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PRESS RELEASE

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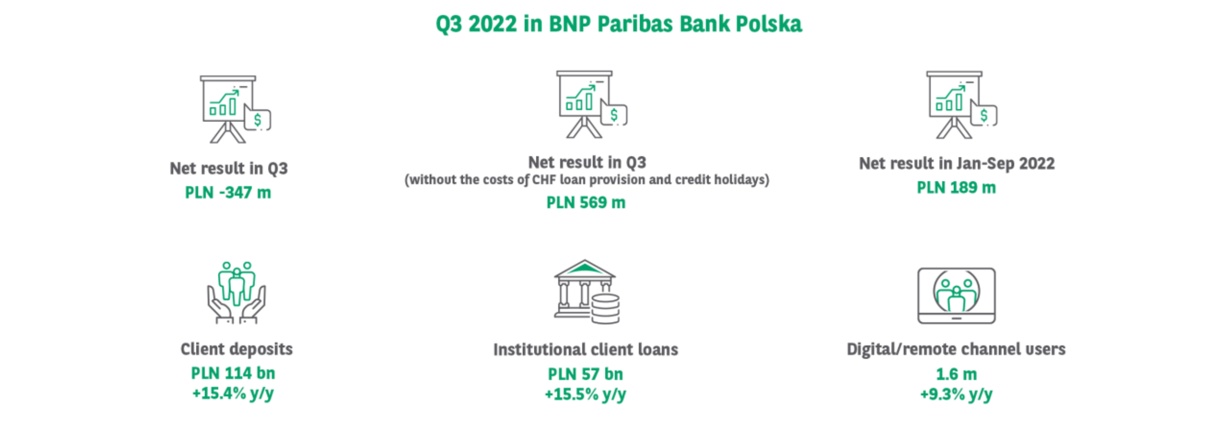
BNP Paribas Bank Polska Group's Q3 2022 results burdened with impact of credit holidays

The BNP Paribas Bank Polska Group posted a net loss of PLN 347 million in Q3 2022 as a consequence of burdening net banking income with the impact of credit holidays (PLN -965 million). Without this factor and without the provision for CHF loans, the Group's net profit in Q3 would stand at PLN 569 million. In total, during the first 9 months of 2022, the Group realized a net profit of PLN 189 million (PLN 1,327 million without the provision for CHF loans and the impact of credit holidays). The Bank posted an increase in the volume of loans granted to institutional clients and an inflow of new deposits in both client segments. Despite the uncertainty surrounding the macroeconomic situation, the quality of the Bank's loan portfolio remains robust and the cost of risk stays stable.

"Despite the quarterly loss resulting mainly from the implementation of credit holidays, our performance in the current uncertain economic and regulatory environment demonstrates our Bank's maturity and the proper choice we have made for the pursuit of growth. Our primary objective is to build lasting relationships with our clients, which is why we are glad to see an increase in the volume of transactions and the use of remote access channels. It was another consecutive quarter in which we posted an increase in the volumes of corporate loans and client deposits," **says Przemek Gdański, President of the BNP Paribas Bank Polska Management Board.** *"An issue of concern is that in the current period of the strongest economic turmoil since the country's political transformation, the banking sector must cope with regulatory instability and the involvement of policy makers in the pricing policies of banks. Profitability has been under the pressure of external factors, therefore it is of even greater significance than ever to maintain operating expenses and the cost of risk under control while ensuring a stable capital and liquidity position,"* **he adds.**



Business highlights in Q3 2022:

- **Retail client gross loan portfolio: PLN 39.6 billion (+5.1% y/y)**
- **Institutional client gross loan portfolio: PLN 56.7 billion (+15.5% y/y)**
- **Sales of mortgage loans: PLN 111 million (-94% y/y)**
- **Sales of cash loans: PLN 0.82 billion; (-18% y/y)**
- **Sales of personal accounts: 75.7 thousand (-12% y/y)**
- **Number of digital channel users: 1.6 million (+9% y/y)**
  - **including GOmobile app users: 1.1 million (+25% y/y)**

Financial highlights at the end of Q3 2022:

- **Total assets: PLN 146 billion (+14.7% y/y)**
- **Gross loans: PLN 96 billion (+11.0% y/y)**
- **Client deposits: PLN 114 billion (+15.4% y/y)**
- **Net banking income in Q3: PLN 598 million (-50.8% y/y). Net banking income without the impact of credit holidays: PLN 1,563 million (+28.6% y/y)**
  - **Interest income: PLN 124 million (-84.2% y/y)**
  - **Interest income without the impact of credit holidays: PLN 1,089 million (+38.7% y/y)**
  - **Fee and commission income: PLN 280 million (+11.6% y/y)**
  - **Result on trading activity: PLN 212 million (+31.1% y/y)**
- **General administrative expenses, including depreciation in Q3: PLN 659 million (+10.0% y/y)**
- **Cost of credit risk year-to-date: 32 b.p. versus 32 b.p. one year ago**
- **Profitability: ROE of 2.3% (-2.7 p.p. y/y), C/I 62.9% (+10.6 p.p. y/y)**
- **ROE without the impact of credit holidays: 11.4% (+6.5 p.p. y/y), C/I without the costs of contributions to the Bank Guarantee Fund, the IPS and credit holidays: 41.9% (-6.7 p.p. y/y)**
- **Stable and safe liquidity position – L/D ratio: 81.6% (+2.8 p.p. y/y)**
- **Capital position above regulatory minimum levels – Tier 1 ratio: 10.66%**

Financial performance under a major impact of credit holidays

In Q3 2022, as a result of posting PLN 965 million of the impact of credit holidays, the BNP Paribas Bank Polska Group incurred a loss of PLN 347 million. On a year-to-date basis, the Group generated a net profit of PLN 189 million (-58.0% y/y). Without the provision for CHF loans and the impact of credit holidays, the Bank's net profit would stand at PLN 569 million (+59.9% y/y) and PLN 1,327 million (+45.7% y/y), respectively.

In Q3, the Bank generated net banking income of PLN 598 million (-50.8% y/y or -61.8% q/q). Without the impact of credit holidays, it would be PLN 1,563 million (+28.6% y/y or -0.3% q/q). Fee and commission income stood at PLN 280 million (+11.6% y/y or -5.2% q/q). The quarterly decline in fee and commission income was a result of lower loan commissions and fees for asset management and brokerage operations. The Group posted a significant increase in its result on trading activity to PLN 212 million (+31.1% y/y or +78.4% q/q), chiefly due to the improved performance on FX swaps and Interest Rate Swap (IRS) hedging loans measured at fair value and valuation of equity instruments.

The value of the Group's loan portfolio increased in Q3 (+11.0% y/y or +1.5% q/q). Due to the posting of credit holidays, the value of the retail client loan portfolio decreased (+5.1% y/y or -1.5% q/q) for the first time in 5 years. In parallel, in line with the whole market, sales of mortgage loans plunged (-94% y/y or -91% q/q). The Bank experienced another quarter with an increase in the volume of institutional client loans (+15.5% y/y or +3.7% q/q) owing to an impressive rate of growth in financing provided to corporate clients (+23.0% y/y or +5.3% q/q).

The value of deposits increased for another consecutive quarter (+15.4% y/y or +4.8% q/q). In the retail segment, the increase stood at +15.5% y/y or +5.9% q/q, while in the institutional segment, it reached +15.4% y/y or +4.0% q/q.

Improved cost efficiency on a normalized basis

The Group's operating expenses in Q3 totaled PLN 659 million (+10.0% y/y or -22.6% q/q). The quarterly decrease was largely affected by the costs of the Institutional Protection Scheme (IPS) established earlier this year. In Q2 2022, PLN 188 million of IPS costs were posted, followed by an additional PLN 19 million in Q3. Employee and administrative expenses remained stable on a quarterly basis. The C/I ratio was 62.9% (+10.6 pp y/y), also having been affected by the credit holidays. Without the costs of contributions to the Bank Guarantee

Fund, the IPS and impact of credit holidays, the C/I ratio would stand at 41.9% (-6.7 p.p. y/y).

In Q3 the Bank continued to maintain a low level of the cost of risk. This was a consequence of the good quality of the Bank's loan portfolio and the resulting low level of reclassifications to Stage 3. The NPL ratio for both loan portfolios combined (measured at fair value and amortized cost) stood at 3.4%.

The share of CHF mortgage loans in the whole loan portfolio was 4.7%. The costs of provisions for this portfolio's legal risk were charged to the Bank's result in Q3 in the amount of PLN 134 million. The total value of the provision as at the end of September was PLN 1,681 million or 36.9% of the value of the whole CHF mortgage loan portfolio.

As at the end of Q3, the Tier 1 ratio was 10.66% while the total capital ratio was 14.85%. Both these ratios remain above their respective regulatory requirements.

Sustainable financing of economic growth

The BNP Paribas Bank Polska Group continues to strengthen its commitment to financing sustainable investments, the total value of which as at the end of Q3 was PLN 5.7 billion (+12% q/q). In Q3, new agreements were signed to support projects pursuing energy efficiency objectives in cooperation with the European Investment Bank (EIB): a loan of EUR 100 million and a guarantee agreement for a portfolio worth EUR 115 million under the PF4EE instrument, which is a joint initiative of the European Commission and the EIB.

The Bank was granted ESG rating of 10.9 – the best among Polish banks – awarded by Sustainalytics. This means that the risk of a major negative impact of governance, environmental or social factors on the Bank's business is considered low.

As part of its endeavors aimed at supporting the growth of Polish companies, in Q3 the Bank granted financing to Diagnostyka Laboratoria Medyczne – PLN 550 million for general corporate purposes, Capital Park Royal Wilanów – an investment loan of EUR 66.5 million, Cargounit – PLN 100 million for financing capital expenditures, and other customers.

Growing use of remote channels

The number of the Bank's clients using digital channels in Q3 reached 1,618 thousand (+9% y/y or +1% q/q) while the number of GOmobile app users reached 1,064 thousand (+25% y/y or +4% q/q). The Bank recorded a further increase in the number of tokens in its customers' digital wallets (493 thousand, +51% y/y or +5% q/q) and BLIK transactions (7,284 thousand, +75% y/y or +18% q/q).

As at the end of September 2022, the Bank served more than 4.2 million clients. It had 416 Client Centers, including 178 without cash services. 97 branches held a Barrier-Free Facility certificate.

Consolidated financial highlights (*PLN 000s*)

Profit and loss account	9M 2022	9M 2021	change y/y	Q3 2022	Q3 2021	change y/y	Q2 2022
Interest income	2,276,074	2,276,711	0.0%	123,704	784,983	-84.2%	1,149,426
Fee and commission income	875,370	747,729	17.1%	279,747	250,599	11.6%	294,939
Net banking income	3,632,287	3,516,963	3.3%	597,759	1,215,627	-50.8%	1,566,729

General administrative expenses and depreciation	(2,284,654)	(1,838,376)	24.3%	(658,664)	(598,679)	10.0%	(851,148)
Net impairment loss	(218,748)	(191,946)	14.0%	(54,021)	(60,932)	-11.3%	(85,599)
Result on operating activities	772,148	1,025,712	-24.7%	(248,926)	354,064		490,279
Net profit	188,812	449,802	-58.0%	(346,597)	153,859		257,668
per share in PLN	1.28	3.05	-58.0%	(2.35)	1.04		1.75

Balance sheet	**30.09.2022**	**30.06.2022**	**31.12.2021**	**30.09.2021**
Total assets	146,387,229	142,319,932	131,777,481	127,616,365
Total loans (gross)	96,340,566	94,924,794	89,386,369	86,779,357
Liabilities towards clients	114,679,839	109,413,772	101,092,941	99,035,855
Total equity	10,863,409	11,189,139	11,361,631	12,188,077
Capital adequacy	**30.09.2022**	**30.06.2022**	**31.12.2021**	**30.09.2021**
Total capital requirement	14.85%	15.21%	16.91%	17.57%
Tier 1 ratio	10.66%	10.98%	12.33%	12.85%