

Strategy of BNP Paribas Bank Polska S.A. for the years 2022-2025

current report no. 8/2022

date: 21 March 2022

The Management Board of BNP Paribas Bank Polska S.A. ("the Bank") informs about the main objectives of the development strategy of the Bank and the BNP Paribas Bank Polska S.A. Capital Group ("the Group") for the years 2022-2025 adopted on March 21, 2022 by the Supervisory Board of the Bank.

The main goal of the new **GObeyond** strategy for the years 2022-2025 is the further dynamic growth of the Bank, which will be an efficient institution, engaging satisfied Customers and employees, while being a leader in the area of sustainable development. The GObeyond strategy, following a multi-stage scale-up through acquisitions in the previous years, focuses on organic growth while maintaining a responsible approach to risk management.

The new strategy addresses the opportunities and challenges facing the banking industry in today's extremely uncertain and volatile environment. With the onset of the pandemic in 2020, the world as we know it has changed significantly. There have been many rapid and difficult to predict changes over the past two years, and banks have had to constantly adapt to them to a much greater extent than before. Initially, the focus was on rapid digitalization and process adaptation to enable Customers to use most banking products and services without visiting a branch. The focus then shifted to functioning in a world of zero interest rates, which soon became a thing of the past in light of accelerating inflation. Under these circumstances, an armed conflict broke out in Ukraine. This only adds to the uncertainty and volatility in the market. At least three shock scenarios materialized in a short period of time. In this situation, predicting the future is more than difficult, and the only certainty is uncertainty and volatility. To achieve success, resilience, flexibility, and diversification are key.

The main assumptions of the strategy

The strategic directions included in the new GObeyond strategy are based on solid foundations as well as sustainable and diversified business model of the Bank. The development directions remain valid despite the volatile environment we currently face. The new strategy was developed internally by a wide group of the Bank's employees representing all key areas and by the representatives of the Bank's subsidiaries.

The GObeyond strategy **is based on 4 pillars:**

- together - increasing employee engagement and full use of their potential by changing working methods and creating a friendly and diverse work environment that supports development
- stronger - wide-ranging technological changes, process optimization, increasing the use of the potential of the data we have
- positive - strengthening the position of a leader in sustainable finance, reduction of own carbon footprint, ethics in Customer relations, support for local communities
- up - growth in all Customer segments by providing attractive products and solutions, building long-term relationships with Customers, and transforming the service model.

Key financial targets 2025

Although the changing environment may have an impact on the Group's financial results in the future, our ambition is to achieve the following targets by 2025:

- Return on Equity (ROE) ratio: ~12%
- Cost-to-income ratio: max. 48%
- Share of sustainable assets: 10%.

At the same time, it should be emphasized that attempts to accurately predict the economic assumptions that form the basis of the financial goals are severely impeded by unprecedented political and economic uncertainty. The forecasts reflect the factors that affected the market, to the state, prior to the outbreak of the war in Ukraine.

We understand the name GO beyond in two ways

In the up and positive pillars: we deliver a selection of convenient & tailored products & solutions which will often exceed Customer expectations and set new standards on the market. This will be particularly visible in the area of sustainable finance.

In the stronger and together pillars: being aware of the areas to be optimized as a result of several operational mergers, our benchmark for success will be the dynamic implementation of changes on a scale that goes beyond incremental development, creating a solid foundation for effective and efficient operations. We will question bank and market realities to deliver more and join the ranks of the best.

The 'together' pillar

The Bank is convinced that an engaged and satisfied employee guarantees a high level of Customer satisfaction. Hence, it will be crucial to create an environment that supports the development of employees, their activity, and creativity, but also gives enough space for errors resulting from testing bold, non-standard solutions. For this purpose, since the middle of the last year, the Bank has been promoting values among its employees (Transparency, Simplicity, Courage, Cooperation, Empowerment), the use of which in everyday work will allow us to dynamically respond to the changing market conditions and contribute to the effective implementation of our strategic ambitions.

In order to ensure greater flexibility of operation and better adjustment of products and services to Customers expectations, since the beginning of 2022 the Bank has been operating in a new work model, the so-called Agile@Scale. It is a modern, agile way of operating with a high level of employee autonomy and decision-making. The number of people permanently working using this approach will remain above 1,300.

Ensuring work-life balance and caring for the mental health of employees will remain important. A high level of activity will be maintained in supporting the development of women within the Bank's structures and promoting diversity at all levels of the organization. We believe that such a constructive work environment will support the Bank's resilience to the changing environment and will allow for our faster development.

The 'stronger' pillar

Dynamic and, above all, effective growth will not be achieved without the improvement of internal processes and a large-scale transformation of the IT area, using modern IT technologies, such as cloud computing or open banking. The Bank plans to invest a total of approx. PLN 1.5 billion in technological improvements aimed at supporting business development and twofold acceleration of the pace of implementation of new solutions. A fundamental change in the technologies used by the Bank will enable the scaling of the business, as fast and cost-effective scalability is the core of the modern digital bank and enables it to go beyond traditional banking services.

The Bank will introduce new operation model focused on quality and optimize all 38 key end-to-end processes. At the time of publication of the strategy, the optimization of nine of them has

already started. For this purpose, process mining tools, robotic process automation (RPA), and artificial intelligence will be used.

The Bank will also increase the use of the potential of the data it has. Advanced analytical tools using modern technologies such as cloud computing, big data, or artificial intelligence in decision-making processes will support business development, increase the quality of service and operational efficiency.

The basic assumption of the strategy is to maintain a safe and optimal capital and liquidity position and to meet the minimum regulatory requirements. The intention of the Bank is to start paying out dividends within the current strategy timeline, with a pay-out level reaching 50% of net profit in 2025.

The 'positive' pillar

The Bank wants to be a leader in sustainable finance by developing an offer of dedicated products and services for all business lines. Their dynamic sale will allow an increase in the share of sustainable assets from 4.5% at the end of 2021 to 10.0% in 2025. The Bank will implement the highest ESG risk management standards and will continuously improve ESG risk profile of its loan portfolio. In addition, the Bank will consistently measure and reduce the carbon footprint of its portfolio by supporting Customers in their transformation. The Bank also aims to achieve its own climate neutrality by reducing resource consumption and implementing sustainable procurement practices. By 2025, the Bank plans to reduce CO₂ emissions from own operations by 55% (vs. 2019) and paper consumption by 80% (vs. 2021).

Responsibility, accessibility, transparency, and ethics will dominate relations with our Customers. The overriding goal is to ensure that Customers buy what they need consciously and are not surprised by hidden clauses in contracts. Our branches will continue to be modernized to meet the special needs of elderly and disabled people. We assume that 50% of the branches will receive the 'Object without barriers' certificate. The Bank does not plan to introduce solutions that would force Customers to resign from visiting our branches. However, the Bank will actively support Customers in digital transformation.

The commitment to local communities will be continued through the development of employee volunteering, or further support for the activities of the BNP Paribas Foundation. The Bank will initiate a public debate, conduct educational activities and enter into sectoral and non-sectoral partnerships, thus building a brand permanently associated with caring for the environment and social agenda.

The 'up' pillar

The GOeyond strategy is a growth strategy. Our goal is to increase the number of Customers served, strengthen our market position and increase revenues. The Bank sees development potential in all Customer segments.

Retail Banking and Personal Finance

The priority of Retail Banking and PF is to achieve high Customer satisfaction (NPS market Top 3), thanks to which the Bank will achieve an increase in the number of active Customers (by 0.5 million to 4.5 million) and will grow their commitment to the relationship with the Bank. Based on the opinions voiced by its Customers and employees, the Bank will implement innovative products and services, often taking advantage of the cooperation with internal (BNP Paribas Group companies) and external partners, and will assume even greater use of personalized communication based on advanced CRM and data analytics. Further digitalization of Customer processes is planned with simultaneous remote availability of Bank experts as part of the newly created omnichannel model of sales and Customer service (over 90% of key individual Client processes are to be available in remote channels, whereas the sales volume via digital channels is expected to exceed 50%). The Bank will also offer Customers services that go beyond traditional banking by using open banking solutions, contextual financing in e-commerce, or offering products and services related to the Sustainable Development Goals. Ultimately, the Bank assumes active but sustainable development in the main areas of retail activity, i.e. achieving a 7% market share in new account sales, cash loans, and mortgage loans.

SME, Corporate and CIB Banking

The Bank wants to be number 1 for international Customers (an increase in the number of active Customers by over 22% vs. 2021) by leveraging the BNP Paribas Group's leading position in Europe with wide geographic coverage, global expertise, cross-border solutions and products. The Bank aims to be the bank of first choice for large corporations with tailor-made solutions and an excellent service model. The Bank will provide services to Clients from the Polish corporate and SME segment using remote and digital solutions while supporting the international expansion of our Clients based on the experience gained in 65 countries. The Bank wants to increase the base of active Clients served in the SME and corporate banking segment by over 18% vs. 2021. It will also strive for operational excellence in order to build outstanding Customer experience. One of the key goals in this area is the streamlining and shortening of the credit process. The Bank will use its market leader position in the agricultural segment and its unique competencies in this area to strengthen its position among food processors.

More detailed information on the assumptions, goals, and methods of implementing the GOBeyond strategy is provided in the presentation attached to this current report.

The Bank notifies that the assumptions and strategic goals presented in the current report do not constitute a forecast or an estimate of results, including financial ones, and only provide information about the planned priorities and directions of development for the years 2022-2025.

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Legal basis

Article 17, item 1 of the Market Abuse Regulation (MAR)