



## PRESS RELEASE

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### The BNP Paribas Bank Polska Group: robust earnings in Q2 despite deteriorating macroeconomic circumstances and the banking sector's rising regulatory costs

In Q2 2022, the BNP Paribas Bank Polska Group generated a net profit of PLN 258 million (+95% y/y, -7% q/q), while in H1 it generated a net profit of PLN 535 million (+81% y/y). The Bank's revenue in the first 6 months of the year climbed 32% y/y while costs rose by 31% y/y. Higher regulatory charges made a significant contribution – the non-recurring fee to create the IPS system and contributions to the bank guarantee fund (BFG), and rising inflationary pressure also played a role. The Bank maintains a very good loan portfolio quality, which translates into a stable cost of risk.

*"Despite the unstable market situation in Q2 2022, we posted further growth in net interest income and a solid net fee and commission income. We pursued the targets in our new GO beyond strategy by focusing on the development of green financing and supporting our clients in their energy transition, further digitalization of services and efforts to bolster their security. We are pleased with the results of H1 2022; however, the uncertainty pertaining to the geopolitical situation, the anticipated deterioration in the macroeconomic situation and the regulations being implemented in the banking sector make it hard to be an optimist in the next several quarters. Above all, one should point to the costs of the loan vacations that have been made available to borrowers regardless of their financial standing or actual problems with paying their liabilities. Despite all of this, in these less-than-easy market conditions, we continue to provide financing to the Polish economy and the quality of our loan portfolio continues to be good", says Przemek Gdański, President of the BNP Paribas Bank Polska Management Board. "In subsequent quarters the ability to support the economy and clients, ongoing development of the green transition and technology investments will, however, constitute a challenge for banks strapped by the costs stemming from new regulations", he adds.*

### Q2 2022 in BNP Paribas Bank Polska



**Net profit**  
**PLN 258 m**  
**+95.3% y/y**



**Gross loans**  
**PLN 95 bn**  
**+14.2% y/y**



**Client deposits**  
**PLN 109 bn**  
**+13.6% y/y**



**Number of clients**  
**4.2 m**  
**+5.3% y/y**



**Clients using digital channels**  
**1.6 m**  
**+12.1% y/y**



**Number of GOMobile users**  
**1 m**  
**+30.8% y/y**

#### Business highlights in Q2 2022:

- Retail client gross loan portfolio: PLN 40.2 billion (+12.1% y/y)
- Institutional client gross loan portfolio: PLN 54.7 billion (+15.7% y/y)
- Sales of mortgage loans: PLN 1.2 billion (-30% y/y)



- Sales of cash loans: PLN 0.95 billion (-2% y/y)
- Sales of personal accounts: 85.6 thousand (+10% y/y)
- Number of digital channel users: 1.6 million (+12% y/y)
  - including GOMobile app users: 1.0 million (+31% y/y)

#### Financial highlights at the end of Q2 2022:

- Total assets: PLN 142 billion (+14.8% y/y)
- Gross loans: PLN 95 billion (+14.2% y/y)
- Client deposits: PLN 109 billion (+13.6% y/y)
- Net banking income in Q2: PLN 1,567 million (+36.2% y/y)
  - Interest income: PLN 1,149 million (+51.5% y/y)
  - Fee and commission income: PLN 295 million (+18.0% y/y)
  - Result on trading activity: PLN 119 million (-31.6% y/y)
- General administrative expenses, including depreciation in Q2: PLN 851 million (+48.1% y/y)
- Cost of credit risk year-to-date: 37 bp versus 33 bp one year ago
- Profitability: ROE of 9.6% (+4.7 p.p. y/y), C/I 53.6% (-0.3 p.p. y/y)
- Stable liquidity position – L/D ratio: 84.3% (+1.0 p.p. y/y)
- Safe capital position – Tier 1 ratio: 10.98%

#### Growth in key business areas

In Q2 2022 the BNP Paribas Bank Polska Group generated a net profit of PLN 258 million (+95% y/y, -7% q/q), while in H1 it generated a net profit of PLN 535 million (+81% y/y).

Net banking income totaled PLN 1,567 million (+36.2% y/y, +6.7% q/q). The impact exerted by the series of interest rate hikes and the growth of business volumes is visible in net interest income (PLN 1,149 million, +51.5% y/y, +14.6% q/q) and was accompanied by a simultaneous increase in the cost of deposits. The maintenance of the high fee and commission income of PLN 295 million (+18.0% y/y, -1.9% q/q) is the effect of the high level of activity seen among clients, the continued robust sales of bank products and services and the revised fee and commission tariffs. The result on trading activity was PLN 119 million (-31.6% y/y, -21.3% q/q), with the income on transactions with clients climbing to PLN 196 million, i.e. by 40.7% y/y and 9.7% q/q. The dip in the remaining portion is the effect of the deteriorating result on FX swap transactions and the valuation of equities and shares in infrastructure companies.

The Group posted another quarter of loan portfolio expansion (+14.2% y/y, +2.6% q/q). Retail client loans grew for the eighteenth quarter in a row (+12.1% y/y, +1.8% q/q). Mortgage loans in PLN were the main driver (+18.9% y/y, +2.6% q/q). June, however, brought the first signs of decelerating mortgage sales as the result of high inflation, interest rate hikes, uncertainty related to economic circumstances and the Bank's decision to focus on its current clients' needs, building long-term relations and supporting the sales of green mortgages. In the institutional loan portfolio, the Bank also reported growth (+15.7% y/y, +3.2% q/q) largely driven by results in the segment of companies (+22.5% y/y, +4.6% q/q).

In Q2 the Bank pursued its strategy of strengthening the stability of its deposit base and as a result it posted a substantial quarterly increase in retail client deposits (+9.4% y/y, +6.4% q/q) and a slight quarterly dip in institutional client deposits (+17.1% y/y and -1.5% q/q). Total value of deposits was on the rise (+13.6% y/y, +1.8% q/q).

#### Rising cost pressure

The Group's operating expenses in Q2 totaled PLN 851 million (+48.1% y/y, +9.8% q/q). The formation of the Institutional Protection System (IPS) accounted for their significant share (PLN 188 million). The pressure related to inflationary growth and the return to the full scale of operations and relationship-



based collaboration with customers and employees was also noticeable. The C/I ratio in Q2 2022 was 53.6% (-0.3 p.p. y/y). After netting out regulatory costs (IPS and the Bank Guarantee Fund), the C/I ratio was 42.4%. In turn, the costs in Q2 climbed 18.2% y/y and 6.4% q/q.

The quality of the loan portfolio continues to be stable. The NPL ratio for both loan portfolios combined (measured at fair value and at amortized cost) stood at 3.3% at the end of Q2 and reached its lowest level ever in the history of the Bank.

Swiss franc mortgage loans stated as a percentage of the Bank's overall loan portfolio fell from 5.3% in Q2 of last year to 4.6% at present. The costs of provisions for this portfolio's legal risk were charged to the Bank's result in Q2 in the amount of PLN 140 million. The provisions for these loans as at 30 June 2022 totaled PLN 1,486 million, constituting a 33.8% CHF mortgage loan portfolio coverage ratio.

The Group maintains a capital and liquidity position above the regulator's minimum requirements. At the end of H1, the Tier 1 ratio was 10.98% while the total capital ratio was 15.21%. The loan-to-deposit ratio was 84.3% and the LCR ratio was 142%.

### **Extensive support for the economy, focus on sustainability**

In Q2 the BNP Paribas Bank Polska Group continued to extend its exposure to sustainable finance worth a total of PLN 5.1 billion at the end of June. Under a Sustainability Linked Loan (SLL) the Bank extended financing of EUR 21.5 million to Velvet Care. In this transaction it also played the role of financing agent and SLL coordinator. The Bank offered farmers the "Certainty Every Day" loan incorporating a bonus for ecological farms.

This commitment to sustainability has garnered recognition in experts' eyes. The Bank received the "Ethical Firm of 2021" award from *Puls Biznesu* and the CSR Golden Leaf and the Green Leaf from POLITYKA, and for the fourth time in a row the Bank was among the top 3 players in the Responsible Companies Ranking.

### **Digitalization of services and rising customer numbers**

The number of the Bank's clients using digital channels in Q2 exceeded 1.6 million (+12% y/y, +4% q/q) while the number of GOMobile app users reached 1 million (+31% y/y, +10% q/q). The number of BLIK transactions is also on the rise (+50% y/y, + 22% q/q) as is the number of tokens in digital wallets (+63% y/y, +8% q/q).

At the end of June 2022, BNP Paribas Bank Polska served more than 4.2 million clients. It had 418 Client Centers. 85 of them held a Barrier-Free Facility certificate.

### **Continuing aid for Ukraine**

Thanks to the BNP Paribas Foundation, NGOs have received funds in support of their activities aimed at helping refugees from Ukraine. The Bank also continued to provide assistance to employees from Ukraine, our colleagues from the BNP Paribas Group's Ukrsibbank and their family members. It also rolled out many facilities regarding products and services for clients from Ukraine.



### Consolidated financial highlights (PLN 000s)

Profit and loss account	1H 2022	1H 2021	change y/y	Q2 2022	Q2 2021	change y/y	Q1 2022
Interest income	2,152,370	1,491,728	44.3%	1,149,426	758,598	51.5%	1,002,944
Fee and commission income	595,623	497,130	19.8%	294,939	249,844	18.0%	300,684
Net banking income	3,034,528	2,301,336	31.9%	1,566,729	1,150,008	36.2%	1,467,799
General administrative expenses and depreciation	(1,625,990)	(1,239,697)	31.2%	(851,148)	(574,524)	48.1%	(774,842)
Net impairment loss	(164,727)	(131,014)	25.7%	(85,599)	(70,946)	20.7%	(79,128)
Result on operating activities	1,021,074	671,648	52.0%	490,279	317,419	54.5%	530,795
Net profit	535,409	295,943	80.9%	257,668	131,957	95.3%	277,741
per share in PLN	3.63	2.01	80.9%	1.75	0.89	95.3%	1.88

Balance sheet	30.06.2022	31.03.2022	31.12.2021	30.06.2021
Total assets	142,319,932	138,009,142	131,777,481	124,022,771
Total loans (gross)	94,924,794	92,488,080	89,386,369	83,134,820
Liabilities towards clients	109,413,772	107,533,667	101,092,941	95,971,665
Total equity	11,189,139	11,246,066	11,361,631	12,158,148
Capital adequacy	30.06.2022	31.03.2022	31.12.2021	30.06.2021
Total capital requirement	15.21%	15.74%	16.91%	18.08%
Tier 1 ratio	10.98%	11.37%	12.33%	13.28%