



Independent Statutory Auditor's Report on the Audit
of Separate Annual Financial Statements of
BNP Paribas Bank Polska S.A.
for the financial year ended
31 December 2021

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INDEPENDENT STATUTORY AUDITOR'S REPORT ON THE AUDIT OF SEPARATE ANNUAL FINANCIAL STATEMENTS

Translation of the document originally issued in Polish

To the General Meeting and the Supervisory Board of BNP Paribas Bank Polska S.A.

Report on the Audit of Separate Annual Financial Statements

Opinion

We have audited the separate annual financial statements of BNP Paribas Bank Polska S.A. ("the Bank"), which comprise the separate statement of financial position as at 31 December 2021, the separate statement of comprehensive income, the separate statement of profit or loss and other comprehensive income, the separate statement of changes in equity, the separate statement of cash flows for the financial year from 1 January 2021 to 31 December 2021 and notes comprising a summary of significant accounting policies and other explanatory notes ("separate financial statements").

In our opinion, the accompanying separate financial statements:

- give a true and fair view of the property and financial position of the Bank as at 31 December 2021, and of its financial result and its cash flow for the financial year then ended in accordance with the applicable International Financial Reporting Standards as adopted by the European Union and the adopted accounting principles (policy);
- comply with the applicable legislation and with the provisions of the Bank's Articles of Association as to the form and content;
- have been prepared based on the accounting books kept properly, in accordance with Chapter 2 of the Accounting Act of 29 September 1994 (the Accounting Act" - Journal of Laws of 2021, item 217 as amended).

The present opinion is consistent with the additional report to the Audit Committee that we issued on 2 March 2022.

Basis for Opinion

We conducted our audit in accordance with National Standards on Auditing as per International Standards on Auditing adopted by resolution no. 3430/52a/2019 of the National Council of Statutory Auditors of 21 March 2019 regarding national standards on auditing and other documents, as amended (National Standards on Auditing "NSA"), as well as according to the Act on Statutory Auditors, Audit Firms and Public Supervision of 11 May 2017 ("the Act on Statutory Auditors" - Journal of Laws of 2020, item 1415 as amended) and Regulation (EU) No 537/2014 of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities ("EU Regulation" - Official Journal of the European Union L 158/77 of 27 May 2014, as amended). Our responsibility under those standards has been further described in "Statutory Auditor's Responsibility for the Audit of the Financial Statements" section of our report.

We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants ("the IESBA Code"), adopted by resolution of the National Council of Statutory Auditors No. 3431/52a/2019 of 25 March 2019 on the principles of professional ethics for statutory auditors, as amended, and other ethical requirements which are applicable to the audit of financial statements in Poland. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. During the audit the key statutory auditor and the audit firm remained independent of the Bank in accordance with the independence requirements specified in the Act on Statutory Auditors and EU Regulation.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in the auditor's professional judgment, were of most significance in the audit of the separate financial statements for the current reporting period. These include the most significant assessed risks of material misstatement, including the assessed risks of material misstatement due to fraud. These matters were addressed in the context of our audit of the separate financial statements as a whole and in forming our opinion thereon, and we summarized our responses to these risks, and, where deemed appropriate, presented the most important observations related to these risks. We do not provide a separate opinion on these matters.

Key audit matter	How our audit responded to this matter
Allowance for expected credit losses on loans and advances to customers In accordance with International Financial Reporting Standard 9 Financial Instruments ("IFRS 9"), the Parent Company's management should determine the amount of expected credit losses that may occur during a 12-	We have conducted a critical analysis of design and implementation of the process of credit risk assessment and estimation of expected credit losses and we evaluated the control mechanisms in these processes. We reconciled the loan database and loans impairment (i.e. expected credit losses) with the general ledger in order to confirm the completeness of the recognition of

month period or the remaining life of a financial asset, depending on the classification of individual assets into risk categories ("stages", "phases") taking into account the impact of future macroeconomic conditions on the level of expected credit losses.

The determination of the amount and the moment of recognition of expected credit losses requires the application of significant judgment and significant and complex estimates, including primarily credit risk parameters in the models of calculation of expected credit losses.

The estimate of the allowance for expected credit losses takes into account the issue of the impact of the global COVID-19 pandemic. This estimate required the Parent Company's management to apply additional assumptions and expert adjustments to account for the uncertainty associated with the current and future macroeconomic environment and to reflect risk factors not included in the Bank's models.

Note 3.a *Estimates - Impairment of financial assets*, Note 21 *Loans and advances to customers measured at amortised cost* and Note 55.2 *Credit risk* provide details of the methods and models used and the level of allowance for expected credit losses in the portfolio of loans and advances to customers.

loan receivables that are the basis for impairment losses calculation.

As part of our procedures, we analyzed the Bank's procedures and regulations with respect to the classification and valuation of financial assets, including the estimation of expected credit losses in terms of compliance with the requirements of IFRS 9 and market practice.

For the homogeneous loan portfolio assessed collectively we have:

- performed analysis of the methodology applied to calculate impairment losses for exposures assessed collectively, including the adequacy of risk parameters applied by the Bank;
- verified the calculation of expected credit losses for selected portfolios;
- assessed of the verification of the models based on historical data (so called back-tests and validation reports);
- reviewed the approach and assumptions used to create adjustments not included in the models created to reflect the impact of the COVID-19 pandemic and uncertain economic conditions on the measurement of the allowance for expected credit losses.

For the non-homogeneous loan portfolio assessed individually:

- We analyzed the process and methodology of identifying impairment and classification into stages;
- On a selected sample of credit exposures, we analyzed the documents concerning the borrower's financial standing and the impairment calculation.

We focused on the impact of occurrence of COVID-19 pandemic, as well as the implementation of the EBA's guidelines on the application of the definition of non-performing obligation, the so-called default, set out in Article 178 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms.

	<p>We assessed the quality and verified correctness of the disclosures concerning loans impairment (expected credit losses) in the financial statements.</p>
<p>Provisions for risk related to the portfolio of mortgage loans in foreign currencies</p> <p>Estimates of provisions for litigation and legal related to FX mortgage loans are complex and require a significant level of judgment in determining possible scenarios, as well as with respect to the assumptions made regarding the number of expected lawsuits, the likelihood of their resolution, the likelihood of individual negotiations with the customer, and the amount of loss in the event the Bank loses a lawsuit or in the event of individual negotiations.</p> <p>The Bank is performing a scenario analysis, taking into account both litigation and potential settlements with customers, in which it has made significant assumptions regarding the number of expected lawsuits, the likelihood of losing the court case, the likelihood of possible settlements by the courts, as well as estimating the magnitude of the loss incurred from potential settlements with customers.</p> <p>The Parent Undertaking 's estimates in this regard are based on historical observations indicating significant uncertainty about the number of lawsuits that will be filed in court in the future, as well as the lack of a consistent line of decisions in existing court rulings.</p> <p>Note 55 <i>Litigation details</i> the assumptions used to calculate the provisions for the foreign currency mortgage portfolio and the possible alternative results presented in the sensitivity analysis of the estimate.</p>	<p>During the audit we have performed the following procedures:</p> <ul style="list-style-type: none"> • We performed a critical review of the model for estimating the cost of legal risk of CHF loans and assumptions taken, • We discussed with the Management Board and specialists, including the Bank's lawyers and external experts, the assumptions made taking into account historical observations, including information and events occurring after the balance sheet date, • We analyzed documentation and opinions of external law firms obtained by the Bank for the purpose of estimating probability of realization of particular scenarios of possible outcomes, • We analyzed model documentation, • We have analyzed the results of surveys performed by the Bank regarding customers' willingness to engage in individual negotiations, • We have verified the method of calculation of potential losses under particular scenarios assumed by the Bank, • We have verified the reserve estimation model and check the correctness and completeness of data underlying the estimation, • We have confirmed the mathematical correctness of the provision calculation, • We have analyzed events after the balance sheet date and their impact on the reserve estimate, • We have reviewed correspondence, reports and analyses addressed to the Bank by regulatory authorities, • We have assessed the quality and verify the correctness of the information disclosed regarding provisions for disputes related to CHF loans, • We have analyzed the settlements of actual settlements with customers.

Responsibilities of the Management Board and Supervisory Board for the Separate Financial Statements

The Bank's Management Board is responsible for preparing, based on the accounting books properly kept, the separate financial statements that give a true and fair view of the Bank's property and financial position and its financial performance in accordance with International Financial Reporting Standards as adopted by the European Union and adopted accounting principles (policy), as well as with the relevant legislation and with the provisions of the Bank's Articles of Association. The Bank's Management Board is also responsible for such internal control as the Management Board determines is necessary to enable the preparation of separate financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the separate financial statements, the Bank's Management Board is responsible for assessing the Bank's ability to continue as a going concern, as well as for disclosing, if applicable, matters related to going concern and for adopting the going concern assumption as an accounting basis, unless the Management Board either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Bank's Management Board and members of the Supervisory Board are obliged to ensure that the separate financial statements meet the requirements set out in the Accounting Act. Members of the Supervisory Board are responsible for supervising the financial reporting process of the Bank.

Statutory Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the National Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

The scope of audit does not include assurance as to the future profitability of the Bank and effectiveness or efficiency of running the Bank's affairs by the Management Board at present or in the future.

According to principles of the National Standards on Auditing we exercise professional judgement and maintain professional skepticism throughout the audit, as well as:

- we identify and assess risks of material misstatement of separate financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those risks and we obtain audit evidence which is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- we obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control in the Bank;
- we evaluate the appropriateness of the accounting principles (policy) used and the reasonableness of the accounting estimates and related disclosures made by the Management Board of the Bank;
- we conclude on the appropriateness of the Bank's Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, as to whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern;
- we evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Parent Undertaking's Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Parent Undertaking's Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and that we will communicate all relationships and other matters that may reasonably be thought to bear on our independence, and, where applicable, related safeguards.

From the matters communicated to the Parent Undertaking's Audit Committee, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure or when, in exceptional circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Information, including the Management report

Other Information includes:

- the Management report for the financial year ended 31 December 2021 ("the Management report") with the corporate governance statement, which is separate part of this Management report,
- "ESG Report presenting non-financial information of BNP Paribas Bank Polska S.A. and BNP Paribas Bank Polska S.A. Group for 2021" containing a report on non-financial information, specified in Article 49b (9) of the Accounting Act,

- Statements of the Supervisory Board of BNP Paribas Bank Polska S.A. (together “Other Information”).

Under Article 55 (2a) of the Accounting Act the Management report of the BNP Paribas Bank Polska S.A. Group and of the Bank for 2021 were prepared jointly.

Responsibility of the Management Board and Supervisory Board

The responsibility for the preparation of the Other Information in accordance with the applicable regulations lies with the Bank’s Management Board.

The Bank’s Management Board and members of the Supervisory Board are obliged to ensure that the Management report along with the corporate governance statement, which is a separate part of this Management report and a separate non-financial statement specified in Article 49b (9) of the Accounting Act, meet the requirements set out in the Accounting Act.

Statutory Auditor’s Responsibility

Our opinion on the audit of the separate financial statements does not cover the Other Information. In connection with our audit of the separate financial statements, our responsibility is to read the Other information and, in doing so, consider whether the Other Information is materially inconsistent with the separate financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. In accordance with the Act on Statutory Auditors, our responsibility is also to give an opinion whether the management report has been prepared in accordance with applicable regulations and whether it complies with information contained in the separate financial statements. In addition, in accordance with requirements of Article 111a (3) of the Act of 29 August 1997 Banking Law (Journal of Laws of 2021, item 2439 as amended) (“Banking Law”), our responsibility is to audit information specified in Article 111a (2) of the Banking Law contained in the Management Report. Moreover, we are obliged to communicate whether the Bank prepared a non-financial statement and issue an opinion whether the Bank included the required information in the corporate governance statement.

Opinion on the Management Report

Based on the work performed during the audit, in our opinion, the Bank’s Management Report:

- has been prepared according to Article 49 of the Accounting Act and paragraph 70 of the Regulation of the Minister of Finance of 29 March 2018 on Current and Periodic Information Provided by Issuers of Securities and Conditions of Recognition of Information Required under the Regulations of the non-EU Member State as Equivalent (“Regulation on Current Information” - Journal of Laws of 2018, item 757 as amended) and Article 111a (2) of the Banking Law,
- is in line with information contained in the separate financial statements.

Opinion on Corporate Governance Statement

In our opinion, the Bank included information specified in paragraph 70 (6) item 5 of the Regulation on Current Information in the corporate governance statement. Moreover, in our opinion, information specified in paragraph 70 (6) item 5 c-f, h and i of this Regulation

comprised in the corporate governance statement is compliant with the applicable provisions and information contained in the separate financial statements.

Information on Non-financial Information

In accordance with the Act on Statutory Auditors we would like to confirm that the Bank included information on preparing a separate non-financial report specified in Article 49b(9) of the Accounting Act in its Management report and that the Bank prepared such a separate report.

We have not performed any assurance work concerning the separate non-financial report and we do not express any assurance about it.

Other Information Statement

Moreover, according to our knowledge of the Bank and its environment obtained during the audit, we declare that we have not identified any material misstatement in the Bank's Management Report and the Other Information.

Report on Other Legal and Regulatory Requirements

Information on Observing Applicable Prudential Regulations

The Bank's Management Board is responsible for ensuring the compliance of the Bank's operations with prudential regulations, in which for the correct determination of capital ratios.

Our responsibility is to communicate in the auditor's report whether the Bank complies with applicable prudential regulations, defined in separate provisions, and in particular whether the Bank correctly determined the capital ratios presented in note 56.

The purpose of the audit of the separate financial statements was not to express an opinion on the Bank's compliance with applicable prudential regulations and therefore we do not express such an opinion.

Based on our audit of the separate financial statements we would like to inform you that we have not identified any breaches of applicable prudential regulations by the Bank in the period from 1 January 2021 to 31 December 2021, defined by separate provisions, in particular with respect to the correctness of the determination of capital ratios as at 31 December 2021, which could have a significant impact on the separate financial statements.

Declaration on Non-audit Services

According to our best knowledge and belief we declare that non-audit services that we have provided to the Bank and its subsidiaries comply with laws and regulations applicable in Poland and that we have not provided any non-audit services that are prohibited pursuant to Article 5 (1) of the EU Regulation and Article 136 of the Act on Statutory Auditors. Non-audit services that we have provided to the Bank and its subsidiaries in the audited period were mentioned in note 10.7 of the Bank's Management Report.

Appointment of an Audit Firm

We were appointed to conduct the audit of the Bank's separate financial statements based on the resolution of the Supervisory Board of 12 December 2019. We have been auditing the separate financial statements of the Bank continuously, starting from the financial year ended 31 December 2020, i.e. for 2 consecutive years.

The key statutory auditor responsible for the audit that was the base of the present independent statutory auditor's report is Małgorzata Pek-Kocik.

Acting on behalf of Mazars Audyt Sp. z o.o. with its registered office in Warsaw, ul. Piękna 18, entered on the list of audit firms under no. 186, on behalf of which the key statutory auditor audited the separate financial statements.

Małgorzata Pek-Kocik

Key Statutory Auditor

No 13070

mazars

Warsaw, 2 March 2022