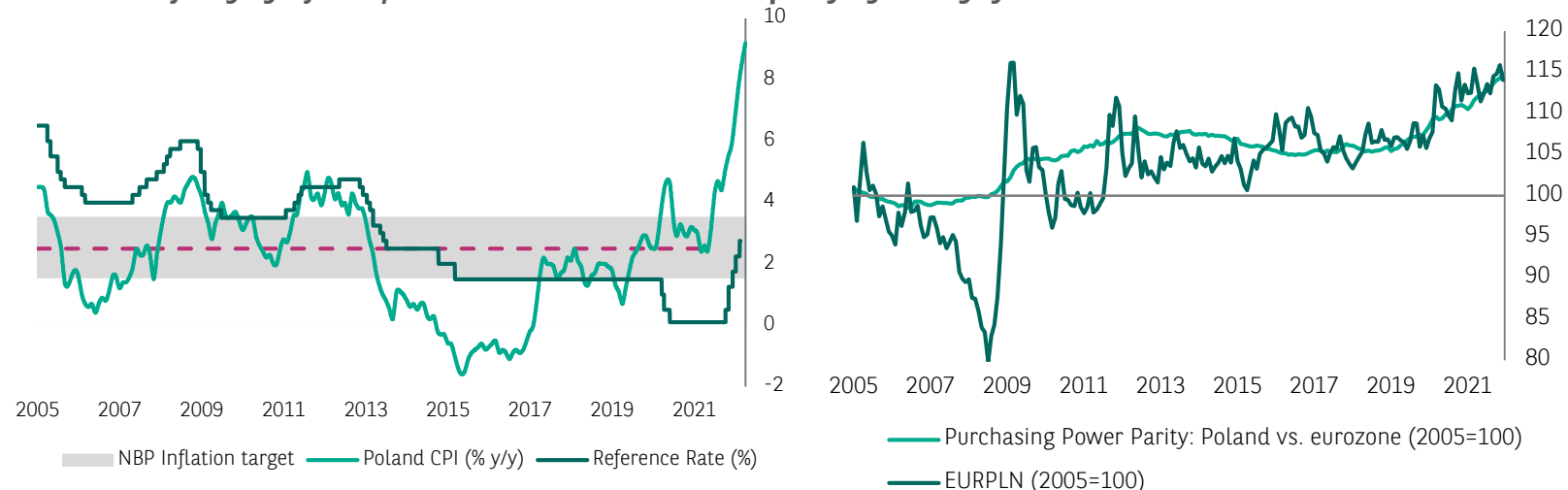
The pandemic remains mainly a supply-side crisis. Since the global economy has returned onto a growth path, commodity and materials prices have skyrocketed. This translates into higher prices in Poland, too. At the end of last year, CPI inflation rose above 8% and continues to accelerate - to 9.2% y/y in January.

In addition to imported inflation, demand and wage pressure on prices are growing as well. In consequence, inflation expectations of companies and households rose to record levels.

# MONETARY POLICY, EXCHANGE RATE AND THE BANKING SECTOR

NBP RAISES INTEREST RATES. PACE OF PRIVATE SECTOR DE-LEVERAGING SLOWING DOWN

In the wake of surging inflation, Poland's central bank started a policy tightening cycle



Banking sector: pace of private sector de-leveraging slowing down, credit demand picking up



Following the start of policy normalization in October 2021, Poland's Monetary Policy Council continued raising the reference rate later on - to 2.75% in February this year. The NBP Governor signalled a continuation of the monetary tightening cycle, and the market is pricing in further interest rate hikes over the coming months.

Despite increased volatility, the zloty exchange rate remains largely in line with its fundamentals.

A faster pace of economic growth and the lack (of necessity) of further state support for enterprises contributed to an increase in demand for credit and reduced the pace of private sector de-leveraging last year. In 2022, loan dynamics will largely depend on the future course of the war in Ukraine and its impact on the economy.

03



# FINANCIAL RESULTS



BNP PARIBAS

# KEY FINANCIAL DATA 12M 2021

SIGNIFICANT GROWTH IN SCALE OF OPERATIONS - DOUBLE-DIGIT VOLUME GROWTH. PROFIT BURDENED WITH PROVISION FOR CHF PORTFOLIO

## Financial results

Net profit	<b>PLN 176 million</b>	<b>-76% y/y (PLN -557 million)</b>
Net profit w/o provision for CHF portfolio	<b>PLN 1,222 million</b>	<b>+36% y/y (PLN +320 million)</b>
Net banking income*	<b>PLN 4,809 million</b>	<b>+2.2% y/y (PLN +105 million), of which:</b> net interest income: PLN 3,141 million, +2.6% y/y net fee & commission income: PLN 1,049 million, +14.5% y/y net trading income: PLN 633 million, -15.4% y/y
Expenses	<b>PLN 2,544 million</b>	<b>+1.5% y/y (PLN -38 million)</b>
C/I Ratio	<b>52.9%</b>	<b>-0.4 pp y/y</b>
Costs of provisions for CHF portfolio	<b>PLN 1,045 million</b>	<b>+522% y/y (PLN -877 million)</b> significant growth of CHF portfolio-related provision in Q4 2021
Net impairment write-offs	<b>PLN 266 million</b>	<b>-56% y/y (PLN +335 million)</b>

\* 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 132 billion, +10.2% y/y</b>
Loans (gross)	<b>PLN 89 billion, +13.1% y/y</b>
Customer deposits	<b>PLN 101 billion, +12.1% y/y</b>
Equity	<b>PLN 11 billion, -5.6% y/y</b>

## Indicators

Capital Adequacy Ratio	<b>16.91%</b>
Tier 1	<b>12.33%</b>
MREL (% TRE)	<b>17.91%</b>
Net loans/deposits	<b>85.5%</b>
ROE	<b>1.5%</b>
LCR	<b>146%</b>
NSFR	<b>131%</b>



# LOAN PORTFOLIO

DOUBLE-DIGIT Y/Y GROWTH IN THE LOAN PORTFOLIO IN BOTH SEGMENTS

PLN m

## Increase in the portfolio value by 13.1% y/y (+3.0% q/q):

- the fourth consecutive quarter of the loan portfolio growth. Quarterly dynamics: 1Q +1.6%, 2Q +3.6%, 3Q +4.4%, 4Q +3.0%

## Increase in the value of the individual customer loan portfolio by 14.8% y/y (+3.0% q/q):

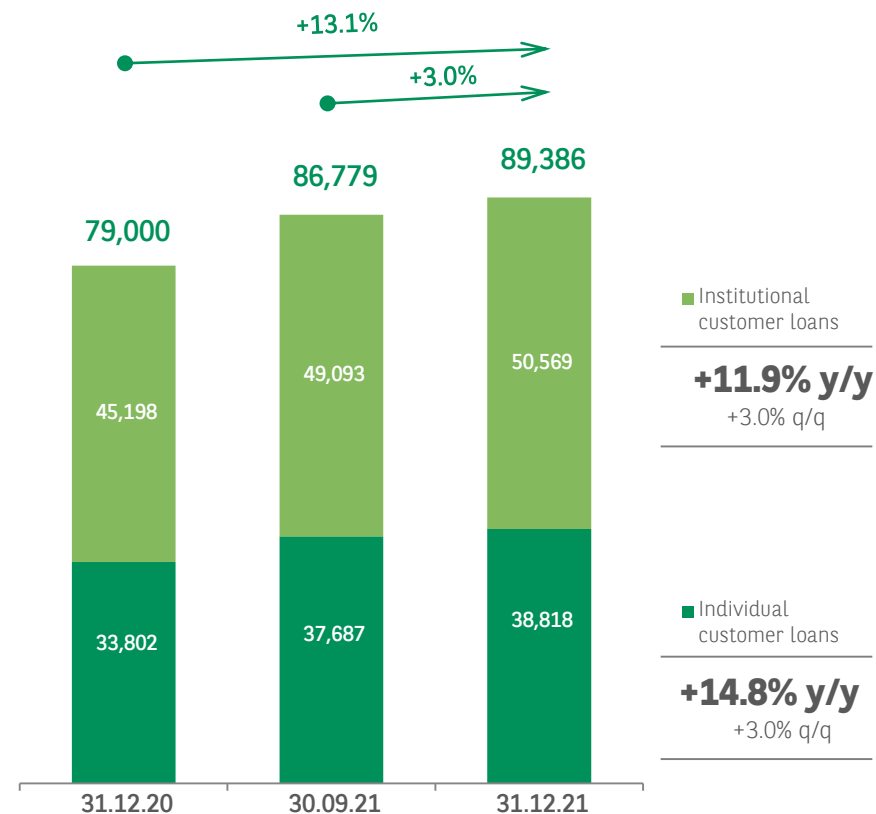
- quarterly dynamics: 1Q +2.5%, 2Q +3.4%, 3Q +5.1%, 4Q +3.0%
- share of individual customers in the Bank's loan portfolio equal to 43.4% (+0.6 pp y/y),
- increase in the share of mortgage loans in the Bank's loan portfolio to 29.9% (+1.3 pp y/y).

## Increase in the institutional loan portfolio by 11.9% y/y (+3.0% q/q):

- quarterly dynamics: 1Q +0.8%, 2Q +3.8%, 3Q +3.8%, 4Q +3.0%,
- further increase in the share of current loans in the portfolio of loans granted to business entities (49.0% as at the end of Q4 2021; +0.6 pp q/q).

**Customer loans market share: 6.0%**

## Gross customer loans\*



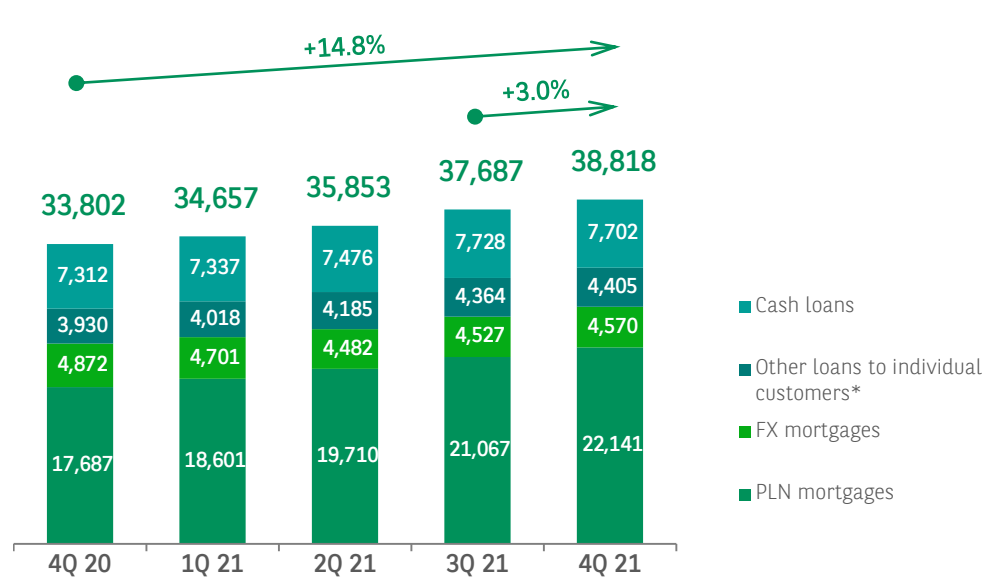
\* including the portfolio measured at fair value

# LOAN PORTFOLIO

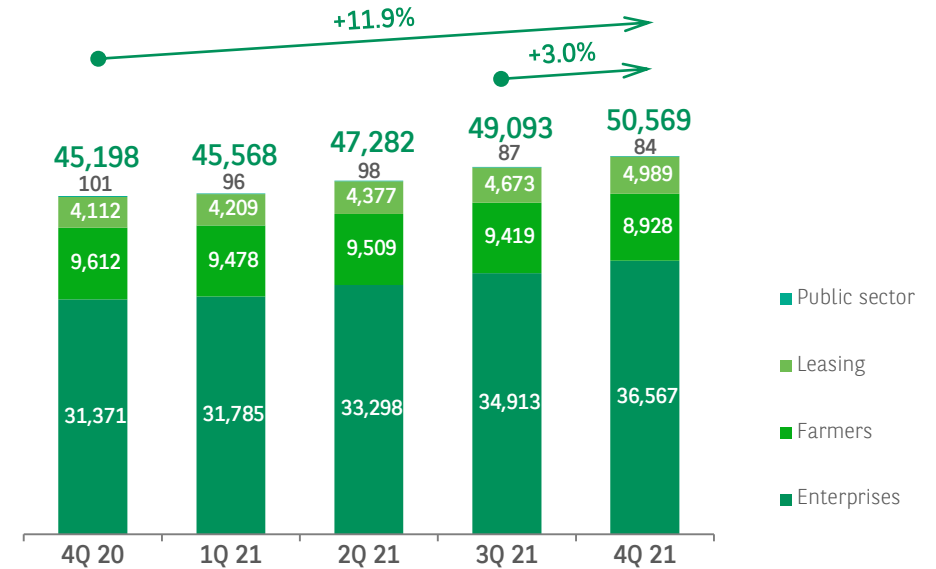
THE FOURTH CONSECUTIVE QUARTER OF GROWTH IN BOTH CUSTOMER SEGMENTS

PLN m, gross

## Individual customer loans



## Institutional customer loans\*\*



- Subsequent quarter of growth in the portfolio of PLN mortgages (+5.1% q/q, +25.2% y/y) with a simultaneous slight increase in the portfolio of FX mortgages (+0.9% q/q, -6.2% y/y) resulted from weakening of PLN against CHF.
- Growth in the share of mortgage loans in the individual loans portfolio to 68.8% (+0.9 pp q/q, +2.1 pp y/y).
- A slight decrease in cash loans portfolio -0.3% q/q (+5.3% y/y). In Q3 2021 increase by +3.4% q/q.

- Another quarter of significant growth in the gross portfolio value of institutional customers. The highest dynamics in the portfolio of enterprises (+4.7% q/q, +16.6% y/y) and leasing (+6.8% q/q, +21.3% y/y).
- Decrease in the individual farmers gross portfolio (-5.2% q/q and -7.1% y/y).
- As at the end of Q4 2021, the share of loans to enterprises in loans to institutional customers increased to 72.3% (+1.2 pp q/q, +2.9 pp y/y), the share of leasing equal to 9.9% (+0.3 pp. q/q, +0.8 pp y/y).

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

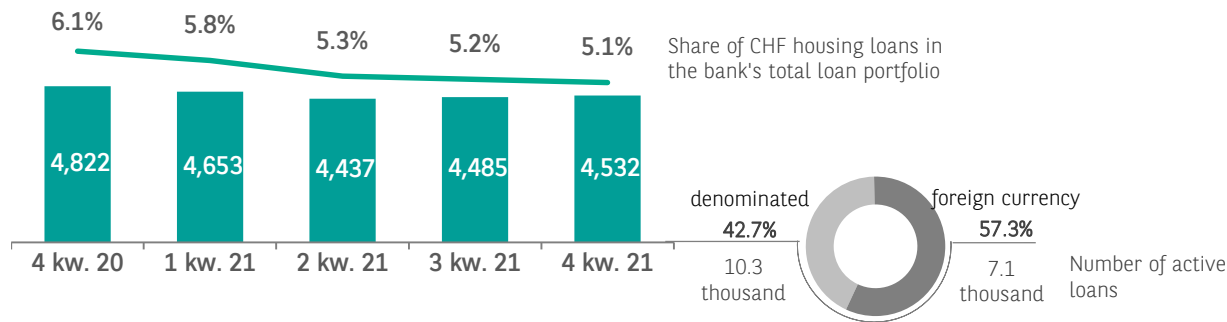
\*\* including the portfolio measured at fair value for "Farmers" and "Enterprises" items (breakdown based on MIS data)

# CHF MORTGAGE LOANS' PORTFOLIO

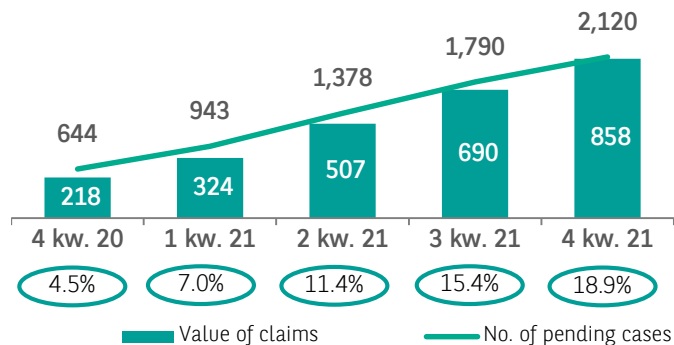
SIGNIFICANT INCREASE IN THE LEVEL OF PROVISIONS AND THE COVERAGE RATIO OF THE CHF PORTFOLIO. SETTLEMENTS WITH CLIENTS ON INDIVIDUAL TERMS.

PLN million, as at the end of the quarter

## Gross CHF mortgage loans



## Customers' lawsuits



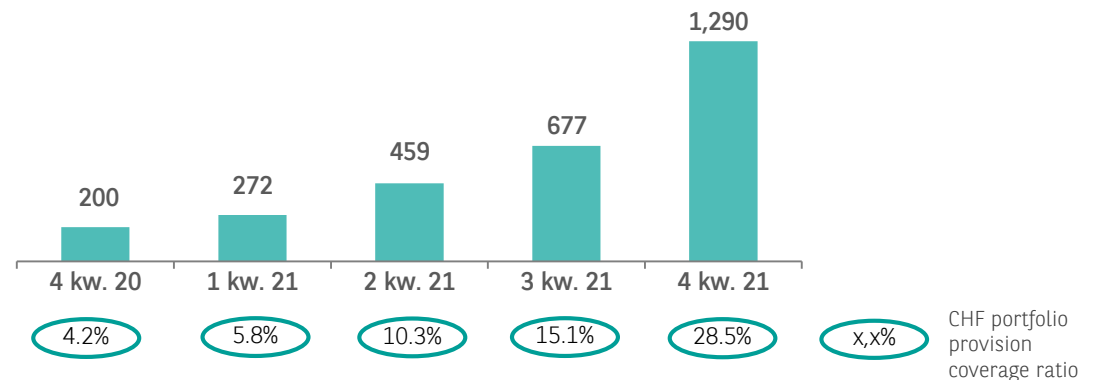
- In 4Q 2021 350 new lawsuits, 20 cases completed q/q.
- In 50 validly concluded proceedings: 16 claims dismissed; 6 proceedings discontinued; 1 lawsuit dismissed; 26 times the agreement was declared invalid, once only the contribution insurance claim was adjudicated.

x.x% Ratio of the value in dispute to the portfolio balance value

## Provision for CHF loans

- Increase in provision in Q4 2021 as a result of a more conservative estimate of model parameters, including increasing the expected number of lawsuits, or increasing the average time to complete proceedings, and including the estimated number of customer settlements in the provision model.
- In December 2021, the Bank decided to extend the pilot action of offering settlements on individual terms negotiated with borrowers.
- Results of individual negotiation of settlements with customers as at 25.02.2022:
  - 1,917 individual offers directed to the Clients
  - 373 negotiation proposals accepted by the Clients

## Value of provisions at the end of the period (PLN million) and portfolio coverage ratio



# CUSTOMER FUNDS

SIGNIFICANT INCREASE IN DEPOSITS OF INSTITUTIONAL CUSTOMERS. INCREASED INDIVIDUAL CUSTOMER INTEREST IN INVESTMENT PRODUCTS IN 2021

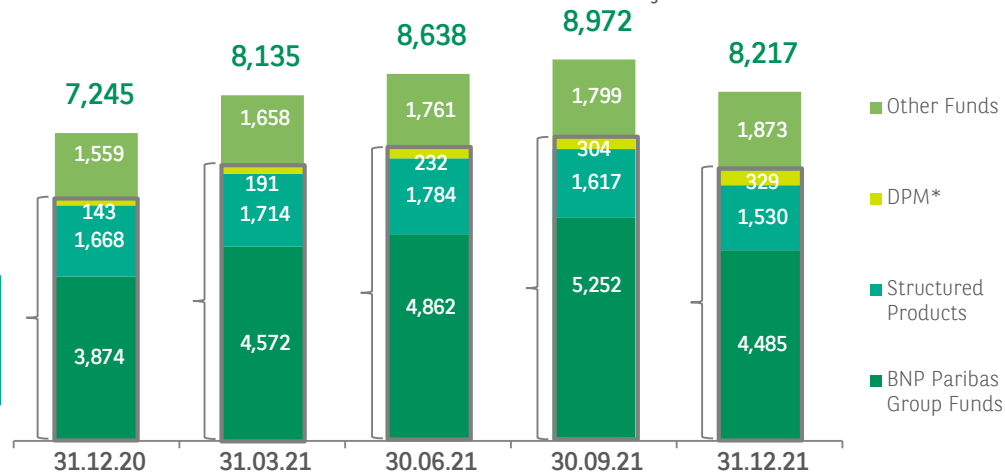
PLN m

## Balance of deposits higher by 12.1% y/y (+2.1% q/q):

- faster growth of individual customers' deposits (+2.9% q/q). Quarterly changes: Q1 +0.7%, Q2 -1.1, Q3 +0.3%. Slower growth in institutional customer deposits as compared to the previous quarter (+1.4% vs. +5.6% q/q),
- reversed falling trend in the term deposits share in the total customer deposits (increase up to the level of 11.3%, +3.7 p.p. q/q as a result of interest rates hikes).

## Investment product volume increase by 13.4% y/y (a decrease of 8.4% q/q),

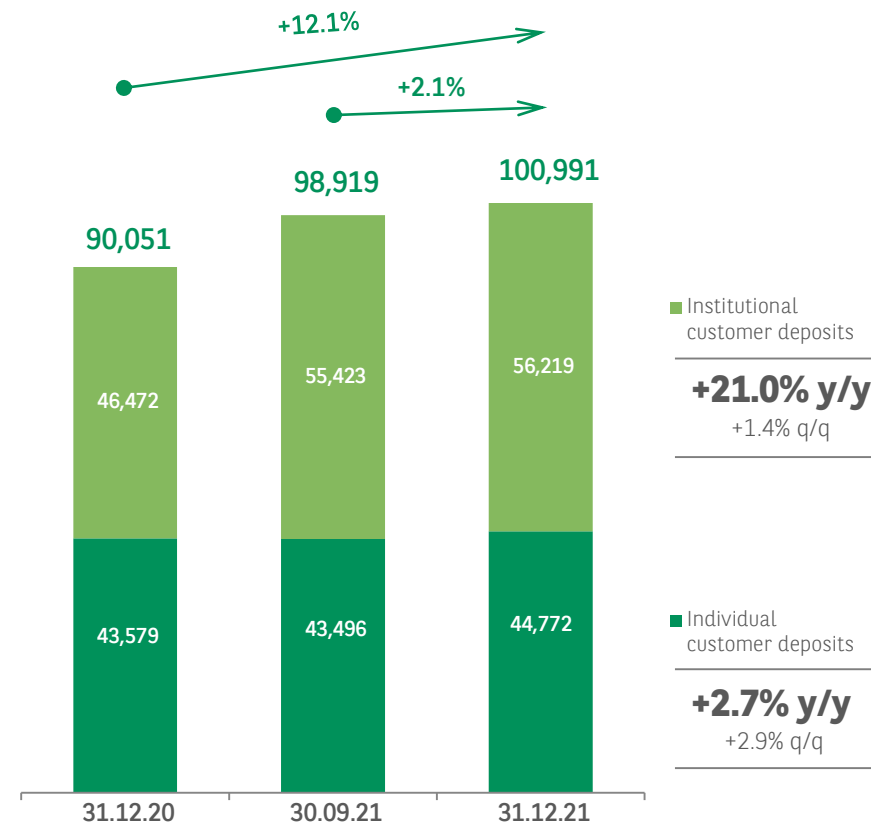
including funds invested in BNP Paribas Group investment funds (+15.8% y/y, -14.6 q/q). Outflows observed in Q4 were related to the decrease in bond prices and the negative rates of return on the debt funds (growing inflation and interest rates increases). The value of assets under management of BNP Paribas TFI amounted to PLN 4.6 bn as at end of December 2021.



\* Discretionary Portfolio Management

**+11.6% y/y (-11.6% q/q)**  
assets under management

## Customer deposits

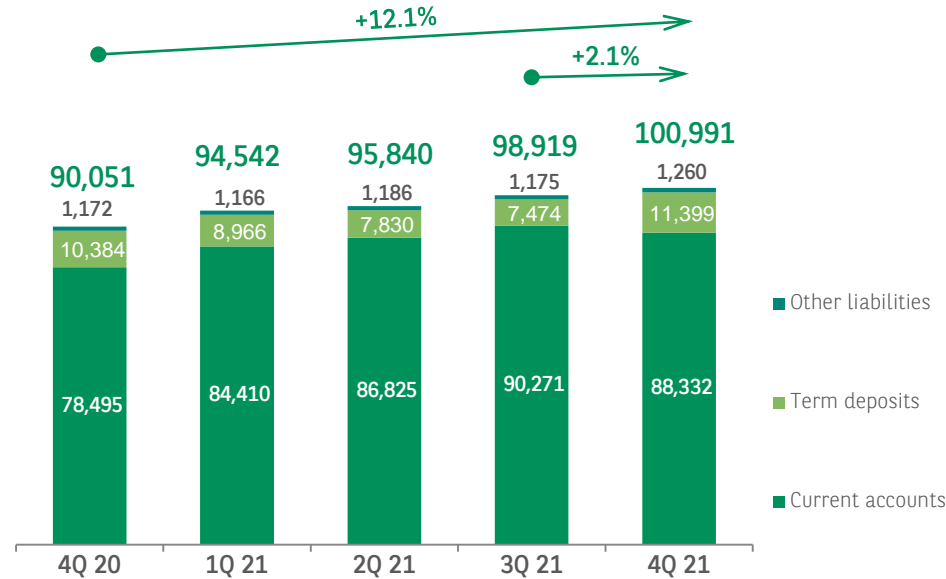


# DEPOSIT BASE STRUCTURE

INCREASE IN INDIVIDUAL CUSTOMERS AND INDIVIDUAL FARMERS DEPOSITS. STABILIZATION OF CORPORATE DEPOSITS' VALUE

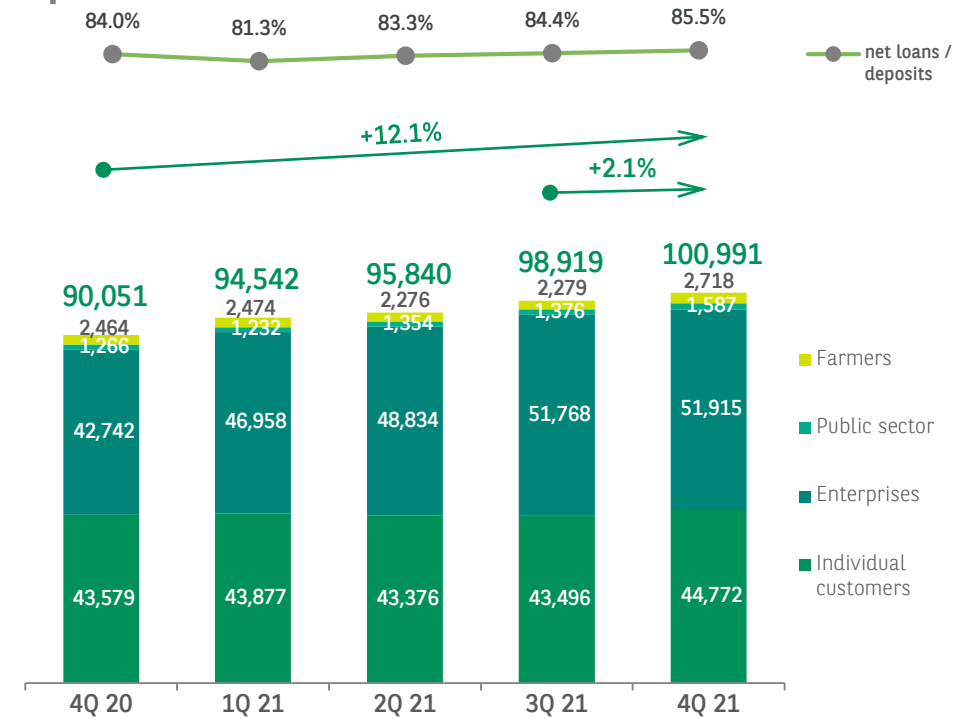
PLN m, as at the end of the quarter

## Deposit term structure



- Reverse of the trend and a fall in the share of customer current accounts in total deposits to the level of 87.5% (-3.8 p.p. q/q and +0.3 p.p. y/y). Change caused by interest rates hike.
- Increase in deposit volume in Q4 2021 concerned the term deposits volume (+PLN 3,925 m, +52.5% q/q) with simultaneous drop in funds in current accounts (-PLN 1,938 m, -2.1% q/q).
- Term deposits held by institutional customers increased by PLN 2,773 m (+101.0% q/q). In the case of individual customers we also observed an increase of current deposits (by PLN 121 m, i.e. by 0.3%).

## Deposit structure by Customer type

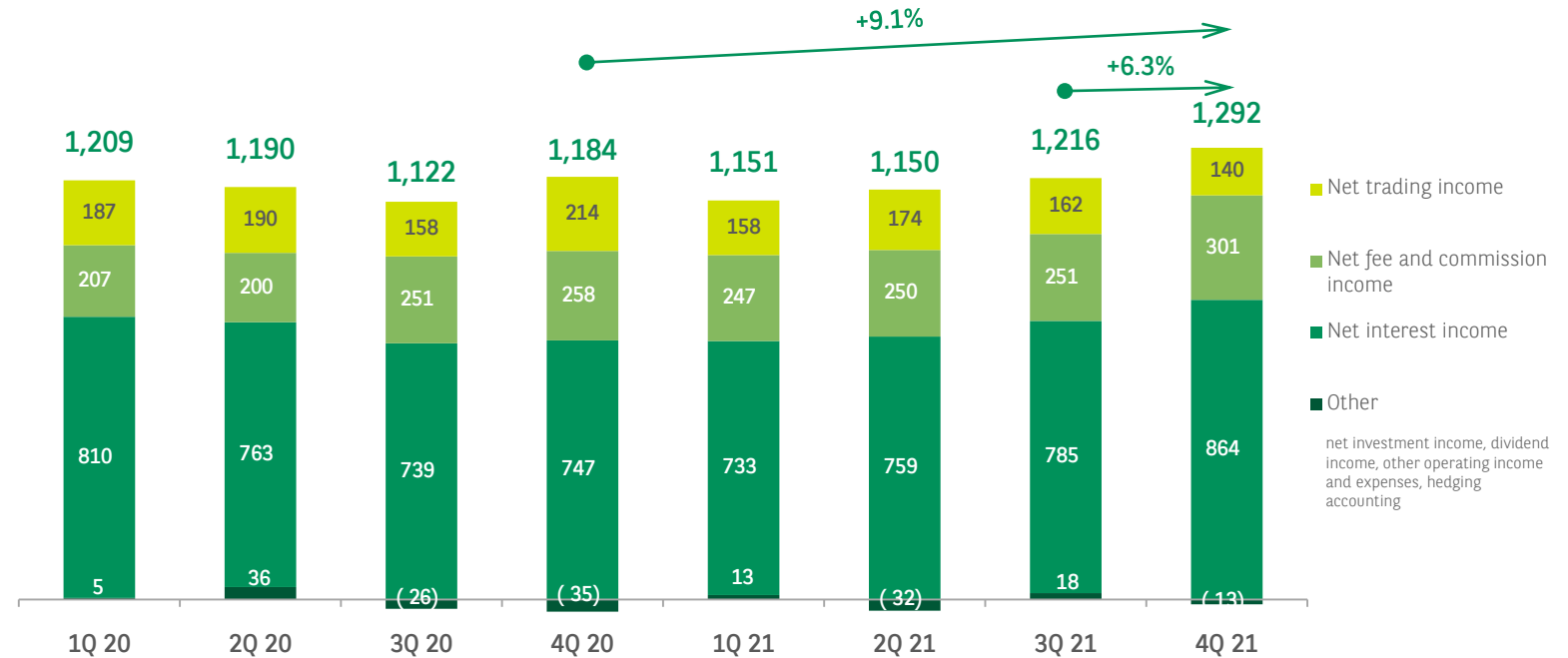
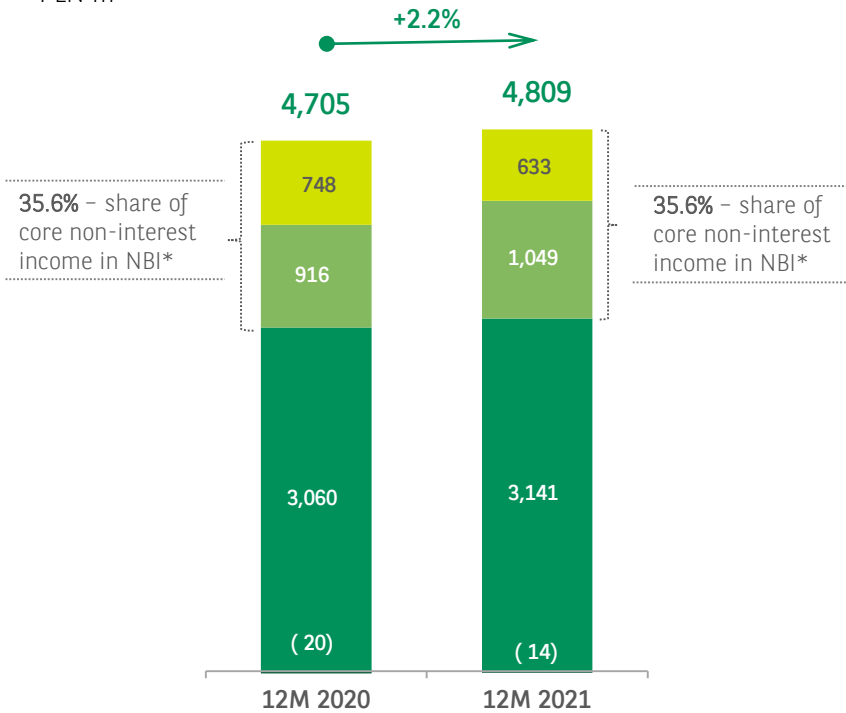


- Increase of deposit costs in Q4 2021 by 15 b.p. as a result of market interest rates increase (NBP reference rate +165 b.p. in Q4 2021, +215 b.p. taking into consideration the rise applicable from 5 Jan 2022).
- Significant quarterly increase in individual farmers deposits: +19.3% q/q (+10.3% y/y) with enterprise deposits value stabilizing at +0.3% q/q (+21.5% y/y).
- Noticeable increase in individual customer deposits by +2.9% q/q and +2.7% y/y with parallel decline in GOoptima deposits (down to PLN 2.1 billion, -6.3% q/q and -22.1% y/y).

# NET BANKING INCOME

INCREASE IN CORE REVENUES MAINLY IN THE AREA OF NF&C SUPPORTED BY INCREASE IN SALES AND VOLUMES AS COMPARED TO 2020

PLN m



- Net interest income increase (+2.6% y/y) possible due to increased scale of loans activity and higher loan and deposit margins in Q4 2021 (NBP interest rates increase, reference rate +165 b.p.).
- Net fee and commission income (+14.5% y/y) i.a., due to adaptation measures undertaken in H2 2020 and positive sales trends, visible especially in Q2 & Q3 2021.
- Decreased net trading income (-15.4% y/y), due to lack of results from stock and shares valuation comparable to 2021 (i.a. KIR, BIK).

- Quarterly increase in NII observed in 2021 was mainly related to an increase in the value of the loan portfolio and improvement in loan and deposit margins in Q4 2021 (NBP interest rates increase, reference rate +165 b.p.).
- The slight increase in NF&CI in Q4 2021 associated mainly with the seasonal increase in NF&CI from account maintenance and loan fees and commissions.
- Decrease in net trading income in Q4 2021, mainly due to negative valuation of IRS hedging the loan portfolio measured at FV as well as lower stocks and shares valuation.
- The "Other" item in Q4 2021 includes PLN +26.5 million in result on fair value hedge accounting, PLN -50.5 million in net investment income and PLN +9.0 million in net other operating income and expenses result.

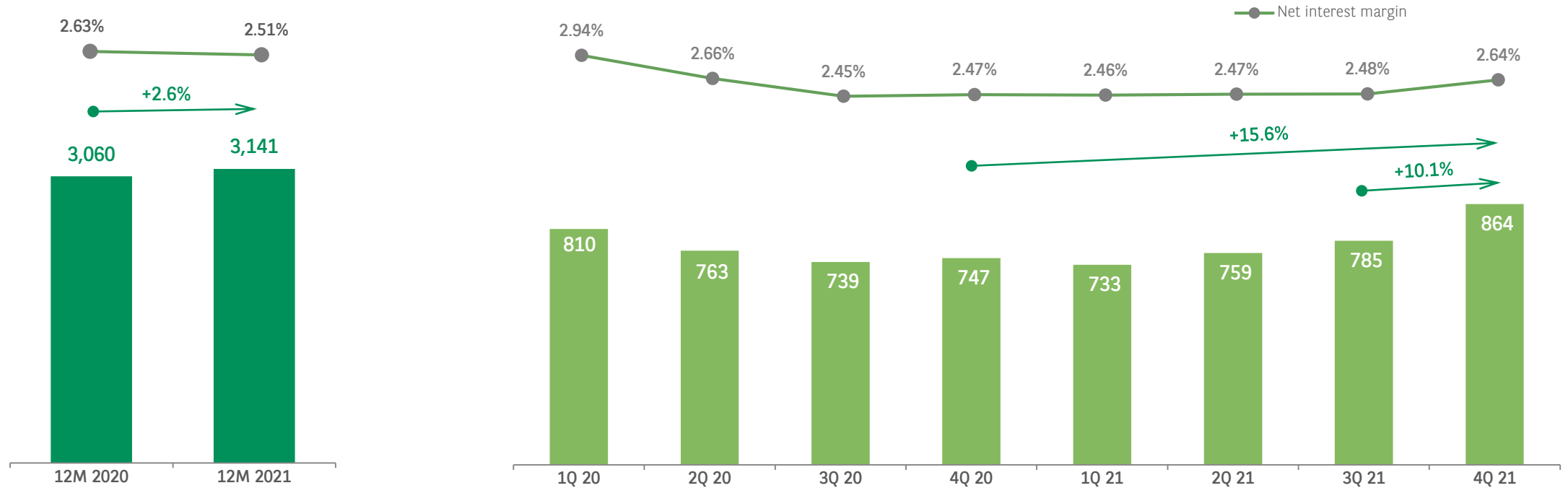
In Q3 2020, the result from provisions for legal risk of CHF housing loans was excluded from the category of other operating expenses. For the sake of comparability, the shift was made in all the presented periods.

\* NBI excluding the other operating income and expenses

# NET INTEREST INCOME

## NET INTEREST INCOME REBOUND IN Q4 2021 SUPPORTED BY GROWTH IN LOAN PORTFOLIO AND INTEREST RATES HIKES

PLN m



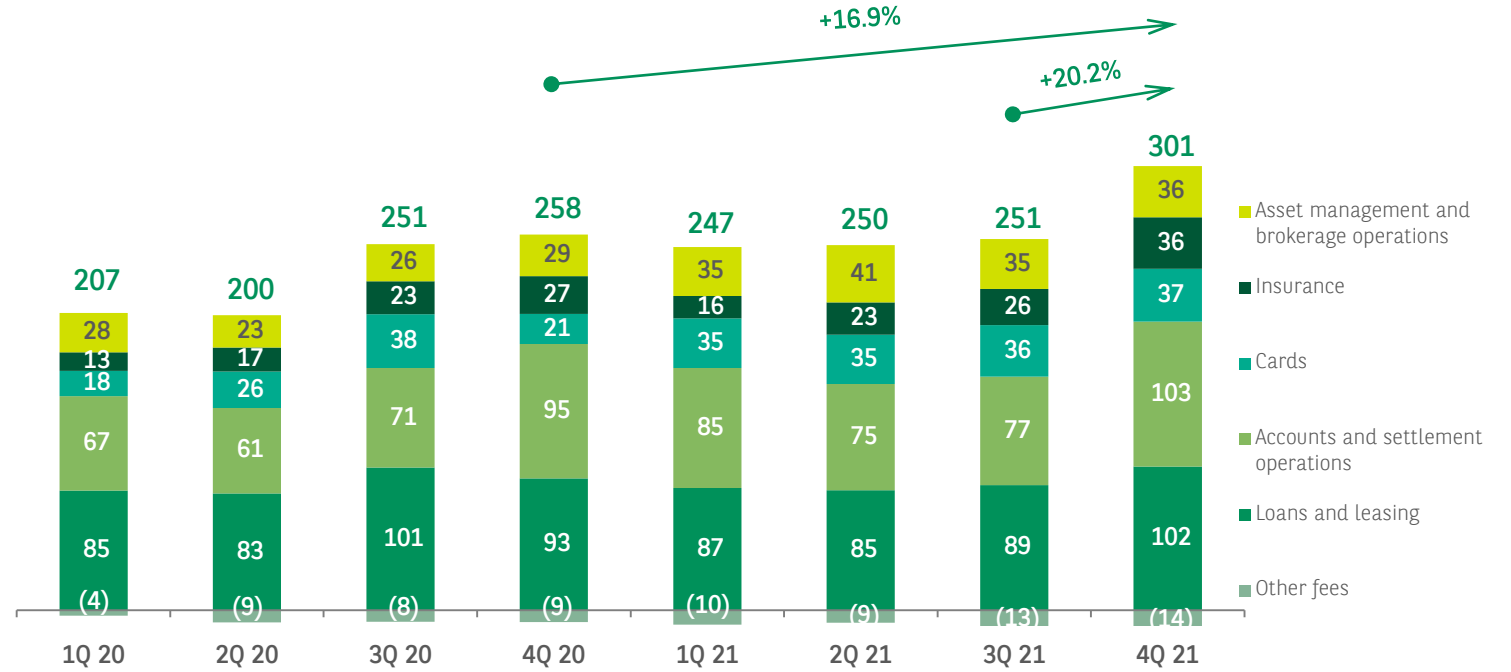
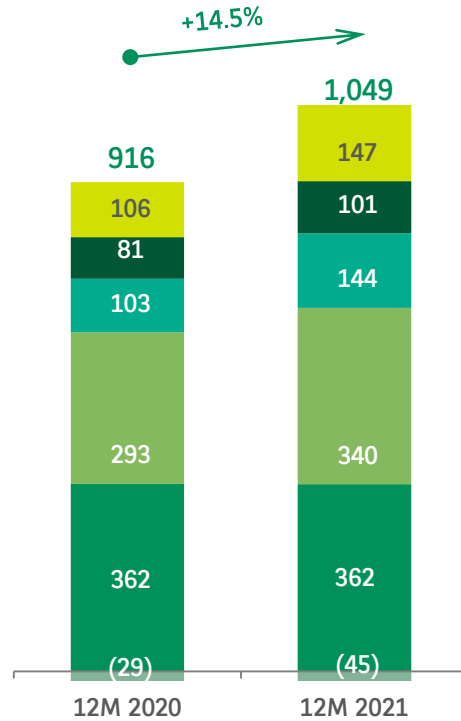
- Positive impact of the NBP interest rates increase (reference rate +165 b.p. in Q4 2021) on loan margins realized in 2021.
- Double digit (+13.2%) increase in the gross loan portfolio.
- Increase in the net interest income on derivative instruments as part of fair value hedge accounting by PLN 71.1 million y/y.

- Higher NII in Q4 2021 due to, among others, increased deposit and loan margins and average value of loan portfolio.
- Slight decrease in the net interest result on derivatives as part of fair value hedge accounting (PLN -11.2 million vs Q3 2021).
- An impact of NBP's interest rate hikes (by 2.65 pp in total) on the NII for 2022 is estimated in the range PLN 520-580 million.

# NET FEE AND COMMISSION INCOME

HIGH ANNUAL DYNAMICS OF NF&C INCOME. SEASONAL INCREASE IN COMMISSION IN THE AREA OF CASH MANAGEMENT IN Q4 2021

PLN m



- Increase in F&C on accounts and settlement operations (+16.1%) mostly due to higher account maintenance fees (among others fees for high account balances from enterprises) as well as fees for using Internet Banking and cash management.
- Increase in commission for asset management and brokerage operations (+38.4%) as a result of increased sales of mutual funds, structured products and brokerage services.
- Increase in card F&C (+39.6%) mainly due to higher fees for using payment cards, revenues from Mastercard as well as interchange fees and ATM transactions.

Net fee and commission income in Q4 2021 mainly impacted by:

- increase in loan F&C due to the higher fees on large transaction in the CIB area as well as for used and unused commitments in corporate banking,
- growth in F&C on accounts and settlement operations due to higher fees for high balances on enterprise accounts,
- higher insurance F&C due to higher income from insurance linked to housing and cash loans as well as insurance of Agro loans and Agro customers.

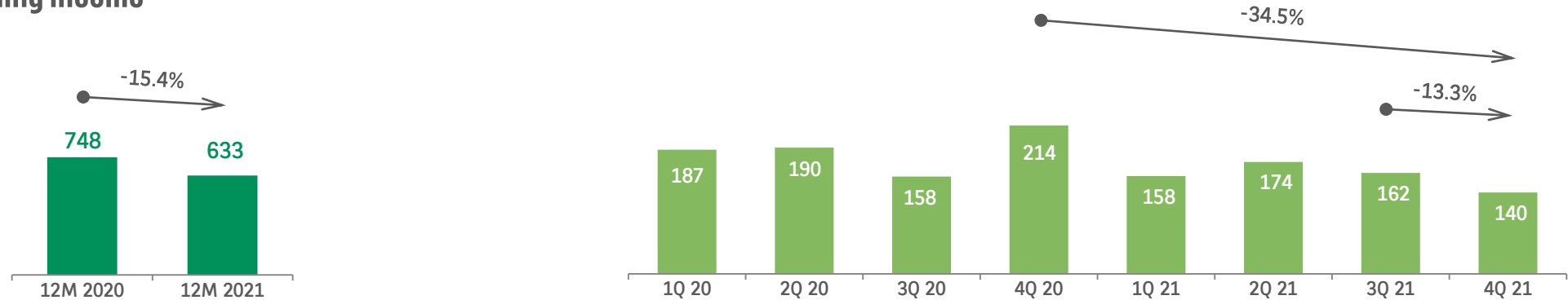


# NET TRADING AND INVESTMENT INCOME

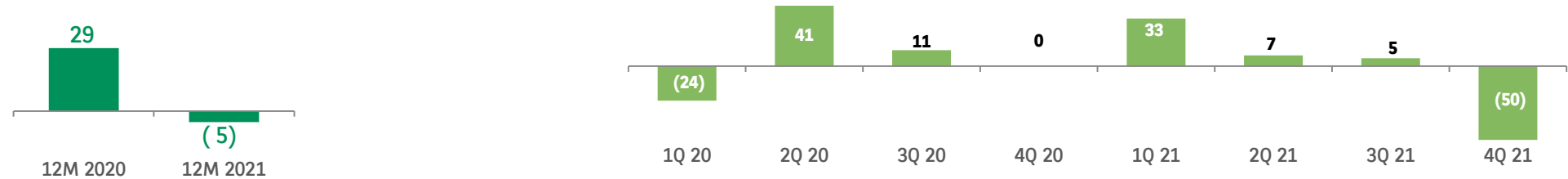
THE LOWER RESULT ON IRS AND DEBT INSTRUMENTS PARTIALLY NEUTRALIZED BY THE IMPROVEMENT OF THE RESULT ON OPERATIONS WITH CUSTOMERS

PLN m

## Net trading income



## Net investment income



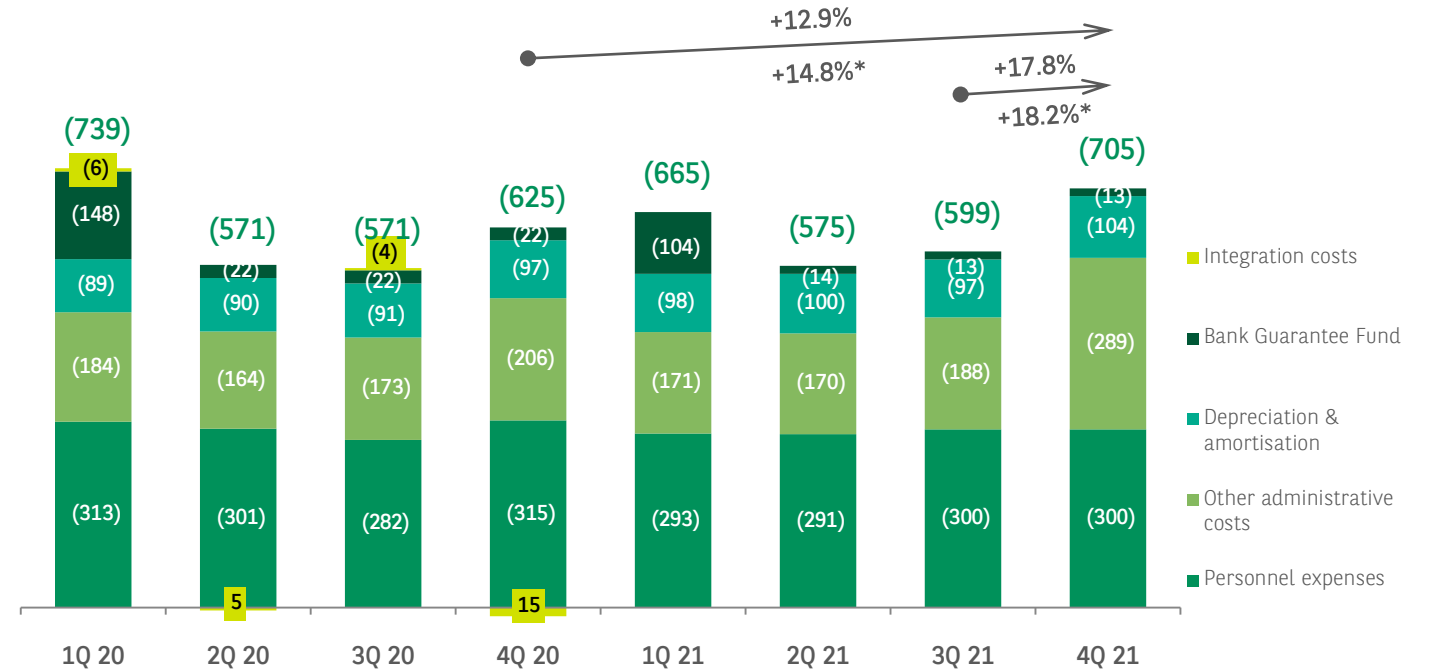
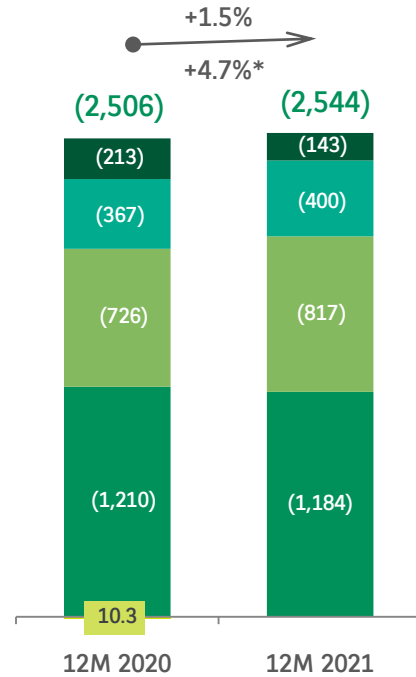
- Decrease in the net trading income due to the result on equity instruments measured at fair value lower by PLN 79.9 million (among others lack of increase in the valuation of BIK and KIR shares comparable to Q2 2020) and negative valuation of IRS hedging of the loan portfolio measured at FV (PLN -54.4 million in 2021).
- Decrease in the net investment income as a result of a lower debt instruments income valued at fair value through OCI (by PLN 79.7 million y/y) partly neutralised by improved valuation of the loan portfolio valued at fair value (by PLN 45.5 million y/y).

- Decrease in net trading income in Q4 2021, mainly due to negative valuation of IRS hedging of the loan portfolio measured at FV (PLN -33.4 million q/q) in spite of improved customer operations result resulting from an increased business activity in Q4 2021.
- The valuation of loan portfolio measured at fair value presented in net investment income amounted to PLN -21.6 million in Q4 2021 (PLN +5.4 million in Q3, PLN -4.5 million in Q2, PLN +17.9 million in Q1). Net securities sales income amounted to PLN -28.8 million in 4Q 2021 (PLN +11.9 in Q2 and PLN 14.7 million in Q1).

# OPERATING EXPENSES, DEPRECIATION AND AMORTISATION

EXPENSES UNDER CONTROL. QUARTERLY INCREASE MAINLY DRIVEN BY HIGHER LEGAL COSTS AND PRESENTATION CHANGE OF SETTLEMENTS WITH A SUBSIDIARY

PLN m



- Slightly higher operating costs +1.5% y/y mainly due to the higher other administrative costs (by PLN 91.1 million, +12.6% y/y).
- Lower costs of BFG contributions (by PLN 69.8 million, a decrease in the level of contributions to the Banks Restructuring Fund and the Guarantee Fund). Excluding BFG costs, the increase in operating costs would have amounted to +2.3% y/y.
- Visible decrease in personnel expenses (by PLN 26.1 million, -2.2% y/y) as a result of employment optimization programmes.
- Increase in amortization (by PLN 32.5 million, +8.9%) as a result of investments implemented as part of the Bank's transformation and digitization projects.

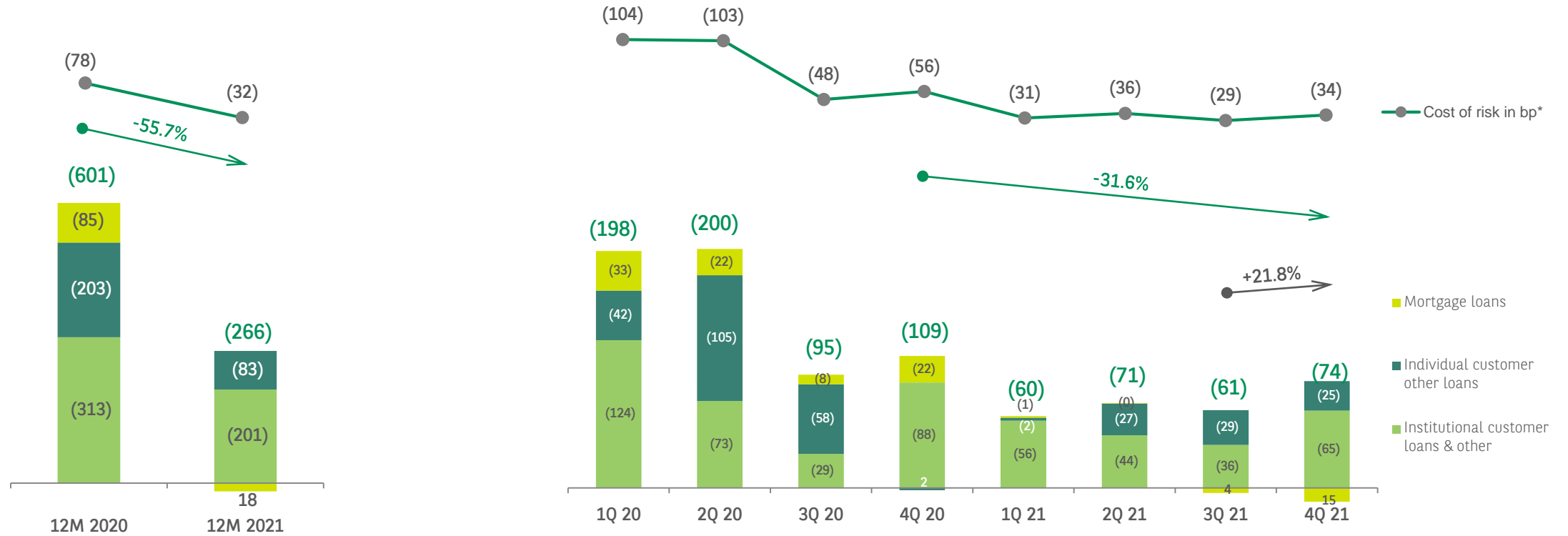
- Stable personnel costs in Q4 2021.
- An increase in other administrative expenses in Q4 2021 as a result of higher legal costs related to CHF loans portfolio (by PLN 25 million q/q; PLN 48 million in Q4 2021), increase in marketing, IT and short-term lease costs as well as a change in presentation of settlements with the Bank's subsidiary - BNPP Leasing Services - related to intermediation in sales of the subsidiary's products within operating expenses (-PLN 36 million) and net operating income and expenses lines (+PLN 30 million)
- Increased depreciation in Q4 2021 result from settlement of a bigger number of investments delivered for use.
- Employment reduction in the Group by 352 FTEs y/y, number of branches down by 32 y/y (19 branches closed in Q4).
- Planned synergies resulting from the acquisition of Core RBPL fully realized.

\* excluding BFG costs

# NET IMPAIRMENT LOSSES

LOW COST OF RISK REFLECTING THE RESILIENCE AND GOOD QUALITY OF THE LOAN PORTFOLIO

PLN m



- Low CoR in 2021 resulting from confirmed resilience of the whole portfolio to short-term „shocks“.
- Cost of risk decrease in 2021 driven by COVID-related provisions: PLN 236 million of provisions created in 2020, PLN 34 million released in 2021. At the end of 2021 the Bank maintained COVID-19-related provision in the amount of ca. PLN 200 million.
- Additional factors that impacted the CoR decrease y/y:
  - positive effect of the new definition of default implementation in Q1 2021 (PLN 21 million),
  - NPL portfolio sale in 2021 impact higher y/y by PLN 43 million.

The costs of risk in Q4 2021 were mainly influenced by:

- revised level of provisions for unrealized credit losses related to change of macroeconomic scenarios and portfolio provision created due to the impact of economic situation (mainly increase of inflation and energy prices) on risk parameters – in total PLN 24 million provisions created,
- PLN 65 million provision related to changes in external regulations affecting the expected recovery levels (significantly impacting the CoR in Q4 in the institutional clients segment),
- positive result on the sale (PLN 49 million) of a part of the portfolio of non-performing exposures from retail / corporate / SME segments.

\* 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).

# COVID-19 IMPACT ON CREDIT RISK

SUPPORT FOR OUR CUSTOMERS. NEUTRAL IMPACT OF THE PANDEMIC FOR THE COST OF RISK IN 2021

## SUPPORT PROGRAMMES FOR CUSTOMERS

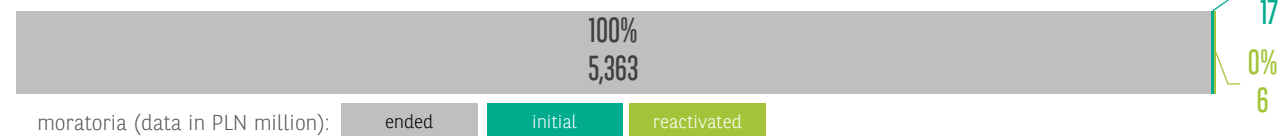
**PLN 5.4 bn** of loan exposure covered by loan repayment moratoria

(for Bank's current customers as at 31/12/2021)

**PLN 0.3 bn** refers to public loan moratoria

**99.6%** of granted loan moratoria ended

Portfolio that used support programs is regularly monitored



**95%** of granted loan moratoria ended without delays of >30 days

Other programmes (as at the end of 2021):

- BGK Guarantees total limit: PLN 12 bn, of which:
  - PLN 4 bn (still available limit PLN 0.5 bn) de minimis guarantee
  - PLN 8 bn (still available limit PLN 5.9 bn) liquidity guarantee
  - PLN 0.2 bn (still available limit PLN 0.07 bn) Agricultural Guarantee Fund
- PFR programme (ended) – Financial Shield 2.0 available to customers in 2021 - the Bank's participation in the distribution of funds for customers 4k positive decisions (without returns) in the amount of PLN 0.7 bn

Utilization of the BGK guarantee limits at the highest possible level.

Proper actions taken towards the COVID-19 affected clients.

## SECTORS CONSIDERED SENSITIVE

limited exposure in the loan portfolio

sector	% of balance
Sale	1.8%
Transport	1.0%
Accommodation&Food service activities	0.5%
Manufacturing	0.3%
Arts, Entertainment&Recreation	0.0%
Tourism	0.0%

No direct exposure of the Bank to Ukraine

## COST OF RISK

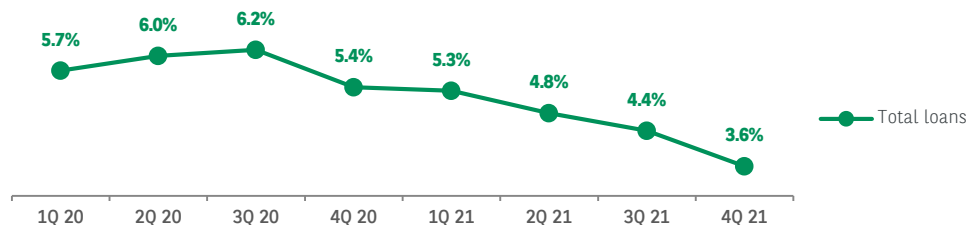
- Provisions created for future potential worsening of the financial situation of the entities in the sectors impacted by COVID-19 (Q1 and Q2 2021), updated in Q4.
- Release of provisions for not realized credit losses related to change of macroeconomic scenarios in 2021 (Q3 & Q4) – improvement in macroeconomic forecasts for the Polish economy.

# LOAN PORTFOLIO QUALITY

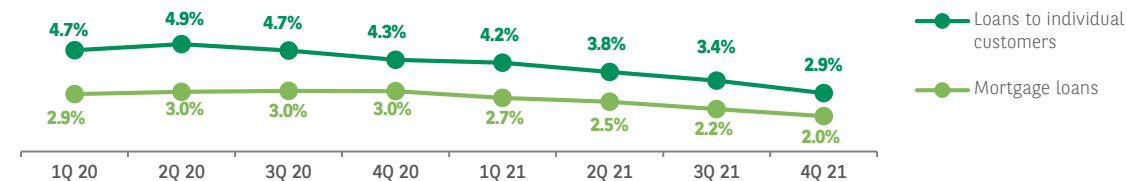
## FURTHER DECREASE OF THE NPL RATIO

### Total loans – NPL ratio\*

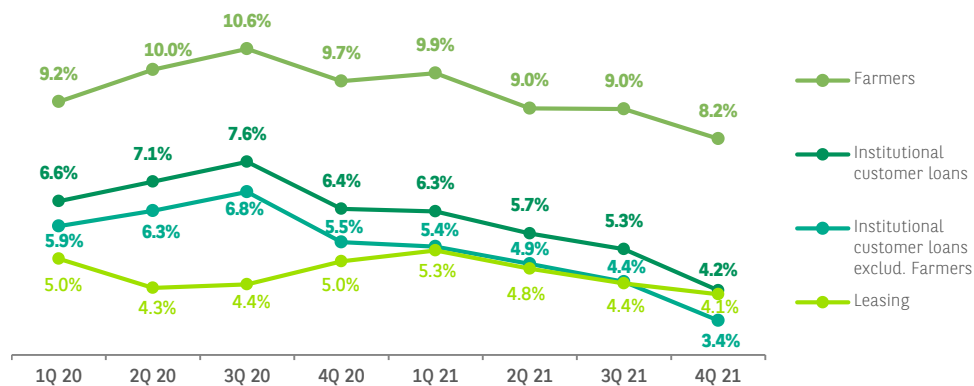
NPL for both loan portfolios in total (measured at fair value and at amortised cost) was **3.8%** at the end of Q4 2021.



### Retail loans – NPL ratio\*

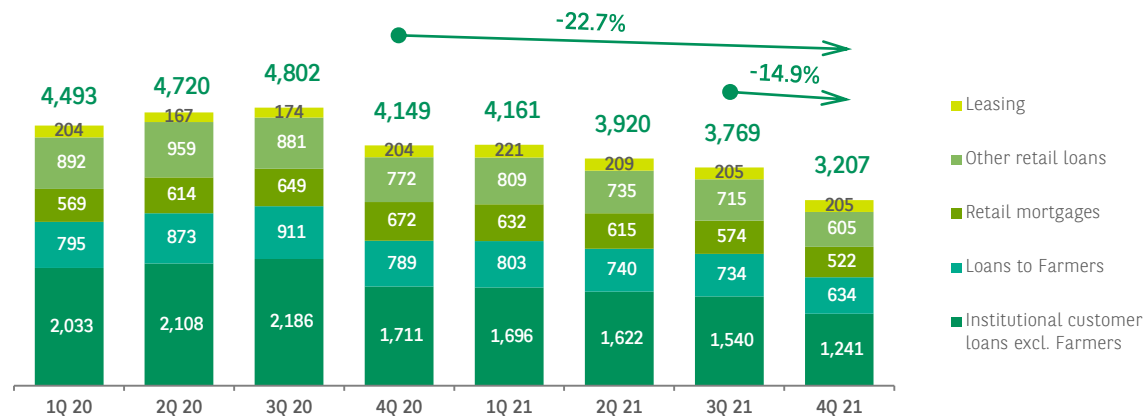


### Institutional loans – NPL ratio\*



### Gross impaired portfolio\*

PLN million, as of the end of the quarter

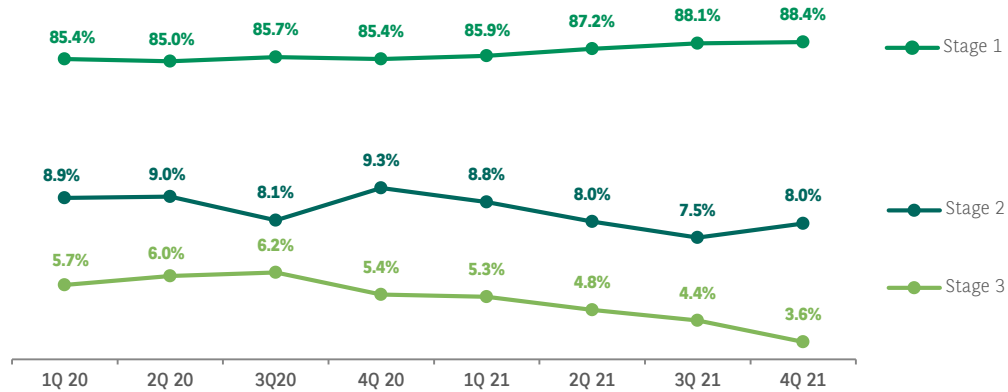


\* portfolio measured at amortised cost

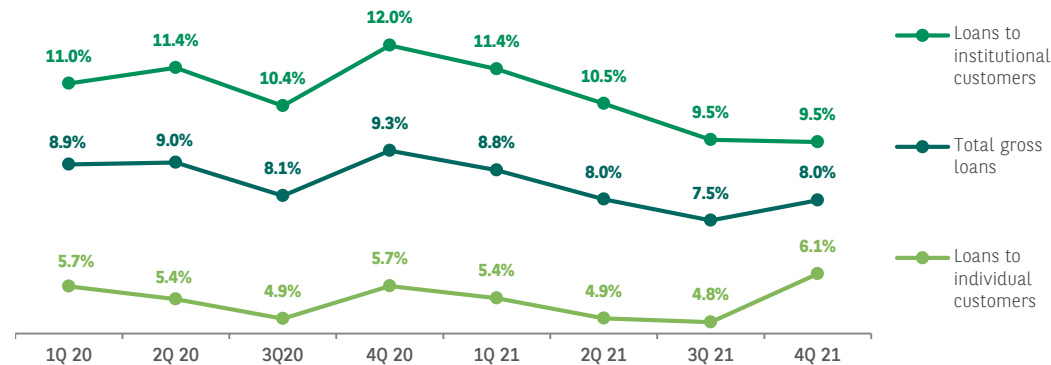
# LOAN PORTFOLIO QUALITY

STABLE LOAN PORTFOLIO STRUCTURE. IMPROVEMENT IN PROVISION COVERAGE FOR GROSS LOAN PORTFOLIO STAGE 3

## Share of each stage in gross loan portfolio

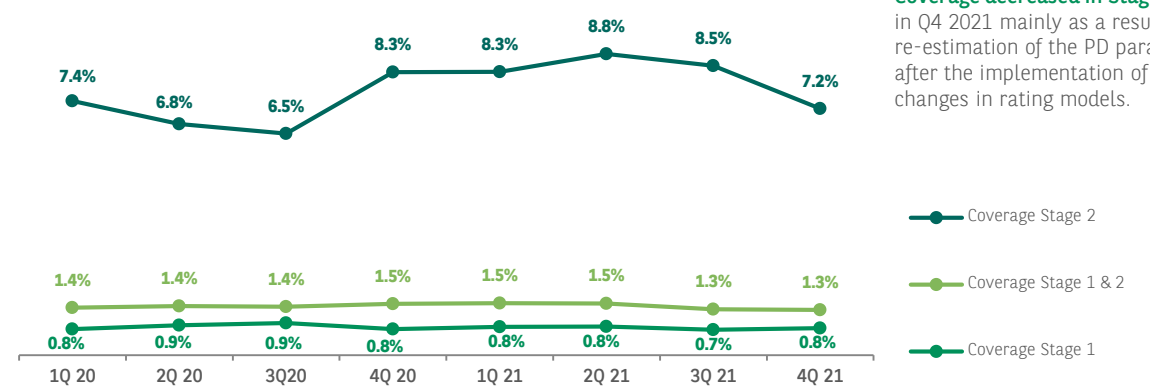


## Share of Stage 2 in gross loan portfolio



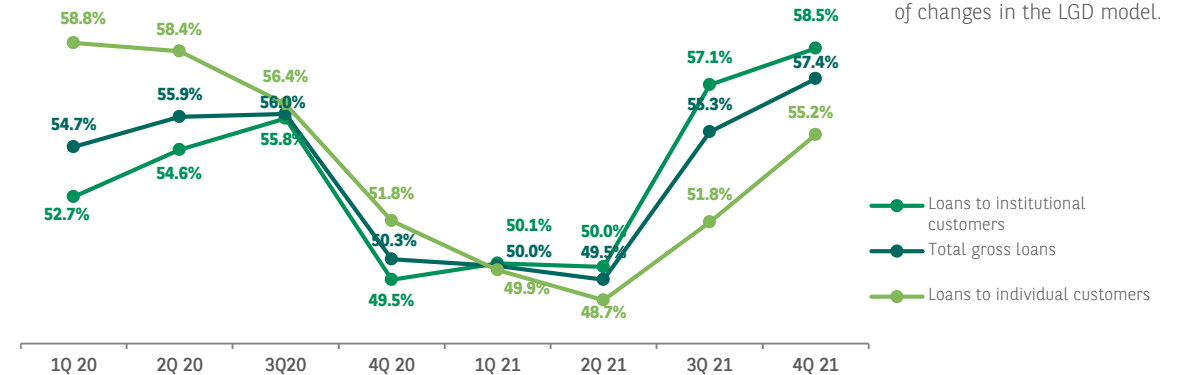
Increase of Stage 2 share in Q4 2021 mainly as a result of the introduced changes to rating models.

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



Coverage decreased in Stage 2 in Q4 2021 mainly as a result of re-estimation of the PD parameter after the implementation of changes in rating models.

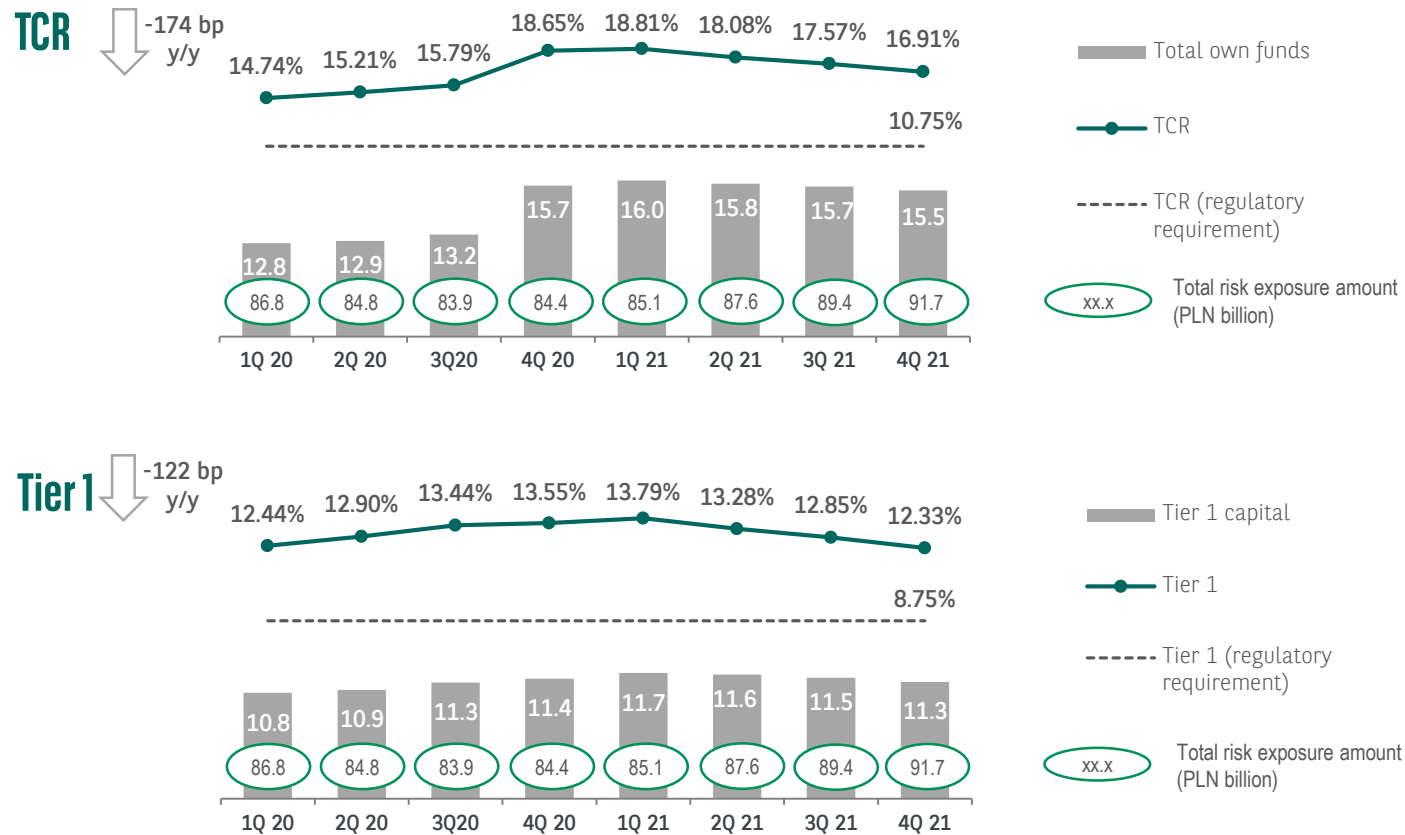
## Provision coverage for gross loan portfolio – Stage 3



Coverage increase in Stage 3 in Q4 2021 mainly as a result of changes in the LGD model.

# CAPITAL ADEQUACY

## SAFE CAPITAL POSITION



**TCR and Tier 1 above the regulatory minimum as at the end of 2021: +6.2 pp and +3.6 pp respectively**

A decrease in the value of capital adequacy ratios in Q4 2021 resulting from an increase in the total risk exposure amount following growth of the loan portfolio as well as lower own funds caused by lower valuation of securities (Tier 1).

Application of CRR Covid-19 quick fix allowing the Bank to temporarily exclude from Tier 1 a part of unrealized losses related to the securities portfolio measured at fair value through other comprehensive income.

Specific regulatory capital requirements for the Bank:

- no capital requirement for FX loans,
- OSII buffer at 0.25%,
- P2G capital add-on at the level of 0.61 p.p. from February 11 2022.

The Bank meets the BFG's MREL objectives as at the end of 2021 (TREA objective: 11.95%, ratio for the Bank: 17.91%, TEM objective: 3.00% and 11.19% respectively).

04



# SUMMARY & OUTLOOK



BNP PARIBAS



# SUMMARY & OUTLOOK

BUSINESS PERFORMANCE ON A RIGHT TRACK. POSITIVE OUTLOOK FOR 2022 BUT STILL SUBJECT TO MACRO AND SECTOR RISKS

## 2021

### key takeaways

Dynamic growth of sales and customer acquisition

Exponential growth of Sustainable financing both among individual and corporate clients

Solid financial performance impacted by the CHF-related provision

## OUTLOOK FOR 2022

### external environment

Continued growth of interest rates

Increase of BFG contribution vs. 2020

CHF mortgage loans issue evolution

Risk of further international destabilization, triggering negative impact on global markets and supply chains

Evolution of the political situation in Ukraine and its impact on the Polish economy

## OUTLOOK FOR 2022

### our priorities

Responsible business growth while maintaining appropriate risk profile

Process optimization to enhance efficiency and competitiveness

Further improvement of customer experience and satisfaction

Strengthening the position of banking leader in ESG area

**THE BANK'S AMBITIONS AND PRIORITIES FOR THE UPCOMING YEARS WILL BE REFLECTED IN THE NEW STRATEGY**

- Announcement of the new strategy for 2022-2025 planned for Q1 2022

05



# BUSINESS ACTIVITIES



BNP PARIBAS

# RETAIL & BUSINESS BANKING & PERSONAL FINANCE

GOOD ANNUAL GROWTH OF SALES. WEAKENING IN Q4. CONTINUED DIGITALISATION AND IMPROVEMENT IN CUSTOMER SERVICE QUALITY

Bankier.pl

Moje Konto Premium (My Premium Account) account for travellers company account with an auxiliary account and a cash bonus



**4.1 million**  
Retail Customers

+181 thousand +5% y/y  
+57 thousand +1% q/q

## Business development

Sales: value in Q4, change q/q, change y/y

- **personal accounts:** 81 thou., -6%, +11%
- **cash loan:** PLN 0.8 billion, -17%, +22%
- **mortgage loan:** PLN 1.7 billion, +0%, +30%
- **credit card:** 9.3 thou., -16%, +39%
- **investment products:** PLN 1.6 billion\*, -5%, -6%

\* Investment funds + structured certificates + investment deposits

## Customer Experience

- NPS +8  
Contact Centre:
- NPS +6  
GOonline
- NPS +14  
complaint satisfaction

Premium Client Relationship Managers with EFA/EFPA certificates



Best service quality via mobile channels  
Best service quality provided in a Branch



NPS and satisfaction measures - changes q/q

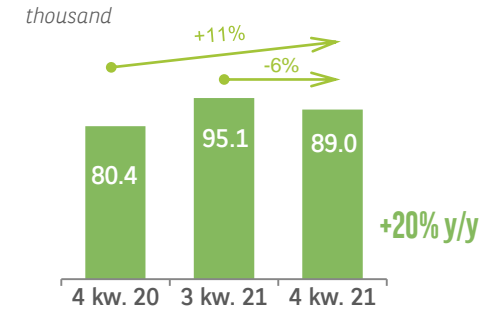
## Digitalisation

- **1.4 million active users of online banking:** +19.3% y/y (4% q/q)
- **New products in the digital environment:** loan for green changes for companies, structured deposit, electric car rental (ARVAL, My Car).
- **Handling process via mobile channels:** changing a telephone number for authorisation purposes, proxy for MICRO, for a cash loan: separate accounts for the loan repayment and overpayment, total loan amount and the overpayment amount displayed

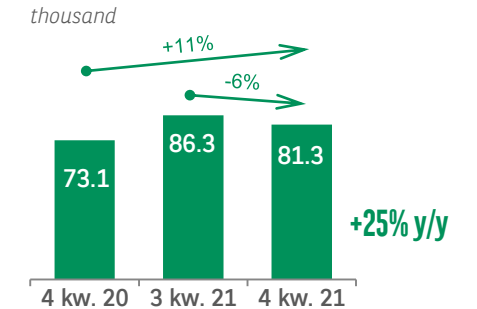
## Transformation

- **Increase in (efficiency) service quality** of loan purchases thanks to optimization and operational activities automation:
  - with respect to **mortgage loans:** +23% y/y via: e-Księga Wieczysta (97% usage level)
  - with respect to **MICRO loans:** +17% y/y - standardisation, simplification and reduced number of documents
- **Paperless and electronic signature:** 285 thousand cash transaction authorisations, 43% of all transactions in 2021
- **Cashless sales network:** decrease in payments/withdrawals at our branches, -6% y/y
- **Complaint process:** roll-out of a new tool, i.e. GObetter; shortening of the handling time by 60% y/y (22% q/q); reducing the number of complaints by 14% y/y
- **Customer Days 2021** – building a customer-oriented organisation based on 3 pillars: we listen... understand... act...
- Activities as part of the **Simplified Language** programme – simplification of language used in customer documents and communiques

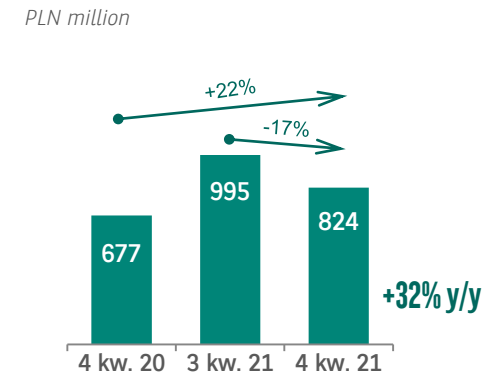
## Acquisition of individual customers



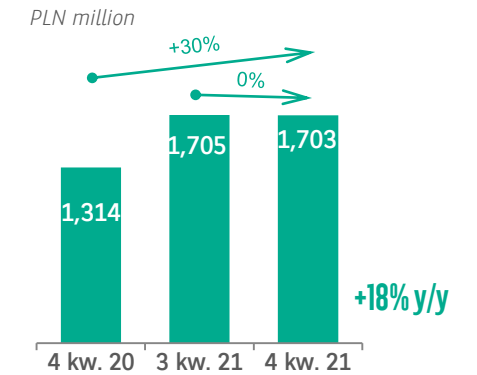
## Sale of personal accounts



## Sale of cash loans



## Sale of mortgage loans

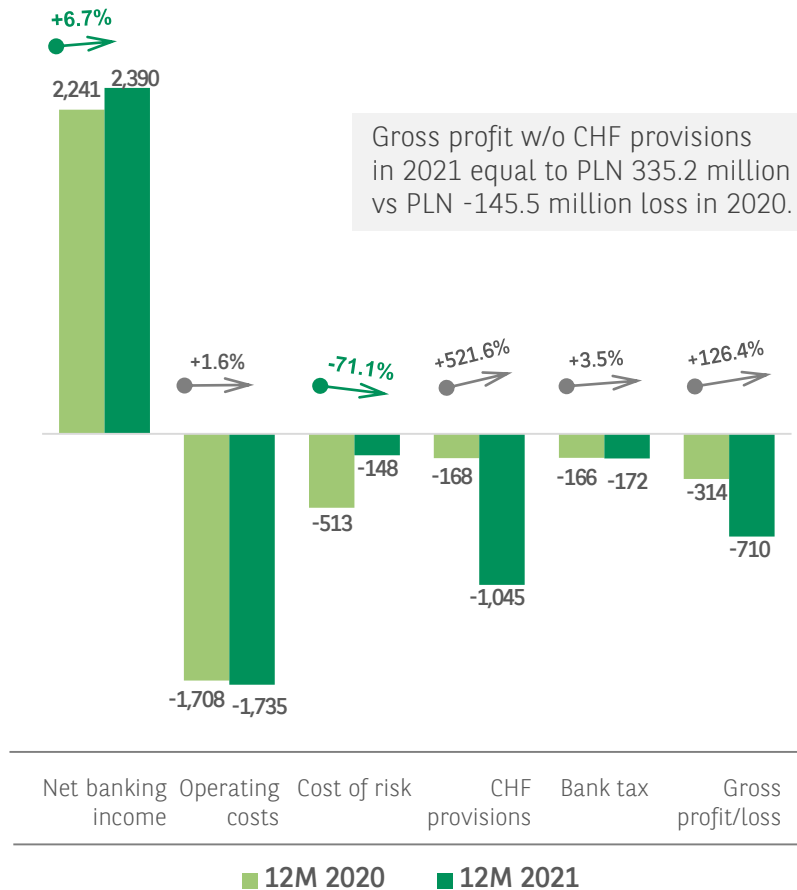


# RETAIL AND BUSINESS BANKING

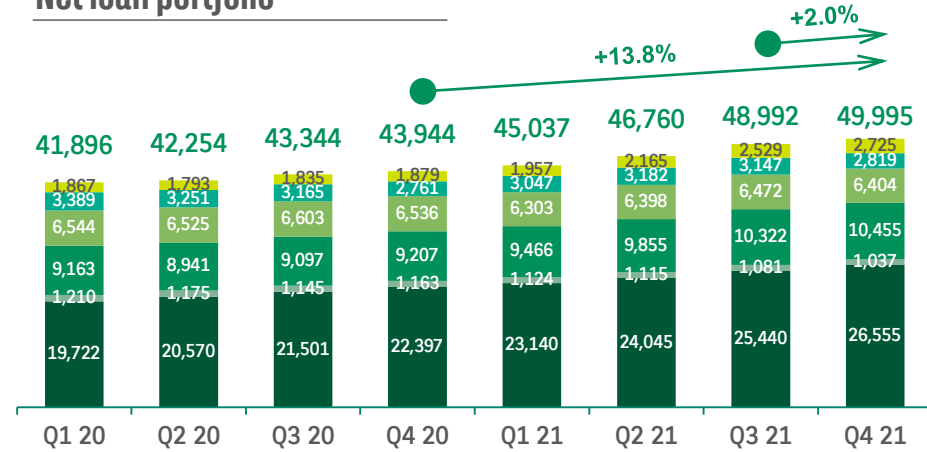
INCREASED NET BANKING INCOME, MAINLY FROM FEES. SIGNIFICANTLY LOWER COST OF RISK. INCREASED PROVISIONS FOR THE CHF PORTFOLIO LEGAL RISK

PLN million

## Gross profit/loss structure



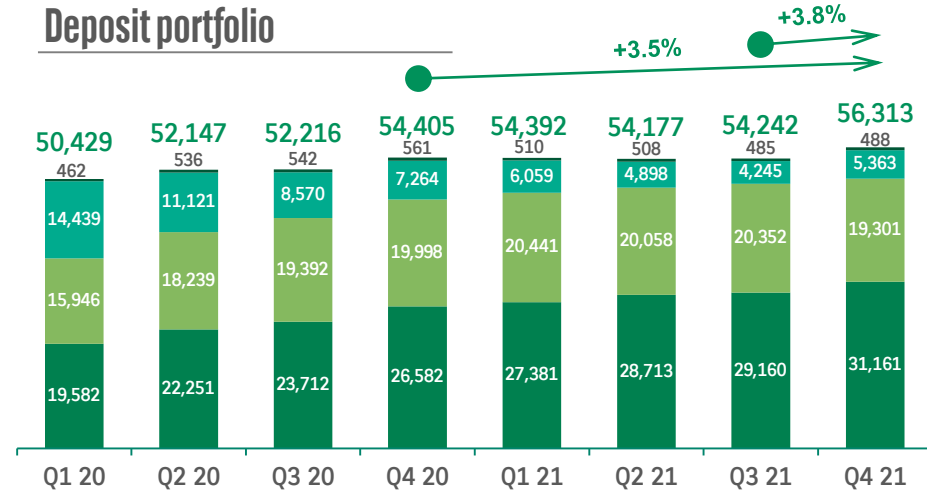
## Net loan portfolio



Segment share in the net banking income of the Group

50%

## Deposit portfolio



# CORPORATE & SME BANKING

FOCUS ON CUSTOMERS AND SERVICE QUALITY, REVERSAL OF TREND WITH RESPECT TO LOAN VOLUMES

## Business development

- Significant increase in loan volumes in Corporate Banking i.e. +12.1% y/y, SME financing +2.9% y/y
- Active building of our position on the sustainable financing market, we have provided one of the first loans linked to sustainable development in the European logistics industry (EUR 225 million for Raben Group)
- Twofold increase in the value of structured financing of commercial transactions
- Dynamic growth of leasing sale in 2021: +78% y/y of the new volume for Corporate customers and +110% y/y for SME Customers

## Customer Satisfaction – service quality

- 👍 NPS +26 SME banking
- 👍 NPS +12 Corporate Banking

NPS - changes y/y

## Transformation and digitalization

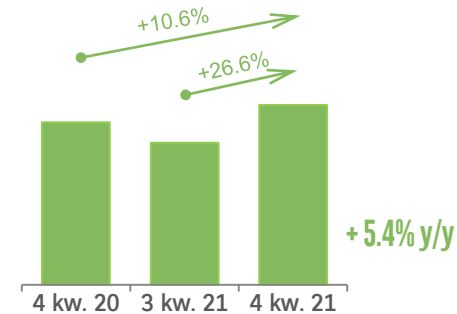
- Agile Mindset Implementation – roll-out of Tribe structures, continued transformation in Corporate and SME Banking in accordance with Agile methodology
- Continued development of the GOBiznes ecosystem for companies: a new version of the 'Accounts' module and the 'Export Collection' and 'Import Collection' modules were introduced in Online banking; additionally, the 'Loan' module was expanded, and the log-in page was introduced
- Continued development of self-service solutions for Customers: new types of instructions, including a roll-out of the automatic process of opening auxiliary accounts
- A twofold increase in the number of Gomobile Biznes users: (>17 thousand users at the end of 2021)
- Continued improvement of post-sales processes including the onboarding process and the KYC process

## Selected significant transactions carried out in Q4 2021

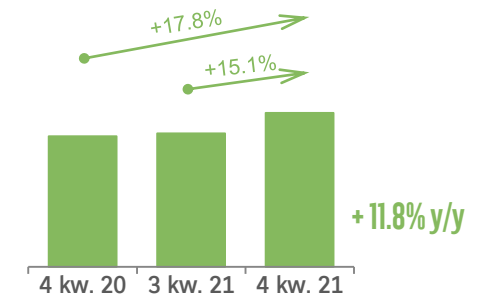
 <p>Refinansowanie oraz finansowanie bieżących potrzeb Grupy <b>1 644 mln PLN</b> BNP PARIBAS Główny Organizator Listopad 2021</p>	 <p>Refinansowanie zadłużenia Grupy oraz bieżących potrzeb <b>190 mln EUR</b> BNP PARIBAS Główny Organizator Październik 2021</p>	 <p>Wrocław Campus 39 BREAM <b>70 mln EUR</b> Kredyt budowlany i inwestycyjny BNP PARIBAS Wyłączny kredytodawca Listopad 2021</p>	 <p>Portfel 5 parków handlowych <b>29 mln EUR</b> Kredyt budowlany i inwestycyjny BNP PARIBAS Wyłączny kredytodawca Grudzień 2021</p>	 <p>Emisja obligacji korporacyjnych <b>120 mln PLN</b> BNP PARIBAS Wyłączny Organizator &amp; Bookrunner Październik 2021</p>	 <p><b>PLN 100 million</b> Revolving BNP PARIBAS Sole Lender November 2021</p>
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## Marked increase in share of products and transactionality

### Cash management Revenues



### Foreign exchange transactions Revenues



**11.7 thousand**  
Number of Corporate Customers

-0.5 thousand, -4% y/y  
+0.1% q/q

**25.7 thousand**  
Number of SME Customers

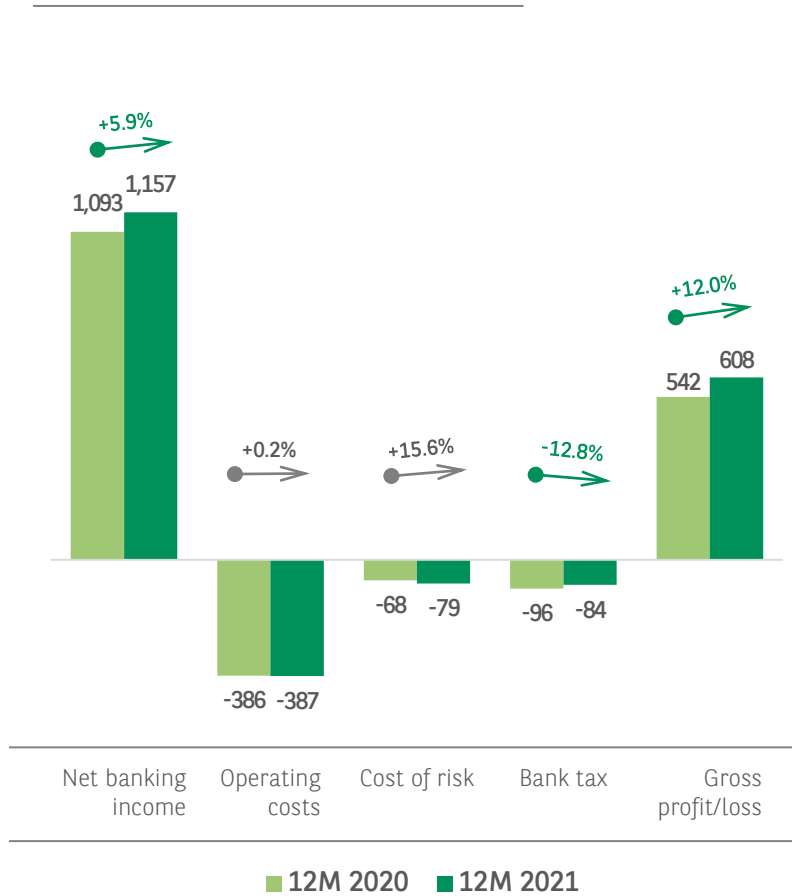
-1.5 thousand, -6% y/y  
+0.4% q/q

# CORPORATE BANKING

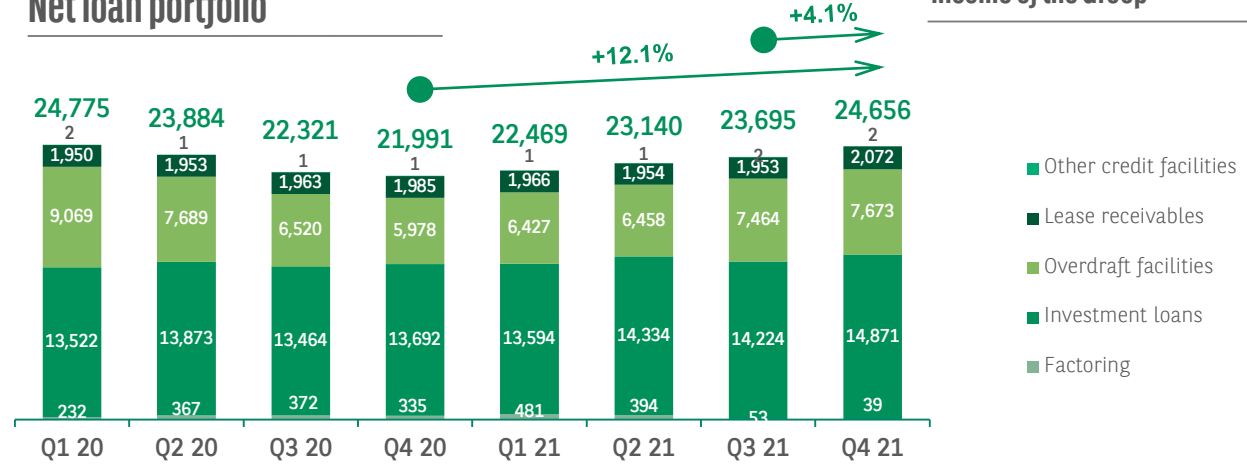
INCREASE OF INCOME AND GROSS PROFIT THANKS TO THE GROWING BUSINESS VOLUMES AND HIGHER CUSTOMER ACTIVITY

PLN million

## Gross profit/loss structure



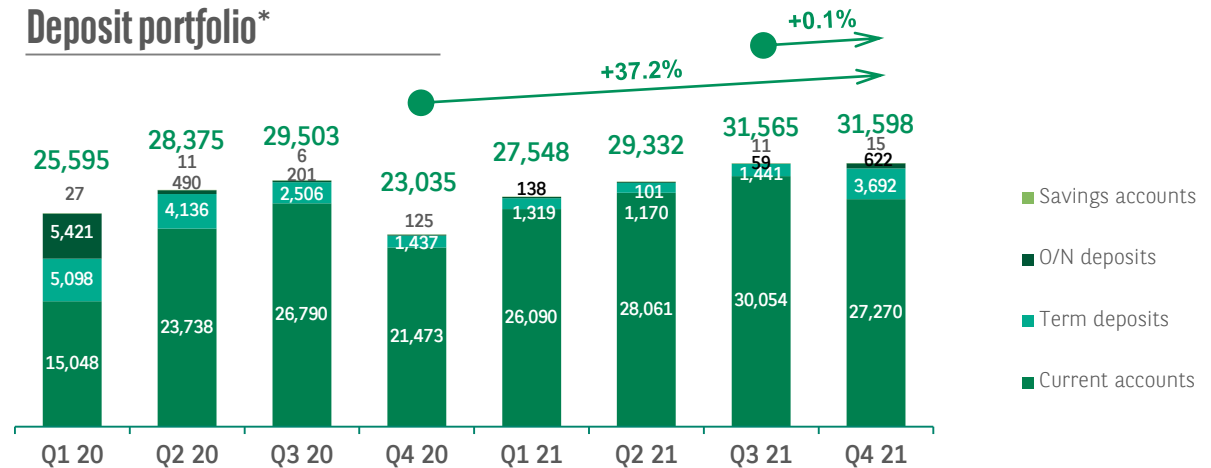
## Net loan portfolio\*



Segment share in the net banking income of the Group

24%

## Deposit portfolio\*



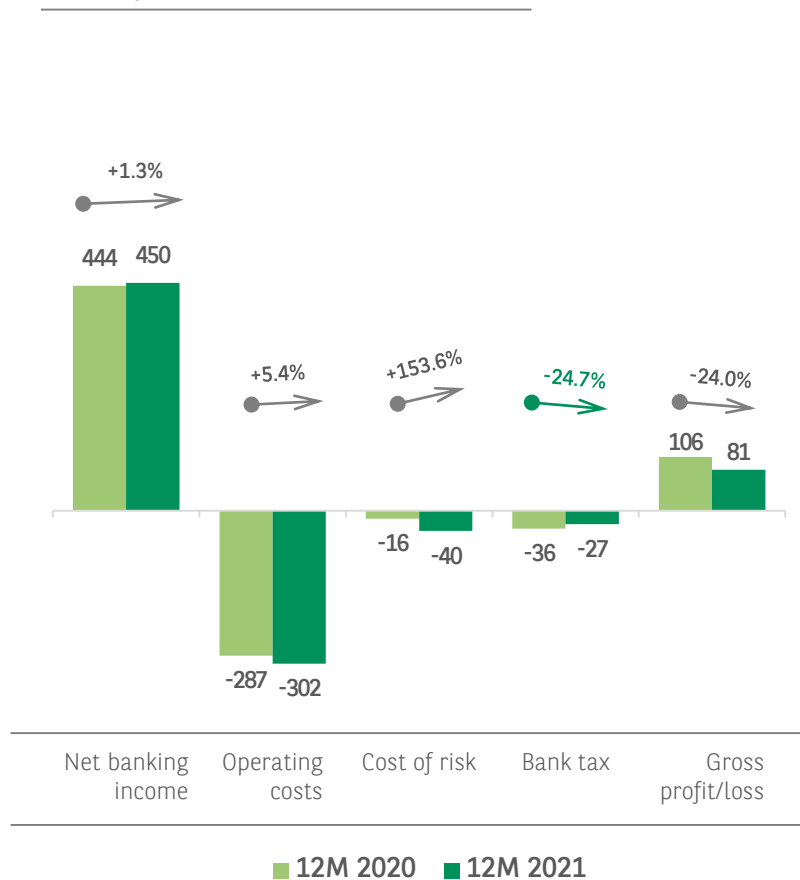
\* due to the resegmentation of the SME and Micro companies in 2021 the data for 2020 have been presented in comparative terms

# SME BANKING

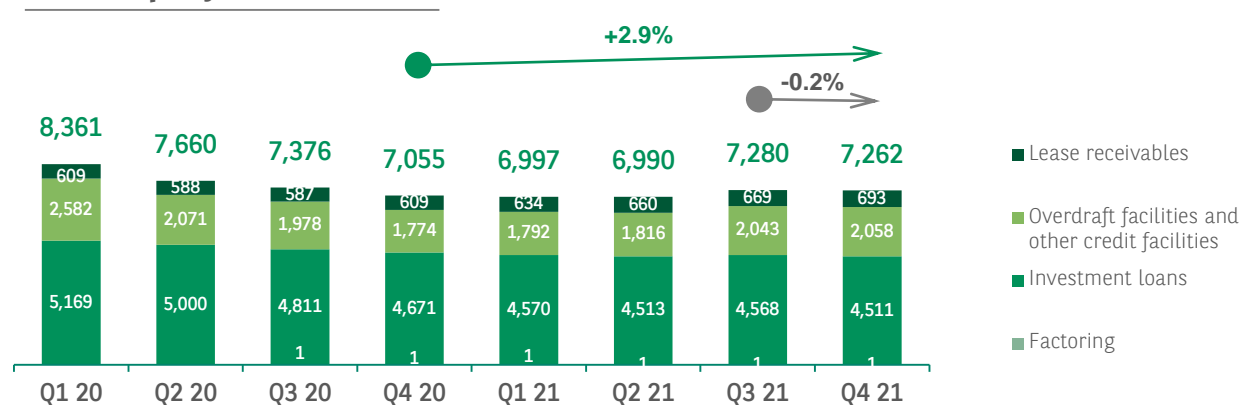
STABILIZATION OF CREDIT VOLUMES. GROSS PROFIT LOWER MAINLY DUE TO INCREASED OPERATING COSTS AND COST OF RISK

PLN million

## Gross profit/loss structure



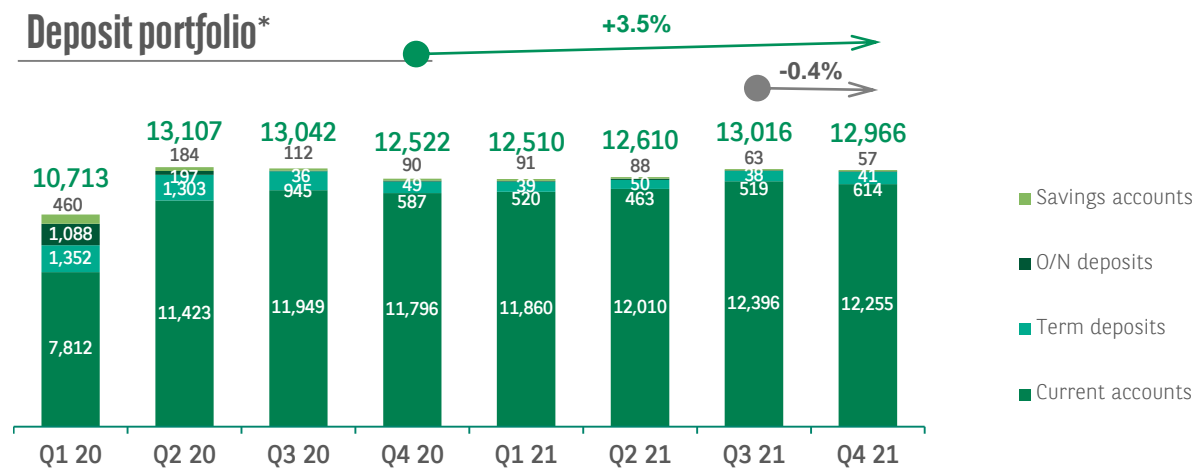
## Net loan portfolio\*



Segment share in the net banking income of the Group

9%

## Deposit portfolio\*



\* due to the resegmentation of the SME and Corporate customers in 2021 the data for 2020 have been presented in comparative terms

# AGRO SEGMENT

SUPPORT OF THE DEVELOPMENT OF SUSTAINABLE AGRICULTURE AND THE PERFORMANCE OF THE EUROPEAN GREEN DEAL GOALS



**76.7 thousand**  
AGRO Customers

## Business development

- **SME segment** - increase in the loan amount (up to PLN 500 thousand), for which a guarantee issued by the Agricultural Guarantee Fund (FGR) may be the sole collateral
- **Wide range of insurance** offered by the Bank as an Agent of Generali T.U. S.A. Gross premium written in 2021 - PLN 51.7 million (+22% y/y). Main products:
  - insurance of crops with State Budget subsidy (written premium growth +29% y/y)
  - insurance of farming equipment (written premium growth +21% y/y)

## Sales support actions and relations with Customers

- **Agro Ofensywa (Agricultural Offensive)** - a sales campaign with the following slogan „Świat Cię potrzebuje w najlepszej roli” (“The world needs you to be on top of things”)
  - credit and leasing product as well as Konto Otwarte na Agrobiznes promotion
  - ECO bonus - an additional margin reduction by 0.2 p.p. for farms with a sustainable production certificate or an ECO certificate
- **#Lokalne smaki actions (#Local tastes)** - promoting sales of high-quality food via the Allegro Lokalnie web platform
- **Financial stability in a farm** - e-learning concerning the cooperation with the Association of Sustainable Agriculture

## agronomist

- more than 5.1 thousand of registered users
- more than 50% of users are women
- more than 727 thousand of visits in 2021

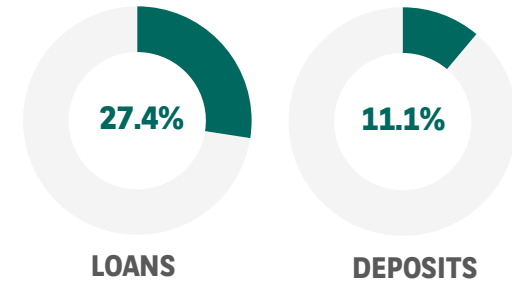
Development of further tools and thematic sections:



- **Kredytomat** - an easy and user-friendly search engine of the bank offering to help you select the products that are best suited to your farming needs. It is the first technical solution of this type on the Polish market
- **Module with medium prices of agricultural and food products** - systematic extension of the tool to include other agricultural markets; launching the next product category: dairy price section
- **'Zielone zmiany' ('green changes')** module - sharing of educational materials concerning the transformation towards sustainable production, regenerative agriculture and optimization of soil management to achieve low-carbon agriculture

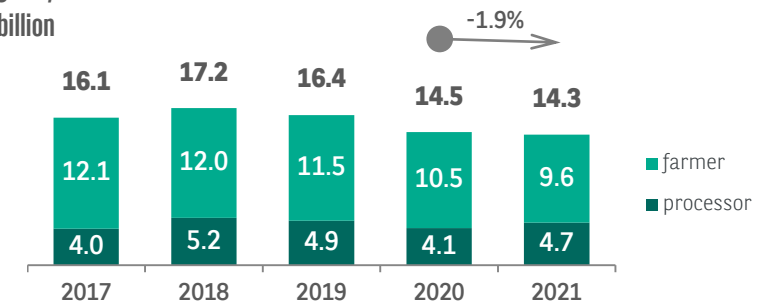
## Market shares

31.12.2021



## Loan volume

gross, PLN billion





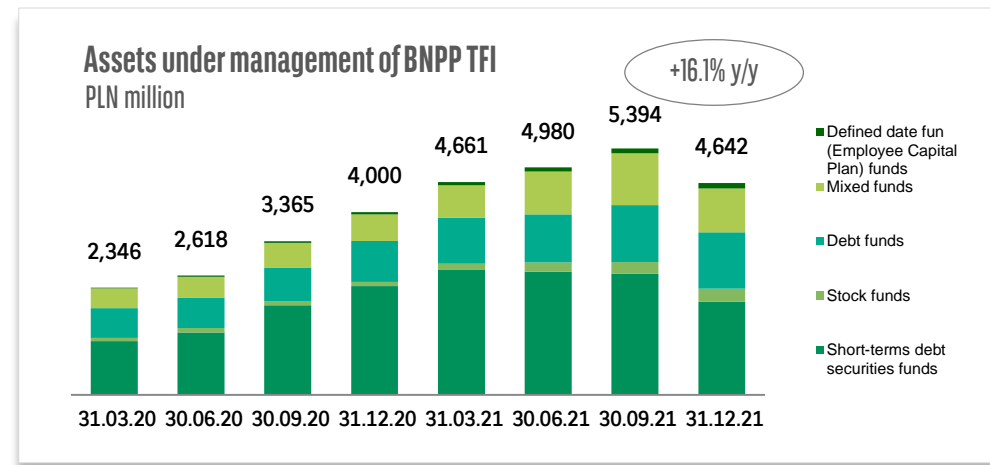
# BANK'S SUBSIDIARIES

VERY GOOD PERFORMANCE IN BOTH SUBSIDIARIES IN 2021. Q4 IN TFI IMPACTED BY INTEREST RATES HIKES

## BNP Paribas Towarzystwo Funduszy Inwestycyjnych S.A.

BNP Paribas TFI (TFI) cooperates with the Bank with respect to the distribution of the participation units of the funds offered by the TFI pursuant to an agreement signed between the Brokerage House and TFI.

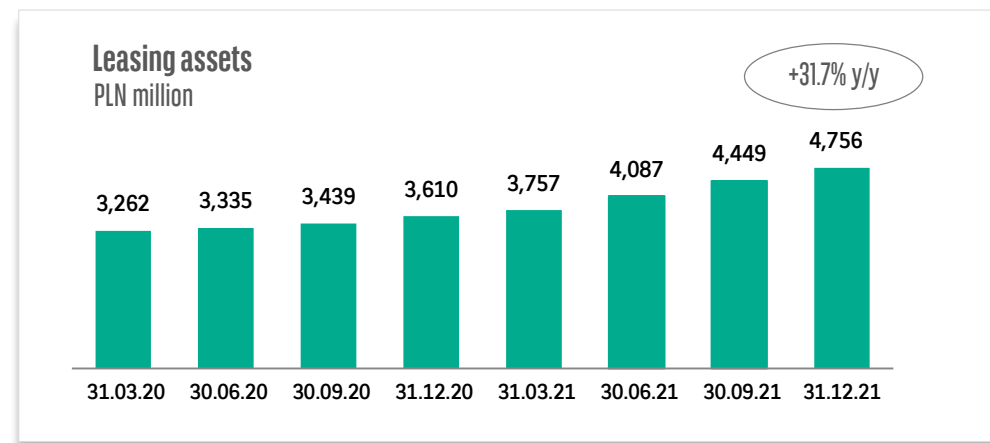
- PLN 4.6 billion - asset volume managed by TFI (December 2021): -13.9% q/q (vs. the market -6.0%). Outflow relating to the negative rates of return on debt funds due to decreasing bond prices (growing inflation and increases of interest rates). The TFI portfolios are characterized by a bigger share of debt funds in assets in comparison to the market average.
- An increase of assets under TFI management by 16.1 y/y (vs. the market by 7.2%). Increase in the market share from 2.2% to 2.4%
- The net sales of funds was significantly higher than it may follow from the market position - 5th nominal market result with respect to net inflows.
- Finalisation of the launch of the new investment strategies based on the BNP PARIBAS Group solutions which will start a new branch of funds that meet the ESG criteria.



## BNP Paribas Leasing Services sp. z o.o.

BNPP Leasing Services Sp. z o.o. in cooperation with the Bank offers the Customers from the Personal Finance, Micro company, SME, and Corporate Customers segments a full range of leasing products.

- 24.9 thousand of concluded contracts for the amount of PLN 3.456 million in 2021 (in 2020 15.5 thousand of contracts for the amount of PLN 1.975 million) - a value growth by +75% y/y.
- A twofold increase in the sales dynamics in comparison with very good results of the industry reported in 2021 by the Polish Leasing Association.
- A record level of financed asset portfolio PLN ~4.8 billion (December 2021) - increase by +31.7% y/y.
- A significant improvement of the financial result +121% y/y through economies of scale and thanks to a significant economic efficiency of the conducted business activities.
- No significant impact of instalment payment extensions granted to Customers in 2020 on the quality of Company's portfolio. Through monitoring of Customers' repayment discipline very good quality of assets has been bolstered.



# ENCLOSURES

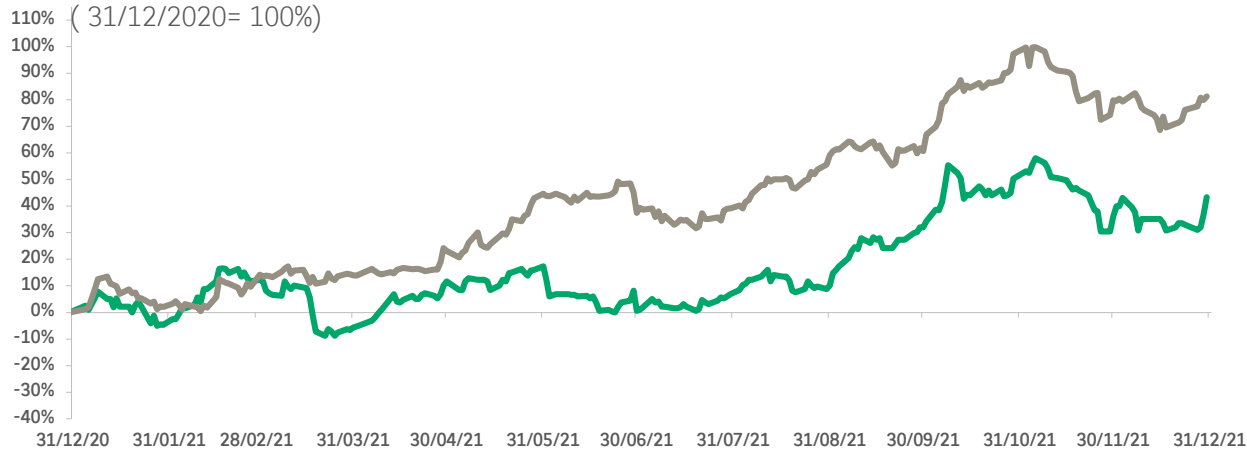
Shares of BNP Paribas Bank Polska  
Financial results of the Group for 2021  
Material events 2019-2021  
Profit and Loss Account  
Assets, Liabilities and Equity

# SHARES OF BNP PARIBAS BANK POLSKA SA

INCREASE OF BANK'S SHARE PRICE IN 2021. INCREASED LIQUIDITY AS A RESULT OF A SUCCESSFUL ABB TRANSACTION

## Change in share price

ISIN code: PLBGZ0000010 Ticker GPW: BNP Index: sWIG80, sWIG80TR

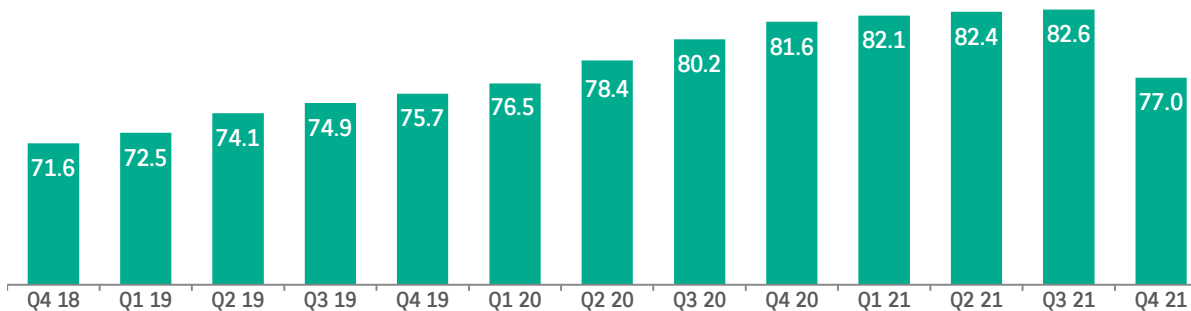


**BNP PARIBAS**  
**PLN 91.2**  
**+43,4% y/y**

**WIG banki**  
**+81.3% y/y**

## Book value per share

(PLN thousand, at the end of the quarter)



## 31/12/2021

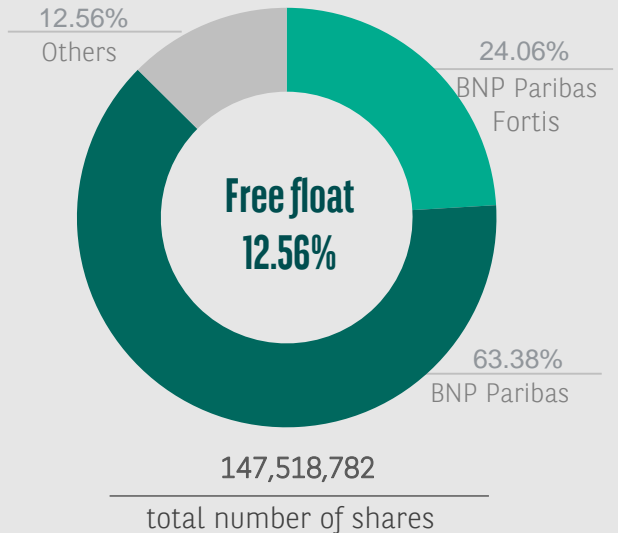
free-float: PLN 1.69 billion  
P/BV: 1.18  
capitalisation: PLN 13.45 billion

## Fitch rating

Long-Term Issuer Default Rating (LT IDR) - A+  
Short-Term Issuer Default Rating (ST IDR) - F1  
Viability Rating (VR) - bbb-  
Shareholder Support Rating (SSR) - a+

## The shareholder structure

(31/12/2021)



At the beginning of June 2021, in the course of accelerated bookbuilding (ABB), BNP Paribas SA sold 1.26% of the Bank's shares, whereas Rabobank International Holding B.V. sold 3.81% of those shares. Those transactions increased free float and the liquidity of Bank's shares.



# FINANCIAL RESULTS OF THE GROUP AFTER 12 MONTHS OF 2021

INCREASE OF THE LEVEL OF NET BANKING INCOME (Y/Y). HIGHER LEGAL RISK PROVISIONS PARTIALLY NEUTRALISED BY LOWER COSTS OF RISK

	12M 2021 PLN million	12M 2020 PLN million	change y/y
Net banking income	4,809.3	4,704.7	+2.2%
Total expenses	(2,543.5)	(2,505.6)	+1.5%
Net impairment losses	(266.2)	(601.5)	(55.7%)
Provisions for legal risk associated with CHF loans	(1,045.3)	(168.2)	521.6%
Financial institution tax	(338.1)	(318.9)	+6.0%
Pre-tax profit	616.1	1,110.6	(44.5%)
<b>Net profit</b>	<b>176.3</b>	<b>733.1</b>	<b>(76.0%)</b>
	<b>31.12.2021</b>	<b>31.12.2020</b>	<b>change y/y</b>
Return on Equity (ROE)	1.5%	6.3%	(4.8 p.p.)
Cost / Income (C/I)	52.9%	53.3%	(0.4 p.p.)
Total capital ratio	16.9%	18.6%	(1.7 p.p.)
Tier 1 capital ratio	12.3%	13.5%	(1.2 p.p.)

## In 2021, as compared to 2020, BNP Paribas Bank Polska S.A. Group:

- created higher provisions for legal risk associated with CHF loans; the costs of those provisions increased by PLN 877.1 million (i.e. by 521.6%);
- bore the risk costs that were lower by PLN 335.3 million (by 55.7%), amongst other things, due to lower negative impact of COVID-19 pandemics on the financial condition of Bank's credit customers;
- posted the Banking Guarantee Fund (BFG) costs that were lower by PLN 69.8 million y/y (due to the 2021 decrease in an annual premium for the restructuring fund and quarterly premiums for the guarantee fund);
- reached a net banking income level higher by PLN 61.4 million (by 1.3%), neutralising the decrease of, amongst other things, net trading income (by PLN 114.9 million; -15.4%) and net investment income (by PLN 34.2 million) through the increase of, amongst other things, net fee and commission income (by PLN 132.9 million; 14.5%), net interest income (by PLN 80.9 million; 2.6%) and result on hedge accounting fair value (by PLN 61.4 million).

**Reported net profit amounted to PLN 176 million,  
i.e. a decrease by 76.0% y/y.**

# MATERIAL EVENTS

IN INDIVIDUAL REPORTING PERIODS

	1st quarter	2nd quarter	3rd quarter	4th quarter
2021	<ul style="list-style-type: none"> <li>• PLN -90.1 million contribution for the restructuring fund of BFG (PLN -103,7 million - the whole BFG)</li> <li>• PLN - 71.9 million provision for CHF loans</li> </ul>	<ul style="list-style-type: none"> <li>• PLN - 187.1 million provision for CHF loans</li> </ul>	<ul style="list-style-type: none"> <li>• PLN - 202.0 million provision for CHF loans</li> <li>• PLN +33.9 million review of allocation of discount curves used for valuation of hedged instruments (Macro Fair Value Hedge)</li> </ul>	<ul style="list-style-type: none"> <li>• PLN - 584.4 million provision for CHF</li> </ul>
2020	<ul style="list-style-type: none"> <li>• PLN +43.6 million sale of the real estate at Kasprzaka Str.</li> <li>• PLN - 11.3 million provision for CHF loans</li> <li>• PLN - 9.8 million legal risk provision - lost option case</li> <li>• PLN -126.0 million contribution for the restructuring fund of BFG (PLN -147.6 million - the whole BFG)</li> </ul>	<ul style="list-style-type: none"> <li>• PLN +45.1 million change of the BIK and KIR valuation</li> <li>• PLN - 15.2 million provision for CHF loans</li> </ul>	<ul style="list-style-type: none"> <li>• PLN - 39.9 million provision for CHF loans</li> <li>• PLN - 26.6 million penalty imposed by UOKiK – contractual provisions concerning F/X spreads in loan contracts</li> </ul>	<ul style="list-style-type: none"> <li>• PLN - 101.7 million provision for CHF loans</li> <li>• PLN -41.4 million restructuring provision (workforce optimisation)</li> </ul>
2019	<ul style="list-style-type: none"> <li>• PLN -54.3 million integration costs</li> <li>• PLN -116.1 million contribution for the restructuring fund of BFG (PLN -129.1 million - the whole BFG)</li> </ul>	<ul style="list-style-type: none"> <li>• PLN -108,5 million integration costs</li> <li>• PLN +45.0 million (net PLN +36.5 million) for factoring sale</li> </ul>	<ul style="list-style-type: none"> <li>• PLN -103.3 million integration costs</li> <li>• PLN -48.8 million provision for refund of commission (TSUE)</li> <li>• PLN -11.3 million provision for the option case, PLN -6.4 million operating loss and PLN -2.6 million factoring price adjustment</li> </ul>	<ul style="list-style-type: none"> <li>• PLN -148.4 million integration costs</li> <li>• PLN - 32.1 million portfolio provision for CHF loans</li> <li>• PLN -20.8 million provision for refund of commission (TSUE)</li> </ul>

# CONSOLIDATED P&L

PLN thousand

Profit and loss account	cumulatively		quarterly							
	31/12/2021	31/12/2020	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Interest income	3,420,814	3,573,340	962,235	842,538	812,433	800,608	815,791	825,402	912,190	1,019,957
Interest expenses	(279,872)	(513,270)	(101,004)	(57,555)	(53,835)	(67,478)	(68,405)	(86,491)	(148,909)	(209,465)
<b>Net interest income</b>	<b>3,140,942</b>	<b>3,060,070</b>	<b>864,231</b>	<b>784,983</b>	<b>758,598</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*	1,284,545	1,132,051	364,744	311,808	303,557	304,436	314,772	301,050	249,685	266,538
Fee and commission expenses*	(235,559)	(215,956)	(63,487)	(61,209)	(53,713)	(57,150)	(56,972)	(49,814)	(49,386)	(59,778)
<b>Net fee and commission income</b>	<b>1,048,986</b>	<b>916,095</b>	<b>301,257</b>	<b>250,599</b>	<b>249,844</b>	<b>247,286</b>	<b>257,800</b>	<b>251,236</b>	<b>200,299</b>	<b>206,760</b>
Dividend income	8,550	9,669	1,737	5,358	1,096	359	1,419	5,811	460	1,979
Net trading income	633,493	748,390	140,076	161,600	173,752	158,065	213,992	157,593	189,619	187,186
Net investment income	(5,133)	29,081	(50,478)	5,351	7,389	32,605	196	11,015	41,439	(23,569)
Result on hedge accounting	50,369	(11,077)	26,502	42,429	(17,597)	(965)	1,612	(2,992)	(869)	(8,828)
Other operating income	229,695	323,586	95,878	24,143	57,990	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>(266,185)</b>	<b>(601,499)</b>	<b>(74,239)</b>	<b>(60,932)</b>	<b>(70,946)</b>	<b>(60,068)</b>	<b>(108,533)</b>	<b>(94,733)</b>	<b>(199,912)</b>	<b>(198,321)</b>
Net provisions for CHF mortgages legal risk**	(1,045,304)	(168,156)	(584,375)	(201,952)	(187,119)	(71,858)	(101,680)	(39,914)	(15,233)	(11,329)
General administrative expenses	(2,143,976)	(2,137,605)	(601,246)	(501,231)	(474,430)	(567,069)	(527,326)	(479,852)	(480,881)	(649,546)
Depreciation	(399,553)	(367,958)	(103,907)	(97,448)	(100,094)	(98,104)	(97,424)	(90,982)	(89,960)	(89,592)
Other operating expenses	(297,645)	(371,120)	(86,909)	(58,836)	(81,064)	(70,836)	(123,043)	(83,255)	(53,989)	(110,833)
<b>Operating result</b>	<b>954,239</b>	<b>1,429,476</b>	<b>(71,473)</b>	<b>354,064</b>	<b>317,419</b>	<b>354,229</b>	<b>349,163</b>	<b>416,193</b>	<b>403,626</b>	<b>260,494</b>
Banking tax	(338,110)	(318,909)	(90,734)	(85,433)	(83,546)	(78,397)	(84,461)	(83,625)	(80,182)	(70,641)
<b>Gross profit (loss)</b>	<b>572,941</b>	<b>1,110,567</b>	<b>(205,395)</b>	<b>268,631</b>	<b>233,873</b>	<b>275,832</b>	<b>264,702</b>	<b>332,568</b>	<b>323,444</b>	<b>189,853</b>
Income tax	(439,831)	(377,472)	(111,297)	(114,772)	(101,916)	(111,846)	(97,236)	(101,066)	(104,398)	(74,772)
<b>NET PROFIT (LOSS)</b>	<b>176,298</b>	<b>733,095</b>	<b>(273,504)</b>	<b>153,859</b>	<b>131,957</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	31/12/2021	30/09/2021	30/06/2021	31/03/2021	30/12/2020	30/09/2020	30/06/2020	31/03/2020	31/12/2019
<b>ASSETS</b>									
Cash and balances with the Central Bank	4,631,477	3,132,250	3,141,350	4,421,561	3,421,877	2,923,598	4,524,539	3,225,246	4,658,171
Amounts due from banks	2,615,150	2,207,890	2,213,159	1,103,773	774,722	661,528	1,834,807	1,047,005	679,308
Derivative financial instruments	1,901,919	1,394,874	1,146,686	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	65,465	225,082	313,168	311,980	531,793	578,742	563,865	481,474	228,120
Loans and advances to customers valued at amortised cost	85,080,454	82,164,097	78,505,722	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	1,219,027	1,303,134	1,374,555	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	23,268,041	23,311,378	23,407,789	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	347,309	324,804	390,716	379,637	371,900	363,874	340,468	279,141	241,754
Securities valued at fair value through the other comprehensive income	9,143,353	9,955,538	10,084,750	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	728,475	654,274	649,326	634,350	651,608	552,575	525,717	511,272	519,945
Property, plant and equipment	1,243,523	1,285,292	1,388,746	1,446,340	1,479,540	1,123,993	1,149,393	1,158,185	1,226,746
Deferred income tax assets	876,599	765,151	708,203	699,561	745,606	871,098	904,821	943,848	976,748
Current income tax assets	94	32,335	41,752	62,938	55,087	42,816	43,195	27,139	-
Other assets	656,595	860,266	656,849	739,544	786,839	810,344	804,879	629,701	884,845
<b>TOTAL ASSETS</b>	<b>131,777,481</b>	<b>127,616,365</b>	<b>124,022,771</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

	31/12/2021	30/09/2021	30/06/2021	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	-	105,570	-	-	84,675	106,994	-	-	-
Amounts due to other banks	8,012,244	5,403,854	5,779,760	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	44,107	161,918	277,325	319,557	542,719	585,208	597,961	535,006	224,218
Derivative financial instruments	1,918,032	1,246,824	1,026,498	1,404,643	1,521,148	1,344,080	1,333,735	1,549,344	815,637
Amounts due to customers	101,092,941	99,035,855	95,971,665	94,687,974	90,051,004	94,880,015	93,742,118	86,927,106	86,134,984
Liabilities on debt securities issue	722,628	847,060	986,656	1,148,518	1,318,380	1,504,164	1,704,302	1,919,545	2,179,052
Subordinated liabilities	4,334,572	4,312,595	4,266,376	4,308,602	4,306,539	1,975,455	1,962,317	1,998,570	1,882,064
Leasing liabilities	860,004	902,843	942,856	978,393	968,749	629,323	637,185	638,211	602,192
Other liabilities	1,556,289	2,221,936	1,693,593	1,527,922	1,269,243	1,500,465	1,715,669	1,762,631	1,893,414
Current income tax liabilities	175,681	99,758	20,042	-	-	53,714	31,192	4,463	38,338
Deferred income tax provision	-	-	-	-	-	8,410	8,410	8,410	8,535
Provisions	1,699,352	1,090,075	899,852	704,417	659,410	540,925	522,029	507,410	531,061
<b>TOTAL LIABILITIES</b>	<b>120,415,850</b>	<b>115,428,288</b>	<b>111,864,623</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	147,519	147,519	147,519	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	9,110,976	9,110,976	9,110,976
Other reserve capital	2,946,115	2,945,066	2,943,731	2,942,411	2,208,982	2,207,770	2,206,558	1,572,757	1,572,757
Revaluation reserve	(595,622)	(41,694)	83,571	163,483	255,833	214,271	187,298	133,205	125,251
Retained earnings	(247,357)	26,210	(127,649)	(259,757)	307,317	139,851	(91,651)	318,000	202,980
retained profit	(423,655)	(423,592)	(423,592)	(423,743)	(425,778)	(425,778)	(425,778)	202,919	(411,714)
net profit for the period	176,298	449,802	295,943	163,986	733,095	565,629	334,127	115,081	614,694
<b>TOTAL EQUITY</b>	<b>11,361,631</b>	<b>12,188,077</b>	<b>12,158,148</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>131,777,481</b>	<b>127,616,365</b>	<b>124,022,771</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.

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**BNP PARIBAS**

BNP Paribas Bank Polska Spółka Akcyjna, with its registered office in Warsaw at ul. Kasprzaka 2, 01-211 Warsaw, entered into the Register of Entrepreneurs of the National Court Register (KRS) by the District Court for the capital city of Warsaw in Warsaw, 13th Commercial Department of the National Court Register, with KRS number: 0000011571, tax identification number (NIP): 526-10-08-546, and a fully paid share capital of PLN 147,518,782.