



MANAGEMENT BOARD REPORT

ON THE ACTIVITIES OF BNP PARIBAS BANK POLSKA S.A. CAPITAL GROUP IN 2022

(including the Report of the Management Board
on the activities of BNP Paribas Bank Polska S.A.
in 2022)



BNP PARIBAS



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Introduction

Letter from the Chairwoman of the Supervisory Board

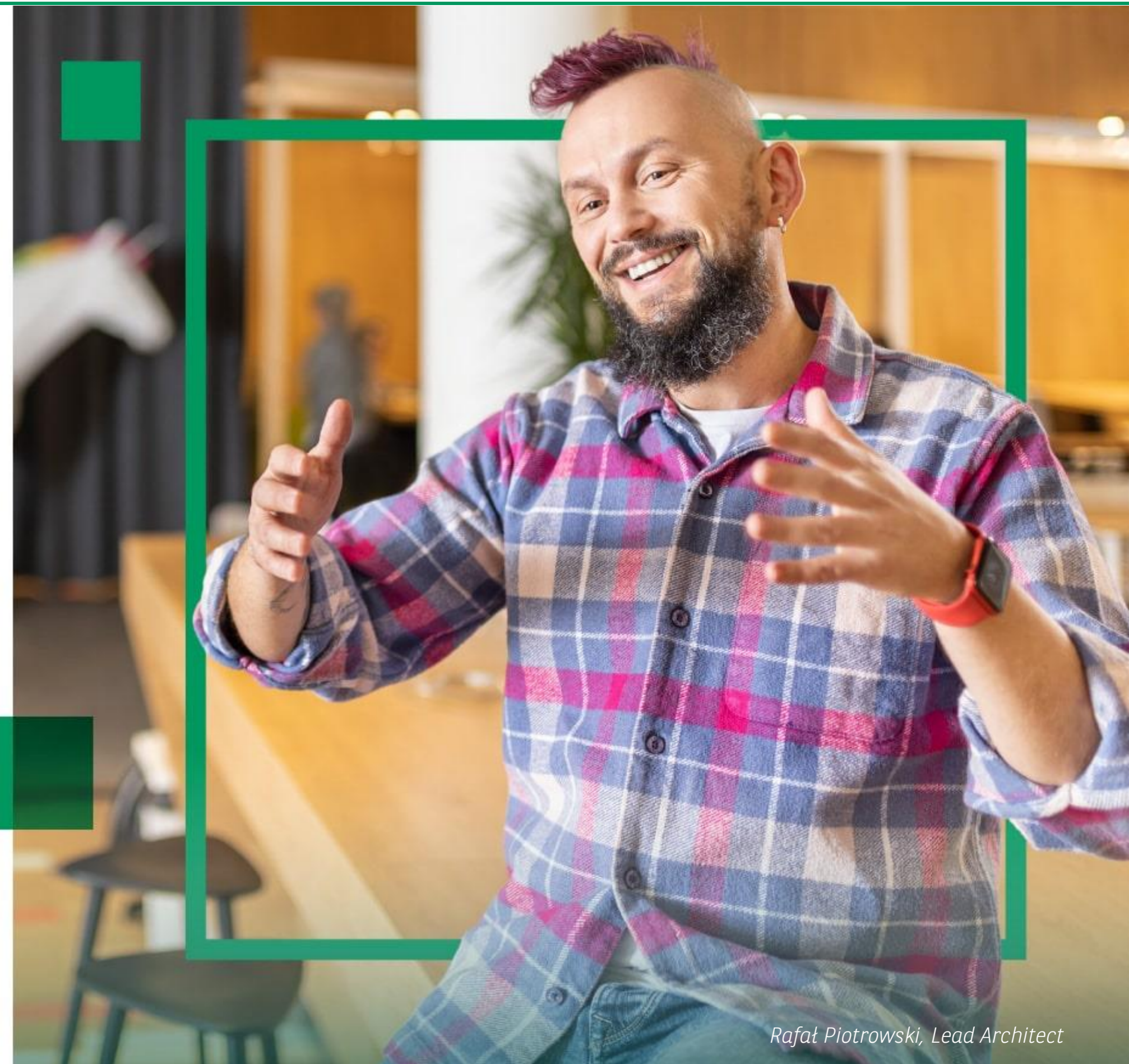
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Rafał Piotrowski, Lead Architect



Letter from the Chairwoman of the Supervisory Board



[2-22]

Dear All,

Behind us is a year that brought challenge after challenge. The war beyond our eastern border has caused a huge humanitarian crisis and intensified the energy and economic crisis triggered earlier by the pandemic. In this difficult environment, marked by so many risk factors, it is essential to act prudently and responsibly. We have seen how important it is to be able to quickly respond to unforeseen market and sectoral challenges. Under the conditions of rapidly rising inflation, additional challenges appeared, such as those related to the introduction of credit holidays and reform of the WIBOR benchmark. Both the management board and the employees of BNP Paribas Bank Polska showed that they are able to meet these challenges, displaying great commitment and flexibility in action, for which I would like to offer my sincere thanks on behalf of the supervisory board.

In this difficult environment, BNP Paribas Bank Polska managed to achieve growth in its business, generating very good results, particularly in the areas of Corporate Banking and Wealth Management. Last year the bank's operations were recognized by independent groups of experts in a record-setting number of competitions. Particularly noteworthy are first place in the Newsweek's Friendly Bank ranking in the Traditional Banking category, second place in the Business-Friendly Bank ranking by Forbes, the prize for the best bank in the Private Banking area in the Global Private Banking Innovation Awards, and the best ESG risk rating among banks in Poland by the Sustainalytics agency.

The war launched by Russia in Ukraine reminded the whole world, and particularly Europe, how vital the issues of energy diversification and security are. The new REPowerEU programme was adopted, while dynamic changes in ESG regulations are underway. Today, sustainability is a necessity, and an integral element of building the value of companies. BNP Paribas Bank Polska is among the firms for whom this is obvious. The GO beyond strategy for 2022-2025, announced last year, confirms that social, environmental and governance issues are closely tied to the bank's identity and its business aims. Along with its growing engagement, the bank is deepening its competencies as a trusted companion providing clients the products, tools and knowledge they need, supporting them in their transformation and together building a more sustainable economy. The Sustainability Area, the only one of its kind on the market, has operated at the bank for over a year, and over 150 staff have completed the comprehensive educational programme the ESG Academy, gaining the skills they need to implement principles of sustainable growth in their operating areas within the bank. The volume of sustainable financing has reached PLN 6.5 billion. The bank has expanded its offer to include further products enabling financing to be tied to progress in ESG – alongside Sustainability-Linked Loans and “green bonds,” we have begun offering ESG rating-linked loans and established a partnership with the global ratings firm EcoVadis.

Despite the difficult circumstances, the bank is consistently implementing its internal transformation, including new technologies, streamlining of processes, and broader application of the Agile methodology. In line with the GO beyond strategy, the bank has undertaken a fundamental change in technology to

facilitate scaling of the business and reaching beyond the framework of traditional banking services. The bank is not afraid of demanding changes – it is improving and betting on the skills of the future, so that it can even more precisely and quickly rise to the dynamics of the market environment and the needs of clients, while constantly ensuring cybersecurity. This was confirmed by awards last year: BNP Paribas Bank Polska won third place in the ranking of Safest Banks in Central & Eastern Europe by Global Finance, and Magdalena Nowicka, vice president responsible for the New Technologies and Cybersecurity Area, was named a Digital Shaper in the category “digital transformation,” in recognition of her active promotion of digital thinking in the organization, implementation of state-of-the-art solutions, increasing security, and promoting a greater presence of women in IT.

BNP Paribas Bank Polska is consistently engaged in significant social issues. An example is the widely praised educational campaign carried out last year together with Polish Red Cross – “First Aid for Humanity”, combining training in both first aid and tolerance. The bank regularly supported those in need through its own foundation, whose operations include both educational programmes and coordination of the social engagement of employees of the bank and other BNP Paribas companies in Poland. Last year, apart from continuing all of its existing projects, significant assistance was organized for refugees from Ukraine. The bank adjusted its product line accordingly, and also secured lodging and assistance for colleagues from Ukrsibbank, a member of the BNP Paribas Group. Thanks to creation of a special solidarity fund, over PLN 3 million was delivered to experienced NGOs, including the Ocalenie Foundation, with which the bank has partnered. Employees of the bank have also engaged in volunteer work for persons fleeing the war. I am heartened to witness the attitude of solidarity on the part of the bank as an institution and its employees. It shows that in both business and social responsibility, the bank can rise to the current challenges and truly be “The bank for a changing world.”

Lucyna Stańczak-Wuczyńska

Chairwoman of the Supervisory Board of BNP Paribas Bank Polska



Letter from the President of the Management Board



[2-22]

Dear Shareholders, Customers and Employees of BNP Paribas Bank Polska Capital Group,

The unpredictable environment and conditions in which we function as an organization and as individuals have accompanied us without a break for the past three years, since the start of the pandemic. In 2022, this unpredictability took on a new context. The earlier geopolitical uncertainty turned into the war that continues beyond our eastern border, directly or indirectly impacting virtually every aspect of our life and work.

Under the conditions of instability, uncertainty about how the conflict will evolve, and the shaken economy, we as an industry must unfortunately also struggle with challenges unique to Poland. In 2022, banks' results were dragged down due to unprecedented decisions taken without the involvement of the banking sector, often dictated by a short-term perspective, with dangerous consequences for the economy in the medium to long range. Those taking decisions imposing further financial burdens on banks seem to forget that

whether we will be in a position to finance the economy, survive the tough times and return to the path of growth depends on the banks' supply of capital and the stability of the overall banking sector.

Despite such a difficult environment, we have achieved results confirming that we chose the right growth strategy. Loan volumes grew 4% y/y, and deposits 18% y/y. Total assets at the end of the year exceeded PLN 151 billion. In 2022, the net banking income was PLN 5,352 million and net profit PLN 441 million. The results were weighed down by PLN 895 million for credit holidays and a cost of PLN 740 million for provisions against the legal risk of the CHF portfolio. Excluding those elements, the results would be the best in the bank's history.

The financial results do not fully convey the process of the qualitative changes the bank is undergoing. We have consistently realized the initiatives and aims set forth in the GO beyond strategy announced at the beginning of 2022. They are centred on the Customer and the Customer's needs. Our efforts in this respect are appreciated. The Polish editions of Newsweek and Forbes, organizers of the most prestigious rankings of the country's banking sector, recognized BNP Paribas Bank Polska in the Traditional Banking category of the Newsweek's Friendly Bank ranking and in the Business-Friendly Bank ranking by Forbes. The development of digital competencies, a priority of our strategy, has supported the growth in the number of customers using remote channels (+7% y/y, to 1.6 million at the end of 2022) and the number of transactions.

For us, 2022 was also the first year of functioning of the Sustainability Area, which was established as a consequence of the bank's focus on ESG aspects and engagement in the mission of sustainable growth. The volume of sustainable finance reached a record PLN 6.5 billion as at the end of the year. This is the effect of steady growth in the offer of products and services friendly to the environment and society, including innovative SLL financing (sustainability-linked loans). Our commitment in the area of ESG was confirmed by the ESG Risk Rating of 10.9 awarded to us in September by Sustainalytics — the best result among Polish banks rated so far by that agency.

The Polish economy and banking sector are at a difficult moment. 2023 will be marked by a slowdown in economic growth. Although a recession is not the most likely scenario, it remains possible, and we cannot expect a revival until the next

year, 2024. One of the key factors influencing this is obviously the war in Ukraine and the macroeconomic instability it provokes. This is beyond our control. I would nonetheless like to believe that in such turbulent times, both the Polish economy and the banking sector will not have to deal with avoidable challenges. The banks are ready to support customers and the economy, and in the future to participate in the activities of Polish firms rebuilding Ukraine. But for that to happen, we must be given a chance to strengthen the capital base, to operate in predictable regulatory conditions, without unexpected additional burdens. I hope that is possible this year.

Przemek Gdański

President of the Management Board, BNP Paribas Bank Polska



Key financial data 2018-2022

	2022	2021	2020	2019	2018
Statement of financial position (PLN million)					
Total assets	151,517	131,777	119,577	109,954	109,023
Loans and advances to Customers *	90,040	86,299	75,637	73,811	73,414
Total equity	11,262	11,362	12,031	11,159	10,560
Amounts due to Customers	120,021	101,093	90,051	86,135	87,192
Statement of profit or loss (PLN million)					
Net profit	441	176	733	615	360
Normalized net profit **	1,166	176	721	950	576
Net interest income	3,493	3,141	3,060	3,169	2,107
Net fee and commission income	1,137	1,049	916	820	567
Net income on banking activity		4,809	4,705	4,550	3,289
Result on provisions for legal risk related to foreign currency loans	(740)	(1,045)	(168)	(32)	-
Net result on impairment losses on financial assets and provisions for contingent liabilities	(275)	(266)	(601)	(442)	(558)
General administrative expenses, depreciation and amortization	(3,038)	(2,544)	(2,506)	(2,922)	(2,049)
Financial ratios (%)					
Net ROE	3.9%	1.5%	6.3%	5.7%	4.8%
Net ROA	0.3%	0.1%	0.6%	0.6%	0.5%
Cost / Income (C/I)	56.8%	52.9%	53.3%	64.2%	62.3%

	2022	2021	2020	2019	2018
Normalized net ROE **	10.2%	1.5%	6.2%	8.9%	6.5%
Normalized net ROA **	0.8%	0.1%	0.6%	0.9%	0.6%
Normalized Cost / Income (C/I) without BFG and IPS **	42.9%	49.9%	49.0%	51.7%	51.1%
Net interest margin	2.46%	2.51%	2.63%	2.92%	2.65%
Share of impaired receivables (NPL ratio) ***	3.3%	3.6%	5.4%	5.7%	5.6%
Cost of risk	(0.30%)	(0.32%)	(0.78%)	(0.59%)	(0.96%)
Total capital ratio	15.55%	16.91%	18.65%	15.05%	14.63%
Tier I capital ratio	11.27%	12.33%	13.55%	12.80%	12.38%
Information on shares					
Stock market capitalization (PLN million)	8,265	13,454	9,376	10,024	7,150
Number of shares (million)	148	148	147	147	147
Year-end share price (PLN)	56	91	64	68	49
Business information (thousand)					
Number of Bank Clients, including:	4,186	4,117	3,938	3,887	3,783
Individual Customers	3,874	3,810	3,639	3,601	3,493
Corporate Customers	312	307	299	286	290

* Net values, including loans measured at amortized cost and at fair value.

** Normalized values calculated excluding loan holidays, integration costs incurred in connection with the implementation of the merger processes in 2016-2020. From 2020 onwards, provisions for proceedings relating to CHF housing loans are presented as a separate line apart from income, this change has also been included for 2019.

*** Applies to portfolio measured at amortised cost.



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Katarzyna Legut-Wturska, Business Banking Manager



The Group and the Bank

[2-1] [2-6]

BNP Paribas Bank Polska S.A. (hereinafter: the Bank) is a universal bank.

Individual Customers are offered a selection of savings and investment products as well as a wide range of loans, including housing and consumer loans. Our comprehensive offer addressed to private banking Customers is aimed at the protection, optimisation and multiplication of assets. The Bank's Customers can also take advantage of investment advisory services.

We provide micro, small and medium-sized enterprises as well as corporations with local and international financing solutions. Our services are also addressed to enterprises from the agri-food sector. We specialise in financing agriculture, the food economy and regional infrastructure.

We have been active in the Polish market for over a hundred years. Our ties with the global BNP Paribas financial Group enable us to apply the best international practices. Thus, we can meet the needs of the local market and the expectations of the Bank's Customers. We provide our services all over the country through a network of Bank branches, partner branches, as well as online and mobile banking. We also cooperate with partner stores and selected car dealers.

As the Bank of Green Changes, we support our Customers' transition to a low-carbon economy and inspire them to make responsible financial decisions. We consistently pursue a strategy of financing investments with a positive social, economic and environmental impact.

The Bank and its subsidiaries form the BNP Paribas Bank Polska S.A. Capital Group (hereinafter: the Group), which ranks sixth as regards balance sheet total in the domestic banking sector. Employment in the Group expressed in FTEs is 8.5 thousand.

The Bank is part of the international BNP Paribas Banking Group (hereinafter: BNP Paribas Group).

The shares of BNP Paribas Bank Polska S.A. are listed on the Warsaw Stock Exchange.

The Bank's head office is located in Warsaw, at 2 Kasprzaka Street.

Market shares

Table 1. Market shares of BNP Paribas Bank Polska

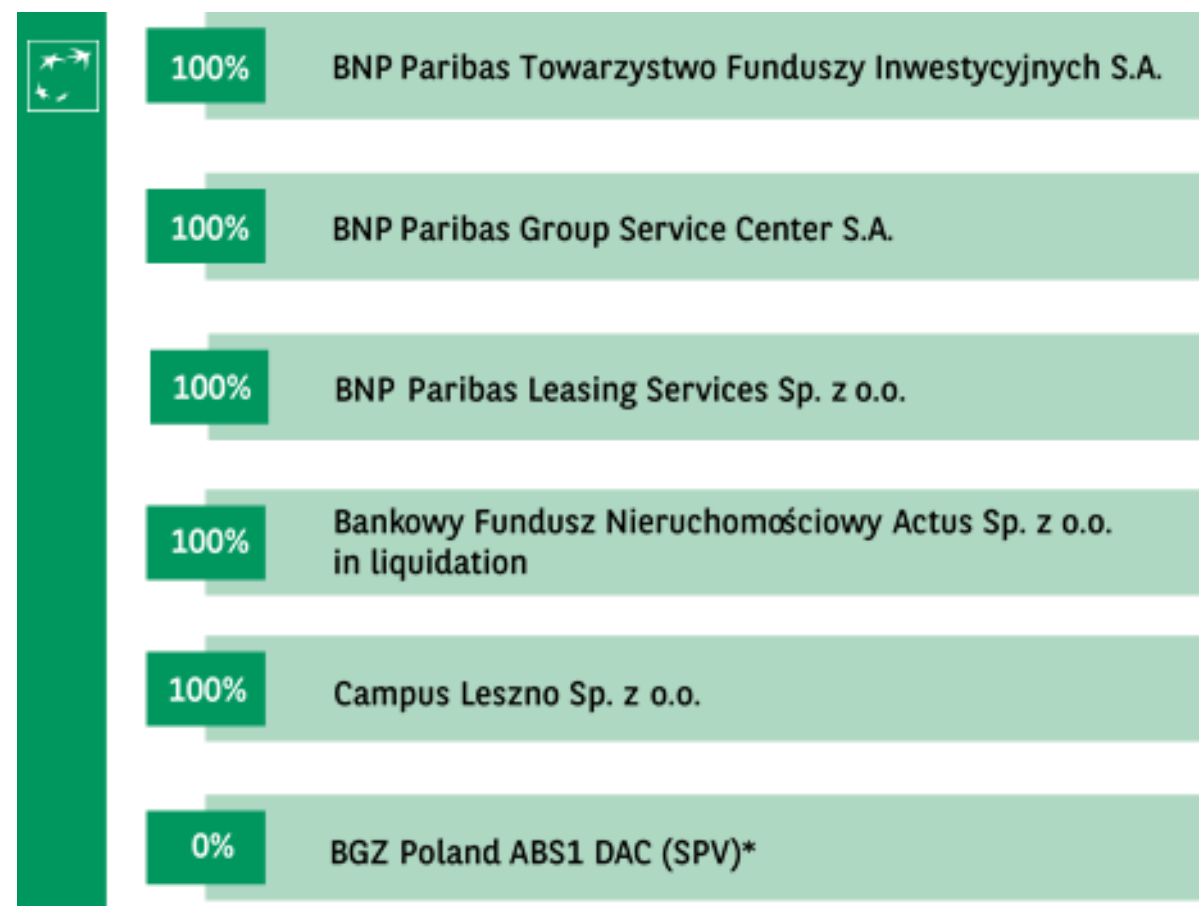
	31.12.2022	31.12.2021
Loans to non-bank Customers	6.1%	6.0%
Loans to individual Customers	5.6%	5.4%
Non-financial business entities	9.2%	9.1%
Deposits from non-bank Customers	6.2%	5.6%
Individual Customer deposits	4.8%	4.7%
Non-financial business entities	10.3%	9.1%

In the "Loans to non-bank Customers" category, the Bank's share in the sector was 6.1% at the end of 2022, compared to 6.0% at the end of 2021. This increase was mainly due to strong growth in the Bank's share of loans to enterprises (with high double-digit growth in their volume at the Bank), accompanied by high growth in the share of PLN residential loans to individuals (associated with both their slow-growing volume at the Bank and declining volume in the sector), and solid growth in the share of the less volume-significant consumer loans segment (largely associated with their declining volume in the sector and modest growth at the Bank).

The Bank's share of non-bank Customer deposits recorded an increase to 6.2% from 5.6% at the end of 2021. This occurred mainly as a result of dynamic growth in the share of term deposits of private individuals, supported by strong growth in the share of corporate deposits.

Group structure and subsidiaries subject to consolidation

BNP Paribas Bank Polska S.A. (hereinafter: the Bank) is the parent company of the BNP Paribas Bank Polska S.A. Capital Group (hereinafter: the Group) operating in Poland. Subsidiaries that constituted a part of the Group as of the end of December 2022 (fully consolidated) are listed below. The Bank's share in the equity of individual subsidiaries is provided in percentage values:

**Structure of the BNP Paribas Bank Polska Group**

* BGZ Poland ABS1 DAC („SPV”) - An SPV company with which the Bank performed a securitisation of a part of the loan portfolio. The Group has no equity contribution in this entity. The company is controlled by Bank BNP Paribas S.A. due to the fulfilment of the control conditions only within the understanding of IFRS 10

Group structure changes in 2022:

- On 28 January 2022, the Extraordinary Shareholders' Meeting of BFN ACTUS Sp. z o.o. adopted a resolution to dissolve the company by way of liquidation. As of 1 February 2022, the company changed its name to Bankowy Fundusz Nieruchomościowy Actus Sp. z o.o. in liquidation.
- On 1 March 2022, the Extraordinary Shareholders' Meeting of BNP Paribas Solutions Sp. z o.o. adopted a resolution to start the liquidation process of the Company. The name of the company was changed to BNP Paribas Solutions Sp. z o.o. in liquidation. On 14 November 2022, the company was removed from the National Court Register. On 24 November 2022, the removal of BNP Paribas Solutions Sp. z o.o. from the National Court Register became effective, ending the liquidation process.

Apart from the Group's subsidiaries, at the end of December 2022, the Bank had equity investments in infrastructure companies, including Biuro Informacji Kredytowej S.A., Krajowa Izba Rozliczeniowa S.A., VISA Inc., Mastercard Inc. and SWIFT. We also held minority, non-controlling shares, stocks or bonds convertible into stocks in several medium-sized Polish enterprises. The value of these shares and minority interests is not significant given the scale of operations and financial results of the Bank and the Group. These investments are financed from own funds.

All transactions between the Bank and related parties resulted from current operating activities and included primarily loans, deposits, and derivatives transactions, as well as income and expenses from advisory services and financial intermediation. Detailed information on transactions with related parties can be found in Note 52 to the Consolidated Financial Statements of the BNP Paribas S.A. Capital Group. Bank Polska S.A. for the 12-month period ended 31 December 2022.

BNP Paribas Group worldwide

The Bank's strategic shareholder is the leading international banking Group, BNP Paribas, which operates in three key areas:

- Commercial, Personal Banking & Services - services provided by the sales network and specialised business units,
- Investment & Protection Services - savings, investment and insurance services,
- Corporate & Institutional Banking - services for corporate and institutional Customers.

The BNP Paribas Group supports its individual Customers, entrepreneurs, local government units, small and medium-sized enterprises, corporations and institutions in the implementation of projects by offering them a range of financial, investment, savings and insurance products.

The BNP Paribas Group operates in 65 countries and employs almost 190,000 people, including 148,000 in Europe.

In 2022, the Group began implementing the GTS strategic plan for 2022-2025. The strategy is built on three pillars: growth, technology and sustainability.

Aims of the BNP Paribas Group's GTS strategy:

- GROWTH – further development of profitable business operations based on the leading position of the BNP Paribas Group in Europe,
- TECHNOLOGY – technology supporting Customer experience and operational efficiency,
- SUSTAINABILITY – focusing the Group's business activities on supporting the financing of sustainable development.



The Bank on the Warsaw Stock Exchange

Shareholder structure

On 31 December 2022, two of the Bank's shareholders held at least 5% of the total number of votes at the General Meeting: BNP Paribas and BNP Paribas Fortis SA/NV. In total, they held 87.40% of the votes. The remainder of the Bank's shares, i.e. 12.60%, was in free float.

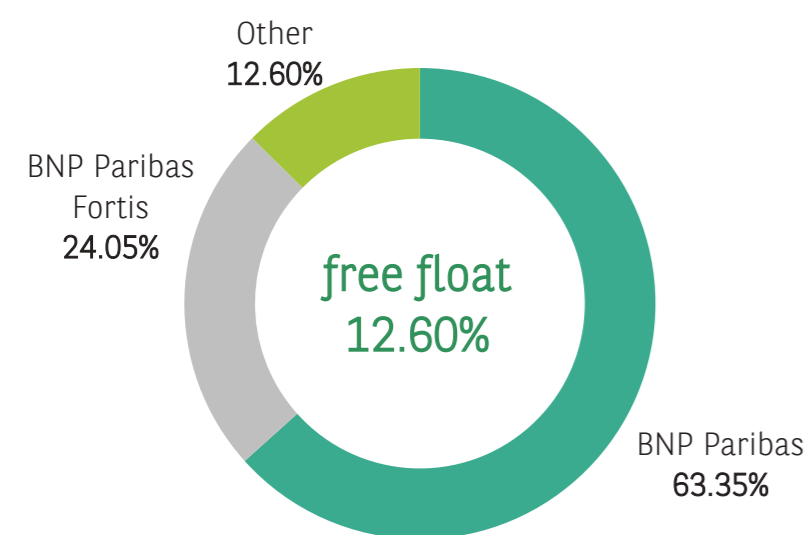
Changes to the Bank's shareholder structure in 2022 are described in the "Shares and shareholders" section.

The Bank's shares are listed on the Main Market of the Warsaw Stock Exchange since 27 May 2011 (the debut of Bank Gospodarki Żywnościowej S.A.).

PLBGZ0000010 ISIN code	BNP WSE Ticker
BNPPPL abbreviation	mWIG80 i mWIG80TR Index membership

Chart 1. Shareholder structure as of 31 December 2022

Total number of shares – 147,593,150



Stock quotes

The year 2022 brought a trend reversal and a downturn on the WSE. The outbreak of war in Ukraine, the deterioration of the macroeconomic situation and economic growth outlook contributed to declines in share prices and major stock indices. At the session on 30 December 2022, the closing price of the Bank's shares was PLN 56.00, down 38.60% compared to 30 December 2021 (PLN 91.20). During the same period, the value of the WIG-Banks index fell by 27.64%.

The first quarter of 2022 was characterised by increased price volatility, influenced by concerns over the approach to tackling the COVID-19 pandemic, including the introduction of lockdowns and the beginning of negative macroeconomic developments. After the initial increases seen in January (annual maximum for the Bank's share price on 12 January 2022: PLN 97.00), the turning point was the outbreak of war in Ukraine resulting in the introduction of sanctions against Russia, the emergence of further disruptions to global supply chains and fuel and energy prices. The stock market downturn contributed to a 23.25% drop in the Bank's share price (to PLN 70.00) in the first quarter. The value of the WIG-Banks index fell by 11.54% in the first quarter.

The second quarter of 2022 has already seen a clear downward trend in bank shares caused, among other things, by a significant deterioration in macroeconomic data, including a major increase in inflation, an outflow of foreign capital as a result of the growth of geopolitical risk in the region, and banks incurring the costs of setting up the Commercial Bank Protection Scheme as well as the announcement of an initiative allowing Customers to suspend the performance of their mortgage contracts (credit moratoria), translating into high costs and an expected deterioration in the performance of the banking sector. As a result, the Bank's share price fell by 20.57% to PLN 55.60 in the second quarter of 2022 (with the WIG-Banks index falling by 28.62%).

The decline in prices continued in the third quarter of 2022 (a 16.22% fall in the value of the WIG-Banks index). The continuation of the poor sentiment towards bank shares was related, among other things, to the quantification of the burden on earnings from the negative impact of the credit moratoria introduced by law. The Bank's share price fell by 6.83% to PLN 51.80 in the third quarter of 2022. On 16 and 19 September 2022, the annual minimum of the Bank's share price was recorded, at PLN 46.70.

Chart 2. Quotations and trading value of the Bank's shares from 30.12.2021 to 30.12.2022





The reversal of the downward trend did not occur until the fourth quarter of 2022. The WIG-Banks Index reached its annual minimum at the beginning of the quarter (10 October 2022) and its value increased by 36.8 per cent in the quarter. Most of the known negative factors were discounted and factored into the banks' prices in the third quarter of 2022, opening up the possibility of a change in the trend.

The average daily price of the Bank's shares in the following quarters was: Q1 2022: PLN 81.15 and Q2 2022: PLN 63.22, Q3 2022: PLN 53.34, Q4 2022: PLN 53.97.

2022 brought a decline in investor activity as the stock market deteriorated. The average daily trading volume was 9,496.20 shares in Q1 2022, 3,174.47 shares in Q2 2022, 10,307.65 shares in Q3 2022 and 3,345.84 shares in Q4 2022. Overall, the average trading volume in 2022 was 21.95% lower than 2021 (6,518.24 versus 8,351.63).

Together with the decrease in the share price, this was reflected in changes in the average daily trading value, which in the quarters under review amounted to, respectively: PLN 769.71 thousand, PLN 199.70 thousand, PLN 545.47 thousand and PLN 181.01 thousand. On the session of 3 August 2022, the annual maximum trading volume was recorded: 105,494 shares, and on the session of 4 January 2022 the annual maximum trading value was recorded: PLN 7,582.00 thousand.

Chart 3. Change in share price of the Bank vs. WIG-Banks from 30.12.2021 to 30.12.2022 (30.12.2021 = 100%)



Table 2. Key information on BNP Paribas Bank Polska S.A. shares

	2022	2020	2019	change 2022/2021
Share price at the end of the year (PLN)	56.00	91.20	63.60	(38.6%)
Average share price (PLN)	62.92	74.18	52.23	(15.2%)
Maximum share price (PLN)	97.00	100.50	78.60	(3.5%)
Minimum share price (PLN)	46.70	58,00	33.10	(19.5%)
WIG-Banks value at year-end (points)	6,251.97	8,640.27	4,765,33	(27.6%)
Number of shares at year end (units)	147,593,150	147,518,782	147,418,918	74,368 / 0.1%
Capitalisation at year-end (PLN thousand)	8,265,216	13,453,713	9,375,843	(38.6%)
Average trading volume per session (units)	6,518.24	8,351.63	3,164.17	(22.0%)
Average value of trading per session (PLN thousand)	420.87	652.14	155.94	(35.5%)
Earnings per share (PLN)*	2.99	1.20	4.97	1.79
P/E* ratio	18.72	76.31	12.79	(57.59)
Book value per share (PLN)*	76.31	77.02	81.61	(0.71)
P/BV* ratio	0.73	1.18	0.78	(0.45)

* calculation on a consolidated basis



Ratings

In 2022, the Bank was rated by the Fitch Ratings agency (ordered by the Bank). A history of the agency's ratings can be found on the Bank's website: <https://www.bnpparibas.pl/en/investor-relations/about-the-bank/ratings>.

At the end of 2022, the Bank had the following ratings (confirmed in the Fitch Ratings statement of 16 December 2022):

Fitch Ratings	rating
Long-Term Issuer Default Rating (LT IDR)	A+" with a stable outlook
Short-Term Issuer Default Rating (ST IDR)	"F1"
National Long-Term Rating (Natl LT)	"AAA(pol)" with a stable outlook
National Short-Term Rating (Natl ST)	"F1+(pol)"
Viability Rating (VR)	"bbb-"
Shareholder Support Rating (SSR)	"a+"

The Bank's IDR and SSR ratings reflect Fitch Ratings' belief in a possible support from the Bank's parent entity, BNP Paribas SA (hereinafter: BNPP, A+ IDR, stable outlook). According to Fitch Ratings, the Bank's VR of "bbb-" reflects the Bank's moderate franchise in the competitive Polish banking market as well as a traditional, well-balanced business model.

In August 2022, Fitch Ratings placed the Bank's Viability Rating on a watch list with a negative indication (Rating Watch Negative). The placement of the Bank's VR on the watch list with negative indication was due to a deterioration in the assessment of the operating environment in Poland (from 'bbb+' to 'bbb'), mainly as a result of the introduced credit holidays for mortgages granted in PLN, the level of state interference in the banking sector's activities and the expected economic slowdown. In December 2022, the Bank's Viability Rating was removed from the Watch List with a negative indication (Rating Watch Negative) and the remaining ratings were confirmed at unchanged levels.

In September 2022, the rating agency Sustainalytics assigned the Bank an ESG Risk Rating of 10.9, indicating a low risk of a material negative impact of factors related to the management of environmental and social impacts on the business ("Low Risk"). The rating is the best score among Polish banks reviewed so far.

In 2022, Moody's Investors Service Agency assigned a rating to the Bank based on publicly available public information, i.e. not solicited by the Bank. The Bank's ratings from Moody's Investors Service are available at: www.moodys.com.

Investor Relations

The Bank follows a transparent information policy to guarantee the highest standards of communication, taking into account the information needs of capital market participants.

The Bank, as a public company and a supervised institution, provides information according to the principles of corporate governance, in compliance with applicable laws. It grants capital market participants equal access to information on the company's current operations, actions and financial results, fulfilling its obligation to inform in a way that opens the door to reliable valuations of the Bank's shares.

Relations with shareholders, investors and other participants of the capital market are managed by a dedicated organisational unit at the Bank: the Investor Relations Office. Important information for investors, the Bank's shareholders and analysts is available on the Investor Relations website <https://www.bnpparibas.pl/en/investor-relations>.

In 2022, the Bank published a digital version of its annual report for the third time. The report for 2021 is available at: <https://raportroczny.bnpparibas.pl/en/>.

At the end of January 2023, the Bank had 8 recommendations from financial institutions, of which 1 "Buy" and 7 "Hold". The median target price from the recommendations was PLN 60.8 and the average target price was PLN 61.0, which was 8.5% and 8.8% higher than the share price at 31 December 2022 (PLN 56.0), respectively.



Key events in 2022

The war in Ukraine - the Bank's quick and comprehensive response to the crisis situation

- Simplified onboarding process with a dedicated service offer for Ukrainian citizens (Account for Now, website and online banking in Ukrainian)
- Social activities undertaken by the Bank and employees - providing accommodation, involvement of employees in volunteering, fundraising among employees to purchase items needed by refugees, psychological support
- Realisation of employee projects within the framework of the Volunteering#TogetherforUkraine initiative
- Thematic webinars for employees as part of the wellbeing programme "GOOD" e.g. how to talk to children about war
- Establishing, together with the BNP Paribas Foundation, a Solidarity Fund to support the families of Ukrainian employees of BNP Paribas and Ukrsibbank
- Financial support provided by the BNP Paribas Group to help refugees from Ukraine and social organisations working for their integration in Poland

The impact of the war in Ukraine on the Bank's risk management is described in the Risks and opportunities section. The impact of the war on the external environment in 2022 in particular on the economy, is described in the Macroeconomic Situation section.

The potential impact of the war on the external environment, the economy and, subsequently, the Bank's and the Group's operations and performance in future periods is described in the Outlook 2023+ section.

118.8 thousand

personal accounts opened for Ukrainian citizens in 2022

305.7 thousand

personal accounts for Ukrainian at the end of 2022

114.7 thousand

number of Clients from Ukraine acquired in 2022

437.4 thousand

number of Clients from Ukraine at the end of 2022



Major corporate events

January 2022

- **4.01. - Extraordinary General Shareholders Meeting:** adoption of resolutions, inter alia, on:
 - adoption for application by the Bank of the rules contained in "Code of Best Practice for WSE Listed Companies 2021"
 - adoption of the Policy for appointing and dismissing members of the Bank's Supervisory Board and the Policy for assessing the adequacy of the Bank's Supervisory Board members
 - amendments to the Bank's Statutes and adoption of the Regulations of the General Meeting.
- **18.01. - Ratings of the Bank assignment by Fitch Ratings**
 - Long-Term Issuer Default Rating (IDR) at "A+" with a stable outlook
 - Viability Rating (VR) at "bbb-"
 - Shareholder Support Rating (SSR) at "a+"
- **28.01. - The Extraordinary Shareholders' Meeting of BFN ACTUS Sp. z o.o. adopted a resolution to dissolve the company by way of liquidation.** As of 1 February 2022, the company changed its name to Bankowy Fundusz Nieruchomościowy Actus Sp. z o.o. in liquidation.

February 2022

- **11.02. - The Polish Financial Supervision Authority (PFSA) imposed the capital add-on recommended under Pillar II (P2G):** The PFSA recommended that the Bank should maintain own funds on an individual and consolidated basis to cover the capital add-on (P2G) at 0.61 p.p. to absorb potential losses under stress conditions.

March 2022

- **1.03. - Entry into the National Court Register of a part of the amendments to the Statute of BNP Paribas Bank Polska S.A.** adopted by the Extraordinary General Meeting of the Bank on 4 January 2022.
- **21.03. - Strategy of BNP Paribas Bank Polska S.A. for the years 2022-2025.** The Bank's Management Board announced the main goals of the 2022-25 development strategy for the Bank and the BNP Paribas Bank Polska S.A. Capital Group adopted by the Bank's Supervisory Board on 21 March 2022.
Key financial targets 2025:
 - return on equity (ROE) ratio: ~12%
 - cost/income ratio: max. 48%
 - share of sustainable financing: 10%



April 2022

- **4.04.** - Issue of M series shares under the conditional share capital increase and change in the value of the share capital of BNP Paribas Bank Polska S.A.

In accordance with the statements of the National Securities Depository (No. 513/2021 of 31 March 2021 and No. 311/2022 of 31 March 2022) and a resolution of the Management Board of the Warsaw Stock Exchange (No. 348/2021 of 31 March 2021), on 4 April 2022, on the basis of the settlement orders referred to in § 6 of the Detailed Rules for the National Securities Depository, 74,368 M series ordinary bearer shares of the Bank were registered in the NSD and admitted to trading by the WSE with a nominal value of PLN 1 each. Furthermore, series M shares were recorded on the eligible persons' securities accounts.

Series M shares were subscribed for in exercise of the rights from previously subscribed A2 series registered subscription warrants, each of whom entitled to subscribe for one series M share.

At the same time, the Bank's share capital was increased from PLN 147,518,782 to PLN 147,593,150, which is divided into 147,593,150 shares with a nominal value of PLN 1 each.

- **14.04** - Determination of the amount of annual contribution to the Banks' forced restructuring fund for the year 2021 by the Bank Guarantee Fund (BGF) for BNP Paribas Bank Polska S.A. in the amount of PLN 125,919 thousand.

May 2022

- **19.05.** - Registration in the National Court Register of a part of the amendments to the Articles of Association of BNP Paribas Bank Polska S.A., adopted by the Bank's Extraordinary General Meeting on 17 June 2021.
- **23.05.** - Decisions of the Polish Financial Supervision Authority to approve the inclusion of net profit for 2021 in Tier 1 capital at separate (PLN 184,526 thousand) and consolidated (PLN 176,298 thousand) levels.

June 2022

- **3.06.** - Determination of a minimum level of own funds and eligible liabilities (MREL) by the BGF for the Bank on an individual level:
 - 15.99% of the total risk exposure amount (TREA) and
 - 5.91% of the total exposure measure (TEM).This requirement should be met by 31 December 2023.

MREL interim targets: in relation to TREA the targets are: 11.99% as of the date of receipt of the BGF letter and 13.99% at the end of 2022, while in relation to TEM: 3.00% as of the date of receipt of the BGF letter and 4.46% at the end of 2022.

- **7.06.** - Consent to participate in the establishment of the Commercial Bank Protection Scheme (IPS), referred to in Article 4(1)(9a) of the Act of 29 August 1997 – Banking Law
- **27.06.** - General Shareholder's Meeting

**July 2022**

- **15.07. - Adoption of the Act on Crowdfunding for Business Ventures and Assistance to Borrowers.** This Act allowed persons repaying mortgage loans in PLN to suspend the repayment of loan instalments and interest for a period of four months in the current and following year (two months in Q3 and Q4 of 2022; one month in each quarter of 2023).

PLN 895 million of credit holiday costs have been recognised by the Bank in 2022 net interest income.

- **29.07 - Registration in the National Court Register of amendments to the Articles of Association of BNP Paribas Bank Polska S.A. regarding the increase in the Bank's share capital to PLN 147,593,150 as a result of the acquisition of series M shares by authorised persons.**

November 2022

- **24.11. - effective removal of BNP Paribas Solutions Sp. z o.o. from the National Court Register completing the liquidation process**

On 1.03, the Extraordinary Meeting of Shareholders of BNP Paribas Solutions Sp. z o.o. adopted a resolution to open liquidation of the company. On 14 November 2022, the company was removed from the NCR register.

August 2022

- **5.08. - Rating by Fitch Ratings:** The rating agency Fitch Ratings placed the Viability Rating (VR) of the Bank ("bbb-") on Rating Watch Negative.

The Bank's other ratings were unaffected by this action.

December 2022

- **16.12. - Rating by Fitch Ratings:** the agency affirmed the Bank's Long-Term Issuer Default Rating (IDR) at "A+", with a stable outlook and Shareholder Support Rating (SSR) at "a+". The Viability Rating (VR) was affirmed at "bbb-" and removed from Rating Watch Negative.
- **27.12. - The PFSA imposed the capital add-on recommended under Pillar II (P2G):** The PFSA recommended that the Bank should maintain own funds to cover the capital add-on (P2G) – in the amount of 0.77 p.p. at the consolidated level and 0.80 p.p. at the individual level – so as to absorb potential losses resulting from the occurrence of stress conditions.

September 2022

- **9.09 - Registration in the National Court Register of amendments to the Articles of Association of BNP Paribas Bank Polska S.A.** adopted at the General Shareholders Meeting of the Bank on 27 June 2022, regarding the conditional increase of the Bank's share capital by issuing no more than 1,200,000 series N ordinary bearer shares.
- **14.09 - ESG rating by Morningstar Sustainalytics.** BNP Paribas Bank Polska S.A. has received a Sustainalytics' ESG Risk Rating of 10.9, indicating a low risk of material adverse impact of factors related to the management of environmental and social impacts on the business ("Low Risk"). This rating is the best score among Polish banks examined so far.



Awards and distinctions

In 2022, the Bank and the BNP Paribas Foundation received numerous awards for their activity in the area of corporate social responsibility and sustainable development. We are honoured and committed to further actions for the betterment of the world around us.

January 2022

- On January 20, the Bank was awarded the title of **Top Employer Polska and the Top Employer Europe** certificate for the best standards in the area of human resources management.

February 2022

- The BNP Paribas Foundation was recognised by the Active Against Depression Association for its support in reaching out to people experiencing mental difficulties. The Foundation's one-year partnership with the Association (conducted within the "I support all year long" programme) made it possible to reach people experiencing emotional difficulties during the pandemic and offer them psychological help.

March 2022

- The Bank received the **Ethical Company 2021** title in the Large Company category for its efforts to build and strengthen an organisational culture based on ethics and the principles of corporate social responsibility, thus standing out amongst Polish enterprises.
- The Bank was recognised in the seventh edition of the **Institution of the Year** competition: it placed 5th in the annual ranking. The experts of the MojeBankowanie.pl portal awarded the Bank in 4 categories: the best remote service, the best service in a branch, the best bank for companies, and the best remote account opening process. As many as 21 Bank branches were awarded the title of the best bank branch in Poland.

April 2022

- The campaign of the Bank and the Polish Red Cross "First Aid for Humanity" received the "Ad of the day" title from the Campaign Live portal.
- Przemek Gdański, the Bank's president, took second place in the Banker of the Year 2022 ranking of the Forbes biweekly.

May 2022

- For the fourth time in a row, the Bank was listed among standout employers as regards maturity in managing diversity and building an inclusive work environment. In 2022, the list included 38 organisations that successfully passed the **Diversity IN Check** survey conducted by the Responsible Business Forum. For the first time, the organisers indicated the leaders: six companies that achieved the highest score (above 80%). The Bank was among them.
- The 20th jubilee edition of the **"Responsible Business in Poland. Good Practices" Report** (prepared by the Responsible Business Forum) was presented during the CSR Fair. Nine out of ten good practices submitted for publication by the Bank were distinguished. Among these were: the creation of a Sustainability Community at the Bank, an innovative loan linked to sustainability goals (Sustainability Linked Loan), the Simple Language programme, initiatives for diversity, social integration, accessibility and the empowerment of women, the "Class" scholarship programme, the "I support all year long" and the "AgroEmisja" greenhouse gas calculator.
- The Bank received **POLITYKA's Golden Leaf of CSR** – the highest distinction awarded by the editors of Polityka Weekly. For the eighth time in a row, the Bank was recognised as a company maintaining the highest social responsibility and sustainable development standards. We also won an award in a new category, related to climate transformation: **POLITYKA's Green Leaf**. In this year's edition, the Bank's sustainable products and services were among the distinguished best practices related to the implementation of the Sustainable Development Goals.



June 2022

- The Bank won second prize in the "Social media" category and a distinction in the "Safe bank – best practices" category in the "Złoty Bankier 2022" ranking. It is the largest review of the Polish banking sector, organised by Bankier.pl and "Puls Biznesu".
- The Bank took the podium three times in **the Banking Stars 2022** ranking, organised by Dziennik Gazeta Prawna and PwC consulting company. An independent judging panel awarded the Bank third place in the growth, stability and ESG categories.
- Magdalena Nowicka, Vice-President of the Bank's Management Board responsible for New Technologies and Cybersecurity, was listed in the **Digital Shaper 2021**, in the digital transformation category.
- The Bank received an award in the "banking" category in the 20th edition of the TechnoBiznes 2022 competition of the "Gazeta Bankowa" monthly for the implementation of the Secfense technology.
- The Bank was recognised in the 6th edition of "Employer of Tomorrow", a competition organised by the Polish Agency for Enterprise Development. The Sectoral Competence Council of the competition awarded the Bank first place in the Finance Sector category.
- The "First Aid for Humanity" campaign created for the Bank and the Polish Red Cross by VMLY&R Poland won two Bronze Lions – in the Design and Outdoor categories – at this year's Cannes Lions advertising festival.

June 2022

- The Bank was recognised for campaigns addressed to employees in the Employer Branding Excellence Awards competition. We received the main prize in the Internal Campaign category and a distinction in the Employer Branding Innovation category for the "Mogę" (I Can) - communication of a new organisational culture at the Bank" campaign. It promoted key values among employees, including courage, cooperation, simplicity, transparency and empowerment.
- The Bank was the only one (out of several dozen participants) to receive a maximum score in Cashless.pl'. Ranking of financial institutions supporting the professional and social equality of the LGBT+ community.
- In the ARC Market and Opinion survey, the Bank's Press Office was among the top three in Poland. Honesty, responsiveness and availability are the most important features of a press office according to financial journalists.
- On 30 June, the Bank was placed at the forefront of the Ranking of Responsible Companies for the fourth time in a row. It took second place in the general classification and in the banking, finance and insurance category.

September 2022

- The Environmental Finance magazine awarded BNP Paribas in the "Best progress towards achieving zero emissions in the EMEA region" category. The award shows appreciation for the Group companies' efforts to support Clients in their transition towards climate neutrality.
- The Bank took third place in the 2022 Safest Banks in Central and Eastern Europe ranking – a part of the 31st annual Ranking of the World's Safest Banks conducted by Global Finance.

**October 2022**

- The Bank received an award in the LGBT+ Diamonds Awards 2022, in the Employer of the Year Supporting LGBT+ category. The competition distinguishes people and organisations who act and introduce substantial change to support LGBT+ employees.
- In the 21st edition of the Friendly Bank Ranking organised by Newsweek, the Bank took first place in the Traditional Banking category for focusing on Customers who value direct contact with an advisor and appreciate good service in branches. The Bank was also named a "Company-Friendly Bank" and came 2nd in the 9th edition of Forbes' rating.
- The Group's annual report received the main prize in the "Banks and financial institutions" category of the 17th "Best Annual Report" competition organised by the Institute of Accounting and Taxes. The Bank was among the winners for the fourth time in a row. This year, the digital Integrated Report also received a distinction.
- RegAgri Explorer, a professional tool for estimating the long-term level of CO₂ absorption by the soil – provided by the Bank on the agronomist.pl portal – was named the Innovative Agricultural Product of 2022 in the category "Programmes, tools (including financial) and devices supporting farming or animal husbandry" by the "Farmer" portal.
- The Bank received the Izydor 2022 award for the most farmer-friendly company in the category "Finance and insurance".
- The Bank won the Red Hat Digital Leaders 2022 award for the Central Europe region. The organisers expressed their appreciation for the GOonline platform, which brought together over 80 microservices and integrated over 35 bank systems within the agile methodology.

November 2022

- The BNP Paribas Foundation was among the winners of the "DNA Award – helping is in our genes" in the "Help for Ukraine" category. The competition was organised by the Clean Air Foundation and the Positive Ideas Foundation.
- The Bank's campaign "Where are our female school patrons?" received 2nd prize in the Equality category of the Effie Awards 2022 competition.
- The Bank was a finalist in the 7th edition of the Festival of Responsible Films "17 Goals". It won in the "Enterprises, including corporate foundations" category. The "Golden Shield" award was shared by two films: #wspieramyfeminatywy and First Aid for Humanity.
- The Bank was among the winners of the 16th Sustainable Development Reports competition organised by the Responsible Business Forum and Deloitte. The Bank's integrated report received a special award from the Warsaw Stock Exchange, i.a. for meeting the highest standards in non-financial reporting.

December 2022

- The first edition of the Diversity Card Awards recognised employers who support diversity, equality and inclusion. The Bank won first place in the DEI in business category (partnership subcategory) for activating people with disabilities.
- The Bank was recognised twice in the "ESG Leader" competition. We received the Golden Award in the "Strategy" category for the 2022-2025 GO beyond strategy, which integrates business goals with aspects of sustainability. In the "Educational Program" category, the BNP Paribas Foundation received a distinction for the "Class" scholarship program, which supports talented primary schools graduates from smaller towns and has been active for nearly 20 years.
- The "First Aid for Humanity" campaign, a cooperation between the Bank and the Polish Red Cross won 1st prize in the MIXX FOR GOOD PURPOSE category of the IAB MIXX Awards. The competition recognises the most inspiring, creative and effective applications of the digital environment, and thus strengthens the value of brands, companies and organisations, while also showing possible paths to further changes.
- In the "ESG Innovator 2022" competition, organised by the Polish ESG Association, the Bank received the title of "ESG Visionary 2022" for "dispelling ESG's bad press, disseminating the idea of sustainability, assuming the role of an educator, implementing innovation".



The Bank in its environment

External environment

21

Stakeholder relations

27



Krzysztof Żukowski, Head of CF Sales Network Department



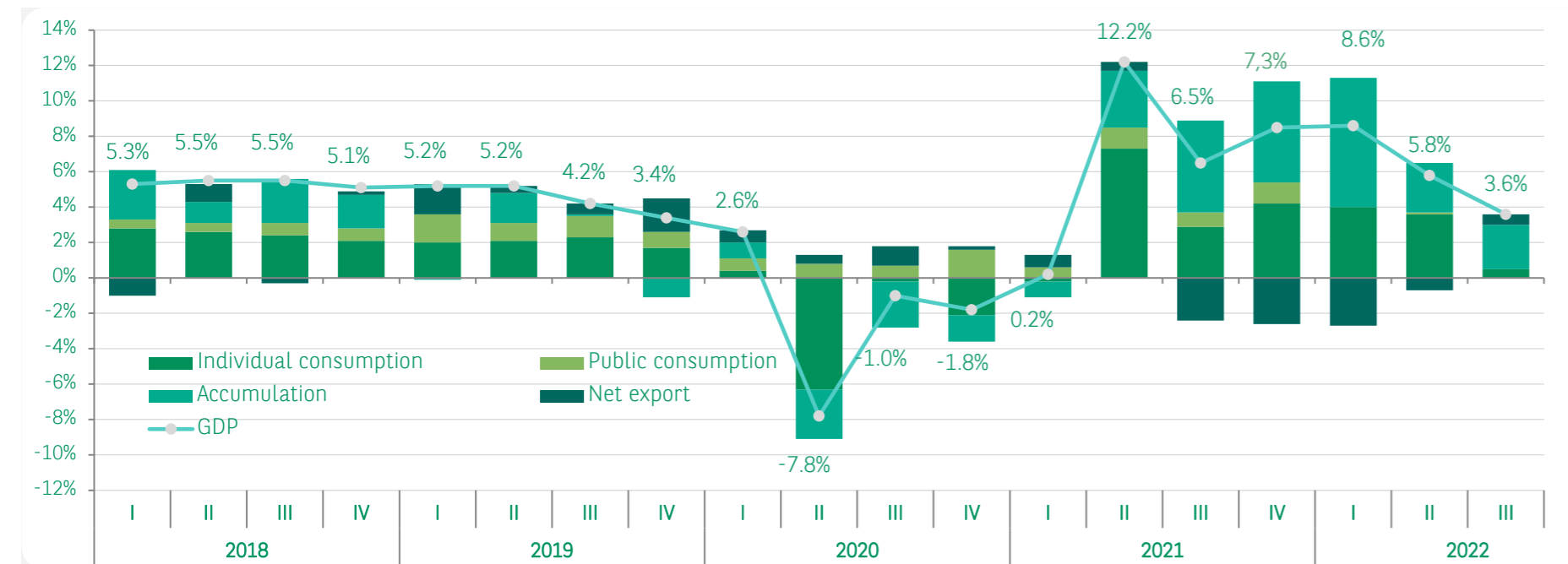
External environment

Macroeconomic situation

GDP

Last year, the Polish economy grew by almost 5%. In the fourth quarter alone, however, the annual GDP growth rate decreased from 3.6% to 2.0%. On a quarterly basis, seasonally adjusted GDP fell by 2.4%. Although Poland avoided a technical recession (two consecutive quarters of GDP decline in q/q terms), since April the activity of the economy clearly slowed down. Detailed data on national accounts for the last months of 2022 will be published by the Central Statistical Office at a later date, but it can be assumed that the very large decline in GDP q/q in the fourth quarter resulted from a significant reduction in the level of inventories by companies. This may be evidenced by, for example, a decrease in the volume of working capital loans for non-financial enterprises by almost PLN 16 billion. The dynamics of final demand, i.e. consumption, investments and exports, also weakened in the last months of 2022, as indicated by data from industry, construction and trade. The relatively weak economic situation at the beginning of the year and unfavourable base effects will have a negative impact on the average annual GDP growth rate in the current year. According to our forecast, GDP will increase by only 0.5% in 2023. The weaker than last year's data will be driven primarily by domestic demand, dampened by rapid price growth and high nominal interest rates.

Chart 4. GDP growth



Business activity

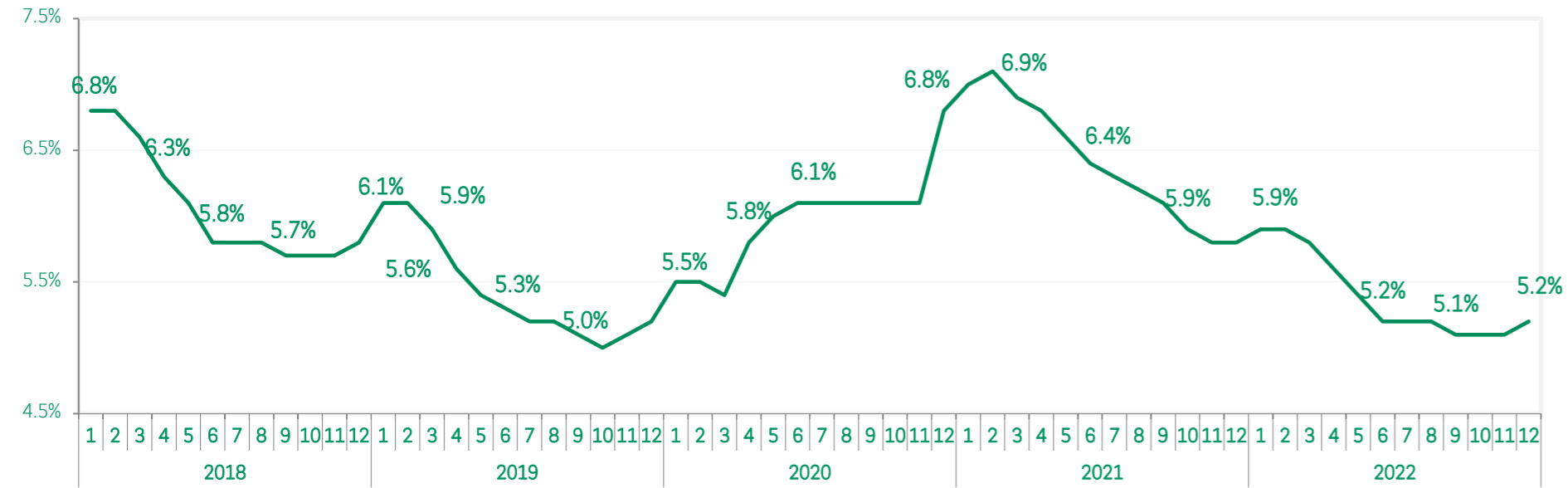
In the fourth quarter of 2022, economic activity in Poland clearly weakened. Industrial production increased by 4% y/y against 9.3% y/y in the third quarter. The factor supporting the increase in industrial production in Poland was primarily the execution of outstanding orders, while new orders were significantly decreasing. Further deceleration in activity was equally clear in the case of construction and assembly production, whose growth rate decreased to 2.4% y/y in Q4 from 3.4% in July-September. The slowdown in this area was greatly influenced by interest rate rises, which significantly reduced the demand for housing loans from the middle of last year. Consumer spending on goods also declined. Retail sales in real terms increased by only 0.8% y/y in the last months of 2022, compared to 3.4% y/y in Q3. Growing inflation exceeding the rate of wage growth significantly reduced the purchasing power of households, suppressing consumer demand at the end of last year.

Inflation

In 2022, CPI inflation increased very rapidly, moving significantly away from the NBP's inflation target (2.5% +/- 1 p.p.). In Q4, CPI inflation accelerated to 17.3% y/y, compared with 7.7% in Q4 2021. The dynamic inflation acceleration in Poland in 2022 was largely due to the situation on global commodity markets. The increase in gas and oil prices in previous quarters translates into higher fuel and energy prices. In addition, disruptions in supply chains continue, which, combined with the aforementioned increases in commodity prices, translated into higher production costs and also contributed to the acceleration of CPI inflation in Poland. In addition to external factors, internal factors also had a major impact on the acceleration of inflation. According to the NBP, baseline inflation increased by more than 11% y/y in the fourth quarter. The domestic factor that largely drove price growth was the historically high salary dynamics in the corporate sector. Salary demands increased costs in companies, which were then passed on to consumers, driving up prices in Poland. Only in the last months of 2022 has the dynamics of CPI inflation slowed down, although we believe that the peak of inflation is still ahead of us. The inflation path in the following months will be shaped by global factors (commodity prices), domestic salary and demand pressures, decisions on regulated prices (energy and gas) and indirect taxes (change in the anti-inflationary shield).



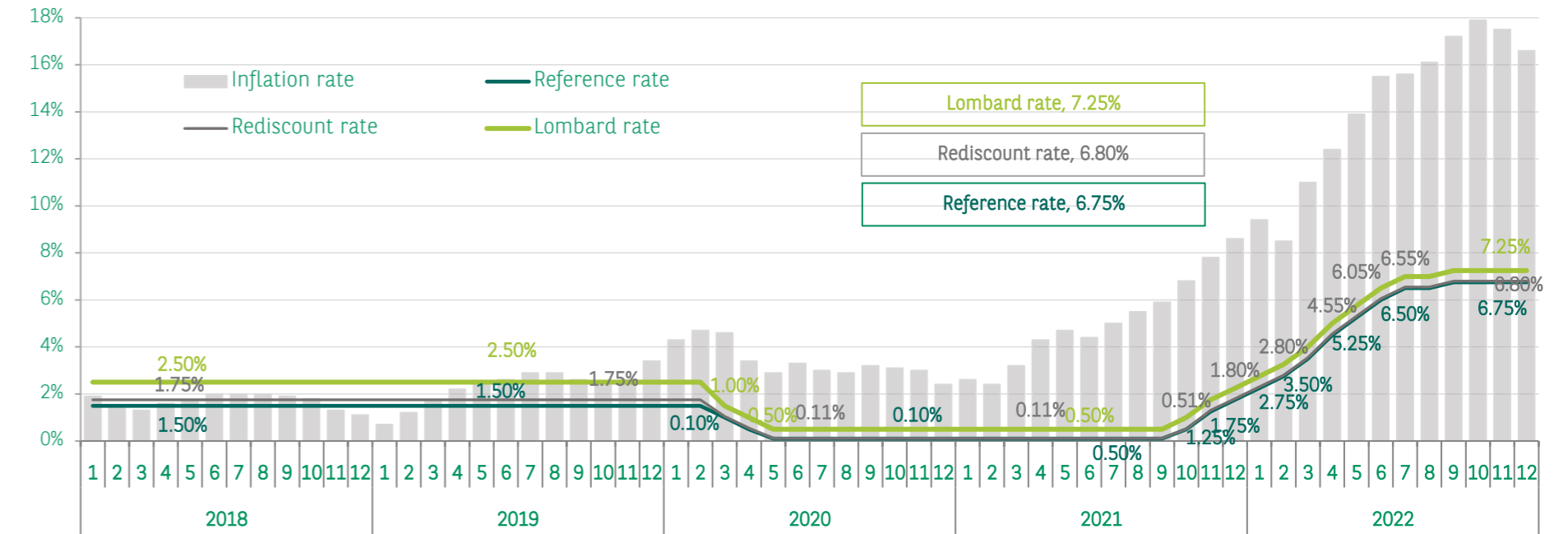
Chart 5. Registered unemployment rate



Monetary policy

Since October, the Monetary Policy Council (hereinafter: MPC) has kept the NBP interest rates unchanged, including the reference rate of 6.75%. The Council estimates that the expected global economic slowdown, together with monetary policy tightening by major central banks, will have a dampening effect on global inflation and commodity prices. In such conditions, the significant tightening of monetary policy by the MPC will contribute to lowering inflation in Poland towards the NBP's inflation target. According to the NBP President, the MPC has not completed the policy tightening cycle, but has suspended it until the central bank's new macroeconomic forecast is presented in the March Inflation Report.

Chart 6. Inflation and interest rate



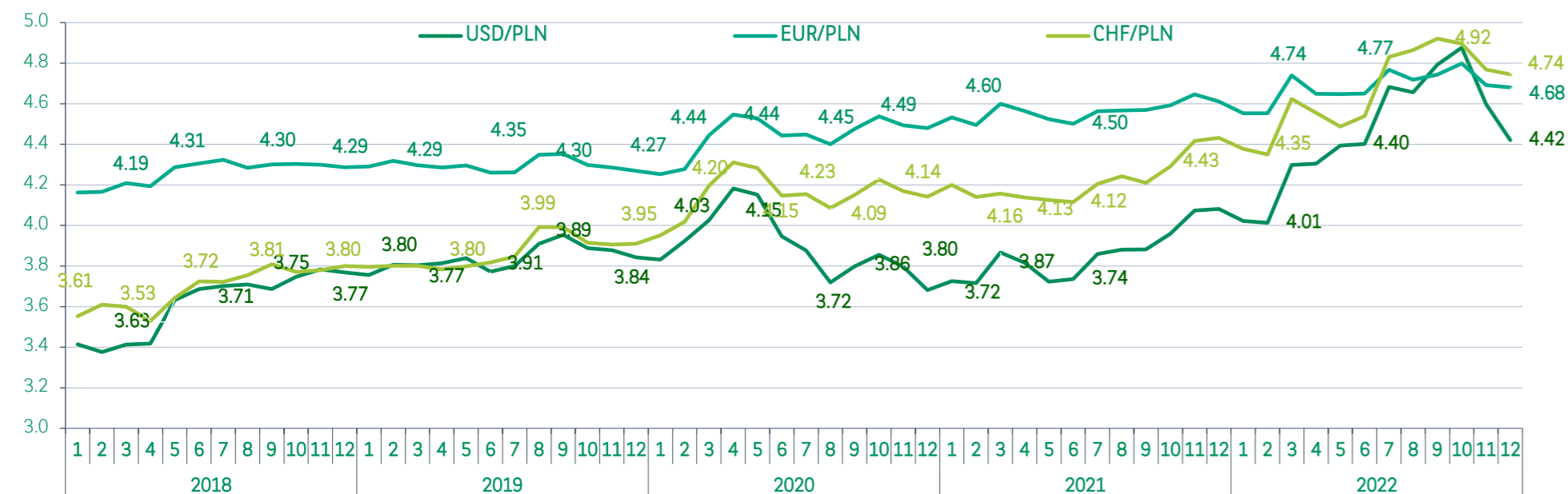
Bond market

In 2022, yields on 10-year Polish government bonds increased from 4% to around 7% by the end of last year. The decline in the prices of Polish debt securities was dictated primarily by the MPC's continued cycle of interest rate increases. In addition, Polish bond prices were negatively affected by the war in Ukraine and the lack of progress in negotiations with EU institutions on the disbursement of funds from the National Reconstruction Plan (NRP). Yields on Polish government bonds are also influenced by the situation on the base markets (the United States and the euro zone) and domestic inflation as well as public debt. At the beginning of the fourth quarter, the risk premium for long-term Polish bonds (measured by the spread over 10-year German bonds) reached 625 bps, compared with around 400 bps at the beginning of the year. The situation only improved towards the end of the year, when the spread between Polish and German government bonds fell to 420-430 bps.



Currency market

Chart 7. PLN exchange (monthly average)



In Q4 2022, the PLN clearly strengthened in relation to the major currencies. The EUR/PLN exchange rate decreased from the level of 4.90 to around 4.70. In relation to the Swiss franc, the zloty's exchange rate fell from around 5.00 to around 4.70. The zloty strengthened to the greatest extent in relation to the dollar. The USD/PLN exchange rate fell to around 4.40 at the end of the year from a peak of 5.00 at the beginning of October. The appreciation of the PLN was the result of an increase in risk appetite in the market due to the stabilisation of commodity prices. Moreover, the rise in EUR/USD also contributed to the appreciation of the zloty. Further appreciation of the zloty may be limited by domestic factors such as the suspension in the interest rate rise cycle, high core inflation and the lack of NRP funds.

Performance of the banking sector

Main categories of the banking sector profit and loss account

In 2022, according to preliminary data from the Polish Financial Supervision Authority (PFSA), the net profit of the banking sector in Poland amounted to PLN 12.5 billion and was more than double the than the result achieved in the same period last year (by PLN 1.65 billion, i.e. by 7.9%). The increase in net profit was mainly due to a significant increase in net interest income and an increase in net fee and commission income, and occurred despite higher operating costs and the recognition by banks of the negative impact of the credit moratoria (a programme allowing borrowers to suspend repayments of selected 8 instalments of PLN housing loans, of which 4 instalments in 2022 and 4 instalments in 2023, but the initial effect was recognised in full in 2022) booked partly in net interest income and mostly in modification income (other result).

Net interest income amounted to PLN 76.0 billion and increased y/y by PLN 29.4 billion or 63.1%, mainly as a result of interest rate rises (started in October 2021 and completed in September 2022, resulting in an increase in the NBP

reference rate from 0.10% to 6.75%). The effect was partly neutralised by the recognition by some banks of the impact of the aforementioned moratorium. Net fee and commission income amounted to PLN 18.5 billion, up by PLN 1.43 billion or 7.6% y/y.

The increase in banks' operating expenses (including depreciation and amortisation and bank tax) by PLN 9.7 billion, or 24.2% y/y, was mainly due to an increase in existing regulatory costs as well as the appearance of a new contribution. The sector as a whole was burdened by an additional contribution to the Borrowers' Support Fund (PLN 1.4 billion) and a higher contribution to the Forced Restructuring Fund (which amounted to PLN 1.7 billion in 2022, compared with PLN 1.2 billion in 2021) as part of contributions to the Bank Guarantee Fund. However, the biggest additional burden on some commercial banks has become the contribution to the established Commercial Bank Protection System. It amounted to PLN 3.5 billion and was paid by the 8 largest commercial banks that are participants. Increases in salaries and other non-regulatory general management costs caused by high inflation and rising energy prices also contributed to the increase in operating costs.

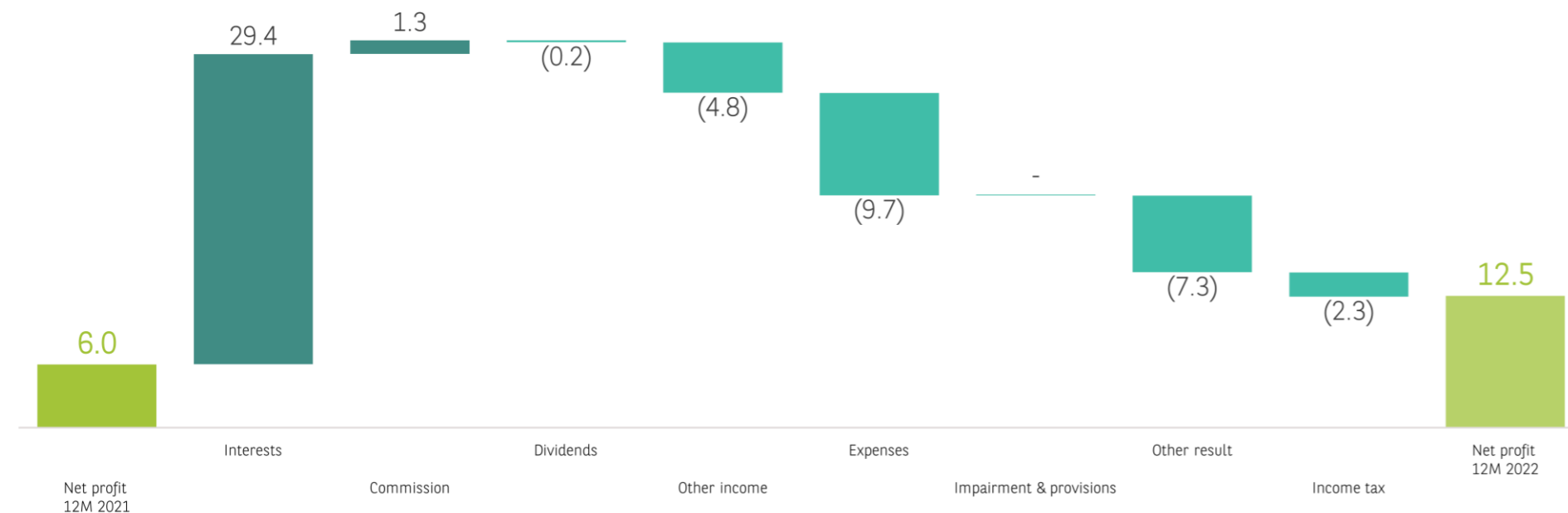
The decrease in other income was mainly due to a decrease in modification income as a result of banks booking the impact of the credit moratoria.

Other revenues fell y/y by PLN 4.8 billion due to the increasing legal risk of the foreign currency housing loan portfolio as a result of a growing number of lawsuits and the continuation of a line of judgments unfavourable to lenders.

The burden on the result caused by impairment losses and provisions was at the same level as in 2021 and amounted to PLN 15.5 billion. Net impairment losses increased by PLN 1.8 billion, or 25.1%, as a result of the deteriorating macroeconomic situation caused, inter alia, by the war in Ukraine, while provisions decreased by PLN 1.8 billion, or 21.3%.



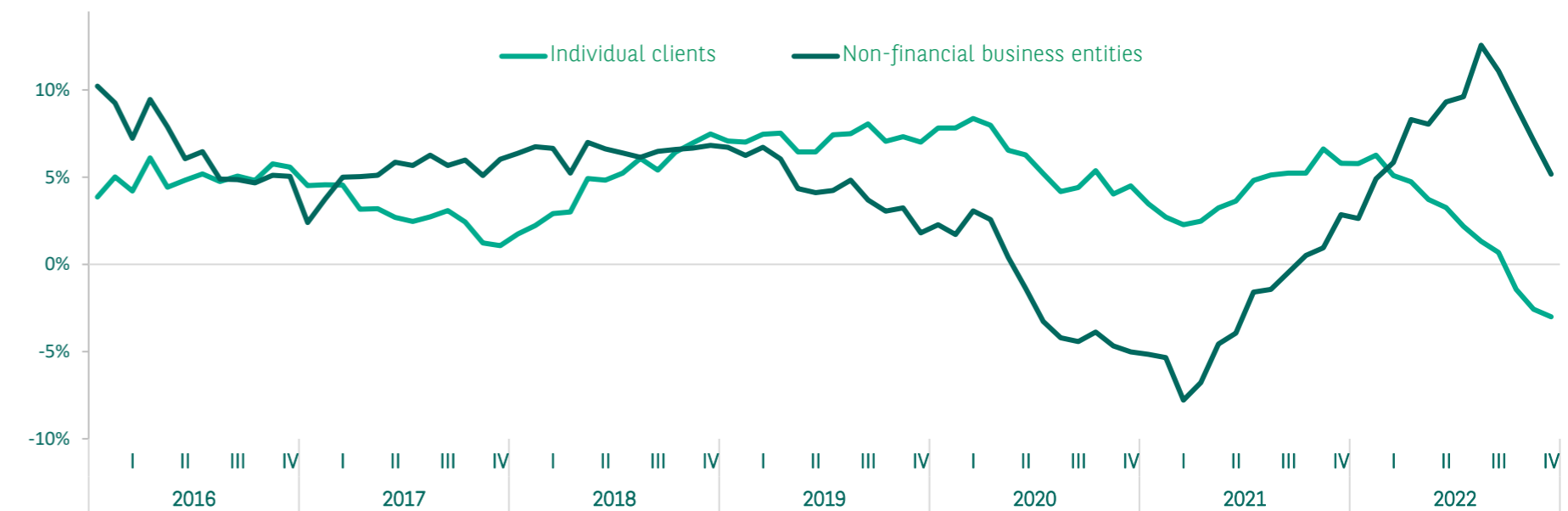
Chart 8. Selected items of the profit and loss account of the banking sector (PLN billion)



Main categories of the balance sheet of the banking sector

The level of loans to non-bank Customers at the end of 2022 amounted to PLN 1,412 billion. The increase of PLN 33.1 billion, or 2.4% y/y, was lower than at the end of 2021. (PLN 66.3 billion, or 5.1% y/y). The main driver of the growth was loans to corporates, which recorded a growth rate of 9.7% y/y against 4.3% y/y in the previous year. The decline in the dynamics of total loans at the end of 2022 compared with the dynamics at the end of 2021 was determined by the decrease in the volume of PLN mortgage loans for individuals (with high growth in 2021), accompanied by less significant volume decreases in consumer loans and loans to individual entrepreneurs.

Chart 9. Loans to non-financial sector Customer (y/y dynamic)



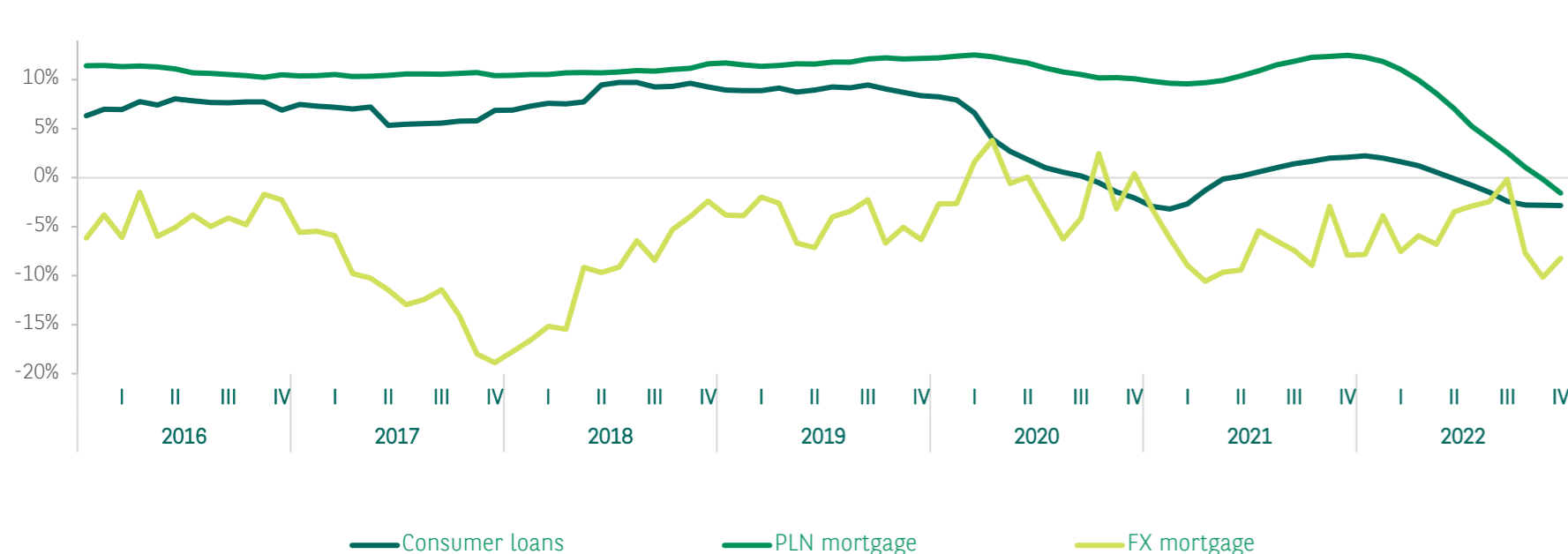
Source: NBP

Loans to non-financial business entities at the end of 2022 increased by 5.2% y/y (2.8% at the end of 2021), mainly as a result of the aforementioned dynamic growth in corporate loans (up 9.7% y/y) and despite a further decrease in loans to individual entrepreneurs (to 10.0% against a 1.9% y/y decrease at the end of 2021) and individual farmers (to 10.8% against a 2.0% y/y decrease at the end of 2021).

The acceleration in growth of corporate loans was mainly due to the strong increase in investment loans (7.5% y/y against a 2.1% y/y decrease at the end of 2021). Current loans continued to grow at a double-digit rate, however slower than at the end of 2021 (13.3% vs. 14.2%). According to the NBP, the persistently high growth rate of corporate loans is a result of the low reference base - these only exceeded their nominal pre-pandemic value in H1 2022. The high cost of credit and uncertainty about the future economic situation (caused mainly by the war in Ukraine), as well as the unstable legal environment, had a negative impact on investment loans of entrepreneurs and individual farmers. At the end of 2022, they recorded an annual decrease of respectively 22.8% (-4.9% at the end of 2021) as well as 11.8% (-1.7% at the end of 2021).



Chart 10. Loans to individuals (y/y dynamics)



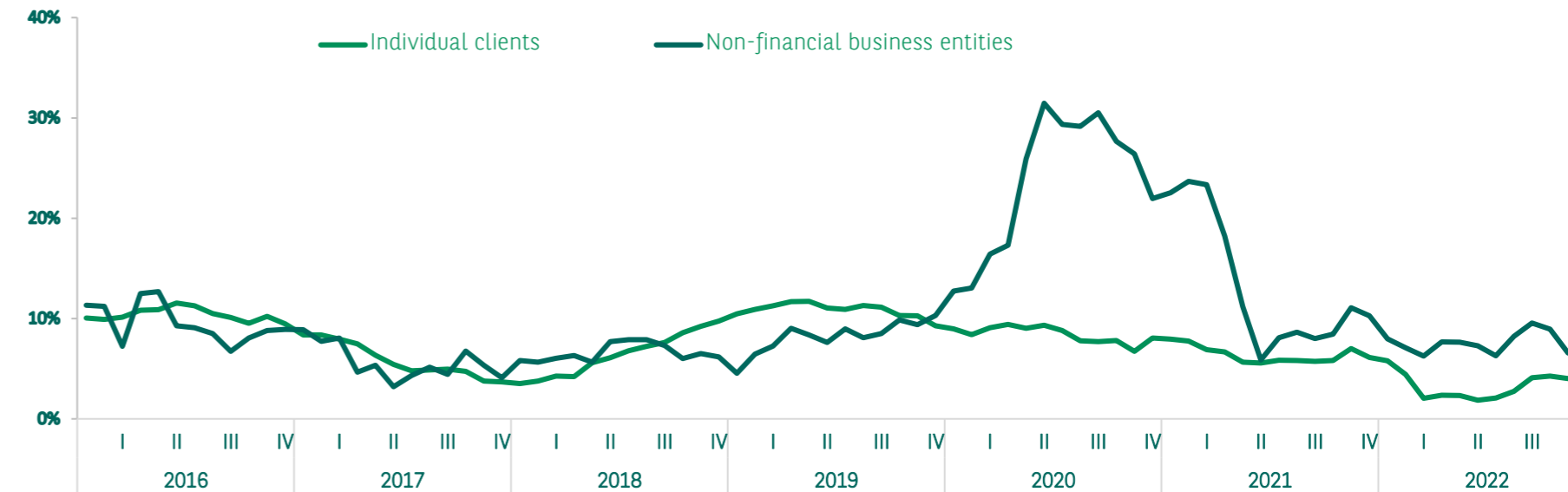
Source: NBP

Loans to individual Clients decreased by 3.0% y/y against an increase of 5.8% at the end of 2021, driven by a decline in PLN mortgage loans by PLN 6.3 billion or 1.6% y/y (against an increase of PLN 44.8 billion or 12.5% at the end of 2021). This was accompanied by a decrease in consumer loans by PLN 5.8 billion or 2.8% y/y (against an increase of 2.1% y/y at the end of 2021) and foreign-currency mortgage loans by PLN 9.1 billion or 8.2% y/y (-7.9% y/y at the end of 2021) in an environment of depreciation of the PLN against CHF.

The decrease in the dynamics of PLN mortgage loans occurred, on the one hand, as a consequence of a deep decline in demand caused, among other things, by: high and rising interest rates until September 2022; changes in household consumption; the deterioration of the economic situation of households, accompanied by changes in their spending structure, mainly related to high inflation; and the tightening by banks of the conditions and criteria for granting these loans as a result of PFSA guidelines limiting the credit creditworthiness of potential borrowers. According to the Credit Information Bureau (BIK), 63% less potential borrowers applied for a mortgage in December 2022 than in December 2021. On the other hand, the decrease in the value of the mortgage portfolio was equally strongly influenced by early repayments or full repayments, primarily linked to the aforementioned high interest rates, and supported by funds released after the introduction of credit moratoria. According to BIK, the value of early repayments in 2022 was almost twice as high as in 2021 and amounted to PLN 52.4 billion.

The decrease in consumer loans was mainly due to an increase in loan interest rates as a result of the rise in economic interest rates and the worsening situation of households caused by the increase in prices of goods and services resulting in a decrease in demand for consumer goods. According to the BIK, this occurred against the backdrop of a faster increase in the number of loans granted up to PLN 5,000 than over PLN 50,000 meaning that loans were mainly taken out for primary needs products.

Chart 11. Deposits from Customers of non-financial sector (y/y dynamics)



Source: NBP

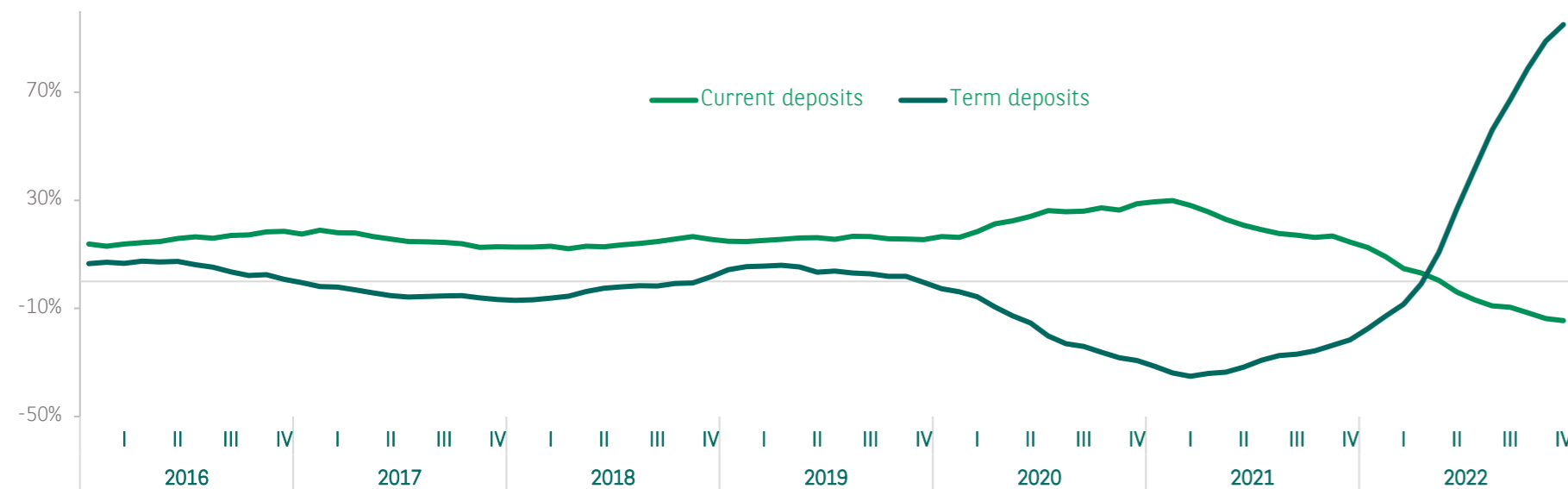
At the end of 2022, non-bank Customer deposits grew by 5.7% y/y, compared with an increase of 10.9% at the end of 2021. Both the dynamics of deposits from private individuals (to 4.4% y/y against 6.1% y/y at the end of 2021) and the dynamics of deposits from non-financial businesses (to 8.0% y/y against 10.3% y/y at the end of 2021) slowed down.

The slower growth rate of retail deposits may have been the result of higher inflation, increasing the scale of basic consumer spending and, consequently, lower Customer savings. High inflation and higher interest rates resulting in higher interest rates on bank deposits changed the structure of deposits and translated into a dynamic increase in term deposits (up 95.1% y/y at the end of 2022 against a decrease of 21.6% y/y at the end of 2021) with a decrease in current deposits (up 14.5% y/y at the end of 2022 against an increase of 14.6% y/y at the end of 2021). Factors slowing deposit dynamics were, in particular, the increased demand for so-called savings bonds related mainly to the new offer of 1-year floating rate bonds (average monthly sales of savings bonds amounted to PLN 4.8 billion in 2022 against PLN 3.6 billion in 2021) and increased share of real estate purchases from own funds. A factor supporting the dynamics of deposits was probably the net balance of deposits and redemptions of investment funds (excluding PPK funds), which amounted to negative PLN 27.6 billion against a net balance of PLN 6.2 billion in 2021. - the decrease was mainly recorded by debt funds as a result of interest rate rises and significant repricing of market debt instruments.

The slowdown in the growth rate of non-financial businesses' deposits was mainly due to a decrease in current deposits (-4.9% y/y against an increase of 9.9% y/y at the end of 2021). At the same time, non-financial business entities' time deposits increased by 84.8% y/y (against an increase of 12.4% in 2021) - driven by an increase in interest rates on term deposits.



Chart 12. Deposits from individual Customers (y/y dynamics)



Source: NBP

Stock market and investment situation

In 2022, the WIG stock index, which represents all listed companies on the Warsaw Stock Exchange (WSE), was in a negative trend recording its lowest level since the end of 2020. The first three months of 2022 were a period of increased volatility, which translated into several per cent changes in the index in the range of 55,000–73,000 points. In contrast, the period from April to October was a clear downward trend, which translated into the quotation reaching a local minimum in the approximate area of 45,000 points. The negative trend was reversed in the second half of October and the increasing movement continued until the end of the year. Finally, the WIG index ended the year with a negative return of 17.1% compared to levels at the end of 2021. The 2022 period saw a diversification of returns among company segments, although not at the same scale as in previous periods. In the period from 31 December 2021 to 31 December 2022 WIG20 and mWIG40 recorded negative returns that exceeded 20.0%. The relatively best performance was registered by the smallest companies segment, whose index also reported a loss, but it did not exceed 13.0%.

The indexes of the Warsaw Stock Exchange were in line with the foreign equity markets. For example, the US S&P500 index recorded a negative return of 19.4% during the 12 months of 2022, the French CAC40 lost 9.5%, while the German DAX was down by 12.3%.

Table 3. The value of the main indices on the WSE

Index	31.12.2022	31.12.2021	31.12.2020	change 2022 vs 2021	change 2021 vs 2020
WIG	57,463	69,296	57,026	(17.1%)	21.5%
WIG20	1,792	2,267	1,984	(20.9%)	14.3%
mWIG40	4,154	5,292	3,977	(21.5%)	33.1%
sWIG80	17,496	20,056	16,096	(12.8%)	24.6%

Source: Bloomberg

The following factors, among others, impacted the 2022 outlook for the Warsaw Stock Exchange: (i) concerns about the impact of further waves of disease in the context of the COVID-19 pandemic on the global economy; (ii) concerns about policymakers' approach to handling the pandemic, including the introduction of extensive lockdowns; (iii) the outbreak of war in Ukraine and the sanctions imposed on Russia, which translated into further disruption of global supply chains; (iv) an apparent deterioration in macroeconomic data, including in particular PMI leading indices, which translated into negative revisions to economic growth; (v) an increase in geopolitical risks in the CEE region and thus an outflow of foreign capital; (vi) uncertainty about the approach of central banks in an environment of accelerating inflation and an expected economic slowdown; (vii) restrictive monetary policy of the Monetary Policy Council, headed by a cyclical and dynamic scale of interest rate increases, which translated into capital outflow from the debt market, but also into an increase in interest rates on term deposits; (viii) expansionary fiscal policy pursued locally and supported by unexpected initiatives of the government authorities (e.g. anti-inflationary shields, credit moratoria, plans of the so-called extraordinary profits taxation); (ix) perception of Poland and the WSE on global markets, burdened inter alia by uncertainty about the inflow of funds from the National Recovery Plan (NRP); (x) volatility of the PLN.

The year 2022 brought a clear upward trend in the yields of Polish government bonds. Ultimately, yields on Polish 10-year treasury bonds were around 6.85% at the end of the year, when at the beginning of January it was around 3.7%. It is worth to mention that in October the aforementioned yields exceeded the level of 9.0%. The above was in line with global trends and was a consequence of rising inflation and expectations of monetary tightening by major central banks. For almost the entire 2022 Monetary Policy Council maintained its tightening rhetoric by systematically raising interest rates. At the end of the reported period, the reference rate stood at 6.75%, which was the result of eight consecutive increases from 1.75% in December 2021.



Table 4. Number of companies, capitalisation and turnover on WSE

	31.12.2022	31.12.2021	31.12.2020	change 2022 vs 2021	change 2021 vs 2020
Number of companies	416	430	433	(3.3%)	(0.7%)
Capitalization of domestic companies (PLN million)	574,669	701,152	538,752	(18.0%)	30.1%
Value of trading in shares (PLN million)	293,111	330,995	311,124	(11.4%)	6.4%
Futures contracts trading volume (thousand)	15,280	11,707	11,115	(30.5%)	5.3%

Source: WSE

In 2022, 8 new companies appeared on the WSE's main market, all as a result of the transfer of listings from NewConnect, and 22 entities left the trading floor. On the NewConnect organised market, 16 issuers debuted on the market last year, while 17 entities were delisted at the same time. On the Catalyst bond market, meanwhile, a total of 545 bond series were listed and the value of issues exceeded PLN 1,150 billion.

Stakeholder relations

[2-29]

The Bank's stakeholders are all of those whom we influence and who interact with our organisation. We are focused on an ongoing, open dialogue and provide our stakeholders with accurate information about our objectives and decisions, also taking into account their opinions and expectations. We use multiple channels of communication.

Stakeholder group	Main forms of engagement	Selected examples of engagement
Clients (Individual Clients, Clients in the Food & Agro sector, small businesses and associations, housing associations, corporate Clients and SMEs)	<ul style="list-style-type: none"> • Face-to-face meetings and telephone/online discussions, Contact Center helpline • Analysis of Customers' opinions on offered services and their quality • Opinion surveys • Websites (chat, video chat, contact form, online banking) • Social media profiles: Facebook, Instagram and LinkedIn 	<ul style="list-style-type: none"> • Agronomist.pl platform • Customer Journey surveys that allow us to react on an ongoing basis to Customer needs and requests • Client days • The campaign "And what have you done for your Client?" • "Who listens does not misunderstand" campaign • Food & Agro Conference

Stakeholder group	Main forms of engagement	Selected examples of engagement
Employees and associates	<ul style="list-style-type: none"> • Periodic employee satisfaction surveys (quarterly) • Internal communication tools • Face-to-face meetings and conversations • Stakeholder opinion surveys conducted as a part of preparation for non-financial data reporting 	<ul style="list-style-type: none"> • Echonet - internal information portal • Newsletter Hello • Bonjour magazine (internal monthly online magazine) • Meetings with Board members for all employees
Subsidiaries of the BNP Paribas Bank Polska S.A. Group	<ul style="list-style-type: none"> • Ongoing internal communication between the subsidiaries of the BNP Paribas Bank Polska S.A. Group. 	<ul style="list-style-type: none"> • Management Board Report on the activities of the BNP Paribas Bank Polska Group.
Entities included in the BNP Paribas Group in Poland and abroad	<ul style="list-style-type: none"> • Ongoing internal communication within the BNP Paribas Group in Poland and abroad 	<ul style="list-style-type: none"> • Annual Integrated Report
Market environment (business partners, suppliers, consumer and industry organisations, competition, administration, nationwide media)	<ul style="list-style-type: none"> • Ongoing contact with business partners and suppliers • Stakeholder opinion surveys conducted as a part of the Preparation for non-financial data reporting • Ongoing responses to press enquiries (public relations) 	<ul style="list-style-type: none"> • CSR declaration for suppliers - a document describing the principles of cooperation with suppliers • Declaration of Responsible Selling - we are a signatory, we implement the principles of responsible selling • Office Hours
Supervisory authorities (Polish Financial Supervision Authority, National Bank of Poland)	<ul style="list-style-type: none"> • Information materials and reports for supervisory authorities 	<ul style="list-style-type: none"> • Management Board Report on the activities of the BNP Paribas Bank Polska Group.
Capital market (institutional and individual investors, Warsaw Stock Exchange, rating agencies, analysts)	<ul style="list-style-type: none"> • Information materials and reports for the investors • Ongoing contact with representatives of capital market institutions 	<ul style="list-style-type: none"> • Annual Integrated Report
Local communities (social partners, local government administration, institutions supporting cultural,	<ul style="list-style-type: none"> • Ongoing contact with social partners within conducted projects • Stakeholder opinion surveys as part of preparation for non-financial data reporting 	<ul style="list-style-type: none"> • The campaign "Where are our Patronesses?" • Noble Gift (Szlachetna Paczka) • Mission Education • Mission Independence



Stakeholder group	Main forms of engagement	Selected examples of engagement
educational and sport events, universities, schools, local residents, local media, NGOs)	<ul style="list-style-type: none"> Websites (chat, video chat, contact form, online banking) Social media profiles: Facebook, Instagram and LinkedIn Webinars, podcasts on Spotify platform 	
Natural environment (regulatory organisations and environmental NGOs)	<ul style="list-style-type: none"> Ongoing contact with social partners within delivered project Stakeholder opinion surveys as part of preparation for non-financial data reporting Social media profiles: Facebook, Instagram and LinkedIn Participation in professional conferences Partnerships for the implementation of the SDGs 	<ul style="list-style-type: none"> Climate Positive Programme in cooperation with the UN Global Compact Climate Leadership Programme in partnership with UNEP/GRID-Warsaw Open Eyes Economy Summit European Forum for New Ideas in Sopot Partnership with Forest Forever Foundation (Fundacja Las na Zawsze)

Stakeholders panel

In 2022, we invited representatives of key stakeholder groups to a dialogue session. The online meeting was held in accordance with the AA1000 SES stakeholder engagement standard. The standard provides specific guidance to help plan and conduct stakeholder dialogue.

The purpose of the stakeholder dialogue was to listen to the opinions, needs and expectations of key stakeholders regarding the implementation of the Bank's business strategy activities, including sustainability aspects. Participants at the meeting were also given the opportunity to identify other topics that are relevant to them. Any issues identified during the panel were taken into account as stakeholder expectations, ideas for consideration, and topics for inclusion in the report.

The meeting was attended by 18 participants, including representatives of companies (SME and Corporate Clients) and organisations such as the UNEP/GRID-Warsaw Centre, the European Bank for Reconstruction and Development, the Responsible Business Forum, the Integration Foundation, the Ocalenie Foundation, the Warsaw Stock Exchange, the ANG SA Group, the Polish Institute for Human and Business Rights, the Association of Listed Companies, the UN Global Compact, the Polish Bank Association.

Key findings from the panel on stakeholder expectations in the ESG area:

- Education, building sustainability awareness and regulatory support,
- Partnership working, understanding the situation and needs of stakeholders,

- Setting market standards,
- A sense of responsibility for created consumer behaviours,
- Concern for human rights and the environment throughout the value chain.

Partnerships

[2-28]

At the Bank, we consider cross-sector partnerships to be the best way to implement responsible change and promote best practices in business, especially in terms of achieving the UN Sustainable Development Goals, accessibility of products, services and facilities or responsible sales. We work with more than 40 organisations and associations, a full list of which can be found at: <https://www.bnpparibas.pl/csr/partnerstwa>.

Strategic partnerships

The key partnerships from a sustainability and community engagement perspective are:

- Partnership for the Implementation of the UN Sustainable Development Goals in Poland - an initiative of the Ministry of Development and Technology, the national coordinator of SDGs implementation in Poland,
- Responsible Business Forum (Partnership Programme, Diversity Charter, Chapter Zero Poland),
- Nations Global Compact (Climate Positive, Business and Human Rights),
- UNEP/GRID-Warsaw (Partnership for the Implementation of the Environmentally Sustainable Development Goals - Together for the Environment, Climate Leadership),
- Polish Bank Association (e.g. Working Group on Sustainable Finance),
- Lewiatan Confederation (e.g. Green Transformation Council),
- Polish Association of Sustainable Agriculture "ASAP",
- Pro Bono Leaders Coalition,
- Spring Association - the Noble Gift action,
- Integration Foundation.

Climate partnerships

- Chapter Zero Poland is part of the Climate Governance Initiative. It is a competence development programme for supervisory and management bodies of companies created by the World Economic Forum. The aim is to raise awareness of the consequences of climate change for companies and the impact of business on the climate. Chapter Zero Poland was launched in May 2021 on the initiative of the Responsible Business Forum in professional partnership with Deloitte



Poland. Subsequently, the Bank joined the initiative - in a mentoring role. As of December 2021, the UNEP/GRID-Warsaw is the expert partner organisation of the initiative. The media partner of Chapter Zero Poland is the daily newspaper Rzeczpospolita. As part of developing the initiative, a programme council has been established, chaired by Lucyna Stańczak-Wuczyńska - Chairwoman of the Bank's Supervisory Board.

- In partnership with the UN Global Compact Network Poland, the Bank participates in the Climate Positive programme to support activities that promote green attitudes. Przemysław Gdański, the Bank's President, is a member of the UNGC Programme Council. He also contributes to the annual Yearbook publication, which showcases the Bank's activities and urges consumers, companies and institutions to get involved in initiatives under the 13th Sustainable Development Goal - climate action.
- In 2020 the Bank joined the international industry consortium Cool Farm Alliance (CFA), which brings together stakeholders working to advance sustainable agriculture. Our Bank is the first financial institution to join the 60 companies within the CFA. Thanks to our membership in the CFA, the Bank's Food & Agro Customers can use the innovative Cool Farm Tool via the Agronomist.co.uk portal, which we run from 2021. This is an online calculator for calculating greenhouse gas emissions associated with agricultural production, assessing farm biodiversity or crop irrigation requirements.



Strategy and prospects

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Marzena Czarny, Team Manager



Business model and value creation for stakeholders

The business activity of the BNP Paribas Bank Polska Group is based on operating segments (the business line's share of the Group's banking profit, NBI, for the 12 months of 2022 is given in %):

- Retail and Business Banking - provides services to individual Customers - including private banking Customers (Wealth Management) and business Customers - including microenterprises. The highest share of the NBI - 41.0%,
- Corporate Banking - offers a wide variety of financial services to big and medium-sized enterprises, local government entities and entities that are part of international capital groups. The share in NBI - 30.7%,
- Small and Medium Enterprise Banking - provides services to Agro and non-Agro Customers. The share in NBI - 10.7%,
- Corporate and Institutional Banking (CIB) - supports sales of the Group's products to Polish companies and provides services to strategic Customers. The share in NBI - 7.4%,
- Other banking activities are carried out within the Asset and Liability Management Division and the Corporate Center. The share in NBI - 10.2%.

Foundations of operations

Completeness of the offer

We offer Customers a variety of financial products and services provided by the Bank and Group companies. We are close to our Customers. We provide services in a network of bank Clients' Centers, and we are constantly developing and adapting our branches to their needs. Our loan products are also available at partner stores and selected car dealer networks. To meet the technological challenges, we are constantly developing our products and digital service channels: mobile and online banking, new forms of communication.

Offer availability

We seek to provide equal access to banking for each Customer, therefore we are improving our products and introducing accessible infrastructure at our branches to provide access to banking for people with disabilities, seniors and those from vulnerable groups.

Responsible Risk Management

We aim to provide the highest quality services to our Customers. Prudent market management and a culture of Compliance are the pillars of our business operations. We have implemented and follow procedures to manage risk. One of the key elements of this system is the management of ESG risks, including climate risk.

Supporting a Customer in a sustainable transformation

Long-term support for the sustainable development of the economy and building lasting relationships with Customers and other stakeholders of the Bank are key components of our responsibility. We offer products and services tailored to the changing needs of our Customers, while responding to global challenges and local market conditions.

Key resources

- **Financial capital** - we use the funds raised from Customers and shareholders and the profits we generate to offer responsible financial products and services.
- **Human and intellectual capital** - through the knowledge and competence of our employees, we create innovative products and services to meet the needs of our Customers.
- **Operating capital** - we work agilely and continuously to develop and improve the quality and availability of our services through traditional and digital contact channels.
- **Social capital** - as a public trust institution, we initiate actions for positive changes in our environment.
- **Environmental capital** - we care about the environment and offer solutions to support sustainable economy.

The Bank's mission

We bring positive banking into our Customers' lives, meeting their financial needs and making it easier for them to achieve their goals. In a simple, thoughtful and secure way. Caring for society and the environment.

We live in a changing world. Therefore it is especially important for us to secure financial needs and introduce innovations. We support Customers in their sustainable development. We care about the professional development and engagement of our employees. We generate increased shareholder value and benefits for the economy, environment and local communities.



IN A CHANGING WORLD WE SUPPORT OUR CUSTOMERS IN THEIR SUSTAINABLE DEVELOPMENT

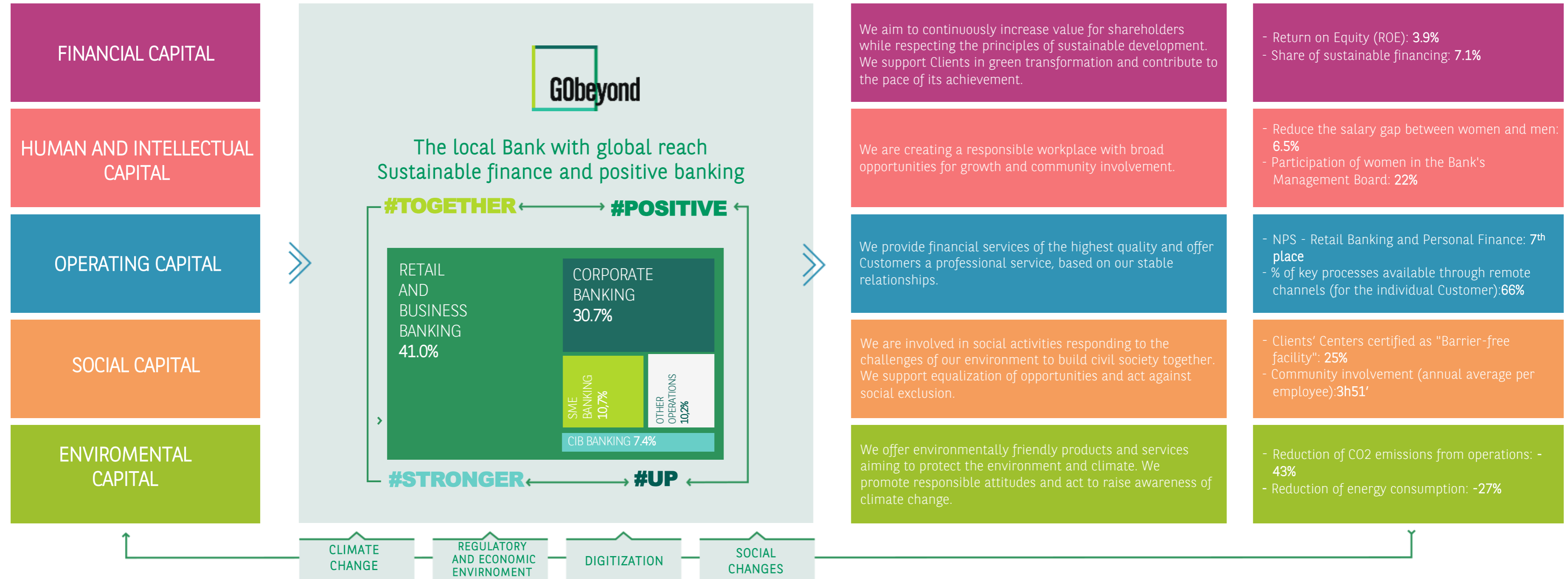
KEY RESOURCES

STRATEGY AND BUSINESS MODEL

EFFECTS FOR STAKEHOLDERS

SELECTED 2022 RESULTS

CONTRIBUTION TO SDGs





GOeyond 2022-2025 business strategy

[2-12]

The main objective of GOeyond's new strategy for 2022-25, adopted by the Bank's Management Board and the Supervisory Board in March 2022, is to continue the dynamic growth of the Bank, which will be an institution that operates efficiently, with engaged employees and satisfied Customers, while being a leader in the area of sustainability. GOeyond's strategy, after multistage building of scale through acquisitions in previous years, focuses on organic growth with a responsible approach to risk management.

Although the volatile environment may affect the Group's financial performance in the future, our ambition is to achieve the following targets by 2025:

- **Return on equity (ROE): ~12%**
- **Cost/income ratio: max. 48%**
- **Share of sustainable financing: 10%**

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

GOeyond's strategy is based on 4 pillars:

PILLAR UP

GOeyond's strategy is a growth strategy. Our aim is to increase the number of Clients served, strengthen our market position and increase revenues. The bank sees potential for growth in all Customer segments.

Retail Banking and Personal Finance

Achieving high Customer satisfaction, which translates into an increase in the number of active Customers (by 0.5 million to 4.5 million). This will be achieved through innovative products (including those that go beyond banking), personalised communication and broad accessibility to the bank's products through remote channels.

SME, Corporate and CIB Banking

Seeking to strengthen its position among international Clients and large local corporations, (including supporting their international expansion). The bank wants to increase its active Customer base, served using digital solutions. A key objective is to deeply optimise and shorten the credit process.

PILLAR POSITIVE

The bank aims to be a leader in sustainable finance by developing a range of dedicated products and services for all business lines. It will consistently aim to its own climate neutrality and support its Customers in doing so. Responsibility, accessibility, transparency and ethics will dominate the relationship with Customers. Activities for the benefit of local communities and involvement in education and public debate, will support the building of the Bank's brand.

PILLAR STRONGER

Improvement of internal processes, transformation of the IT area using the latest technologies and acceleration of new solutions implementation. The planned investments in this area will reach a total of PLN 1.5 billion. The objective is to quickly and cost-effectively scalability as the basis of a modern digital bank. Supporting business development by advanced analytical tools. Maintaining a secure and optimal capital and liquidity position. Initiate dividend payments during the current strategy.

PILLAR TOGETHER

A committed and satisfied workforce guarantees a high level of Customer satisfaction. A new organisational culture that supports employee development, proactivity and creativity, and encourages brave decisions. Starting to operate under the Agile@Scale working model from 2022. Ensuring work-life balance and paying attention to employees' mental health. Supporting the development of women and promoting diversity.

Implementation of the Strategy in 2022

In March 2022, the Bank announced a new GOeyond strategy (for 2022-25). Its presentation came shortly after the outbreak of war in Ukraine, which again, after two years of COVID-19 pandemic, tested the Bank's ability to quickly change plans and adapt to the new situation. From the beginning of the conflict, the Bank and its employees were involved in helping those seeking refuge in Poland. The support provided was financial, material, and was also in the form of providing accommodation. More than a thousand people found shelter in locations provided by the Bank. The Bank immediately, just 4 days after the outbreak of war, adapted its offer and processes to the needs of refugees. Although the strategy was created in radically different circumstances, the Bank considered that its provisions remain valid. The strength of the plan for the upcoming years is the way it was created. More than 200 key individuals from the organisation were involved, whose visions for development were deeply confronted and compiled into coherent directions that respond to the needs of the Bank and its Customers. The result of this approach has been a smooth transition to the implementation of the plans, where some of these materialised even before the official announcement of the new strategy. An example of such activity is the transition of 1,300 employees to work within Agile@Scale since 1 January 2022. The aim of the new work organisation is to accelerate the Bank's transformation while improving cost efficiency and higher



employee satisfaction. The trajectory of the latter exceeded expectations. Employee satisfaction, as measured by the eNPS index, increased from -9 points in 2021 to +18 points in 2022.

Bank developed its offer of products and services, focusing, among other things, on fixed-rate loan products. For retail Customers, the first mortgage loan offer on the market with a fixed interest rate period of 10 years was introduced. Fixed-rate loans were also offered to micro-businesses (cash loan) and farmers (working capital loan). Particularly a number of new facilities have been introduced for those running small enterprises. This was a range of functionalities in digital channels, including an accounting service.

The Bank was continuing its commitment to sustainable transformation by finalising three major Sustainability-Linked Loan operations. In December, the Bank launched a brand new corporate product, which is financing based on the borrower's ESG rating, that enables a company, to obtain more favourable financing terms by improving its standards for managing sustainability issues. The Bank's long-standing focus on sustainability, was reflected in the achievement of the best ESG rating of 10.9 (very low risk) among Polish banks by Sustainalytics.

In the area of technology, the Bank has introduced significant improvements. The hotline has been enhanced with a voicebot function, while the chatbot operating within online banking has achieved very high E2E service rates. The Bank is also continually strengthening the security of Customers providing for instance the possibility of behavioural analysis in remote channels to support the detection of possible account hacking. The bank also protects Customers against phishing by verifying the identity of the bank employee and the Customer during a phone call, using push notifications in the mobile app. This solution received an award from Gazeta Bankowa as part of the TechnoBusiness 2022 competitions. In terms of the individual Customer, the percentage of processes that can be performed fully remotely has clearly increased. This indicator has increased from 55% to 66% over the three quarters of the strategy and is on track to reach the target of 90% in 2025.

The year 2022 was also associated with negative market and regulatory issues affecting the Bank and the sector as a whole. Opportunities to improve profitability through interest rate increases did not materialise, as a result of the introduction of suspension of performance of mortgage contracts. In addition, global risk aversion caused a significant repricing of government bonds, which the sector affected in the decline of its portfolio holdings. This took place against a backdrop of still growing provisions for foreign currency loans and sustained long-term charges such as the bank tax. At the moment, the banking sector is struggling to generate profits, even at a level that allows it to maintain its capital base. In the shorter term, this will be difficult or impossible to continue to finance the economy at the required level. In the longer term, this could threaten the stability of the sector as a whole.

Execution of strategic financial targets in 2022

Ratio	2025 strategic target 2025	2022 execution
Return on equity ratio (ROE)	~12%	3.9%
Cost/income ratio (C/I)	max 48%	56.8%
Share of sustainable financing	10%	7.1%

Activities under the strategy's objectives in 2022

PILLAR	KEY ACHIEVEMENTS 2022
<p>#UP Offering high quality banking products as well as and non-banking products and services as the key to growing the Customer base in an omnichannel world. Creating an excellent Customer experience by designing customised pathways</p>	<ul style="list-style-type: none"> • Introduction of fixed-rate loans for micro businesses (cash loan) and farmers (working capital loan). Poland's first mortgage with a 10-year fixed rate. • New innovative products: financing of early-stage technology companies ('scale ups') with a loan from PLN 500,000 to PLN 2 million, micro-factoring in cooperation with Fandla. • Immediate (4 days after the outbreak of war) adaptation of the offer and account opening process to the needs of the Ukrainian people. • GOdealer - the new mobile application for currency exchange. Fast currency transactions via phone for all Customers - from individuals to the largest companies. • The first place in the Traditional Banking category in the Newsweek's Friendly Bank ranking and the second place in the Forbes magazine's Company Friendly Bank ranking.
<p>#POSITIVE Responsible and reliable financial partner supporting the positive and sustainable development of Customers, business and society. A guide for Clients in a world of digital and sustainable transformation.</p>	<ul style="list-style-type: none"> • Three significant Sustainability-Linked Loan transactions, i.e. general purpose financing, linked to improved sustainability (ESG) indicators: Wirtualna Polska Holding, Velvet Care, Fabryka Farb i Lakierów Śnieżka. • ESG Rating-Linked Loan - a new type of financing linked to an improved ESG rating score and the establishment of a partnership with the rating agency EcoVadis. • contracts to support energy efficiency projects in cooperation with the EIB. • The best ESG Sustainalytics rating score among Polish banks. • Strengthening employee engagement: launch of online platform to manage employee volunteering, 202 parcels through Noble Gift, 3 hours 51 minutes - employee social engagement (annual average per employee). • 103 branches with the "Barrier-free facility" certificate.
<p>#STRONGER The global strength of the BNP Paribas Group and the dynamic technological development combined with the optimisation of E2E processes as the basis for organic growth and high Customer satisfaction.</p>	<ul style="list-style-type: none"> • Optimisation of the complaint process. Decrease in the number of complaints by 6% y/y and improved evaluation of the process by Customers. • Protecting Customers from frauds: the first in Poland verification of the identity of a Bank employee and a Customer during a phone call, using push notifications in a mobile app. Implementing behavioural analytics at GOonline. • Convenient transaction solutions: further development of BLIK functionalities (instalment and credit card repayment, mobile transfer), aggregator of accounts from other banks (open banking). • Modern methods of Customer service (implementation of a voicebot on the Bank's call centre, increasing use of chatbot on GOonline). • Convenient functionalities for micro-entrepreneurs: a advanced GOKsięgowość (GOaccounting) system, a payment terminal on the phone

**PILLAR****KEY ACHIEVEMENTS 2022**

(SoftPOS), completely remote opening of a company account using biometrics and electronic signature.

- Digital Fraud Innovation Lab: working with external companies to more effectively combat cyber risks.

#TOGETHER

People first: we focus on people. Committed and satisfied employees guarantee a high level of Customer satisfaction. Agile@Scale and a new organisational culture the as a foundation for a diverse and inclusive working environment based on trust, courage and creativity.

- A year of operation in the new Agile@Scale style. Tribe objectives integrated with strategy directions.
- Improvement in employee satisfaction measured by the eNPS – index up by 27 points in one year.
- Bank and employees' involvement in initiatives supporting refugees (more than 1,400 employees involved in volunteering for Ukraine).
- Developing the competences of the future: 'UniverslTY' training in the area of New Technologies and Cyber Security.
- Supporting employee networks: "Women changing BNP Paribas" (3 years of activity), "BNP Paribas Pride Poland", "Dad, you've got it made", "Agave Age". - Network created by female employees and 50+ employees.

ESG Management

[\[2-12\]](#) [\[2-13\]](#) [\[2-14\]](#) [\[2-17\]](#)

Supervision of environmental, social and governance - ESG (E - environmental, S - social, G - governance) issues, including the implementation of the CSR and sustainability strategic objectives, is provided by the Board of Management headed by the CEO. The Board of Management approves the direction and scope of activities, and gives its opinion and oversight on the integration of sustainability activities. As part of its oversight and management of ESG issues, the Board takes into account the voices and opinions of stakeholders resulting from reports received, client and employee surveys and information from ongoing partnerships with NGOs. Reports and research are presented, among others, at Board meetings. The members of the Board of Management are responsible for meeting the annual ESG targets. Particular priority is given to targets related to the development of sustainable product offerings. Ambitions for their sales are embedded in the objectives of the entire senior management team and, in the case of individual business lines, cascaded successively to the sales teams.

Since January 2022, sustainability responsibilities previously divided between the various units of our Bank have been carried out by the **Sustainability Area**, acting as the coordinator of ESG activities in the organisation. The Executive Director of the Area (with the rank of a Board Member), reports directly to the CEO. In addition, the Executive Director also heads the informal structure of the Sustainability Community, acting as Chief Sustainability Officer.

The tasks of the Sustainability Area are as follows:

- coordination of strategic ESG activities, CSR activities and sustainability,
- planning and managing the Bank's budget for the implementation of ESG, CSR and sustainability initiatives,
- initiating sustainable products and services with a positive impact, focusing in particular on supporting the energy transition (including RES),
- cooperation with financial institutions and organisations, rating agencies, Customers and other external stakeholders,
- cooperation with other units and organisational departments as well as the Bank's internal stakeholders,
- monitoring ESG risk of the Bank's Customers and transactions as well as coordinating Corporate Social Responsibility Policies and analyses, particularly in sustainability-sensitive sectors,
- initiating, implementing and reporting on sustainability initiatives, projects and programmes,
- building the Bank's position as a leader of sustainable development, including sustainable finance.

The Sustainability Area is composed of three units. The Energy Transition Facilitation Department is responsible for cooperating with financial institutions and organisations with the aim to support the energy transformation. The tasks of the CSR and Sustainable Finance Department include coordinating the implementation of sustainability and ESG strategies, cooperation with stakeholders and rating agencies, monitoring ESG risk of Customers and transactions, and coordinating CSR policies and analyses, especially in vulnerable sectors. The Sustainability Strategy Implementation Support Team works together with the Bank's internal stakeholders in terms of sustainability tasks and is responsible for budgeting and reporting processes and oversight of strategic initiatives.

Our Bank's sustainability efforts are supported by the **Sustainability Community**. It is an informal structure formed by:

- the Sustainability Council, which consists of 22 representatives of the Bank's key areas and business lines. The Sustainability Council is headed by the Chief Sustainability Officer, the Executive Director of the Sustainability Area,
- Sustainability Officers, more than 150 people selected through an internal recruitment process, who have taken on the role of supporting the implementation of ESG initiatives within the organisation in addition to their day-to-day duties,
- units of the Sustainability Area.

The role of the interdisciplinary and intersectional Sustainability Council is to combine various competences and undertakings alongside the structures already in place. The Council is responsible for ensuring that the strategic objectives related to the implementation of the UN Sustainable Development Goals (SDGs) are understood and shared within all areas of the Bank's business and among Customers. The Board's responsibilities include defining and monitoring strategic ESG activities, overseeing the development of sustainable products and services and linking initiatives across the different business areas. The Council is also responsible for approving relevant reporting subjects. The Council members meet on a monthly basis to review activities related to ESG aspects.



Sustainability Officers coordinate and implement activities on sustainability and ESG aspects and work closely with the Sustainability Council and Management Board.

ESG Academy by BNP Paribas Bank Polska

In 2022, members of the Sustainability Community had the opportunity to participate in a seven-month educational programme - ESG Academy by BNP Paribas Bank Polska. The programme strengthened sustainability knowledge and skills to work effectively towards the GO beyond 2022-2025 strategy.

ESG Academy by BNP Paribas Bank Polska objectives:

- AWARENESS - building awareness of trends – ongoing social, economic and environmental changes,
- KNOWLEDGE - providing knowledge of the basic concepts, regulations, standards for sustainable development activities,
- SKILLS - providing skills to implement new ESG initiatives,
- ATTITUDES - stimulating discussion, promoting ESG and involving in the Bank's and Customers' sustainability efforts.

The programme was prepared in partnership with the SAPERE consulting company. Highly valued experts representing the Bank's partner organisations, including UN Global Compact Network Poland, UNEP/GRID-Warsaw, the Responsible Business Forum, as well as the Warsaw Stock Exchange and Abris Capitals, were invited to participate in the preparation of the content materials. More than 150 people have completed the programme.

ESG policies and procedures

[2-23] [2-24]

The main policies, procedures and other documents governing due diligence issues related to ESG aspects at Group and Bank level. All policies are approved by the Management Board by means of an appropriate resolution. Policies and procedures of an internal and confidential nature are available to employees through the Intralex system. Policies and procedures of an open nature are available to external stakeholders through the Bank's website.

Each policy and procedure has an assigned regulatory owner, who is responsible for the implementation of the commitments, the integration of the commitments into the Bank's business strategy, in the business relationship, and the provision of the necessary training in this area.

The implementation of the individual policies is described in the chapters covering each area.

Area Documents implemented (as at 31.12.2022)

Social issues

At the BNP Paribas Bank Polska Group level:

- BNP Paribas Group Code of Conduct (<https://www.bnpparibas.pl/csr/strategia-csr/lad-korporacyjny>)
- BNP Paribas Group Corporate Responsibility Principles (<https://www.bnpparibas.pl/csr/strategia-csr>)
- BNP Paribas Foundation Statutes (<https://www.bnpparibas.pl/fundacja>)

At BNP Paribas Bank Polska S.A. level:

- CSR Policy - Corporate Social Responsibility Corporate Social Responsibility Policy at BNP Paribas Bank Polska S.A.
- Rules of Procedure for Employee Volunteering BNP Paribas Bank Polska S.A. Employee Volunteerism Regulations, regarding the rules of involvement of the Bank's employees in employee volunteerism
- Local Grants Programme Regulations
- Donation Budget Regulations of BNP Paribas Bank Polska S.A.
- Donations, Partnerships and Sponsorships Policy
- Principles of ESG risk management at BNP Paribas Bank Polska S.A.

Employee issues

At the BNP Paribas Bank Polska Group level:

- BNP Paribas Group Code of Conduct (<https://www.bnpparibas.pl/csr/strategia-csr/lad-korporacyjny>)
- BNP Paribas Group Corporate Responsibility Principles (<https://www.bnpparibas.pl/csr/strategia-csr>)
- Policy on reporting violations of the law and the Bank's ethical procedures and standards, including anonymous reporting (WHISTLE-BLOWING)

- At BNP Paribas Bank Polska S.A. level:**
- CSR Policy - Corporate Social Responsibility Corporate Social Responsibility Policy at BNP Paribas Bank Polska S.A.
 - Diversity management policy at BNP Paribas Bank Polska S.A.
 - Remuneration Policy for Employees of BNP Paribas Bank Polska S.A.
 - Policy for dealing with violations of respect for others at BNP Paribas Bank Polska S.A.
 - Employment regulations at BNP Paribas Bank Polska S.A.
 - Employee recruitment principles at BNP Paribas Bank Polska S.A.
 - Regulation of allocation and payment of variable remuneration components to persons having material impact on the risk profile other than members of the management board of BNP Paribas Bank Polska S.A.
 - Rules of Procedure of the Disciplinary Committee of BNP Paribas Bank Polska S.A.
 - Policy of Planning Succession at BNP Paribas Bank Polska S.A.
 - Policy for identifying key functions and for appointing and dismissing persons holding these functions at BNP Paribas Bank Polska S.A.
 - Rules of procedure for organisational changes at BNP Paribas Bank Polska S.A.
 - Rules of conduct in the processes of employing, resigning and terminating contracts with employees of BNP Paribas Bank Polska S.A. with employees of BNP Paribas Bank Polska S.A.
 - Policy on the assessment of suitability of members of the Management Board and key function holders at BNP Paribas Bank Polska S.A.

Environmental issues

At the BNP Paribas Bank Polska Group level:

- BNP Paribas Group Code of Conduct (<https://www.bnpparibas.pl/csr/strategia-csr/lad-korporacyjny>)



Area Documents implemented (as at 31.12.2022)

- BNP Paribas Group Corporate Responsibility Principles (<https://www.bnpparibas.pl/csr/strategia-csr>)
 - Financing and investment policies (<https://group.bnpparibas/en/our-commitments/transitions/financing-and-investment-policies>)
- At BNP Paribas Bank Polska S.A. level:**
- CSR Policy - Corporate Social Responsibility Corporate Social Responsibility Policy at BNP Paribas Bank Polska S.A.
 - Principles of ESG risk management at BNP Paribas Bank Polska SA.

- Respect for human rights**
- At the BNP Paribas Bank Polska Group level:**
- BNP Paribas Group Code of Conduct (<https://www.bnpparibas.pl/csr/strategia-csr/lad-korporacyjny>)
 - BNP Paribas Group Corporate Responsibility Principles (<https://www.bnpparibas.pl/csr/strategia-csr>)
 - BNP Paribas Declaration on Human Rights (https://www.bnpparibas.pl/_files/assetmanager/item/1530015)
 - Policy on reporting violations of the law and the Bank's ethical procedures and standards, including anonymous reporting (WHISTLE-BLOWING)
- At BNP Paribas Bank Polska S.A. level:**
- CSR Policy - Corporate Social Responsibility Corporate Social Responsibility Policy at BNP Paribas Bank Polska S.A.
 - Diversity management policy at BNP Paribas Bank Polska S.A.
 - Policy for dealing with violations of respect for others at BNP Paribas Bank Polska S.A.
 - Principles of ESG risk management at BNP Paribas Bank Polska SA.

- Anti-Corruption and Anti-Fraud**
- At the BNP Paribas Bank Polska Group level:**
- BNP Paribas Group Code of Conduct (<https://www.bnpparibas.pl/csr/strategia-csr/lad-korporacyjny>)
 - BNP Paribas Group Corporate Responsibility Principles (<https://www.bnpparibas.pl/csr/strategia-csr>)
 - Policy on reporting violations of the law and the Bank's ethical procedures and standards, including anonymous reporting (WHISTLE-BLOWING)
- At BNP Paribas Bank Polska S.A. level:**
- Anti-Corruption policy at BNP Paribas Bank Polska S.A.
 - CSR Policy - Corporate Social Responsibility Corporate Social Responsibility Policy at BNP Paribas Bank Polska S.A.
 - Instruction on the procedure for handling employee complaints and requests.
 - Gift Policy at BNP Paribas Bank Polska S.A.
 - Regulations on management of conflicts of interest at BNP Paribas Bank Polska S.A. (<https://www.bnpparibas.pl/csr/strategia-csr/lad-korporacyjny>)
 - Regulations on protection of confidential information flow at BNP Paribas Bank Polska S.A.
 - Regulations governing investments by supervised persons and transactions by managers
 - Regulation of allocation and payment of variable remuneration components To persons having material impact on the risk profile other than members of the management board of BNP Paribas Bank Polska S.A.

UN Sustainable Development Goals

The Bank is continuously committed to the implementation and promotion of the 17 UN Sustainable Development Goals. They form an important part of the Value Creation Model and set the direction for our activities

UN Sustainable Development Goals	Examples of Bank activities
Goal 1: To eliminate poverty in all its forms worldwide	<ul style="list-style-type: none"> • Noble Gift • Local Grants Programme
Goal 2: To eliminate hunger, achieve food security and improved nutrition and to promote sustainable agriculture	<ul style="list-style-type: none"> • Community projects under the Community Grants Programme and the Competition for Voluntary Projects
Goal 3: Ensure a healthy life for all at all ages and promote well-being	<ul style="list-style-type: none"> • No funding for the tobacco sector - CSR policy • Funding of strategic solutions and Clients in the field of health protection and promotion • BENEFIT wellbeing programme • Programme Good • Good Kilometres Action
Goal 4: Provide quality education for all and promote lifelong learning	<ul style="list-style-type: none"> • Scholarship programme "Class" • Programme "BAKCYL - Bankers for Youth Financial Education" • Mission Education • Bank's Local Ambassadors Programme • BNP Paribas Foundation's partnership programme with the Ocalenie Foundation - "Wiedza do potęgi"
Goal 5: Achieve gender equality and empower women and girls	<ul style="list-style-type: none"> • BNP Paribas Women of Change Programme • Partnership with the Share The Care Foundation • The Bank has taken a strategic decision reflected in its Diversity Policy that by 2025 it will ensure that 30% of the Management Board and Supervisory Board are female, separately in each body • Partnership with the Cosmos for Girls Foundation
Goal 6: Ensure access to water and sanitation for all through sustainable water resource management	<ul style="list-style-type: none"> • Water footprint calculator for agricultural producers on Agronomist.pl • Promotion of eco-attitudes (e.g. through annual cooperation with the BNP Paribas Green Film Festival - an international environmental film festival, intended to educate and promote pro-environmental attitudes through film as well as discussions, panels and other accompanying events)
Goal 7: Ensure affordable access to sources of stable, sustainable and modern energy for all	<ul style="list-style-type: none"> • Financing renewable energy sources (RES) • 100% of the energy purchased by the Bank comes from renewable energy sources • Bank's participation in the Clean Air Programme



UN Sustainable Development Goals	Examples of Bank activities
Goal 8: Promote stable, sustainable and inclusive economic growth, full and productive employment and decent work for all people	<ul style="list-style-type: none"> Financing the development of the Polish economy Active participation in industry events and partnerships in support of economic development (e.g. Lewiatan Confederation, ZBP) In the Bank's supplier selection process, signing the CSR Declaration accounts for 10% of the overall supplier assessment
Goal 9: Build stable infrastructure, promote sustainable industrialisation and encourage innovation	<ul style="list-style-type: none"> Supporting the development of strategic Clients e.g. through the Foreign Trade Programme Office Hours - meetings between Bank experts and representatives of start-ups in search of innovative ideas and solutions Technology credit
Goal 10: Reduce inequalities within and between countries	<ul style="list-style-type: none"> Availability of products and services Diversity - the management of this area is regulated among others in the Diversity Management Policy at BNP Paribas Bank Polska S.A.
Goal 11: Make cities and human settlements safe, stable, sustainable and inclusive	<ul style="list-style-type: none"> Sustainable product and service offer
Goal 12: Ensure sustainable consumption and production models	<ul style="list-style-type: none"> Supporting sustainable development in the Food & Agro sector 100% of the energy purchased by the Bank comes from renewable energy sources Bank experts share their experience and good practices in CSR and sustainability at industry events and conferences
Goal 13: Take immediate action to combat climate change and its impacts	<ul style="list-style-type: none"> Carbon sector exit process Bank for Green Change programme Green products and services as well as financing programmes Actions for electromobility
Goal 14: Protect and sustainably use the oceans, seas and marine resources	<ul style="list-style-type: none"> CSR policies The issuance of the structured certificates "Good Investment III" supports the campaign to build the International Polar Station in the Arctic Ocean, implemented by the Tara Ocean Foundation, which is intended to provide scientific teams from around the world with the opportunity to conduct research aimed at taking action to protect ocean waters
Goal 15: Protect, restore and promote sustainable use of land ecosystems, sustainably forest management, combat desertification, stop and reverse land degradation and prevent biodiversity loss	<ul style="list-style-type: none"> CSR policies - forestry sector Tree planting Paperless programme - initiatives to reduce paper use

UN Sustainable Development Goals	Examples of Bank activities
Goal 16: Promote peaceful and inclusive societies, ensure access to justice for all, and build effective and responsible, inclusive institutions at all levels	<ul style="list-style-type: none"> CSR policy - defence and security sector Partnership in the competition: Ethics in Finance Declaration of Responsible Sales
Goal 17: Strengthen the means of implementation and activate the Global Partnership for Sustainable Development	<ul style="list-style-type: none"> Cross-sectoral strategic partnerships



Outlook 2023+

The most important external factors that, according to the Bank, may affect the Group's performance in future periods include:

- **The war in Ukraine.** According to estimates by the Kyiv School of Economics, the damage to infrastructure and buildings in Ukraine as a result of nearly a year of Russian military aggression has exceeded \$120 billion. At the same time, the Ukrainian economy has fallen into a deep recession, with estimates of GDP declining by one-third in the volume of goods and services produced. The impact of the war on the economies is also being felt in neighbouring countries, including Poland. For example, the increase in energy prices associated with the departure of European countries from imports of energy resources from Russia was one of the significant reasons for the sharp acceleration of inflation in Poland last year. The total impact of the war is still difficult to estimate and will depend on when it ends, the political resolution of the war, as well as what further sanctions will be imposed on Russia as well as Russia's response to them.
- **Global economic slowdown.** According to the International Monetary Fund (IMF), global economic growth slowed to 3.2% in 2022 from 6.1% the previous year. In 2023 The IMF expects GDP growth to be slowing further to 2.7%. As the IMF points out, this is the weakest growth profile since 2001, with the exception of the global financial crisis and the acute stage of the COVID-19 pandemic. According to the IMF, an increasing number of economies are in a growth slowdown or even recession. In the line of shrinking economic activity, CPI inflation should also decelerate. The IMF expects inflation to slow to 6.5% this year from a peak of 8.8% in 2022. In the EUR area, detailed forecasts predict that GDP growth will slow to 0.5% in 2023 and accelerate to 1.5% the following year. This is a revision of -1.8 and +0.2 p.p. respectively compared to the forecasts made in April. The decline in activity in Western European countries will also affect economic growth in Poland. The International Monetary Fund lowered the outlook for GDP growth in Poland to 0.5% in 2023 and to 3.1% in 2024, against 2.9% and 3.3% assumed in the April report. Similar forecasts were published in May by the European Commission (EC). According to its estimates, GDP dynamics in the EUR area will reach 0.3% in 2023 and accelerate to 1.5% in the following year. In the case of Poland, the forecasts of both institutions also coincide. According to the EC's forecasts, economic activity in Poland will grow by 0.7% this year and 2.6% the following

year. Both the IMF and the European Commission point out that the forecasts are subject to an extremely high level of uncertainty. The future health of the global economy will depend on the correct calibration of monetary policy, the further course of the war in Ukraine and the possibility of further pandemic-related disruptions on the global supply in for example China.

- **Monetary policy conducted by major central banks.** In addition to the geopolitical situation, central bank policy will be a major factor influencing the pace of the global recovery. Since the beginning of 2022, a clear shift towards a tightening of monetary policy conditions among the major central banks has been apparent. Last December, the US Federal Reserve (Fed) raised the key interest rate again, to a range of 4.25-4.50%. In addition, the Fed presented determination in its fight against inflation despite the risk of an economic slowdown in the US. The hawkish stand was also maintained by the European Central Bank (ECB). On 1 July 2022, the Asset Purchase Programme (APP) came to an end. In December 2022 ECB Governing Council, raised the deposit rate by 50 bps, to 2.00%. According to ECB communications, further interest rate developments by the Governing Council will depend on incoming data and will be directed towards bringing inflation down to the 2% target in the medium term.
- **National Polish Bank activities.** Since October 2022 the Monetary Policy Council (MPC) has kept the NBP interest rates unchanged, including the reference rate of 6.75%. The Council assesses that the expected downturn in the global economy together with the tightening of monetary policy by major central banks will have a dampening effect on global inflation and commodity prices. In such conditions, the significant monetary tightening by the MPC to date will be conducive to lowering inflation in Poland towards the NBP's inflation target. According to NBP President Adam Glapinski, the MPC has not yet completed the policy tightening cycle, but has put it on hold until the central bank's new macroeconomic forecast is presented in its March Inflation Report.
- **Maintaining the exchange rate of the zloty against key currencies.** The zloty strengthened in the fourth quarter. Since the beginning of October, the EUR/PLN exchange rate has fallen from 4.85 to 4.70 at the end of the year. The decline in EUR/PLN was the result of an increase in risk appetite, caused among other things by the stabilisation of commodity prices. Moreover, the

rise in EUR/USD also supported the appreciation of the zloty. Domestic factors, such as the pause in the interest rate increases cycle, rising core inflation and little progress in negotiations with EU institutions on the release of NRP funds, prevented a more significant strengthening of the zloty.

- **Economic developments in Poland.** In the third quarter, annual GDP growth slowed from 5.8% to 3.6%. On a quarterly basis, the economy grew by 1%, avoiding a technical recession. As expected, GDP growth was driven primarily by an increase in inventories, which added more than 2 p.p., to total GDP growth. The detailed analysis also revealed disappointing consumption, whose y/y growth slowed to just 0.9% from 6.4% in the summer. The weak data most likely reflected the negative impact of high inflation and interest rates on household spending. Meanwhile, net exports recorded a surplus and made a positive contribution to annual GDP growth by adding 0.6 pps. According to the NBP forecasts, annual GDP growth will gradually slow down to 1.9% in Q4. The year 2022 will close with economic growth at 4.6%, slowing to 0.7% the following year. In the current year, economic growth will continue to be negatively impacted by the macroeconomic effects of the war in Ukraine, in particular the effects of the second round of significant increases in energy prices. According to the NBP, in the longer horizon, domestic economic activity will be increasingly adversely affected by the expected slowdown in GDP growth in the main developed economies, the tightening of global monetary conditions and a significant decline in the inflow of European funds after the end of the spending of funds from the 2014-2020 EU perspective.
- **Situation on the domestic labour market.** The situation on the Polish labour market is positive. At the end of the year, the number of vacancies increased and the unemployment rate remains around 5.0%. Nominal salary dynamics remain at a high, double-digit level. In Q4 2022, salary growth in the corporate sector averaged around 13% y/y. This year, salary dynamic in the business sector is likely to remain strong due to two increases in the minimum salary by a total of nearly 20%. The Inflation Report published in July shows that average salary growth across the economy will reach 11.9% this year. In the following years, growth will slow down to 7.6% in 2024 and to 5.9% in 2025. The dynamic growth in remuneration is due, among other things, to the continued positive situation on the Polish labour market and



high CPI inflation, which increases employees' earnings demands. On the other hand, salary pressures may be partly mitigated by increasing labour supply.

- **Dynamic rise in inflation.** The year 2022 ended with very high inflation. In the fourth quarter, the price level in Poland increased by almost 17% on an annual basis. The dynamic acceleration of inflation in Poland was largely due to the situation on global commodity markets. In the current year, inflation is likely to peak in the first quarter and begin to gradually decline in the following quarters. According to the Inflation Report, inflation will average 13.1% this year and slow down to 5.9% in the following year. A return of inflation to the NBP's inflation target range (1.5-3.5%) will not be possible until the end of 2025. High inflation and an improving labour market may translate into higher costs for the Bank.
- **Increasing unsustainability of public finances.** After a decline in the general government (GG) deficit in 2021 to around 1.8% of GDP, in 2022 the European Commission expects the sector's expenditure to exceed revenues by nearly 150 billion (4.8% of GDP). In the following years, the European Commission forecasts the deficit to increase to 5.5% of GDP in 2023 and 5.2% of GDP in 2024. The deterioration of public finances will be influenced by further support measures to mitigate the impact of high energy prices in 2023. For example, electricity prices have been frozen for households within certain consumption limits and capped for utilities and small and medium-sized enterprises. Spending on refugees from war-stricken Ukraine is to continue. The government has also launched a major multi-year defence investment programme, increasing budget spending in this area to 3% of GDP per year.
- **Sentiment in major financial markets.** The main factors that will influence market sentiment in 2023 will be the monetary policy developments of the major central banks. The ongoing interest rate increase cycle in the United States is significantly dampening risk appetite in the equity market. A possible softening of the position and the announcement of interest rate cuts may stimulate risk appetite, also positively affecting CEE markets, including the zloty. Locally, the focus of the markets will also remain on the war in Ukraine and its possible escalation. It is particularly important in the context of the exchange rate of the Polish currency. In the event of increased risk aversion, the zloty, like other emerging market currencies, loses value. A fall in the value of the Polish currency on the foreign exchange market may further intensify upward pressure on prices in Poland and prompt the Monetary Policy Council to resume the interest rate hike cycle.

- **Quality of the loan portfolio.** Regularly recurring concerns about the quality of the loan portfolio have so far not materialised. On the contrary, indicators in all major product categories have even reached new minima. A great deal of uncertainty continues as to how basic utility or energy charges will increase in the coming months. In a particularly difficult situation are business owners who are not protected by appropriate tariffs, causing their bills to rise several times. In such a situation, it is precisely among businesses, and more accurately in the SME sector, that the first signs of portfolio deterioration may be emerging. A potential signal of this could be the October NBP data, which, despite a general downward revision (restructuring of a large bank in the sector), indicated a deterioration of the NPL ratio for the SME category by 0.3 p.p. compared to September 2022 (to 9.9%). However, the data for December did not confirm the reversal of the trend, returning to near historical lows. Other segments also recorded a slight improvement or maintained the record lows of November.
- **Replacement of the WIBOR index.** Contrary to original announcements, the implementation of the new index was not fully in place from 2023. It was decided to follow a gradual process, spread out until 2025. The new WIRON index was based on short-term ("overnight") transactions. From December 2022, it may be used under new financial instruments. According to the roadmap of the National Working Group on Reference Rate Reform (NGR), WIRON-based consumer products will be available from 2024, while the conversion of old WIBOR-based contracts is planned for 2025 and will include a corrective spread. In light of the many other difficulties and burdens, this change in its current form can be described as almost neutral for the banking sector. According to year-end quotes, WIRON is 0.9 p.p. lower than the previous indicator. Due to the characteristics of their calculation, this difference will decrease even further during a period of stabilisation or falling interest rates.
- **Capital position.** In the last 2 months of the year, the capital position of the banking sector improved significantly. The value of equity amounted to PLN 204 billion, compared with PLN 191 billion in October (according to PFSA data). The main reason for this change is the significant fall in the yields of government bonds on the markets (increase in valuation), which in turn translates into an update of their value in banks' portfolios. Despite that, the sector's total equity in November was still PLN 24 billion, or 10%, below its peak two years ago. At the same time, the sector has struggled for years to generate profits that would close the gap and allow it to grow further. The

net result after December at PLN 12.5 billion with such a significant increase in interest rates should be assessed as weak. Admittedly, it is definitely higher than that for 2020 and 2021, but this pandemic period may not be considered an appropriate benchmark. It is more relevant to compare the result with the 2016-2019 period, when the net result oscillated between PLN 13.0-13.9 billion. The poor results are the result of continuously increasing regulatory burdens. In addition to cyclical charges such as the bank tax or contributions to the Bank Guarantee Fund, additional charges are emerging. In 2022, these included not only credit moratoria (PLN 12.4 billion incurred only by the largest listed banks) and increased fees for the Borrower Support Fund. This also includes a contribution to the Commercial Bank Protection Scheme, which allowed one of the large banks to restructure in an organised manner. The burden of claims from Customers with foreign currency loans also continues to grow. Attempts to undermine the legitimacy of WIBOR-based loans should also be assessed as highly threatening. In a scenario similar to foreign currency lending, the consequences for the entire economy would be extremely serious.

- **Foreign currency mortgage loans.** Information on the impact and current situation regarding CHF loans is described in Note 54 Litigation of the Consolidated Financial Statements.

Challenges of sustainable development

The world is changing dynamically and faces many challenges, including those related to sustainable development. Every year, the World Economic Forum publishes The Global Risk Report. At the beginning of 2023, the organisation identified the top 10 risks for the next 2 and 10 years.

Risks for the next 2 years:

1. Cost of living crisis
2. Natural disasters and extreme weather conditions
3. Geopolitical tensions
4. Failure to mitigate climate change
5. Violation of social cohesion and polarisation of society
6. Large-scale environmental damage
7. Failure to adapt to climate change
8. Widespread cybercrime and insufficient cybersecurity
9. Crisis of natural resources
10. Large-scale forced migration



Risks for the next 10 years:

1. Failures in climate change mitigation
2. Climate change adaptation failures
3. Natural disasters and extreme weather conditions
4. Loss of biodiversity
5. Large-scale forced migration
6. Crisis of natural resources
7. Violation of social cohesion and polarisation of society
8. Widespread cybercrime and cyber insecurity
9. Geopolitical tensions
10. Large-scale environmental damage

In both a 2- and 10-year perspective, the greatest risks are those related to the climate crisis and those affecting society.

However, research by, among others, the 2022 Edelman Trust Barometer indicates that 52% of respondents believe that businesses are not contributing enough to climate protection and 49% believe that business does not sufficiently support equality of economic opportunities.

Therefore, it is important for governments, but also businesses, to be jointly active in order to prevent threats and seek more sustainable global development. At the same time, a number of legislative measures involving the European Union, in addition to supporting sustainable development activities, are becoming a challenge for their implementation and fulfilment.

2030 Agenda

The challenges of sustainable development have been recognised for many years. That is why, in 2015, the 193 member states of the United Nations (UN) adopted the 2030 Agenda. It defines the 17 Sustainable Development Goals (SDGs) and assigns targets for each of them. These goals are designed to ensure a dignified life, peace and economic development in the world, taking into account environmental protection and the fight against climate change.

Paris Agreement

The discussion on fighting climate change has been going on for many years, but it was not until the so-called Paris Agreement that ground-breaking key agreements on targets to stop the rise in global temperature were made. At the 21st United Nations Climate Change Conference (COP21), targets related to the

following were set: limiting global warming below 2 degrees Celsius and ultimately to 1.5 degrees Celsius relative to the pre-industrial era; adaptation and climate change mitigation; and considering the compatibility of financial sector action with climate goals.

European Green Deal

In order to comply, among other things, with the Paris Agreement, the European Union has decided to aim for carbon neutrality by 2050. On 11 December 2019, the European Green Deal was announced, which is a roadmap for a sustainable EU economy. The aim is to create a modern, resource-efficient and competitive economy that will be carbon neutral in 2050 as well as to separate economic growth from resource consumption and to ensure that no individual or region is left behind.

An important part of the implementation of the European Green Deal is the Fit for 55 package. This package is intended to revise and update EU legislation and introduce new initiatives to bring EU policy in line with the climate targets agreed by the Council and the European Parliament. The changes are intended to help achieve an EU emissions reduction of at least 55% by 2030. The proposals in the package are intended to be a consistent and balanced framework for achieving the EU's climate goals.

In March 2018 the European Commission announced the EC Action Plan on financing sustainable growth. The plan's objectives include redirecting capital flows towards sustainable investments, managing financial risks resulting from climate change or social issues, and supporting transparency and sustainability in financial and economic activities.

Taxonomy

On 18 June 2020, the European Parliament and the European Council adopted a regulation on the creation of the world's first classification system - the 'Green List' for sustainable economic activities. The Taxonomy Regulation outlines a general framework that will allow for the gradual development of an EU-wide classification system for environmentally sustainable economic activities.

CSRD

On 10 November 2022, the European Commission adopted the draft Corporate Sustainability Reporting Directive (CSRD). The European Commission's draft amends the Non-Financial Reporting Directive (NFRD) from 2014 and is expected to strengthen companies' obligations in this area. The new directive

aims to ensure that data disclosed by entities is comparable and reliable, through the application of uniform European standards for reporting sustainability information and mandatory verification of such data.

Prospects

Uncertainty has been the word that best describes the current reality for several years now. Years of low or zero interest rates were followed by a period of monetary tightening. The banking sector therefore hoped for a recovery in profitability, while on the other hand fearing for the quality of loan portfolios. Neither of these forecasts materialised as a result of the credit moratoria introduced by law, which neutralised both trends, at least temporarily. The banking sector enters another year severely weakened. The capital base has been clearly diminished and further losses are very likely. The issue of foreign currency loans still appears to be developing. The sector is currently awaiting another judgment of the Court of Justice of the European Union, this time on the legitimacy of remuneration to the bank, for the use of capital by the Customer. An unfavourable outcome in this area could seriously threaten the stability of the sector. Another uncertainty, extending beyond 2023, is the first attempts to challenge WIBOR-based contracts, the number of which is several times greater in relation to foreign currency loans.

In such circumstances, efficient capital management becomes a priority. Funds should be allocated in segments that offer the best balance between returns and security (credit and legal). The Bank plans to continue to remain a fully universal institution. Instead, more emphasis will be placed on Customer activity and depth of relationships. On a segmental basis, the Bank will strongly focus on the affluent Customer segment, as well as private banking (where it already holds a leading position). The Bank aims to increase the pace of expansion in the corporate segment by raising its share of the total own business mix. In addition, taking advantage of its leading position in the agricultural market, the Bank will focus on offering its services in the agricultural product processing industry.

At the same time, the Bank will focus on internal operational efficiency. Due to limited revenue growth opportunities, the cost side will require extraordinary attention. This will be a complex challenge, due to salary pressures resulting from inflation. It should be noted that the latter is particularly strong in the areas of new technologies, where the Bank sees the greatest potential for growth. The optimisation and digitalisation of processes will also continue,



which is intended to work in two ways. It will reduce costs, but also improve Customer service, which will have a positive impact on Customer satisfaction.

The bank has remained committed to social and environmental issues for years. These are increasingly getting into the heart of financial business. These are happening as a result of new regulations, but also a change in public attitudes. Anticipating such a direction, the Bank is strongly focusing on development in this area, which it considers strategically important. New products are introduced, new partnerships are established and work continues to reduce the company's own carbon footprint. At the same time, an intensification of ESG-based activities among market competitors is noticeable. The Bank's aim is to remain in the lead and continue to set new standards in this area, which will require even more dynamic action.



Strategy execution

Pillar UP

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Tomasz Sepołowicz, IT Chapter Leader



Pillar UP

Pillar description

The GO beyond 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 potential for development in all Customer segments.

Retail Banking and Personal Finance

The priority of retail banking and PF is to achieve high Customer satisfaction (NPS Top 3 on the market), which will result in an increased number of the Bank's active Customers (by 0.5 million to 4.5 million) and strengthen their relationship with the Bank. In response to Customer and employee feedback, the Bank will implement innovative products and services, many in cooperation with internal (companies from the BNP Paribas Group) and external partners. We also plan even more extensive employment of personalised communication based on advanced CRM and data analytics. Further digitisation of Customer processes is to be implemented simultaneously with the remote availability of the Bank's experts within the newly created omnichannel sales and Customer service model (over 90% of key processes for individual Customers are to be available in remote channels; sales via digital channels are to exceed 50%). The Bank will also offer services that go beyond traditional banking by using open banking solutions, contextual financing in e-commerce and offering products and services related to the Sustainable Development Goals. Finally, the Bank plans active but sustainable development in the main retail areas, i.e. achieving a 7% share in the market of new sales of accounts, cash loans and mortgage loans.

SME, Corporate and CIB Banking

The Bank wants to be the 1st choice for international Customers (an increase in the number of active Customers by over 22% compared to 2021) by leveraging the leading position of the BNP Paribas Group in Europe, its worldwide presence and global solutions, products and expertise. We also strive to be the first choice Bank for large corporations by offering tailor-made solutions and an excellent service model. The Bank will provide services to Polish corporations and SMEs using remote and digital solutions while supporting the international expansion of our Customers with experience gained in 65 countries. We wish to increase the base of active SME and corporate banking Customers by over 18% compared to 2021. We also strive for operational excellence in order to build positive Customer experiences. One of the key goals in this area is the optimisation and shortening of the credit process. The Bank will also utilise its market leader position in the agricultural segment and its unique competencies to strengthen its market position among food processors.

Strategic commitments and their implementation

Indicator	2025 strategic goal	2022 execution
NPS - Retail Banking and Personal Finance	TOP 3	7th place (group study)
% of key processes for individual Customers available via remote channels	90%	66%
Number of active Customers (individual Customers and micro-enterprises)	4.5 million	4.0 million
Sales via digital channels (individual Customers)	>50%	25.5%
Market shares in new sales (ROR accounts, cash loans, mortgage loans)	7%	<ul style="list-style-type: none"> current accounts: 5.5% (average after 3 quarters) cash loans: 5.1% mortgage loans: 7.1%
Number of active micro-enterprises	340 thousand	272 thousand
Number of micro companies active in digital channels	230 thousand	165 thousand
Maintaining the leading position in the agro segment (share in the loan market)	>25%	26.4%
Increase in the number of active food processors [vs 2021]	+30%	+17%
Increase in the number of active food processors [vs 2021]	>18%	+5%
Increase in the number of active international Customers [vs 2021]	>22%	+9%
Number of Customers active in digital channels (corporate and SME banking)	37 thousand	30.1 thousand (GOonline Biznes)
Increase in loan volumes (corporate and SME banking 2025-2021)	+6% annual average	+11%



Description of segments

Retail and Business Banking, Personal Finance

Characteristics of the area

The Retail and Business Banking area provides services to individual Customers, private banking services and services to business Customers (micro-enterprises). The Bank provides services to the following Customer segments:

Retail Customers:

- Mass Clients,
- Premium Banking Customers, i.e. depositing assets in the Bank or through the Bank in the amount of at least PLN 100 thousand or having monthly inflows of at least PLN 10 thousand;
- Private Banking Customers (Wealth Management), i.e. those who invest assets of at least PLN 1 million through the Bank. Within the segment, there is a separate sub-segment called "Family Fortunes", i.e. Customers who invest assets of at least PLN 10 million through the Bank.

Business Customers:

- non-Agro, without full financial reporting (in accordance with the Accounting Act), with annual net revenues for the previous financial year below EUR 2 million,
- non-Agro, preparing full financial reporting, whose net sales revenue for the previous financial year was below PLN 4 million and whose credit exposure did not exceed PLN 1.2 million,
- Agro, without full financial reporting, with annual net revenues for the previous financial year below EUR 2 million, conducting activities classified according to selected PKD 2007 codes,
- professionals: entrepreneurs without full financial reporting (in accordance with the Accounting Act) who practice professions defined in a separate, internal document,
- individual farmers with credit exposure below PLN 3 million,
- individual farmers whose credit exposure is in the range between PLN 3 million and PLN 4 million, when the collateral on arable lands covers at least 50% of credit exposure,
- non-profit organisations (e.g. foundations, associations, trade unions, etc.),
- cooperatives, housing associations, and property managers.

Private Banking – BNP Paribas Wealth Management offers an individual approach to every Customer and, additionally, a holistic and relational approach, the so-called "family approach", including close family members or assets held in private companies and other investment vehicles. BNP Paribas Wealth Management benefits from 40 years of experience in serving affluent Customers, its established market position and the best practices of the BNP Paribas Group – the number 1 Wealth Management company in the Eurozone. BNP Paribas Wealth Management Customers are guaranteed the services of an experienced and qualified team – all advisors have EFPA certification of EFA and the highest level – EFP. The EFPA certificate is a requirement for all Wealth Management Advisors. Additionally, our Wealth Management Advisors are the first on the Polish market to have obtained the EFPA ESG certification in the field of sustainable development.

Personal Finance Banking is responsible for the product offer and management of consumer loans distributed through the network of Retail and Business Banking branches and external distribution channels. This area provides the following product groups: cash loans, credit cards, instalment loans, car loans, leasing (operating and financial), lease financing (offered mainly in cooperation with BNP Paribas Leasing Services Sp. z o.o.) and long-term vehicle rental (in cooperation with Arval Service Lease Polska Sp. z o.o.).

Implementation of key strategic initiatives in 2022

INITIATIVE	BNP Paribas – my main Bank
INITIATIVE DESCRIPTION	More appealing products, implementation of an omnichannel environment and changes in the approach to building lasting relationships. Optimisation of the digital UX, greater personalisation of Customer experience and synchronisation of the use of data sources. Increasing awareness of the BNP Paribas brand among Customers
ACHIEVEMENTS	<ul style="list-style-type: none"> • building brand awareness by implementing the onboarding process for Customers who purchase instalment loans, car loans, credit cards or set up Premium bank accounts • second place in the NPS growth dynamics of the Retail Benchmark survey • the highest increase in NPS (by 27 points) compared to the brands observed among Micro Customers in the Benchmark Pro study • open banking - Customers can view all their funds in a single online space, regardless which bank they have an account in • implementation of a simple process for transferring accounts from other banks (carried out entirely by the Bank) and for the transfer of an employee's remuneration to a BNP Paribas account • providing amenities for refugees from Ukraine: access to the "Account for Now", Ukrainian language website, chat and online banking, dedicated onboarding process (including educational activities) • consolidation of the liabilities of a co-borrower (possibility of consolidating the liabilities of both the first and second applicant) • introduction of a mortgage loan with interest rate fixed for 10 years • support in everyday banking: <ul style="list-style-type: none"> – education in the areas of: mobile payments, investment and savings products, safe banking – enabling the remote opening of accounts by Micro Customers through video-verification (for sole proprietorships and Premium Customers) – positioning the BNP Paribas debit card as the card of first choice for current payments



INITIATIVE		BNP Paribas – my main Bank
		<ul style="list-style-type: none"> – instructional videos (user manual) about: confirming online payments with the 3D Secure service, enabling mobile authorisation and adding a card to swatch pay – systematic optimisation of online card payments with 3D Secure, which improves the Customer experience • providing self-service processes; key implementations in 2022 include: <ul style="list-style-type: none"> – IKE / IKZE products available in online banking – activation of the mobile application with the PESEL or passport number – tax transfer to the revenue service and foreign transfer – early repayment order – BLIK on the phone, 24/7 transfers, repayment of instalments and credit card – international transfers and charity transfers – account balance shown in online banking after transactions (also on holidays/weekends)
KEY FIGURES		<ul style="list-style-type: none"> • increase in the number of Customers for whom BNP Paribas Bank Polska S.A. is the bank of first choice from 0.72 million at the end of 2021 to 0.78 million at the end of 2022. • "Account for Now" – 88 thousand new Customers and PLN 611 million of new funds on accounts • 1.1 million active mobile users, i.e. +20% y/y

INITIATIVE		Development of digital and omnichannel sales
INITIATIVE DESCRIPTION		Sale of all consumer loans and mortgages in digital channels or in the omnichannel model. Widespread use of "pre-approved" offers and open banking solutions. Increased sales based on data analytics, AI and personalisation. Expansion of the product offer available in digital channels.
ACHIEVEMENTS		<ul style="list-style-type: none"> • extended access to fast, simple and convenient applications for "pre-approved" offers available in an internal and external database • expanding the credit card offer available in electronic credit card application processes; Mastercard Gold and Mastercard World Elite cards were added to the previously available Mastercard Standard card • the possibility of spreading the cost of selected transactions into convenient credit card repayment instalments, accompanied by promotional terms for transactions with selected Bank Partners • facilitated access to the cash loan offer • feature allowing the submission of applications for car loans directly from the websites of selected car manufacturers. • implementation of "My Electric" financing – government subsidy for electric vehicles: cars and vans up to 3.5t and motorcycles – systemic solutions for leasing and rental (car loan implemented in 2021)
KEY FIGURES		<ul style="list-style-type: none"> • PLN 402 million – sales of cash loans in remote channels in 2022 • over 60 thousand credit card transactions, spread over instalment plans – increase by 238% y/y • shortened time from application submission to disbursement of funds for a cash loan by 31% y/y

INITIATIVE		Convenient platform for entrepreneurs using API solutions
INITIATIVE DESCRIPTION		The Bank as a modern platform using API to offer the products and services of external partners. Support for the creation of sustainable, safe and innovative services tailored to the needs of Customers. The API as a means of offering contextual services at selected Customer touchpoints outside the banking ecosystem
ACHIEVEMENTS		<ul style="list-style-type: none"> • GOksięgowość (GOaccounting) – modern online accounting services for Customers running their own business. The Customer can choose a single module or comprehensive accounting. The service is available entirely online, 24/7. Registration and contract signing do not require an office visit. • GOdealer – a modern platform for currency exchange enabling, i.a., concluding FX transactions by phone 24/7 (throughout the year), real-time tracking of exchange rates, instant transactions, placing orders pending up to 60 days for over 80 currency pairs, etc. • SoftPOS – a payment terminal in the Customer's phone or tablet (mainly for micro-entrepreneurs, those operating outdoors, e.g. taxi drivers, couriers), which accepts contactless payments (available from September 2022). • BUSINESS UPI – cooperation with the Polish Entrepreneurship Foundation, which prepared a free training programme for the Bank's Customers devoted, i.a., to tax changes resulting from the Polish Deal and the impact of these changes on business, opportunities for online business development, security in cyberspace, legal aspects (including tax issues), etc. • in cooperation with Arval, we offer: <ul style="list-style-type: none"> – long-term rental, tailor-made to the needs of Customers owing to an AI model that predicts potential interest in renting based on analyses of previous Customer behaviour – a comparison website that clearly and transparently shows the differences and benefits of individual services, including: leasing, rental, car loan – offers in social media: Facebook, LinkedIn and Instagram – digital rental application process (GOonline, GOmobile) • in cooperation with BNP Paribas Leasing Solutions, we offer: <ul style="list-style-type: none"> – a special offer during the Agro Offensive (enabling cooperation with Agricultural Chambers, Agricultural Property Agencies, ARiMR), Biznes Offensive (Craft Support Centres, Marshal Offices, Entrepreneurship Days) and a special autumn leasing offer – one face of BNP and BNPPL for micro-entrepreneurs – new green financing offer for heat pumps
KEY FIGURES		<ul style="list-style-type: none"> • GOksięgowość (GOaccounting): over 5,000 platform users • GOdealer: 1.4 thousand Micro Customers, 8.6 thousand transactions via the mobile channel, total transaction volume of over PLN 390 million • SoftPOS – new sales increase by 40% (from implementation in September 2022) • BUSINESS UPI: over 1.4 thousand participants in summer and autumn courses • an 80% increase in the number of Customers interested in the green car offer implemented in cooperation with Arval • Leasing Micro: PLN 322.5 million of financed contracts



INITIATIVE	New distribution model – the establishment of omnichannel Customer service
INITIATIVE DESCRIPTION	Transformation of the distribution model – a key element in building an omnichannel Customer service model. Integration of front-end systems with one Customer view. Relationship management supported by personalised communication based on CRM. New system of autonomous, self-organising Customer service teams.
ACHIEVEMENTS	<ul style="list-style-type: none"> implementation (as the first bank in Poland) of call centre consultant and Customer verification in mobile banking during telephone conversations (safety and savings of approx. 1-1.5 minutes per conversation) <ul style="list-style-type: none"> – possibility of arranging meetings with Virtual Branch advisors on the Bank's website and streamlining the process of arranging meetings in the Bank's branches (notifications, possibility of cancellation, etc.) popularisation of BlikP2P (i.e. transfer to phone) increasing transactionality and Customer engagement in the mobile channel wider use of a voicebot for Customer NPS surveys (over 5,000 surveys per month at a cost 80% lower than before), in telephone sales processes, and in debt collection processes (over 2,000 repayment declarations automatically accepted by the bot per month) implementation of several paperless initiatives in the sales network, including: Autenti signature for corporate Customers (own payment, third party payment, withdrawal) and for third party payments for retail Customers, electronic reports confirming cash transfers, commissions for instalment loans charged jointly with instalments etc.
KEY FIGURES	<ul style="list-style-type: none"> 1.1 million active mobile users +20% y/y increase in the number of logins to mobile banking +19% y/y increase in the number of GOMobile transactions +49% y/y increase in the number of BLIK payments +65% y/y increase in mobile payments for tickets and parking +83% y/y about 300,000 users of the newly implemented BlikP2P service

Brokerage House of BNP Paribas Bank Polska S.A.

The Brokerage House of BNP Paribas Bank Polska S.A. (hereinafter: Brokerage House) focuses on providing services to retail Customers. The range of services provided is complementary to the Bank's offer of investment products. The Brokerage House also provides its services to selected institutional Customers, including Open Pension Funds, TFIs and other entities managing entrusted assets. Additional activities of the Brokerage House include portfolio management and investment advisory services for the Premium Banking and Wealth Management segments.

The range of products offered by the Brokerage includes a wide selection of investment funds managed by well-known Polish and foreign Investment Fund Companies.

Key figures for the Brokerage House in 2022:

- sales of over 694 funds managed by 24 companies,

- PLN 3.4 billion – the value of Customer assets in investment funds distributed through the Brokerage House at the end of 2022,
- PLN 1,161 billion – the value of investment certificates issued in 2022 for Customers of the Brokerage House in cooperation with the BNP Paribas Group (increase by 6% y/y),
- PLN 107.8 million – total revenue from brokerage services and investment products distribution (increase by 12% y/y),
- decrease in commission revenues from stock exchange transactions of Brokerage House Customers by 32% y/y,
- decrease in assets in portfolio management service for Wealth Management Customers by 19% y/y,
- the results on investment advisory services and portfolio management services grew significantly above their benchmarks.

Table 5. Share of the Bank's Brokerage House in turnover on the WSE

		31.12.2022		31.12.2021	
		volume	share	volume	share
Equities	PLN million	3,015.65	0.51%	4,381.73	0.66%
Bonds	PLN million	213.99	1.81%	231.03	5.51%
Contracts	pcs.	235,546	0.77%	138,892	0.59%
Investment certificates	PLN million	0.96	1.04%	1.69	1.78%
Options	pcs.	37,430	5.96%	30,659	5.51%
Structured products	PLN million	253.48	3.90%	445.30	7.16%



Corporate and Small and Medium Enterprise Banking

Characteristics of the area

Corporate Banking offers a wide variety of financial services to large and medium-sized enterprises as well as to local government entities with an annual turnover equal to or exceeding PLN 60 million, or in the case of whom the Bank's exposure is equal to or greater than PLN 18 million, as well as to entities operating as part of multinational capital groups.

Corporate Banking Customers are classified into 4 key groups:

- Polish corporations with an annual income greater than PLN 60 million or with a credit exposure greater than or equal to PLN 18 million (or PLN 40 million for business entities related to agricultural production),
- international Customers (companies operating in international capital groups),
- the largest Polish corporations with net sales revenues above PLN 600 million,
- public sector and financial institutions.

Additionally, an Agro sub-segment and a Non-agro sub-segment function within the aforesaid groups.

The Small and Medium Enterprise (SME) Banking area provided services to three main Customer sub-segments:

- Agro Customers with full financial reporting and net sales revenues from PLN 4 million to PLN 60 million for the last financial year and the Bank's credit exposure not exceeding PLN 18 million. This sub-segment also includes agricultural producer groups (where the Bank's credit exposure does not exceed PLN 40 million) and field organisational units of the State Forest Enterprise, i.e. regional directorates, forest inspectorates etc., regardless of the scale of their turnover and credit exposure;
- Non-Agro Customers – a sub-segment that includes entities with full financial reporting, net sales revenues for the last financial year from PLN 4 million to PLN 60 million and credit exposure not exceeding PLN 18 million, as well as public finance entities with a budget of up to PLN 100 million. This sub-segment also includes churches and other religious organisations and their subsidiaries.
- Farmers (i.e. business entities conducting agricultural production activities) with full financial reporting, net revenue for the previous financial year between PLN 0 and PLN 60 million and credit exposure not exceeding PLN 40 million, as well as individual farmers if their credit exposure is between PLN 4 and 40 million or between PLN 3 and 4 million if the collateral on agricultural land covers less than 50% of credit exposure.

Implementation of key strategic initiatives in 2022

Corporate Banking

INITIATIVE	A new approach to the Customer, taking advantage of the strength and potential of the Group
INITIATIVE DESCRIPTION	A leader in the sector of international Customers and in terms of cooperation with the largest Polish corporations. A unique approach based on the strong position of the BNP Paribas Group, especially in terms of global relations and the product platform.
ACHIEVEMENTS	<ul style="list-style-type: none"> • implementation of a new organisational structure through the creation of the Strategic Customer Division (including international Customers and the largest Polish corporations) and the Corporate Customer Division, which support further concentration and cross-sell in these Customer segments • strengthening the Bank's position on the International Customer market (first place in terms of the number of relations) • increase in the share of revenues from cooperation with international Customers in total revenues • implementation of dedicated after-sales service for Strategic Customers • improving the process of communication with international Customers via the Business Service Centre • developing processes of cooperation with Customers in the field of financing projects and ventures related to sustainability – granting Sustainability Linked Loans
KEY FIGURES	<ul style="list-style-type: none"> • increase in the number of active international Customers: +267 Customers in 2022, i.e. +9% y/y, • increase in net credit volumes by 16% y/y • dynamic increase in deposit volumes by 34% y/y • PLN 3.4 billion – total value of the sustainable finance portfolio at the end of 2022.

INITIATIVE	New Customer service model
INITIATIVE DESCRIPTION	Transformation of the sales area by providing Customers with the widest range of self-service solutions as well as centralised and dedicated after-sales service.
ACHIEVEMENTS	<ul style="list-style-type: none"> • y/y increase in the gross result of the Corporate Banking area owing to the dynamic growth of income, good quality of the loan portfolio and low cost of risk • adapting the Customer service model to the new sales system • improvement of the call-back process – automatic call-back to Customers functionality • a new model of handling the KYC process
KEY FIGURES	<ul style="list-style-type: none"> • acquisition of over 1.0 thousand new Customers in 2022, i.e. +16% y/y • increase in the number of active Customers by 10% y/y • increase in the use of the Business Service Center: 86% of Customers provided with Customer service compared to 78% at the end of 2021 • maintaining a very good average waiting time for connections with Customer service consultants: 97.4% of calls answered within 10 seconds.



Small and Medium Enterprise (SME) Banking

INITIATIVE	New Customer service model
INITIATIVE DESCRIPTION	Transformation of the sales area by providing Customers with the widest range of self-service solutions as well as centralised and dedicated after-sales service
ACHIEVEMENTS	<ul style="list-style-type: none"> y/y increase in the gross result of the SME Banking area owing to the dynamic growth of income, good quality of the loan portfolio and low cost of risk a new model of handling the KYC process implementation of a new Customer service model – Remote Advisor Team dedicated to Customers who prefer active remote contact with the Bank

INITIATIVE	New Customer service model
	<ul style="list-style-type: none"> extension of the Customer portfolio model as part of Customer service – introduction of a dedicated Account Manager for a selected group of Customers
KEY FIGURES	<ul style="list-style-type: none"> acquisition of 1.9 thousand new SME Customers in 2022, an increase of 13% y/y increase in the number of active Customers by 600 in 2022 increase in the use of the Business Service Zone: 84% of SME Customers provided with Customer service compared to 73% at the end of 2021 maintaining a very good average waiting time for connections with Customer service consultants: 81% of calls answered within 20 seconds

Other activities of business lines

INITIATIVE	ACHIEVEMENTS	INNOVATIVE PRODUCTS AND SERVICES	KEY FIGURES
CASH MANAGEMENT / E-BANKING	<ul style="list-style-type: none"> continued development of GOonline Business internet banking increased use of GOMobile Business mobile banking 	<ul style="list-style-type: none"> new versions of several modules: Bills, Self-Service Zone, Loans, Collection, Authorisations, Cash and Deposits pilot launch of the new module "Payments, Statements and Counterparties" for selected Customers implementation of a mobile token for authorising payments in GOonline Business 	<ul style="list-style-type: none"> increase in the number of digital Customers by 700 y/y 8.3 thousand active users, i.e. +19% y/y
CASH MANAGEMENT / CUSTOMER LIFECYCLE	<ul style="list-style-type: none"> significant increase in the automation of onboarding and post-sales processes 	<ul style="list-style-type: none"> implementation of video verification for onboarding and after-sales processes fully automatic process of opening auxiliary accounts in GOonline Business significant increase in the use of Autenti electronic signatures (the process is available for over 100 types of contracts and instructions) enabling Customers to submit instructions signed with a Trusted Signature (ePUAP) implementation of the digital KYC review process (KYC eApplication) 	<ul style="list-style-type: none"> increase in the number of orders in the Self-Service GOonline Business module to over 27,000 in Q4 2022, i.e. by over 30% y/y 3.1 thousand accounts opened automatically in GOonline Business 86% of new relationships opened via digital onboarding eForm
FINANCING BUSINESS CUSTOMERS	<ul style="list-style-type: none"> implementation of credit process improvements for SME segment Customers leading to shortened credit application processing time (TTY) preparation of new paths for the credit process in the SME segment as a basis for further automation and digitisation 	<ul style="list-style-type: none"> development of a prototype decision-making engine (a set of credit decision-making rules) and its pilot application for credit decision-making in SMEs extending the credit eApplication to include factoring transactions for SME segment Customers extension of the eVerification module (verification of external and internal databases in the credit process) improved relationship management within groups of related entities in order to improve credit risk assessment development of standard credit structures enabling quick automatic credit decisions 	<ul style="list-style-type: none"> 276 SME credit decisions based on the decision engine prototype (Median TTY = 1.3 days) increase in credit exposure for SME Customers by 4% y/y



Food & Agro

Characteristics of the area

BNP Paribas Bank Polska S.A. (hereinafter: the Bank) provides a comprehensive offer for the food and agro segment, including accounts, deposits, loans and farmers' insurance (both voluntary and mandatory).

Micro and SME Customers

The Bank's credit offer includes the following loans:

- working capital: overdraft collateralised with a mortgage (Agro Ekspres), loan with a BGK guarantee and interest subsidies,
- Farm financing investment loans for farmers and Agro companies – Agro Progres,
- preferential loans with interest subsidy or partial repayment of capital (thanks to an agreement with the Agency for Restructuring and Modernisation of Agriculture).

Apart from its own offer, the Bank provides additional services addressed to farmers developed in cooperation with third parties, such as Generali Agro insurance. It also conducts sales campaigns such as "Agro autumn 2022" (for farmers and processors) and "With us, you won't overpay for your loan" (for Micro Customers).

Corporate Customers

The Bank's offer for Corporate Banking Customers focuses on:

- business development through the use of unique knowledge and precise understanding of the sector's entire value chain (farmer, processor, distributor, consumer) as well as its ecosystem (macro environment, policy, technology, international trade, suppliers, recipients), including the development of cross-segment financing (value chain financing),
- preparation of sectoral analyses including changes in industry trends,
- initiating cooperation with the BNP Paribas Group with regard to Food & Agro Customers,
- sectoral recommendations for significant credit transactions (positioning of the company in the industry and peer group),
- running and developing the Agronomist platform, which provides reliable knowledge and useful tools for the digital and sustainable transformation of the agri-food sector.

Implementation of key strategic initiatives in 2022

INITIATIVE	Agronomist – an innovative way of building relationships and sharing knowledge
INITIATIVE DESCRIPTION	Creating a portal for farmers and entrepreneurs from the Food & Agro (F&A) industry who want to develop in line with market trends. Providing knowledge and tools to support both the transformation towards sustainable agriculture and the digital transformation. The content of the portal covers the entire F&A value chain with a special focus on local communities.
ACHIEVEMENTS	<p>Providing new, unique tools and functionalities that respond to the needs of entities operating in the agri-food sector:</p> <ul style="list-style-type: none"> • RegAgri Explorer – the first tool in Europe showing the potential of agricultural soil to store carbon dioxide from the atmosphere by 2050, if various regenerative agriculture practices are applied. The Bank is the first financial institution to support the attainment of sustainable development goals by providing a free tool aiding farmers and agricultural producers in the transformation towards carbon agriculture. The tool received the Innovative Agricultural Product 2022 award • Water footprint calculator – the first Polish language calculator that allows one to calculate the water footprint from agricultural production along with water balance and irrigation efficiency. The calculator is a new functionality of the Agroemisja tool, which helps to calculate the emissivity of production • Your weather – the weather module received new functionalities useful for agricultural producers: soil temperature and humidity, as well as evaporation (with an accuracy of 1.5 km) • campaign on regenerative agriculture, i.e. an agricultural production model that increases, i.a., soil vitality, improving the quantity and quality of crops, while saving expenses on fertilisers and plant protection products. The Bank is among the leaders of this transformation • educational materials – inspiring video recordings with the Bank's Customers (available on the Agronomist platform) presenting their achievements in the field of the digital and sustainable transformations
KEY FIGURES	<ul style="list-style-type: none"> • over 135 thousand users • more than 50% women users • over 659 thousand visits in 2022

INITIATIVE	Knowing the Customer as the basis for building profitable relationships and increasing Customer satisfaction
INITIATIVE DESCRIPTION	Further expansion in the food production value chain based on industry know-how. Tailored service model for current and future key Clients from the F&A industry. Improvements in the credit process.
ACHIEVEMENTS	<ul style="list-style-type: none"> • implementation of a new corporate Customer service model • in-depth analyses of markets and selected sub-sectors of the agri-food industry



INITIATIVE	Knowing the Customer as the basis for building profitable relationships and increasing Customer satisfaction
KEY FIGURES	<ul style="list-style-type: none"> intensive analytical activities and knowledge-sharing in relation to the market implications of Russia's war against Ukraine active participation in numerous economic and industry events. Close cooperation with a number of organisations from the agri-food sector. Inspiring interviews with leaders of the food sector in Poland as part of the "Food Cabinet" series. development and implementation of business analytics tools ensuring quick and effective monitoring of the agri-food segment Customer portfolio <ul style="list-style-type: none"> increase in the volume of loans in the Corporate Banking Segment by 20% y/y PLN 3,997 million of new financing for Food & Agro corporate Customers – increase by 45% y/y increase in the number of active food processors by 17% y/y

Corporate and Institutional Banking

Characteristics of the area

Corporate and Institutional Banking (CIB) provides a wide range of products addressed to both the largest Polish enterprises and medium-sized companies. Through the Custody Services Department, the offer is also addressed to insurance companies as well as pension and investment funds.

CIB delivers the BNP Paribas Group's comprehensive financial and risk management solutions to its Customers in Poland, including:

- advisory services related to mergers, acquisitions and restructuring,
- advisory services related to transactions on capital markets,
- arranging transactions on currency and money markets,
- financing the current operations of enterprises,
- financing of acquisitions and investment projects,
- management of cash flows, financial liquidity and optimisation of working capital,
- sale of financial market products, hedging currency, interest rate and commodity price risks,
- arranging the issue of debt securities.

In addition, we perform tasks in the field of market risk management in the trading book, price quotations of currency market instruments and interest rate instruments (including transactions on the derivatives market), as well as determining the Bank's exchange rates and structuring and managing risk related to the Bank's structured products.

Implementation of key strategic initiatives in 2022

INITIATIVE	A new approach to the Customer, taking advantage of the strength and potential of the Group
INITIATIVE DESCRIPTION	A leader in the sector of international Customers and in terms of cooperation with the largest Polish corporations. A unique approach based on the strong position of the BNP Paribas Group, especially in terms of global relations and the product platform
ACHIEVEMENTS	<ul style="list-style-type: none"> increase in international Customer business dynamics as a consequence of changing the organisational structure and appointing dedicated dealers and product specialists
KEY FIGURES	<ul style="list-style-type: none"> increase in cross-sell both as regards FX flow products (+31% y/y) and derivatives (+34% y/y)

INITIATIVE	New Customer service model
INITIATIVE DESCRIPTION	Transformation of the sales area by providing Customers with the widest range of self-service solutions as well as centralised and dedicated after-sales service
ACHIEVEMENTS	<ul style="list-style-type: none"> implementation of the mobile version of the FX Pl@net website: GOdealer – another element of building digital access to the Bank's products
KEY FIGURES	<ul style="list-style-type: none"> increase in the volume of corporate Customers transactions in the FX Pl@net application (+33% y/y) increase in the number of active Clients (+15% y/y) and transactions in the FX Pl@net application (+11% y/y)

Other banking activity

Other banking activity of BNP Paribas Bank Polska S.A. (hereinafter: the Bank) is mainly operated by the Asset and Liability Management Division (hereinafter: ALM Treasury). ALM Treasury's task is to ensure an appropriate and stable level of funding to guarantee the security of the Bank's activities and compliance with standards defined in the applicable laws, as well as to reduce the sensitivity of the Bank's net interest income to changes in market interest rates.

The ALM Treasury Division combines the features of a business line with those of a competency centre responsible for the management of:

- interest rate risk,
- current and structural liquidity of the Bank,
- structural currency risk,
- internal transfer prices for all deposit and credit products offered by the Bank (including their determination).



Tasks carried out by the ALM Treasury Division cover both the prudential aspect (compliance with external regulations and internal orders) and the optimisation aspect (management of the cost of funding and generation of the result from the management of the Bank's balance sheet items).

One of the key risk management mechanisms in place at the Bank is a systemic transfer of structural risks from all business lines to the ALM line. Structural risks include: currency risk, liquidity, banking book interest rate. The ALM Line manages those risks centrally. Risk is transferred mainly through the transfer pricing system, which reflects the business financing strategy adopted by the Bank.

The key obligations entrusted to ALM Treasury are ensuring a balanced liquidity position while maintaining optimised costs of the Bank's operations and an appropriate structure of assets and liabilities, including sensitivity to interest rate changes. Other tasks of ALM Treasury include:

- management of an internal transfer pricing system,
- balance sheet analysis,
- modelling and measuring liquidity and interest rate risk for the Banking Book,
- managing issues of debts securities,
- arranging long-term credit facilities,
- obtaining new sources of financing,
- cooperation with business lines supporting sustainable development,
- coordinating the securitisation of the non-banking Customer portfolio,
- organising the activities of the Assets and Liabilities Committee (ALCO).

During the COVID-19 pandemic and after the outbreak of the war in Ukraine, the Bank adjusted internal product behaviour models affecting the Bank's interest rate and liquidity risk profiles on an ongoing basis. ALM Treasury cooperates with the business lines through regular meetings and consultations to optimise the Bank's product structure and maintain the Bank's profitability at the maximum possible level in the current macroeconomic conditions.

Cooperation with financial institutions

As at 31 December 2022, the Bank was a correspondent bank of ca. 1,000 other banks and held 52 NOSTRO accounts for 25 major currencies in other banks.

The Bank maintains 33 LORO accounts denominated exclusively in PLN for foreign banks belonging to the BNP Paribas Group. LORO accounts maintained in the Bank's books constitute an external source of sourcing cost-free working capital for the Bank's operations. Such accounts are used mainly for purposes of Customer and bank-to-bank transfers.

In 2022, the Bank continued its cooperation with other domestic and international financial brokers and banks, which enabled the conclusion of a wide range of treasury and deposit transactions. A number of contracts were concluded with new and existing contractors from these segments and steps were taken to sign new contracts, in line with ISDA and Polish Bank Association recommendations.

Based on designated selection criteria, in November 2022, the National Bank of Poland extended the term of the "Agreement on performing the function of a Money Market Dealer" concluded on 14 December 2020 (the renewed Agreement is valid from 1 January 2023 to 31 December 2023).

Distribution channels

Branches

From 1 April 2022, the Bank's branches changed their name to Customer Centres. They operate within 153 Advisory Centres, divided into 5 macro-regions (North, West, Center, East and South). The simplification of the structure and the new work organisation model in the retail network will result in even faster responses to the needs of Customers in the changing environment.

As at 31 December 2022, the Bank had 410 Clients' Centers (including 14 partner outlets). The branch network was supplemented by 15 Wealth Management Centres.

As part of the network optimisation project, 285 branches were closed between 31 October 2018 and 31 December 2022 (17 branches were closed in 2022, including 1 partner branch).

In 202 Centres (including 3 partner outlets) cash services were provided exclusively through self-service devices.

As at 31 December 2021, the Bank had 103 centres with the "Barrier-free facility" certificates, issued by the Integration Foundation for good service practices for people with disabilities.

All the Bank's branches have been awarded the OK SENIOR® Certificate, which confirms that senior Customers (60+) are served in a safe, transparent and accessible manner.

Since January 2022, the Corporate Banking sales network consists of two divisions:

- The Strategic Clients Division, organised within the structure of the Bank's headquarters, is responsible for relations with international Customers, the largest Polish corporations as well as financial institutions and selected public sector entities,
- The Commercial Clients Division consists of three Corporate Banking Regions: Central, Southern and Western, with a total of 14 Corporate Banking Business Centres located in the largest business centres of Poland, thus ensuring a wide geographical and sectoral coverage. The Division is responsible for relations with Customers whose net sales revenues range between PLN 60 and 600 million.



A dedicated Corporate Customer Service Centre provides after-sales service for Corporate Banking Customers. Access to products and services is offered via modern online and mobile banking systems.

From January 2022, the SME Banking sales network consists of three SME Banking Regions: Central, Southern and Western, with a total of 34 specialised SME Business Centres located in cities with the greatest potential.

The Bank's SME Customer service model is relational. At its centre are the individual services of an Advisor, who is responsible for the entire relationship between the Customer and the Bank. As part of the Bank's wide range of products and services addressed to small and medium-sized enterprises – and to fully meet Customers' needs – teams of specialists are dedicated to helping SME Customers, offering a high standard of sales services and product consulting, based on knowledge and experience in the field of cash management, treasury, leasing, factoring as well as trade servicing and financing.

SME Customers can manage their accounts via online and mobile banking channels offered by the Bank. In everyday contact with the Bank, Customers can also count on support provided by the Business Service Zone, i.e. a dedicated telephone Customer Service Centre.

Cooperation with intermediaries

At the end of December 2022, the Bank's Retail and Business Banking Division cooperated in the acquisition of banking products:

- based on outsourcing agreements – with 11 external outsourcing intermediaries, 6 outsourcing intermediaries operating exclusively for the Bank and 13 franchise partners,
- based on marketing agreements – with 223 contractors.
- in the area of Personal Finance Banking – with 13 nationwide intermediaries and with 2 online intermediaries – based on outsourcing agreements regarding the acquisition of the cash loan product.

ATM and cash deposit network

As at 31 December 2022, the Bank's branches contained:

- 537 dual-function devices processing contactless deposits and withdrawals with Bank cards and BLIK, as well as cash withdrawals using Google Pay and Apple Pay, and
- 30 ATMs supporting only standard withdrawals and transactions made available by the VISA and Mastercard systems.

In addition, two dual-function devices and two ATMs operated outside the Bank's centres.

Operations and business support

Implementation of key strategic initiatives in 2022

INITIATIVE	Process excellence
INITIATIVE DESCRIPTION	Optimisation, automation and digitisation of all key processes to improve Customer service quality and cost-effectiveness. Developing the mining process to support process owners in process management. Promoting the Lean culture and continuous process improvement by creating a dedicated Lean training programme and community.
ACHIEVEMENTS	<ul style="list-style-type: none"> • efficiency and quality - improving the documentation of mortgage loans and Micro loans • new model of operations: panels with experts from the Operations Division – a project based on three pillars (optimisation, partnership and effectiveness) aimed at improving the quality of Customer service (Customer-centricity) • EvaChatbot – easier and faster Customer service. Implementation of new topics on handling after-sales orders Addition of a "Customer Service" mode for Advisors. • Robotic Process Automation – robotisation of processes across the Bank to increase efficiency: • in the KYC process, • in the area of servicing credit holidays and annexing mortgage loans due to the change of a variable rate to a fixed rate, • Trade Finance processes, • implementation of a new system for handling incoming correspondence
KEY FIGURES	<ul style="list-style-type: none"> • increase in the quality indicator of mortgage loans and Micro loans by +10% and +20%, respectively • decrease in the number of FTEs related to improving efficiency • reduction of processing time and improvement of efficiency in automated processes by at least 40% y/y • 186 active robots • automatic processing and control in KYC processes at level 37



Entities of the BNP Paribas Bank Polska S.A. Group

BNP Paribas Towarzystwo Funduszy Inwestycyjnych S.A.

BNP Paribas Towarzystwo Funduszy Inwestycyjnych S.A. (hereinafter: BNPP TFI or the Company) has been carrying out business in the financial services industry since 1992. Before that date, it was active on the Polish capital market as a brokerage house.

BNPP TFI operates based on the authorisation of the Polish Financial Supervision Authority regarding investment fund establishment and management, as well as intermediation in the sale and redemption of units and shares in foreign funds.

In 2022, the following significant events occurred in relation to the Company's operation:

- A fund managed by the Company – BNP Paribas Obligacji – received a distinction awarded by the "Analyze Online" industry portal in the category of Polish long-term debt securities,
- transformation of the BNPP Debt Securities Subfund into the BNPP Short-term Debt Securities Subfund – offering Customers a strategy delivering higher current yield with limited volatility of fund units,
- from June 1, the offer includes 6 new sub-funds (in cooperation with BNP Paribas Asset Management) investing in global markets, whose investment policy is based on ESG principles.

As at 31 December 2022, the Company managed the following funds with a total value of PLN 2,503.7 million:

- BNP Paribas FIO – started its operations in March 2016. It comprises 7 sub-funds with a diversified investment policy, enabling Customers to invest in various classes of assets on the local and global market. BGŻ BNP Paribas FIO also offers an Individual Retirement Account: BNP Paribas – IKE and an Individual Pension Insurance Account: BNP Paribas – IKZE. As at the end of December 2022, assets under management amounted to PLN 1,308.8 million,
- BNP Paribas Parasol SFIO – was taken over by the company from Ipopema TFI in January 2016, once a relevant authorisation had been granted by the Office of Competition and Consumer Protection. At the end of May 2022, 6 new master-feeder sub-funds were launched within the fund and it now comprises nine sub-funds. As at the end of December 2022, the worth of assets under management was PLN 327.1 million,
- BNPP FIO – created in 2005. It comprises three sub-funds investing mainly in the Polish market. As at the end of December 2022, the worth of assets under management was PLN 641.2 million,
- BNP Paribas Premium SFIO – created in July 2014, with four separate sub-funds (one of them, BNP Paribas Active, is being liquidated). Fund management was acquired as a result of the merger with Riviera TFI. The value of assets at the end of December 2022 was PLN 53.5 million,
- FWR Selektyny FIZ – created in May 2014, fund management was acquired as a result of the merger with Riviera TFI. The value of the fund's assets at the end of December 2022 was PLN 2.6 million. The fund under liquidation.

- BNP Paribas PPK SFIO – created to offer Employee Capital Plans to Customers. It comprises nine sub-funds (defined date funds). The value of the fund's assets at the end of December 2022 amounted to PLN 170.5 million.

BNPP TFI has partnered with the Bank to distribute units in the funds that it offers under an agreement concluded with the Brokerage Office of the Bank.

In 2022, the Company recorded net outflows of PLN 1,901.3 million.

Table 6. Basic financial data of BNP Paribas TFI S.A.

thousand PLN	31.12.2022	31.12.2021	31.12.2020
Balance sheet total	37,224	41,206	36,748
Long-term investments	450	4,859	44
Equity, including:	31,307	33,909	30,087
net financial result	(2,730)	4,660	1,086

The share capital of BNPP TFI amounts to PLN 16,692.9 thousand and is divided into 695,538 shares with the nominal value of PLN 24.00 each. As at 31 December 2022, its equity amounted to PLN 31.3 million and was sufficient to ensure the security of the entity's current operations.

In 2022, the Company's net financial result was negative and amounted to PLN 2.7 million (compared to PLN 4.7 million in 2021).



BNP Paribas Leasing Services Spółka z o.o.

BNP Paribas Leasing Services Sp. z o.o. (hereinafter: the Company) cooperates with the Bank to offer a wide range of leasing products to Customers from the Micro, Personal Finance, SME and corporate segments. Since 2018, based on a decision of the Bank's Management Board, the Company has taken over the role of the sole entity in the Bank's Capital Group that provides leasing services for Customers of the above segments, dynamically increasing the scale of operations every year.

Table 7. Basic financial data of BNP Paribas Leasing Services Spółka z o.o.

thousand PLN	31.12.2022	31.12.2021	31.12.2020
Balance sheet total	6,088,244	5,544,614	4,028,835
Long-term investments*	5,745,766	4,755,620	3,610,100
Equity, including:	58,466	10,763	1,459
net financial result	47,703	9,304	4,211

* receivables due to granted financing

2022 was a time of sales challenges for the Company. There was a noticeable decline in Personal Finance sales due to the unavailability of assets in the automotive industry. The long waiting time for car deliveries meant that demand consistently exceeded supply and sales results in the sector were well below expectations. During this period, the Company consistently implemented the planned financing levels in the corporate Customer segment.

The Russian invasion of Ukraine, which began in February, significantly impacted the Company's operations. The commercial situation exacerbated issues with the availability of financed assets, and the rising inflation – accompanied by a series of interest rate increases – resulted in a significantly reduced level of new financing provided. The market's uncertainty limited the demand for financing, and the price (driven by interest rates) limited the possibilities of some Customer groups.

Despite the difficult circumstances, at the end of 2022, the portfolio of financed assets reached a record level of PLN 5.7 billion (an increase of 21% compared to the end of 2021). This was possible due to the very good condition of the corporate Customers sector and a slight rebound in the automotive sector at the end of the year.

In 2022, the Company concluded 16.9 thousand new contracts for PLN 3,219 million (volume decrease by 7% y/y).

At the same time, the increase in administrative costs recorded by the Company amounted to 32%. The causes included significant inflation affecting employee costs and external suppliers, as well as infrastructure investments aimed at improving operational efficiency in the future. The credit profile of the portfolio remains stable, generating a burden on the financial result that is fully in line with the expectations and the adopted business model. In 2022, the loan portfolio quality did not deteriorate despite high interest rates and the Customers' reduced ability to settle liabilities.

In 2022, the Company recorded a net profit of PLN 47,703 thousand, thus significantly increasing the equity balance.

BNP Paribas Group Service Center S.A.

The scope of the business activity of BNP Paribas Group Service Center S.A. includes:

- providing IT services in the field of application development as well as the development of banking and financial systems of the BNP Paribas Group,
- providing electronic equipment rental services to individual Customers,
- comprehensive management of loyalty programmes for parties connected with the Bank and for the Bank's Customers,
- providing marketing services for employees of the Bank's partners, as well as the Bank's Customers and employees,
- development of scoring models as well as their verification and monitoring for entities of the BNP Paribas Group,
- auxiliary services to insurance brokerage, consisting of administration and performance of group insurance contracts concluded by the Bank,
- providing agency services for insurance services.

Table 8. Basic financial data of BNP Paribas Group Service Center S.A.

thousand PLN	31.12.2022	31.12.2021	31.12.2020
Balance sheet total	59,990	48,338	42,246
Long-term investments	39,302	40,328	34,364
Equity, including:	45,279	39,443	34,411
net financial result	5,835	5,032	8,515

* unaudited data

Bankowy Fundusz Nieruchomościowy Actus Spółka z o.o. in liquidation

Bankowy Fundusz Nieruchomościowy Actus Sp. z o.o. (hereinafter: the Company) was established in 1999 to carry out the following tasks:

- purchase and sale of real estate as well as limited property rights,
- construction projects on own and third-party real estate,
- lease and rental of real estate as well as lease of space.



On 28 January 2022, at an Extraordinary General Meeting of the Company's Shareholders, a resolution was adopted to dissolve the Company by liquidation. On 1 February 2022, the Company changed its name to Bankowy Fundusz Nieruchomościowy Actus Sp. z o.o. in liquidation.

Currently, the Company does not conduct business activity.

Table 9. Basic financial data of BFN Actus Spółka z o.o. in liquidation

thousand PLN	31.12.2022	31.12.2021	31.12.2020
Balance sheet total	8,962	24,726	42,587
Long-term investments	0	0	0
Equity, including:	8,956	24,703	42,426
net financial result	(447)	(1,749)	(5,812)

* *unaudited data*

Campus Leszno Spółka z o.o.

Campus Leszno Sp. z o.o. (hereinafter: the Company) was established on 28 June 2018 by a company agreement in the form of a notarial deed and entered into the Register of Entrepreneurs of the National Court Register.

The Company was separated from the Bank's structures, where it formerly functioned as the Training and Conference Center (CSK Leszno). The Company's activity still focuses on providing training and recreational services as well as providing a training, hotel and catering base. The Company's operations include entertainment and recreational activities, activities related to the organisation of fairs, exhibitions and congresses, as well as other business services. The company also cooperates locally with the Leszno borough.

The Company continuously adapts the facility to external conditions, focusing primarily on the offer for individual Customers, providing accommodation services, running an open-air restaurant, recreational activities, family events and – on a much smaller scale – wedding receptions and small holiday groups. The offer is also available on the booking.pl portal.

From the end of February to May 2022, many families from Ukraine (over 160 people; mainly Ukrsibbank employees) found shelter in the facility.

BGZ Poland ABS1 Designated Activity Company

BGZ Poland ABS1 Designated Activity Company (hereinafter: SPV, the Company) is based in Ireland, 3rd Floor Kilmore House, Park Lane, Spencer Dock, Dublin. It is a special-purpose vehicle with which the Bank carried out a securitisation transaction for a part of the loan portfolio in December 2017. The Group has no equity involvement in the Company, nor is

it affiliated with it organisationally. The scope of the Company's activities is limited in accordance with art. 92a sec. 4 of the Banking Law. The sole activity of SPV is the acquisition of receivables and the issue of securities.

Pursuant to agreements concluded on 11 December 2017 (as amended), the Bank transferred receivables from the portfolio of loans, cash advances and car loans granted in the Polish currency to SPV. Subsequently, SPV issued securities and took a loan secured with the above-mentioned receivables. From January 2020 the transaction is subject to depreciation.

SPV is subject to consolidation for the purposes of preparing the consolidated financial statement of the BNP Paribas Bank Polska S.A. Capital Group.



Pillar POSITIVE

Pillar description

The Bank wishes to be a leader in sustainable finance and is, therefore, developing dedicated products and services for all business lines. Their dynamic sale will enable an increase in the share of sustainable financing from 4.5% at the end of 2021 to 10.0% in 2025. The Bank will implement the highest standards of ESG risk management and consistently improve the loan portfolio's ESG risk profile. In addition, the Bank will continuously assess and reduce its portfolio's carbon footprint by supporting the Customers' transformation. The Bank also aims to reduce its consumption of resources and implement responsible purchasing practices. By 2025, the Bank plans to reduce CO₂ emissions from operations by 55% (vs 2019) and paper consumption by 80% (vs 2019).

Responsibility, availability, transparency and ethics will prevail in Customer relations. The overarching goal is for Customers to consciously buy what they need without the surprises of hidden provisions. Our branches will continue to be upgraded to meet the needs of the elderly and disabled. We believe that 50% of our branches will be eligible for the "Barrier-free facility" certificate. The Bank does not plan to introduce solutions that would force Customers to stop visiting branches. However, we will actively support our Customers' digital transformation.

Our commitment to local communities will continue through the development of employee volunteering and further support for the activities of the BNP Paribas Foundation. The Bank will initiate public debate, conduct educational campaigns and start partnerships within and outside the sector to build a brand associated with care for the environment and important social issues.

Strategic commitments and their implementation

Indicator	2025 strategic goal	2022 execution
Share of sustainable finance [vs 2021: 4.5%]	10%	7.1%
Total value of green and sustainable bonds of the Bank's Customers [vs 2021: 0]	PLN 1,400 million	0
Share of sustainable assets in management [vs 2021: 5%]	30%	19%
Social involvement of employees (annual average per employee)	4 hours	3 hours 51 minutes
Clients' Centers with the "Barrier-free facility" certificate [vs 2021: 18%]	50%	25%
Reduction of CO ₂ emissions caused by operations [vs 2019]	55%	43%



Sustainable financing

[2-24] [203-1] [3-3] [Offering products and services that respond to social and/or environmental challenges]

The Bank aims to offer responsible and sustainable products with a positive impact on the environment. We make sure that our products are available to those at risk of exclusion. Our offer of products and services is also intended to support the development of entrepreneurship and social innovations. We want to contribute to the energy transformation and popularise solutions that protect the natural environment. In 2022, we focused on developing new products and conducting extensive training for Clients Advisors.

The value of sustainable financing as at 31.12.2022 was PLN 6.5 billion, representing 7.1% of total financing.

Table 10. Value of sustainable financing by category (as at 31.12.2022)

Category	Value (PLN million)
Value of sustainable financing granted in 2022, including:	6,500
with a positive environmental impact	5,816
with a positive social impact	341
Sustainability Linked Loan	343
Financing with a positive environmental impact	
Renewable energy	1,440
ecological construction and thermal modernisation of buildings	3,657
improving the energy efficiency of production processes	154
green transport	394
circular economy	24
natural resources	148
Financing with a positive social impact	
healthcare	306
education	30
basic infrastructure (e.g. water supply, sewage system)	4

Sustainable financing provided by the Bank in 2019-2022

Category	Value (PLN billion)
Value of financing supporting the UN Sustainable Development Goals (environmental and social goals)	8.8

In 2022. The Bank provided financing for sustainable: social and environmental objectives worth PLN 2,723 million.

The development of sustainable products is carried out under the "Positive" pillar, as part of the 2022-2025 GObeyond strategy. The expansion of the sustainable product range and ambitious sales aims are not only a part of the strategy at Bank level but are also among the goals for the entire senior management and – in the case of business lines – are assigned to individual sales teams.

To provide top service quality in sustainable finance, in 2022 we organised a series of training and consulting sessions for Customer Advisors serving Corporate Customers and SMEs. At these events, green and sustainable products, their applications and examples of transactions were presented. In order to show these products in the context of ESG challenges, the training aimed to expand knowledge in areas such as climate change, environmental protection, and social and regulatory challenges. Specific examples of challenges for Polish enterprises were also presented. The newly gained knowledge was put to use during the "Sustainable Products for SME/Corporate Customers" test conducted on an internal training platform. The training programme was attended by 144 Corporate Banking Customer Advisors and 228 SME Advisors.

To provide favourable financial terms for sustainable products, in 2020 the Bank introduced a formal catalogue of products and types of investments with a positive impact. The listed products are eligible for preferential internal transfer prices, which significantly strengthens the competitiveness of our offer.



Catalogue of sustainable products and services

Segment	Products with a positive environmental impact – intended for green investments and projects	Products with a positive social impact	Products linked to an entity's ESG rating/performance
Corporate Customers	<ul style="list-style-type: none"> • Green Loan • Green Bond • EBI credit line Leasing • Tech Loan • Investment loan with Biznesmax guarantee • ECO-COMPANY with Profit programme • Green Energy investment loan 	<ul style="list-style-type: none"> • Social Loan • Social Bond 	<ul style="list-style-type: none"> • Sustainability-Linked Loan • ESG Rating-Linked Loan • Sustainability-Linked Bond • Sustainability-Linked Factoring • Sustainability-Linked Hedging
SME Customers	<ul style="list-style-type: none"> • Investment loan with Biznesmax guarantee • UNIA+ investment loan • Tech Loan • ECO-COMPANY with Profit programme • EBI credit line Leasing • Green Energy investment loan 		
Food & Agro Customers	<ul style="list-style-type: none"> • Agro Progress • Investment loan • UNIA+ investment loan • Green Energy investment loan • Insurance of renewable energy sources (as part of the Generali Gospodarstwo Rolne product) 		
Micro farmers	<ul style="list-style-type: none"> • Agro Progress • UNIA+ investment loan • Agro Rzeczówka Light loan • Agro Lider 		

Segment	Products with a positive environmental impact – intended for green investments and projects	Products with a positive social impact	Products linked to an entity's ESG rating/performance
	<ul style="list-style-type: none"> • Insurance of renewable energy sources (as part of the Generali Gospodarstwo Rolne product) • "Green Offer" leasing and leasing loan for photovoltaics and heat pumps • Leasing and Auto Plan with Arval for electric cars + the possibility of using the "My electric" programme in both cases 		
Housing communities and associations	<ul style="list-style-type: none"> • ECO-COMMUNITY with profit programme • Investment loan with a BGK bonus 	<ul style="list-style-type: none"> • Account Open to Non-Profit Business • Offer for Social Economy Enterprises 	
Micro enterprises	<ul style="list-style-type: none"> • UNIA+ investment loan • "Green Offer" leasing and leasing loan for photovoltaics and heat pumps • Leasing and Auto Plan with Arval for electric cars + the possibility of using the "My electric" programme in both cases 		
Individual Customers	<ul style="list-style-type: none"> • Instalment loan for green energy sources • Loan for green changes • Green Mortgage • Loan with a subsidy from the "Clean Air" programme • Long-term rental of equipment financed by an instalment loan 	<ul style="list-style-type: none"> • Independence Account and Mission Independence • Offer for citizens of Ukraine 	<ul style="list-style-type: none"> • Sustainable investment products (based on ESG criteria)



Sustainable development financing

Sustainability-Linked Loan (SLL)

The Sustainability-Linked Loan (SLL) is general purposes financing wherein the loan margin is dependent on the implementation of an enterprise's ESG objectives. Sustainability-Linked financing is provided in accordance with the LMA Sustainability-Linked Loan Principles. These guidelines specify, among others, that the developed indicators should relate to significant areas of the company's impact on the environment. Simultaneously, these indicators should be verifiable and comparable. They may show, for example, the reduction of greenhouse gas emissions or other pollutants, the certification of raw materials, the reduction of accidents in the workplace or the fight against social inequalities.

In 2022, the Bank participated in three Sustainability-Linked Loan (SLL) transactions:

- In March 2022, the Bank, Wirtualna Polska Holding S.A. and consortium members added relevant key performance indicators regarding the environment, society and corporate governance to an existing loan agreement. The existing financing in the amount of PLN 978 million was transformed into SLL with a loan margin dependent on the company's progress in increasing the share of RES, the scale of educational activities focused on ecology and climate, and the percentage of women in the managerial staff.
- In April 2022, the Bank was a sustainability coordinator in an SLL worth EUR 21.5 million for VelvetCare, the market leader in the production of tissues, paper towels and toilet paper. The goals that the loan margin is partly dependent on relate to reducing water consumption, reducing packaging weight, the certification of raw materials (FSC and PEFC) and occupational safety.
- In December 2022, the Bank also assumed the role of sustainability coordinator in an SLL for FFil Śnieżka SA and Śnieżka TOC Sp. z o. o., for a total amount of PLN 120 million. Śnieżka is a leader in the production of paints and varnishes in Poland and the region. The ESG objectives concern the measurement and reduction of greenhouse gas emissions, an increase in the share of RES and increased sales of products with ecological and allergological certification. The company is also expected to obtain an ESG rating and systematically improve it.

- Furthermore, in 2022, the Bank participated in ESG-linked syndicated financing for Baltic Hub Sp. z o. o. and Baltic Hub Container Terminal Sp. z o.o. (previously: DCT Gdańsk Sp. z o.o.) amounting to EUR 863.5 million (the Bank's share: EUR 85 million). The correlated objectives concerned the reduction of CO₂ emissions and the improvement of occupational safety.

ESG Rating-Linked Loan

In 2022, the Bank introduced the ESG Rating-Linked Loan to its offer of sustainable corporate products. It is a special-purpose or investment loan of up to EUR 20 million for SME and Corporate Clients. The margin is dependent on the improvement of the ESG rating. If the borrower meets the agreed ESG rating improvement criteria in a given year, the margin reduction mechanism is applied.

The new financing formula is facilitated by cooperation with EcoVadis established in September 2022. EcoVadis is a global agency performing ESG ratings. It already provides services to several hundred companies in Poland and nearly 100,000 around the world. The partnership was established both at the Group and local levels and is the first initiative of its kind in the Polish financial sector. The Bank promotes ESG Rating-Linked Loans based on EcoVadis ratings but also accepts ESG ratings of other recognised agencies on the market. Apart from contributing to sustainable financing, an ESG rating can help a company systematise and improve operations quality in the environmental and social areas, provide valuable comparisons with other industry players and build a company's presence in global supply chains.

Green Loan/Social Loan

Green Loan and Social Loan provide funds for investments with a positive environmental (green) or social impact, as well as investments that significantly reduce the negative impact in these areas.

- Green Loan – may combine several "green" goals, e.g. an energy efficiency project, creating renewable energy installations and the construction of a building with an environmental certificate. The investments must be described within the Green Loan Framework based on LMA Green Loan Principles and approved by an external entity ("Second Party Opinion").
- Social Loan – can combine several social goals, e.g. the construction of municipal buildings and extending the water supply network to places without access to running water. The investments must be described within

the Social Loan Framework based on LMA Social Loan Principles and approved by an external entity ("Second Party Opinion").

Green Bond/Social Bond

Funds stemming from the bonds are intended for investments with a positive environmental (green) or social impact, as well as investments that significantly reduce the negative impact in these areas.

- Green Bond – may combine several "green" goals, e.g. investments in RES and low-emission technologies. The financed investments must be described within the Green Bond Framework based on the ICMA Green Bond Principles.
- Social Bond – can combine several socially important goals, e.g. the construction of municipal housing and water supply networks for areas with limited access to water. The investments must be described within the Social Bond Framework based on the ICMA Social Bond Principles.

Green Financing Framework in the development industry

In 2022, the Bank supported DL Invest Group (a private capital group, developer and manager of office buildings, logistics centres and retail parks) in creating the Green Financing Framework. In particular, the Bank supported the Customer in the selection of Green Project criteria and in ensuring compliance with market standards of selection and evaluation, as well as funds management and reporting. Further support included coordinating cooperation with the Second Party Opinion provider: Sustainalytics Agency.

Investments in renewable energy sources

Since 2008, we have been financing projects related to renewable energy sources (RES), including wind farms, agricultural biogas plants, small hydropower plants and photovoltaic installations. In 2018, the Bank significantly expanded its expert base and at the beginning of 2020, we hired engineers and experts in the field of energy efficiency to support our Customers' energy transformation.

In 2022, the Bank was a co-organizer, lender and hedger in financing a portfolio of 140 photovoltaic farm projects with a total capacity of 134MWp within 32 special purpose vehicles. The total loan value was PLN 428 million, of which PLN 85.6 million was provided by the Bank.



The bank also supported a 35 MWp photovoltaic farm project implemented by Kajima Europe and Griffin Capital Partners as part of the PAD RES investment platform. The project won a RES auction in 2021. Its commercialisation strategy entails the sale of energy based on a 6-year PPA agreement with Statkraft. The Bank provided comprehensive assistance as the primary loan arranger, original lender and hedging transaction party. It also assumed the role of a loan agent, collateral agent, the bank maintaining the account and the issuing bank.

Sustainable real estate investments

- LIXA C – in 2022, the Bank granted a loan of EUR 48.3 million for the construction of the LIXA C office building to a company from the Yareal group. LIXA C is part of an office complex under construction. It consists of four buildings, which jointly provide over 70,000 m² of class A office space, located in Warsaw's Wola district. The building has a BREEAM International New Construction certificate (Excellent rating), which confirms the positive impact of solutions implemented in Yareal investments. These solutions include energy-saving systems that reduce operating costs, solar power plants, the use of recycled materials and low-emission concrete. All decrease both maintenance costs and the investments' negative impact on the environment. Part of the Lixa complex is covered by greenery designed by professional ecologists. Integration-friendly solutions, such as community gardens, are also present. The building is easily accessible by public transport due to the proximity of the city's main thoroughfares, tram stops, the metro and a railway station.
- Logic Park Radomsko – The Bank financed the acquisition of LOOGIC Park Radomsko by Elite Capital Partners. The transaction amounted to EUR 14.5 million. LOOGIC Park Radomsko is a 54,000 m² modern warehouse facility certified by BREEAM (Excellent rating). The project employs technical solutions that enhance energy efficiency and increase the comfort of use.
- Panattoni Park Central Silesia III – in 2022, the Bank granted a loan of EUR 34 million to finance the Panattoni Park Central Silesia III project developed by Panattoni. The project entailed the construction of a logistics centre with a total area of approximately 72,000 m². The complex consists of 2 buildings containing several sustainable solutions such as recuperation, photovoltaics and charging stations for electric cars. The employed technologies will reduce CO₂ emissions by approx. 94,500 kg CO₂/year. In addition, a modern canteen, an outdoor garden and a floodlit shelter for bicycles and motorbikes have been built for staff. The facility has received the BREEAM certificate ("Very Good" rating).

- Panattoni Park Bydgoszcz IV, owned by Accolade, an international investor in storage infrastructure – in 2022, the Bank granted a loan of EUR 54 million to finance the Panattoni Park Bydgoszcz IV project. The complex will ultimately consist of three buildings with a total area of over 110,000 m². The first, 62,000 m² facility is ready. Two more will be finished in 2023. The warehouse park is located in close proximity to the S5 and S10 roads, which connect the Tri-City with Poznań and the Szczecin-Świnoujście seaport complex with Warsaw. The building constructed in the first stage is equipped with numerous ecological solutions, such as LED lighting, a parking lot with charging stations for electric cars and external electric sun protection controlled by weather automation. Ultimately, there are plans to build a photovoltaic farm to gain greater energy independence. The facility will be BREEAM certified with an Excellent rating.

Supporting our Customers' energy transformation

Our key environmental commitment is to support our Customers' energy transition. The Bank is constantly developing its offer of products and services that help Customers transition to a low-emission economy and develop sustainable and ecological investments.

ELENA (European Local Energy Assistance)

2022 saw the continuation of cooperation with the European Investment Bank (EIB) in the field of ELENA Programmes supporting the improvement of energy efficiency for:

- Housing communities in multi-family buildings – ELENA EEFFRB,
- SMEs (small and medium-sized enterprises) and MidCAP (companies employing more than 250 and less than 3,000 people) – ELENA EEFFCB.

Programme beneficiaries receive co-financing amounting to 90% of technical documentation costs, which may include one or several of the following documents:

- initial, simplified technical assessment report (we are the only bank on the Polish market to offer the document),
- basic or extended energy audit.

As well as a number of technical evaluations:

- basic energy evaluation,

- energy evaluation of RES integrated with the building,
- heat pump evaluation,
- refrigeration evaluation,
- micro-cogeneration evaluation,
- evaluation of roof load capacity for PV installations.

Nearly 800 Housing Communities benefited from the programme.

The ELENA programme for companies is also gaining popularity and reaching a wider circle of Customers. In 2022, the Bank organised a series of "Business Breakfasts" – meetings for Customers intended to present threats, but also show solutions for dealing with drastically increasing energy prices. At the meetings, we also explained how the Bank can help entrepreneurs with the technical aspects of energy transformation (using the ELENA programme) and with financing.

In the near future, the Bank plans to launch the "Ecological Loan" in cooperation with BGK. Enterprises will be able to obtain financing and co-financing for investments increasing energy efficiency. Companies interested in using the instrument will have access to technical support in preparing their projects for implementation. The support will be provided by the ELENA initiative.

PF4EE (Private Finance for Energy Efficiency)

2022 saw the continuation and extension of cooperation with the European Investment Bank (EIB) under the PF4EE programme (Private Finance for Energy Efficiency).

Under the agreement, the EIB reinsures a portfolio of loans granted by the Bank to improve energy efficiency. The beneficiaries of the PF4EE programme are housing communities and individual Customers who finance thermo-modernisation projects and RES micro-installations. Owing to EIB support, they benefit from higher maximum loan amounts, extended financing periods and lower interest rates.

In just two years, the Bank granted loans worth PLN 750 million, thus fulfilling its obligation and exhausting the agreement-specified limit for the coverage of loans with an EIB guarantee. Therefore, in 2022, another agreement for the PF4EE guarantee instrument was concluded, enabling a guarantee for further loans in the amount of PLN 550 million.



Since the beginning of cooperation with the EIB within the PF4EE programme, the Bank has granted over 30 thousand loans for individuals and housing communities for nearly PLN 1 billion. In 2022, 5.5 thousand loans were granted for PLN 213 million.

The aims of the PF4EE programme include:

- increasing the financing of renewable energy sources and energy efficiency,
- facilitating financing access for the market,
- risk reduction on the part of financial institutions.

In 2023, we plan to focus on supporting the sale of loans with an EIB guarantee, thus further promoting and supporting energy efficiency in Poland.

Cooperation with the EIB is the Bank's response to the challenges caused by the current energy crisis and the ensuing urgent need to improve energy efficiency and reduce greenhouse emissions.

Loan with a subsidy from the "Clean Air" priority programme

2022 saw the stabilisation and systematic sales increase of the "Clean Air" loan, which was introduced in September 2021.

The "Clean Air" programme is the largest and most important project in Poland, which effectively improves air quality and reduces greenhouse gas emissions. Co-financing for the replacement of heat sources and thermal modernisation is provided for owners and co-owners of single-family houses and residential premises in single-family buildings with a separate land and mortgage register entry.

"Clean Air" loans have a free guarantee of Bank Gospodarstwa Krajowego (BGK), thus Customers can take advantage of higher loan limits, extended financing periods and lower interest rates.

The Bank supported the idea of including the banking sector in the implementation of the "Clean Air" programme. Launching the distribution of the "Clean Air" programme in bank branches was possible, i.e., thanks to our efforts in working groups at the Polish Bank Association and talks with the National Fund for Environmental Protection and Water Management, Bank Gospodarstwa Krajowego and the World Bank.

The loan with the "Clean Air" priority programme subsidy was created in cooperation with the National Fund for Environmental Protection and Water Management, 16 Voivodship Funds for Environmental Protection and Water Management and Bank Gospodarstwa Krajowego. Cooperation at the interbank level was carried out through the Polish Bank Association, and (at the IT level) via the National Clearing House.

In 2022, the Bank granted 1,234 "Clean Air" loans worth PLN 44.4 million.

In 2022, changes to the "Clean Air" programme were announced, including increased subsidies and increased support for thermal modernisation projects. These changes will come into force at the beginning of 2023 and entail the banks' increased commitment. The Bank is ready for the launch of the programme's 2023 edition. We anticipate that the changes will raise the programme's appeal and increase the sale of loans for thermo-modernisation.

Cooperation with financial institutions

On 7 December 2021, the Bank signed an agreement with the European Bank for Reconstruction and Development (EBRD) in London. The EBRD provided the Bank with financing in the amount of PLN 450 million to improve the energy efficiency of residential buildings in Poland within the PolREFF Programme. In addition, the Bank committed to providing PLN 225 million to further support the implementation of this programme. Funds from the PolREFF Programme will cover loans addressed to individuals for projects such as the modernisation of heat sources, thermal modernisation of the building envelope, the introduction of photovoltaic installations and several other improvements to their homes' energy efficiency. This initiative aims to help combat the problem of high energy intensity and carbon dioxide emissions in the Polish residential construction sector.

Furthermore, the Bank obtained technical support under the agreement.

Cooperation with the EBRD within the PolREFF programme

In August 2022, the Bank extended its offer by introducing the PolREFF initiative, i.e. the Polish Programme for Financing Energy Efficiency in Residential Buildings.

As part of the PolReFF initiative, the Bank offers various tools supporting thermo-modernisation investments. Customers can, for example, use a special calculator that allows them to determine the energy savings (occurring alongside environmental effects) resulting from a thermo-modernisation

project. We also provide a Virtual Technology Advisor – an interactive list of energy-saving devices and materials in the form of an online search engine. Customers can check which products will be the most profitable for them and will meet their energy-saving requirements.

Multiple Beneficiary Intermediated Loan (MBIL)

On 12 August 2022, the Bank concluded an agreement with the European Investment Bank (EIB) for up to EUR 100 million intended to support energy efficiency projects in Poland. The funds are used to finance the loans for individual Customers and housing communities with a PF4EE guarantee: supporting the installation of photovoltaics and heat pumps for individuals and thermal modernisation for housing communities.

Owing to the financing agreement and the PF4EE guarantee, Customers can obtain a reduction in the cost of financing (lower credit margins).

Climate Action Support Facility (CASF) Green Gateway Support

In a package of agreements, the Bank concluded an agreement with the EIB for technical advice – offered to financial institutions to strengthen their internal capacity for financing investments related to climate protection and energy transformation. This technical support will be used by the Bank primarily for the development and creation of new green products and services, the improvement of internal processes related to financing the energy transformation, and expanding the knowledge and competencies of employees. It will also be utilised in the area of reporting.

Plans for 2023

InvestEU

The InvestEU programme was launched in 2022. It creates a guarantee mechanism for financial institutions with a budget of EUR 32.5 billion (EUR 26.2 billion from the EU budget). The mechanism is designed to provide funding guarantees for investment projects, as well as to enable debt financing and allocate around EUR 372 billion of public and private funds for the support of sustainable investments, innovation and job creation across Europe. It is also meant to promote recovery and green growth economy, employment and well-being. In the near future, the Bank intends to closely cooperate with the relevant financial institutions in the implementation of the above-mentioned guarantee mechanisms onto the market.



ESCO

Along with several business and public partners, the Bank participates in the creation of a thermal modernisation programme for public utility buildings belonging to local government units. A particularly interesting solution is an agreement concluded by boroughs with the Energy Service Company (ESCO), which ensures the achievement of ecological goals and investment financing. The project reduces energy consumption and costs. The savings can, therefore, serve to repay the investment without increasing the borough's budget deficit. The Bank intends to use its experience in designing financial solutions to actively support the development of a financing model combining subsidies from public funds and EU funds with commercial financing.

Educational and support activities for Corporate Clients and SMEs

Educational initiatives addressed to corporate Clients and SMEs were mainly focused on information and training meetings devoted to the following topics: improving energy efficiency in companies, increasing awareness of sustainability and the possibilities of support offered by the Bank. The following meetings were organised in 2022:

- "Improvement of energy efficiency in your company" – training course for producers from the SME sector, including the Agro segment. The course was organised by the National Energy Conservation Agency and a stationary, one-day formula was adopted. Course participants received certificates and could obtain a free energy audit. The main topics of the meeting included: ways to increase energy efficiency in small and medium-sized enterprises in Poland, the monetisation of this process and logistics improvements.
- "Sustainability MeetUP!" – a meeting organised for several dozen of the Bank's corporate Clients, aimed at exchanging experiences and knowledge, as well as discussing trends and current regulations in the field of sustainable development. The keynotes were devoted to long-term electricity purchase contracts (cPPA), new EU regulations and ESG requirements, EU Taxonomy and EcoVadis ESG Rating. A discussion panel with the participation of Customers was also held to discuss the challenges of sustainable transformation and responsibility in the supply chain.
- "Energy efficiency of companies and exports support" – during a dinner with invited Customers, we talked about the most important trends and issues related to the transformation and energy efficiency as well as exports support in companies.

- "Energy transformation in companies" is the first series of 9 business-breakfast meetings held around the country, to which we invited our Customers. Our Bank's experts discussed several important issues related to the energy transformation. We talked about the important role of Polish companies in this process, ways of supporting them, EU funds and ways to achieve energy efficiency. We presented a case study on the profitability of transformation, and with the aid of representatives from Bureau Veritas, we answered the Customers' questions.
- In cooperation with our Customer, Agrosimex, the Bank organised a business dinner under the slogan "How to keep up with changes in the company in an era of rising energy prices?". During the event, we talked about ways of starting and carrying out a company's energy transformation and discussed where to look for support and sources of financing. We also presented examples of such investments in companies.

As regards the field of Corporate and SME Banking, in 2022 the Bank organised online meetings and webinars devoted e.g. to the current market situation and the presentation of selected elements of the product offer.

Educational and support activities for Customers from the Food & Agro sector

The BNP Paribas Group possesses extensive international experience in servicing the Food & Agro sector, e.g. as a European leader in financing the leasing of agricultural machinery. Locally, in Poland, it is also a leader in financing this sector. We strive to popularise responsible approaches to food production and help implement appropriate tools.

Educational and information activities:

- Agro Academy 2022 "The price of tomorrow". The leitmotif of the meeting was a reflection on the future of the Agro market in the context of the current geopolitical situation and other existing challenges. The invited experts discussed the labour market, climate, the implementation of innovations, insurance and the Polish Deal. The meetings were chaired by Maria Sikorska – a TV journalist and author of agricultural programmes.
- Webinar "Organic farming – an opportunity for competitiveness and consumer health" in cooperation with Polskie Wydawnictwo Rolnicze.

- Webinar "Sustainable food production – an opportunity for the climate. Financing, certification, best practices." – in association with the Polish Agricultural Publishers and the Polish Agriculture Association.

17th edition of the Food & Agro Conference

The Bank is the initiator and organiser of the Food & Agro Conference (previously: "Agro Conference"). The meeting is an important platform for the exchange of views and an opportunity for substantive discussion between producers, processors, suppliers and distributors operating in the value chain of food production.

This year's 17th edition of the Food & Agro Conference gathered several hundred representatives of the largest and most promising entities in the food production value chain and its surroundings, including many Bank Customers. The meeting took place in exceptional market circumstances: the food price growth dynamics unprecedented in the 21st century as well as the energy and economic crises prompted participants to question existing axioms and consider the possible shape of the future socio-economic order. The motto of the conference, "Equilibrium Shock", referred to the shock caused by the war in Ukraine and its consequences for the world.

Agronomist.pl platform

The Agronomist.pl platform is an innovative way to build relationships and share knowledge. It is a solution dedicated to agricultural producers and entrepreneurs from the Food & Agro industry who want to develop in accordance with market trends, especially with the standards of sustainable production. It provides knowledge and tools supporting both the transformation towards sustainable agriculture and the digital transformation. The portal's content encompasses the entire F&A value chain, with a special focus on local communities.

In 2022, new, unique tools and functionalities were introduced to the platform. They respond to the needs of entities operating in the agri-food sector:

- RegAgri Explorer – the first tool in Europe showing the potential of agricultural soil to store carbon dioxide from the atmosphere, given the implementation of various regenerative agriculture practices in the perspective of 2050. The Bank is the first financial institution to implement the Sustainable Development Goals by providing a free tool for farmers and



agricultural producers to support the transformation towards carbon farming. The tool received the Innovative Agricultural Product 2022 award.

- Water footprint calculator – the first Polish language calculator that allows you to assess the water footprint of agricultural production along with the water balance and irrigation efficiency. The calculator is a new feature of the Agroemisja tool, which calculates the emissivity of production.
- Your weather – the weather module received new functionalities useful for agricultural producers: soil temperature and humidity as well as evaporation with an accuracy of 1.5 km.
- Research and campaign on regenerative agriculture – conducted among Polish agricultural producers to spread knowledge about regenerative practices and their benefits, as well as knowledge about carbon credits generated from agricultural production. An accompanying educational campaign shows the benefits of transitioning to this production model.
- Educational videos – inspirational video recordings (available on the Agronomist.pl platform) wherein the Bank's Customers present their achievements in the fields of the digital and sustainable transformations.

In 2022, the platform was visited by over 135,000 users.

Food & Agro sector partnerships

- The Bank participated in the RES Council of the Lewiatan Confederation and Working Groups established by the Ministry of Climate and Environment (following industry agreements) which contributed to the creation of legislation related to sustainability and energy transformation.
- Continuing last year's fruitful partnerships, we have cooperated with the Polish Association of Sustainable Agriculture "ASAP" and associated companies.
- The Bank participated in creating an e-learning course devoted to sustainable farm management on the ASAP Academy platform.
- 4th edition of the AgroAbsolwent competition for the best dissertation on modern agriculture and agri-food processing.

In this year's edition, another record was set in the number of participants: 58 dissertations were submitted. The jury was composed of the Bank's representatives and Competition Partners: the Association of Sustainable

Agriculture "ASAP" and its Members: Żywiec Group, ProCam Polska Sp. z o.o., Timac Agro Polska Sp. z o. o. and Farm Frites Poland S.A. Four winners were selected (the third place was awarded ex aequo to two dissertations) to receive financial prizes. In addition, special prizes were awarded by Competition Partners, including internships, as well as factory and farm visits. The main-prize winners will also receive additional gifts and articles about their dissertations will be published by Media Partners: AgroNews – NetWord3 publishing house, Agencja Promocji Rolnictwa i Agrobiznesu "APRA" sp. z o.o., Polskie Wydawnictwo Rolnicze.

For further details, visit: www.bnpparibas.pl/agroabsolwent

Products with a positive social impact for Retail and Business Banking Customers

Little Mr/Ms Independent Account

In 2020, we launched an offer addressed to parents and children: the Little Mr/Ms Independence Account. The offer is accompanied by an educational campaign entitled "Mission: Independence", which supports parents in building their children's financial awareness.

At the end of 2022 the Bank operated more than 52 thousand Little Mr/Ms Independent Account – dedicated to Customers below 18.

Offer for citizens of Ukraine

We provide Ukrainian citizens living in Poland with amenities that facilitate the use of banking products.

At our Bank, citizens of Ukraine can easily open the "Account Open to You". It was created for Customers who value transparent and straightforward solutions in banking. The Bank has also prepared a website and advertising materials in Ukrainian. Customers can choose Ukrainian on our hotline.

In response to the invasion of Ukraine by the Russian Federation, in 2022, we have created a number of additional amenities for Ukrainian citizens:

- we have implemented a simplified process of establishing relationships that does not require e.g. demonstrating relations with Poland,
- we have created a dedicated account, the "Account for Now", for people who do not possess sufficient documentation to open a standard account,

- we have provided all documents in Ukrainian,
- we have launched dedicated onboarding in Ukrainian,
- we have provided support through the publication (in Ukrainian) and distribution of information on current administrative regulations (e.g. PESEL for UA) and social rights (i.e. 500+) for migrants who arrived in Poland after 24 February 2022,
- We have launched several promotions, e.g. for transfers to Ukraine.

In 2022, we opened 118,838 personal accounts for citizens of Ukraine, and there are currently a total of 305,513 such accounts at the Bank.

Account Open to Non-Profit Business

The Bank offers an account for non-profit activities, i.e. for social or professional organisations whose basic services are free of charge. The offer is addressed to housing associations, cooperatives, foundations, and associations.

Based on one agreement with the Bank, an organisation may receive:

- a current settlement account in PLN,
- an investment account,
- term deposit accounts,
- access to mobile and internet banking systems,
- the comprehensive services of a bank advisor and
- preferential terms of additional services.

The number of Non-Profit Accounts (Non-Profit Package) in 2022 was 30,980 (2021 - 25,411).

Offer for social economy enterprises

The Bank provides services to social economy enterprises. Thus, we support entities that generate profit, but at the same time fulfil social and environmental goals and reinvest profits in the implementation of their social mission.



Investing based on ESG criteria

The Brokerage House provides Clients with funds managed by BNP Paribas TFI S.A., including (since June 2022) six sustainable funds according to the SFDR classification (Article 8 or Article 9). Four of these funds promote environmental or social goals (Article 8 of the SFDR) and two aim at sustainable investments (Article 9 of the SFDR). They include equity, bond and convertible bond funds with foreign allocations, investing most of their assets in sustainable funds managed by BNP Paribas Asset Management.

The Brokerage House also offers the sale of participation units in funds run by various TFIs. 185 of these funds are marked as sustainable (Article 8 and Article 9 of the SFDR), including two locally allocated sustainable funds marked in accordance with Article 8 of the SFDR.

Customers using investment advisory services in the field of exchange-traded instruments are presented with portfolios containing at least 20% of sustainable instruments. This applies both to local and foreign currency portfolios with various risk profiles.

Investment products supporting social and environmental goals

Furthermore, we offer structured products, a part of which is allocated to social or environmental goals. Companies whose shares are the underlying asset for these products are thoroughly analysed in terms of environmental, social and corporate governance factors.

In 2022, the offer included products whose sales supported the following goals:

- aid for residents and refugees from Ukraine through support for 3 organisations: Doctors Without Borders, Red Cross and Care; the total value of the support exceeded PLN 318 million,
- construction of a polar research facility in cooperation with the TaraOcean Foundation – supported in 2022 with over PLN 186 million.
- planting trees all over Poland (e.g. in areas devastated by a tornado in Pomerania) in cooperation with ReforestAction; we contributed to the planting of over 128,000 trees.

ESG sub-funds

With the launch of the 6 new ESG sub-funds, BNP Paribas TFI S.A., as a financial market participant, made a series of disclosures to end-investors in 2022, in line with EU regulations, on the introduction of sustainability risks into

the business, on the consideration of adverse sustainability impacts, on sustainable investment objectives or on the promotion of the environmental and social aspect in the investment decision-making process. As of 30 December 2022, the aforementioned disclosures have been expanded with new guidance in line with regulatory technical standards so that end investors can make informed decisions based on reliable data.

Available ESG sub-funds offered by BNP Paribas TFI S.A.:

- BNP Paribas Europejskich Obligacji Zamiennych,
- BNP Paribas Obligacji Zrównoważony Rozwój,
- BNP Paribas Akcji Wzrostowych USA,
- BNP Paribas Akcji Azjatyckie Tygrysy,
- BNP Paribas Akcji Zielony Ład,
- BNP Paribas Akcji AQUA.

BNP Paribas TFI S.A. plans to expand its sub-fund offering in 2023 with further ESG strategies. Already in the first quarter, an ESG sub-fund will be made available that invests its assets in other debt investment funds that take into account sustainability factors in line with EU regulations.

Regulatory adjustments and training for advisers

In 2022, the Bank adapted to new sustainable investment regulations. Subsequent regulatory changes required technical and organisational adjustments to examine the preferences of the Brokerage House Customers as regards the inclusion of sustainability factors in specific investment products and services. Over a dozen training sessions for Customer Advisors were conducted, discussing the basics of sustainable investments, BNP Paribas policies and regulations in this area, as well as the introduced adjustments and new product offer. Customers were informed about the need to define their preferences as regards sustainable investments through various channels: by e-mail, in mobile apps, on websites, and at Customer centres.

Personal Finance – sustainable offer for individual Customers

Offer	Implementation in 2022
Instalment loan for ecological energy sources	<p>The Bank continued its cooperation with leading retail chains and local partners by offering an instalment loan dedicated to the energy transformation.</p> <p>The Bank financed nearly 6.5 thousand projects, primarily related to the purchase and installation of photovoltaics and heat pumps.</p> <p>The value of financed Customer investments (including the assembly of installations) exceeded PLN 200 million.</p>
Loan for green changes	<p>The cash loan for green changes was available at the Bank's retail outlets and was very popular among Customers.</p> <p>The Bank granted nearly 18.5 thousand loans for green changes on preferential terms.</p> <p>The value of the loans exceeded PLN 500 million.</p>
Green Mortgage	<p>The Bank continued to grant mortgages for energy-saving real estate. In 2022, it granted over PLN 200 million worth of such loans. Since June, green mortgages are the only type of mortgage loan granted to new Customers. In the fourth quarter, the Bank enabled holders of existing loans to change the classification to "green". If the Customer provides an energy efficiency certificate, he/she will be able to obtain a margin reduction.</p>



Offer	Implementation in 2022
Long-term rental of equipment financed by an instalment loan	<p>Expanding long-term rental services, the Bank and its subsidiary BNP Paribas GSC, provided the offer in three retail chains: Media Markt, Max Electro, Xkom. An educational campaign across multiple channels (television, internet, POS) promoting the use rather than ownership of telephones (in the spirit of the circular economy) was organised in cooperation with Media Markt.</p> <p>Over 1,000 devices were rented.</p>
Financing low-emission vehicles	<p>In cooperation with new and used car dealerships, the Bank financed nearly 250 low-emission vehicles (electric and hybrid) with loans exceeding PLN 25 million.</p> <p>The Bank promoted the "My electric" programme by offering leasing products, thus helping Customers to obtain subsidies for low-emission vehicles.</p>



Taxonomic disclosures

Recent developments in climate change and the international response to these challenges, i.e. the Paris Agreement, the 2030 Agenda or the European Green Deal, have given a higher priority to action on sustainable development. However, implementing the provisions of the above documents is beyond the financial capacity of the public sector, so it is necessary to involve private capital and channel it towards a sustainable economy. The EU Taxonomy is intended to be a tool to support the right investment decisions and at the same time promote sustainable development.

The taxonomy is a key instrument for assessing the environmental sustainability of business activities. It provides a standard definition of environmentally sustainable activities, in order to better monitor, report and make better decisions about their commitments.

In line with the general trend towards greater disclosure of climate-related financial risks, BNP Paribas Bank Polska S.A. supports efforts to increase transparency in disclosures towards a more sustainable financial institutions framework and standards.

Based on the requirements of Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 ("Taxonomy"), the Bank is required to publish information on how and to what extent its activities are related to business activities that qualify as environmentally sustainable under Articles 3 and 9 of this Regulation.

Article 10 of Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation ("Delegated Regulation 2021/2178") creates a special provision introducing simplified disclosure rules during a transitional period. For financial companies, the special reporting rules are set for the period from 1 January 2022 to 31 December 2023. The transitional period is intended to prepare for future reporting of key performance indicators

Table 11. In accordance with Article 10(2) of Commission Delegated Regulation (EU) 2021/2178, the Bank discloses the following quantitative indicators:

Disclosures according to the EU Taxonomy (31.12.2022)	%	% (including voluntary estimates)
Percentage of total assets of exposures to business:	27.90	28.10
not eligible for the systematics (by turnover/investments)*	8.8 / 8.59	8.88 / 8.67
eligible for systematics (by turnover/investments)*	19.1 / 19.31	19.22 / 19.43
Percentage of total assets of exposures referred to in Article 7(1) and (2):	21.79	21.79

Disclosures according to the EU Taxonomy (31.12.2022)	%	% (including voluntary estimates)
exposures to central governments, central banks and supranational issuers	19.64	19.64
derivatives	2.15	2.15
Percentage of total assets of exposures referred to in Article 7(3) - exposures to corporates not required to publish non-financial information	42.55	42.55
Percentage of trading books and interbank loans on demand in total assets	2.13	2.13

* exposures were expressed on the basis of key performance indicators in two approaches, i.e. either by turnover or by capital expenditure

With reference to the scope of information disclosed during the transition period, in addition to the quantitative indicators, the Bank is required to publish the following qualitative information as referred to in Annex XI of Delegated Regulation 2021/2178.

Background information on quantitative indicators, including the range of assets and activities covered by key performance indicators, information on data sources and limitations

As a first step, for the purpose of fulfilling the obligation under Article 8 of the Taxonomy, the Bank determined the approach to the different categories of exposures.

With regard to the portfolio of exposures to retail Customers, the determination of eligibility for the Taxonomy was based on product classification.

With regard to the portfolio of exposures to corporates, the Bank identified Clients that are subject to the obligation to publish non-financial information under Article 19a or 29a of Directive 2013/34/EU. The proper identification of these entities determined the way in which the scope of assets taken into account in the calculation of the quantitative indicators was determined. In accordance with Article 7(3) of Delegated Regulation 2021/2178, exposures to companies not subject to mandatory non-financial statements are excluded from the numerator of future calculated key performance indicators. In view of the above, the Bank applied a similar approach in 2022 for the calculation of quantitative indicators, i.e. based on exposures to companies subject to non-financial reporting. At the same time, it should be noted that a uniform list of entities obliged to prepare non-financial statements (by an authorised public authority) was not developed, which significantly complicated the fulfilment of the reporting obligations under the

Taxonomy. Therefore, the Bank was obliged to determine independently, based on expert knowledge and available market data, the group of Customers that are subject to the obligation to prepare non-financial statements.



The actions taken by the Bank were implemented in accordance with due diligence

In the next step, the asset data were reconciled to the data presented in the FINREP consolidated report. The exposures included all Client receivables, including those arising from leasing and factoring, as well as derivatives and securities. Ratios were calculated on the basis of the gross carrying value, which were related to the Bank's total assets.

Subsequently, for the purpose of assessing the eligibility of economic activities as environmentally sustainable (in line with the Taxonomy), the Bank analysed the types of activities identified in Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing technical eligibility criteria to determine the conditions under which an economic activity qualifies as making a significant contribution to climate change mitigation or adaptation, as well as determining whether that economic activity does not cause significant harm to any of the other environmental objectives.

In the absence of the entry into force of the technical eligibility criteria for the remaining four environmental objectives of the Taxonomy, the Bank only assessed the eligibility of exposures against the climate change mitigation and adaptation objectives.

In terms of the portfolio of retail exposures, products with characteristics that reflect any of the activities included in the above Delegated Regulation were considered eligible for the Taxonomy. Loans secured by residential real estate, loans for the renovation of buildings, loans for photovoltaic installations and loans for the purchase of means of transport other than motor vehicles were classified in this group. The remaining retail loans were considered not eligible for the Taxonomy.

For corporate exposures, the information disclosed by them within their non-financial reports (available as at 31 December 2022) was used. The eligibility of exposures was presented in two approaches, i.e. based on both key performance indicators on turnover as well as on key performance indicators on capital expenditure.

In addition, for companies that did not make their non-financial reports available, the Bank's eligibility analysis with the Taxonomy used information on business activities linked to PKD codes (according to the Statistical Classification of Economic Activities), using information that it already has in its resources.

Explanations of the nature and objectives of the business activities aligned with the Systematics and the development over time of the business activities aligned with the Systematics, starting from the second year after implementation, distinguishing between business-related elements and methodological or data-related elements

A key dimension of the Bank's responsibility is to support the sustainable development of the economy over the long term and to build lasting relationships with Customers and other Bank stakeholders. We offer products and services tailored to the changing needs of our Customers, while responding to global challenges and local market conditions. In order to improve monitoring, reporting and decision-making on sustainability commitments, the Bank uses the Taxonomy. It provides us with a tool to support the systematisation of the Bank's environmentally sustainable business activities.

Description of compliance with Regulation (EU) 2020/852 in the financial company's business strategy, product design processes and cooperation with Customers and counterparties

We conduct ongoing monitoring of CSR/ESG risks in the companies we finance. We precede every financing decision with an ESG analysis. We check how a company we finance affects the environment, society and corporate governance. We pay particular attention to the financing of sectors that are recognised as sensitive in terms of ESG factors. In each of the sectors identified by the Bank as particularly sensitive in terms of sustainability, CSR Policies and Principles are implemented, defining the requirements for Clients operating in them. In relation to the sectors that are most harmful in terms of sustainability, the Bank makes strategic decisions to stop serving Clients belonging to them.

In 2021 in response to the requirements of the EBA/GL/2020/06 Guideline of 29 May 2020 on originating and credit monitoring, the Bank has developed ESG assessment questionnaires that have been implemented in the lending process. The purpose of the assessment is to identify any risks related to ESG factors affecting the financial position of the Clients, as well as the impact of Customers' business activities on ESG factors (dual materiality principle). Principles for ESG risk management at BNP Paribas Bank Polska S.A. have also been developed. In addition, the BNP Paribas Group applies the Equator Principles (EP) to identify, assess and manage the risks associated with the financing of a given project and its environmental and social impact. The principles provide minimum standards for conducting due diligence on projects.

Additional or complementary information on the strategy of the financial company and the importance of systematic business financing in the overall activity of companies.

The main objective of GO beyond's new strategy for 2022-25, adopted by the Bank's Management Board and the Supervisory Board in March 2022, is to continue the dynamic growth of the Bank, which will be an institution that operates efficiently, with engaged employees and satisfied Clients, while being a leader in the area of sustainability. The Bank aims to be a leader in sustainable finance by developing a range of dedicated products and services for all business lines. It will consistently aim to its own climate neutrality and support its Clients in doing so.



Positive banking

Customer relations

We build lasting relationships with our internal and external Customers. We are sensitive to their needs. Our motto is: "We listen, we understand, we act".

We listen to the voice of Customers

- We conduct NPS (Net Promoter Score) research on the #KLIENT platform and Mystery Customer research.
- We gain knowledge directly from Customers who contact us via the hotline, chat and e-mail.
- We verify the topics of conversations with the Contact Centre thanks to our speech analysis system.
- We value the opinions of our employees and we use their knowledge.
- We ask why Customers resign from our services.

The #KLIENT platform is a source of knowledge about the results of research and Customer feedback. The data is automatically updated as Customers complete subsequent surveys. The tool is currently used by over 4 thousand employees of the Bank and partner companies.

In 2022, we launched **Customer Journey** research, which allows us to respond to Customer needs on an ongoing basis. We were looking for new research methods and tested qualitative research, a VoiceBot and online surveys. Some of the newly found solutions will be used in the following year as a permanent element of research.

We approach research in a multifaceted fashion. We analyse opinions expressed in internal and external research and observe market trends (not limited to the field of banking).

Within the Bank, we share results and reports from individual surveys on an ongoing basis. We combine them with operational and complaint data. Thus, we create detailed recommendations for specific business lines.

Our joint actions produce results:

- 1st place in the Traditional Banking category ("Kowalski") in Newsweek's Friendly Bank ranking (+3 places compared to 2021),
- 2nd place in the Company-Friendly Bank ranking of the Forbes Polska magazine (+4 places compared to 2021),
- 6th place in the Digital category in Newsweek's Friendly Bank ranking (+3 places compared to 2021)

These awards show that we are close to our Customers – individual and corporate – and that we guide them towards the right financial decisions. We are constantly improving our competencies and setting the bar ever higher to make the world a friendlier place. We are starting this mission by changing ourselves.

We are glad that our actions are noticed and appreciated.

We understand our Customers

In 2022, we continued to implement a strategy that we adopted in 2020: the Customer is placed at the centre of our attention.

One of the strategy's elements is the Customer Excellence Board (CEB), i.e. meetings devoted to discussing the key needs of our Customers, analysing the main reasons for complaints and determining actions. The meetings are attended by representatives of many departments: Tribe Leaders (in accordance with the Agile methodology), Product Owners, representatives of sales and service channels as well as compliance, risk, operations and IT monitoring.

In 2022, the CEB met six times. We talked about the qualitative and operational results that indicate Customer satisfaction. The talks produced over 60 dependencies addressed to Tribe, Expert Centres and other operational units.

In 2022, we decided to establish a CEB platform for the SME and Corporate Banking segments.

We also organise **Customer Room** workshops aimed at optimising and improving the efficiency of key processes. To understand our Customers better, we analyse their stories and map emotions. The emotions of employees who support a given process are also considered. Such an approach allows us to pinpoint the direct causes of problems. The workshops are attended by representatives of units involved in a given process. Specialists in particular

areas can analyse issues from different perspectives (employee and Customer). Step by step, they work out long- and short-term solutions.

In 2022, based on the defined areas for improvement, we developed and implemented a number of changes. Some are listed below:

Challenge	Solution
Taking care of the internal Customer	We value employee input and take into account the perspective of those directly serving Customers to improve our systems, processes and products.
Customers treat the Bank holistically	Convergent approach to Customers and their needs – micro Customers can use the GO-booking app, the telephone terminal, car rental, and can attend webinars.
Changing Customer lifestyles	We are expanding the scope of our services in remote channels, for example through the Online Expert Centre. Customers can also connect with us after the closing hours of the Customer centres. We are extending the functionality of the chat by adding new topics, including debt collection. With the convenience of use in mind, we have added the chat directly to the mobile application.

We constantly provide training for our employees. We have introduced Customer Experience training on the internal My Development platform. We also conduct training for new employees and managers.

Our goal of being a Customer-centric organisation is supported by the Advocacy Programme implemented within the BNP Paribas Group.

The Advocacy Programme focuses on many aspects of Customer-centricity. It builds employee awareness as to the importance of focusing on the Customer and promotes commitment among managers. It encourages the use of knowledge about Customers and employees to improve the Customer experience and verify whether the chosen actions have produced the expected results.



Responding to Customer needs

We improve our processes and implement new solutions. In 2022, we identified over a dozen initiatives and changes based on Customer feedback. We involved all the Bank's employees in their implementation, which included the following steps:

- In GOonline for individual Customers, we have implemented a display of the total amount due for the repayment of a cash loan. This resulted in a decrease in the number of Helpline calls on this topic and a decrease in incorrect repayments.
- We have provided debt collection service via chat in GOonline. Customers with access to GOonline internet banking can chat about their arrears with an employee of the Debt Collection and Restructuring Department.
- We have introduced the possibility of confirming an employee's or Customer's identity during a telephone conversation in the GOMobile application (using push authorisation).
- We have added a new functionality in GOonline: displaying the balance after a transaction in account history.
- We have introduced portfolioing in Customer Service (Business Service Zone) so that SME Customers also have a dedicated consultant on the hotline. It is a response to Customer needs – increasing the comfort of service, providing faster access and assistance.
- We changed the wording of the terms and conditions for mortgage loan agreements in parts which may not have been easily understandable.
- We have added another option to personalise GOMobile – the possibility to turn on dark mode in the application.
- We have added a mobile card to the online application form for opening the Account Open to You (Video Verification process).
- We have introduced changes in the processing of individual Customer credit card closure applications. If the balance is different from 0, a day after the notice period ends, the Customer receives a confirmation of the termination of the credit card agreement (via text message) with a request to settle the underpayment or indicate the account for overpayment transfer. In addition, information about the closure was placed on the SOF (a document sent to the Customer within 14 days of finalising the card termination process).

- We have changed the layout of the credit card statement for individual Customers. The new version is more legible and makes it easier for Customers to manage their credit card debt on their own. We based the new layout, i.e., on a survey conducted among our Customers with credit cards.

Whether Customers visit the Bank's Customer centre or contact us via remote channels, we wish to ensure an equally high level of service. We implement further innovative solutions:

- A chatbot that handles inquiries about products, whose knowledge is constantly updated.
- The Virtual Online Advisor supports mortgage Customers and Micro segment Customers. The Customer can conveniently arrange a visit to the Customer centre as well as a consultation with the Virtual Online Advisor.

Another form of meeting Customer needs is care for the quality of communication sent from the Bank. We simplify messages according to plain language rules and state them in a way that is clear and easily understandable for the Customer.

Handling and considering complaints

The process is one of the main sources of Customer feedback. The signals we receive help us develop and meet the expectations and needs of our Customers. The process owner is the Managing Director of the Transformation and Experience Development Division.

In 2022, we took over the handling of complaints regarding products and services provided by the Brokerage House. Currently, we receive signals from Customers regarding almost all products and offers provided by the Bank.

In 2022, we have modified the organisational structure. As a result, three specialist complaint teams dealing with different types of complaints and the Customer Ombudsman Team were allocated into the Customer Dialogue Office area. Thus, all units responsible for handling the complaints process jointly diagnose problems reported by Customers, act to eliminate them in the future, and adapt more effectively to the requirements set by regulators. This also allows us to respond to our Customers quickly.

Thus, we implement the two main pillars of the complaint process: qualitative and operational. As a result of our endeavours, in 2022 we received over 11% fewer complaints than in 2021. This also translates into a positive assessment of the complaint process provided by our Customers in cyclical NPS surveys. At the end of 2022, the result was 5.3.

13

calendar days – average time for handling complaints in 2022

11%

fewer complaints in 2022 compared to 2021

Customer Ombudsman

Complaints are not the only type of Customer feedback we respond to. The joint path of the Customer and the Bank sometimes leads to non-standard cases that require an individual approach. Such issues are handled by the Customer Ombudsman Team, a unit which considers the cases of Customers who did not agree with the results of the complaint process. The Customer Ombudsman Team also verifies complaints addressed to the Bank's Management Board, the Supervisory Board and the Bank's Spokesperson. It supports communication with Customers who raise problematic and important issues on social media.

2,900

cases were submitted to the Customer Ombudsman in 2022 (including 403 addressed directly to the Bank's Management Board and Supervisory Board)

12%

fewer cases compared to 2021

83%

of appeals to the Ombudsman in 2022 were submitted by individual Customers (17% by companies)

14.5%

of cases (the largest percentage) settled by the Ombudsman in 2022 concerned mortgage loans



Complaint handling

Complaint handling and response standards are additionally specified in the "Complaints Policy". It defines the duties at each stage of the process and indicates the division of roles, tasks and responsibilities of specific units. It also describes the possible forms of submitting complaints.

Customers can submit complaints:

- via the online banking system (chat),
- via the online form on the Bank's website,
- by phone,
- in writing,
- in person – at any Customer centre.

Our aim is not just to indicate areas in need of improvement to the owners of specific products and processes. We want the complaint process to be transparent and intuitive for everyone. Therefore, in 2022, we introduced the new GObetter complaint system to our employees. It is already used by:

- complaint area employees who handle and settle Customer complaints,
- employees from the Contact Center, Electronic Channels Service Department, Debt Collection Department and Customer Centres. They can register Customer cases, verify other Customer complaints and use a fully automated Commercial Gesture system,
- employees from the after-sales service and business areas, who can use GObetter to answer inquiries about ongoing complaint cases.

We are working on providing our employees and Customers with further functionalities of the GObetter system. The most important features that are already available include:

- Omnichannel – all Customer complaints, regardless of the contact channel, are registered within a single system.
- Trade Gesture – using the Trade Gesture is even simpler. The Customer receives a quick refund of erroneously collected funds.
- User-friendly – the application is simple and intuitive. Filing a complaint takes less time. The application provides suggestions about the next steps.

- Complaint status – GObetter provides information about the current status of the complaint. It is convenient not only for the Customer but also for the employee.
- Plain Language – all messages to Customers and complaint responses have been prepared in accordance with plain language principles.
- Functionality – much easier reporting. A single database contains all the information needed to analyse and introduce changes.
- Increased process automation – particularly important in handling transaction fraud complaints. The automation significantly accelerates case verification and responses to Customers.

One of the advantages of the GObetter system is the increased automation of the Trade Gesture. It enables employees in the first line of contact to use this solution even more easily. It facilitates the handling of cases related to fees and commissions already at the stage of conversations with Customers. In addition, once a refund is posted, the Customer receives a confirmation of the positive response to their complaint via the selected form of electronic contact. Thus, we build lasting relationships with our Customers and a positive image of the Bank. As a result, in 2022, Customers benefited from the Trade Gesture 15% more often than in 2021.

The GObetter system also allowed us to improve and partially automate the process of handling fraud transaction complaints. These cases, when properly registered by a front-line employee, automatically generate tasks for the Bank's internal units responsible for providing information to complaint employees. As a result, we can respond to the Customer more effectively and faster. It also means that we are meeting the regulator's expectations and abiding by the law in the handling of these cases.

In addition to providing and developing the new GObetter system, we also care about cooperation with units that support front channels. Therefore, in 2022, we organised a course for Quality Managers in Customer centres devoted to complaints and ways of handling them. During the meetings, we explained the risks associated with handling complaints, but we also presented the benefits of obtaining Customer feedback through this channel. Furthermore, we presented the GObetter system and the features available to employees when processing complaints. We intend to continue the course in 2023.

Transparency and dialogue with Customers

[3-3] [Simple and transparent communication]

We systematically simplify the language used to communicate with our Customers. Since 2019, we have gradually been adjusting our documents, letters, communications and promotional materials in accordance with the plain language standards.

In 2022, we continued our cooperation with an expert – a linguist and an experienced plain language trainer. As part of the cooperation, we regularly simplify communications and teach our employees about the rules of plain Polish.

We use plain language in communication with all Customer segments: from individual Customers, through micro-enterprises, to the corporate segment.

In 2022, we conducted advanced, multi-stage training for 15 plain language consultants at the Bank, which ended with an exam. Thus, in the last two years, 65 employees of the Bank have become plain language consultants. We systematically update and supplement our consultants' knowledge during monthly workshops and lectures conducted by an expert.

In 2022, we also launched training on the basic principles of plain language for all employees of the Bank on the e-learning platform. By the end of December, 42 people took part.

On the intranet, we provide employees with training materials that explain the rules for writing various forms of messages, e.g. text messages or e-mails. We update and expand the database of these documents on an ongoing basis.

We simplify legal texts – contracts and regulations for highest volume products, i.e. loans and credits, as well as formal documents related to investment products for both individual Customers and enterprises.

Examples of content we simplified in 2022 include:

- Regulations of FX Electronic Access Channels, Regulations of Dual Currency Deposits and other documents – certificates, powers of attorney, etc. for the Financial Markets Division,
- after-sales forms for mortgage loans,
- subscription terms for structured deposits,



- Cash Loan Agreement concluded in remote channels.

Accessibility

[203-1]

We want to create an ecosystem of solutions that provide each of our Customers equal access to banking and the highest comfort and simplicity of use. We develop offline and online channels, improve procedures and facilitate access to banking for our Customers. We operate in accordance with the 2022-2025 GO beyond strategy, which states that accessibility is one of our key commitments in the POSITIVE pillar. We place particular emphasis on facilitating the use of banking services by people from groups at risk of social exclusion. The disabled and elderly will find products and services tailored to their needs both in-person and online. We regularly analyse all access channels to ensure functionality and user-friendliness following the best Web Content Accessibility Guidelines (WCAG 2.0).

From a formal perspective, issues of accessibility at our Bank are regulated in the "Principles of providing bank documents in a form accessible to special-needs Customers". As a Bank, we also meet the requirements of the Act on ensuring accessibility to people with special needs.

How we increased availability in 2022:

- we trained more employees on how to serve Customers with disabilities,
- more Customer centres received the "Barrier-free facility" certificates,
- we increased the number of ATMs accessible to persons with disabilities,
- we installed further induction loops for people with hearing impairment,
- we increased the availability of the website and the GOmobile and GOonline applications,
- we made efforts to adapt our offer and services to the needs of the elderly.

Accessibility for people with special needs

The assistance of a Polish Sign Language interpreter is available in each Customer Centre. Induction loops, i.e. hearing aid systems, operate in 195 Customer centres, enabling the hearing-impaired to receive clear sound through a telecoil (present in almost every hearing aid). Customers can also order visual recordings of document content in Polish Sign Language. Each

branch is equipped with a magnifying glass and a frame that facilitates signing for people with visual disabilities. We also provide contract templates in the form of audio recordings, enlarged printouts and translations into Braille.

At the end of 2022, 103 of our Customer centres possessed "Barrier-free facility" certificates issued by the Integration Foundation. It is the best result among Polish banks. The certificate confirms that a building is equipped with amenities, e.g. for people with mobility, sight and hearing disabilities, as well as for the elderly and those caring for small children. In practice, this means that our Customers can freely move around the Bank's branches and use the implemented amenities.

103

Clients' Centers with "Barrier-free facility" certificate at the end of 2022, which constitutes 25% of all branches

195

Clinets' Centers are equipped with induction loops

Our strategic goal is that at least 50% of our Clients' Centers be eligible for the "Barrier-free facility" certificate by 2025.

All our branches have also received the OK Senior certificate awarded by the National Institute of Silver Economy. We were the first and remain the only Polish bank to receive them. The certificate attests that we offer senior-friendly solutions and services for the elderly that are safe, accessible, understandable and reliable.

In 2022, the Foundation of the National Institute of Silver Economy provided senior-support organisations with free OK SENIOR Passports for the 3rd time. The booklet contains key information for seniors, which can be used at the doctor's, in the pharmacy, and in everyday life. Our Bank was one of the partners of the initiative.

How we ensure our banking offers accessibility to the deaf and hard of hearing:

- online support of sign language interpreters,
- online form to book visits in sign language,

- Polish Sign Language translator available on the hotline,
- visual recordings of document content in Polish Sign Language,
- induction loops in branches.

How we make our banking offer accessible to the blind and visually impaired:

- document templates in the form of audio recordings, enlarged printouts and translations into Braille.
- magnifying glasses,
- frames facilitating signing,
- ATMs adapted to the needs of the visually impaired,
- placing decorative foil on glass panes in branches.

Cooperation with partner organisations helps us ensure the availability of our products, services and branches.

Partnership	Description
Accessibility Plus	The Bank is a signatory of the "Partnership for Accessibility" programme developed by the Ministry of Investment and Economic Development, as part of the Accessibility Plus initiative. Our goal is to adapt our products and services to the needs of people with disabilities, as well as to the needs of the elderly and those at risk of exclusion.
Integration Foundation	The Bank is a long-term partner of the Integration Foundation. The Foundation supports us with regard to increasing the availability and user-friendliness of our services. As part of the cooperation, the Bank transforms, audits and certifies branches to ensure their accessibility for people with disabilities. Digital channels are adapted to the current standards. Furthermore, we promote accessibility and inclusiveness in business.



Partnership	Description
Accessible ATM	We are a partner of the Accessible ATM project, which provides, i.a., a freely accessible online platform with a database of ATMs adapted to the needs of the disabled. The project is being implemented by the Polish Bank Association in cooperation with Polish banks and the “Widzialni” Foundation, with the support and under the patronage of the National Bank of Poland and the Ministry of Entrepreneurship and Technology.
National Institute of Silver Economy	As part of the cooperation, representatives of the Institute conduct mentoring workshops for the Bank's employees on how to effectively support seniors.
Migam „RKP” Sp. z o.o. S.K.A.	As part of the cooperation, the Migam company supports the Bank in increasing the availability and user-friendliness of services for people with hearing disabilities. Customers can use the services of a sign language interpreter, e.g., when opening an account
DeafRespect Foundation	The Deaf Respect Foundation supported the launch of sign language interpreting services at the Bank and carried out a service quality audit of the “Migam” technology.

Social and environmental topics in marketing communication

Little Mr/Ms Independent Account and “Mission: Independence”

In 2020, we launched an offer addressed to parents and children: the “Little Mr/Ms Independence Account”. The launch was accompanied by an educational campaign entitled “Mission: Independence”, which supported parents in building their children’s financial awareness.

In 2021, we added the Parent Zone to the misjasamodzielosc.pl platform. The new content is addressed to those who wish to teach their children about finance and are looking for helpful tools.

Information about the "Little Mr/Ms Independence Account" is available at: <https://www.bnpparibas.pl/klienci-indywidualni/konta/konto-karty-samodzielniaka>.

Information about “Mission: Independence” can be found at: <https://www.bnpparibas.pl/misjasamodzielosc/>

Mission: Education

In 2020, we started the implementation of an interdisciplinary project, Mission: Education. It aims to improve public knowledge concerning finance, ecology, security, entrepreneurship and psychology. Beneficiaries of the programme gain new skills, discover their own potential, and broaden their horizons.

In 2022 we continued activities within the project through:

- Financial education classes for senior citizens, primary school pupils and high school students conducted by our employees based on their original ideas and materials.
- The addition of a Parent Zone to the "Mission: Independence" website. We created a knowledge database for parents who want to teach their children financial independence. It contains a guide entitled "How to discuss pocket money with a child?", as well as answers to the most pressing questions about pocket money and tips from experts in various fields: psychology, economy, social work, sociology. Articles, podcasts and other financial learning tools for parents are also provided.
- Cooperation with the Kosmos dla Dziewczynek Foundation. We conducted a workshop entitled "SUPERHEROINES in the classroom" for primary school students. SUPERHEROINES are workshops for children aged 8-12, which can be conducted by primary school teachers and other educators. The classes introduce the children to 24 inspiring women associated with the history of Poland. They represent various professions, values and talents, such as courage, charity, enthusiasm, visionary approaches, diligence, patience, and eagerness to act. Thus, children get the opportunity to consider their own values and find values common to the whole class or group. As a result, they choose a class superheroine to inspire them throughout the year. Owing to the interesting scenario and the use of various forms of communication (animation, podcasts, SUPERHEROINE cards), the workshops are engaging and attractive.
- Cooperation with Digital University on the BE.ECO project. The project is carried out in schools, its aim is to create a community centred around ecology. A Zone for teachers, students and their parents was created on a dedicated website. It is a space for everyone who wants to lead an eco-life. As

part of the project, a series of free workshops for primary school teachers was organised. The meetings, supervised by experts, will supplement and enrich the educators' knowledge about ecological challenges and teach them to use specific tools and materials. After the workshop, teachers can use ready-made lesson plans for children, and thus contribute to building social awareness among the young generation.

- The ABC of Economics is a project of the Czepczyński Family Foundation for schools, aimed at popularising the economic education of preschoolers (5-6-year-olds) and primary school pupils (grades 1-3). It provides educational packages to 40 local kindergartens and schools indicated by the Bank's Local Ambassadors.

Mission: Pocket Money – a socio-educational project

The Bank conducted a study of parents and children's behaviour in the context of financial education and identified socially important topics. Based on the needs of parents, the Bank created educational materials on "pocket money" addressed to parents and children.

The Bank invited six experts to cooperate: Natalia Tur – family sociologist, Tatiana Mindewicz-Puacz – psychotherapist, Monika Sajkowska – president of the board of the Empowering Children Foundation, Maciej Samcik – financial journalist, Aleksander Naganowski – director of digital solutions development at the Polish Mastercard Europe branch, Grzegorz Markowski – journalist, partner at CPC Brand Consultants. The team of experts developed a "Parent's Pocket Guide", wherein they suggest how to talk to children about pocket money. The Bank has also introduced a dedicated subpage to the misjasamodzielosc.pl – "Mission: Pocket Money 2022". In addition to the guide, it contains answers to parents' most pressing questions about pocket money and tips from experts (rooted in scientific research) to help them make rational decisions regarding children's finances. It also provides articles, podcasts and other tools for learning about finances.

The campaign was accompanied by the "Mission: Pocket Money" educational programme carried out in primary schools between March and May 2022. Using educational materials provided by the programme, teachers conducted financial education lessons in grades 3-4. Children could also take part in a contest with prizes prepared by the Bank. The programme was attended by 935 school groups, and over 28,000 children participated.



Our initiatives within the "Mission: Education" project were recognised and awarded in 2022 by the juries of the "Złote Spinacze", Golden Arrow, and Effie Awards competitions.

"First Aid for Humanity" campaign

In cooperation with the Polish Red Cross, the Bank conducted a social experiment supporting unique first-aid training, which was also a tolerance lesson. Participants tested their skills on phantoms characterised as a homeless person, a Muslim refugee and a genderqueer person. The surprising situation allowed them to confront their own beliefs, barriers and stereotypes. At the end of the training, the participants met the people who were the inspiration for the stories of the resuscitated.

A film about the event was created in cooperation with the VMLY&R agency. The recording of the experiment is regularly utilised by the Polish Red Cross during first aid training. In the next stage, it will be shown in schools cooperating with the organisation and can also be used e.g. during events related to first aid and summer campaigns of the Polish Red Cross.

Research confirms that the campaign influenced the behaviour of recipients: 32% of participants declared an increased willingness to provide first aid, regardless of the victim's dissimilarity, after watching the main film (Source: Biostat qualitative study, n=501 people). More information on the subject can be found at: <https://pierwszapotomocudzkosci.pl/>

Feminatives in everyday language

The Bank commissioned the Difference research agency to conduct a study among representative groups of children and adults. The key stage was a pioneering study of children. It involved 248 students who were asked to spontaneously draw representatives of two professions defined in the masculine and neutral version (e.g. scientist [masc. in Polish] vs person conducting scientific experiments). The next stage of the study was a discussion with children about the drawn characters – their characteristics and behaviour. In addition, an online study (CAWI) was conducted on a group of 400 adults. It checked whether our reactions and evaluations of professionalism are dependent on a person's profession being defined by a masculine, feminine or

neuter noun. This provided insight into the hidden (latent) associations, barriers and stereotypes attributed to women and men in various professions.

As part of the campaign, the Bank created a dictionary of female names of professions. More information can be found at: <https://www.bnpparibas.pl/wystarczyslowo#!feminatywy>

Where are our Patronesses

In the second edition of the competition, the Bank encouraged educational institutions to involve students, parents and teachers in the search for candidates who represent values they identify with, and then choose a Patroness, e.g. through consultations or voting. To apply for a Bank grant worth PLN 15,000, a school representative had to submit a competition application stating how the school would like to honour the Patroness and popularise her achievements in the school community. More details can be found at: <https://www.bnpparibas.pl/patronki>

Agro on heels

Agro on heels is a project for women living and working in rural areas, who are increasingly involved in making decisions about the direction of their enterprises' development.

The first large-scale edition of the project took place in 2016.

The Agro on heels meetings are an opportunity for women farmers to visit places offering art and development. These include theatres and philharmonics, where specially organised performances and concerts are shown. The project allows participants to meet other women who lead similar lifestyles and exchange experiences.

We organise events in cooperation with local media, and local Agro-sector institutions – Chambers of Agriculture and local authorities.

In 2022, the event was held at the Podlasie Opera and Philharmonic in Białystok. Over 800 women attended.



Social involvement

[3-3] [Charity and philanthropy (including BNP Paribas Foundation projects)]

For many years, we have been systematically involved in the life of local communities. In accordance with the POSITIVE pillar of the 2022-2025 GO beyond Strategy, we strive to ensure that all the Bank's activities have a positive impact, i.a. social and environmental. We want the Bank to be an agent of positive change and a good neighbour, mindful of local needs. We focus on counteracting social exclusion, supporting diversity and financial education. Our impact on society is strengthened by the BNP Paribas Foundation, its educational programmes and environmental philanthropy. We also inspire and facilitate employee volunteering.

Our plans and activities:

- strengthening the social commitment of employees through volunteering and individual philanthropy as well as initiatives in the field of financial education,
- development of tools supporting social involvement, e.g. a volunteering platform,
- strengthening cooperation with non-governmental and expert organisations combating climate change and social exclusion, as well as supporting diversity,
- continuation and strengthening of the Foundation's scholarship programmes, e.g. "Class", "Knowledge to the Power".

BNP Paribas Foundation

The BNP Paribas Foundation has been running scholarship programmes since 2006, it also coordinates employee volunteering and cooperates with social organisations, supporting them with expertise and financing. The Chairman of the BNP Paribas Foundation Council is the President of the Management Board of the Bank. The foundation's Council includes representatives of the areas in the Bank that are key to the Foundation's activities.

The Foundation's mission is "to boldly change the world into one with less inequality and greater confidence in the future of our planet."

The Foundation conducts:

- educational programmes that use scholarships and development initiatives to provide equal educational opportunities and inspire children and youth,
- environmental philanthropy programs – protection of ecosystems and implementation of initiatives focused on care for the natural environment,
- activities promoting social commitment – employee volunteering and individual philanthropy of the Bank's employees.

Activities of the BNP Paribas Foundation

Initiatives addressed to employees	<ul style="list-style-type: none"> • Employee volunteer programme • Individual philanthropy programme "I support all year long" • "Competition for Volunteer Projects" • The Noble Gift charity event • "Krwinka" blood donation campaign • "Good Kilometres" campaign • "Two hours for Earth"
Initiatives addressed to external stakeholders	<ul style="list-style-type: none"> • "Class" scholarship and development programme • "Agrotalents" scholarship programme • "Dream up" educational programme • Tutor-scholarship programme "Knowledge to the Power" in cooperation with the Ocalenie Foundation • "Meetings with Music" programme in cooperation with the National Philharmonic • "Bankers for the Financial Education of Youth" (BAKCYL) programme
Initiatives supporting refugees	<ul style="list-style-type: none"> • #TogetherforUkraine volunteering programme • Solidarity Package • Grassroots volunteer initiatives

Programmes and partnerships

Employee volunteering

The Bank's "You can count on me" employee volunteering programme has been running since 2011. Our employees, supported by the BNP Paribas Foundation, can adjust the form of involvement to their needs and capabilities. We support the implementation of internal initiatives, team volunteering and participation in social campaigns coordinated by the Foundation and NGOs. To encourage employee involvement, our Foundation provides a special volunteering platform facilitating the creation of new volunteering campaigns and joining existing ones. Each person employed at the Bank can devote 16 fully paid hours per year to volunteering. Simultaneously, the social initiatives of employees are part of an international programme of the BNP Paribas Group, #1MillionHours2Help, coordinated in Poland by the BNP Paribas Foundation.

In 2022, the BNP Paribas Foundation became a research partner of the Academy for the Development of Philanthropy in Poland "Employee Volunteering of the Future".

Individual philanthropy programme „I support all year long“

The "I support all year long" programme has been active at the Bank since 2017 and all employees can participate. It is a simple tool for voluntary salary deductions. Regular payments help NGOs plan their activities in the long term. In 2022, employees decided to support the Empowering Children Foundation and the Mudita Association. 345 employees participated in the programme. Within 5 years, we collected a total of PLN 360,000.

Competition for Volunteer Projects

In the last 10 years, the annual Competition for Volunteer Projects has become a fixture of our volunteer scheme. Employees from all over Poland can submit initiatives which respond to the immediate needs of their local communities. The winning entries are granted up to PLN 4,000. The projects are carried out in collaboration with local social organisations and the employees involved receive additional subject-matter support from the BNP Paribas Foundation.

Competition for Volunteer Projects in 2022:

- 63 projects completed,
- 254 employees involved,
- assistance for 5,733 people,



- 2,032 hours of involvement,
- over PLN 230,000 allocated by the BNP Paribas Foundation for the implementation of projects.

Noble Gift

Since 2018, the Bank has been a strategic partner of the Noble Gift campaign. During this time, we have donated nearly PLN 5 million. Our Foundation runs the largest organised employee volunteering campaign for the beneficiaries of the Noble Gift. In 2022, nearly 30 of our social and business partners joined the initiative. We have also enabled Customer involvement in the charity event. The Bank's website contains a quick payment option, with transfers going directly to the account of the organiser, i.e. the WIOSNA Association. In addition, from 17 November to 26 December 2022, we doubled each payment. In total, (together with our Customers) we donated PLN 875,644 to the Noble Gift.

Noble Gift in 2022:

Since 2018, the Bank has been a strategic partner of the Noble Gift campaign. During this time, we have donated nearly PLN 5 million. Our Foundation runs the largest organised employee volunteering campaign for the beneficiaries of the Noble Gift. In 2022, nearly 30 of our social and business partners joined the initiative. We have also enabled Customer involvement in the charity event. The Bank's website contains a quick payment option, with transfers going directly to the account of the organiser, i.e. the WIOSNA Association. In addition, from 17 November to 26 December 2022, we doubled each payment. In total, (together with our Customers) we donated PLN 875,643.96 to the Noble Gift.

Noble Gift in 2022:

- 140 Bank employees and companies of the BNP Paribas Group became Noble Gift leaders (including 104 people from the Bank),
- 165 families in need received packages prepared by our volunteers,
- 3,028 volunteers from the Bank and BNP Paribas Group companies (including 2,286 from the Bank),
- PLN 1,000 of support for each package from the BNP Paribas Foundation,
- 27 social and business partners joined the initiative,
- A total of 205 families received support from Noble Gift.

Good Kilometres

Every year, the BNP Paribas Foundation organises the Good Kilometres campaign, which allows employees to combine physical activity with social commitment. For a month, we count the kilometres covered by employees on bikes, running or practising other long-distance sports. Each kilometre is converted into financial support and transferred to a social organisation, selected in an employee vote.

Good Kilometres in 2022:

- 75,474 kilometres covered,
- PLN 25 thousand donated to the Empowering Children Foundation,
- 413 engaged employees,
- 8,940 sports activities, e.g. cycling, roller-skating, running, walking the dog, walking, plogging (jogging combined with garbage collection).

Two hours for Earth

In April 2022, we joined the International Earth Day celebrations. A grassroots employee initiative supported by the BNP Paribas Foundation resulted in the organisation of the "Two Hours for Earth" campaign. Our volunteers, joined by relatives and co-workers, could devote two hours to cleaning green areas together. 272 employees from all over Poland took part in the event.

3,028

volunteers from the Bank and group companies were involved in the Noble Gift

30,313

hours devoted to social initiatives

345

employees took part in the individual philanthropy programme "I support all year long"

9,678

hours devoted to local communities by the Bank's Local Ambassadors

The Foundation's educational initiatives

"Class" development and scholarship programme

"Class" is a scholarship programme of the BNP Paribas Bank initiated in 2003 and functioning under the auspices of the BNP Paribas Foundation since 2006. As such, it is one of the longest-running scholarship schemes in Poland. Its goal is to help primary school graduates from poor families who live in rural areas and small towns. Scholarship holders can attend top high schools in five Polish college towns. They receive full financial support for the duration of their high school education and a scholarship for the 1st year at university. The holders can also receive financial support for their social involvement and attend holiday and team-building trips. Over 20 years, we have allocated over PLN 26.7 million for the implementation of the programme.

In 2022, the programme received the honorary patronage of the Minister of Education and Science. We also received an award in the "ESG Educational Programme" category in the "ESG Leaders" competition.

„Class" in 2022:

- support for 873 graduates from 525 towns since 2003,
- 95 scholarships in the 2022/2023 school year.

"Agrotalents"

Agrotalents is a comprehensive programme for the development of young talents – a system of scholarships for ambitious youth who see their future in agriculture. Established in 2012, it is the result of cooperation between the BNP Paribas Foundation, educational institutions and agricultural experts. Agrotalents include:

- A scholarship programme for the winners of the Agricultural Knowledge and Skills Competition organised by the top 8 agricultural universities in Poland. The programme's partner is the Warsaw University of Life Sciences. The BNP Paribas Foundation funds 40 scholarships every year. In 2022, 16 students and 22 pupils won the Competition. So far, a total of 365 winners have received the scholarship.
- The Bridge Scholarship Programme of the Educational Enterprise Foundation is addressed to the most talented students of agriculture after their 3rd or 4th year at university. In 2022, the BNP Paribas Foundation provided 12



scholarships worth a total of PLN 73,500. So far, 115 students have participated in the programme.

- Cooperation with the Warsaw University of Life Sciences in the field of education as well as the exchange of knowledge and experiences.

In total, 480 people were supported by the Agrotalents programme.

"Knowledge to the Power" tutor and scholarship programme

Since 2016 we have been cooperating with the Ocalenie Foundation to help refugee youth, e.g. from Syria, Iraq, Ukraine and Chechnya. In 2018, we launched a joint scholarship and tutor programme "Knowledge to the Power", which helps them adjust to the Polish education system. Participants of the programme receive the support and guidance of tutor-volunteers, take part in workshops, and participate in joint educational and cultural outings and summer camps. The organisers are in constant contact with the children's families and offer them the necessary support.

Since 2019, the "Knowledge to the Power" programme is being implemented as part of the BNP Paribas Group's European initiative for the integration of young refugees. Since 2021, the BNP Paribas Foundation has been a strategic partner of the Ocalenie Foundation.

"Dream Up"

Dream Up is an international program of the BNP Paribas Group and is currently active in 29 countries. It was initiated and is financed by the BNP Paribas Foundation in Paris. In Poland, the BNP Paribas Foundation organises professional music classes for children and youth from social institutions in cooperation with the Community of Sounds Foundation. In September 2021, the third edition of the programme was launched.

"Dream up" in 2022:

- over 40 participants from Warsaw community centres,
- 2 concerts – end of the school year and Christmas carolling.

"Meetings with music"

Since 2003, the BNP Paribas Foundation has been cooperating with the National Philharmonic, and since 2011 we have been a partner of the "Meetings with

Music" – a series of concerts performed by philharmonic musicians for students from small Polish towns.

"Meetings with Music" in 2022:

- 1,928 educational concerts were held,
- 336,770 students took part in "Meetings with Music".

Bankers for the Financial Education of Youth (BAKCYL)

Bankers for Financial Education of Youth (BAKCYL) is a sectoral educational programme managed by the Warsaw Institute of Banking. Volunteers – partner bank employees – share their practical knowledge and skills regarding financial services with school youth. The Bank has been a partner of the initiative since 2013, and our activities are coordinated by the BNP Paribas Foundation. In 2022, the Bank's employees conducted classes in primary and secondary schools: "Your money", "From saving to investing", "Security in Cyberspace", "Financial market - trust in business", "My finances - I think entrepreneurship" and "Wise investing".

During the 6th Congress of Financial Education and Entrepreneurship, we received a distinction for the number of lessons conducted by Bank volunteers in 2021.

BAKCYL in 2022:

- 108 volunteers trained,
- 82 lessons (almost 1.6 thousand since 2013),
- almost 35 thousand students took part in meetings with our employees since 2013.

The Foundation's environmental philanthropy

At the BNP Paribas Foundation, we want our programmes and initiatives to be implemented in a sustainable manner and with respect for the natural environment. We act for the climate by protecting and restoring key ecosystems and providing ecological education. In 2022 we were a partner in two initiatives:

- Regeneration in partnership with the UNEP/GRID-Warsaw Center – protection of meadow ecosystems on the Bay of Puck, with particular emphasis on pollinating insects. The programme contributes to the preservation of molinia

meadows, areas with high biodiversity and habitats, e.g. of the protected large heath butterfly.

- #BeeYope in partnership with YOPE and the Meadow Foundation – an educational campaign for primary school students about the role of wild bees and other pollinators in the ecosystem. Together, we have created educational packages, which will help up to 20,000 children learn about the role of bees and sow 20,000 m2 of meadows. The packages are also available online.

Support for refugees – war in Ukraine

Once the Russian invasion of Ukraine began, we immediately started support initiatives at the Bank and the BNP Paribas Foundation:

- we simplified the procedures for opening the "Account for Now" in the Bank's branches for citizens of Ukraine,
- we provided Ukrainian citizens with free cash withdrawals from all ATMs in the country and free deposits and withdrawals at branches,
- we refund commissions for transfers to Ukrainian accounts,
- we launched a dedicated helpline in Ukrainian,
- we introduced Ukrainian-language advisers at branches, available by appointment,
- we organised a Polish language course for Customers from Ukraine.

To support refugees employed in Ukrsibbank and employees of Bank BNP Paribas from Ukraine, the Bank's centre in Leszno and 10 other facilities in Poland were adapted as accommodations. The first refugees reached them in February. In total, over a thousand people received shelter. We also launched a 24/7 helpline for employees from Ukraine, operated by Ukrainian volunteers from the Bank. Each caller received information about the possibilities of transport from the Polish-Ukrainian border and the availability of accommodation. All Ukrainian Bank employees received an additional three days of leave and financial support to help their relatives in the war-torn country.

Our Bank was also directly involved in helping those in need. As the only financial institution, we cooperated with the Diia.Business Advisory Center for Ukrainians, which was launched by the Ministry of Digital Transformation of Ukraine, the Polish Ministry of Development and Technology, the Polish Investment and Trade Agency and the Office of the Government Plenipotentiary for Cybersecurity in cooperation with Mastercard. Diia.Business is a national



project promoting entrepreneurship and export, initiated by the Ministry of Digital Transformation of Ukraine.

We have introduced quick transfers to the solidarity fund and easy transfers from the "I Have a Bonus" programme to facilitate our Customers' support for refugees. The Bank was also a partner of the UA SOS application, which connects people in need of support with those offering help.

The BNP Paribas Foundation was also involved in support initiatives. It provided PLN 2 million of financial assistance to the Ocalenie Foundation and the Polish Migration Forum. The Foundation also established a special solidarity fund for refugees from Ukraine, which raised PLN 500 thousand. Owing to the support of the BNP Paribas Group, this amount was doubled, and another PLN 1 million was provided to social organisations involved in long-term aid from the first days of the war: the Homo Faber Association, the Saint Nicholas Foundation, the ANG Nienieodpowiedzialni Foundation, the Polish Center for International Aid and the Splot Społeczny Foundation, which runs the Terminal of Culture Integration Center in Goław. Two more organisations received financial support of PLN 100 thousand (each) at the end of 2022: the Brda Foundation for the "Window" project (sending windows to rebuild houses in Ukraine), and the Association for the Earth, which works with and for refugees residing in the Lublin region.

From March to December 2022, Bank employees devoted over 5,000 hours to volunteer initiatives in support of Ukraine. They took part in the #Razem dla Ukrainy campaign coordinated by the BNP Paribas Foundation, which supported 37 aid projects with subsidies of up to PLN 4 thousand. Bank volunteers also joined the Solidarity Gift, a special edition of the Noble Gift. 31 leaders and their teams from various Bank areas, as well as companies and subsidiaries of the BNP Paribas Group in Poland, joined the campaign, as did volunteers from the "Class" Alumni Association (a scholarship and development programme of the BNP Paribas Foundation). They prepared over 30 packages for families in need.

We received the "DNA Award - because helping is in our genes" for support related to the war in Ukraine from the Clean Air Foundation and the Positive Ideas Foundation.

Initiatives for local communities

The Bank's Local Ambassadors

The Bank's Local Ambassadors (#BLA) programme provides our employees with a platform for involvement in activities which benefit local communities. The Bank provides subject-matter and organisational support for these initiatives. In 2022, the Bank's Local Ambassadors programme was implemented in cooperation with two partners: the National Institute of Silver Economy and the Exempt from Theory Foundation. As part of our cooperation with the Institute, we became a strategic partner of the 6th Congress of Silver Economy. For the second time – as the only financial institution in Poland – we received the OK Senior certificate. For the eighth time, the Bank's Local Ambassadors served as mentors of social projects implemented by the young participants of the Exempt from Theory Contest.

#BLA in 2022:

- 132 Local Ambassadors of the Bank,
- 9,678 hours devoted to supporting local communities.

The Local Grants Programme

The Local Grants Programme is one of our most important initiatives, which allows us to support local communities and non-governmental organisations. Each year, our branch managers, their teams and the Bank's Local Ambassadors submit NGOs to the programme. We support especially initiatives that:

- minimise social exclusion, especially among children, the elderly and people with disabilities,
- are aimed at supporting and integrating refugees,
- help protect the environment and promote eco-attitudes,
- promote entrepreneurship and strengthen the role of women,
- help in the promotion of disease prevention.

Thus far, during the 12 editions of the Local Grants Programme, the Bank has awarded 880 grants worth over PLN 2.9 million.

The Local Grants Programme in 2022:

- 60 grants for local social organisations,

- grants worth PLN 300 thousand.

Donations and sponsorships

Donations

The main goal of financial donations is to support and develop civic activities, to enhance the life quality of local communities, to support the social involvement of the Bank's employees, and to promote healthy lifestyles and environmental protection. All financial donations to non-governmental organisations and institutions serve to increase the effectiveness of its socially-beneficial activities.

Table 12. The Bank's financial donations to NGOs in 2022

Category	Amount (in PLN thousand)
BNP Paribas Foundation	3,000
Beneficiaries of the Local Grants Programme	300
Organisations supporting social inclusion and diversity	1,233
Organisations supporting education and culture	727
Trade Unions	60
Strategic Partnership with the Noble Gift*	400
Health-promoting organisations	150
Organisations promoting environmental protection	55
Organisations supporting refugees fleeing Ukraine after Russia's invasion*	580
Total	6,505

* The table presents the value of donations. Both as regards the partnership with Noble Gift and support for refugees from Ukraine, the Bank's financial and non-financial involvement is much broader and has been described in the Report.



Sponsorships

The sponsorship policy's primary goal is to build the brand and enhance its recognition. Through sponsorship initiatives, we establish a positive image of the Bank. Our sponsorship goals are a part of the global sponsorship strategy of the BNP Paribas Group. It aims to support the development of tennis and culture (especially cinema). The Bank's logo is present at Polish tennis events, film festivals, cultural and economic and technological events.

Table 13. Sponsorship expenses in 2022

Category	Amount, PLN thousand
Film events	1,713
Tennis events	2,546
Other sponsorship activities	3,808
Total	8,067

We are the strategic partner of the Warsaw Garden of the Righteous. The Italian GARIWO Foundation inspired the creation of this garden during the first European Day of the Righteous. On 6 March 2013, the Committee of the Garden accepted the proposal of the Warsaw Wola District and established the Garden in Jan Jura-Gorzechowski Square. Each year, we plant new trees in memory of those who saved lives and protected human dignity. Thus, we commemorate those who stood up to the Nazi and communist regimes of the 19th and 20th centuries, and who opposed the genocides, mass murders and crimes against humanity.

Film events

Cinematography is one of the key pillars of the sponsorship strategy of the BNP Paribas Group. Our motto is #WeLoveCinema. In 2022, we were involved in several initiatives, including:

- BNP Paribas Summer Cinema Sopot-Zakopane – the longest summer film festival in Poland. Film screenings took place every day after sunset and admissions were free. Each day of the week had a different theme. We sponsored Mondays, Tuesdays and Sundays. The films presented on these days referred, among others, to the UN Sustainable Development Goals:

- Monday theme: "We Are Tennis". We presented films about tennis, combining our passion for sport and cinema,
- Tuesday theme: "The world needs you." We presented films that drew attention to the 13th Sustainable Development Goal, i.e. "Climate Action" and to the 10th Sustainable Development Goal, i.e. "Fewer Inequalities",
- Sunday theme: "Woman and the camera". On Sundays, we showed the most interesting films created by women. Thus, we implemented the 5th Sustainable Development Goal, i.e. "Gender Equality",

- BNP Paribas Green Film Festival – a unique international festival of ecological films. We were the title sponsor of the festival's 5th edition. The organisers gathered the best productions from around the world to teach about ecology and promote eco attitudes. The screenings were followed by discussions and other accompanying events.
- Festival of UnUsual Film-Meetings – we were the main partner of the event.
- BNP Paribas "Two Shores" – Art and Film Festival – is addressed to connoisseurs of cinema and other arts. The festival provides an opportunity to meet artists, stars and debutants. For the second year in a row, we were the title partner of the event.
- International Festival of Independent Cinema Mastercard OFF CAMERA – the largest festival of independent cinema in Central Europe. For the fourth time, we were the strategic partner of the event.
- Wajda Anew – a Suwałki film festival, sponsored by the Bank. Participants could admire an exhibition of Andrzej Pałowski's posters. The author created new posters for all 60 films by Andrzej Wajda. The exhibition visited Gdynia, Łódź and Inowrocław. In 2023, we will exhibit the works of Andrzej Pałowski in many Polish and European cities.
- BNP Paribas Academic Night Cinema – we were the main partner of the event. The 7th edition was the largest cultural project at the Wrocław University of Economics, carried out jointly with the Nowe Horyzonty Cinema.
- Cooperation with Cinema City – the largest multiplex network in Poland, with whom we have been cooperating since 2019. Currently, we are a partner of all IMAX cinemas in Poland and eight cinema screens in the largest Polish cities. We are also a partner of a film screening series for women – "Ladies Nights". The project takes place in 19 Cinema City theatres around the country.

Tennis events

We are part of the BNP Paribas Group, the largest tennis sponsor in the world. Tennis, next to cinematography, is the second most important pillar of the Group's sponsorship strategy. We are guided by the slogan #WeAreTennis. In 2022, we sponsored the following tennis tournaments in Poland:

- BNP Paribas Poland Open – the largest tennis tournament in Poland. We were the title sponsor of the event. The second edition of the WTA 250 tennis tournament took place on the courts of Legia Tennis & Golf in Warsaw. It was attended by the best players of the World Women's Tennis Association ranking, headed by Iga Świątek.
- BNP Paribas Business Cup 2022 – a series of tournaments for managers and business owners. For the third time, we were the title partner of the event. The tournament takes place in Warsaw, Poznań, Katowice and Gdynia.
- 15th Beskid Cup – Polish Artists' Tennis Tournament for the Bank Cup. It took place in Jaworze near Bielsko-Biała, on the courts of the SPA Hotel Jawor.

In June 2022, we also organised a series of tennis events for children – Tennis Children's Day. The events took place in Warsaw and Częstochowa. We invited children of our Premium Banking and Business Banking Customers to all-day activities promoting tennis.

BNP Paribas Young Talents

In 2022, we launched a new scholarship programme for young tennis players in Poland – BNP Paribas Young Talents.

Teenage tennis players in Poland could receive a scholarship from the Bank. The first edition of this new scholarship and development programme started on 1 July 2022 and lasted until the end of December. The initiative was announced on 28 May, during the Roland Garros tournament in Paris, where the first beneficiaries were presented. Thus, Poland has joined countries where the BNP Paribas Group has been running similar scholarship programmes for many years, under the slogan "Young Talents Team".

The Bank provides its scholarship holders with monthly financial support for the development of a professional career, as well as training, i.a. in public speaking, career planning, social media management, and cooperation with sponsors. Young tennis players can also gain the opportunity to participate in BNP Paribas



tournaments, e.g. on a wild card basis, as a sparring partner or participant in group training. The BNP Paribas Poland Open in July was such an opportunity.

The expert partner of the initiative is the Mariusz Fyrstenberg Tennis Foundation.

Cultural, economic and technological events

In 2022 we were the partner of many international business and technology events. Our representatives gave keynotes at conferences to share their knowledge, and good practices in management, finance, agribusiness, energy transformation and sustainable development. Some of the events are listed below:

- European Economic Congress in Katowice. 15,000 people attended the congress, including 9,000 in-person and 6 thousand online. Over 550 media representatives participated. 150 sessions were held with 1,000 panellists. We were the main partner of the event.
- European Forum for New Ideas in Sopot – one of the largest conferences in Central and Eastern Europe. The main topic of the meeting was the future of Poland, Europe and the world in times of great uncertainty. In 2022, we were the main partner of the event.
- European Financial Congress in Sopot. In 2022, discussions focused on the role and condition of the sector in times of uncertainty and responsible finance during the crisis. Topics related to the risk of war, the consequences of sanctions and the need to rebuild Ukraine's war-ruined economy emerged in sessions devoted to issues such as cybersecurity and technological development in finance as well as panels devoted to ESG issues and challenges related to rising inflation.
- Impact CEE in Poznań – is the most prestigious economic and technological event in Central and Eastern Europe, attended by top managers from the largest global companies, political decision-makers, regulators, top scientists and world-class experts. We were the strategic partner of the event. Bank representatives took part in 8 discussion panels.
- Infoshare in Gdańsk – is the largest technology conference in Central and Eastern Europe. The bank was a platinum partner of the conference.
- Open Eyes Economy Summit - International Congress of Value Economics in Krakow. The event is dedicated to an economy based on social values. In 2022,

we were the strategic partner of the event, and the expert partner of the "Green Deal – energy, food, health" path.



The Bank of Green Changes

[3-3] [Reducing the negative impact of operations on the natural environment]

Responsibility towards the natural environment is one of the Bank's commitments under the POSITIVE pillar of the GObeyond Strategy. For many years, we have been involved in counteracting climate change and minimising its effects. The Bank of Green Changes programme aggregates all of the organisation's initiatives for the natural environment.

The Bank of Green Changes programme consists of:

- constantly developing the offer of products and services that help our Customers transition to a low-carbon economy and green investments (described in the "Sustainable Finance" chapter),
- qualitative changes in the functioning of the organisation (so-called eco-improvements) minimising the negative impact of operations on the natural environment,
- educational activities addressed to employees of all Bank areas and external stakeholders and establishing partnerships as well as supporting pro-environmental initiatives.

Our priorities in minimising the negative impact of our operations on the natural environment are: reducing CO₂ emissions, implementing eco-improvements in the workplace, using energy from renewable energy sources and developing the Bank's eco-fleet.

Carbon footprint reduction

[305-5]

The financial sector is extremely important for financing the economy. Thus, it has an impact on the real economy's carbon intensity. With environmental impact in mind, the Bank has introduced a number of sectoral CSR policies and regulations regarding, i.a., mining, coal energy, the fuel sector (with regard to unconventional oil and gas resources), and the agri-food sector. All are aimed at reducing the emissions of the Bank's portfolio and the impact of investments on climate (e.g. by refusing to finance coal mining and steam coal combustion). Further details can be found in the "ESG risk management" chapter.

Operational steps taken by the Bank to reduce greenhouse gas emissions:

- Purchase of energy from renewable sources – in 2020, the Bank signed an agreement with Respect Energy for the purchase of energy. 100% of electricity purchased directly by the Bank stems from renewable sources.
- Minimisation of energy consumption – in addition to the use of renewable energy sources, we implement energy-saving solutions. We replace lighting with LEDs and install flow (instead of capacitive) water heaters, motion sensors, and heat recovery systems. We optimise activities in terms of the HVAC system (heating, ventilation, air conditioning).
- Photovoltaic installations at Customer centres – we assemble photovoltaic installations on buildings owned by the Bank.

- Fleet electrification – we replace cars in the bank fleet with hybrid or electric vehicles. Our goal, stated in the GObeyond strategy for 2025, is for all our cars to have a hybrid or electric drive..
- Reducing business travel – we analyse data on business travel year-on-year and strive to operate more efficiently, thus reducing the number of business trips.
- Bicycle infrastructure – we encourage employees to cycle to work. In the Bank's head offices, we have provided locker rooms with showers and car parks adapted to the needs of cyclists.

In 2022, in selected Customer Centres:

- we installed 10 more photovoltaic installations,
- we installed six heat pumps,
- fluorescent lighting was replaced with LED lamps in 180 branches,
- in the Warsaw Customer Center, we implemented the miniBMS system, which provides intelligent management of heating, ventilation and air conditioning.

[305-1] [305-2]

Table 14. Group greenhouse gas emissions from operations (market-based)

source of GHG emissions	emissions (tonnes of CO ₂ e)			
	2019	2020	2021	2022
Scope 1	6,094	5,249	5,289	6,518
Petrol	3,389	2,914	2,964	3,457
Natural gas	1,206	979	1,126	2,156*
Diesel	1,438	1,254	998	898
Heating oil	61	52	35	7
Refrigerants	-	50	166	0
Scope 2	13,158	3,614	5,172	4,250
Thermal energy	5,206	3,614	5,172	4,250
Electricity	7,952	-	-	-
Business trips**	897	486	331	771
Train	237	90	14	68
Private cars	189	245	279	179



source of GHG emissions	emissions (tonnes of CO ₂ e)			
	2019	2020	2021	2022
Plain	471	151	38	524
Scope 1+2	19,252	8,863	10,461	10,768
Scope 1+2+business trips	20,149	9,349	10,792	11,539

* A significant increase in the Group's natural gas consumption is due to gas heating at Campus Leszno. After the outbreak of the war in Ukraine, from the end of February to May 2022, many Ukrainian families (mainly employees of Ukrsibbank) found shelter in Campus Leszno: a total of over 160 people. This significantly increased the needs of the facility. Despite higher consumption, the reduction target for 2022 was achieved.

** In 2022, we observed a significant increase in business travel. The end of the pandemic offered an opportunity for employees from all areas of the Bank and the Group to hold a number of meetings to integrate and work closer together after a long period of working mainly remotely. In 2023, we are planning initiatives to raise employees' awareness of the environmental impact of business travel (especially by air) and to encourage a reduction in business travel.

Implementation of the GObeyond strategic goal (2022-2025)

2025 goal	Base year 2019	2022	2022 vs 2019
Reduction of CO ₂ emissions from operating activities - 55%	20,149	11,539	-43%

Table 15. The Bank's greenhouse gas emissions from operations (market-based)

source of GHG emissions	emissions (tonnes of CO ₂ e)			
	2019	2020	2021	2022
Scope 1	6,094	5,249	5,289	4,900
Petrol	3,389	2,914	2,964	3,165
Natural gas	1,206	979	1,126	964
Diesel	1,438	1,254	998	764
Heating oil	61	52	35	7
Refrigerants	-	50	166	-
Scope 2	12,890	3,581	5,113	4,142
Thermal energy	5,160	3,581	5,113	4,142

source of GHG emissions	emissions (tonnes of CO ₂ e)			
	2019	2020	2021	2022
Electricity	7,730	-	-	-
Business trips**	897	486	329	738
Train	237	90	14	68
Private cars	189	245	279	178
Plain	471	151	36	492
Scope 1+2	18,984	8,830	10,402	9,042
Scope 1+2+business trips	19,881	9,316	10,731	9,780

Method of presenting indicators:

- The Bank has adopted reporting periods consistent with those applied by the BNP Paribas Group. Data showing energy consumption, emissions and business trips cover the period from 1 November to 31 October of a given year (in this Report it is the period from 1 November 2021 to 31 October 2022).
- Conversion of fuel consumption into energy expressed in GJ was conducted with the employment of heating values published in the KOBIZE document "Heating Values and CO₂ Emission Factors in 2016 for reporting under the Emission Trading Scheme for 2020" and the analogous document for reporting emissions for 2022.
- Data regarding business trips are obtained from the internal records of the Bank.
- Emissions calculations were prepared in accordance with the following standards: The Greenhouse Gas Protocol A Corporate Accounting and Reporting Standard Revised Edition, GHG Protocol Scope 2 Guidance, and Corporate Value Chain (Scope 3) Accounting and Reporting Standard.
- The greenhouse gases identified and included in the calculations were CO₂, CH₄ and N₂O, which were expressed as CO₂ equivalents. No biogenic CO₂ emissions were identified.
- The reference point for reduction targets are the 2019 emissions, which was the first year when the new approach to calculating GHG emissions was adopted.
- The sources of emission factors were publications of KOBIZE (National Balancing and Emission Management Centre), the Energy Regulatory Office and the DEFRA (Department for Environment, Food and Rural Affairs, UK Government) database.
- The 'refrigerants' category includes R410A and R32 in 2020 and R410A and R422D in 2021 as reported to the CRO (Central Register of Operators) and converted according to GWP (Global Warming Potential).
- As a criterion for the consolidation of emission volumes for the Capital Group, a financial control criterion was adopted, which means that 100% of the company's emissions were attributed to the Group.
- In 2021, emissions from fuel combustion by the fleet and subsidiaries' business trips were included for the first time. This change has no significant bearing on the result.
- Emissions caused by electricity production were calculated using the market-based method. For the energy mix, an average indicator for Poland was used due to the lack of information about individual energy suppliers at particular locations; for energy from renewable sources with guarantees of origin, an indicator of 0 kg CO₂e/kWh was used.



Sustainable IT initiatives

One of the key objectives of GObeyond Bank's business strategy is to reduce CO₂ emissions from operations. We also take into account the reduction of the CO₂ footprint associated with digital channels, marketing activities, communications and IT processes.

Table 16. Energy and fuel-related emissions not included in Scope 1 and 2 (upstream)

	2022
Emissions resulting from the use of the Data Centre (tonnes of CO ₂)	948

Method of presenting indicators:

- The value represents the emissions resulting from the production of the electricity used.
- The energy consumption information is derived from the submitted invoice data from the supplier under the "IT Equipment Co-location Service Agreement".
- The emission factor published by the energy vendor was used in the calculation. Due to the lack of publication of the current emission factor for 2022 (the factor will be published at the end of March 2023), the 2021 emission factor has been used for the calculation.
- Electricity covered by RES Guarantees of Origin, according to the standard, is zero-emission.
- The calculation excludes WTT emissions, i.e. emissions related to the production of energy lost during transmission and resulting from the production of fuels used to generate electricity

The GO Cloud initiative, as part of the IT@Scale strategy, has environmental objectives in addition to the Bank's technological transformation:

- moving part of our IT ecosystem to the cloud and partnering with suppliers that have zero carbon footprint data centres (certified by renewable energy certificates) will allow us to reduce our carbon footprint in the energy supply chain for hardware by 20%,
- upgrading, consolidating and virtualising equipment in the Data Centre (which in 2022 translated into 25% energy savings),
- Shifting our equipment management to a circular economy approach. We want to track the life cycle of our equipment to reduce the amount of waste generated during the equipment life cycle (e.g. reuse of IT equipment). In 2022, employees bought back more than 600 pieces of IT equipment (mobile phones, laptops, PCs, monitors) as part of the implemented policy. We also donated more than 200 pieces of IT equipment (monitors, PCs, laptops, printers) to public benefit units,
- Definition of environmental criteria for IT purchases - in the tendering procedures for New Technologies and IT Support, energy consumption criteria were introduced into the qualitative elements of the evaluation, e.g. in the procedure for disk arrays, the weight of the indicator in the area of energy demand (power and cooling) was 10%,
- IT, equipment that is unusable is transferred to a specialised company for disposal. In 2022, we handed over 6,500 pieces of IT equipment to Elektrozlom.pl,
- use of certified and recycled paper for the Bank's printing equipment and mass mailings

Car fleet

We increased the number of ecologically powered cars by another 200. Currently, our eco-fleet consists of 606 cars, including 592 hybrid cars and 10 fully electric cars.

Table 17. The Bank's car fleet

	Number of cars	Percentage
Petrol	620	45%
Diesel	160	11%
Electric	10	1%
Hybrid	596	43%
Total	1,386	100%

Electric cars will be increasingly popular – both at the Bank and among our Customers. Therefore, our head offices in Warsaw, Krakow and Ruda Śląska are equipped with electric chargers. In total, we have 12 chargers capable of charging 22 cars at the same time. In 2023, we want to install 9 more stations with 16 charging points.

In 2022, we adopted the Fleet Electrification Policy, according to which the Bank's entire car fleet will be replaced with electric or hybrid cars. We also conducted the first Electric Safe Driving Academy in the history of our Bank. Guided by experienced instructors, our employees could learn how to safely drive electric cars. The Bank also received the "Company most involved in driver education" award from the Polish Vehicle Rental and Leasing Association.

Other initiatives for electro-mobility:

- We celebrate Car-Free Day, which is an opportunity to promote ecological means of transport.
- We promote the carsharing service as an equivalent of a company car for employees.
- We implement the Bicycle to Work campaign, which provides employees with guarded bicycle parking lots and showers at the Bank's head offices. We have also provided our employees and Customers with access to bicycle racks in front of most branches.

Energy

[302-4]

Selected Bank initiatives related to reducing the consumption of energy and natural resources (water, gas):

- LED lighting in outdoor signage,



- replacement of lighting with LED lamps in 90% of Customer centres,
- successive replacement of capacitive water heaters in facilities without access to hot water from the water supply network,
- photovoltaic installations in 10 facilities,
- a pilot eco-branch (EKO-BRANCH initiative) with an HVAC management system and eco-lighting,
- pilot miniBMS installations to manage HVAC and lighting installations in branches,
- optimisation of BMS settings in central locations.

[302-1]

Table 18. Energy consumption (own production or purchased) in the Group

Group	2019		2020		2021		2022		
	MWh	GJ	MWh	GJ	MWh	GJ	MWh	GJ	
Purchased thermal energy, including:	-	54,025	37,509	-	53,594	-	44,201		
Heat from RES	-	75	62	-	2,108	-	2,546		
Purchased electricity, including:	27,601	99,364	22,878	82,362	21,672	78,020	19,052	68,587	
Electricity from RES with guarantees of origin	16,620	59,832	22,878	82,362	21,672	78,020	19,052	68,587	
under contract with Respect Energy (from 2021)					13,242	47,671	15,046	54,166	
other guarantees of origin					8,429	30,344	4,006	14,422	
Total	-	153,389	-	119,871	-	131,614	-	112,788	
Non-renewable sources		93,482	37,447		51,486		51,655		
Renewable sources		59,907	82,424		80,128		71,133		

Implementation of the GO beyond strategic goal (2022-2025)

2025 goal	Base year 2019	2022	2022 vs 2019
Reduction of electricity consumption - 35%	153,389	112,788	-27%

Table 19. Energy consumption (own production or purchased) at the Bank

Group	2019		2020		2021		2022	
	MWh	GJ	MWh	GJ	MWh	GJ	MWh	GJ
Purchased thermal energy, including:	-	53,547	-	37,170	-	52,982	-	43,143
Heat from RES	-	75	-	62	-	2,005	-	2,546
Purchased electricity, including:	27,295	98,262	22,651	81,543	21,385	76,985	18,562	66,823
Electricity from RES with guarantees of origin	16,620	59,832	22,651	81,543	21,385	76,985	18,562	66,823
under contract with Respect Energy (from 2021)					13,064	47,030	14,881	53,572
other guarantees of origin					8,320	29,952	3,681	13,251
Total	-	151,809	-	118,713	-	129,967	-	109,966
Non-renewable sources			91,902		37,108		50,977	
Renewable sources			59,907		81,605		78,990	

Method of presenting Indicators:

- The environmental data for the Bank and the Group are similar because the activities of subsidiaries are carried out in facilities rented by the Bank (except Campus Leszno Sp. z o.o.).
- Consumption data are obtained based on invoices from suppliers of individual utilities. In the absence of source data, they are estimated based on analogous locations where source data is available.
- The Bank has adopted reporting periods consistent with those applied by the BNP Paribas Group. Data on energy consumption and emissions cover the period from 1 November to 31 October of a given year (in this Report it is the period from 1 November 2021 to 31 October 2022).
- Conversion of fuel consumption into energy expressed in GJ was conducted with the employment of heating values published in the KOBIZE document "Heating Values and CO2 Emission Factors in 2016 for reporting under the Emission Trading Scheme for 2020" and the analogous document for reporting emissions for 2022.



Fuel consumption in the Group in 2022

The increase in the Group's fuel consumption in 2022 is a result of an increase in business travel and the need for increased gas use at the subsidiary Campus Leszno (accommodation for refugees from Ukraine). A relevant explanation is provided in the chapter 'Reducing carbon footprint'.

Fuel type	2021		2022	
	consumption	[GJ]	consumption	[GJ]
Petrol	1,278,866 litres	42,774	1,491,606 litres	49,889
Natural gas	556,619 m ³	20,339	1,066,521 m ³	38,992
Diesel	372,711 litres	13,462	335,429 litres	12,116
Heating oil	12,934 litres	446	2,000 litres	69
Total	-	77,021	-	101,066

Method of presenting indicators:

- The consumption of fuels in the Bank and the Group is identical because the activities of subsidiaries are carried out in facilities belonging to the Bank (except Campus Leszno Sp. z o.o.).
- Consumption data are obtained based on invoices from suppliers of individual utilities. In the absence of source data, they are estimated based on analogous locations where source data is available.
- The Bank has adopted reporting periods consistent with those applied by the BNP Paribas Group. Data on energy consumption and emissions cover the period from 1 November to 31 October of a given year (in this Report it is the period from 1 November 2021 to 31 October 2022).
- Conversion of fuel consumption into energy expressed in GJ was conducted with the employment of heating values published in the KOBIZE document "Heating Values and CO₂ Emission Factors in 2016 for reporting under the Emission Trading Scheme for 2020" and the analogous document for reporting emissions for 2022.

Table 20. Total energy consumption at the Group

	[GJ]
Energy consumption (own production or purchased)	112,788
Fuel consumption	101,066
Total, including	213,854
Non-renewable sources	142,721
Renewable sources	71,133

Water

[303-3]

Water used in the Bank comes from water supply networks and is discharged into sewage systems after use. Our needs are limited to household purposes (food and hygiene), so the scale of consumption does not generate a significant negative environmental impact. Nevertheless, for a number of years, we have consistently been implementing solutions that reduce

water consumption. We have installed e.g. aerators in water taps, as well as motion sensors and electronic washing programmes that significantly reduce water consumption in the Bank. The increased popularity of remote and hybrid work has also affected the reduction of water consumption.

In 2022, we changed the approach to cleaning company cars by implementing an innovative programme of hand car-wash services. Already during the test phase, it saved 253,000 litres of water and reduced CO₂ emissions by up to 2.9 tons.

Table 21. Water consumption in the Group

Group	2019	2020	2021	2022
Water consumption (m ³)	81,222	59,754	49,353	47,523

Table 22. Water consumption at the Bank

Bank	2019	2020	2021	2022
Water consumption (m ³)	79,015	57,642	47,260	44,751

Method of presenting indicators:

- The Bank has adopted reporting periods consistent with those applied by the BNP Paribas Group. Data on energy consumption and emissions cover the period from 1 November to 31 October of a given year (in this Report it is the period from 1 November 2021 to 31 October 2022).

Materials and waste

Minimising plastic consumption

Chosen Bank initiatives to reduce plastic consumption:

- In 2019, we decided not to order disposable plastic accessories or plastic water bottles.
- We use water dispensers, carafes and glasses.
- In canteens, we promote the use of private containers and use biodegradable or compostable cutlery and packaging.
- We minimise plastic packaging in vending machines at our branches.
- We have significantly reduced the production of marketing gadgets. We use the available resources. Whenever we decide to produce new marketing gadgets, we cooperate with suppliers to create useful items rather than mere brand carriers.
- We reuse old promotional materials – e.g. roll-ups are recycled into bags, placards and other accessories.
- We use ecological foil for advertisements in the windows of our branches – it is PVC-free and does not contain chemicals harmful to the environment. Old foil is recycled.



Minimising paper consumption

Chosen Bank initiatives to reduce paper consumption:

- We cooperate with suppliers to ensure that all mass correspondence to our Customers as well as marketing materials are printed on certified, recycled paper.
- At the Bank's headquarters, we use eco-friendly paper with a reduced grammage.
- We limit the printing of electronic correspondence and encourage Customers to use digital documents (e-correspondence).
- Every year we digitise more and more processes.
- We use the Autenti platform for electronic contract signing and digital document circulation.

By using the Autenti platform, we signed 643,000 documents electronically (paperless) in 2022 (5% more than last year), which is approximately 1.4 million sheets of paper saved.

Table 23. Purchase of paper in the Group and the Bank in 2022

	Group	Bank
Paper purchase (in tonnes)	247.62	238.02
share of certified and recycled paper	96.5%	96.6%

Table 24. Purchase of paper at the Bank in 2019-2022 (in tonnes)

	2019	2020	2021	2022	2022 vs 2019
Paper used for internal operations	233.44	178.85	126.44	122.42	-48%
Paper used for marketing purposes	107.79	52.74	60.67	42.49	-61%
mass correspondence	70.50	128.16	114.42	70.50	0%
Other	27.58	9.56	1.96	2.61	-91%
Paper purchase (in tonnes)	439.31	369.30	303.49	238.02	-46%

Waste segregation

In 2021, waste was segregated in 42% of the Bank's locations, in 2022 this ratio increased to 85%. Waste is sorted in all of the Bank's Head Offices and 359 Customer and business centres.

Waste segregation initiatives:

- Coffee grounds recycling - as of 1 August 2022, we have started a pilot collaboration with EcoBean, a startup that recycles coffee grounds into reusable products: straws, cups or pots. The pilot involves collecting coffee grounds from coffee machines at the Bank's headquarters at 2 Kasprzaka Street in Warsaw,
- automatic segregation at the Bank's headquarters - the Bin-e is an intelligent waste container that automatically recognises, segregates and compresses waste
- segregation of electro-waste - containers in the Bank's head offices for batteries, light bulbs, caps, small electrical appliances,
- handing over 1,800 pieces of office furniture in partnership with charitable institutions.



Pillar STRONGER

Pillar description

Dynamic and, primarily, effective growth will not be achieved without the improvement of internal processes and large-scale transformation of the IT area, using modern IT technologies such as cloud computing and open banking. The Bank plans to invest a total of around PLN 1.5 billion in technological improvements to support business growth and double 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 foundation of a modern digital bank and enables it to go beyond traditional banking services.

The Bank will introduce a new operating model focused on quality and optimise all 38 key end-to-end processes. As at the time of publication of the strategy, the optimisation of nine of these has already begun. This will make use of process mining tools, robotic process automation (RPA) and artificial intelligence.

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

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

Strategic commitments and their implementation

Indicator	2025 strategic goal 2025	2022 execution
Total investment in technology by 2025	PLN 1.5 billion	PLN 350 million
Optimisation of all key end-to-end processes	38 processes	19
Increase in efficiency of operations [vs 2021]	>10% per year	+23%
Number of use cases using artificial intelligence or advanced data analytics	>200	58

Digitisation and innovation - IT strategy

Implementation of the IT Strategy

In 2022, the Bank launched its GO Beyond strategy with the goal of becoming the digital bank of the future; it launched extensive activities in the technology area, formulating them into strategic actions called IT@Scale.

These activities have been grouped into eleven initiatives, the leading one being the GO Core initiative modernising the central system environment, which is the hub of the enterprise architecture, providing services to the entire bank in a 24/7 working model. A comprehensive approach has been applied, taking into account the fact that the environment consists of many integrated elements. Hence, as part of the GO Core initiative, not only was the modernisation of the central system initiated, but also the target architecture of the payment system, the target architecture of the Customer data platform and the delivery of the PoC (Proof of Concept - pilot solution) of the product platform - the repository of all active individual and corporate Customer loans.

The IT@Scale strategy addresses both strictly infrastructural and process areas, as well as issues related to the development of employee competencies and the acquisition of IT experts from the demanding external market. All activities are subordinated to the idea of partnership between IT and business units in the model of agile activities, addressing flexible product development and modern, multi-channel Customer service.

Implementation of IT@ Scale strategy in 2022

INITIATIVE	Deep transformation of the core banking ecosystem (GOcore)
INITIATIVE DESCRIPTION	<p>The transformation of the core banking ecosystem is a comprehensive redesign of the Bank's application architecture in terms of the central system and the directly related systems. The aim of the transformation is to reduce time-to-market, increase the efficiency of IT solutions and reduce operational risk by:</p> <ul style="list-style-type: none"> implementing IT platforms - scalable and re-usable across business domains (in terms of payments, products and Customer data) reducing business logic and dependencies between the central system and other IT systems
ACHIEVEMENTS	<ul style="list-style-type: none"> development of a target architecture for the payment and Customer data platform, together with the design of an MVP - the first functional scope to be implemented in the following year introduction of a number of improvements and optimisations to the core system's operations, including, among others, a new front-end for users automating operations, enabling the offering of instant transfers and BLIK P2P operations, and making branch opening hours independent of core system processing
KEY FIGURES	<ul style="list-style-type: none"> 30% reduction in day and month processing in the central system automatic processing and control in KYC processes at level 37



INITIATIVE		Increasing the maturity of management processes and IT services (Hyperautomation)	
INITIATIVE DESCRIPTION	Increasing the maturity of management processes and IT services, through optimisation, standardisation and automation		
ACHIEVEMENTS	<ul style="list-style-type: none"> • standardisation and automation of incident and problem management processes using the advanced Service Now tool • extending system availability management processes to ensure fault-free operation, based on the top-of-the-line Dynatrace solution • automation of regression testing for mobile and online banking 		

INITIATIVE		Data platform development (GOdata)	
INITIATIVE DESCRIPTION	Enhancing and implementing data solutions to create a scalable and secure cloud-ready platform, providing consistent and integrated data and providing analytical capabilities available to the whole Bank		
ACHIEVEMENTS	<ul style="list-style-type: none"> • construction of a Disaster Recovery solution guaranteeing the protection of central system data in case of failure. The solution relies on a new generation database platform - Oracle Exadata 		

INITIATIVE		Building digital competences (Engineering Culture)	
INITIATIVE DESCRIPTION	Building the Bank's digital competencies through innovative reskilling and upskilling programmes and promoting awareness of new trends and technologies		
ACHIEVEMENTS	<ul style="list-style-type: none"> • conducting an innovative "I can do IT" reskilling programme dedicated to employees aged 50+, enabling them to start a new career path in new technologies, in the role of manual tester. • building an upskilling programme on new technologies - UniversITy, with in-house IT experts as trainers. • organising two technology events for the Bank's employees - "GOtech Week", during which the most relevant trends in the new technology market are discussed • extensive presence of the Bank at the most important technological events on the Polish and European market - Code Europe, Confidence, InfoShare, Confitura, The Hack Summit 		
KEY NUMBERS	<ul style="list-style-type: none"> • approx. 20% of the Bank's employees built digital competences in the first two editions of the UniversITy Programme • 100% of participants in the IT can do IT programme have obtained the international certificate confirming tester competences - ISTQB 		

INITIATIVE		Cloud transformation (GoCloud)	
INITIATIVE DESCRIPTION	Building and consistently implementing a hybrid-multicloud environment based on leveraging the benefits of the private and public cloud to ensure scalability of IT services and access to the latest tools and technologies		
ACHIEVEMENTS	<ul style="list-style-type: none"> • developing the foundations for public cloud adoption, by building a Google Cloud Landing Zone configuration • development of private cloud solutions (including Service Now) 		

Online and mobile banking

In 2022, the Bank continued the intensive development of remote channels, implementing a number of functionalities aimed at strengthening its competitive position, reducing the cost of providing services and increasing the quality of Customer service while ensuring the highest security standards.

In addition, in view of the dynamic political and economic situation, the Bank's activities in the area of online and mobile banking also focused on maximising the support of Customers in remote access to banking services and products.

The Bank has consistently introduced further self-service processes to its e-banking offerings, so that Customers can meet their most important needs on a daily basis without having to visit a branch - from applying for additional products to after-sales service - from any device and at their convenience.

Key changes in systems and offerings for retail Customers in 2022

Payments

- Extension of Express Elixir transfers to 24/7 service
- BLIK mobile money transfer
- Foreign transfer in GOMobile
- Tax transfer in GOMobile
- Charity transfer (help Ukraine, Noble Gift)

Loans and cards

- Presentation of information on loans at the end of the repayment period
- Possibility of terminating a credit card
- Repayment of the card and instalments using BLIK
- Implementation of credit holiday service
- Complete repayment and overpayment of cash and instalment loans in GOMobile



Key changes in systems and offerings for retail Customers in 2022

Investments and savings

- New layout of the "investments" tab, which will make it easier for Customers to handle investments
- Deposit for new funds
- Retention deposit

Polish Development Fund Financial Shield

- Enabling a subsidy-related applications under Shield 2.0. for Micro Customers in GOonline

Customer details / Customer

- UX changes for GOMobile application activation
- Darkmode for GOMobile application
- Identity verification during a Call Centre call via GOMobile
- Application 400+ - family care capital
- Adaptation of 500+/300+ applications to new requirements (also for Ukrainian Customers)
- Integration with beWealth application for Wealth Management Clients
- Password reset for non-residents
- Balance after transfer in transaction history

Accounts and cards

- Account aggregator - providing the ability to view balance and transaction history from accounts at other banks
- Promotion "mamBilet" and streamlining of account opening under the promotion via GOMobile
- Account for Ukrainian citizens
- Virtual card in the account opening process for new Customers

Security

- Behavioural analysis - additional advanced anti-fraud security analysing how the Customer behaves on GOonline, which notifies IT Security in case of deviation
- Implementation and promotion of a mobile token
- Trusteer - promotion of plug-in installation
- Messages from niebezpiecznik.pl

The basis for building development plans in the area of online and mobile banking is the Customers' voice. Regular feedback, e.g. through a Customer satisfaction survey, makes it possible to more efficiently identify the advantages and disadvantages of the services offered and to better understand individual Customer needs.

Customer security is a fundamental element of the Bank's e-banking development strategy, which is why the GOonline system has been enhanced with additional mechanisms to prevent the possible consequences of unauthorised access and campaigns promoting modern authorisation methods and responsible use of remote channels.

Table 25. Retail Customers' data

specification	system name	31.12.2022	31.12.2021
Number of Customers/users using online banking	GOonline	743,151	790,012
Average number of transactions per month in the Internet channel	GOonline	3,123,013	3,378,491
Number of Customers / users using the mobile application (GOMobile)	GOMobile	1,094,963	911,142
Number of Customers / users using mobile banking (mobile device)	GOMobile + GOonline	1,232,702	1,078,048
Number of Customers / users using <u>only</u> the mobile application (GOMobile)	GOMobile	742,348	591,801
Number of Customers/users using <u>only</u> mobile banking (mobile device)	GOMobile + GOonline	861,686	708,876

Key changes in systems and offerings for business Customers in 2022

- January 2022 - transfer of the Applications module from the old version of the system (BiznesPl@net) to the new version of GOonline Business Applications and instructions
- April 2022 - closing the "old" Applications module in BiznesPl@net and making the new cash handling applications available
- October 2022 - pilot launch of new modules Payments/Contractors and Statements in GOonline Business
- December 2022 - adjusting the system to make the new Deposits module available to all GOonline Biznes Customers in January 2023

Table 26. Corporate and SME Customer data

specification	system name	31.12.2022	31.12.2021
Number of Customers actively logging on	GOonline Biznes	142,637	145,194
Average number of transactions per month	GOonline Biznes	6,405,991	5,999,966
Number of Customers/mobile application users	GOMobile Biznes	23,086	17,034



Bank cards

In terms of issuing and processing payment cards, BNP Paribas Bank Polska S.A. cooperates with Mastercard and Visa. The card portfolio includes debit cards, credit cards and deferred payment cards.

As at 31 December 2022, the number of cards issued amounted to 2,561,500, which was 13,900 more than in the same period last year. The recorded increase in debit cards is mainly due to the Bank's very popular offer:

- My Premium Account opening with a dedicated My Premium Card or Multivalue Card,
- Konto Otwarte na Ciebie (Account Open for You) with the possibility of issuing 4 cards (Karta Otwarta na Dzisiaj (Open Card for Today), Karta Otwarta na eŚwiat (Open Card for the World) and Multi-Currency Card,
- Family Banking offer - Karta do Dorosłości (Adult Card) issued to persons aged 13-18, Karta Samodzielniaka (Self-dependent Card) and Microcard Samodzielniaka (Micro self-dependent Card) issued to children aged 7-13.

Within My Premium Account and Open Account for You, in addition to the physical version of the card, a mobile card can also be obtained. In addition, a very large group of Ukrainian Customers took advantage of the Bank's offer in 2022.

Table 27. Number of bank cards issued by the Bank

thousands of pieces	31.12.2022	31.12.2021	change y/y	
			thousands of pieces	%
Retail Customers' debit cards	1,654.3	1,538.2	116.1	7.5%
Retail Customers' credit cards	691.8	800.2	(108.4)	(13.5%)
Business debit cards	202.6	196.0	6.6	3.4%
Deferred payment business cards	8.0	7.7	0.3	3.9%
Business credit cards	4.8	5.5	(0.7)	(12.7%)
Total	2,561.5	2,547.6	13.9	0.5%



Supporting innovation

[3-3] [Digitisation of banking services and products], [Offering innovative banking services and products]

An Open Innovations Bureau operates in the Bank. It supports product development and increasing innovation and technological sophistication.

The team's main tasks are:

- support the Bank's units in sourcing and testing innovative solutions from startups and scaleups,
- assessing the potential and feasibility of implementing the innovations presented,
- identifying new business models,
- educating and inspiring Bank units on innovative solutions,
- implementing and banking for innovative companies.

The Open Innovations Bureau collaborates with all the Bank's units and with the New Technology and Cyber Security Area. Together, they develop new products and promote the spirit of innovation. The team looks for interesting solutions, follows market trends and then proposes interesting processes and products to the Bank.

To ensure that new products and services respond to the challenges of environmental and social sustainability - the Open Innovations Bureau works closely with the Sustainability Area and the Sustainability Community.

The Bureau's team has developed an Office Hours process for the Bank (a proprietary process for sourcing and adapting innovations), which from 2019, significantly simplifies internal procedures and increases the Bank's chances of sourcing cutting-edge technological solutions. The Bank is constantly evolving to establish business relationships with innovative young companies.

More information can be found at: <https://www.bnpparibas.pl/innowacje/wdrazamy>.

The 2022 subsequent editions of Office Hours (more than 20 are behind us now) have taken place. As part of the latest edition of Office Hours (OH), the Bank looked for solutions to support our corporate Clients in calculating (scope 1 and 2, eventually also scope 3) and reducing their carbon footprint. During the OH, experts from the Bank looked at thirty innovative solutions from Poland and abroad, at different stages of development. The best performer at the first stage of the discussions was Polish startup Envirly, whose solution will be tested on a selected group of the Bank's Customers in early 2023.

Startup developments with positive impact in 2022

Collaboration with Bine-e start-up

Implementation of a smart waste bin from Bin-e at the Bank's Head Office at Kasparza Street no. 2 in Warsaw. Bin-e's solution is an AI-based smart waste bin for public places to simplify recycling. It automatically sorts and compresses waste, monitors fill levels and processes data for convenient waste management. More information can be found at: <https://www.bine.world/>

Collaboration with EcoBean start-up

As of 1 August 2022, we have started a pilot collaboration with EcoBean, a startup that recycles coffee grounds into reusable products: straws, cups or pots. The pilot includes the collection of coffee grounds from coffee machines at the Bank's headquarters at Kasprzaka Street no.2 in Warsaw. More information can be found at: <https://ecobean.pl/>

Initiatives to promote innovation

Positive Impact Ecosystem

The Bank has been co-developing the "Positive Impact Ecosystem" project with the Kozminski Business Hub for years. In 2022, the Kozminski Business Hub published another report "Positive Impact Startups. Radical Social Innovation", of which we again became a partner.

The project identified 21 of the most innovative startups working towards the UN Sustainable Development Goals. These are companies and organisations that respond to social and environmental challenges and provide a high level of organisational integrity and efficiency. More information can be found at: <https://kozminskihub.com/raport-startupy-pozytywnego-wplywu/>

Workshops on innovative business models

As part of its activities to promote innovation, the Open Innovations Bureau's team also organised three workshops on innovative business models for selected risk teams. More than 40 people took part in the trainings. These trainings were conducted by Agnieszka Lewandowska, a recognised trainer and consultant in Lean Startup and Business Model Canvas methods. Thanks to these meetings, it was possible to develop knowledge in the field of business models among people in contact with startups, which will allow them to gain a deeper understanding of the differences between standard companies and startups.

Partnerships

In 2022, the Open Innovations Bureau intensively established new partnerships and continued previously started collaborations, making the Bank one of the most recognised financial institutions in the startup ecosystem, which translates into attracting potential prospects among technology companies.



Partnership	Description
Startup Poland	The Bank became the main partner of the Polish Startups 2022 report - the most prestigious report examining the standards of startups in Poland. Thanks to this partnership, specialists from the Open Innovation Bureau took part in a number of supporting activities.
Fintech Poland	In 2022, we joined the Think Tank Fintech Poland partners, dedicated to spreading knowledge about fintech in Poland, which also undertakes a number of networking and development initiatives for the industry.
Deep Tech Summit	Conference organised for the first time in 2022, of which we were the main partner. The conference is the first one that focused on the topic of high-tech growth companies. The conference attracted more than 300 people, including academics, entrepreneurs and investors.
infoShare	The largest technology and business conference in Central Europe. The Bank once again joined the ranks of the most important partners of this conference. Our representatives led three speeches and were on the jury of the startup competition, where the main prize was EUR 25,000. The conference was attended by more than 6,000 people.

New financial services

In 2022 the Open Innovations Bureau also launched a financial service aimed at innovative technology companies. By developing a specialised credit policy, it was possible to offer different types of financing to young, fast-growing technology companies. Despite the short time the product has been offered, more than a dozen loan agreements have been signed and dozens of new accounts have been opened, with a list of potential Customers including more than 100 companies.

As part of the development of banking services for innovative companies, we focus on building long-term relationships - both with innovative companies and their investors.

Cybersecurity

The Bank continued its activities aimed at increasing the level of cybersecurity and building awareness of cyber threats and solutions among employees and Customers. Among the activities carried out were webinars and e-learning training for employees and awareness campaigns for Customers implemented through the Bank's website and as social media.

Following the outbreak of war in Ukraine, the Bank implemented additional cyber security solutions and increased monitoring of ICT infrastructure.

Implementation of the Strategy in 2022

INITIATIVE	Secure Tomorrow
INITIATIVE DESCRIPTION	Strengthening the cyber security
ACHIEVEMENTS	<ul style="list-style-type: none"> • construction of CyberBunker - a solution to protect critical applications from cyber-attacks by creating isolated copies of data • launch of a Security Operations Center monitoring the Bank's cyber security 24/7 • securing digital channels (GOonline, GOMobile) against volumetric attacks • increasing the security of the software development process - using dedicated application security tools • automation of security tests of IT infrastructure - acceleration of identification and reaction to threats in the area of known security vulnerabilities • increasing the security level of the central system through the introduction of a system of automatic security audits of the configuration and monitoring of rights changes
KEY NUMBERS	<ul style="list-style-type: none"> • achieving Moody's "BitSight" security rating of 810

Our work on cyber security has been recognised by external bodies, as evidenced by the awards and certifications we have received:

- distinction for BNP Paribas Bank Polska within the 13th edition of the Golden Banker ranking for good practices regarding the security of electronic banking systems;
- distinction within the 20th edition of the Gazeta Bankowa Monthly's Technology Competition Leader of the Year 2021 in the Banking category for the implementation of 2FA by Secfense - the Shortest Path to Zero Trust Security;
- recertification of the ISO27001 standard and receipt of ISO22301 (Business Continuity Management) certification;
- positive assessments from audits by the FSA and the BNP Group internal audit.



Pillar TOGETHER

Pillar description

The bank is convinced that an engaged and satisfied employee guarantees a high level of Customer satisfaction. Therefore, it will be crucial to provide an environment that supports the development of employees, their activity and creativity, but also accepts mistakes resulting from testing bold, non-standard solutions. To this end, since the middle of last year, the Bank has been promoting values (Transparency, Simplicity, Courage, Collaboration, Empowerment) among its employees, the application of which in our daily work will enable us to respond dynamically to changing market conditions and contribute to the effective realisation of our strategic ambitions.

To ensure a more flexible operation and better alignment of products and services with Customers' expectations, the Bank started operating under a new working model, known as Agile@Scale, from the beginning of 2022. This is a modern, agile way of operating with a high level of employee autonomy and decision-making. The number of permanent employees working in this format will be maintained above 1,300.

Strategic commitments and their implementation

Indicator	2025 strategic goal	execution 2022
Participation of women on the Bank's Management Board [vs 2021: 22%]	30%	22%
Reducing the pay gap between women and men [vs 2021: 7.3%]	<4,0%	6.5%
eNPS - Net Promoter Score of employees [vs 2021: -9]	20	18
People working within Agile@Scale	>1 300	~1,400

Good place to work

[3-3] [A friendly workplace, responsible employment management]

Agile@Scale – new operational model

In July 2020, the Bank's Management Board decided to launch an Agile@Scale transformation, which is operational from 1 January 2022. The Agile@Scale transformation covers the part of the organisation responsible for product development and implementation (business, IT, support roles). The bank is now organised around products responsible for end-to-end IT processes and systems.

The new Agile@Scale operating model was implemented in January 2022 and approximately 1,300 people were covered. The implementation of Agile@Scale required a transformation of the organisational structure resulting in the creation of new units of 16 Tribes, five IT areas, 54 Products and 56 Chapters. In 2022, we have started to test a model that goes beyond agile in Retail distribution network and in HQ. The pilot involves around 100 FTEs and will be continued in 2023.

By implementing the Agile approach, the Bank aims to achieve the following objectives:

- **FASTER** - by responding more quickly to changing Customer needs and market conditions, as measured by the change in the Time to Market index, which shows how quickly we are able to implement new solutions
- **BETTER** - by providing innovative, high-quality products and services based on Customer needs, as measured by the change in the NPS indicator, which shows how Customers recommend the bank:
 - Retail and Business Banking and Personal Finance (Group benchmark) from 9th (2021 base) to 7th place in the market in 2022,
 - Small and Medium Business Banking (Group benchmark) from 7th (2021 base) to 6th in the market in 2022,
 - Corporate Banking (local bank survey) from 23.1 (2021 base) to 27.0 in 2022.
- **HAPPIER** - by engaging employees, improving their competences and attracting and retaining talent. The Pulse Check employee survey shows significant improvements at bank level for almost all metrics, and Agile@Scale contributes to this. In particular, the eNPS has improved from -9 to 18; the engagement rate from 63 to 77%.

GO beyond's strategy for 2022-2025 is implemented in the Agile@Scale operating model using new methods for setting and tracking OKR (Objectives and Key Results) targets. Cross-cutting initiatives are coordinated by Tribes in strategic areas. For example, the Bank is developing its ecosystem (Open Banking Tribe, fast buying process, specific banking offering) to become the main bank of innovative companies in Poland.



In 2022, the main focus was the maturity of the Agile@Scale target operating model. Stakeholder feedback was continuously collected and maturity assessments were conducted at the level of each Tribe unit. Several obstacles were identified as a result of these assessments. In 2023, we plan to focus on eliminating the top ten obstacles and extension of Agile@Scale to IT operations for IT.

Employees relations

We want to build an organisation that is an exceptional place to work, one that provides a high standard of leadership and where employees are aligned around the organisation's core competencies and values. While attracting the best candidates from the market, we also nurture motivation and performance among existing employees. We develop leadership and future competences among our employees, enabling them to find their way and continuously develop in digital and changing times.

The most important documents formally defining the Bank's personnel policy are:

- Company Collective Labour Agreement for Employees of BNP Paribas Bank Polska S.A. (in 2022, 99% of employees were covered by it),
- Employee remuneration policy of BNP Paribas Bank Polska S.A.,
- Regulations of work at BNP Paribas Bank Polska S.A.,
- Remuneration Policy for persons with significant influence on the risk profile of BNP Paribas Bank Polska S.A.

[402-1]

Projects and initiatives implemented in the area of human resources management are monitored through cyclical reviews with the area's management team, all projects having their indicators monitored. In addition, key projects in the area of human resources management are presented and discussed by our Bank's Board of Directors on an ongoing basis. We also employees for feedback on these activities through company-wide surveys and polls. The Bank's employees are informed a minimum of two weeks in advance of major operational changes that could have a significant impact on them.

To adapt the Bank's business model to the changing business environment, a programme of group redundancies for 2021-2023 was announced in December 2020 in consultation with the Trade Unions. In addition, in order to mitigate the social impact of the group redundancies, the Bank agreed with the Trade Unions to pay additional compensation and other elements of social protection, in addition to the statutory severance payments due to the redundant employees and launched a Voluntary Redundancy Programme. In 2022, the Group Redundancy Programme and the Voluntary Redundancy Programme continued.

[2-30]

99% of employees in the Capital Group and the Bank are covered by collective agreements. The application of the collective agreement was excluded entirely with regard to: employees who are members of the Bank's Management Board, the Chief Accountant and employees delegated to work abroad, persons taking up employment at the Bank on the basis of secondments from other BNP Paribas Group entities and employees under management contracts. The working and employment conditions of these employees are not determined on the basis of other collective agreements. These are determined by individual agreements.

[2-7]

8,392

individuals employed by the Bank

8,585

individuals employed by the Group

53.35%

women at management level in the Bank

53.22%

women at management level in the Group

Method of presentation of indicators: The category "Managerial positions" includes the Bank's Board of Directors, key managers, i.e. MRTs (Material Risk Taker) - people who have a significant impact on the Bank's risk profile and all other supervisors

Table 28. Number of employees in the Group and the Bank in 2022 (according to employment status as at 31.12.2022)

	Capital Group		Bank	
Women	5,687	66%	5,578	66%
Men	2,898	34%	2,814	34%
Total	8,585		8,392	

**Table 29. Employment structure of the Bank and the Group in 2022 (as at 31.12.2022) compared to 2021. (as at 31.12.2021)**

Employment	FTEs number		Active FTEs number		Employees number		Active employees number	
	2021	2022	2021	2022	2021	2022	2021	2022
Grupa Kapitałowa BNP Paribas Bank Polska S.A. – total	8,667	8,488	7,983	7,975	9,035	8,585	8,088	8,059
BNP Paribas Bank Polska S.A. total, including:	8,504	8,349	7,833	7,839	8,809	8,392	7,880	7,873
Head Office	4,669	4,800	4,397	4,578	4,884	4,836	4,429	4,611
Branches	3,704	3,413	3,309	3,127	3,793	3,420	3,324	3,129
Mobile Advisors	80	94	77	92	80	94	77	92
Brokerage Office	46	37	45	36	47	37	45	36
Trade Unions	5	5	5	5	5	5	5	5
Bankowy Fundusz Nieruchomościowy Actus Sp. z o.o.	0	0	0	0	0	0	0	0
BNP Paribas Towarzystwo Funduszy Inwestycyjnych S.A.	36	38	35	38	37	40	36	39
BNP Paribas Leasing Services Sp. z o.o.	7	8	7	8	24	25	24	25
BNP Paribas Group Service Center S.A.	76	89	69	86	117	124	105	118
Campus Leszno Sp. z o.o.	8	4	7	4	8	4	7	4
BNP Paribas Solutions Sp. z o.o.	36	0	32	0	40	0	36	0
BGZ POLAND ABS1 DAC	0	0	0	0	0	0	0	0

Method of indicators presentation: Data expressed in FTEs have been rounded to the nearest whole unit

Central employees include all employees in the support areas, Trade Unions and the Brokerage Office.

Branch employees include all employees working in the sales network, consisting of: Retail and Business Banking Regions, Corporate and SME Banking Sales Network Division, Consumer Finance Sales Division and Mobile Advisors.

Excluding technical FTEs, in order to avoid double reporting of employees working in companies and technical FTEs in the Bank or vice versa.

**Table 30. Employment structure of the Bank and the Group by region (as at 31.12.2022)**

Region	Employees number		Active employees number		FTEs		Active FTEs	
	Capital Group	Bank	Capital Group	Bank	Capital Group	Bank	Capital Group	Bank
dolnośląskie	318	318	299	299	316	316	298	298
women	232	232	213	213	230	230	212	212
men	86	86	86	86	86	86	86	86
kujawsko-pomorskie	217	217	206	206	217	217	206	206
women	167	167	156	156	167	167	156	156
men	50	50	50	50	50	50	50	50
lubelskie	239	239	217	217	237	237	217	217
Women	180	180	160	160	178	178	160	160
Men	59	59	57	57	59	59	57	57
lubuskie	98	98	89	89	98	98	89	89
women	80	80	72	72	80	80	72	72
men	18	18	17	17	18	18	17	17
łódzkie	228	228	215	215	227	227	215	215
women	162	162	149	149	161	161	149	149
men	66	66	66	66	66	66	66	66
małopolskie	952	951	903	903	950	949	901	901
women	484	483	436	436	483	482	435.2	435
men	468	468	467	467	467	467	465.8	466
mazowieckie	3,824	3,657	3,632	3,468	3,759	3,627	3,573	3,441
women	2,322	2,236	2,146	2,063	2,283	2,221	2,113	2,051
men	1,502	1,421	1,486	1,405	1,476	1,406	1,460	1,390
opolskie	76	74	67	66	75	74	67	66
women	62	60	54	53	61	60	54	53
men	14	14	13	13	14	14	13	13
podkarpackie	166	166	155	155	166	166	155	155
women	134	134	123	123	134	134	123	123
men	32	32	32	32	32	32	32	32
podlaskie	110	110	102	102	110	110	102	102



	Employees number		Active employees number		FTEs		Active FTEs	
women	89	89	81	81	89	89	81	81
men	21	21	21	21	21	21	21	21
pomorskie	320	320	293	293	319	319	292	292
women	217	217	190	190	216	216	189	189
men	103	103	103	103	103	103	103	103
śląskie	1,131	1,111	1,043	1,024	1,110	1,109	1,024	1,023
women	872	854	785	768	853	852	768	767
men	259	257	258	256	257	257	256	256
świętokrzyskie	82	81	73	73	82	81	73	73
women	66	65	57	57	66	65	57	57
men	16	16	16	16	16	16	16	16
warmińsko-mazurskie	189	189	178	178	189	189	178	178
women	155	155	144	144	155	155	144	144
men	34	34	34	34	34	34	34	34
wielkopolskie	461	460	425	424	458	457	423	422
women	323	323	287	287	320	320	285	285
men	138	137	138	137	138	137	138	137
zachodniopomorskie	174	173	162	161	174	173	162	161
women	142	141	130	129	142	141	130	129
men	32	32	32	32	32	32	32	32

Method of indicators presentation: Data expressed in FTEs have been rounded to the nearest whole unit
Excluding technical FTEs, in order to avoid double reporting of employees working in companies and technical FTEs in the Bank or vice versa.

**Table 31. Employment by the form of employment - permanent contract in 2022 (as at 31.12.2022)**

Employed for an indefinite period	Capital Group	Bank
Total number of employees	7,129	6 960
women	4,763	4 663
men	2,366	2 297
Total number of active employees	6,636	6 474
women	4,286	4 193
men	2,350	2 281
Total FTEs number	7,041	6 922
women	4,700	4 639
men	2,341	2 283
Total active FTEs number	6,560	6 445
women	4,235	4 178
men	2,325	2 267

*Method of indicators presentation: Data expressed in FTEs have been rounded to the nearest whole unit
Excluding technical FTEs, in order to avoid double reporting of employees working in companies and technical FTEs in the Bank or vice versa.*

Table 32. Employment by the form of employment in 2022 - fixed-term contract (as at 31.12.2022)

Employed on a temporary basis	Capital Group	Bank
Total number of employees	1,456	1,432
women	924	915
men	532	517
Total number of active employees	1,423	1,399
women	897	888
men	526	511
Total FTEs number	1,447	1,426
women	919	911
men	528	515
Total active FTEs number	1,414	1,393
women	892	884
men	522	509

*Method of indicators presentation: Data expressed in FTEs have been rounded to the nearest whole unit
Excluding technical FTEs, in order to avoid double reporting of employees working in companies and technical FTEs in the Bank or vice versa.*

Table 33. Employment by the form of employment in 2022 (as at 31.12.2022)

Type of employment	Capital Group	Bank
full-time contract		
Total number of employees	8,406	8,282
women	5,562	5,502
men	2,844	2,780
Total number of active employees	7,894	7,773
women	5,072	5,015
men	2,822	2,758
Total FTEs number	8,406	8,282
women	5,562	5,502
men	2,844	2,780
Total active FTEs number	7,894	7,773
women	5,072	5,015
men	2,822	2,758
part-time contract		
Total number of employees	179	110
women	125	76
men	54	34
Total number of active employees	165	100
women	111	66
men	54	34
Total FTEs number	82	67
women	57	49
men	25	18
Total active FTEs number	80	65
women	55	47
men	25	18

*Method of indicators presentation: Data expressed in FTEs have been rounded to the nearest whole unit
Excluding technical FTEs, in order to avoid double reporting of employees working in companies and technical FTEs in the Bank or vice versa.*



[2-8]

Table 34. Number of co-workers in the Group and in the Bank in 2022 (according to employment status as at 31.12.2022)

Total number of co-workers who are not employees and whose work is controlled by the organisation. Characteristics of works performed: registration of contracts for the sale of financial products, sale of insurance, completion of documentation provided by the prospect, verification of documents, etc. office work.

Co-workers	Capital Group	Bank
Contract of mandate	194	169
women	106	95
men	88	74
Contract for specific work	4	2
women	2	2
men	2	0
Internship contract	10	10
women	7	7
men	3	3
Self-employment	217	160
women	72	63
men	145	97
Total	425	341

[401-1]

Table 35. Data illustrating employment turnover in the Group and the Bank in 2022

	Capital Group				Bank			
	Women	Men	Total	%	Women	Men	Total	%
Number of new employees	948	633	1,581	18.4%	927	608	1,535	18.3%
Number of employees who left the organisation	1,114	617	1,731	20.2%	1,094	603	1,697	20.2%

Method of indicators presentation:

The number of people who terminated their employment at the Bank in 2022 (employed under an employment contract) takes into account departures on the initiative of the employee and the employer.

In 2022 the calculation of the turnover rate at the Bank takes into account: in the numerator: persons who terminated their employment at the Bank between 01.01.2022 and 31.12.2022, excluding technical FTEs, in the denominator: the number of employees at the Bank - as at 31.12.2022, excluding technical FTEs and inactive employees. The indicator refers to the median annual employment of all employees excluding technical FTEs

Table 36. Data illustrating turnover in the Bank's employment between 2019 and 2022

	2019	2020	2021	2022
Turnover ratio	26.2%	22.9%	19%	20.2%

Method of presentation of indicators:

The number of people who terminated their employment with the Bank in 2022 (employed under an employment contract) takes into account terminations at the initiative of the employee and the employer.

In the calculation of the turnover rate at the Bank in 2022, the following was taken into account: in the numerator: persons who terminated their employment at the Bank between 01.01.2022 and 31.12.2022, excluding technical posts, in the denominator: the number of persons employed at the Bank - as at 31.12.2022, excluding technical posts and inactive persons

Table 37. Total number of new employees hired in the organisation during the reporting period by age and province

New employees by	Capital Group		Bank	
	Women	Men	Women	Men
Age				
below 30 years old	312	222	301	222
between 30 and 50 years old	598	369	588	349
above 50 years old	38	42	38	37
Region				
dolnośląskie	66	27	66	27
Kujawsko-pomorskie	47	14	47	14
lubelskie	24	9	24	9
lubuskie	12	5	12	5
łódzkie	24	14	24	14
małopolskie	76	86	76	86
mazowieckie	376	329	356	326
opolskie	18	27	18	5
podkarpackie	10	4	10	4
podlaskie	17	3	17	3
pomorskie	61	26	61	26
śląskie	93	37	92	37
świętokrzyskie	16	7	16	7
warmińsko-mazurskie	20	8	20	8



New employees by	Capital Group		Bank	
	Women	Men	Women	Men
wielkopolskie	57	23	57	23
zachodniopomorskie	31	14	31	14

Method of indicators presentation:

In 2022, the number of new employees hired in the Bank (employed under a contract of employment).

Table 38. Total number of employees who left the organisation during the reporting period, by age and provinces

Employees who left the organisation by	Capital Group		Bank	
	Women	Men	Women	Men
Age				
below 30 years old	244	187	242	181
between 30 and 50 years old	814	389	798	381
above 50 years old	56	41	54	41
Region				
dolnoślaskie	65	30	65	30
Kujawsko-pomorskie	58	19	58	19
lubelskie	40	14	40	14
lubuskie	20	7	20	7

Employees who left the organisation by	Capital Group		Bank	
	Women	Men	Women	Men
łódzkie	38	12	38	12
małopolskie	93	63	92	63
mazowieckie	388	281	370	267
opolskie	22	6	22	6
podkarpackie	20	7	20	7
podlaskie	24	5	24	5
pomorskie	53	42	53	42
śląskie	116	62	115	62
świętokrzyskie	20	6	20	6
warmińsko-mazurskie	34	8	34	8
wielkopolskie	76	43	76	43
zachodniopomorskie	47	12	47	12

Method of indicators presentation:

In 2022, the number of people leaving the Bank (employed under a contract of employment) takes into account departures at the initiative of the employee and the employer.



Dialogue with employees

We maintain an open, honest, ethical and respectful dialogue with employees. We ensure that information flows quickly and encourage dialogue. We also use internal communication to promote and reinforce the values that guide us on a daily basis. The Bank's high standards for communication with employees are set out, among others, in the BNP Paribas Group Code of Conduct and the GO beyond Strategy 2022-2025.

The priorities of the Bank's internal communications are:

- simple and understandable messages,
- transparent communication, especially on difficult subjects,
- the principle: "employees are the first to know",
- ethical behaviour and consistency with the Bank's values,
- employee development and involvement.

For the convenience of employees and the effectiveness of communication activities, we have implemented several communication channels at the Bank. One of the most important sources is Echonet, the Bank's intranet, which contains a wealth of useful, continuously updated information. Employees also receive regular mailings, the weekly Hello newsletter and surveys. We also conduct webinars and podcasts.

Channels of communication with employees are: Echonet - the Bank's intranet, mailings, Hello newsletter - once a week, wallpapers, screensavers, pop-ups, videos, podcasts, surveys, polls, opinion surveys, quizzes and competitions, webinars, employee meetings with the Management Board, Town hall (also online), screens in head offices, Bonjour magazine (monthly online magazine), offline activities (e.g. dedicated content in the head office and Customer centres, mural in the head office at 2 Kasprzaka Street in Warsaw).

Employee satisfaction survey

At the Bank, we want to know exactly what employees think about working in our organisation. We want to respond quickly and efficiently to the needs and possible challenges raised by employees, which is why we conduct a Pulse Check survey regularly, three times a year. The results go to managers, HR Business Partners and the Board of Directors. In 2022, the highest rated aspect was the autonomy and support provided by managers (with an average of over 90% positive ratings). Attendance in the last survey in 2022 was 83%.

eNPS Pulse Check indicator

eNPS	2019	2022	Purpose 2025
Question: how much do we recommend BNP Paribas Bank as an employer to our friends and family?	-9	18	20

We calculate the eNPS indicator based on the answer to the question "How likely is it that you would recommend the BNP Paribas Bank Polska S.A. as an employer to your friends and family?". Each employee responds using an "11-point" scale from 0 to 10. During answering, it is important to keep in mind how individual choices are interpreted:

- choice of ratings from 0 to 6 - means "I am not satisfied with the pro-employee activities offered by the Bank" (critic group),
- choice of ratings 7 or 8 - means "I do not have an opinion on this subject and I find the Bank's pro-employee activities neutral" (indifferent group),
- selection of ratings 9 or 10 - means "I have a positive opinion of the activities implemented for employees at the Bank (promoter group).

Based on these results, the eNPS index is calculated according to the formula: eNPS = % promoters - % critic group.

Our Bank's plans for the upcoming years include simplifying the process of collecting employee voices through surveys and analysis conducted in the organisation. This process will be taken care of by the Employee Voice Team, a cross-functional unit that brings together participants and competences from different areas. Its role is to listen to, aggregate and learn from employee feedback.

Employee salaries

We implement a rational, sustainable and manageable remuneration policy at the Bank, which is in line with our strategy, accepted level of risk and standards and core values. The policy is based on clear principles and addresses good market practices in terms of remuneration. From the formal point of view, the rules related to remuneration are set by the "Company Collective Labour Agreement" and the "BNP Paribas Bank Polska S.A. Employee Remuneration Policy". In addition, the Bank also has a remuneration policy for individuals who have a material impact on the Bank's risk profile.

The employee bonus system is based on the Management by Objectives (MbO) formula. In practice, this means that an employee's individual bonuses are linked to the level of achievement of objectives - both quantitative and qualitative. The combination of individual and team objectives illustrates the level of expected performance, taking into account the Bank's risk profile and attention to activities in line with the interests of the Customer.

The Remuneration Committee and the Nomination Committee support the Supervisory Board in its supervisory duties in human resources management. They monitor and supervise the most important processes - succession plans, professional development of employees, remuneration policy. The committees prepare opinions and recommendations for the Supervisory Board, which include the evaluation of candidates for the Management Board and candidates for the Supervisory Board, the terms and conditions of employment of Management Board members, including the amount of agreed and awarded variable remuneration. The Bank implements a compensation review process (Compensation Review Process) on an annual basis - one of the important criteria considered in this process is reduction of the pay gap, for which dedicated funds are allocated.

At the end of 2022, the pay gap, as expressed in the Gender Pay Gap indicator, was 6.51%. This means that men's salaries were 6.51% higher than those of women in comparable positions. The indicator is a weighted average of the size of the different employee groups. Compared to 2021, the ratio has decreased by 0.81 p.p. The Bank's strategic objective under the GO beyond strategy for 2022-2025 is to reduce the wage gap to below 4%.

Gender Pay Gap Indicator

	2020	2021	2022	2025 objective
GPG	8.26%	7.32%	6.51%	<4%

We calculate the Gender Gap Pay indicator for homogeneous employee groups to ensure transparency and consistency of data. We divided employees into groups by area of employment and classification level - this allows us to compare the salaries of women and men who perform similar work. We included in the calculation of the indicator all active employees with more than one year of service with the Bank and who remained employed at the end of December 2022. In the analysis, we took into account total salaries in comparable positions. We



also recorded the differences that result from variable remuneration and other processes.

Table 39. Ratio of men and women base salary by employee category

Ratio of base salary of women and men	2022
Management Board	1.17
key managers	1.25
managers	1.24
other employees	1.35

The indicators as required by the GRI standard are calculated on the basis of heterogeneous groups, i.e. the groups include employees at different job levels, with different job valuations and corresponding salary valuations. Therefore, the indicator is overestimated.

[2-21]

Table 40. Total annual remuneration ratio

Remuneration index	Bank
the ratio of the total annual remuneration for the highest paid person in the organisation to the total annual median remuneration for all employees (excluding the highest paid person)	40.18
the ratio of the percentage increase in total annual remuneration for the best-paid person in the organisation to the median of percentage increase in total annual remuneration for all employees (excluding the best-paid person)	1.95

In order to make total remuneration consistent, the population for above indicators includes active employees with a minimum of one year's experience in the organisation excluding expatriates posted to work in Poland and technical FTEs.

Wellbeing and employee health

The Bank's employees are offered attractive benefits and participation in initiatives to look after their health, develop their sport skills and pursue their passions. The benefits on offer have been designed so that relatives of employees can also benefit from them. The benefits offered at the Bank are grouped into four pillars, and their large number and wide range allow us to tailor benefits to the individual needs of each person.

[401-2]

Benefit offer for Bank employees (full-time employees, if not indicated differently)

Pillar: Security

- Employee Capital Plans.
- Life and accident insurance for employees and their family members (also for part-time and temporary employees).
- Additional insurance for school-age children.
- Travel insurance.

Pillar: Health

- Lux-Med healthcare programme for employees and their relatives (also for part-time and temporary employees).
- MultiSport Plus cards (Employee, Accompanying Person, Kids, Kids Aqua, Student, Senior).
- The Worksmile app, which brings employees together around their passions and sporting activities. The app supports the GOOD programme and allows us to stay in touch while working remotely (also for part-time and temporary employees)
- Health days for all Bank employees, during which we promote healthy lifestyles - exercise and healthy eating (webinars on healthy eating, stationary events: body composition analysis, relaxation sessions and office exercises).
- Influenza vaccinations.

Pillar: work-life balance

- Action Two Hours for Humanity.
- Action Two Hours for Health.
- MyBenefit Cafeteria System (points top-ups for employees and their children).
- Holiday subsidies for employees and their children.
- Financial assistance from the Company Social Benefits Fund (also for part-time and temporary employees).
- Actions and activities within the framework of the Bank Close Relatives programme (pl. Bank Bliski Bliskim - e.g. parental week).

Pillar: Friendly work environment

- Wellbeing programme GOOD (also for part-time and temporary employees).
- Flexible working hours.
- Additional holiday days (additional occasional leave, additional holiday day for taking all current leave in a calendar year, leave for volunteering).
- Promotion of parental holidays.
- Personalised "Szumiś" teddy bears for new-born children of employees.
- Mortgage loans from the Company Social Benefits Fund.
- Offer of discounts and banking products for Bank employees.

The Bank's flagship wellbeing programme is the "Good" programme, which aims to improve awareness of caring for a good quality of life and taking care of oneself, strengthening psycho-physical health, reducing stress, quieting the mind, working with one's emotions taking care of immune system and eating healthy. Employees receive a schedule of meetings every Monday and activities, which include health and stress webinars, psychological support, meetings with nutritionists, as well as talks with a mental coach and massages.



[403-6]

As part of the Lux Med healthcare programme, we pay for employees (employed for at least 0.3 FTE) a healthcare package including, among others, immunizations, occupational medicine examinations, consultations of specialist doctors, laboratory examinations and ambulatory procedures, diagnostic examinations, dental prophylaxis, emergency dental care, rehabilitation, examination package without referral. In addition, under the contract with Lux Med, employees can choose from several packages with a broader range of available services.

Health and safety at work

[403-1] [403-2] [403-3] [403-4] [403-5] [403-6] [403-7] [403-9]

Working at the Bank is a safe job. Health and safety issues are implemented in compliance with all applicable legislation and additional internal regulations developed by our experts. Reporting directly to a member of the Management Board, the Operations and Business Support Health and Safety Team is responsible for occupational safety, and in addition the Bank also has a Health and Safety Committee, which acts as an advisory body. The Commission is made up of representatives of the Bank, the doctor who provides preventive health care for employees and employee representatives. The Chairman of the Health and Safety Committee is the Director of the Property and Administration Department, and the Vice-Chairman is the Company Social Labour Inspector.

Every Bank employee undertakes mandatory initial health and safety training. Knowledge about safety at work is regularly updated during periodic trainings. Health and safety specialists remind employees of the most common circumstances and causes of occupational accidents and illnesses, emphasise the importance of preventive health care, and educate on procedures to be followed in the event of an accident or emergency, such as a fire or emergency. There are also 15 defibrillators available at the Bank and more than 500 employees have been trained in first aid. Each of the Bank's employees has also been informed of the methods to report their health and safety concerns to a dedicated email box or in person during inspections of working conditions or training sessions conducted by the Health and Safety Team staff.

The Bank conducts occupational risk assessments based on the "Procedure for drawing up a risk assessment" and, where risks are identified, the Health and Safety Team verifies that the risk of unwanted events can be minimised and makes adjustments to achieve this. In extreme cases, employees may not

perform their duties. The Bank ensures that workplaces are comfortable and ergonomic. Where necessary, workstations are equipped with orthopaedic chairs, vertical computer mice and sensorimotor pillows for people with chronic muscle and tendon disorders. We have also prepared trainings for employees on how to organise an ergonomic workstation at home. People with disabilities working at the Bank are offered help to adapt their workstation to their needs and to equip them with the equipment necessary for their work. The Bank also reimburses the purchase of glasses.

In 2022, we conducted two campaigns to raise awareness and popularise the issues of safety, health and ergonomics at work. Among other things, we organised a competition in which one could win prizes to improve safety and health in the working environment.

All accidents at work are recorded in the accident register and in the RiskCare system. After each incident, an accident report is prepared with conclusions and preventive recommendations. In addition, once a year the Health and Safety Committee comprehensively analyses the accident rate at the Bank. In 2022, the largest number of accidents at the Bank occurred in the office area - these were slips, stumbles and associated collapses. We also recorded several traffic collisions and accidents during remote working. There were no fatalities or serious injuries.

Table 41. Accidents at the Bank in 2022

	Women	Men	Total
Branches	12	2	14
Head offices	4	5	9
Total	16	7	23

Table 42. Accidents at the Bank between 2019 and 2022

	2019	2020	2021	2022
Number of accidents	52	26	21	23

Employees development

[404-2] [3-3] [Education and employee development]

We want every person employed at the Bank to know and feel that they are working in an organisation that develops professional competence. In addition to job-related mandatory training, which we primarily deliver remotely, we offer a broad package of individual trainings and the possibility of subsidising language learning or studies. We make around 60% of the Bank's annual training budget available to the individual business areas. We believe that decentralisation results in better decisions on the choice of topics for trainees and participants. The training team is divided - in line with the Agile methodology - into development and operations. This speeds up and improves the introduction of new developments and the maintenance of an optimal training and development offer.

In 2022:

- 630 people attended individual training sessions,
- 325 group sessions,
- 82 coaching sessions for 21 people,
- 218 people individually studied a foreign language,
- 67 people received study funding,
- 124,966 e-learning courses delivered.

These are supplemented by a Central Development Offer, implemented with internal and external specialists, focused on the key competences of the future - social, technical and cognitive. In 2022, we invited employees to 117 training sessions, 23 workshops and 25 webinars. 1,204 people took part in these training sessions.

We develop competences of our employees from the day one. Newly recruited employees receive basic general training - "Nice to see you" - as well as initial training in the product range and the use of operating systems.



The Bank's top training initiatives in 2022 were:

- 'Value Meetings', a workshop to support the implementation of Organisational Culture,
- The #MamToDamTo programme, which, among other things, allows for the development of skills in MS Office tools and the use of banking applications. Training also provided knowledge in the areas of Agile and Lean management. In the #MamToDamTo programme, we provide employees with the opportunity to share knowledge and support each other's development. In 2022 more than 1,600 participants participated in 175 training courses on 32 topics.
- UniversITy - IT training with more than 1,600 participants in 2022,
- To be Proud - a leadership development programme in the retail network,
- Women Up development programme, Future UP mentoring programme,
- ESG Academy - over 150 people trained as promoters on ESG topics,
- Leader Development Academy (New Born Leaders) - training for people with less than one year of managerial experience. The Academy shapes the leadership attitude desired in the Bank, develops leadership competencies and supports the building of an organisational culture and attitudes in line with our values

In 2022, our employees occupied 22,841 places in training groups as part of various development activities. 907 people took part in various individual activities. It can be stated that each of our employees participated on average in three development activities in 2022.

At the Bank, we have also developed separate programmes for our talents. Leaders for Tomorrow is implemented together with the BNP Paribas Group, and the programme is attended by 80 people for whom special events, training and projects are organised to develop their specific competencies.

We are open as well to people who are just considering their career direction. Our Summer Internship Programme at the Bank is addressed to students in at

least their second year of university. We want to break down the stereotypes associated with working in the banking industry and show what an exciting place to work can be in a modern, contemporary bank. During the internship, trainees gain knowledge of banking, Customer service, new technologies and marketing. Students are invited to participate - remotely, on-site or hybrid - in engaging tasks and projects. For older students - 3rd and 4th year and graduates - we have prepared internship programmes. Their aim is to prepare interns to join our organisation.

For employees who are parting ways with the Bank, we offer programmes to support them in finding their way in the labour market: an outplacement programme for employees offering support in finding a job, defining a professional profile, assistance in preparing a CV, preparing for a job interview. Retirement assistance programmes were not implemented in 2022.

[404-1]

Table 43. Average number of training hours

	2021	2022
Average number of training hours received by employees	24.32	28.99
by gender		
women	24.57	30.27
men	23.82	26.52
by employment category		
Management Board	25.71	18.51
key managers	-*	27.06
managers	36.53	27.76
other employees	22.52	29.16

*in 2021, the average number of training hours by category did not have a recognition for 'key managers'.

Table 44. Average number of training hours between 2019 and 2022

	2019	2020	2021	2022
Average number of training hours per employee	25.51	18.4	24.32	28.99

[404-3]

Table 45. Percentage of employees in the Bank receiving regular performance assessments and career development reviews

	2022	2021
Percentage of employees in the Bank receiving regular performance assessments and career development reviews	82.06%	89.34%
by gender		
women	79.51%	86.37%
men	87.02%	95.24%
by employment category		
Management Board	100.00%	100.00%
key managers	87.80%	95.29%
managers	82.01%	92.42%
other employees	81.99%	88.76%

Employee evaluation covers employees (employed for more than 4 months)



A diverse and inclusive workplace

At the Bank, we create a diverse community for a wide range of talents. The inclusive organisational culture, which has been built consistently over the years, increases creativity, drives innovation, opens up to new ideas, markets, Customers, builds business advantage, and consequently contributes to the development of employees and the success of the entire organisation. Everyday cooperation is based on trust and respect - we want everyone at our Bank to be able to express themselves, realise their career aspirations and passions, feel valued and have a sense of impact.

80

age of the oldest employee

40

average age of employees

18

age of the youngest employee

39

the longest time of work

Diversity management policy

[406-1]

Since 2016, a "Diversity Management Policy" has been in force for everyone at our Bank, which allows us to promote a working environment focused on respecting and making the most of the potential contained in the differences between employees. According to the Policy, diversity is respected at the Bank in every aspect of workplace management. These principles are strictly respected in recruitment, career development and training. We also do not tolerate any direct or indirect discrimination in employment at the Bank.

An employee, either male or female, who has experienced disrespect towards him/herself or others should contact his/her supervisor or HR Business Partner in the first instance on this matter. If, for various reasons, this is not possible, he or she may also use other channels (as described in the Policy for dealing with breaches regarding respect for others at BNP Paribas Bank Polska S.A.):

- mailing box: sprawypracownicze@bnpparibas.pl,
- anonymous reporting (whistleblowing).

All reports are considered by the Employee Relations Team, while cases involving behaviour that may indicate the presence of bullying, discrimination, harassment or sexual harassment - are referred to the Employee Standards of Conduct Committee for consideration.

In 2022, employees submitted a total of 24 cases. They mainly reported behaviours concerned issues in relationships with a supervisor or between colleagues, including:

- suspected mobbing - 5,
- potential gender discrimination - 4,
- other inappropriate behaviour - 15.

We analysed all reported cases due respect, honestly, fairly and with complete discretion. In line with the above principles, these matters have not been publicly announced at the Bank and only those directly involved in their investigation had access to them. Due to the level of seriousness of the allegations made, the Bank's Employee Standards of Conduct Committee was set up once during the period described. As a result of the Committee's work, the report of bullying was not confirmed. Following investigations into reports of discrimination, none of the allegations made in the reports were confirmed. In all cases, the offenders of inappropriate behaviour suffered consequences appropriate to the misconduct, and the affected employees received the necessary support.

Diversity & Inclusion (D&I) management is part of GO beyond's business strategy for 2022-2025. In the TOGETHER pillar, we focus on a culture of courage, agility and diversity as a basis for supporting efficiency and creativity.

Our commitments to a diverse and inclusive workplace (D&I):

- at least 30% female representation in management positions by 2025.
- the Pay Gap - we have reduced the Gender Pay Gap indicator by 0.81p in 2022. The Bank's strategic goal is to reduce the pay gap to below 4%.
- Increase employment of people with disabilities.
- Monitoring of indicators relevant to D&I management, including for example female vs male participation in specific initiatives, parental leave take-up, retention rate by gender.
- BNP Paribas Group's cyclical survey on the Code of Conduct and diversity and inclusiveness.
- Supporting bottom-up employee initiatives for groups at risk of exclusion.

Supporting diversity is one of the commitments in the BNP Paribas Group's global Strategy. The Group's Management Board is also involved, with measurable targets cascaded to individual countries. With the help of the Group leaders and Diversity Officers, countries implement their local challenges while respecting local circumstances and supporting the potential of bottom-up employee initiatives.



[405-1]

Table 46. Group and Bank employment structure in 2022 by gender - number of active employees (as at 31.12.2022)

Employment structure	Capital Group			Bank		
	Women	Men	Total	Women	Men	Total
Management Board	3	14	17	2	7	9
key managers	47	72	119	47	72	119
managers	479	379	858	461	367	828
other employees	4,654	2,411	7,065	4,571	2,346	6,917
Total	5,183	2,876	8,059	5,081	2,792	7,873

Table 47. Group and Bank employment structure in 2022 by gender - percentage of active employees (as at 31.12.2022)

Employment structure	Capital Group			Bank		
	Women	Men	Total	Women	Men	Total
Management Board	18%	82%	100%	22%	78%	100%
key managers	39%	61%	100%	39%	61%	100%
managers	56%	44%	100%	56%	44%	100%
other employees	66%	34%	100%	66%	34%	100%

Table 48. Group and Bank employment structure in 2022 by age - number of active employees (as at 31.12.2022)

Employment structure	Capital Group				Bank			
	<30 years old	30-50 years old	>50 years old	Total	<30 years old	30-50 years old	>50 years old	Total
Management Board	0	7	10	17	0	3	6	9
key managers	0	88	31	119	0	88	31	119
managers	19	706	133	858	18	681	129	828
other employees	1,030	5,135	900	7,065	985	5,042	890	6,917
Total	1,049	5,936	1,074	8,059	1,003	5,814	1,056	7,873

Table 49. Group and Bank employment structure in 2022 by age - percentage of active employees (as at 31.12.2022)

Employment structure	Capital Group				Bank			
	<30 years old	30-50 years old	>50 years old	Total	<30 years old	30-50 years old	>50 years old	Total
Management Board	0%	41%	59%	100%	0%	33%	67%	100%
key managers	0%	74%	26%	100%	0%	74%	26%	100%
managers	2%	82%	16%	100%	2%	83%	15%	100%
other employees	14%	73%	13%	100%	14%	74%	12%	100%

Method of presentation of indicators: In the 'Key Managers' category, MRTs (Material Risk Taker) - individuals who have a significant impact on the Bank's risk profile without the Management Board - are included. Other supervisors were included in the 'Managers' category. The percentage relationship refers to the number of active employees in the Group or the Bank. The simplification of the structure and the new network working model, as well as the transition to the new Agile@Scale operating model, has resulted in a change in the proportion of women in managerial positions.



Bank activities promoting diversity

[2-23]

Since 2016, we have signed and respected the Diversity Charter, an international initiative under the auspices of the European Commission, which commits to prohibiting discrimination and promoting diversity. We have also signed the "BNP Paribas Agreement on Fundamental Rights and Global Social Solutions together with the ILO (International Labour Organisation) Global Business and Disability Network Charter". The document obligates us to respect human rights in our business activities and promote diversity, gender equity and protect health and quality of life at work. Overseeing and coordinating the respect for diversity are tasks of the two individuals appointed to special diversity positions in our Bank - Diversity Officers.

Diversity activities are subject to external assessment. In 2022, we were among the leaders in diversity management for the fourth successful year in a row in the Diversity In Check survey organised by the Responsible Business Forum. With a score above 80%, which only 6 organisations achieved.

We demonstrate respect for diversity and an inclusive organisational culture at all times - not only towards those already employed, but also towards those who apply for a job at our Bank. We prepare recruitment offers ensuring that no candidates are excluded and that equal opportunities are ensured. In line with the "Principles of Employee Recruitment at BNP Paribas Bank", we educate and train the Recruitment Team on how to conduct inclusion interviews respecting diversity. New employees follow a specific D&I training as part of the onboarding process, where we provide knowledge about the D&I Strategy, the principles of mutual respect and the employee initiatives for groups at risk of exclusion supported by the Bank.

Initiatives promoting equal opportunities for women and men:

- The Decalogue of Equal Treatment - a set of principles against discrimination, micro-discrimination and exclusion in the workplace created by the BNP Paribas Women of Change employee network on the basis of a survey exploring perceptions of equal treatment. The project is widely communicated and the basis of the 'Spot the Difference, Don't Discriminate' campaign are animations showing specific behaviours and attitudes that are inappropriate and those that build respectful relationships in the workplace. The campaign won the top prize in the open category at the Golden Arrow awards, as well as an accolade at the Employer Branding Excellence Awards,
- Just a word" marketing campaign, promoting feminatives, the use of which helps to combat stereotypes and promotes equal opportunities between genders,
- preparation of a Feminitivas Dictionary - an online guide where, after entering the masculine name of an occupation, one can look up the feminine name and a commentary if the feminine in question has several variants or is not commonly used,
- partnership with the Share the Care Foundation and authorship of the guide for employers "50/50 it pays off for everyone. The role of employers in encouraging men to take parental leave", as well as the publication "The 100 pro guy" promoting a new dimension of fatherhood, partnership, parental equality

- reducing the gender pay gap and communicating it transparently in non-financial reports. Equal opportunities for promotion and participation in talent programmes and set specific targets for equal participation of women at all levels of the organisation's positions,
- partnership with the Women in IT Day initiative - a free online event for women who want to start or develop their career in IT,
- partnership with the #KnowledgeNotHasGender (pl: #WiedzaNieMaPłci) campaign, which aims to demonstrate the importance of empowering women in public debate and reducing the disparity in the presence of female experts in the media.

Initiatives for parents:

- A cyclical event called Parents' Week, during which, among other things, we invite employees' children to the Bank, show where and how their parents work and provide knowledge to improve parenting skills; this year, we talked about, among other things, non-violent communication, parental wellbeing but also cyber security and digital hygiene
- Participation in a Share the Care Foundation debate on engaged fatherhood and transforming approaches to being a father,
- Thematic webinars during the Diversity Days on the entitlements of both parents and the planned legal changes related to the WLB directive, as well as the business competences that fathers can develop when caring for and creating a bond with their children
- As part of the Health Starts in the Head series, webinars on depression in children, women and men, children's fears, difficult situations: how to talk to children about war

Table 50. Parental leave at the Bank

	2022		
	Women	Men	Total
Number of employees who have taken parental holiday	409	6	415

The data refers to maternity, paternity and parental leave.

Initiatives promoting equal opportunities for people with disabilities:

- Starting e-learning for managers and employees with disabilities,
- supporting people with disabilities in obtaining a disability certificate,
- awareness campaign on neurodiversity,



- cooperation with the AsperIT Foundation - awareness campaign, webinars and audit of the organisation's readiness to work with neuroatypical people,
- competition for male and female employees to create a slogan, poster, story about the inclusion of people with disabilities,
- a series of films-interviews "People with experience" presenting interviews with male and female employees who face the challenge of disability and want to share this experience with the banking community.
- organisation of the webinar "I CAN too" with Agata Rocznik, inspirer, educator and CEO of the Diversum Foundation,
- a one-off additional benefit of PLN 1,000 for people with disabilities working at the Bank.

Activities were recognised in the Diversity Charter Award 2022. In the category DEI in Business - we won 1st place in the partnership subcategory for the project "Activating people with disabilities".

Table 51. Number of employees with a recognised disability employed by the Bank by gender

	2021	2022
Women		
in head offices	23	29
in branches	30	44
Men		
in head offices	17	29
in branches	5	9
Total	75	111

Table 52. Share of employees with a recognised disability employed by the Bank between 2019 and 2022

	2019	2020	2021	2022
Number of persons employed at the Bank with a recognised disability	59	60	75	111
Rate of staff with a recognised disability employed by the Bank	0.60%	0.65%	0.85%	1.29%

The total number of employees (8604) for the calculation of the indicator also includes technical FTEs

Initiatives supporting LGBT+ community:

- the Bank's participation in the Equality Parade in Warsaw, the Bank's stand in the Equality Town,

- webinar for employees with journalist Piotr Jacoń, who talked about the challenges faced by parents of non-heteronormative people, sharing his experience as a father of a transgender daughter,
- webinar with psychologist, Bank employee and representative of the LGBT+ community "How to speak and write about non-binary people. On gender-neutral pronouns",
- joining the "Business does not exclude - You can be yourself here" campaign (Love Does Not Exclude Association initiative)
- "Bench of Dialogue" - setting up a rainbow bench on the patio of the Bank's headquarters in Warsaw and inviting employees to discuss difficult topics in a spirit of dialogue and respect.

These activities have been recognised. In 2022, we were ranked first in the Cashless for Equality (2021 - 4th place) ranking of financial institutions that care about LGBT+ professional and social equality, and in the Diamonds Awards 2022 - BNP Paribas was the LGBT+-supportive employer of the year.

Initiatives promoting diversity and inclusivity in the workplace in 2022.

- support - also financial - activities of workers' networks as partners who are particularly responsive to the needs of equal opportunities for those social groups that are at risk of exclusion, e.g. women, fathers or the LGBT+ community,
- selected employee networks in the Bank:
 - women's network "Women Changing BNP Paribas", which runs, among other things, the original Women Up development programme, the Wo mentoring programme and Future Up mentoring,
 - fathers' network "Dad, you've got it like in the bank", which promotes a partnership family model,
 - the BNP Paribas PRIDE Poland network supporting the LGBT+ community.
- annual Diversity Days. In 2022, we invited employees to a series of meetings, webinars and workshops on topics such as community, dialogue, employee networks and the benefits of working with neurodiverse people. External and internal experts also introduced best practices for conducting intergenerational dialogue and combining business competence development with childcare,
- dialogue with groups at risk of exclusion, exploring their needs, their sense of inclusion in the Bank, designing appropriate actions. For example, anonymous surveys on the situation of LGBT+ people or 50+ people initiated by LGBT+ networks and employee initiatives or Agave Age,
- cooperation in the creation of a guide for companies developing on the basis of diversity and inclusion ideas - "Diversity and inclusive culture step by step" prepared by the Polish Institute for Human Rights and Business (in 2022 the guide will be available in English and Russian),
- First Aid for Humanity campaign in partnership with the Polish Red Cross - learning first aid in combination with a tolerance lesson.



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Anna Kania, TOM Manager



Group's financial results

Consolidated statement of profit and loss

BNP Paribas Bank Polska Group generated a net profit of PLN 441,497 thousand in 2022, by PLN 265,199 thousand (i.e. by 150.4%) higher than that achieved in 2021. It is estimated that, excluding the negative impact of credit moratoria, the Group's net profit in 2022 would amount to PLN 1,166,447 thousand and would be PLN 990,149 thousand (i.e. 561.6%) higher than that generated in 2021 (PLN 176,298 thousand on a comparable basis).

The Group's result on banking activity in the analysed period amounted to PLN 5,351,946 thousand and was higher y/y by PLN 542,689 thousand, i.e. 11.3%.

The most important events affecting the level of the result from banking activities in 2022 and its comparability with the last year were changes in the macroeconomic situation, including, above all, the strongest increase in inflation in decades, which became apparent already in the fourth quarter of 2021 and accelerated significantly with the outbreak of the war in Ukraine. They were accompanied by changes in economic and monetary policy, which changed the conditions for banking operations. The Group's financial performance was most affected by:

- the monetary policy tightening cycle by the Monetary Policy Council (MPC). From the 6th of October 2021 to the end of September 2022, the MPC increased interest rates eleven times by a total of 665 bps to the level of 6.75% for the reference rate. Since October 2022, the MPC has kept NBP interest rates unchanged. According to a statement made by the NBP President, the MPC has not yet completed the policy tightening cycle, but has suspended it until the central bank's new macroeconomic forecast is presented in the March Inflation Report. The increases and expectations of their scale have pushed up market interest rates and contributed to the Group's interest income in 2022,
- a lower result on hedge accounting linked to the pace and direction of changes in interest rates compared to 2021. The change in fair value of hedging transactions is recognized in the result on hedge accounting, which was lower in 2022 by PLN 37,102 thousand y/y, interest income from IRS transactions (including on cash flow value hedge derivatives) is included in net interest income and was lower by PLN 769,861 thousand y/y in 2022
- on 14 July 2022, the Act on Crowdfunding for Business Ventures and Assistance for Borrowers was enacted. Under the Act, a borrower is able to request a suspension of performance of mortgage contracts (moratorium) granted in PLN from 1 August 2022 to 31 December 2023, i.e. a total of 8 instalments, at no cost. Based on data on the use of the aforementioned opportunity by Customers, the Bank recognised an amount of PLN 965 million of negative impact on the Bank's result, in the net interest income of the third quarter of 2022 and its adjustment affecting the improvement of the net interest income in the fourth quarter of 2022 in the amount of PLN 70 million,
- declining in 2022 - with the deterioration of the macroeconomic situation - individual Customer demand for credit products associated with a significant decline in consumption dynamics, reflecting the negative impact of high inflation

and interest rates on the level and structure of spending and the deterioration of the economic situation of households. This was most evident in the case of the PLN mortgage market, where a decline in Customer demand and creditworthiness led to a significant reduction in sales and, consequently, to a nominal decline in the value of the portfolio of these loans on a sector-wide scale. The aforementioned factors also influenced the decline in sales of consumer loans compared to 2021, slowing down the growth rate of bank commission and fee income.

- the end of sanitary restrictions related to the COVID-19 pandemic in 2022, together with the acceleration of inflation, influencing increasing levels of business Customer activity in 2022. This was reflected in an increase in demand from corporate Customers and SMEs for investment credit and an increase in the scale of operations, which had a positive impact on the result from trading activities in the part of transactions with Customers. In contrast, the high cost of credit, uncertainty about the future economic climate (caused mainly by the war in Ukraine) and the unstable legal environment have had a negative impact on investment loans of entrepreneurs and individual farmers.

Elements of the regulatory environment that negatively affected the 2022 results compared to 2021 include:

- significant increase in BFG contributions and costs related to contributions to the assistance fund under the Commercial Bank Protection System S.A. (IPS). The sum of costs incurred on the aforementioned items was by PLN 215,519 thousand (i.e. 150.3%) higher in 2022 compared to 2021 (PLN 358,871 thousand vs. PLN 143,352 thousand).
- incurring costs in 2022 related to payments to the Borrowers' Support Fund of PLN 75,350 thousand compared to the release of a provision of PLN 1,043 thousand in 2021

In total, general administrative expenses and depreciation incurred in 2022 were by PLN 494,927 thousand higher than in 2021. In addition to the increase in regulatory costs described above, this was also due to inflationary pressures translating into an increase in personnel and administrative costs.

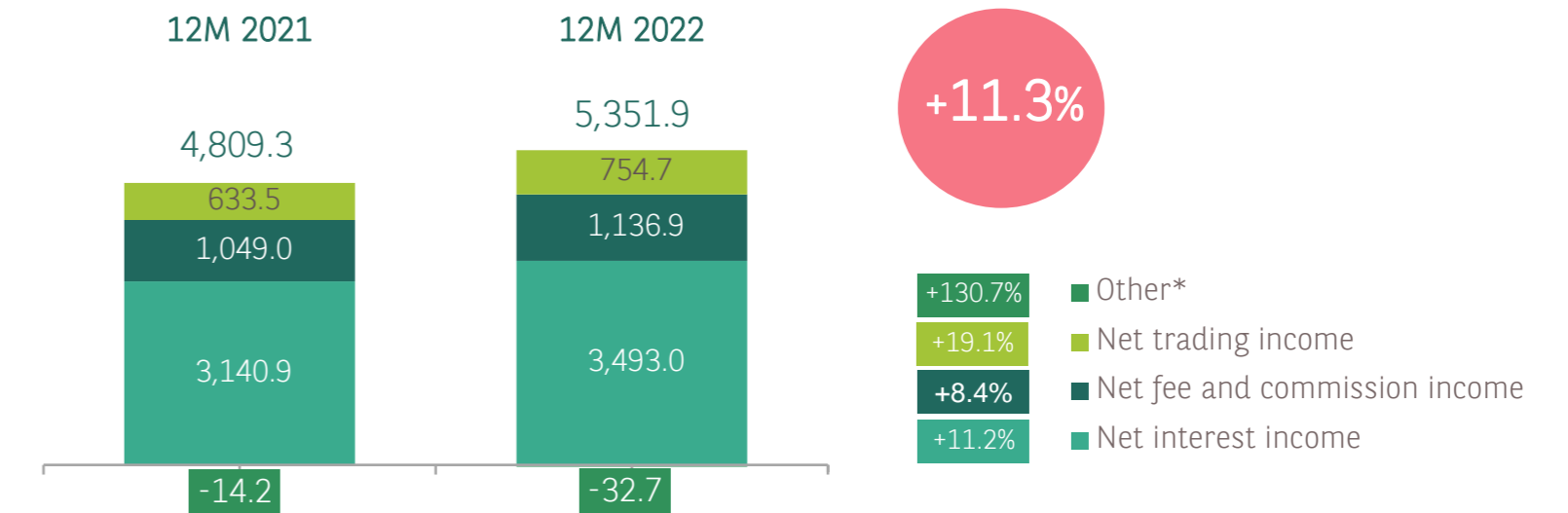
The factor significantly affecting the level of the Group's net result in 2022 and its comparability with 2021 continues to be the costs for legal risk provisions related to foreign currency loans. In 2022, these were charged to the Group's results by PLN 740,000 thousand compared to PLN 1,045,304 thousand in 2021 (a decrease in costs of PLN 305,304 million y/y).

The cost of risk remained at a level similar to the previous year (the negative result of impairment losses on financial assets and provisions for contingent liabilities increased by PLN 8,825 thousand y/y). The positive impact of sales of receivables made in 2022 was lower by PLN 50,876 thousand (amounting to +PLN 34,044 thousand compared to +PLN 84,920 thousand in 2021).

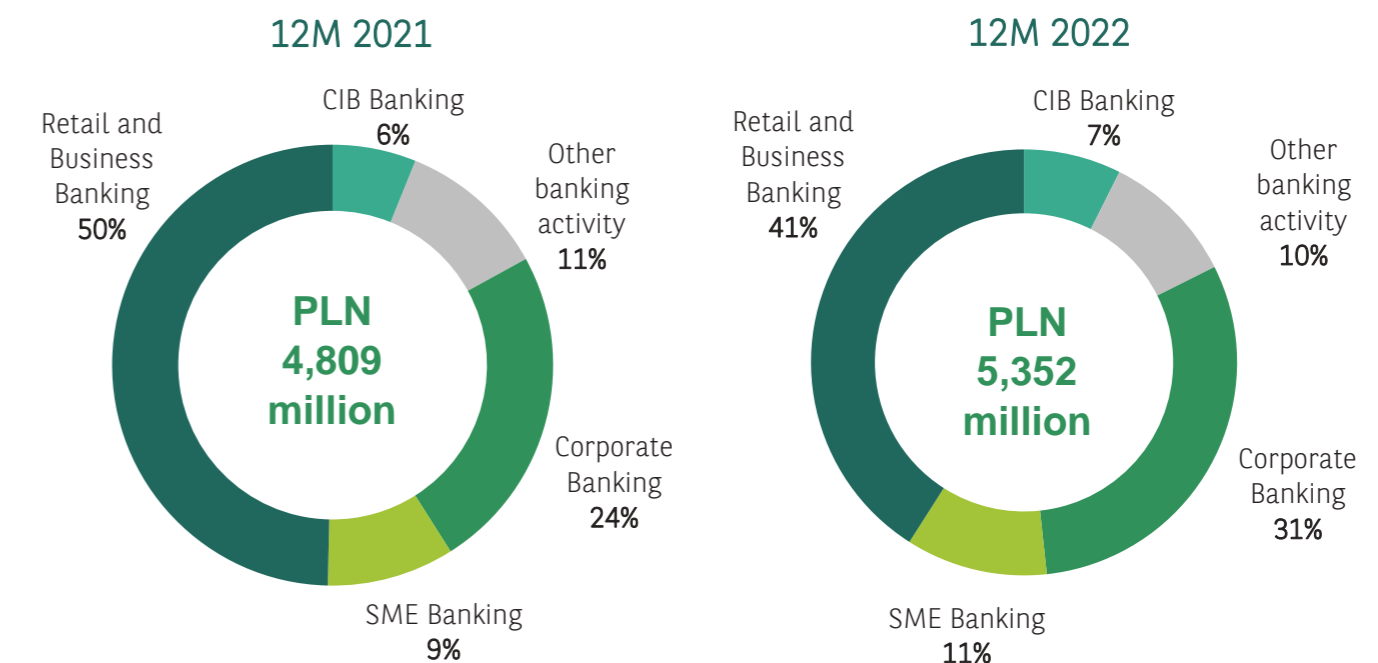

Table 53. Statement of profit or loss

thousand PLN	12 months ended	12 months ended	change y/y	
	31.12.2022	31.12.2021	thousand PLN	%
Net interest income	3,493,005	3,140,942	352,063	11.2%
Net fee and commission income	1,136,915	1,048,986	87,929	8.4%
Dividend income	10,817	8,550	2,267	26.5%
Net trading income	754,701	633,493	121,208	19.1%
Net investment income	29,227	(5,133)	34,360	-
Result on fair value hedge accounting	13,267	50,369	(37,102)	(73.7%)
Result on derecognition of financial assets/liabilities measured at amortised cost due to material modification	(2,159)	-	(2,159)	-
Other operating income and expenses	(83,827)	(67,950)	(15,877)	23.4%
Net income on banking activity	5,351,946	4,809,257	542,689	11.3%
Net impairment allowance on financial assets and provisions for contingent liabilities	(275,010)	(266,185)	(8,825)	3.3%
Result on provisions for court proceedings related to mortgage loans in CHF	(740,000)	(1,045,304)	305,304	(29.2%)
General administrative expenses	(2,626,707)	(2,143,976)	(482,731)	22.5%
Depreciation and amortization	(411,749)	(399,553)	(12,196)	3.1%
Operating result	1,298,480	954,239	344,241	36.1%
Tax on financial institutions	(426,553)	(338,110)	(88,443)	26.2%
Gross profit	871,927	616,129	255,798	41.5%
Income tax	(430,430)	(439,831)	9,401	(2.1%)
Net profit	441,497	176,298	265,199	150.4%
Net profit excluding the impact of credit moratoria	1,166,447	176,298	990,149	561.6%

Note: Due to rounding, individual values in the tables and graphs of this Report may not add up.

Chart 13. Structure of net income on banking activity in PLN million


* The 'Other' category includes the result on investment activities, result on hedge accounting, dividends income, result on derecognition of assets/liabilities and other operating income and expenses

Chart 14. Net income on banking activity by segments


The changes in the structure of the banking result by segment presented in the charts above are, among other things, the result of the charge to the Retail and Business Banking Divisions for credit moratoria and the improvement in net interest income and trading activities achieved by the Corporate Banking, SME and CIB.



Net interest income

Net interest income, which is the Group's main source of revenue, amounted to PLN 3,493,005 thousand in 2022 and was higher y/y by PLN 352,063 thousand, or 11.2%. In 2022, compared to 2021, interest income was higher by PLN 3,061,591 thousand, or 89.5%, while interest expenses increased by PLN 2,709,528 thousand, or 968.1%.

A significant external factor influencing the increase in interest income and expenses in 2022 compared to 2021 was the policy of the National Bank of Poland regarding the level of basic interest rates. In an effort to counteract rising inflation, the Monetary Policy Council continued the cycle of monetary tightening in Poland, which began in October 2021. By the end of the third quarter of 2022, the MPC had made eleven interest rate increases with a total of 655 bps (to the level of 6.75% for the reference rate). At its meeting in early October 2022, the MPC did not change interest rates for the first time. According to the NBP president's statement, the MPC has not yet completed the policy tightening cycle, but has suspended it until the central bank's new macroeconomic forecast is presented in the March Inflation Report. An estimate of the sensitivity of the Group's interest income to changes in interest rates is presented in Note 55.5 of the Consolidated Financial Statements.

Table 54. Net interest income

thousand PLN	12 months ended 31.12.2022	12 months ended 31.12.2021	Change y/y	
			thousand PLN	%
Loans and advances to banks	340,896	9,147	331,749	3,626.9%
Loans and advances to Clients measured at amortized cost	4,920,973	2,411,404	2,509,569	104.1%
Loans and advances to Clients measured at fair value through profit or loss	88,692	9,969	78,723	789.7%
Debt instruments measured at amortized cost	599,413	591,247	8,166	1.4%
Debt instruments measured at fair value through profit or loss	8,121	4,640	3,481	75.0%
Debt instruments measured at fair value through other comprehensive income	324,117	190,653	133,464	70.0%
Derivative instruments in fair value hedge accounting	188,498	195,568	(7,070)	(3.6%)
Derivative instruments in cash flow hedge accounting	11,628	7,912	3,716	47.0%
Buy-sell-back securities	67	274	(207)	(75.5%)
Interest income, total	6,482,405	3,420,814	3,061,591	89.5%

thousand PLN	12 months ended 31.12.2022	12 months ended 31.12.2021	change y/y	
			thousand PLN	%
Amounts due to banks	(506,952)	(126,757)	(380,195)	299.9%
Debt securities issued	(19,873)	(27,797)	7,924	(28.5%)
Amounts due to Customers	(1,586,802)	(59,828)	(1,526,974)	2,552.3%
Lease liabilities	(15,288)	(4,551)	(10,737)	235.9%
Derivative instruments in fair value hedge accounting	(790,845)	(53,031)	(737,814)	1,391.3%
Derivative instruments in cash flow hedge accounting	(30,960)	(2,267)	(28,693)	1,265.7%
Sell-buy-back securities	(38,592)	(1,056)	(37,536)	3,554.5%
Other related to financial assets	(88)	(4,585)	4,497	(98.1%)
Interest expenses, total	(2,989,400)	(279,872)	(2,709,528)	968.1%
Net interest income	3,493,005	3,140,942	352,063	11.2%

Described above, the increase in interest rates had a positive impact on the profitability of loan products in 2022. The significant increase in the average gross loan portfolio was also a factor positively contributing to the growth in interest income.

The level of interest income generated in 2022 on loans and advances to individual Customers measured at amortised cost was significantly burdened by the need to recognise in the income statement the negative impact on the Group's result associated with the enactment on 14 July 2022 of the Act on Crowdfunding for Business Ventures and Assistance for Borrowers, which provided borrowers with a possibility to request a suspension of performance of mortgage contracts (moratorium) granted in PLN from 1 August 2022 to 31 December 2023, i.e. a total of 8 instalments, at no cost.

Under IFRS 9, banks must recognise in the income statement the difference in the present value of the estimated cash flows arising from the loan agreements after taking into account the suspension of instalment payments and the gross present value of the loan portfolio. Based on the observed and forecast number of suspension requests, the Group recognised an amount of PLN -965 million in net interest income in the third quarter of 2022 and a positive adjustment of this impact of PLN +70 million in the fourth quarter of 2022, in the interest income item "Loans and advances to Customers measured at amortised cost - individual Customers" (see also Note 3j Estimated Values - Consolidated Financial Statements).

In addition, following the entry into force of the Act of 5 August 2022 amending the Mortgage Credit Act and the Supervision of Mortgage Credit Intermediaries and Agents and certain other acts, the Group recognised in 2022 (third



quarter) an amount of PLN 29,029 thousand in costs of the provision related to the need to reimburse Customers for additional fees incurred until the mortgages were established.

As a result of the factors described above, the sum of interest income on loans and advances to Customers measured at amortised cost and at fair value through profit or loss was 5,009,665 thousand in 2022 and was higher by PLN 2,588,292 thousand, or 106.9%, than the revenue generated in 2021.

Factors that positively influenced the level of interest income in 2021 also included the increase in the scale of operations and the resulting increase in the average value of the securities portfolio (interest income on debt instruments measured at amortised cost and at fair value increased over the period under review by a total of 145,111 thousand, i.e. by 18.4%).

Due to the aforementioned increase in market interest rates in 2022, the cost of acquiring deposits increased significantly and remained close to zero until the end of the third quarter of 2021. This process has been slower than the increase in loan yields due, among other things, to the significant share of current deposits in the total deposits acquired from Customers (at the end of the fourth quarter of 2022, it amounted to 67.8%, compared to 87.5% at the end of the fourth quarter of 2021), which is particularly relevant for deposits held in current accounts of individual Customers.

The cost of interest on liabilities to Customers amounted to PLN 1,586,802 thousand in 2022 and was higher by PLN 1,526,974 thousand, or 2,552.3%, than the cost incurred in 2021.

The level of interest income is affected by the Group's use of fair value hedge accounting and (to a much lesser extent) cash flow hedge accounting. The change in the fair value measurement of hedging transactions is recognised in the result on hedge accounting. Interest on IRS transactions and hedged items is recognised in net interest income. Net interest income on hedging relationships (sum of interest income and interest expense from derivatives under fair value and cash flow hedge accounting) in 2022 was negative at PLN 621,679 thousand compared to a positive impact of PLN 148,182 thousand in 2021 (a decrease of PLN 769,861 thousand y/y).

Excluding the costs associated with the credit moratoria, the net interest income generated in 2022 would amount to PLN 4,388,005 thousand, up by PLN 1,247,063 thousand, or 39.7% y/y.

Net fee and commission income

The Group's net fee and commission income in 2022 amounted to PLN 1,136,915 thousand and was by PLN 87,929 thousand (or 8.4%) higher than that achieved in 2021. This increase was possible primarily due to the adjustment measures taken by the Group in the area of pricing policy, higher transaction activity of Clients (payments and cards) and the continued - in particular in the first and second quarter of 2022 - high level of sales of products and services for individual Customers and a significantly higher demand from corporates for credit (including ongoing financing) compared to 2021.

Fee and commission income amounted to PLN 1,405,358 thousand and was higher by PLN 120,813 thousand (i.e. 9.4%) compared to 2021, while commission expenses amounted to PLN 268,443 thousand and were higher by PLN 32,884

thousand (i.e. 14.0%) y/y. The increase in fee and commission income occurred in all major categories except asset management and brokerage operations as well as bank account services, including:

- debit and credit card services by PLN 79,584 thousand, or 32.3% (among other things, as a result of changes in pricing policies and a continued growth of card transactions). Revenues from the currency conversion of card transactions, revenues related to the maintenance and use of debit cards (including fees for card cash transactions), from cooperation with Euronet and from interchange fees increased,
- intermediation in the sale of insurance products by PLN 33,328 thousand, i.e. by 27.7% (due to, among other things, higher revenues from insurance of mortgage loans, cash loans, from the cooperation with Cardif and from Customer insurance and Agro Credit),
- execution of transfers and electronic banking service by PLN 14,606 thousand, i.e. by 17.5% (as a result of higher revenues from commissions on domestic and foreign transfers resulting from, among other things, a significant increase in the volume of payments made by businesses).
- lending and leasing activities by PLN 11,247 thousand, i.e. by 3.6% (among other things, due to higher revenues for used or unused liabilities),
- cash handling by PLN 9,437 thousand, i.e. by 28.7% (among other things, higher revenues from cash transactions).

Revenues from asset management and brokerage operations were lower by PLN 33,778 thousand (i.e. 22.0%) primarily due to lower revenues for the sale of investment fund units and brokerage commissions due to the continued deterioration of the economy in 2022 (declines in bond and equity prices, rising inflation, continued interest rate rises, concerns about recession).

At the same time, revenues from account servicing were lower by PLN 6,586 thousand, i.e. by 2.6% (mainly as a result of lower revenues from fees for high balances on corporate accounts, while revenues related to bailiff seizures, use of internet banking and mobile payments increased).

The increase in fee and commission expenses was mainly due to higher costs of:

- payment and credit card servicing by PLN 14,869 thousand, i.e. by 14.5% (as a result of higher costs of commissions paid to organizations and entities handling card transactions),
- other commissions by PLN 8,637 thousand, i.e. by 18.8% (inter alia as a result of higher provisions for unpaid commissions),
- cash handling by PLN 6,741 thousand, i.e. by 37.6% (i.a. due to higher costs of cash escort),
- execution of transfers and electronic banking service by PLN 5,191 thousand, i.e. by 193.5% (as a result of higher costs of GOonline Business).



Table 55. Net fee and commission income

thousand PLN	12 months ended 31.12.2022	12 months ended 31.12.2021	change y/y thousand PLN	%
Fee and commission income				
lending and leasing activity	323,037	311,790	11,247	3.6%
accounts servicing	247,832	254,418	(6,586)	(2.6%)
cash service	42,312	32,875	9,437	28.7%
cash transfers and e-banking	98,151	83,545	14,606	17.5%
guarantees and documentary operations	54,530	50,555	3,975	7.9%
asset management and brokerage services	120,056	153,834	(33,778)	(22.0%)
payment and credit cards servicing	325,966	246,382	79,584	32.3%
intermediation in the sale of insurance products	153,471	120,143	33,328	27.7%
intermediation in the sale of Bank's products and acquisition of Customers	17,374	11,687	5,687	48.7%
other commissions	22,629	19,316	3,313	17.2%
Fee and commission income, total	1,405,358	1,284,545	120,813	9.4%
Fee and commission expenses, total				
lending and leasing activity	(1,388)	(408)	(980)	240.2%
accounts servicing	(10,291)	(9,821)	(470)	4.8%
cash service	(24,676)	(17,935)	(6,741)	37.6%
cash transfers and e-banking	(7,873)	(2,682)	(5,191)	193.5%
asset management and brokerage services	(4,929)	(6,622)	1,693	(25.6%)
payment and credit cards	(117,284)	(102,415)	(14,869)	14.5%
intermediation in the sale of insurance products	(22,582)	(19,271)	(3,311)	17.2%
intermediation in the sale of Bank's products and acquisition of Customers	(24,719)	(30,341)	5,622	(18.5%)

thousand PLN	12 months ended 31.12.2022	12 months ended 31.12.2021	change y/y thousand PLN	%
other commissions	(54,701)	(46,064)	(8,637)	18.8%
Fee and commission expenses, total	(268,443)	(235,559)	(32,884)	14.0%
Net fee and commission income	1,136,915	1,048,986	87,929	8.4%

Dividend income

Dividend income in 2022 amounted to PLN 10,817 thousand and resulted from the 2021 profits of companies, in which the Bank held minority shares, i.e. among others Biuro Informacji Kredytowej S.A. (PLN 3,726 thousand), Krajowa Izba Rozliczeniowa S.A. (PLN 1,543 thousand), VISA (PLN 397 thousand).

Dividend income in 2021 amounted to PLN 8,550 thousand and resulted from the 2020 profits of companies, in which the Bank held minority shares, i.e. Biuro Informacji Kredytowej S.A. (PLN 3,722 thousand), Krajowa Izba Rozliczeniowa S.A. (PLN 1,477 thousand), VISA (PLN 458 thousand).

Net trading income and net investment income

Net trading income in 2022 amounted to PLN 754,701 thousand, and was higher by PLN 121,208 thousand, or 19.1% compared to 2021. The level and volatility of this result are mainly shaped by the result from foreign exchange and derivative transactions with Clients, the result on transactions entered into by CIB and the Asset and Liability Management Division and the valuation of equity instruments.

The increase in the result from trading activities was the result of an improvement in the margin realised on foreign exchange and derivative transactions with Customers, made possible by an increase in cross-selling and Customer up-selling, as well as higher business activity compared to 2021. This result amounted to 758,119 thousand in 2022 and was by 183,023 thousand (i.e. 31.8%) higher than that obtained in 2021.

The level of net trading income in 2022 compared to 2021 was negatively affected by, among other things, a deterioration in the result on FX swaps entered into within the Asset and Liability Management Division and the valuation of equity instruments. The result on equity instruments at fair value through profit or loss in 2022 was a positive PLN 11,559 thousand, vs: PLN 22,454 thousand in 2021. The deterioration was mainly due to lower valuations of BIK, KIR, VISA and Mastercard.

The above negative factors were partially neutralised by a PLN 17,705 thousand improvement in the negative valuation of fair value hedging transactions on the loan portfolio measured at fair value (PLN -36,738 thousand in 2022 compared to PLN -54,443 thousand in 2021).



The net investment income in 2022 amounted to PLN 29,227 thousand and was higher by PLN 34,360 thousand compared to the negative result: PLN -5,133 thousand realised in 2021.

The increase in the result on investing activities in 2022 was mainly related to a PLN 26,951 thousand improvement in the result on the valuation of the portfolio of loans and advances to Customers measured at fair value through profit or loss, which amounted to PLN 24,094 thousand, compared to PLN -2,857 thousand in 2021.

Other operating income

Other operating income in 2022 amounted to PLN 203,874 thousand and was lower by PLN 25,821 thousand, or 11.2%, compared to 2021.

The level of other operating income was influenced mainly by the following:

- lower by PLN 33,800 thousand (i.e. by 65.2%) revenues from the sale or liquidation of fixed assets, intangible assets. The level of these revenues in 2021 was mainly due to the recognition under this item of revenues from the sale of several branches of the Bank, mostly finalised in Q2,2021 (costs related to these transactions are included in the item Costs of sale or liquidation of fixed assets in Other operating expenses),
- lower by PLN 13,577 thousand (i.e. by 93.1%) profit from sales of goods and services,
- lower by PLN 4,895 thousand (i.e. by 19.1%) revenues from recovery of collection costs
- higher by PLN 13,710 thousand (i.e. 31.9%) income from the release of provisions for litigation and other liabilities resulting, inter alia, from the termination in Q1,2022 of former cases concerning 3 corporate Clients. The related increase in other operating expenses can be seen in Other operating expenses (in Other operating expenses),
- higher by PLN 9,045 thousand (i.e. 20.8%) revenue from leasing activities.

Table 56. Other operating income

thousand PLN	12 months ended 31.12.2022	12 months ended 31.12.2021	Change y/y	
			thousand PLN	%
Sale or liquidation of property, plant and equipment and intangible assets	18,002	51,802	(33,800)	(65.2%)
Release of impairment allowances for other receivables	9,782	9,662	120	1.2%
Sale of goods and services	999	14,576	(13,577)	(93.1%)
Release of provisions for litigation and claims and other liabilities	56,753	43,043	13,710	31.9%

thousand PLN	12 months ended 31.12.2022	12 months ended 31.12.2021	Change y/y	
			thousand PLN	%
Recovery of debt collection costs	20,700	25,595	(4,895)	(19.1%)
Recovered indemnities	662	465	197	42.4%
Leasing operations	52,450	43,405	9,045	20.8%
Other operating income	44,526	41,147	3,379	8.2%
Other operating income, total	203,874	229,695	(25,821)	(11.2%)

Other operating expenses

Other operating costs in 2022 amounted to PLN 287,701 thousand and was lower by PLN 9,944 thousand (i.e. 3.3%) compared to 2021.

The level of other operating expenses was influenced mainly by the following:

- lower by PLN 30,532 thousand (i.e. by 58.2%) costs of sale or liquidation of fixed assets, intangible assets. The level of these costs in 2021 was mainly due to the inclusion within this item of costs related to the sale of the Bank's branches (income related to these transactions is included in Income from sale or liquidation of fixed assets, intangible assets in Other operating income),
- lower costs related to recovery of debt collection by PLN 6,831 thousand (i.e. by 14.7%),
- lower by PLN 4,482 thousand (i.e. by 7.1%) the costs of creating provisions for litigation and other liabilities,
- higher by PLN 27,627 thousand (i.e. by 33.8%) other operating expenses (resulting, inter alia, from the establishment of provisions for remuneration to intermediaries for the sale of products of BNP Paribas Leasing Services Sp. z o.o. and Arval Service Lease Polska Sp. z o.o. and from the termination in Q1 2022 of old cases concerning 3 corporate Customers, the related increase in other operating income is visible in the item Release of provisions for litigation and other liabilities in Other operating income),
- higher costs of leasing operations by PLN 9,261 thousand (i.e. by 39.5%).

**Table 57. Other operating expenses**

thousand PLN	12 months ended	12 months ended	Change y/y	
	31.12.2022	31.12.2021	thousand PLN	%
Loss on sale or liquidation of property, plant and equipment and intangible assets	(21,953)	(52,485)	30,532	(58.2%)
Created impairment allowances for other receivables	(13,328)	(13,515)	187	(1.4%)
Provisions for litigation and claims and other liabilities	(58,520)	(63,002)	4,482	(7.1%)
Debt collection	(39,739)	(46,570)	6,831	(14.7%)
Donations made	(6,661)	(5,983)	(678)	11.3%
Costs of leasing operations	(32,733)	(23,472)	(9,261)	39.5%
Costs of compensations, penalties and fines	(5,356)	(10,834)	5,478	(50.6%)
Other operating expenses	(109,411)	(81,784)	(27,627)	33.8%
Other operating expenses, total	(287,701)	(297,645)	9,944	(3.3%)

Net impairment allowance on financial assets and provisions for contingent liabilities

The result of impairment losses on financial assets and provisions for contingent liabilities in 2022 was negative and amounted to PLN 275,010. Its impact on the Group's result was higher by PLN 8,825 thousand, i.e. by 3.3% compared to 2021.

Considering the main operating segments¹:

- Retail and Business Banking segment recorded an increase (deterioration) in the negative result by PLN 190,698 thousand,
- SME Banking – positive result and increase of result by PLN 91,282 thousand,
- Corporate Banking (including CIB) – positive result and increase of result by PLN 88,098 thousand,
- Other banking activities recorded positive result and improvement of result by PLN 2,495 thousand.

In 2022, the materialisation of the cost of risk remained low, influenced by the good quality of loan servicing and the associated level of Phase 3 entries. At the same time, the result from impairment of financial assets and provisions for contingent liabilities was significantly affected by the release of provisions for unrealised credit losses related to the

coronavirus pandemic and the creation of provisions related to the expectation of the impact of the current macroeconomic and geopolitical situation on the quality of the loan portfolio in the future.

In 2022, provisions for unrealised credit losses related to the potential negative impact of COVID were released. Due to the stabilisation of the pandemic situation and the expected limited impact of COVID in subsequent periods, the Group released provisions of PLN 200,130 thousand on this account

At the same time, the Group created additional provisions for unrealised losses for the impact of economic forecasts in the amount of PLN 207,844 thousand (of which: provisions related to the update of forecasts of macroeconomic variables included in the used IFRS9 model in the amount of PLN 65,374 thousand, and additional provisions related to risk factors not directly included in the macroeconomic model in the amount of PLN 142,470 thousand).

The total impact of provisions made for unrealised credit losses on the result on impairment of financial assets and provisions for contingent liabilities was negative and amounted to PLN 7,714 thousand.

In addition, the cost of risk in 2022 was influenced by:

- the release of the provisions created in 2021, amounting to PLN 65,170 thousand, due to the reversal of changes in legislation, which had the effect of lowering the expected recovery levels on the portfolio of loans to farmers (significantly affecting the result in the institutional loans segment),
- increasing the provision related to Customers with the highest exposure to turbulence in the economic environment by PLN 9,700 thousand. The Group released provisions created due to the negative impact of energy prices in 2021 in the amount of PLN 15,300 thousand reflecting this risk directly in the assessment of individual CTB/SME Clients. At the same time, PLN 25,000 thousand provision for Customers most exposed to turbulence in the economic environment was created.,
- adjusting the PD/LGD parameters for exposures transferred to Phase 2 as part of the identification of vulnerable Customers in the portfolio of loans secured by real estate in PLN. This change resulted in the creation of provisions in the amount of PLN 76,901 thousand.
- introducing significant changes in the approach used to classification, estimation of write-downs as well as in the IFRS9 parameter models resulting in the creation of provisions in the amount of PLN 26,207 thousand, including:
 - identification of exposures particularly exposed to turbulence in the economic environment (due to the ongoing war in Ukraine, economic sanctions against Russia and Belarus, and the current economic situation). These exposures were reclassified to Phase 2, as a result of which the Group recognized PLN 48,255 thousand additional provisions,
 - implementation of a rationale for identifying a significant increase in credit risk (Phase 2) based on an assessment of the relative change in the PD lifetime parameter,

¹ data based on the segmentation Note 54 included in the Consolidated report of BNP Paribas Bank Polska S.A. Capital Group as at 31 December 2022



- adaptation of the form of the LGD model to the shape of the recovery process and inclusion of additional dimensions differentiating the LGD level for Phase 1 and Phase 2 exposures,
 - implementation of an updated form of the CCF model,
 - implementation of a new Default Rate macroeconomic model for companies using full accounting,
 - implementation of the LGD model for leasing exposures replacing the expert parameters previously used for this segment,
 - implementation of additional PD parameter grouping based on rating for leasing exposures.
- positive impact from the sale of debt portfolios in the amount of PLN 34,044 thousand.

In 2022, the Group concluded agreements for the sale of the loan portfolio from the retail, SME and corporate portfolios. The gross carrying amount of the sold portfolio measured at amortised cost was PLN 387,666 thousand, the amount of impairment losses created was PLN 313,497 thousand. The contractual price for the sale of these portfolios was set at PLN 108,213 thousand. The net impact on the Bank's result from the sale of the portfolios amounted to PLN 34,044 thousand.

In 2021, the Group entered into agreements for the sale of a portfolio of loans from the retail, SME and corporate portfolios. The gross carrying amount of the sold portfolio measured at amortised cost was PLN 711,954 thousand, the amount of impairment losses created was PLN 638,727 thousand. The contractual price for the sale of these portfolios was set at PLN 158,147 thousand. The net impact on the Group's result from the sale of the portfolios amounted to PLN 84,920 thousand.

The cost of credit risk, expressed as the ratio of net impairment losses to the average gross loans and advances to Customers measured at amortized cost (calculated on the basis of balances at the end of the quarters) amounted to 0.30% in 2022 and was by 2 bps lower than in 2021 (0.32%). It is estimated that excluding the impact of debt sales, the cost of risk would have been 0.33% in 2022 and 0.43% in 2021.

General administrative expenses, depreciation and amortization

General administrative expenses (including depreciation and amortization) of the Group amounted to PLN 3,038,456 thousand and were higher by PLN 494,927 thousand, or 19.5%, compared to 2021.

The largest y/y increase in costs by type by PLN 206,531 thousand was in contributions to the Commercial Banks Protection Scheme (System Ochrony Banków Komercyjnych S.A., SOBK or IPS) – a company established in June 2022, of which the Bank is a shareholder. A Support Fund has been established within the company to finance the tasks of the system.

At the beginning of 2022, the BFG Council set the amount of contributions to the BFG for the banking sector at PLN 1,693 million for the banks' forced restructuring fund against PLN 1,230 million in 2021 and PLN 2,008 million for the banks' guarantee fund against PLN 1,000 million in 2021. In October 2022. The BFG Council reduced the amount of contributions to the guarantee fund to PLN 502 million. As a result, total contributions for the banking sector in 2022 are 1.6% lower compared to the previous year.

Table 58. General administrative expenses, depreciation and amortization

thousand PLN	12 months ended	12 months ended	Change y/y	
	31.12.2022	31.12.2021	thousand PLN	%
Personnel expenses	(1,261,353)	(1,183,578)	(77,775)	6.6%
Marketing expenses	(84,532)	(102,155)	17,623	(17.3%)
IT and telecom expenses	(267,868)	(220,753)	(47,115)	21.3%
Short-term lease and operating costs	(68,348)	(63,944)	(4,404)	6.9%
Other non-personnel expenses	(528,397)	(384,354)	(144,043)	37.5%
Business travels	(14,300)	(6,773)	(7,527)	111.1%
ATM and cash handling expenses	(26,045)	(22,746)	(3,299)	14.5%
Outsourcing costs related to leasing operations	(2,623)	(2,915)	292	(10.0%)
Contributions to Bank Guarantee Fund	(152,340)	(143,352)	(8,988)	6.3%
Fees for the Commercial Banks Protection Scheme	(206,531)	-	(206,531)	-
Polish Financial Supervision Authority fee	(14,370)	(13,406)	(964)	7.2%
General administrative expenses, total	(2,626,707)	(2,143,976)	(482,731)	22.5%
Depreciation and amortization	(411,749)	(399,553)	(12,196)	3.1%
Total expenses	(3,038,456)	(2,543,529)	(494,927)	19.5%

Costs of fees for the BFG, charged to the Bank in 2022, amounted to PLN 152,340 thousand and were higher by PLN 8,988 thousand compared to the previous year, included:

- annual contribution to the banks' forced restructuring fund - PLN 125,919 thousand (in 2021 - PLN 90,147 thousand); these contributions are paid in the first quarter of the year,
- contribution to the banks' guarantee fund - PLN 26,421 thousand (in 2021 - PLN 53,205 thousand); in Q2 2022, the BFG decided to suspend the collection of this contribution.

An increase in the level of costs y/y was also recorded in the following categories:

- other material costs - an increase of PLN 144,043 thousand, of which:



- fee for the Borrowers' Support Fund (BSF) increased y/y by PLN 76,394 thousand, as a result of the BSF Board setting an additional amount for 2022 of PLN 1,400 million,
- advisory services provided by the Group increased by PLN 45,834 thousand (PLN 54,319 thousand in 2022, PLN 8,485 thousand in 2021),
- material costs incurred by the leasing company higher by PLN 17,062 thousand due to the increase in the scale of operations,
- costs of meetings (working, integration) and briefings increased by PLN 11,064 thousand. In 2021, their scale was limited due to the COVID-19 pandemic (meetings were mainly held online);
- personnel costs - an increase of PLN 77,775 thousand, i.e. by 6.6% - the increase in salary costs by PLN 60,594 thousand is mainly due to an increase in basic salaries from March 2022, the implementation of salary regulations related to the salary gap (Gender Pay Gap) and retention raises for key employees in the fourth quarter of 2022, while reducing the Bank's bonus costs (by PLN 18,783 thousand). The aforementioned measures increased the cost of salary surcharges by PLN 14,894 thousand,
- IT and telecommunications costs - an increase of PLN 47,115 thousand (by 21.3%) as a result of an increase in the cost of software maintenance contracts, higher maintenance costs for the main banking and BNP group systems and an increase in cyber security costs due to the war in Ukraine,
- travel costs - an increase of PLN 7,527 thousand, as a result of a larger scale of working meetings (including team-building meetings), briefings and onsite training compared to 2021.

Table 59. Employee benefit costs

thousand PLN	12 months ended 31.12.2022	12 months ended 31.12.2021	Change y/y thousand PLN	%
Salary costs	(1,005,932)	(945,338)	(60,594)	6.4%
Salary surcharges	(181,716)	(166,822)	(14,894)	8.9%
Employee benefits	(46,325)	(47,380)	1,055	(2.2%)
Costs of provision for restructuring	(775)	(1,091)	316	(29.0%)
Costs of provision for future liabilities due to unused leave and retirement benefits	(9,885)	(8,755)	(1,130)	12.9%
Charges to the Company Social Benefits Fund	(14,225)	(13,372)	(853)	6.4%
Other	(2,495)	(820)	(1,675)	204.3%
Total employee benefits costs	(1,261,353)	(1,183,578)	(77,775)	6.6%

A decrease of PLN 17,623 thousand y/y was recorded in marketing costs, which is mainly due to a reduction in costs for promotion and media advertising.

Depreciation and amortization expenses in 2022 amounted to PLN 411,749 thousand and were higher by PLN 12,196 thousand (i.e. by 3.1%) compared to 2021. The increase was mainly due to the Bank's further transformation and digitalization, as well as capital expenditures incurred for this purpose. Depreciation and amortisation costs at Group companies remained at a comparable level y/y.

The Bank's capital expenditure in 2022 amounted to PLN 367,685 thousand and was higher by PLN 44,768 thousand, or 13.9%, compared with the same period last year. The volume of capital expenditure is adjusted to the Bank's current needs and capabilities. All projects are analysed from the point of view of rationality and impact on the financial and business situation of the Bank and the Group.

Statement of comprehensive income

The Group's total income in 2022 was negative at PLN -112,667 thousand, compared to negative PLN -675,157 thousand in 2021. (an improvement of PLN 562,490 thousand).

This was a result of a PLN 370,377 thousand improvement in the valuation of financial assets measured by other comprehensive income (negative impact of PLN -599,039 thousand in 2022 vs. PLN -969,416 thousand in 2021. This improvement is related to the suspension of the monetary tightening cycle by the Monetary Policy Council.

The second element that improved the Group's total income was the net financial result, which at the end of 2022 was higher by PLN 265,199 thousand (i.e. 150.4%) compared to the end of 2021.

Table 60. Statement of comprehensive income

thousand PLN	12 months ended 31.12.2022	12 months ended 31.12.2021	change y/y thousand PLN	%
Net profit	441,497	176,298	265,199	150.4%
Other comprehensive income				
Items that will be reclassified subsequently to profit or loss upon fulfilment of certain conditions	(553,251)	(854,322)	301,071	(35.2%)
Mark-to-market of assets measured at fair value through other comprehensive income	(599,039)	(969,416)	370,377	(38.2%)
Deferred tax	113,817	184,189	(70,372)	(38.2%)
Valuation of derivatives in cash flow hedge accounting, gross	(83,987)	(85,303)	1,316	(1.5%)



thousand PLN	12 months ended 31.12.2022	12 months ended 31.12.2021	change y/y thousand PLN	%
Deferred tax on valuation of gross cash flow hedging derivatives	15,958	16,208	(250)	(1.5%)
Items that will not be reclassified subsequently to profit or loss	(913)	2,867	(3,780)	-
Actuary valuation of employee benefits	(1,129)	3,540	(4,669)	-
Deferred tax on gross actuarial valuation of employee benefits	216	(673)	889	-
Other comprehensive income (net of tax)	(554,164)	(851,455)	297,291	(34.9%)
Total comprehensive income	(112,667)	(675,157)	562,490	(83.3%)

Statement of financial position

Assets

The Group's total assets as of the end of 2022 amounted to PLN 151,517,069 thousand, and was higher by PLN 19,739,588 thousand, or 15.0%, compared to the end of 2021.

The most important change in the Group's asset structure compared to the end of 2021 was a decrease in the share of the loan portfolio by 6.1 p.p. (the sum of portfolios measured at amortized cost and at fair value) with a 5.8 p.p. increase in receivables from banks and a 1.5 p.p. increase in shares of the securities portfolio.

The Group's asset structure was dominated by loans and advances to Customers (the sum of portfolios measured at amortized cost and measured at fair value), which accounted for 59.4% of total assets at the end of 2022, compared to 65.5% at the end of 2021. The increase in the volume of net loans and advances amounted to PLN 3,740,134 thousand (i.e. by 4.3%), and concerned both the Institutional Clients portfolio (+8.2%). The retail Clients' portfolio decreased by 0.6% compared to the end of 2021 (including mortgage loans decrease by 1.0%).

The second largest asset item was securities, which accounted for 26.3% of total assets at the end of 2022 (at the end of 2021: 24.9%). As of 31 December 2022, the value of securities increased by PLN 7,109,944 thousand (i.e. by 21.7%) compared to the end of 2021. The growth in the portfolio mainly concerned securities measured at fair value through other comprehensive income (bonds issued by the National Bank of Poland).

The share of receivables from banks (the third largest asset item) amounted to 7.8% (at the end of 2021: 2.0%). Their value increased by PLN 9,185,039 thousand, or 351.2%. The share of the cash and balances position in the Central Bank decreased from 3.5% to 1.8% (in value by PLN 1,913,170 thousand, i.e. by 41.3%).

Table 61. Assets

thousand PLN	12 months ended 31.12.2022	12 months ended 31.12.2021	change y/y thousand PLN	%
Cash and balances at Central Bank	2,718,307	4,631,477	(1,913,170)	(41.3%)
Amounts due from banks	11,800,189	2,615,150	9,185,039	351.2%
Derivative financial instruments	3,224,272	1,901,919	1,322,353	69.5%
Fair value adjustment of hedged and hedging items	33,025	65,465	(32,440)	(49.6%)
Loans and advances to Customers measured at amortised cost	89,090,317	85,080,454	4,009,863	4.7%
Loans and advances to Customers measured at fair value through profit or loss	949,298	1,219,027	(269,729)	(22.1%)
Debt securities measured at amortised cost	22,167,261	23,268,041	(1,100,780)	(4.7%)
Financial instruments measured at fair value through profit or loss	316,593	347,309	(30,716)	(8.8%)
Debt securities measured at fair value through other comprehensive income	17,384,793	9,143,353	8,241,440	90.1%
Intangible assets	821,106	728,475	92,631	12.7%
Property, plant and equipment	1,069,429	1,243,523	(174,094)	(14.0%)
Deferred tax assets	966,436	876,599	89,837	10.2%
Current tax assets	14,107	94	14,013	14 907.4%
Other assets	961,936	656,595	305,341	46.5%
Total assets	151,517,069	131,777,481	19,739,588	15.0%



Loan portfolio

Structure of loan portfolio

At the end of 2022, gross loans and advances to Customers (the sum of portfolios measured at amortized cost and measured at fair value) amounted to PLN 93,119,971 thousand and increased by PLN 3,733,602 thousand, or 4.2%, compared to the end of 2021.

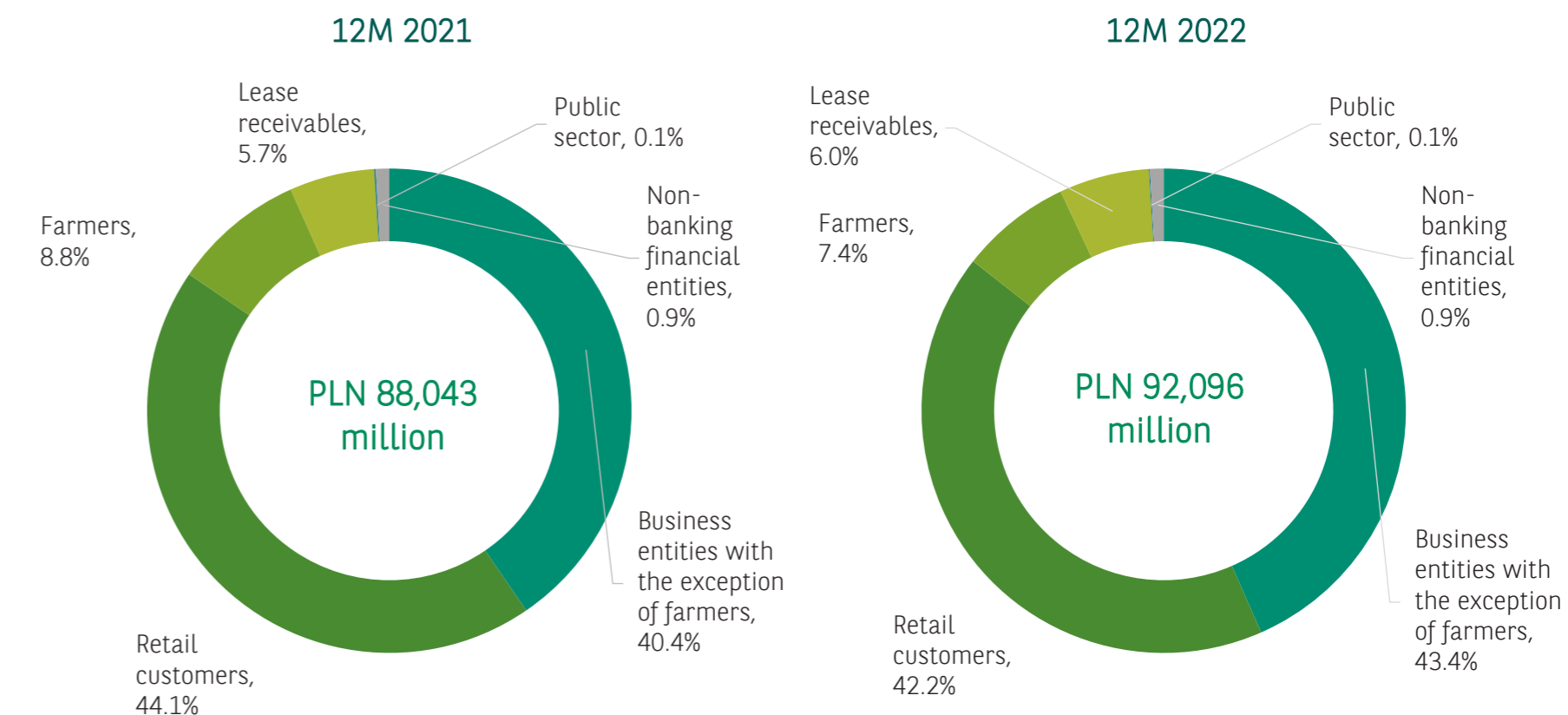
The gross portfolio of loans and advances measured at amortized cost in the analysed period amounted to PLN 92,096,240 thousand and increased by PLN 4,053,273 thousand, or 4.6%, compared to the end of 2021.

Table 62. Structure of loan portfolio measured at amortised cost

thousand PLN	12 months ended 31.12.2022	12 months ended 31.12.2021	Change y/y thousand PLN %	
Business entities with the exception of farmers	39,978,061	35,599,112	4,378,949	12.3%
Farmers	6,835,131	7,755,784	(920,653)	(11.9%)
Retail Customers	38,843,860	38,817,716	26,144	0.1%
- mortgage loans	26,651,564	26,710,997	(59,433)	(0,2%)
in PLN	22,526,701	22,141,389	285,312	1,7%
in foreign currencies	4,124,863	4,569,608	(444,745)	(9,7%)
- cash loans	8,052,253	7,701,994	350,259	4,5%
- other retail loans	4,140,043	4,404,725	(264,682)	(6,0%)
Lease receivables	5,527,297	4,989,351	549,025	10,8%
Public sector	58,956	84,487	(25 531)	(30,2%)
Other financial entities	852,935	796,517	45,339	7,1%
Loans and advances, gross	92,096,240	88,042,967	4,053,273	4.6%

The gross value of portfolio of loans and advances to business entities (excluding farmers) amounted to PLN 39,978,061 thousand (an increase by PLN 4,378,949 thousand, or 12.3%, compared to the end of 2021). Their share in the analysed loan portfolio at the end of 2022 was 43.4% (+3.0 p.p. compared to the end of 2021). Almost half of this portfolio (46.0%) are current loans (-3.2 p.p compared to 2021).

Chart 15. Gross loans and advances measured at amortised cost – structure by entity type



Gross loans and advances to retail Customers amounted to PLN 38,843,860 thousand at the end of 2022 (an increase by PLN 26,144 thousand, or 0.1%, compared to the end of 2021). Their share in the loan portfolio measured at amortized cost in the analysed period was 42.9% (i.e. -1.9 p.p. compared to the end of 2021). More than two-thirds (68.6%) of the credit exposure of retail Customers are mortgage loans, which amounted to PLN 26,651,564 thousand at the end of 2022. In the structure of mortgage loans, 84.5% are loans granted in PLN, while 15.5% are loans granted in CHF (compared to the end of last year, the share of CHF fell by 1.6 p.p.).

The volume of loans granted to individual farmers at the end of 2022 amounted to PLN 6,835,131 thousand, registering a 11.9% decrease compared to December 2021.

Lease receivables volume amounted to PLN 5,538,376 thousand (an increase of 11.0% compared to the end of 2021). Their share in the loan portfolio measured at amortized cost amounted to 6.0% (compared 5.7% at the end of 2021).

The volume of loans granted to non-bank financial entities and budget sector institutions amounted to a total of PLN 900,812 thousand, registering a 2.2% decrease compared to December 2021.



Quality of loan portfolio

The ratio of impaired exposures to gross loans and advances to Customers and measured at amortised cost amounted to 3.3 % at the end of 2022, a decrease compared to the end of 2021 by 0.3 p.p. Impairment coverage of impaired exposures was 59.6% at the end of 2022 and increased by 2.2 p.p. compared to 2021.

Table 63. Write-off coverage of the loan portfolio measured at amortised cost

thousand PLN	12 months ended		change y/y	
	31.12.2022	31.12.2021	thousand PLN	%
Total gross loans and advances to Customers	92,096,240	88,042,967	4,053,273	4.6%
Impairment allowances	(3,005,923)	(2,962,513)	(43,410)	1.5%
Total net loans and advances to Customers	89,090,317	85,080,454	4,009,863	4.7%
Exposures without impairment triggers				
Gross balance sheet exposure	89,074,361	84,836,248	4,238,113	5.0%
Allowance	(1,204,666)	(1,123,186)	(81,480)	7.3%
Net balance sheet exposure	87,869,695	83,713,062	4,156,633	5.0%
Impaired exposures (stage 3)				
Gross balance sheet exposure	3,021,879	3,206,719	(184,840)	(5.8%)
Impairment allowance	(1,801,257)	(1,839,327)	38,070	(2.1%)
Net balance sheet exposure	1,220,622	1,367,392	(146,770)	(10.7%)

Ratios	31.12.2022	31.12.2021	change
Share of impaired exposures in gross portfolio	3.3%	3.6%	(0.3 p.p.)
Coverage with impairment allowances	(59.6%)	(57.4%)	2.2 p.p.

Table 64. Quality of the loan portfolio measured at amortised cost

thousand PLN	31.12.2022			31.12.2021		
	Total gross	of which: impaired	% share	Total gross	of which: impaired	% share
Institutional loans, excluding farmers	40,889,952	1,293,814	3.2%	36,480,116	1,240,992	3.4%
Farmers	6,835,131	578,257	8.5%	7,755,784	633,557	8.2%
Retail Customers	38,843,860	997,425	2.6%	38,817,716	1,127,343	2.9%
- mortgages	26,651,564	481,414	1.8%	26,710,997	522,335	2.0%
in PLN	22,526,701	173,069	0.8%	22,141,389	167,127	0.8%
in other currencies	4,124,863	308,345	7.5%	4,569,608	355,208	7.8%
- cash loans	8,052,253	408,864	5.1%	7,701,994	489,948	6.4%
- other retail loans	4,140,043	107,147	2.6%	4,404,725	115,060	2.6%
Lease receivables	5,527,297	152,383	2.8%	4,989,351	204,827	4.1%
Gross loans and advances	92,096,240	3,021,879	3.3%	88,042,967	3,206,719	3.6%

At the end of 2022, the value of collateral held for Customers' loans amounted to PLN 1,953,998 thousand. Details of collateral are included in Note 55.2 of the Consolidated Financial Statements for the year ended 31 December 2022.



Securitization of loan portfolio

In December 2017, the Group completed a transaction to securitize a portfolio of cash and auto loans using a subsidiary BGZ Poland ABS1 DAC (SPV). The concluded transaction is a traditional securitization involving the transfer of ownership of the securitized receivables to BGZ Poland ABS1 DAC (SPV), based in Ireland. The revolving period was 24 months and ended in December 2019. The transaction is subject to amortization from January 2020.

As a result of the securitization, the Group obtained financing for its operations in exchange for the surrender of rights to future flows arising from the securitized loan portfolio with a value as of 22/11/2017 (cut-off) of PLN 2,300,471 thousand. The maximum date for full redemption of the bonds and repayment of the loan is 27.04.2032.

The SPV issued bonds on the basis of the securitized assets with a total value of PLN 2,180,850 thousand and received a loan in the amount of PLN 119,621 thousand, which were secured by a registered pledge on the rights to cash flows from the securitized assets. At the end of 2022, the value of the bonds and the loan was approximately PLN 384,417 thousand.

The main benefit of the transaction is the positive impact on capital adequacy ratios and the improvement of liquidity and diversification of financing sources.

In light of the provisions of IFRS 9, the contractual terms of the securitization do not meet the prerequisites for removing the securitized assets from the financial statements. Accordingly, the Group recognizes the securitized assets under Loans and advances to Customers as of 31 December 2022 at a gross value of PLN 409,057 thousand.

The Group acts as servicer in the transaction.

Liabilities and equity

As at the end of 2022, the Group's total liabilities amounted to PLN 140,254,848 thousand and were by PLN 19,838,998 thousand, or 16.5%, higher than at the end of 2021. The share of liabilities in the Group's total liabilities and equity was 92.6% in the period under review (+1.2 p.p. compared to the end of 2021).

The structure of liabilities is dominated by amounts due to Customers. Their share as of the end of 2022 amounted to 85.6% and increased by 1.6 p.p. compared to the end of 2021. In value terms, the volume of these liabilities increased by PLN 18,928,102 thousand, i.e. by 18.7% compared to December 2021, and amounted to PLN 120,021,043 thousand.

A decrease in the share of total liabilities by 1.6 p.p. to 5.1% was recorded by amounts due to banks. Their value amounted to PLN 7,158,024 thousand and was lower compared to the end of 2021 by PLN 854,220 thousand (i.e. by 10.7%).

The Group's equity as of the end of 2022 amounted to PLN 11,262,221 thousand and decreased compared to the end of December 2021 by 0.9% i.e. by PLN 99,410 thousand. The share of total shareholders' equity in the Group's total liabilities and equity amounted to 7.4% (compared to 8.6% at the end of 2021).

Table 65. Liabilities and equity

thousand PLN	12 months ended	12 months ended	Change y/y	
	31.12.2022	31.12.2021	thousand PLN	%
Amounts due to Central Bank	8,713	-	8,713	-
Amounts due to banks	7,158,024	8,012,244	(854,220)	(10.7%)
Derivative financial instruments	3,147,855	1,918,032	1,229,823	64.1%
Fair value adjustment of hedging instruments and hedged items	(451,646)	44,107	(495,753)	-
Amounts due to Customers	120,021,043	101,092,941	18,928,102	18.7%
Securities issued	364,633	722,628	(357,995)	(49.5%)
Subordinated liabilities	4,416,887	4,334,572	82,315	1.9%
Lease liabilities	718,892	860,004	(141,112)	(16.4%)
Other liabilities	2,423,182	1,556,289	866,893	55.7%
Current income tax liabilities	223,527	175,681	47,846	27.2%
Provisions	2,223,738	1,699,352	524,386	30.9%
Total liabilities	140,254,848	120,415,850	19,838,998	16.5%
Share capital	147,593	147,519	74	0.1%
Supplementary capital	9,110,976	9,110,976	-	-
Other reserve capital	3,142,098	2,946,115	195,983	6.7%
Revaluation reserve	(1,149,786)	(595,622)	(554,164)	93.0%
Retained earnings	11,340	(247,357)	258,697	-
- previous years' results	(430,157)	(423,655)	(6,502)	1.5%
- net profit for the period	441,497	176,298	265,199	150.4%
Total equity	11,262,221	11,361,631	(99,410)	(0.9%)
Total liabilities and equity	151,517,069	131,777,481	19,739,588	15.0%



Amounts due to Customers

At the end of December 2022, amounts due to Customers amounted to PLN 120,021,043 thousand and were higher by PLN 18,928,102 thousand or 18.7% compared to the end of 2021.

In terms of entities, the increase mainly concerned amounts due to business entities (balance as at 31.12.2022: PLN 66,040,455 thousand), the volume of which increased by PLN 12,622,040 thousand, i.e. by 23.6% compared to the balance as at the end of 2021, mainly as a result of an increase in term deposits (by PLN 10,700,641 thousand). The share of this segment in the structure of total amounts due to Customers increased to 55.0% compared to 52.8% at the end of 2021.

An increase in deposit volumes was also recorded in the group of individual Customers. Their balance as at the end of December 2022 amounted to PLN 49,020,456 thousand and was by PLN 4,248,486 thousand (or 9.5%) higher than at the end of the previous year. At the same time, the share of individual Clients' deposits in the total liabilities to Clients decreased to 40.8% from 44.3% at the end of 2021.

The volume of liabilities to institutions of the budget sector also increased to PLN 2,581,919 thousand, a change of 62.7% compared to the end of 2021.

Deposits from non-bank financial entities increased by PLN 1,062,492 thousand, or 80.8%, compared to the end of last year and amounted to PLN 2,378,213 thousand at the end of 2022.

Chart 16. Amounts due to Customers – structure by entity type

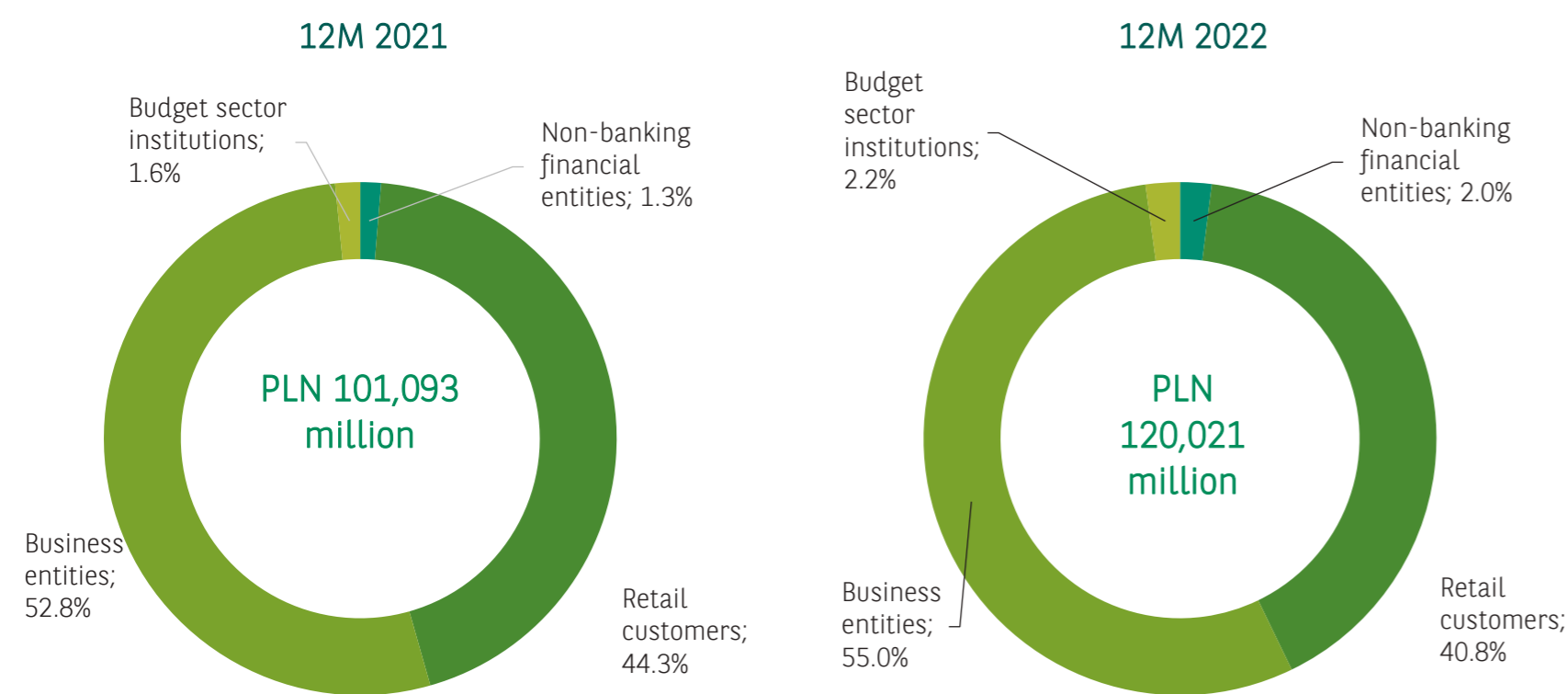


Table 66. Amounts due to Customers by products

	31.12.2022		31.12.2021	
	thousand PLN	% share	thousand PLN	% share
Current accounts	81,049,341	67.5%	88,332,287	87.4%
Term deposits	37,208,104	31.0%	11,398,894	11.3%
Loans and advances received	491,823	0.4%	101,666	0.1%
Other liabilities	1,271,775	1.1%	1,260,094	1.2%
Total amounts due to Customers, including:	120,021,043	100.0%	101,092,941	100.0%
deposits	119,529,220	99.6%	100,991,275	99.9%

The share of current accounts in the structure of amounts due to Customers at the end of December 2022 amounted to 67.5%, registering a decrease of 19.8 p.p. compared to the end of 2021. Funds deposited in current accounts amounted to PLN 81,049,341 thousand and decreased by PLN 7,282,946 thousand, or 8.2%. The decrease was mainly due to decreases in liabilities to retail Customers (by PLN 9,248,287 thousand, i.e. by 24.1%) partially offset by a slight increase in amounts owed to corporates (by PLN 1,925,739 thousand, i.e. by 4.1%).

The share of term deposits in the structure of amounts due to Customers in the analysed period amounted to 31.0% and increased by 19.7 p.p. compared to the end of 2021. In value terms, term deposits increased by PLN 25,809,210 thousand to PLN 37,208,104 thousand, an increase of 226.4% compared to December 2021. The increase in the share of term deposits is the result of a significant rise in the level of interest rates.

The share of other liabilities and loans and advances received in total in the structure of liabilities to Customers amounted to 1.5%, increasing by 0.1 p.p. compared to the end of 2021. Their total volume amounted to PLN 1,763,598 thousand.



The geographical structure of liabilities to the Bank's Customers at the end of 2022 by major region, in management terms, is presented below.

Segment/region	31.12.2022
Retail and Business Banking	50.0%
Centre	13.2%
North	7.9%
South	10.7%
East	9.3%
West	8.9%
Corporate Banking and SME	48.4%
Central	7.2%
Southern	33.0%
Western	8.3%
Others	1.6%

Equity

As at 31 December 2022, the Group's equity amounted to PLN 11,262,221 thousand and was by PLN 99,410 thousand, i.e. 0.9% lower than at the end of 2021.

Pursuant to Resolution No. 6 of the Bank's Annual General Meeting on 27 of June 2022, the Bank's profit after tax (net profit) for the completed financial year 2021 in the amount of PLN 184,526,041 was fully transferred to reserve capital.

Contingent liabilities

The table below presents the value of the items of liabilities given and received.

Table 67. Contingent liabilities

thousand PLN	12 months ended	12 months ended	Change y/y	
	31.12.2022	31.12.2021	thousand PLN	%
Contingent liabilities granted	42,977,848	43,750,937	(773,089)	(1.8%)
funding liabilities	30,486,679	33,487,647	(3,000,968)	(9.0%)
guarantee liabilities	12,491,169	10,263,290	2,227,879	21.7%
Contingent liabilities received	58,068,966	36,321,578	21,747,388	59.9%
liabilities of a financial nature	14,511,914	13,592,590	919,324	6.8%
liabilities of a guarantee nature	43,557,052	22,728,988	20,828,064	91.6%

The amount of long-term liabilities granted as at 31.12.2022 amounts to PLN 18,279,953 thousand (31.12.2021 amounted to PLN 18,813,999 thousand), while long-term liabilities received as at 31.12.2022 amounted to PLN 49,935,837 thousand (31.12.2021 amounted to PLN 24,046,996 thousand).

Own funds and capital ratios

The calculation of the capital adequacy of the Group as at 31 December 2022 has been performed applying the provisions of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013. (CRR) on prudential requirements for credit institutions and investment firms, as amended by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 (CRR2) in relation to leverage ratio, net stable funding ratio, own funds and minimum eligible liabilities requirements, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements.

On the 12th of December 2017, the European Parliament and the Council of the EU adopted Regulation No 2017/2395 amending Regulation (EU) No 575/2013 as regards transitional arrangements for mitigating the impact of the introduction of IFRS 9 on own funds and for treating as large exposures certain exposures to public sector entities denominated in the domestic currency of any Member State. The regulation was effective from 1 January 2018. The Group applied the transitional provisions provided by the regulation, with the result that the full impact of the implementation of IFRS 9 was not considered for the purposes of assessing the Group's capital adequacy.

On 27 June 2020, Regulation (EU) 2020/873 of the European Parliament and of the Council of 24 June 2020, amending Regulations (EU) No 272/2013 and (EU) 2019/876 as regards certain adjustments in response to the COVID-19 pandemic,



entered into force, allowing, inter alia, a reduction in risk weights for a portion of SME loans, a temporary partial exclusion from the calculation of Common Equity Tier 1 items of the amount of unrealised gains and losses measured at fair value through other comprehensive income in relation to the COVID-19 pandemic.

As of 31 December 2022, the adjustment related to the temporary partial exclusion from the calculation of Common Equity Tier 1 capital items of the amount of unrealized gains and losses measured at fair value through other comprehensive income in connection with the COVID-19 pandemic was PLN 373,716 thousand.

On 23 December 2020, Commission Delegated Regulation (EU) 2020/2176 of 12 November 2020, amending Delegated Regulations (EU) No 241/2014 with regard to the deduction of software assets from Common Equity Tier 1 items, entered into force

As at 31 December 2022, the adjustment in Common Equity Tier 1 capital related to other intangible assets amounted to PLN 388,016 thousand.

Pursuant to the Resolution of the Annual General Meeting of the Bank dated 27 June 2022, the entire profit of the Bank for 2021, in the amount of PLN 184,526 thousand, was allocated to reserve capital.

The Group's total capital ratio at 31 December 2022 was 15.55%, a decrease of 1.36 p.p. compared to December 2021. The Group's consolidated Common Equity Tier 1 (CET I) capital ratio and consolidated Tier 1 (Tier 1) capital ratio at 31 December 2022 were identical at 11.28% (decrease by 1.05 p.p. compared to the year-end 2021).

The decrease in capital adequacy ratios was mainly due to a deterioration in the result of unrealised gains and losses measured at fair value through other comprehensive income, while the amount of risk-weighted exposure increased.

Total own funds at 31 December 2022 decreased by PLN 660,565 thousand compared to 31 December 2021.

Total risk exposure as at 31 December 2022 amounted to PLN 95,456,297 thousand and increased by PLN 3,805,201 thousand compared to 31 December 2021.

Table 68. Own funds and capital ratios of the Group

thousand PLN	12 months ended 31.12.2022	12 months ended 31.12.2021	Change y/y thousand PLN %	
Tier I capital				
- share capital	147,593	147,519	74	0.1%
- supplementary capital	7,259,316	7,259,316	0	0.0%
- reserve capital	4,308,272	4,120,622	187,650	4.6%

thousand PLN	12 months ended 31.12.2022	12 months ended 31.12.2021	Change y/y thousand PLN %	
- funds for general banking risk	629,987	627,154	2,833	0.5%
- intangible assets	(439,502)	(378,273)	(61,229)	(16.2%)
- other components of equity included in Tier I capital	(1,142,526)	(472,551)	(669,975)	(141.8%)
Total Tier I capital	10,763,140	11,303,787	(540,647)	(4.8%)
Tier 2 capital				
- subordinated liabilities classified as Tier II capital	4,078,993	4,198,911	(119,918)	(2.9%)
Total own funds	14,842,133	15,502,698	(660,565)	(4.3%)
Risk exposure due to:				
- credit risk	85,338,706	81,887,761	3,416,945	4.2%
- market risk	1,307,210	1,345,487	(38,227)	(2.8%)
- operational risk	8,787,516	8,387,983	399,533	4.8%
- CVA adjustment	56,865	29,865	27,000	90.4%
Total risk exposure	95,456,297	91,651,096	3,805,201	4.2%

Group's ratios	31.12.2022	31.12.2021	change
Total Capital Ratio (TCR)	15.55%	16.91%	(1.36 p.p.)
Tier I Capital Ratio	11.28%	12.33%	(1.05 p.p.)

Pursuant to the Act of 5 August 2015 on macroprudential supervision over the financial system and crisis management in the financial sector (Journal of Laws 2015, item 1513, as amended), a capital conservation buffer of 2.5% was introduced starting from 1 January 2019.

The Polish Financial Supervision Authority in a communication dated 8 November 2021, announced that, based on the provisions of the Act of 5 August 2015 on macroprudential supervision of the financial system and crisis management in the financial system and after taking into account the opinion of the Financial Stability Committee, confirmed the identification of ten banks as other systemically important institutions (O-SIIs).



As a result of the review, the Authority concluded that there were no grounds for revoking or amending the decision of 4 October 2016, as amended by the Commission's decision of 19 December 2017, to impose on the Bank (on a consolidated and individual basis) an Other Systemically Important Institution buffer equivalent to 0.25% of the total risk exposure amount calculated in accordance with Article 92(3) of Regulation (EU) No 575/2013.

The Polish Financial Supervisory Authority, in a letter dated 23 December 2022, recommended limiting the risks inherent in the Bank's activities by having the Bank, maintain own funds to cover an additional capital charge to absorb potential losses arising from stress events, of 0.80 p.p. at the individual level and 0.77 p.p. at the consolidated level above the total capital ratio referred to in Article 92(1)(c) of Regulation (EU) No 575/2013, plus the additional own funds requirement referred to in Article 138(2)(2) of the Banking Act and the combined buffer requirement referred to in Article 55(4) of the Macroprudential Supervision Act. The additional surcharge should consist entirely of Common Equity Tier 1 capital.

As a result of the changes described above, the minimum levels of solvency ratios under the law and administrative decisions issued by the PFSA as at the reporting date of 31 December 2022 on a consolidated basis are as follows:

Minimum levels of capital adequacy ratios of the Bank and Capital Group	31.12.2022
Common Equity Tier I (CET I) capital ratio	8.02%
Tier I capital ratio	9.52%
Total capital ratio (TCR)	11.52%

Minimum requirement for own funds and eligible liabilities (MREL)

On 3 June 2022, the Bank received a letter from the Bank Guarantee Fund ('BFG') regarding the joint decision of the resolution authorities, i.e. the Single Resolution Board (SRB), the Central Bank of Hungary, Finanstilsynet, the Bank of England and the BFG, on the minimum level of own funds and eligible liabilities ('MREL').

The joint decision indicates that the group forced restructuring plan provides for a single point of entry (SPE) strategy for the forced restructuring. The Group's preferred tool for forced restructuring is the open bank bail-in.

The MREL requirement set by the Fund, in consultation with the SRB, for BNP Paribas Bank Polska S.A. is:

- 15.99% of TREA, the total risk exposure amount (TREA) calculated in accordance with Article 92(3) and (4) of Regulation (EU) No 575/2013 (hereinafter: MREL-TREA) and
- 5.91% the total exposure measure (TEM) calculated in accordance with Articles 429 and 429a of Regulation (EU) No 575/2013 (hereinafter MREL-TEM)

at the individual level the Bank is required to meet the MREL requirement by 31 December 2023.

At the same time, the Fund, in consultation with the SRB, has set interim targets for the Bank to meet by the end of each calendar year during the period of reaching the target MREL level:

- in relation to TREA: 11.99% at the end of 2021 and 13.99% at the end of 2022,
- in relation to TEM are: 3.00% at the time of communicating to the Bank the agreement and joint decision on MREL and 4.46% at the end of 2022.

On 22 September 2022, the Fund announced an update to the Methodology for the determination of MREL and, in particular, an update to the pathway to the target minimum level of own funds and eligible liabilities expressed as a percentage of total risk exposure (MREL-TREA). The Fund has adopted new assumptions for the determination of the interim MREL-TREA requirement for entities for which the use of a forced restructuring facility is assumed in forced restructuring plans or group forced restructuring plans ("plans"). For the current planning cycle, the Fund will determine the interim MREL-TREA requirement that entities should meet by 31 December 2022, based on the same formula as for the interim MREL-TREA requirement that entities are required to meet from 1 January 2022.

The Fund has stated that it will apply the revised rules for the determination of the interim MREL requirement in accordance with the schedule for the adoption of the reviews and updates of the forced restructuring plans and group forced restructuring plans. In the case of domestic subsidiary entities in cross-border groups, for which the adoption of plans and the setting of minimum levels of own funds and eligible liabilities are made by way of a joint decision, it may be the case that the adoption of joint decisions taking into account the revised path to the MREL-TREA target will occur after 1 January 2023.

In such cases, until new joint decisions incorporating updated interim MREL-TREA requirements are adopted, the Fund will take into account the fact of pending changes to the interim MREL-TREA level when monitoring compliance with the interim MREL-TREA requirement.

In light of the above, the Bank has assumed that the MREL requirement in relation to TREA will be 11.99% at the end of 2022 until a new joint decision of the resolution authorities, i.e. the Single Resolution Board (SRB), the Central Bank of Hungary, Finanstilsynet, the Bank of England and the BGF, on the minimum level of own funds and eligible liabilities ("MREL") is obtained.

The entire MREL requirement should be met in the form of own funds and liabilities meeting the criteria set out in Article 98 of the BGF Act, which transposes Article 45f(2) of BRRD2. According to the Decision, the part of MREL corresponding to the recapitalisation amount (CAR) will be met in the form of AT1, T2 instruments and other subordinated eligible liabilities acquired directly or indirectly by the parent undertaking. The Bank meets the defined requirements of MREL-TREA and MREL-TEM as at 31 December 2022.

Financial ratios

The Group's return on equity (ROE), calculated on a reported basis, was 3.9% in 2022 and was 2.5 p.p. higher than at the end of 2021. Return on assets (ROA) calculated in a similar manner was 0.3% and increased by 0.2 p.p. compared to 2021. The levels of the return ratios are significantly distorted by the occurrence in 2022 of the negative impact of the credit



moratoria (see the Group Financial Performance section) and the recognition, especially in 2022 and 2021, of significant costs for provisions for risks related to foreign currency mortgage loan litigation. The Group's return on equity (ROE) calculated excluding the impact of credit moratoria would be 10.2% in 2022, 8.7 p.p. higher than the similarly calculated ratio for 2021 (1.5%). In the case of return on assets (ROA), the ratio would be 0.8%, i.e. 0.7 p.p. higher than in 2021.

The Cost/Income ratio calculated on the basis of reported volumes was 56.8% (3.9 p.p. higher compared to 2021)- as a result of recognising the impact of credit moratoria in net interest income and higher costs of the BFG and IPS. The ratio calculated without the impact of BFG, IPS and credit moratoria would have been 42.9%, 7.0 p.p. lower than in 2021.

Net interest margin calculated in relation to average assets amounted to 2.5% and was similar to the level calculated for 2021. The positive impact of the increase in NBP interest rates in 2022 (reference rate higher by 500 b.p. y/y) was neutralised by the recognition of the PLN 895 million negative impact of credit moratoria.

Changes in the values of the ratios representing the ratio of net and gross loans to deposits and funding sources reflect the good liquidity situation observed in 2022 and 2021.

Table 69. Financial ratios

	31.12.2022	31.12.2021	31.12.2020	Change 2022/2021
Return on capital	3.9%	1.5%	6.3%	+2.5 p.p.
Return on equity normalised	10.2%	1.5%	6.2%	+8.7 p.p.
Return on assets	0.3%	0.1%	0.6%	+0.2 p.p.
Return on assets normalised	0.8%	0.1%	0.6%	+0.7 p.p.
Net interest margin	2.5%	2.5%	2.6%	0.0 p.p.
Cost/income	56.8%	52.9%	53.3%	+3.9 p.p.
Cost/income excluding BGF, IPS, costs of integration, credit moratoria	42.9%	49.9%	49.0%	(7.0 p.p.)
Cost of risk	(0.30%)	(0.32%)	(0.78%)	+0.03 p.p.
Normalised cost of risk	(0.33%)	(0.43%)	(0.83%)	+0.10 p.p.
Net lending/deposits	75.3%	85.5%	84.0%	(10.2 p.p.)
Gross loans/total funding sources	71.3%	80.2%	79.2%	(8.9 p.p.)



Alternative Performance Measures

Presented ratios and categories belong to a group of standard and commonly used in financial analysis. These allow for the assessment and comparison of the Group's profitability and financial position. The presentation of the level of net profit and ratios in normalised terms, i.e. calculated excluding the impact of abnormal events, is aimed at providing additional information to allow a more adequate assessment of changes in the long term and to assess the impact of various factors on the Group's results and financial position.

Table 70. Alternative Performance Measures

thousand PLN / %	31.12.2022	31.12.2021	31.12.2020	Definitions and assumptions
Net profit	441,497	176,298	733,095	Profit and loss account category from the Consolidated Financial Statements of the BNP Paribas Bank Polska S.A. Group for the relevant years.
Total average equity	11,184,493	11,968,583	11,570,631	Average calculated on the basis of balances at the end of the last 5 quarters (statement of financial position category from the Consolidated Financial Statements of the BNP Paribas Bank Polska Group).
Return on capital	3.9%	1.5%	6.3%	Ratio of net profit to average total equity
Normalised net profit	1,166,447	176,298	720,673	Consolidated income statement category adjusted for the negative impact of credit moratoria (2022: PLN -895,000 thousand, see chapter Consolidated income statement), and the impact of integration costs understood as additional costs related to bank merger processes (2022 and 2021 no impact; 2020: positive value PLN 15,336 thousand). Impact of credit moratoria and integration costs on net profit estimated using an income tax rate of 19%.
Total average equity normalised	11,485,813	11,966,099	11,634,975	Average total equity adjusted in the same way as normalised net profit, with adjustments made for each quarter
Normalised return on equity	10.2%	1.5%	6.2%	Ratio of normalised net profit to average total normalised equity
Total average assets	142,002,171	125,017,783	116,371,353	Average calculated on the basis of balances at the end of the last 5 quarters (statement of financial position category from the Consolidated Financial Statements of the BNP Paribas Bank Polska Group).
Return on assets	0.3%	0.1%	0.6%	Ratio of net profit to average total assets
Total average assets normalised	142,303,491	125,015,299	116,435,698	Average total assets adjusted in the same way as normalised net profit, with adjustments made for each quarter
Return on assets normalised	0.8%	0.1%	0.6%	Ratio of normalised net profit to average total normalised assets
Net interest income	3,493,005	3,140,942	3,060,070	Profit and loss account category from the Consolidated Financial Statements of the BNP Paribas Bank Polska S.A. Group for the relevant years.
Net interest margin	2.5%	2.5%	2.6%	Ratio of net interest income to total average assets
Costs	3,038,456	2,543,529	2,505,563	Sum of general administrative expenses and Depreciation and Amortisation (income statement categories from the Consolidated Financial Statements of the BNP Paribas Bank Polska Group).
Net income on banking activities (income)	5,351,946	4,809,257	4,704,694	The sum of net interest income, net fee and commission income, dividend income, net trading income, net investment income, net hedge accounting income, net discontinued assets/liabilities and other operating income and expenses (profit and loss account categories from the Consolidated Financial Statements of the BNP Paribas Bank Polska Group).
Costs/Income	56.8%	52.9%	53.3%	Cost-income ratio



thousand PLN / %	31.12.2022	31.12.2021	31.12.2020	Definitions and assumptions
Costs/income excluding BFG, IPS, integration costs and impact of credit moratoria	42.9%	49.9%	49.0%	Costs were reduced by the Group's cost of fees to the Bank Guarantee Fund and the IPS - Commercial Bank Protection Scheme (categories of Notes Administrative expenses of the Consolidated Financial Statements of the BNP Paribas Bank Polska S.A. Group, in 2022: PLN 358,871 thousand, in 2021: PLN 143,352 thousand, in 2020: PLN 213,185 thousand) and the impact of integration costs understood as additional costs related to bank merger processes (2022 and 2021: no integration costs, 2020: positive value of PLN 10,295 thousand). Revenue was adjusted by the amount of PLN 895,000 thousand of the negative impact of credit moratoria (see chapter Consolidated income statement) and in 2020 the positive impact of integration costs recorded under revenue (other operating expenses), positive value PLN 5,042 thousand.
Result of impairment losses on financial assets and provisions for liabilities	275,010	266,185	601,499	Category of Income Statement from the Consolidated Financial Statements of the BNP Paribas Bank Polska S.A. Group for the relevant years.
Average gross loans and advances to Customers, measured at amortised cost	92,070,624	82,184,314	77,306,157	Average calculated on the basis of balances at the end of the last 5 quarters (category from the Note Loans and advances to Customers measured at amortised cost from the Consolidated Financial Statements of the BNP Paribas Bank Polska Group).
Cost of risk	(0.30%)	(0.32%)	(0.78%)	Ratio of the result of impairment losses on financial assets and provisions for contingent liabilities to the average gross loans and advances to Customers, measured at amortised cost.
Result of impairment losses on financial assets and provisions for liabilities normalised	(240,966)	(181,265)	(559,131)	Result of impairment losses on financial assets and provisions for liabilities adjusted for the impact of the sale of non-performing loan portfolios (2022 PLN +34,044 thousand, 2021 PLN +84,920 thousand, 2020. PLN +42,368 thousand).
Normalised cost of risk	(0.33%)	(0.43%)	(0.83%)	Ratio of the result of impairment losses on financial assets and provisions for contingent liabilities, normalised, to the average gross loans and advances to Customers, measured at amortised cost.
Net loans	90,039,615	86,299,481	75,637,117	The sum of the categories of net loans and advances to Customers measured at amortised cost and net loans and advances to Customers measured at fair value through profit or loss - categories from the notes to the Consolidated Financial Statements of the BNP Paribas Bank Polska Group. Balances at the end of periods.
Deposits	119,529,220	100,991,275	90,051,004	Difference between the Liabilities to Customers category and the Loans and advances to non-bank financial entities category - from the Note Liabilities to Customers from the Consolidated Financial Statements of the BNP Paribas Bank Polska S.A. Group. Balances at the end of periods.
Net loans/deposits	75.3%	85.5%	84.0%	Net loans to deposits ratio.
Impaired loans and advances (Phase 3)	3,021,879	3,206,719	4,149,251	Category from the Note Loans and advances to Customers measured at amortised cost from the Consolidated Financial Statements of the BNP Paribas Bank Polska S.A. Group.
Gross loans and advances to Customers measured at amortised cost	92,096,240	88,042,967	77,284,074	Category from the Note Loans and advances to Customers measured at amortised cost from the Consolidated Financial Statements of the BNP Paribas Bank Polska S.A. Group.
Share of impaired receivables (NPL ratio)	3.3%	3.6%	5.4%	Ratio of impaired loans and advances (Phase 3) to gross loans and advances to Customers measured at amortised cost, at period end.
Impairment allowance (Phase 3 receivables)	1,801,257	1,839,327	2,086,939	Category from the Note Loans and advances to Customers measured at amortised cost from the Consolidated Financial Statements of the BNP Paribas Bank Polska S.A. Group.
Impairment coverage of receivables (Phase 3)	59.6%	57.4%	50.3%	Ratio of Impairment allowance (Phase 3 receivables) to Impaired loans and advances (Phase 3).



Business segment performance

Retail and Business Banking

Commercial volumes

As at 31 December 2022, Retail and Business Banking Clients' deposits on a consolidated level amounted to PLN 60,980,770 thousand and were by PLN 4,666,983 thousand higher (or 8.3%) than at the end of 2021. Both funds in savings and current accounts decreased by PLN 7,674,572 thousand (or 39.8%) and PLN 1,441,676 thousand (or 4.6%) respectively. Term deposits increased by PLN 13,927,228 thousand or 259.7% compared to the end of 2021.

The percentage structure of the main product categories changed: the share of term deposits increased significantly (by 22.1 p.p. to the level of 31.6%) with a parallel decrease in the share of savings accounts (by 15.2 p.p. to the level of 19.1%), of current accounts (by 6.6 p.p. to 48.7%) and overnight deposits (by 0.3 p.p. to the level of 0.6%).

The reversal of the trend of increasing shares of current deposits and savings accounts observed in 2021 was a consequence of the significant increase in NBP interest rates initiated in the fourth quarter of 2021.

The net loan portfolio of the Retail and Business Banking segment on a consolidated basis as at 31 December 2022 amounted to PLN 48,007,542 thousand, a decrease by 4.0% (i.e. by PLN 1,987,135 thousand) compared to the end of 2021. In value terms, the largest increase was in investment loans and overdrafts (by PLN 801,514 thousand, or 12.5%, and by PLN 520,293 thousand, or 18.5%, respectively).

The decrease in net mortgage loans was significantly impacted by the recognition in the second half of 2022 of the negative impact of the Act on Crowdfunding for Business Ventures and Assistance to Borrowers adopted on 14 July 2022, which allows borrowers to apply to suspend, at no cost, the repayment of 8 instalments of a PLN mortgage loan from 1 August 2022 to 31 December 2023 (credit moratoria) in the amount of PLN 895,000 thousand. The value of the portfolio was also negatively affected by a reduction in demand and a significant decrease in sales of mortgage loans as a consequence of an increase in interest rates and a reduction in Customers' creditworthiness.

The gross volume of FX mortgage loans (withdrawn from the offer in 2008-2009) in the analysed period amounted to PLN 4,124,863 thousand (PLN 4,569,608 thousand at the end of 2021). Loans granted in CHF accounted for 99.2% of this portfolio. The recorded decrease of the portfolio value resulted from repayments and strengthening of PLN versus CHF (the exchange rate increased from 4.4484 at the end of 2021 to 4.7679 at the end of 2022). The value of the portfolio denominated in CHF decreased by 15.7% compared to the end of 2021.

² Deposit and loan volumes of selected segments have been presented on the basis of data from management information systems, due to the availability of more detailed product information. For comparability, data as at 31.12.2021 have been presented in accordance with the segmentation applicable in 2022. Deposit volumes

Table 71. Deposits and Loans in Retail and Business Banking²

thousand PLN	12 months ended	12 months ended	change y/y	
	31.12.2022	31.12.2021	thousand PLN	%
Current accounts	29,722,893	31,164,569	(1,441,676)	(4.6%)
Savings accounts	11,624,591	19,299,163	(7,674,572)	(39.8%)
Term deposits	19,290,565	5,363,338	13,927,228	259.7%
Overnight deposits	342,721	486,718	(143,997)	(29.6%)
Accounts and Deposits	60,980,770	56,313,787	4,666,983	8.3%
Consumer loans	10,655,295	10,447,106	208,190	2.0%
Investment loans	5,603,375	6,404,889	(801,514)	(12.5%)
Overdrafts	2,297,446	2,817,738	(520,293)	(18.5%)
Mortgage loans	26,177,793	26,555,347	(377,554)	(1.4%)
Lease receivables	2,368,130	2,724,712	(356,582)	(13.1%)
Credit cards	900,431	1,036,825	(136,394)	(13.2%)
Other loans	5,072	8,060	(2,988)	37.1%
Net loans and advances	48,007,542	49,994,677	(1,987,135)	(4.0%)

Gross profit

In 2022, the Retail and Business Banking segment had a negative gross result of PLN -1,115,657 thousand (compared to a loss of PLN 699,274 thousand in 2021) mainly due to the negative impact of credit holidays on the result on banking activities (decrease in net interest income by PLN 895,000 thousand) and an increase in operating and depreciation costs by PLN 196,110 thousand, i.e. 17.2%, which was caused by primarily by higher fees for the BFG and the newly established System for the Protection of Commercial Banks S.A. (IPS).

do not include balances of certain credit institutions, which are treated as interbank deposits in management reporting but are included in Customer deposits in financial reporting; in addition, balances do not include accrued interest not matured.



In 2022, there was an improvement in net fee and commission income by PLN 32,904 thousand, i.e. by 5.9%, and in the result on trading and other activities by PLN 9,037 thousand, i.e. by 11.2%. Net interest income amounted to PLN 1,509,469 thousand and was lower by PLN 237,830 thousand, i.e. by 13.6%. These changes contributed to the result on banking activities being lower by PLN 195,889 thousand, i.e. by 8.2%. This result accounted for 41.0% of the Group's result on banking activities in the analysed period. The Personal Finance area generated 37.1% of the result on banking activities of the Retail and Business Banking segment.

In 2022, the Retail Banking segment recorded an increase in the number of Customers of 70.3 thousand, i.e. by 1.7% y/y.

Table 72. Gross profit of Retail and Business Banking segment³

thousand PLN	12 months ended		change y/y	
	31.12.2022	31.12.2021	thousand PLN	%
Interest income	1,509,469	1,747,299	(237,830)	(13.6%)
Fee and commission income	592,600	559,696	32,904	5.9%
Trading and other income	90,004	80,967	9,037	11.2%
Income on banking activity	2,192,072	2,387,962	(195,889)	(8.2%)
Result on impairment allowances	(339,039)	(148,341)	(190,698)	128.6%
Provisions for legal risk of CHF portfolio	(740,000)	(1,045,304)	305,304	(29.2%)
Operating expenses and depreciation	(1,337,164)	(1,141,054)	(196,110)	17.2%
Allocation of costs	(672,880)	(580,917)	(91,963)	15.8%
Operating profit	(897,010)	(527,655)	(369,355)	70.0%
Tax on financial institutions	(218,647)	(171,619)	(47,028)	27.4%
Gross result of the segment	(1,115,657)	(699,274)	(416,384)	59.5%

Bank guarantees

In 2022, the Bank issued 17 bank guarantees for Business Banking Area Customers for a total of PLN 2.4 million.

³ Data based on the segmentation note included in the Consolidated Semi-Annual Report of the BNP Paribas Bank Polska S.A. Group for the 12 months ended 31 December 2022.

Banking of Corporate Banking and Small and Medium Enterprise Banking

Commercial volumes

Corporate Banking

As at 31 December 2022, deposits from Corporate Banking Customers amounted to PLN 42,298,701 thousand and were PLN 10,693,076 thousand or 33.8% higher than at the end of 2021. The share of time deposits increased significantly in the portfolio structure (from 11.7% at the end of 2021 to 28.0% at the end of 2022), while the share of current accounts decreased (from 86.3% at the end of 2021 to 69.2% at the end of 2022).

The net loan portfolio of the Corporate Banking segment on a consolidated basis at the end of 2022 amounted to PLN 28,631,115 thousand, up by 15.8% over the balance at the end of 2021. The increase related to both investment loans and overdrafts.

Table 73. Deposits and loans – Corporate Banking⁴

thousand PLN	12 months ended		change y/y	
	31.12.2022	31.12.2021	thousand PLN	%
Current accounts	29,267,421	27,275,911	1,991,510	7.3%
Saving accounts	10,364	14,555	(4,191)	(28.8%)
Term deposits	11,846,360	3,692,096	8,154,264	220.9%
Overnight deposits	1,174,557	623,063	551,494	88.5%
Accounts and deposits	42,298,701	31,605,625	10,693,076	33.8%
Investment loans	17,761,536	14,907,929	2,853,607	19.1%
Overdrafts	8,496,900	7,698,750	798,150	10.4%
Lease receivables	2,333,453	2,071,598	261,856	12.6%
Factoring	35,880	38,796	(2,915)	(7.5%)
Other loans	3,346	1,677	1,669	99.5%
Net loans and advances	28,631,115	24,718,749	3,912,367	15.8%

⁴ Deposit and loan volumes of selected segments have been presented on the basis of data from management information systems, due to the availability of more detailed product information. For comparability, data as at 31.12.2021 have been presented in accordance with the segmentation in force in 2022. Deposit volumes do not include balances of certain credit institutions, which are treated as interbank deposits in management reporting, while in financial reporting they are included in Customer deposits; in addition, balances do not include accrued interest not matured.



Small and Medium Enterprises

As at 31 December 2022, deposits of Small and Medium Enterprises Banking Customers on a consolidated basis amounted to PLN 15,784,738 thousand and were by PLN 2,826,988 thousand, or 21.8%, higher than at the end of 2021. The largest increase in value concerned time deposits (by PLN 2,255,023 thousand, or 367.3%), with a slight increase in current accounts by PLN 589,865 thousand, or 4.8%, compared with the end of 2021. Current accounts accounted for 81.3% of deposits of SME Banking Customers and their share decreased from 94.5% at the end of 2021, while the share of time deposits increased from 4.7% at the end of 2021 to 18.2% at the end of 2022.

The SME Banking segment's net loan portfolio on a consolidated basis amounted to PLN 7,213,992 thousand as at 31 December 2022 and was almost unchanged compared with the balance at the end of 2021 (higher by PLN 14,288 thousand). The largest decrease in value was in investment loans, with a simultaneous increase in overdrafts and leasing.

Table 74. Deposits and Loans to Small and Medium Enterprises⁵

thousand PLN	12 months ended	12 months ended	change y/y	
	31.12.2022	31.12.2021	thousand PLN	%
Current accounts	12,834,446	12,244,581	589,865	4.8%
Savings accounts	59,465	58,651	814	1.4%
Term deposits	2,869,033	614,011	2,255,023	367.3%
Overnight deposits	21,793	40,507	(18,714)	(46.2%)
Accounts and deposits	15,784,738	12,957,750	2,826,988	21.8%
Investment loans	4,004,295	4,473,400	(469,105)	(10.5%)
Overdraft	2,366,069	2,030,584	335,484	16.5%
Lease receivables	840,793	693,373	147,420	21.3%
Factoring	337	512	(175)	(34.2%)
Other loans	2,499	1,836	663	36.1%
Loans and credits (net)	7,213,992	7,199,705	14,288	0.2%

⁵ Deposit and loan volumes of selected segments have been presented on the basis of data from management information systems, due to the availability of more detailed product information. For comparability, data as at 31.12.2021 have been presented in accordance with the segmentation in force in 2022. Deposit volumes do not include balances of certain credit institutions, which are treated as interbank deposits in management reporting, while in financial reporting they are included in Customer deposits; in addition, balances do not include accrued interest not matured.

Gross profit

Corporate Banking

The Corporate Banking segment in 2022 generated a gross profit amounting to PLN 1,000,670 thousand (against PLN 605,096 thousand in 2021, an increase of 65.4%). The increase in gross profit was the result of growing business volumes, higher interest rates and higher Customer activity, which contributed, among other things, to an increase in trading profit. Gross profit was positively impacted by an improvement in the result of impairment losses (resulting, among other things, from the release of the COVID provision due to the stable pandemic situation).

The result from Corporate Banking activities amounted to PLN 1,642,319 thousand and was higher by PLN 487,357 thousand, or 42.2%, in comparison with 2021, mainly as a result of an increase in net interest income by PLN 356 864 thousand, i.e. by 64.0% y/y, as well as in the result of trade and other activities by PLN 90 566 thousand, i.e. by 32.6% y/y).

This result represents 30.7% of the Group's banking profit during analysed period.

Table 75. Gross profit of Corporate Banking segment⁶

thousand PLN	12 months ended	12 months ended	Change y/y	
	31.12.2022	31.12.2021	thousand PLN	%
Interest income	914,890	558,026	356,864	64.0%
Fee and commission income	359,117	319,190	39,927	12.5%
Trading and other income	368,312	277,746	90,566	32.6%
Income on banking activity	1,642,319	1,154,962	487,357	42.2%
Impairment losses	30,540	(78,985)	109,525	-
Operating expenses and depreciation	(392,321)	(268,202)	(124,119)	46.3%
Expense allocation	(176,004)	(119,088)	(56,916)	47.8%
Operating result	1,104,535	688,687	415,848	60.4%
Tax on financial institutions	(103,864)	(83,591)	(20,274)	24.3%
Gross profit of the segment	1,000,670	605,096	395,574	65.4%

⁶ Data based on the segmentation note included in the Consolidated Semi-Annual Report of the BNP Paribas Bank Polska S.A. Group for the 12 months ended 31 December 2022.



Banking of Small and Medium Enterprises

The Small and Medium Enterprises Banking segment generated a gross profit of PLN 257,357 thousand in 2022 (compared to PLN 79,190 thousand in 2021, an increase of 225.0% y/y).

There was an improvement in all components of the result on banking activities (net interest income by PLN 97,823 thousand, i.e. by 40.5% y/y, net fee and commission income by PLN 9,878 thousand, i.e. by 7.7% y/y and net trading and other activities by PLN 18,848 thousand, i.e. by 24.1% y/y), as well as lower cost of risk (resulting, among others, from the release of the COVID provision in connection with a stable pandemic situation) than last year, partially offset by an increase in operating expenses and depreciation and amortisation (by PLN 21,894 thousand, i.e. by 17.3% y/y).

The result on banking activities of Small and Medium Enterprises Banking in 2022 amounted to PLN 575,249 thousand and was 28.2% higher compared to 2021. This was the result of an increase in all components of the profit, which accounted for 10.7% of the Group's banking result during the analysed period.

Table 76. Gross profit of the SME Banking segment⁷

thousand PLN	12 months ended	12 months ended	change y/y	
	31.12.2022	31.12.2021	thousand PLN	%
Interest income	339,434	241,610	97,823	40.5%
Fee and commission income	138,726	128,848	9,878	7.7%
Trading and other income	97,089	78,241	18,848	24.1%
Income on banking activity	575,249	448,699	126,550	28.2%
Impairment losses	51,037	(40,245)	91,282	-
Operating expenses and depreciation	(148,789)	(126,895)	(21,894)	17.3%
Expense allocation	(188,654)	(175,598)	(13,056)	7.4%
Operating result	288,844	105,961	182,883	172.6%
Tax on financial institutions	(31,487)	(26,771)	(4,716)	17.6%
Gross profit of the segment	257,357	79,190	178,167	225.0%

⁷ Data based on the segmentation note included in the Consolidated Semi-Annual Report of the BNP Paribas Bank Polska S.A. Group for the 12 months ended 31 December 2022.

Bank guarantees

In terms of guarantees and letters of credit, the Bank offers a fast and comprehensive service based on dedicated IT solutions.

In 2022 the Bank:

- **for Customers of the Corporate Banking Area:** issued 5,297 bank guarantees for a total of PLN 3 billion, opened 935 import letters of credit for a total of PLN 972.6 million and handled 342 export letters of credit for a total of PLN 716.3 million issued by third-party banks in favour of these Clients;
- **for Customers of the SME Banking Area:** issued 719 bank guarantees for a total amount of PLN 213.6 million, opened 72 import letters of credit for a total amount of PLN 37.9 million and handled 79 export letters of credit for a total amount of PLN 31.2 million issued by third-party banks in favour of these Customers.



Bank's financial results

Stand-alone statement of profit and loss

BNP Paribas Bank Polska S.A. generated a net profit of PLN 370,892 thousand in 2022, by PLN 186,366 thousand (i.e. by 101.0%) higher than that achieved in 2021. It is estimated that, excluding the negative impact of loan moratoria, the Bank's net profit in 2022 would amount to PLN 1,095,842 thousand, higher by PLN 911,316 thousand (i.e. by 493.9%) than that generated in 2021 (PLN 184,526 thousand on a comparable basis).

Results on banking activity in the analysed period amounted to PLN 5,173,434 thousand and was higher y/y by PLN 488,080 thousand, i.e. 10.4%.

The most important events affecting the level of the result from banking activities in 2022 and its comparability with the previous year were changes in the macroeconomic situation including, above all, the biggest increase in inflation in decades, which became apparent already in the fourth quarter of 2021 and accelerated significantly with the outbreak of war in Ukraine. They were accompanied by changes in economic and monetary policy, which changed the conditions for banking operations. The Bank's financial performance was most affected by:

- the monetary policy tightening cycle by the Monetary Policy Council (MPC). From the 6th of October 2022 to the end of September 2022, the MPC increased interest rates eleven times by a total of 665 bps to the level of 6.75% for the reference rate. Since October 2022, the Monetary Policy Council (hereinafter: MPC) has kept NBP interest rates unchanged. According to a statement made by the NBP President, the MPC has not yet completed the policy tightening cycle, but has suspended it until the central bank's new macroeconomic forecast is presented in the March Inflation Report. The increases and expectations of their scale have pushed up market interest rates and contributed to the Group's interest income in 2022,
- a lower result on hedge accounting compared to 2021 related to the pace and direction of changes in interest rates. The change in the fair value of hedging transactions is recognised in the result on hedge accounting, which was in 2022 lower by PLN 37,102 thousand y/y, the interest result from IRS transactions (including also cash flow value hedge derivatives) is recognised in the interest result and was in 2022 lower by PLN 769,861 thousand y/y,
- on 14 July 2022, the Act on Crowdfunding for Business Ventures and Assistance for Borrowers was enacted. Under the Act, a borrower is able to request a suspension of performance of mortgage contracts (moratorium) granted in PLN from 1 August 2022 to 31 December 2023, i.e. a total of 8 instalments, at no cost. Based on data on the use of the aforementioned opportunity by Customers, the Bank recognised an amount of PLN 965 million of negative impact on the Bank's result, in the net interest income of the third quarter of 2022 and its adjustment affecting the improvement of the net interest income in the fourth quarter of 2022 in the amount of PLN 70 million,

- decreasing in 2022 - with the deterioration of the macroeconomic situation - the demand of individual Customers for credit products related to a significant decrease in the dynamics of consumption, reflecting the negative impact of high inflation and interest rates on the level and structure of spending and the deterioration of the economic situation of households. This phenomenon was most evident in the case of the PLN mortgage loan market, where the decrease in Customer demand and credit capacity led to a significant reduction in sales and, consequently, to a nominal decrease in the value of the portfolio of these loans on a sector-wide scale. The aforementioned factors also influenced the decrease in sales of consumer loans compared to 2021, slowing down the rate of growth in bank commission and fee income,
- the end of sanitary restrictions related to the COVID-19 pandemic in 2022, together with the acceleration of inflation, influencing increasing levels of business Customer activity in 2022. This was reflected in an increase in demand from corporate Customers and SMEs for investment credit and an increase in the scale of operations, which had a positive impact on the result from trading activities in the part of transactions with Customers. In contrast, the high cost of credit, uncertainty about the future economic climate (caused mainly by the war in Ukraine) and the unstable legal environment have had a negative impact on investment loans of entrepreneurs and individual farmers.

Elements of the regulatory environment that negatively affected the results of 2022 compared to 2021 include:

- significant increase in BFG contributions and costs related to contributions to the assistance fund under the Commercial Bank Protection System S.A. (IPS). The sum of costs incurred on the aforementioned titles was by PLN 215,519 thousand in 2022, i.e. 150.3% higher than in 2021. (PLN 358,871 thousand vs. PLN 143,352 thousand),
- incurring costs related to payments to the Borrowers' Support Fund of PLN 75,350 thousand in 2022 compared to the release of a provision of PLN 1,043 thousand in 2021.

In total, administrative costs and amortisation expenses incurred in 2022 were PLN 492,915 thousand higher compared to 2021. In addition to the increase in regulatory costs described above, this was also due to inflationary pressures translating into an increase in staff and administrative costs.

The factor significantly affecting the level of the Bank's net result in 2022, and its comparability with 2021, remains the costs from provisions for legal risk related to foreign currency loans. In 2022, these were charged to Bank's results with an amount of PLN 740,000 thousand compared to PLN 1,045,304 thousand in 2021 (a decrease in costs of PLN 305,304 thousand y/y).

The cost of credit risk increased in comparison with 2021 (the negative result of impairment losses on financial assets and provisions for contingent liabilities was higher by PLN 45,754 thousand y/y). The positive impact of sales of receivables made in 2022 was lower by PLN 50,876 thousand (amounting to +PLN 34,044 thousand compared to +PLN 84,920 thousand in 2021).

**Table 77. Statement of profit or loss**

in PLN'000	12 months ended 31.12.2022	12 months ended 31.12.2021	change y/y thousand PLN %	
Net interest income	3,397,742	3,067,580	330,162	10.8%
Net fee and commission income	1,079,235	1,002,050	77,185	7.7%
Dividend income	10,817	9,528	1,289	13.5%
Net trading income	754,384	633,658	120,726	19.1%
Net investment income	9,612	(8,741)	18,353	-
Result on fair value hedge accounting	13,267	50,369	(37,102)	(73.7%)
Result on derecognition of financial assets/liabilities measured at amortised cost due to material modification	(2,159)	-	(2,159)	-
Other operating income and expenses	(89,464)	(69,090)	(20,374)	29.5%
Net income on banking activity	5,173,434	4,685,354	488,080	10.4%
Net impairment allowance on financial assets and provisions for contingent liabilities	(282,717)	(236,963)	(45,754)	19.3%
Result on provisions for court proceedings related to foreign currency mortgage loans	(740,000)	(1,045,304)	305,304	(29.2%)
General administrative expenses	(2,524,065)	(2,044,754)	(479,311)	23.4%
Depreciation and amortization	(411,923)	(398,319)	(13,604)	3.4%
Operating result	1,214,729	960,014	254,715	26.5%
Tax on financial institutions	(426,553)	(338,110)	(88,443)	26.2%
Profit (loss) before income tax	788,176	621,904	166,272	26.7%
Income tax expense	(417,284)	(437,378)	20,094	(4.6%)
Net profit (loss)	370,892	184,526	186,366	101.0%
Net profit (loss) excluding impact credit moratoria	1,095,842	184,526	911,316	493.9%

Note: As the figures have been rounded up, the totals in the tables and charts of this Report may not add up

Net interest income

Net interest income, which is the Bank's main source of revenue, amounted to PLN 3,397,742 thousand in 2022 and was higher y/y by PLN 330,162 thousand, i.e. by 10.8%. In 2022, compared to 2021, interest income was higher by PLN 2,842,477 thousand, i.e. by 86.0%, while interest expense increased by PLN 2,512,315 thousand, i.e. by 1,057.3%.

Table 78. Net interest income

thousand PLN	12 months ended 31.12.2022	12 months ended 31.12.2021	change y/y thousand PLN %	
Amounts due from banks	336,939	9,108	327,831	3,599.4%
Loans and advances to Clients measured at amortized cost	4,590,739	2,295,847	2,294,892	100.0%
Loans and advances to Clients measured at fair value through profit or loss	88,692	9,969	78,723	789.7%
Debt instruments measured at amortized cost	599,413	591,247	8,166	1.4%
Debt instruments measured at fair value through profit or loss	7,569	4,607	2,962	64.3%
Debt instruments are measured at fair value through other comprehensive income	324,117	190,653	133,464	70.0%
Derivative instruments in fair value hedge accounting	188,498	195,568	(7,070)	(3.6%)
Derivative instruments in cash flow hedge accounting	11,628	7,912	3,716	47.0%
Buy-sell-back securities	67	274	(207)	(75.5%)
Total interest income	6,147,662	3,305,185	2,842,477	86.0%
Amounts due to banks	(264,708)	(81,241)	(183,467)	225.8%
Debt securities issued	-	-	-	-
Amounts due to Customers	(1,609,451)	(90,880)	(1,518,571)	1,671.0%
Lease liabilities	(15,276)	(4,545)	(10,731)	236.1%
Derivative instruments in fair value hedge accounting	(790,845)	(53,031)	(737,814)	1,391.3%



thousand PLN	12 months ended		change y/y	
	31.12.2022	31.12.2021	thousand PLN	%
Derivative instruments in cash flow hedge accounting	(30,960)	(2,267)	(28,693)	1,265.7%
Sell-buy-back securities	(38,592)	(1,056)	(37,536)	3,554.5%
Other related to financial assets	(88)	(4,585)	4,497	(98.1%)
Total interest expenses	(2,749,920)	(237,605)	(2,512,315)	1,057.3%
Net interest income	3,397,742	3,067,580	330,162	10.8%

Net fee and commission income

In 2022, the Bank's net fee and commission income amounted to PLN 1,079,235 thousand and was by PLN 77,185 thousand (i.e. by 7.7%) higher than that obtained in 2021. This increase was possible mainly due to the adjustment measures taken by the Bank in the area of pricing policy, the higher transaction activity of Customers (payments and cards), the persistent - especially in the first and second quarters of 2022 - high level of sales of products and services to individual Customers and a significantly higher demand for credit (including current financing) from businesses compared with 2021.

Table 79. Net fee and commission income

thousand PLN	12 months ended		change y/y	
	31.12.2022	31.12.2021	thousand PLN	%
Fee and commission income				
lending and leasing activities	302,464	295,995	6,469	2.2%
accounts servicing	247,920	254,632	(6,712)	(2.6%)
cash service	42,312	32,875	9,437	28.7%
cash transfers and e-banking	98,151	84,288	13,863	16.4%
guarantees and documentary operations	54,530	50,555	3,975	7.9%
asset management and brokerage services	107,667	130,997	(23,330)	(17.8%)
payment and credit cards servicing	325,966	246,382	79,584	32.3%

thousand PLN	12 months ended		change y/y	
	31.12.2022	31.12.2021	thousand PLN	%
intermediation in the sale of insurance products	134,278	113,322	20,956	18.5%
intermediation in the sale of Bank's products and acquisition of Customers	17,374	16,984	390	2.3%
other commissions	22,629	19,316	3,313	17.2%
Fee and commission income, total	1,353,291	1,245,346	107,945	8.7%
Fee and commission expenses				
lending and leasing activity	(517)	(363)	(154)	42.4%
accounts servicing	(10,293)	(9,795)	(498)	5.1%
cash service	(24,676)	(17,935)	(6,741)	37.6%
cash transfers and e-banking	(7,873)	(2,699)	(5,174)	191.7%
guarantees and documentary operations	(4,700)	(5,673)	973	(17.2%)
asset management and brokerage services	(123,995)	(111,155)	(12,840)	11.6%
payment and credit cards	(22,582)	(19,271)	(3,311)	17.2%
intermediation in the sale of insurance products	(24,719)	(30,341)	5,622	(18.5%)
other commissions	(54,701)	(46,064)	(8,637)	18.8%
Fee and commission expenses, total	(274,056)	(243,296)	(30,760)	12.6%
Net fee and commission income	1,079,235	1,002,050	77,185	7.7%

Dividend income

In 2022, dividend income amounted in total to PLN 10,817 thousand and came primarily from the profits of companies for 2021 in which the Group held a minority interest, i.e.: among others, Biuro Informacji Kredytowej S.A. (PLN 3,726 thousand), Krajowa Izba Rozliczeniowa S.A. (PLN 1,542,812 thousand), VISA (PLN 397 thousand).

In 2021, dividend income totalled PLN 9,528 thousand and came from the profits of companies for 2020 in which the Bank held a minority interest, i.e.: among others, Biuro Informacji Kredytowej S.A. (PLN 3,722 thousand), Krajowa Izba



Rozliczeniowa S.A. (PLN 1,477 thousand), BNP Paribas Towarzystwo Funduszy Inwestycyjnych S.A. (PLN 978 thousand), VISA (PLN 458 thousand).

Net trading income and net investment income

In 2022, the net trading income amounted to PLN 754,384 thousand and was higher by PLN 120,726 thousand, i.e. by 19.1%, compared to that obtained in 2021. The level and volatility of this result are mainly shaped by the result on foreign exchange and derivative transactions with Customers, the result on transactions concluded by CIB and the Asset and Liability Management Division and the valuation of equity instruments.

In 2021, the net investment income amounted to PLN 9,612 thousand and was higher by PLN 18,353 thousand compared to a negative result: PLN -8,741 thousand realised in 2021.

Other operating income

In 2022, other operating income amounted to PLN 160,392 thousand, and was lower by PLN 36,553 thousand, or 18.6%, compared with 2021.

Table 80. Other operating income

thousand PLN	12 months ended 31.12.2022	12 months ended 31.12.2021	change y/y thousand PLN %	
Sale or liquidation of property, plant and equipment and intangible assets	17,942	51,799	(33,857)	(65.4%)
Release of impairment allowances for other receivables	9,507	9,604	(97)	(1.0%)
Sale of goods and services	-	-	-	-
Release of provisions for litigation and claims and other liabilities	56,718	42,962	13,756	32.0%
Recovery of debt collection costs	18,666	23,923	(5,257)	(22.0%)
Recovered indemnities	650	465	185	39.8%
Leasing operations	26,570	19,048	7,522	39.5%
Other operating income	30,339	49,144	(18,805)	(38.3%)
Other operating income, total	160,392	196,945	(36,553)	(18.6%)

Other operating expenses

In 2022, other operating costs amounted to PLN 249,856 thousand, down by PLN 16,179 thousand (by 6.1%) compared with 2021.

Table 81. Other operating expenses

thousand PLN	12 months ended 31.12.2022	12 months ended 31.12.2021	change y/y thousand PLN %	
Loss on sale or liquidation of property, plant and equipment and intangible assets	(21,826)	(52,477)	30,651	(58.4%)
Created impairment allowances for other receivables	(13,120)	(13,510)	390	(2.9%)
Provisions for litigation and claims and other liabilities	(58,520)	(62,998)	4,478	(7.1%)
Debt collection	(37,701)	(44,899)	7,198	(16.0%)
Donations made	(6,447)	(5,973)	(474)	7.9%
Costs of leasing operations	(24,889)	(17,347)	(7,542)	43.5%
Costs of compensations, penalties and fines	(5,322)	(10,819)	5,497	(50.8%)
Other operating expenses	(82,031)	(58,012)	(24,019)	41.4%
Other operating expenses, total	(249,856)	(266,035)	16,179	(6.1%)

Net impairment allowance on financial assets and provisions for contingent liabilities

In 2022, the result of impairment losses on financial assets and provisions for contingent liabilities was negative and amounted to PLN 282,717 thousand. Its impact on the Bank's results was higher by PLN 45,754 thousand, i.e. by 19.3% compared with 2021.

Regarding the main operating segments⁸:

- the Retail and Business Banking segment recorded a deterioration in the negative result by PLN 233,360 thousand,
- SME Banking segment a positive result and an improvement of the result by PLN 86,275 thousand,
- Corporate Banking segment (including CIB) a positive result and improvement of the result by PLN 98,307 thousand,

⁸ data based on note 54 Segment information of the Consolidated Financial Statements of the BNP Paribas Bank Polska S.A. Group for the 12-month period ended 31 December 2022.



- the Other Banking Activities segment a positive result and an improvement of the result by PLN 3,023 thousand.

In 2022, the materialisation of the cost of risk remained at a low level, influenced by the good quality of loan servicing and the associated level of Phase 3 entries. At the same time, the result from impairment of financial assets and provisions for contingent liabilities was significantly affected by the release of provisions for unrealised credit losses related to the coronavirus pandemic and the creation of provisions related to the expectation of the impact of the current macroeconomic and geopolitical situation on the quality of the loan portfolio in the future.

In 2022, provisions for unrealised credit losses related to the potential negative impact of COVID were released. Due to the stabilisation of the pandemic situation and the expected limited impact of COVID in subsequent periods, the bank released provisions of PLN 200,130 thousand.

At the same time, the Bank created additional provisions for unrealised losses for the impact of economic forecasts in the amount of PLN 200,396 thousand (of which: provisions related to the update of forecasts of macroeconomic variables included in the used IFRS9 model in the amount of PLN 57,926 thousand, and additional provisions related to risk factors not directly included in the macroeconomic model in the amount of PLN 142,470 thousand).

The total impact of provisions for unrealised credit losses on the result of impairment of financial assets and provisions for contingent liabilities was negative and amounted to PLN 267 thousand.

In addition, the cost of risk in 2022 was influenced by:

- the release of the provisions created in 2021, amounting to PLN 65,170 thousand, due to the reversal of changes in legislation, which had the effect of lowering the expected recovery levels on the portfolio of loans to farmers (significantly affecting the result in the institutional loans segment),
- increasing the provision related to Customers with the highest exposure to turbulence in the economic environment by PLN 9,700 thousand. The Bank released provisions created due to the negative impact of energy prices in 2021 in the amount of PLN 15,300 thousand reflecting this risk directly in the assessment of individual CTB/SME Clients. At the same time, PLN 25,000 thousand provision for Customers most exposed to turbulence in the economic environment was created,
- adjusting the PD/LGD parameters for exposures transferred to Phase 2 as part of the identification of vulnerable Customers in the portfolio of loans secured by real estate in PLN. This change resulted in the creation of provisions in the amount of PLN 76,901 thousand,
- introducing significant changes in the approach used to classification, estimation of write-downs as well as in the IFRS9 parameter models resulting in the creation of provisions in the amount of PLN 53,233 thousand, including:
 - identification of exposures particularly exposed to turbulence in the economic environment (due to the ongoing war in Ukraine, economic sanctions against Russia and Belarus, and the current economic situation). These exposures were reclassified to Phase 2, as a result of which the Group recognized PLN 48,255 thousand additional provisions,

- implementation of a rationale for identifying a significant increase in credit risk (Phase 2) based on an assessment of the relative change in the PD lifetime parameter,
 - adaptation of the form of the LGD model to the shape of the recovery process and inclusion of additional dimensions differentiating the LGD level for Phase 1 and Phase 2 exposures,
 - implementation of an updated form of the CCF model,
 - implementation of a new Default Rate macroeconomic model for companies using full accounting,
- positive impact from the sale of debt portfolios in the amount of PLN 34,044 thousand.

In 2022, the Bank concluded agreements for the sale of the loan portfolio from the retail, SME and corporate portfolios. The gross carrying amount of the sold portfolio measured at amortised cost was PLN 387,666 thousand, the amount of impairment losses created was PLN 313,497 thousand. The contractual price for the sale of these portfolios was set at PLN 108,213 thousand. The net impact on the Bank's result from the sale of the portfolios amounted to PLN 34,044 thousand.

In 2021, the Bank entered into agreements for the sale of a portfolio of loans from the retail, SME and corporate portfolios. The gross carrying amount of the sold portfolio measured at amortised cost was PLN 711,954 thousand, the amount of impairment losses created was PLN 638,727 thousand. The contractual price for the sale of these portfolios was set at PLN 158,147 thousand. The net impact on the Group's result from the sale of the portfolios amounted to PLN 84,920 thousand.

The cost of credit risk, expressed as the ratio of the allowance result to the average gross loans and advances to Customers measured at amortised cost (calculated on the basis of balances at the end of the quarters), amounted to 0.33% in 2022, 3 bps higher than in 2021 (0.30%). Excluding the impact of the sale of receivables, it is estimated that the cost of risk would be 0.37% in 2022 and 0.41% in 2021.



General administrative expenses, depreciation and amortization

In 2022, the Bank's general administrative expenses (including depreciation and amortisation) amounted to PLN 2,935,988 thousand and were higher by PLN 492,915 thousand, or 20.2%, compared with the previous year.

Table 82. General administrative expenses, depreciation and amortization

thousand PLN	12 months ended 31.12.2022	12 months ended 31.12.2021	change y/y thousand PLN	%
Personnel expenses	(1,241,494)	(1,153,529)	(87,965)	7.6%
Marketing	(83,884)	(101,580)	17,696	(17.4%)
IT and telecom expenses	(264,575)	(212,089)	(52,486)	24.7%
Short-term lease and operating costs	(68,117)	(63,867)	(4,250)	6.7%
Other non-personnel expenses	(450,410)	(324,815)	(125,595)	38.7%
Business travels	(14,173)	(6,723)	(7,450)	110.8%
ATM and cash handling expenses	(26,045)	(22,746)	(3,299)	14.5%
Outsourcing costs related to leasing operations	(2,623)	(2,915)	292	(10.0%)
Contributions to Bank Guarantee Fund	(152,340)	(143,352)	(8,988)	6.3%
Contributions to the Commercial Banks Protection Scheme	(206,531)	0	(206,531)	x
Fee for supervision costs (FSA)	(13,873)	(13,138)	(735)	5.6%
General administrative expenses, total	(2,524,065)	(2,044,754)	(479,311)	23.4%
Depreciation and amortization	(411,923)	(398,319)	(13,604)	3.4%
Total expenses	(2,935,988)	(2,443,073)	(492,915)	20.2%

Table 83. Employee benefit costs

thousand PLN	12 months ended 31.12.2022	12 months ended 31.12.2021	change y/y thousand PLN	%
Salary costs	(993,235)	(923,546)	(69,689)	7.5%
Salary surcharges	(178,334)	(163,211)	(15,123)	9.3%
Employee benefits	(44,966)	(44,770)	(196)	0.4%
Costs of provision for restructuring	(775)	(341)	(434)	127.3%
Costs of provision for future liabilities due to unused holidays and retirement severance payments	(9,095)	(7,749)	(1,346)	17.4%
Write-offs to the Company Social Benefits Fund	(14,025)	(13,191)	(834)	6.3%
Other	(1,064)	(721)	(343)	47.6%
Employee benefits costs, total	(1,241,494)	(1,153,529)	(87,965)	7.6%

In 2022, the Bank's depreciation and amortisation expenses amounted to PLN 411,923 thousand and were higher compared to 2021 by PLN 13,604 thousand (i.e. by 3.4%). This increase was mainly caused by the continued transformation and digitalisation of the Bank and the capital expenditure incurred for this purpose.

In 2022, the Bank's capital investments amounted to PLN 367,685 thousand and were higher by PLN 44,768 thousand, or 13.9%, compared with the same period last year. The volume of capital investments is adapted to the Bank's current needs and capabilities. All projects are analysed from the point of view of rationality and impact on the financial and business situation of the Bank and the Group.



Statement of comprehensive income

In 2022, the Bank's comprehensive income was negative at PLN -183,401 thousand, compared to a negative value of PLN -667,068 thousand in 2021 (an improvement of PLN 483,667 thousand; i.e. by 72.5%).

This was the result of a PLN 370,377 thousand improvement in the valuation of financial assets measured by other comprehensive income (negative impact of PLN -599,039 thousand in 2022 vs. PLN -969,416 thousand in 2021). This improvement is related to the suspension of the monetary tightening cycle by the Monetary Policy Council.

The second component that improved the Bank's comprehensive income was the net financial result, which at the end of 2022 was higher by PLN 186,366 thousand (or 101.0%) compared to the end of 2021.

Table 84. Statement of comprehensive income

thousand PLN	12 months ended 31.12.2022	12 months ended 31.12.2021	change y/y thousand PLN %	
Net income	370,892	184,526	186,366	101.0%
Other comprehensive income				
Items that will be reclassified subsequently to profit or loss upon fulfilment of certain conditions	(553,251)	(854,322)	301,071	(35.2%)
Valuation of financial assets at gross other comprehensive income	(599,039)	(969,416)	370,377	(38.2%)
Deferred tax on valuation of financial assets measured through other gross comprehensive income	113,817	184,189	(70,372)	(38.2%)
Valuation of gross cash flow hedging derivatives	(83,987)	(85,303)	1,316	(1.5%)
Deferred tax on valuation of gross cash flow hedging derivatives	15,958	16,208	(250)	(1.5%)
Items that cannot be reclassified into profit or loss	(1,042)	2,728	(3,770)	-
Gross actuarial valuation of employee benefits	(1,287)	3,368	(4,655)	-
Gross deferred tax on actuarial valuation of employee benefits	245	(640)	885	-
Other comprehensive income (net)	(554,293)	(851,594)	297,301	(34.9%)
Total comprehensive income	(183,401)	(667,068)	483,667	(72.5%)

Statement of financial position

Assets

The Group's total assets as of the end of 2022 amounted to PLN 146,108,498 thousand, an increase by PLN 19,747,238 thousand, or 15.6%, compared to the end of 2021.

Table 85. Assets

thousand PLN	12 months ended 31.12.2022	12 months ended 31.12.2021	change y/y thousand PLN %	
Cash and balances at Central Bank	2,718,242	4,631,410	(1,913,168)	(41.3%)
Amounts due from banks	11,709,582	2,254,621	9,454,961	419.4%
Derivative financial instruments	3,224,272	1,901,919	1,322,353	69.5%
Fair value adjustment of hedged item	33,025	65,465	(32,440)	(49.6%)
Loans and advances to Customers measured at amortised cost	83,893,270	80,124,751	3,768,519	4.7%
Loans and advances to Customers measured at fair value through profit or loss	949,298	1,219,027	(269,729)	(22.1%)
Debt securities measured at amortised cost	22,167,261	23,268,041	(1,100,780)	(4.7%)
Financial instruments measured at fair value through profit or loss	311,236	320,216	(8,980)	(2.8%)
Debt securities measured at fair value through other comprehensive income	17,384,793	9,143,353	8,241,440	90.1%
Investments in subsidiaries	93,119	122,033	(28,914)	(23.7%)
Intangible assets	825,196	744,169	81,027	10.9%
Property, plant and equipment	1,059,703	1,233,221	(173,518)	(14.1%)
Deferred tax assets	822,122	719,650	102,472	14.2%
Current tax assets	-	-	-	-
Other assets	917,379	613,384	303,995	49.6%
Total assets	146,108,498	126,361,260	19,747,238	15.6%



Loan portfolio

Structure of loan portfolio

At the end of 2022, gross loans and advances to Customers (the sum of portfolios measured at amortized cost and measured at fair value) amounted to PLN 87,741,368 thousand and increased by PLN 3,553,972 thousand, or 4.2%, compared to the end of 2021.

Table 86. Structure of loan portfolio measured at amortised cost

thousand PLN	31.12.2022		31.12.2021	
	Total gross	share %	Total gross	share %
Business entities with the exception of farmers	39,263,132	45.2%	34,893,415	42.1%
Farmers	6,835,131	7.9%	7,755,784	9.3%
Retail Customers	38,843,860	44.8%	38,817,716	46.8%
- mortgage loans	26,651,564	30.7%	26,710,997	32.2%
in PLN	22,526,701	26.0%	22,141,389	26.7%
in foreign currencies	4,124,863	4.8%	4,569,608	5.5%
- cash loans	8,052,253	9.3%	7,701,994	9.3%
- other retail loans	4,140,043	4.8%	4,404,725	5.3%
Lease receivables	400,416	0.5%	620,444	0.7%
Budget sector	58,956	0.1%	84,487	0.1%
Other financial entities	1,390,575	1.6%	796,523	1.0%
Loans and advances, gross	86,792,070	100.0%	82,968,369	100.0%

Quality of loan portfolio

The ratio of impaired exposures to gross loans and advances to Customers and measured at amortised cost stood at 3.3% at the end of 2022, a decrease compared to the end of 2021 by 0.4 p.p. Impairment coverage of impaired exposures was 60.2% at the end of 2022 and increased by 2.9 p.p. compared to 2021.

Table 87. Write-down coverage of loan portfolio measured at amortised cost

thousand PLN	12 months ended	12 months ended	change y/y	
	31.12.2022	31.12.2021	thousand PLN	%
Total gross loans and advances to Customers	86,792,070	82,968,369	3,823,701	4.6%
Impairment allowances	(2,898,800)	(2,843,618)	(55,182)	1.9%
Total net loans and advances to Customers	83,893,270	80,124,751	3,768,519	4.7%
Exposures without impairment triggers				
Gross balance sheet exposure	83,891,030	79,862,932	4,028,098	5.0%
Allowance	(1,150,978)	(1,062,301)	(88,677)	8.3%
Net balance sheet exposure	82,740,052	78,800,631	3,939,421	5.0%
Impaired exposures (stage 3)				
Gross balance sheet exposure	2,901,040	3,105,437	(204,397)	(6.6%)
Impairment allowance	(1,747,822)	(1,781,317)	33,495	(1.9%)
Net balance sheet exposure	1,153,218	1,324,120	(170,902)	(12.9%)

Indicator	31.12.2022	31.12.2021	change
Share of impaired exposures in the gross portfolio	3.3%	3.7%	0.4 p.p.
Allowance coverage of impaired exposures	60.2%	57.4%	2.9 p.p.

Table 88. Quality of loan portfolio measured at amortised cost

thousand PLN	31.12.2022			31.12.2021		
	Total gross	of which: impairment	share %	Total gross	of which: impairment	share %
Business entities with the exception of farmers	40,712,663	1,260,105	3.1%	35,774,425	1,207,284	3.4%



thousand PLN	31.12.2022			31.12.2021		
	Total gross	of which: impairment	share %	Total gross	of which: impairment	share %
Farmers	6,835,131	578,257	8.5%	7,755,784	633,557	8.2%
Retail Customers	38,843,860	997,425	2.6%	38,817,716	1,127,343	2.9%
- mortgage loans	26,651,564	481,414	1.8%	26,710,997	522,335	2.0%
in PLN	22,526,701	173,069	0.8%	22,141,389	167,127	0.8%
in foreign currencies	4,124,863	308,345	7.5%	4,569,608	355,208	7.8%
- cash loans	8,052,253	408,864	5.1%	7,701,994	489,948	6.4%
- other retail loans	4,140,043	107,147	2.6%	4,404,725	115,060	2.6%
Lease receivables	400,416	65,253	16.3%	620,444	137,253	22.1%
Loans and advances, gross	86,792,070	2,901,040	3.3%	82,968,369	3,105,437	3.7%

The value of collateral held for Customer loans at the end of 2022 amounted to PLN 1,953,998 thousand. Detailed information on collateral held is included in Note 55.2. of the Separate Financial Statements for the year ended 31 December 2022.

Liabilities and equity

As at 31 December 2022, the Bank's total liabilities amounted to PLN 134,893,224 thousand and were PLN 19,924,607 thousand or 17.3% higher than at the end of 2021. The share of liabilities in the Bank's total liabilities and equity was 92.3% in the period under review (+1.3 p.p. compared with the end of 2021).

Table 89. Liabilities and equity

thousand PLN	12 months ended		change y/y	
	31.12.2022	31.12.2021	thousand PLN	%
Amounts due to Central Bank	8,713	-	8,713	-
Amounts due to banks	1,805,219	2,621,155	(815,936)	(31.1%)
Derivative financial instruments	3,147,855	1,918,032	1,229,823	64.1%

thousand PLN	12 months ended		change y/y	
	31.12.2022	31.12.2021	thousand PLN	%
Fair value adjustment of hedging instruments and hedged items	(451,646)	44,107	(495,753)	-
Amounts due to Customers	120,429,051	101,823,600	18,605,451	18.3%
Securities issued	-	-	-	-
Subordinated liabilities	4,416,887	4,334,572	82,315	1.9%
Lease liabilities	718,724	860,009	(141,285)	(16.4%)
Other liabilities	2,371,804	1,504,486	867,318	57.6%
Current income tax liabilities	223,326	164,660	58,666	35.6%
Provisions	2,223,291	1,697,996	525,295	30.9%
Total liabilities	134,893,224	114,968,617	19,924,607	17.3%
Share capital	147,593	147,519	74	0.1%
Supplementary capital	9,110,976	9,110,976	0	0.0%
Other reserve capital	3,136,599	2,946,115	190,484	6.5%
Revaluation reserve	(1,150,000)	(595,707)	(554,293)	93.0%
Retained earnings	(29,894)	(216,260)	186,366	(86.2%)
- previous years' results	(400,786)	(400,786)	0	0.0%
- net profit for the period	370,892	184,526	186,366	101.0%
Total equity	11,215,274	11,392,643	(177,369)	(1.6%)
Total liabilities and equity	146,108,498	126,361,260	19,747,238	15.6%

As at 31 December 2022, shareholders' equity amounted to PLN 11,215,274 thousand and decreased by 1.6%, i.e. by PLN 177,369 thousand, compared with 31 December 2021. The share of total equity in the Bank's total liabilities and equity was 7.7% at the end of 2022 (compared with 9.0% at the end of last year).



Amounts due to Customers

At the end of 2022, liabilities to Customers amounted to PLN 120,429,051 thousand and were higher by PLN 18,605,451 thousand, or 18.3%, compared to the end of 2021.

Table 90. Amounts due to Customers by products

	31.12.2022		31.12.2021	
	thousand PLN	share %	thousand PLN	share %
Current accounts	81,196,391	67.4%	88,434,911	86.9%
Term deposits	37,208,104	30.9%	11,398,894	11.2%
Loans and advances received	491,823	0.4%	101,666	0.1%
Settlements of securitization transaction	384,659	0.3%	762,318	0.7%
Other liabilities	1,148,074	1.0%	1,125,811	1.1%
Total amounts due to Customers, including:	120,429,051	100.0%	101,823,600	100.0%
deposits	119,937,228	99.6%	101,721,934	99.9%

Equity

As at the end of 2022, the Bank's equity amounted to PLN 11,215,274 thousand, which was PLN 177,369 thousand, or 1.6%, less than at the end of 2021.

According to Resolution No. 6 of the Bank's Ordinary General Meeting of 27 June 2022, the Bank's profit after tax (net financial result) for the completed financial year 2021, amounting to PLN 184,526,041, was fully transferred to reserve capital.

In addition, the increase in equity was influenced by the change in the revaluation reserve (a decrease of PLN 554,293 thousand compared to the end of 2021). The share capital balance also increased in 2022 as a result of the issue of series M shares (increase of PLN 74 thousand).

Own funds and capital ratios

The calculation of the capital adequacy of the Bank and the Group as at 31 December 2022 has been performed applying the provisions of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013. (CRR) on prudential requirements for credit institutions and investment firms, as amended by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019.(CRR2) in relation to leverage ratio, net stable funding ratio, own funds and minimum eligible liabilities requirements, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements.

On 12 December 2017, the European Parliament and the Council of the EU adopted Regulation No 2017/2395 amending Regulation (EU) No 575/2013 as regards transitional arrangements for mitigating the impact of the introduction of IFRS 9 on own funds and for treating as large exposures certain exposures to public sector entities denominated in the domestic currency of any Member State. The regulation was in force from 1 January 2018. The Bank applied the transitional provisions provided by the regulation, which means that the full impact of the implementation of IFRS 9 was not taken into account for the purposes of assessing the Bank's capital adequacy.

On 27 June 2020, Regulation (EU) 2020/873 of the European Parliament and of the Council of 24 June 2020, amending Regulations (EU) No 272/2013 and (EU) 2019/876 as regards certain adjustments in response to the COVID-19 pandemic, entered into force, allowing, inter alia, a reduction in risk weights for a portion of SME loans, a temporary partial exclusion from the calculation of Common Equity Tier 1 items of the amount of unrealised gains and losses measured at fair value through other comprehensive income in relation to the COVID-19 pandemic.

As of 31 December 2022, the adjustment related to the temporary partial exclusion from the calculation of Common Equity Tier 1 capital items of the amount of unrealized gains and losses measured at fair value through other comprehensive income in connection with the COVID-19 pandemic was PLN 373,716 thousand.

On 23 December 2020, Commission Delegated Regulation (EU) 2020/2176 of 12 November 2020, amending Delegated Regulations (EU) No 241/2014 with regard to the deduction of software assets from Common Equity Tier 1 items, entered into force.

As at 31 December 2022, the adjustment in Common Equity Tier 1 capital related to other intangible assets amounted to PLN 388,016 thousand.

Pursuant to the Resolution of the Annual General Meeting of the Bank dated 27 June 2022, the entire profit of the Bank for 2021, in the amount of PLN 184,526 thousand, was allocated to reserve capital.

The Bank's total capital ratio at 31 December 2022 was 16.25%, a decrease of 1.52 p.p. compared to December 2021. The Bank's Common Equity Tier 1 (CET I) capital ratio and Tier 1 (Tier 1) capital ratio at 31 December 2022 were identical at 11.80% (decrease by 1.16 p.p. compared to the year-end 2021). The decrease in capital adequacy ratios was mainly due to a deterioration in the result of unrealised gains and losses measured at fair value through other comprehensive income, while the amount of risk-weighted exposure increased.

Total own funds at 31 December 2022 decreased by PLN 653,928 thousand compared to 31 December 2021.

Total risk exposure as at 31 December 2022 amounted to PLN 91,512,357 thousand and increased by PLN 4,101,919 thousand compared to 31 December 2021.

**Table 91. Own funds and capital ratios of the Bank**

in PLN thousand	12 months ended 31.12.2022	12 months ended 31.12.2021	change y/y thousand PLN	%
Tier I capital				
- share capital	147,593	147,519	74	0.1%
- supplementary capital	7,259,316	7,259,316	0	0.0%
- reserve capital	4,311,106	4,120,622	190,484	4.6%
- funds for general banking risk	627,154	627,154	0	0.0%
- intangible assets	(437 180)	(376 874)	(60 306)	16.0%
- other components of equity included in Tier I capital	(1,112 036)	(447 774)	(664 262)	148.3%
Total Tier I capital	10,795,953	11,329,963	(534 010)	(4.7%)
Tier 2 capital				
- subordinated liabilities classified as Tier II capital	4,078,993	4,198,911	(119 918)	(2.9%)
Total own funds	14,874,946	15,528,874	(653 928)	(4.2%)
Risk exposure due to:				
- credit risk	81,597,974	77,832,976	3,764,998	4.8%
- market risk	1,307,210	1,345,487	(38 277)	(2.8%)
- operational risk	8,550,308	8,202,110	348,198	4.2%
- CVA adjustment	56,865	29,865	27,000	90.4%
Total risk exposure	91,512,357	87,410,438	4,101,919	4.7%

The Bank's capital ratio	31.12.2022	31.12.2021	change
Total Capital Ratio (TCR)	16.25%	17.77%	(1.52 p.p.)
Tier I Capital Ratio	11.80%	12.96%	(1.16 p.p.)

Pursuant to the Act of 5 August 2015 on macroprudential supervision over the financial system and crisis management in the financial sector (Journal of Laws 2015, item 1513, as amended), a capital conservation buffer of 2.5% was introduced starting from 1 January 2019.

The Polish Financial Supervision Authority in a communication dated 8 November 2021, announced that, based on the provisions of the Act of 5 August 2015 on macroprudential supervision of the financial system and crisis management in the financial system and after taking into account the opinion of the Financial Stability Committee, confirmed the identification of ten banks as other systemically important institutions (O-SIIs).

As a result of the review, the Authority concluded that there were no grounds for revoking or amending the decision of 4 October 2016, as amended by the Commission's decision of 19 December 2017, to impose on the Bank (on a consolidated and individual basis) an Other Systemically Important Institution buffer equivalent to 0.25% of the total risk exposure amount calculated in accordance with Article 92(3) of Regulation (EU) No 575/2013.

The Polish Financial Supervision Authority, by letter dated 23 December 2022, recommended mitigating the risks occurring in the Bank's operations by maintaining own funds to cover an additional capital charge to absorb potential losses arising from stress events, of 0.80 p.p. at the individual level and 0.77 p.p. at the consolidated level over the total capital ratio referred in Article 92(1)(c) of Regulation (EU) No 575/2013, plus the additional own funds requirement referred in Article 138(2)(2) of the Banking Act and the combined buffer requirement referred in Article 55(4) of the Macroprudential Supervision Act. The additional surcharge should consist entirely of Common Equity Tier 1 capital.

As a result of the changes described above, the minimum levels of solvency ratios under the law and administrative decisions issued by the PFSA as at the reporting date of 30 June 2022 on a consolidated basis are as follows:

Minimum levels of capital adequacy ratios of the Bank	31.12.2022
Common Equity Tier I (CET I) capital ratio	8.05%
Tier I capital ratio	9.55%
Total capital ratio	11.55%

Minimum requirement for own funds and eligible liabilities (MREL)

On 3 June 2022, the Bank received a letter from the Bank Guarantee Fund ("BFG") regarding the joint decision of the resolution authorities, i.e. the Single Resolution Board ("SRB"), the Central Bank of Hungary, Finanstilsynet, the Bank of England and the BFG, on the minimum level of own funds and eligible liabilities ("MREL").

The joint decision indicates that a group compulsory restructuring plan provided for a single point of entry (SPE) compulsory restructuring strategy. The preferred tool for the Bank's compulsory restructuring is the open bank bail-in tool.



The MREL requirement set by the Fund, in consultation with the SRB, for BNP Paribas Bank Polska S.A. is:

- 15.99% of TREA, the total risk exposure amount (TREA) calculated in accordance with Article 92(3) and (4) of Regulation (EU) No 575/2013 (hereinafter: MREL-TREA) and
- 5.91% of TEM, the total exposure measure (TEM) calculated in accordance with Article 429 and Article 429a of Regulation (EU) No 575/2013 (hereinafter: MREL-TEM).

At the individual level the Bank is required to meet the MREL requirement by 31 December 2023.

At the same time, the Fund, in consultation with the SRB, on 3 June 2022 defined interim targets for the Bank to meet by the end of each calendar year during the period of reaching the MREL target:

- in relation to TREA are: 11.99% at the time of communicating to the Bank the agreement and joint decision on MREL and 13.99% at the end of 2022,
- in relation to TEM are: 3.00 per cent at the time of communicating to the Bank the agreement and joint decision on MREL and 4.46 per cent at the end of 2022.

On 22 September 2022, the Fund announced an update to the MREL Determination Methodology and, in particular, an update to the pathway to the target minimum level of own funds and eligible liabilities expressed as a percentage of total risk exposure (MREL-TREA). The Fund has adopted new assumptions for the determination of the interim MREL-TREA requirement for entities for which the use of a mandatory restructuring facility is assumed in the compulsory restructuring plans or group compulsory restructuring plans ("plans"). In the current planning cycle, the Fund will determine the interim MREL-TREA requirement that entities should achieve by 31 December 2022, based on the same formula as for the interim MREL-TREA requirement that entities are required to comply with from 1 January this year.

The Fund informed that it will apply the revised rules for setting the interim MREL requirement in accordance with the timetable for the adoption of reviews and updates of the compulsory restructuring plans and group compulsory restructuring plans. For domestic entities that are subsidiaries in cross-border groups for which the adoption of plans and the setting of minimum levels of own funds and eligible liabilities are made by joint decision, it may be the case that the adoption of joint decisions incorporating the revised path to the MREL-TREA target level will occur after 1 January 2023.

In such cases, pending the adoption of new joint decisions addressing the updated MREL-TREA interim requirements, the Fund will take into account the fact of pending changes to the MREL-TREA interim level when monitoring compliance with the MREL-TREA interim requirement.

In the context of the above, the Bank has assumed that the MREL requirement in relation to TREA will be 11.99% at the end of 2022, pending a new joint decision of the resolution authorities, i.e. the Single Resolution Board (SRB), the Central Bank of Hungary, Finanstilsynet, the Bank of England and the BGF, on the minimum level of own funds and eligible liabilities ("MREL").

The entire MREL requirement should be met in the form of own funds and liabilities meeting the criteria set out in Article 98 of the BGF Act, which transposes Article 45f(2) of BRRD2. According to the Decision, the part of MREL corresponding to

the recapitalisation amount (CAR) will be met in the form of AT1, T2 instruments and other subordinated eligible liabilities acquired directly or indirectly by the holding company.

The Bank complies with the defined MREL requirements as at 31 December 2022.

MREL ratio	implementation
TREA	17.09%
TEM	9.82%

Financial ratios

In 2022, the Bank's return on equity (ROE), calculated on a reported basis was 3.3% and was 1.8 p.p. higher than in 2021. Return on assets (ROA), calculated in a similar manner, was 0.3% and increased by 0.1 p.p. compared to 2021. The levels of the return ratios are largely distorted by the occurrence in 2022 of the negative impact of the credit moratoria (see the Bank's Financial Performance chapter) and the recognition, especially in 2022 and 2021, of significant risk provisioning costs related to litigation relating to foreign currency mortgage loans.

The cost/income ratio calculated on the basis of reported volumes amounted to 56.8% (a level 4.6 p.p. higher compared to 2021. - mainly as a result of the recognition of the impact of credit moratoria in net interest income and higher BFG and IPS costs). The ratio calculated without the impact of BFG, IPS and credit moratoria would have been 42.5%, i.e. 6.6 p.p. lower than in 2021.

Net interest margin calculated in relation to average assets amounted to 2.5% and was similar to the level calculated for 2021. The positive impact of the increase in NBP interest rates in 2022 (reference rate higher by 500 bps y/y) was neutralised by the recognition of the PLN 895 million negative impact of credit moratoria.

Minor changes in ratios representing the ratio of net and gross loans to deposits and funding sources reflect the good liquidity position observed in 2022 and 2021.

Table 92. Financial ratios

	31.12.2022	31.12.2021	31.12.2020	change 2022/2021
Return on equity ⁽¹⁾	3.3%	1.5%	6.3%	+1.8 p.p.
Return on assets ⁽²⁾	0.3%	0.2%	0.6%	+0.1 p.p.
Net interest margin ⁽³⁾	2.5%	2.5%	2.7%	0.0 p.p.
Cost/Income ⁽⁴⁾	56.8%	52.1%	52.6%	+4.6 p.p.



	31.12.2022	31.12.2021	31.12.2020	change 2022/2021
Costs/income without BFG, IPS and credit moratoria	42.5%	49.1%	48.2%	(6.6 p.p.)
Cost of risk ⁽⁵⁾	(0.33%)	(0.30%)	(0.79%)	(0.03 p.p.)
Cost of risk without impact of sale of receivables*	(0.37%)	(0.41%)	(0.85%)	+0.04 p.p.
Net loans/deposits ⁽⁶⁾	70.7%	80.0%	78.7%	(9.3 p.p.)

(1) Net profit in relation to average equity, calculated based on quarter-end balances.

(2) Net profit in relation to average assets, calculated based on quarter-end balances.

(3) Net interest income in relation to average assets, calculated based on quarter-end balances. Annualization of net interest income taking into account the actual number of days.

(4) Total general administrative expenses, amortization and depreciation in relation to total net banking income, calculated as the total of net interest income, net fee and commission income, dividend income, net trading income, net investment income, result on hedge accounting and other operating income and expenses.

(5) Net impairment allowances on loans and advances and provisions for contingent liabilities in relation to the average balance of net loans and advances to Customers measured at amortised cost, calculated based on quarter-end balances. Annualization of the result from write-offs taking into account the actual number of days.

(6) Ratio of loans and advances to Customers (net) to Customer deposits. Balance at the end of the period.

* Calculation made excluding the impact of the sale of non-performing loan portfolios (PLN +34,044 thousand in 2022, PLN +84,920 thousand in 2021, PLN +42,368 thousand in 2020).

Average interest rates applied by the Bank

Table 93. Average interest rates applied by the Bank*

Product	PLN		EUR	
	2022	2021	2022	2021
Deposits (below categories)	1.67%	0.04%		
Households and non-commercial institutions	1.52%	0.04%		
Non-financial enterprises	1.88%	0.04%		
Loans (below categories)	6.79%	3.17%	1.57%	1.24%
Households and non-commercial institutions	6.71%	3.64%	2.52%	2.04%
Non-financial enterprises	6.94%	2.09%	1.56%	1.23%

* based on the Bank's mandatory reporting to the NBP Statistics Department



Risks and opportunities

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Paulina Angel, Project Manager



Risk management system

The risk management system is an integrated set of rules, mechanisms and tools (including, inter alia, policies and procedures) relating to risk processes. Risk management is part of the Bank's overall management system. In addition to regulatory requirements, the Bank takes into account the special nature, scale and complexity of its business operations and the associated risks. The main objectives of the risk management system are:

- ensure early identification and appropriate management of all significant risks associated with the business,
- supporting the implementation of the business strategy by effectively controlling the level of risk and maintaining it within the adopted risk appetite,
- a representation of the Bank's risk attitude and risk culture,
- measuring or estimating and monitoring risks, including hedging potential losses through appropriate controls,
- limiting risks by defining a system of limits and rules for dealing with exceedances,
- definition of an organizational structure adapted to the size and profile of the risks incurred.

The risk management system functioning in the Bank is organized based on a scheme of three independent lines of defense, used to define roles and responsibilities to achieve effective supervision and organization of risk management in the Bank:

- **the first line of defense** consists of business units that are responsible for managing risks in the Bank's operations, including compliance with control mechanisms,
- **the second line of defense** is constituted by the organizational units of the Risk Area, the Security and Business Continuity Management Division and the Compliance Monitoring Division, which are responsible for managing individual risks, including measuring, monitoring, controlling and reporting risks, independently of the first line,
- **the third line of defense** involves the activities of the Internal Audit Division, which performs independent assessments of risk management activities carried out by both the first and second lines of defense.

The chief role in the Bank's risk management system is played by the Bank's Management Board, which determines the Bank's risk management strategy, risk appetite and adopts risk management policies, as well as sets limits for significant risks and risk control procedures. The risk management principles have their source in the document *Risk Management Strategy at BNP Paribas Bank Polska S.A.* defined by the Bank's Management Board and approved by the Supervisory Board.

The organization of the Bank's risk management system primarily takes into account the role of the Supervisory Board, the Bank's Management Board, dedicated committees (Audit Committee and Risk Committee at the Supervisory Board level, Asset and Liability Committee (ALCO), Risk Management Committee, Retail Banking Risk Committee, Personal Finance Risk Committee, Credit Committee, Problem Loan Committee, Products, Services, Transactions and Activities Acceptance Committee and Internal Control Coordination Committee), Risk Area, Compliance Monitoring Division and Security and Business Continuity Management Division.

Assessment of internal capital adequacy

The purpose of the process of assessing the adequacy of internal capital is to monitor and control the level of the Bank's internal capital. The implementation of the ICAAP process is dictated by the aspiration to maintain the Bank's stable financial position, guaranteeing the Bank's operation even if unexpected losses are incurred. The Bank has an obligation to ensure that the risk management process is in line with the Bank's risk profile, and to mitigate excessive risks in the Bank's operations. Details of the process are defined in *the Policy on Internal Capital Estimation at BNP Paribas Bank Polska S.A.*

The Bank has developed comprehensive principles for identifying and assessing risks as part of its response to the requirements of the supervisory review and assessment process. The principles are designed to identify and assess all risks to which the Bank is or may be exposed, taking into account regulatory requirements, best practices and the use of the Bank's proven existing risk management processes. The Bank takes into account the specific nature, scale and complexity of its business activities and the associated risks, ensuring that all significant risks in the Bank's operations are measured and mitigated. The Bank seeks to identify and assess risks arising from the internal and external environment that could have a significant impact on the Bank's financial stability.

Identification of potentially material risks involves isolating threats and potential risks that may occur in the future with a reasonable degree of probability.

The risk management process is designed to:

- protect the Bank from the materialization of risk,
- ensure an adequate assessment of the capital requirements necessary for the identified risks.

The risk identification process is carried out at the Bank annually.

Assessment of the level of materiality of the risks identified in the identification process includes:

- defining materiality of risks,
- defining factors that determine the materiality of risks,
- conducting an assessment of the materiality of risks,
- preparation of an assessment report.

The process of assessing the materiality of risks is carried out at the Bank annually.

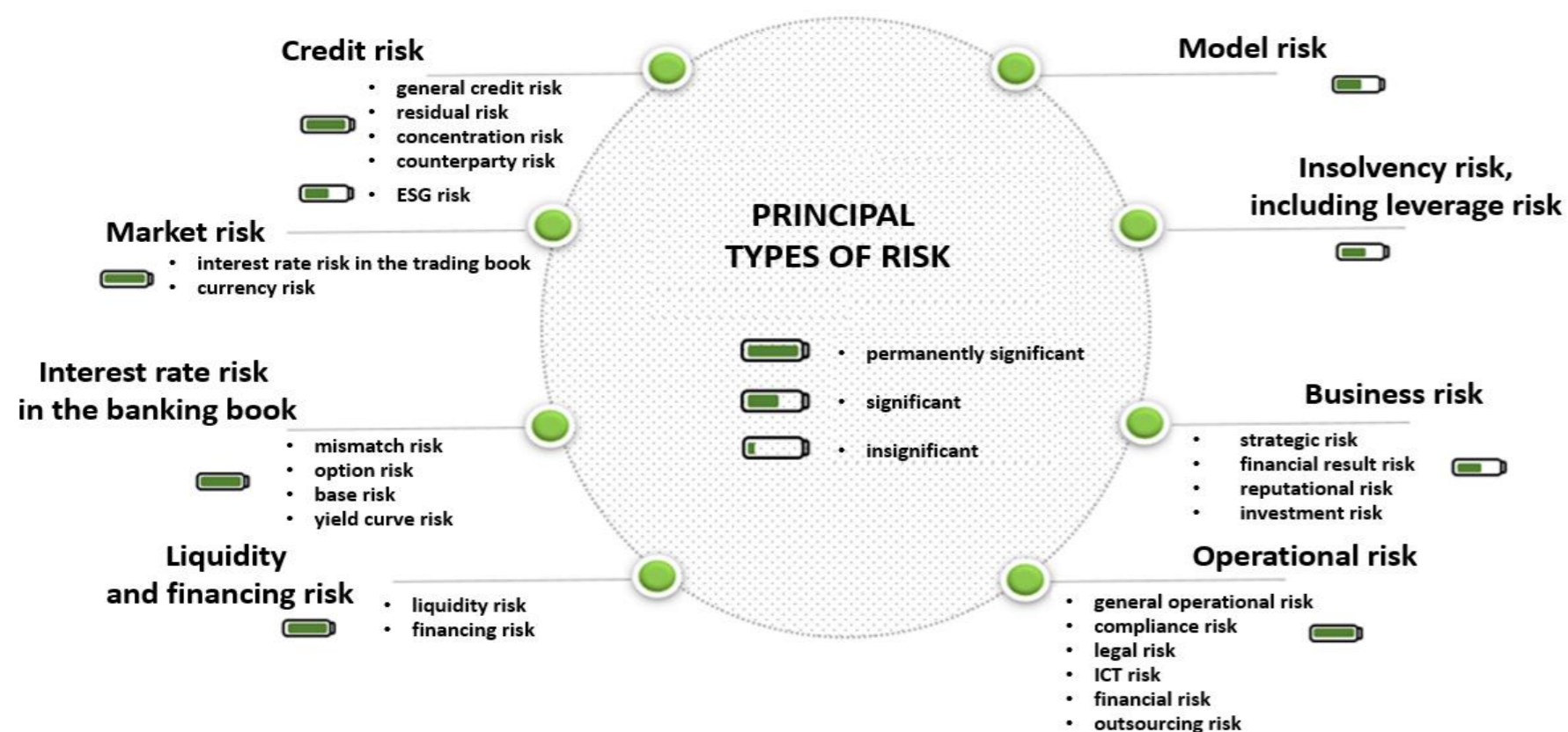
The Bank identifies the following types of risks:

- permanently significant - inherent in the profile of the business (does not require periodic materiality assessment),
- significant:
 - risks in relation to which the Bank has historically incurred costs related to their implementation,



- risk exposure, the severity of losses, and the lack of adequate risk mitigation processes and procedures expose the Bank to unexpected financial losses (risks for which the materiality rating is least at the average level),
- insignificant - risks for which the assessment of materiality is at a low level.

As a result of the risk identification and materiality assessment process conducted in 2022, the structure of the identified risks is as follows:



Internal capital reporting is focused on presenting the results of monitoring the level of internal capital and the main factors determining its level. The Bank reports capital on a monthly basis on both a stand-alone and consolidated basis. Reports are presented at the Risk Management Committee meeting on a monthly basis and on a quarterly basis to the Bank's Management Board and Supervisory Board.

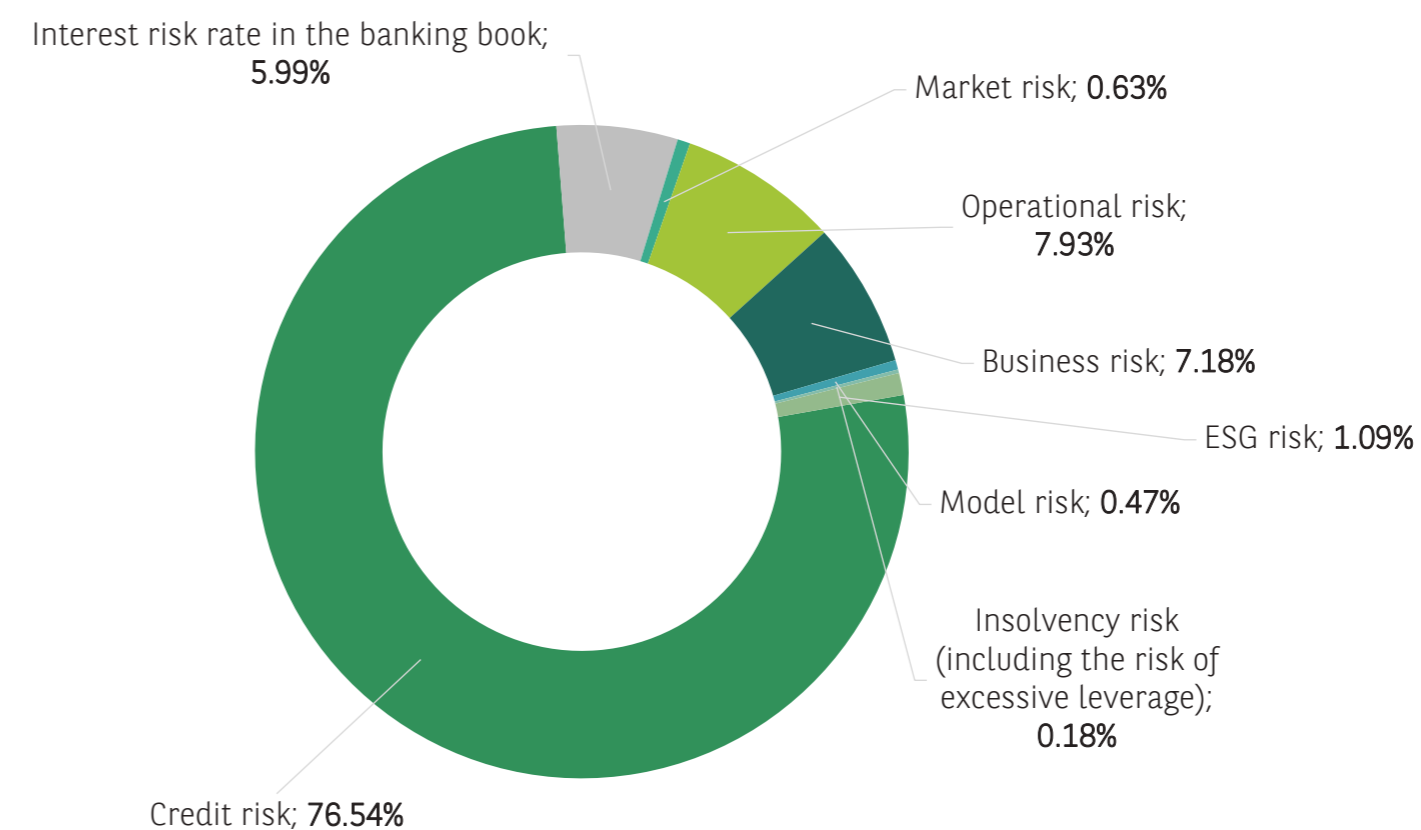
A review of the capital adequacy process is conducted once a year, and the review report is submitted to the Management Board and the Supervisory Board. In addition, internal audit regularly conducts an independent review of the ICAAP process.

The Bank uses two approaches to measure risk: quantitative and qualitative. The use of a particular approach is linked to the characteristics of the risk.

Risk measurement methods:

- quantitative methods - are used in cases where the Bank has information on risk realisation and is able to measure a quantitative characteristic,
- qualitative methods - used when the Bank has no information collected on the historical realisation of risk or the effect of volatility of a risk measure is determined by many risk factors, among which the Bank is not able to distinguish the effect related to the source of the assessed risk. The Bank considers the risk as difficult to measure and performs the assessment using the qualitative method, presenting the qualitative characteristics of the risk realization.

Chart 17. The structure of internal capital in the BNP Paribas Bank Polska S.A. Group as at 31 December 2022





Risk appetite

For the material risks identified, the Bank defines the risk appetite. By determining the level of risk appetite, the Bank sets its risk profile and the attitude adopted towards risk. The risk appetite determines the maximum level of risk that the Bank is prepared to accept in pursuit of the business strategy and financial plan.

The risk appetite, within the limits set by the risk tolerance, determines how the Bank uses its risk-taking capacity by determining, for each risk type, the degree of risk exposure that a particular area can take. The Bank specifies the level of risk appetite in the form of risk measures that reflect the Bank's current and future risk appetite. All methods and procedures are periodically reviewed for adequacy and reliability. The level of risk appetite is determined by the Bank's Management Board and requires the approval of the Supervisory Board.

In addition, the Bank monitors individual risks using a formal system of limits, which is established in such a way that:

- the Bank complied with supervisory standards,
- the desired risk profile defined in the Bank's business strategy and risk management strategy is maintained,
- limits did not exceed the risk level acceptable to the BNP Paribas Group.

If limits are exceeded, corrective actions are taken to reduce the value of the risk in accordance with the procedures in place at the Bank. The information system used in risk management ensures collection of data on operations and transactions and their impact on the Bank's risk profile. The Bank has risk control and risk management policies governing the handling of crisis events.

Stress tests

Pursuant to the Methodology of the stress testing programme at BNP Paribas Bank Polska S.A. The Bank conducts, among others, the following types of bottom-up tests:

- stress tests based on the recommendations of the Polish Financial Supervision Authority,
- business model stress tests,
- , internal capital stress tests,
- recovery plan stress tests.

Stress tests are an important tool in the risk management process. They allow the risk measurement to be extended to include sensitivity to abnormal changes in market parameters, which are significantly different from those observed in periods of normal functioning of the financial markets. The objective of the stress testing programme is to assess the potential risks to which the Bank is exposed under hypothetical market conditions. The macroeconomic assumptions are developed by the Bank's Chief Economist. The stress testing programme fulfils the requirements of Guideline EBA/GL/2018/04 of 19 July 2018 on stress testing.

The stress testing programme covers:

- sensitivity analysis
- scenario analysis,
- reverse stress testing.

The Bank conducts tests with reference to the level of risk appetite expressed in terms of risk appetite measures and capital targets specified in the Capital Management Policy at BNP Paribas Bank Polska S.A. Through stress testing, the Bank assesses the reliability of its financial plan and capital plan under stress conditions to ensure that the Bank meets the capital requirements applicable to it. The Bank's Management Board approves the stress testing programme and supervises its implementation and results.

Principal types of risk

Credit risk

Credit risk is the risk of the Bank incurring a loss on account of a failure to meet its obligations by the deadline specified in the agreement as a result of deterioration or loss of creditworthiness by the Customer.

The Bank's credit risk management system has been defined in the Credit Policy of BNP Paribas Bank Polska S.A. adopted by the Management Board. Detailed financing principles and criteria applicable to the product offering of each business line, types of available loans, objectives, financing terms and limits have been defined in the credit policies of each business line. It is the Bank's intention, in accordance with the criteria established in the credit policy, to cooperate with Customers of a good reputation and a sound economic and financial condition.

Credit policies also set out detailed rules for identifying, measuring and accepting risk, securing loan repayment and monitoring Customers during the life of the loan agreement.

The organisation of the credit risk management process aligned with the business line structure in the Bank. A central role in the credit risk management system is performed by the Risk Area, which is an organisationally separate unit managed by a Member of the Management Board acting in the capacity of the Chief Risk Officer. Credit risk management activities are supported by the Risk Management Committee as well as the Retail Banking/Personal Finance Risk Committees

The credit risk of the Customers is assessed using rating and scoring classification systems and the risk classification standards defined in IFRS.

Credit decisions are made in accordance with the decision-making model approved by the Management Board of the Bank and aligned with the standards imposed by the BNP Paribas Group. The decision-making model takes into account the structure of the business lines, determines the number of decision levels, the scope of their competence as well as the principles, criteria and conditions to be satisfied in the credit decision-making process. The value thresholds for the decision-making competence depend on such criteria as the Customer segment, risk profile and the borrowing period. At



each competence level, credit decisions are taken by two employees (four-eye principle), namely a representative of the business line and a representative of the organisational unit responsible for Customer and transaction risk assessment performed independently of the business line. For Customers whose credit risk assessment is performed in accordance with simplified risk assessment principles or models, including scoring models approved by the Risk Management Committee or the Retail Banking/Personal Finance Risk Committees, credit decisions may be taken by one representative of the business line.

The Bank applies the following credit risk management principles:

- each credit transaction requires comprehensive credit risk assessment expressed in internal rating or scoring,
- thorough and diligent financial analysis serves as the basis for regarding the Customer's financial information and collateral-related data as reliable; prudential analyses performed by the Bank always take into account a necessary margin of safety
- as a rule, the basis for Client's financing is its ability to generate cash flows that ensure repayment the liabilities to the Bank,
- the credit risk assessment is additionally verified by credit risk assessment officers, independent of the business staff,
- the pricing terms of a credit transaction must cover the risk of such a transaction,
- credit risk is diversified in terms of geographical regions, industries, products and Customers,
- credit decisions may only be taken by authorised employees,
- a Customer and transactions made with the Customer are monitored transparently from the perspective of the Customer, in a manner that strengthens the relationship between the Bank and the Customer.

Credit risk management in the Bank's subsidiaries

The principles of the Bank's supervision over the credit risk generated by the activity of subsidiaries is specified in the Credit Policy of BNP Paribas Bank Polska S.A.

The Bank recommends, reviews and accepts policies, principles and methodologies applied by its subsidiaries in terms of credit risk management.

In the Bank and its subsidiaries, parallel credit risk management methods are applied, including:

- a rating system for Corporate Banking Customers and Small and Medium Enterprises Banking,
- risk classification system according to IFRS standards,
- assessment of the creditworthiness of the common Clients of Bank and subsidiaries,
- a model of making credit decisions,

- the Bank's internal limits system for concentration risk, including limits on the subsidiaries' portfolios of receivables.

Measurement of impairment of financial assets

The principles of measuring impairment are described in the Impairment of financial assets section within the Financial Statements.

In 2022, as part of the adjustment of the level of write-downs to expectations of the future macroeconomic situation, the level of provisions increased by PLN 207,844 thousand, which included:

- provisions created with regard to updated projections of macroeconomic variables included in the applied IFRS9 model in the amount of PLN 65,374 thousand and
- additional provisions for risk factors not directly included in the macroeconomic model in the amount of PLN 142,470 thousand (taking into account the provisions in the amount of PLN 9,000 thousand in 2021, the balance of these provisions as of 31 December 2022 amounted to PLN 151,470 thousand).

In addition, the level of write-downs in 2022 was affected by the following movements on provisions through Post Model Adjustments:

- fully released provision related to the negative effects of COVID (in the amount of PLN 200,130 thousand),
- release of provisions in the amount of PLN 65,170 thousand with reference to the reversal of legislative changes that had a downward effect on expected recovery levels on the farmer loan portfolio (significantly affecting the result in the institutional loan segment),
- increase in provisions related to Customers with the highest exposure to turbulence in the economic environment in the amount of PLN 9,700 thousand. The Group released provisions created due to the negative impact of energy prices in 2021 in the amount of PLN 15,300 thousand reflecting this risk directly in the assessment of individual CTB/SME Clients. At the same time, PLN 25,000 thousand provision for Customers most exposed to turbulence in the economic environment was created,
- creation of provision in the amount of PLN 24,200 thousand through Post Model Adjustments for planned changes in terms of LGD model (which is a result of the update of the level of these provisions). Taking into account the creation of provisions, as of 31 December 2022, the balance of these provisions amounted to PLN 53,700 thousand, compared to PLN 29,500 thousand as of 31 December 2021,
- with regard to the portfolio of loans secured on real estate in PLN, the Bank adjusted the PD/LGD parameters for exposures transferred to Phase 2 as part of the identification of vulnerable Clients. This change resulted in the creation of provisions in the amount of PLN 76,901 thousand.

Taking into account the elements described above - the Group released PLN 12,029 thousand in additional provisions (in the form of Post Model Adjustments). The balance of these additional provisions as of 31 December 2022 amounted to PLN 307,071 thousand, while the balance as of 31 December 2021 amounted to PLN 319,100 thousand.



Due to the ongoing war in Ukraine and sanctions imposed on Russia and Belarus, the Bank analysed the credit exposures directly related to these countries and based on this, has not identify any significant exposures both in the portfolio of institutional Clients and individual Clients. At the same time, the Bank monitors the situation of Clients on an ongoing basis with taking into account the collateralisation of the loan portfolio by adequately reflecting the level of risk on these Clients in the amount of allowances. The Group has identified institutional Customers who are vulnerable to the effects of the situation in Ukraine, including, in particular, Customers whose business is linked to the economies of the above countries and whose business is vulnerable to the embargo on Russian gas. As of 31 December 2022, these Customers accounted for PLN 931,000 thousand of exposure and were classified in Stage 2, as Customers for whom there was a significant increase in credit risk. In connection with the recognition of an allowance for expected credit losses for these Customers over the entire remaining expected life, the level of the allowance for these Customers increased by PLN 21,904 thousand.

Restructuring and debt collection

In 2022, a total of PLN 762.5 million in receivables were collected, of which:

- PLN 401.7 million - as a result of portfolio restructuring (corporate entities PLN 259.6 million, SME PLN 140.4 million, microenterprises PLN 0.4 million, individual Customers PLN 1.3 million),
- PLN 251.1 million - as a result of debt collection activities (corporate entities PLN 24.1 million, SME PLN 39.8 million, microenterprises PLN 80.3 million, individual Customers PLN 83.3 million, mortgages PLN 23.6 million),
- PLN 109.7 million - as a result of impaired portfolio sales.

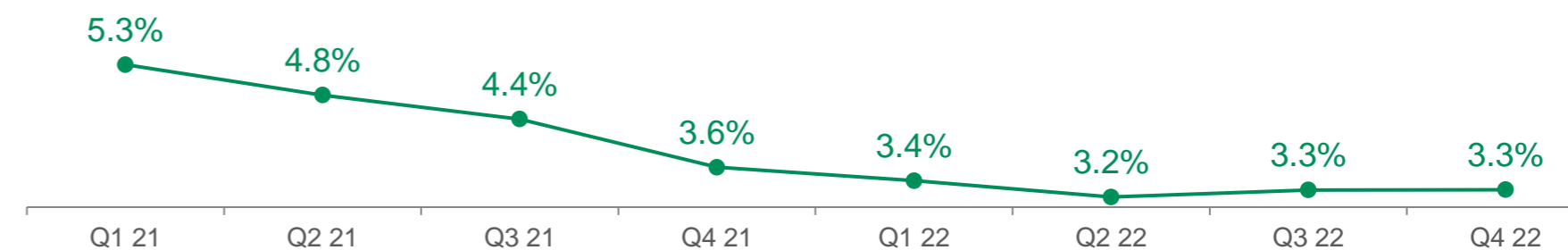
Quality of the Bank's loan portfolio

Structure of loans by stages

The share of receivables classified to Stage 3 in 2022 was significantly better than in previous years. The share of loans at amortised cost classified to Stage 3 in the Group decreased from 3.6% at the end of 2021 to 3.3% at the end of 2022.

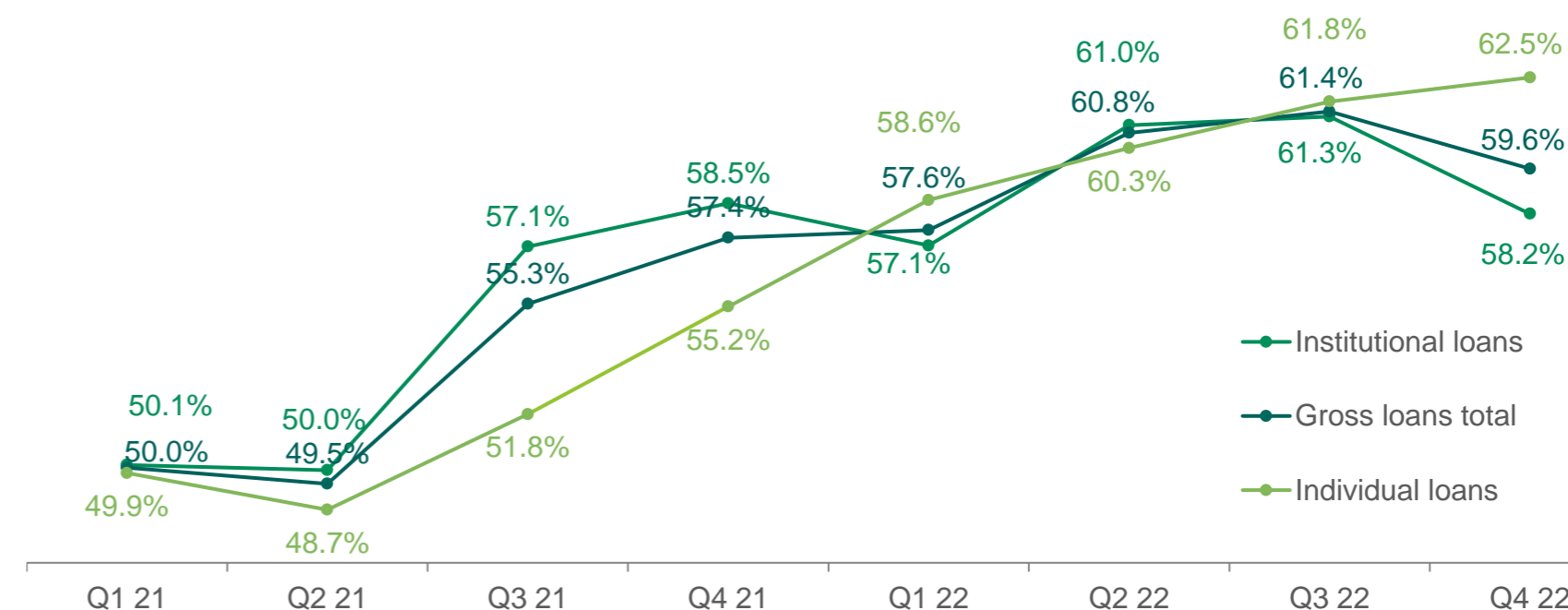
Despite the negative macroeconomic factors, the Group maintained its NPL ratio at a stable level. This was possible with measures taken at various stages of servicing non-performing loans in the process of active NPL portfolio management, in particular, effective monitoring of Customers being potentially at risk of entering Stage 3 and high efficiency of debt collection activities.

Chart 18. NPL ratio - share of receivables measured at amortised cost, classified as Stage 3



At the end of 2022, the provision coverage of the portfolio classified as Stage 3 was 59.6%, which is an increase over the coverage level at the end of 2021. It is the result of the creation of allowances for exposures in default status due to changes in expected recovery levels and the aging effect of the Stage 3 portfolio. The decrease in the coverage level in the fourth quarter of 2022 was influenced mainly by the NPL sales executed during the period, which were covered by a provision significantly above average.

Chart 19. Provision coverage for the portfolio classified as Stage 3



Detailed information on the quality of the portfolio is presented in the financial performance section of the loan portfolio.



The Group also actively monitors the structure of the credit portfolio, including in particular the industry structure. Details are described in the Concentration risk section.

Concentration risk

Concentration risk is an inherent risk taken by the Bank within the framework of its statutory activity and is subject to a specific management process and rules.

Management Board assesses the adopted concentration risk management policy in terms of the way it is applied, in particular as regards its effectiveness and adequacy of rules implementation in the context of current and planned activities and taking into account the risk management strategy. In the event of significant changes in the Bank's operating environment or risk management strategy, the review of the adequacy of the concentration risk management process is carried out immediately after the occurrence of such circumstances.

Mechanisms for identifying and measuring concentration risk and concentration limits, including limits on large exposures, are used to limit concentration risk. Such mechanisms enable the Bank to monitor and maintain diversification of loan portfolio at levels consistent with the Bank's strategy and risk appetite. The Bank's limit system also takes into account external macroeconomic and sectoral conditions and prospects.

As at the end of 2022: the limits on a consolidated and stand-alone basis set out in Article 395 of the EU Regulation No. 575/2013 were exceeded with regard to BNP Paribas S.A. Group entities. In accordance with the applicable regulations, the Bank reported the above-mentioned exceedances to the supervisory authorities and took measures to eliminate similar exceedances in the future.

With regard to the exposure limit to entities outside the BNP Paribas S.A. Group, the limits were not exceeded, with the largest exposure representing 11.43% of Tier 1 capital on a stand-alone basis and 11.46% of Tier 1 capital on a consolidated basis.

Internal limits for credit concentration risk are set for, among others:

- selected economic sectors/ industries,
- exposures denominated in foreign currency,
- Customer segment (the Bank's internal segmentation),
- loans secured by a given type of collateral,
- geographical regions,
- the average probability of default
- exposures with a specific rating (the Bank's internal rating scale),
- exposures with a specific debt-to-income ratio,

- exposures with a specific loan-to-value ratio.

Actions reducing the Bank's exposure to concentration risk may include systemic actions and case-by-case actions related to a single / specific decision or transaction. Systemic actions limiting the concentration risk include:

- limiting the scope of lending to specific types of Customers by modifying the credit policy,
- reducing the concentration risk limits,
- diversification of asset types at the level of the Bank's statement of financial position,
- changing the business strategy to prevent excessive concentration
- diversification in the types of collateral received.

The Bank's mitigating actions of a single / specific decision and transaction nature include:

- limiting new transactions with a given Customer or group of connected Clients,
- sale of selected assets / loan portfolios,
- securitisation of assets,
- establishment of new collateral for existing or new credit exposures.

The analysis of industry concentration performed by the Bank covers all the Bank's credit exposures to institutional Customers.

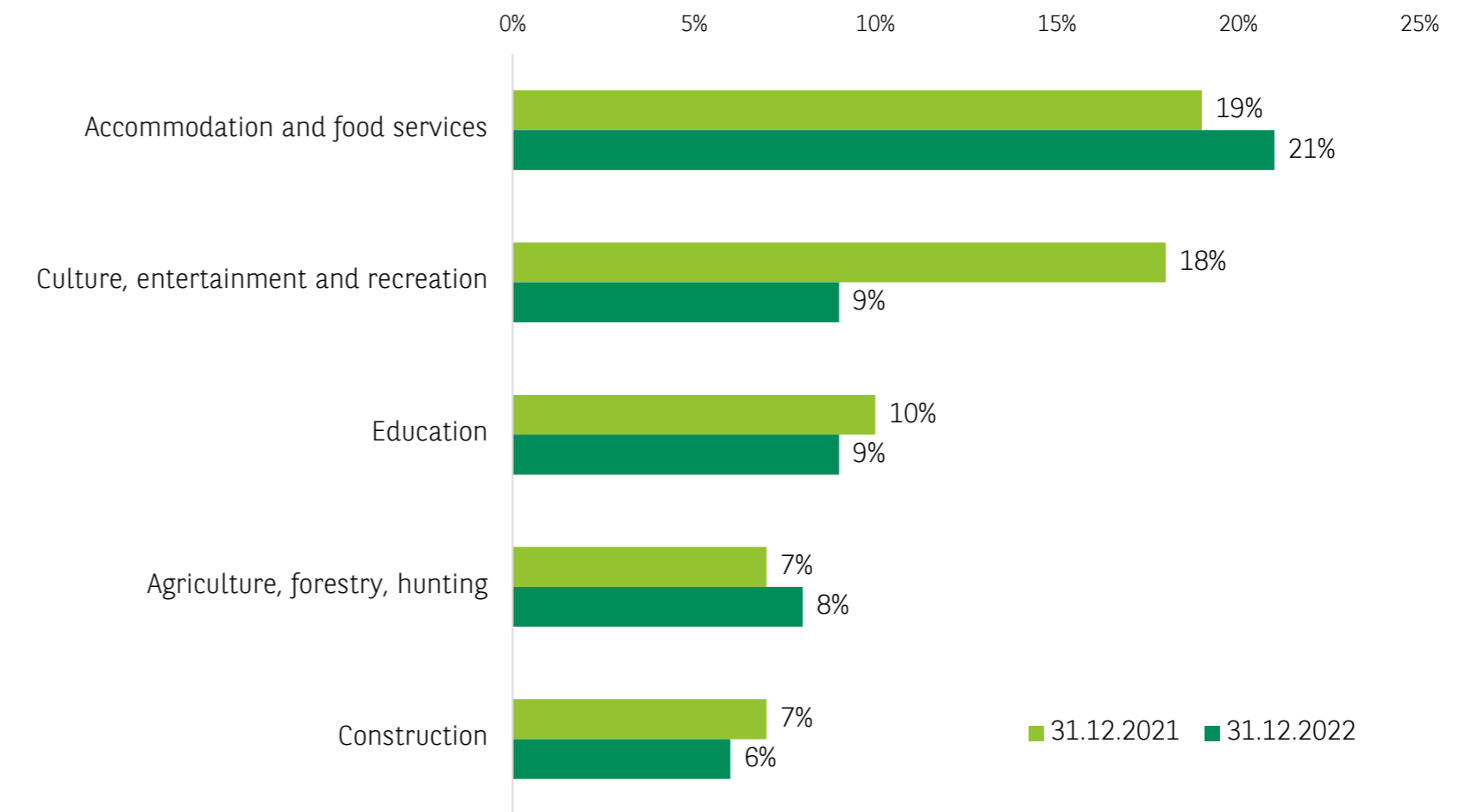


Chart 20. Share of industry in the institutional Clients' loan portfolio (industries above 5%)



The analysis of industry concentration performed by the Bank covers all the Bank's credit exposures to institutional Customers.

Chart 21. Share of impaired loans (greater than 5%) in the portfolio of the industry



The BNP Group has the highest share in the "Industrial processing", where the share of non-performing loans is less than 5%, similar to the previous year. On the other hand, the industry with the highest share of non-performing loans is "Accommodation and food services," and accounts for only 1% in Institutional Clients' balance sheet exposure.

Detailed information on industry exposure can be found in Note 55.2 of the Consolidated Financial Statements of the BNP Paribas Bank Polska Group for the year ended 31 December 2022.

As a result of the ongoing war in Ukraine and the economic sanctions imposed against Russia and Belarus, the Bank analysed credit exposures directly related to these countries and based on this, did not identify significant exposures in both the institutional and individual Customer portfolios.



Counterparty risk

Counterparty risk is the credit risk concerning the counterparty, with whom the transactions are concluded, and in case of which the amount of liability may change in time depending on market parameters. Thus, counterparty risk is related to transactions involving instruments the value of which may change in time depending on such factors as interest rates or foreign exchange rates. The varying exposure may affect the Customer's solvency and is of crucial importance to the Customer's ability to settle liabilities when the transaction matures. The exposure is determined by the Bank on the basis of the current contract valuation as well as the potential future changes in the exposure, depending on the transaction type, Customer type and settlement dates.

As at the end of December 2022, the counterparty risk was calculated for the following types of transactions: foreign exchange transactions, interest rate swap transactions, FX options, interest rate options and commodity derivatives.

Counterparty credit risk for transactions which generate counterparty risk is assessed using the same methodology as the one applied to loans. This means that in the credit process these transactions are subject to limits, the value of which results directly from the assessment of Customer creditworthiness performed in the same way as in the process of credit product offering. However, the assessment also takes into account the specific nature of transactions, in particular their varying value in time or direct dependence on market parameters.

The principles applicable to foreign exchange transactions, derivative transactions as well as credit limit granting, use and monitoring for transactions subject to counterparty risk limits have been regulated in dedicated procedures. In accordance with its policy, the Bank enters into all transactions on the basis of individually allocated limits and is guided by its knowledge of the Client's. The Bank has defined groups of products offered to Customers depending on their knowledge, experience and risk tolerance. The Bank has transparent principles for collateralising the counterparty risk exposures.

As a result of the COVID-19 pandemic, as well as the war in Ukraine and the economic sanctions imposed against Russia and Belarus, the Bank observes increased volatility in market risk parameters, which is reflected in fluctuations in counterparty risk exposure. The Bank assesses counterparty risk on an ongoing basis by conducting reviews of the portfolio of Clients on which this risk exists. The Bank maintains the application of its basic principle of "Know Your Customer." In connection with non-standard situations, some Customers may be asked for additional information related to changes in their business conditions. The Bank also takes into account the higher volatility of the aforementioned parameters in its risk assessment when entering into new transactions.

Market risk (including: interest rate risk in the trading book and currency risk)

The market risk management process at BNP Paribas is divided into interest rate risk management in the trading book and currency risk management. The process is centralized, which means that all transactions that expose the Bank to the aforementioned risks are transferred to the Financial Markets Division, which is responsible for operational risk management within the limits granted. The unit responsible for measuring and monitoring the level of market risk is the Market and Counterparty Risk Division, which is organizationally separated up to the level of the Bank's Management Board from the units performing activities that expose the Bank to risk. The key participants in the market risk management process are the Risk Management Committee, the Management Board and the Supervisory Board, which, within the scope of the authority and responsibility defined in the written regulations, decide on and allocate the amounts of market risk

limits, the level of risk appetite, and monitor the level of their utilisation and the compliance of the business with the adopted strategy.

In measuring market risk, the Bank uses, among other things, the Value at Risk (VaR) method. VaR is the change in the market value of an asset or a portfolio of assets under certain assumptions about market parameters, over a fixed period of time and with a given probability. It is assumed that VaR for the purpose of currency risk monitoring is determined with a 99% confidence level over a one-day time horizon. The VaR methodology is subject to at least an annual review of the quality of implemented models, inter alia by performing a test comparing forecasted values and values determined on the basis of actual changes in risk factors, on the assumption that the open position remains unchanged (historical verification or back-testing).

In addition to VaR, the Bank used a number of other measures in its market risk management process, such as open position limits for a given risk factor, loss limits, analysis of stress test results, or gamma and vega limits for option instruments.

The global crisis triggered by COVID-19 together with the war in Ukraine and related uncertainties in the financial instruments market forced a reduction in open market risk positions. However, these occurrences have not adversely affected the realization of the budgeted target.

Interest rate risk in the trading book is the risk of adverse changes in the Bank's financial result or equity, driven by any of the following factors:

- differences in the repricing dates of the Bank's assets and the liabilities used for purposes of their financing (mismatch risk),
- difference in reference rates used for purposes of determining the interest rate for items with the same repricing dates (basis risk),
- changes in market interest rates which affect the fair value of the Bank's open positions (interest rate volatility risk).

The interest rate risk in the trading book is classified as material, while the economic capital allocated to this risk represents less than 1% of the Bank's total economic capital.

Exposures to interest rate risk were the main source of risk in the trading book. The Bank assesses the level of this risk as moderate. In addition to instruments of a linear risk nature, the Bank maintained a small open position in interest rate options to ensure that Customer transactions could be serviced at more favourable pricing conditions.

The table below presents the level of interest rate risk in the trading book in terms of value at risk with a 99% confidence level over a one-day time horizon, allowing the Bank's result to be estimated in terms of its sensitivity to changes in market interest rates, including in particular potential losses.



Table 94. The level of interest rate risk in the trading book in terms of value at risk with a 99% confidence level over a one-day time horizon.

IR VaR (in thousand PLN)	2022	2021
Average	1,752	1,266
Maximum	5,954	3,065
Minimum	668	556

Currency risk is the risk of adverse changes in the Bank's financial result, driven by changes in market foreign exchange rates.

The Bank engages in activities resulting in the creation of foreign currency positions sensitive to exchange rate fluctuations. At the same time, it strives to limit its exposure to foreign currency risk related to offering its Customers products in foreign currencies. The Bank undertakes limited activity on the foreign exchange market in order to generate financial results from short-term arbitrage positions. In addition to instruments of a linear risk nature, the Bank maintained a small open position in foreign exchange options to ensure that Customer transactions could be serviced at more favourable pricing conditions.

Currency risk has been classified as material, while the economic capital allocated to this type of risk represents less than 1% of the Bank's total economic capital.

The table below presents the level of currency risk in terms of value at risk with a 99% confidence level over a one-day time horizon, allowing the Bank to estimate the sensitivity of the Bank's result to changes in market interest rates, including in particular potential losses.

Table 95. The level of currency risk in terms of value at risk with a 99% confidence level over a one-day time horizon

FX VaR (in thousand PLN)	2022	2021
Average	596	354
Maximum	2,739	1,725
Minimum	58	71

Interest rate risk in the banking portfolio

The Group's core business activities - lending and taking deposits from Customers - result in open interest rate risk positions that are transferred from business lines to portfolios managed by the Asset and Liability Management Division by means of a transfer pricing system.

The structural elements (the stable, not sensitive to interest rate, part of the current accounts and capital) are hedged with longer maturity transactions. On the remaining portfolio, the Group's intention is to close interest rate risk.

When determining the interest rate risk profile, the Group takes into account not only contractual parameters, but also the actual characteristics of the products resulting from Customer behaviour and built-in options, applying models e.g. for current accounts, savings accounts, fixed rate loans, credit cards.

Modelling the behaviour of products divided into business lines allows to select their stable and unstable part, reacting in different ways to changes in interest rates.

The following basic types of interest rate risk analyses (for the overall portfolio and divided by currencies) are defined in the policy on interest rate risk adopted by the Group:

- a mismatch between the repricing dates of assets and liabilities ("gapping"), for the banking book,
- sensitivity of interest income to defined - expected and stressed - scenarios for shifting interest rate curves, assuming various interest rate curve scenario (EaR),
- the amount of interest income under defined scenarios for the change of interest rate curves (NII),
- sensitivity due to different reference rates (basic risk),
- average investment horizon of capital and non-interest bearing current accounts (structural elements),
- sensitivity of fair value to a parallel shift of interest rate curves by 1 basis point, and to a shift of interest rate curves by 1 basis point at a selected nodal point of the curve,
- sensitivity of fair value measured as the nominal value of the annual transaction (item) with identical sensitivity (OYE),
- change in fair value of capital with defined scenarios for changing interest rate curves.

The aforementioned analyses are the essential component of the system used for mitigating the interest rate risk in the banking book. The analyses are performed for the relevant portfolios on a daily, monthly or quarterly basis. Additionally, the Bank conducts sensitivity analyses for its banking book, where the changes in interest rates are more considerable than those typically observed (stress tests).

The table below presents the interest rate gap for the banking portfolio as at 31 December 2022. The gap presents the net amounts of revalued items by product in each time interval. Utilisation of set limits is below the maximum values.

**Table 96. Interest rate gap**

In thousand PLN	to 1 month	1-3 months	3-12 months	1-5 years	over 5 years	total
Cash and balances at the Central Bank	2,718,242	-	-	-	-	2,718,242
Amounts due from banks	11,572,083	60,000	77,500	-	-	11,709,583
Loans to Customers	31,736,714	29,231,501	17,966,783	9,755,175	1 313,848	90,004,021
Securities:	10,046,000	190,700	3,105,909	13,322,460	13,722,315	40,387,384
Other assets	1,871,428	209,155	232,439	1,286,825	592,228	4,192,076
Total assets	57,944,467	29,691,357	21,382,631	24,364,460	15,628,390	149,011,305
Amounts due to banks	(7,358,940)	(3,862,460)	(530,541)	(311,334)	(13,920)	(12,077,196)
Amounts due to Customers	(47,627,284)	(13,265,387)	(23,941,192)	(22,274,193)	(11,854,695)	(118,962,751)
Other borrowed funds	(307,534)	(76,883)	-	-	-	(384,417)
Capital	748,669	(288,288)	(1,297,295)	(6,918,907)	(3,459,453)	(11,215,274)
Other liabilities	(6,008,401)	(107,127)	(3,890)	(10,195)	(630)	(6,130,244)
Total liabilities:	(60,553,490)	(17,600,145)	(25,772,919)	(29,514,629)	(15,328,699)	(148,769,882)
Off-balance sheet net liabilities	(3,294,687)	(6,851,631)	1,197,001	5,138,881	3,807,269	(3,167)
Interest rate gap	(5,903,710)	5,239,580	(3,193,287)	(11,288)	4,106,961	238,256

The average length of capital investment and non-interest bearing current accounts as at 31 December 2022 was 4.1 years.

The sensitivity of interest income when interest rate curves shift as at 31 December 2022 largely depends on changes in the balance sheet structure and the impact of subsequent increases on product interest rates.

Table 97 presents sensitivity of interest income as at 31.12.2022 with immediate shift of interest rates in all currencies by 100 basis points, assuming shifts between non-interest-bearing current accounts and interest-bearing deposits resulting from high levels of interest rates in PLN. A significant factor that increases the sensitivity of interest income is the assumption of hedging/investment (in terms of interest rate risk) of a portion of non-interest-bearing current accounts with short-term (O/N/1M) interest rates. This assumption is based on the continuing uncertainty about the behaviour of these Customer funds in a high interest rate environment.

Table 97. Sensitivity of interest income as at 31.12.2022

Shift in interest rate (in PLN million)	+100 p.b.	-100 p.b.
PLN	155	(88)
All currencies - total	261	(194)



The supervisory test of the Group's equity economic sensitivity (change in the fair value of the Group's assets and liabilities, excluding own funds, under the assumed changes in interest rate curves) is presented in the table below in terms of amounts and percentages:

Table 98. Supervisory test of the Group's equity economic sensitivity

Scenario	PLN million	% of own funds
+200 bps	(412)	(2.77%)
-200 bps	(381)	(2.56%)

The economic sensitivity of capital is at a low level at the end of December 2022.

As at 31 December 2022, the Group applies hedge accounting:

- macro fair value hedge - the hedged risk is interest rate risk, and in particular changes in the fair value of fixed-rate liabilities caused by changes in a specified reference rate. The hedged items are current accounts with fixed interest rates in PLN, EUR and USD. The hedging instruments are plain vanilla interest rate swaps (IRS) in PLN, EUR and USD under which the Bank receives a fixed interest rate and pays a variable rate based on WIBOR 6M, WIBOR 3M, EURIBOR 6M, EURIBOR 3M, EURIBOR 1M, USD LIBOR 6M, USD LIBOR 3M, USD SFROIS.
- macro fair value hedge - the hedged risk is interest rate risk, and in particular changes in the fair value of fixed-rate receivables due to changes in market rates. The hedged item is a portfolio of fixed rate loans in PLN currency. The hedging instruments are plain vanilla interest rate swaps (IRS) in PLN, under which the Bank pays a fixed interest rate and receives a variable rate based on WIBOR 6M
- cash-flow hedge - the hedged risk is interest rate risk and, in particular, changes in the cash flows of the hedged item resulting from changes in a specified reference rate. The hedged items are: WZ1131 floating coupon bonds. The hedging instruments are plain vanilla interest rate swaps (IRS) in PLN, under which the Bank receives a fixed interest rate and pays a variable rate based on WIBOR 6M.

Given the significant flows between non-interest current accounts and savings accounts and term deposits, as well as high production of temporarily fixed-rate mortgages in the first half of 2022, some of the macro fair value hedge were terminated to maintain the assumed level of interest rate risk.

The war in Ukraine has generally not affected the management of interest rate risk in the banking portfolio.

Liquidity risk

Liquidity risk is defined as the risk of the Bank losing the ability to meet its financial obligations, where liquidity is defined as the ability to:

- finance assets and meet the Bank's obligations on a timely basis in the course of its daily operations or in other conditions, without the necessity to incur loss, whereas, as maintenance of liquidity is the Bank's top priority - optimization of liquidity costs is considered in the last place,
- obtaining alternative and supplementary funding to those held at present if they are withdrawn early and/or not renewed, so as to meet the current or potential demand for funds from the current depositors, to cover lending and other potential liabilities related to, inter alia, the settlement of derivative transactions or collateral established by the Bank
- generate a positive balance of cash flows over a specified time horizon, regardless of macroeconomic developments, achievement of business plans and changes in the regulatory environment.

The Bank operates in a free-market environment and is a financial markets participant, specifically in the retail, corporate and interbank markets, which offers a wide range of opportunities to control the liquidity level, but, at the same time, makes the Bank sensitive to crises in each of these environments. There is an automated risk monitoring system in the Bank which enables the Bank to obtain information on the current level of future liquidity risk on a daily basis and online information on the level of the intraday liquidity risk.

The following types of liquidity are distinguished by the Bank:

- immediate liquidity (intraday) - during the present day,
- future liquidity - beyond the present day, additionally divided into:
 - current liquidity - within 7 days,
 - short-term liquidity - more than 7 days to 1 month,
 - medium- and long-term liquidity - over 1 month.

The Bank defines liquidity risk as the risk of losing its ability to:

- meet its payment obligations on a timely basis,
- obtain alternative and supplementary funding to those currently held,
- generating a positive balance of cash flows within a defined time horizon.

The Bank's policy on liquidity risk management focuses on:

- sustainable, organic growth of the balance sheet (an increase in the value of assets has to be linked with a corresponding rise in the level of financing with the use of stable equity and liabilities) as well as off-balance sheet transactions and liabilities;



- limitation of the Bank's dependence on changes in external conditions and ensuring that in a local or global crisis or a crisis directly affecting the Bank, the Bank will be able to quickly meet its obligations without reducing the range of its services or initiating changes in its core business profile. In the event of a crisis situation occurring in the longer term, the Bank's policy focuses on maintenance of liquidity with possible changes in growth directions and introduction of costly business profile change processes;
- active limitation of the probability of adverse events which may affect the Bank's liquidity. In particular, this concerns events which may affect reputation risk. In such case, the Bank will undertake actions aimed at restoring confidence of both Customers and financial institutions as soon as possible;
- ensuring high quality of liquidity management standards. Actions aimed at improving the quality of liquidity management at the Bank are its top priority.

Customers' deposits supplemented by medium- and long-term lines of credit and equity are the major sources of funding used by the Bank. Medium- and long-term lines of credit, including subordinated loans and the funds obtained in the process of loan portfolio securitization, are provided mainly by the BNP Paribas Group, but also by the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB) and the Council of Europe Development Bank (CEB) Bank and other financial institutions. The policy adopted by the Bank allows the use of other funding sources, such as: issuing own debt securities or entering into structured transactions.

At the end of December 2022, the Bank financed a portfolio of mortgage loans in CHF with funds in EUR and USD by concluding medium- and long-term FX swap transactions.

Loan financing structure

The Group limits the risk of financing, which is associated with the risk of having insufficient stable sources of financing in the medium- and long-term and with the necessity to incur an unacceptable level of losses.

The Bank's loans are financed mainly with the use of Customers' current and term deposits with the intention to maintain a stable relationship between these items and the funds deposited in the accounts of non-banking institutions, which is presented in the table below:

Table 99. Structure of Group's loan portfolio financing

In PLN million	31.12.2022
Net loans	89,639
Total sources of funding	132,946
Customer deposits, including:	120,429
- retail Customers	49,020
- corporate	65,922
- non-banking financial institutions	2,904

In PLN million	31.12.2022
- public sector institutions	2,582
Liabilities to banks	12,517
Debt securities issued	-

As at the end of December 2022, compared to December 2021, the amount of wholesale funding received from the BNP Paribas Group remained at the same level. The Bank has obtained new financing in the amount of PLN 450 million from the EBRD under MREL to be used for green investments. The Bank finances its foreign currency loans with deposits accepted from Customers using, if necessary, foreign exchange transactions. In case of a necessity, the Bank may use funds from medium and long-term loans from the BNP Paribas Group, which provides stable financing to cover currency shortages in EUR, USD or CHF.

As at 31 December 2022, the structure of open long-term lines of credit in Group BNP Polska was as follows:

Table 100. Structure of loans from the BNP Paribas Group

in PLN million	31.12.2022
CHF	150
EUR	583
PLN	6,259

Table 101. Structure of loans from the EBRD, EIB and CEB

in PLN million	31.12.2022
PLN	877
EUR	82

The net liquidity coverage ratio (LCR) for the Group amounted to 169.8% at the end of December 2022, an increase of 24.1 p.p. compared to the end of 2021. (145,7%). The increase in the LCR measure is mainly due to an increase in Customer deposits with a decrease in loans.

The Net Stable Funding Ratio (NSFR) for the Bank at the end of December 2022 reached 131.7% and for the Group - 130.5%, a decrease from the end of 2021 by 1.6 p.p. and 0.7 p.p., respectively. The minor decrease is a result of a change in structure of funds from Customers changes after the interest rate increases - more liabilities are accumulated in the form of time deposits, instead of deposits in current and savings accounts. Fluctuations in the ratio in 2022 were not significant and the ratio gradually decreases to the current level.



In addition, in the process of securitisation of the loan portfolio in 2017, the Bank received financing, the value of which is amortised over time and at the end of December 2022 it amounted to PLN 384.4 million.

The outbreak of the war in Ukraine did not affect the Bank's overall liquidity situation and was reflected only during the first month of the conflict in increased demand for cash, both at branches and ATMs, not only of the Bank, but of the entire Euronet network. The significant increase in NBP interest rates during the year was reflected in lower sales of loans to individual Customers, especially in the area of mortgages. Inflationary concerns, wage pressures, as well as significant increases in energy prices are also slowing loan production in the corporate segment.

Operational risk

The Bank defines operational risk in accordance with the requirements of the Polish Financial Supervision Authority included in Recommendation M as the possibility of incurring a loss through the fault of inappropriate or unreliable internal processes, people, technical systems or as a result of external factors. It incorporates legal risk, but does not include strategic risk. The Bank also recognizes as operational risk events and losses the consequences of materialization of compliance risk. Operational risk is inherent in any type of banking operations. The Bank identifies operational risk as permanently significant.

Objectives of operational risk management

The Bank's operational risk management objectives include, in particular, compliance with high operational risk management standards that guarantee security of Customer deposits, the Bank's equity, stability of its financial result as well as maintenance of the operational risk level within the range of the operational risk appetite and tolerance defined by the Bank. The main measure used to measure risk within the adopted appetite for operational risk is the ratio of operational losses recorded by the Bank over the adopted time period. While developing the operational risk management system, the Bank complies with the applicable legal requirements, in particular the recommendations and resolutions of the national financial supervision authorities and the standards adopted by the BNP Paribas Group.

Operational risk management strategy and policy

The operational risk management strategy is described in the "Operational risk management and internal control strategy of BNP Paribas Bank Polska S.A.", approved by the Management Board of the Bank and accepted by the Supervisory Board. The strategy is reviewed at least once a year, and the Management Board reports the results of the review to the Supervisory Board. Changes to the Strategy require the approval of the Supervisory Board, which assesses the implementation of the Strategy and compliance with it at least once a year.

The priority of the strategy is to ensure that the Bank achieves its business objectives in a safe manner, accepting the level of risk only within the accepted risk appetite, eliminating unacceptable events, reducing the possibility of unexpected events with severe consequences for the Bank, and proactively responding and reacting to identified events that may cause such consequences. Achieving the above priority also includes supporting an appropriate operational risk management culture within the Bank. The goals of the strategy, which the Bank achieved in 2022 covered the implementation of measures to reduce the risk of fraud, including phishing, as well as the mitigation of the materialization of other risks and the optimization of the internal control environment.

The Management Board of the Bank regularly receives information concerning the scale and types of operational risk to which the Bank is exposed, its effects and management methods. In particular, both the Bank's Management Board and the Supervisory Board are regularly provided with information about the development of the operational risk appetite measures specified in the Operational Risk Management Strategy.

The operational risk management strategy also covers the Bank's subsidiaries. In accordance with supervisory regulations, the Bank has oversight of operational risks related to the activities of its subsidiaries. Operational risk management in subsidiaries is carried out within dedicated units/persons appointed for this purpose. The manner and methods of operational risk management in subsidiaries are organized adequately to the scope of the entity's activities and its business profile, in accordance with the Bank's rules.

The organizational framework and standards for operational risk management are defined by the "The Operational Risk Policy of BNP Paribas Bank Polska S.A.", adopted by the Bank's Risk Management Committee. In accordance with the "The Operational Risk Policy of BNP Paribas Bank Polska S.A.", the Bank's operational risk management processes include:

- the identification and assessment of operational risks through the collection of information on operational events, the assessment of risks in processes and products, and determination of key risk indicators,
- setting the operational risk appetite and limits at the level of the entire Bank and individual business areas, the operational risk analysis and its monitoring and ongoing control,
- counteracting increased levels of the operational risk, including risk transfer.

Organization of operational risk management

The Bank maintains and develops an operational risk management system that comprehensively integrates the management of individual types of operational risk in all areas of the Bank's operations. The objective of the operational risk management system is to ensure the safety of the Bank's operations by implementing effective mechanisms for identification, assessment and quantification, monitoring, control, reporting and taking actions aimed at reducing operational risk. Such measures take into account the structures, processes, resources and scopes of responsibilities for the aforementioned processes at various organisational levels at the Bank.

The Bank precisely defines the roles and responsibilities in the operational risk management process, considering its organisational structure. The operational risk management process is implemented through three lines of defense. The first line of defense consists of risk management in the operational activities of the Bank. The second line of defense includes, in particular, risk management by employees of specially appointed organisational units, independent of the risk management of the first line of defense, and the activities of the compliance function. The third line of defense involves the activities of the internal audit department.

As part of the second line of defense, comprehensive supervision of the organization of operational risk management standards and methods is exercised by the Operational Risk, Internal Control and Anti-Fraud Division operating within the Risk area. The Division's responsibilities include operational risk management issues, protecting Bank from fraud, and supervision of internal control, including control of personal data protection processes.



The definition and implementation of the Bank's insurance strategy, as a method of risk mitigation, is the responsibility of the Real Estate and Administration Department. On the other hand, business continuity management, including issues related to business continuity plans to ensure continuous and uninterrupted operation of the Bank and contingency plans to ensure the Bank's ability to conduct its day-to-day operations, is the responsibility of the Security and Business Continuity Management Division.

As part of the legal risk management process, the Legal Division monitors, identifies and performs analyses of changes to universally binding law and their effect on the Bank's operations, in addition to court and administrative proceedings which affect the Bank. The Compliance Department is responsible for day-to-day compliance risk analysis as well as development of appropriate risk control techniques and their improvement.

Other important areas of operational risk management include:

- human resources management (HR risk),
- outsourcing risk,
- model risk management,
- IT systems risk management (ICT risk),
- management of conduct risk,

for which risk management policies and procedures, are defined - in accordance with the scope of competence - by designated organizational units of the Bank.

The Bank periodically monitors the efficiency of the implemented operational risk management system and its appropriateness for its current risk profile. The organisation of the operational risk management system is reviewed as part of periodic control exercised by the Internal Audit Division, which is not directly involved in the operational risk management process but provides professional and independent opinions supporting achievement of the Bank's objectives.

The Supervisory Board oversees the control of the operational risk management system and assesses its adequacy and effectiveness.

Risk identification and assessment tools

The Bank places a strong focus on identification and assessment of the factors that trigger its present exposure to operational risk in relation to banking products. It is the Bank's objective to reduce the operational risk level through improvement of its internal processes as well as mitigating the risk inherent in the process of launching new products and services and outsourcing operations to third parties.

In accordance with the "The Operational Risk Policy of BNP Paribas Bank Polska S.A.", operational risk analysis is aimed at acquiring an understanding of the interdependence between the risk generating factors and operational event types, and it is performed primarily with the objective to define the operational risk profile.

The Bank manages operational risk using the following tools, among others:

TOOLS USED	THE MAIN PURPOSE OF THE TOOL
RECORD OF OPERATIONAL RISK EVENTS	<ul style="list-style-type: none"> • Effectively analysing and monitoring operational risks • Responding to disclosed operational risk vulnerabilities
OPERATIONAL RISK AND CONTROL SELF-ASSESSMENT (RCSA)	<ul style="list-style-type: none"> • Building operational risk awareness • Identification of operational risks, identification of threats and identification of their sources, as well as determination of the size and potential consequences of threats • Evaluation of control mechanisms and mitigation of identified risk • Improvement of processes and reducing identified operational risks • Ensuring adequate risk control in processes exposed to operational risk
SCENARIO ANALYSIS OF OPERATIONAL RISK (SA)	<ul style="list-style-type: none"> • Identification of events characterized by low frequency but high severity • Assessing the impact of possible extreme events on the Bank's operations by estimating the probability of occurrence and anticipated severity of the scenarios considered • Raising awareness of the Bank by providing information on possible operational risk scenarios • Support the development of action plans for identified risks
KEY RISK INDICATORS (KRI)	<ul style="list-style-type: none"> • Ongoing monitoring and reporting of operational risk exposures • Providing warning signals on the operation and operational risk exposure of the Bank's processes and business areas • Monitoring changes in risk levels
RISK ASSESSMENT OF IMPLEMENTED PROJECTS	<ul style="list-style-type: none"> • Identification and assessment of operational risks associated with the Bank's ongoing projects, including: products being implemented or modified • Independent verification and check by the second line of defense of the correctness of risk identification and mitigation by the first line of defense units • Recommendation of risk mitigation measures
IDENTIFICATION OF OPERATIONAL RISKS FOR CONTRACTS WITH EXTERNAL SUPPLIERS (OUTSOURCING)	<ul style="list-style-type: none"> • Ensuring proper identification and assessment, control and monitoring and mitigation of operational risks • Ensuring that regulatory requirements for the Bank's outsourcing process are met
OPERATIONAL RISK REPORTING	<ul style="list-style-type: none"> • Providing current and periodic operational risk information adapted to management purposes. Providing current and periodic operational risk information adapted to management purposes: to the Bank's Management Board, Committees responsible for risk management, the

**TOOLS USED****THE MAIN PURPOSE OF THE TOOL**

- Supervisory Board and other members of the Bank's management, according to their responsibilities
- Enabling assessment of the Bank's exposure to operational risk and evaluation of the effectiveness of operational risk management
 - Disclosure of operational risk information in accordance with Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on the conditions for the authorisation and prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, as amended. (CRD IV Directive) and the standards required by the institutions supervising the Bank's activities.

The operational risk profile constitutes the assessment of materiality of the risk, which is understood as the scale and structure of the operational risk exposure, defining the degree of exposure to the operational risk (operational losses), within the structural dimensions selected by the Bank and the defined scale. Periodic assessment and review of the Bank's operational risk profile is based on an analysis of the Bank's current risk parameters, changes and risks occurring in the Bank's environment, implementation of the business strategy, as well as the adequacy of the organisational structure and the effectiveness of the risk management and internal control system.

In accordance with the applicable regulations, the Bank determines regulatory capital to cover the operational risk. The Bank uses the standardised approach (STA) for calculation of the capital requirement. Subsidiaries of the Bank, on a consolidated basis, determine the capital requirements according to the basic indicator approach (BIA).

Control and monitoring of operational risk

The purpose of internal control is effective risk control, including risk prevention or early detection. The role of the internal control system is to achieve general and specific objectives of the internal control system, which should be considered at the design stage of control mechanisms. The principles of the internal control system are described in the "Policy on internal control at BNP Paribas Bank Polska S.A.", approved by the Bank's Management Board. This document describes the main principles, organisational framework and standards for the functioning of the control environment in the Bank, complying with the PFSA's requirements provided in Recommendation H. Detailed internal regulations concerning specific areas of the Bank's activity are adapted to the specifics of the Bank's operations. The appropriate organisational units of the Bank, in accordance with the scope of the tasks assigned to them, are responsible for developing detailed regulations relating to the area of internal control.

The internal control system in the Bank is based on the 3 lines of defense model.

The Bank ensures the exercise of internal control through independent monitoring of compliance with controls, including ongoing verification and testing.

Operational risk mitigation

In 2022 the Bank applied and maintained a number of measures to mitigate operational risk, strengthening control mechanisms and processes over this type of risk. In particular, processes and tools for preventing and combating fraud against the Bank were strengthened, including, among others, combating credit fraud and phishing. In addition, a program to mitigate fraud risk was implemented at the Bank. The Bank monitored its exposure to legal risk on an ongoing basis, including risks arising from pending litigation concerning CHF-denominated loans, in order to respond adequately to changes in the level of risk. With reference to the outbreak of war in Ukraine, the Bank monitored potential risks to the Bank on an ongoing basis, including those relating to security and ensuring business continuity.

The Bank's Management Board and the Risk Committee of the Supervisory Board are informed periodically, in particular about the effectiveness of the solutions implemented by the Bank.

Risks resulting from the impact of the pandemic

In terms of operational risk management, the Bank monitors the risks associated with the existing COVID-19 epidemic emergency, being prepared to take appropriate preventive measures for ensuring the safety of both the Bank's employees and Customers, as well as ensuring the uninterrupted implementation of processes related to its operations.

Risks resulting from the war in Ukraine

In terms of operational risk management, the Bank continuously analyses the risks associated with the consequences of military actions in Ukraine (including, in particular, cyber or physical attacks targeting payment or banking infrastructure that may result in disruptions to business continuity), and takes appropriate measures to ensure the security of both the Bank's employees and Customers and to ensure the uninterrupted execution of processes related to its operations.

Compliance risk

The Bank defines compliance risk as the risk of negative consequences, including legal and regulatory sanctions, financial penalties and loss of reputation, due to the Bank's failure to comply with laws, regulatory standards and recommendations, ethical and market standards as well as internal regulations applicable to the Bank.

Compliance assurance system

The compliance assurance system consists of organizational arrangements, processes and control mechanisms aimed at ensuring the Bank's compliance with laws, internal regulations and market standards. The system operates as part of the internal control system and is implemented along three lines of defense:

- the first line of defense includes all organizational units responsible for the operational functioning of the Bank. These units are required to comply with internal regulations, apply the control mechanisms and compliance risk control mechanisms established at the Bank, as well as to ensure independent horizontal monitoring of compliance with control mechanisms aimed at ensuring compliance,



- the second line of defense consists of compliance risk management by independent organizational units set up for this purpose - the Compliance Monitoring Division responsible for the implementation of the compliance risk management process and other organizational units of the Bank responsible for ensuring compliance in their areas of competence (e.g. risk monitoring units, legal unit),
- the third line of defense involves the activities of internal audit, which is responsible for testing the adequacy and effectiveness of the internal control system.

The Compliance Monitoring Division assists, with respect to compliance risk, the Management Board in introducing and ensuring the operation of an adequate and effective internal control system and the Supervisory Board in supervising its implementation.

The role of the compliance function

In the Bank, as part of the second line of defense of the internal control system, there is a separate, independent compliance unit - the Compliance Monitoring Division. The activities of this unit are aimed at implementing the process of compliance risk management, i.e. introducing solutions to identify, assess, control and monitor this risk. This unit is also responsible for submitting reports in this regard to the Bank's Management Board and the Supervisory Board.

As part of the compliance assurance system, the activities of the Compliance Monitoring Division also include: designing and implementing internal regulations, advising, conducting investigations, creating compliance risk control mechanisms, current vertical verifications and vertical and horizontal testing of the effectiveness of control mechanisms to ensure compliance of the Bank's operations with laws, internal regulations and market standards, including their compliance with the first line of defense of the Bank's internal control system, with particular attention to the following areas:

- anti-money laundering and counter-terrorist financing,
- compliance with embargoes and international sanctions,
- protection of Customer interests,
- professional ethics and anti-corruption,
- performance on financial markets,
- preventing market manipulation and insider trading
- management of conflicts of interest
- compliance by the Bank and its Clients with regulations on tax avoidance and those relating to financial markets, with a transnational scope.

Appropriate mechanisms have been introduced at the Bank to ensure the independence of the Compliance Monitoring Division and to provide it with a possibility to perform its assigned functions. As part of the Bank's organizational structure, the Managing Director of the Compliance Monitoring Division reports directly to the President of the Management Board, and the rules and regulations of the Compliance Monitoring Division and the necessary mechanisms to ensure its independence are approved by the Supervisory Board. In addition, the Bank has a dedicated procedure for the appointment and dismissal of the head of the Compliance Monitoring Division, and the necessary mechanisms are in place to protect the employees of the Compliance Monitoring Division from unjustified termination of their employment contracts.



ESG risk management

ESG risk management policies and procedures

At the Bank, we defined the concept of materiality of risks and the factors determining them. To check whether the risks identified by the Bank are material, we implement a materiality assessment process common to all risks. The result of the analyses is a list of material risks. From 2020 ESG risks are recognised as material - so it became necessary to include the impact of environmental, social policy and corporate governance factors in the traditional risk management model. ESG risks are included in the Risk Management Strategy and Risk Appetite. The ESG Risk Management Principles and the principles for measuring ESG risk in the Bank's Internal Capital Assessment Process (ICAAP) have also been developed. BNP Paribas Bank Polska S.A.'s capital plan for 2022-2025 was supplemented with limits for ESG risk determined based on the risk measurement performed.

In analysing ESG risks, we consider factors that may have a - positive or negative - impact on the financial performance, the solvency of Clients or the value of the business. In accordance with the principle of double materiality, we also analyse the effect of the Client's activities on ESG factors.

Factors considered in the ESG risk analysis:

Environmental factors:

- greenhouse gas emissions,
- energy consumption and efficiency,
- water, air and soil pollution,
- efficient management of water usage (risk of freshwater scarcity),
- soil degradation,
- deforestation,
- natural resource consumption,
- waste management,
- biodiversity and ecosystem protection,
- risk of no energy transition,
- developing low-carbon and other environmental technologies (transition risk)),
- regulatory constraints, including additional taxes and charges e.g. carbon tax (transition risk),

- physical risks associated with climate change (extreme weather events and gradually worsening climatic conditions), including the effects of natural disasters, which may affect, e.g., the value of assets,
- changes in consumer sentiment and preferences related to increasing awareness of environmental risks,
- risk of financial liability for the negative impact of operations (compensation, fines).

Social factors:

- integration of various social groups,
- promoting social cohesion,
- respect for diversity,
- whistle-blower protection,
- investments in human capital and communities,
- anti-discrimination on all bases,
- tackling inequalities and promoting equality of opportunity,
- safe and healthy working environment,
- health and safety of Customers, local communities, surroundings,
- Customer privacy protection,
- training and development,
- non-respect of human rights (forced labour, child labour, modern slavery),
- non-respect of workers' rights: right to organise, right to strike, right to collective bargaining, ethical standards of employment,
- risk of lack of threat prevention against terrorism and cybercrime,
- contagious diseases (affecting humans or animals),
- risk of financial liability for the negative impact of the business (compensations, fines).

Corporate governance factors:

- unethical and fraudulent business practices,
- non-compliance with corporate governance standards (code of ethics, grievance and whistleblowing mechanisms, transparency of information),



- gender diversity in corporate bodies,
- internal audit,
- independence of the board,
- executive remuneration,
- fraud and corrupt practices,
- shareholders' rights,
- stakeholder engagement,
- deficient ESG risk control systems,
- requirements in the supply chain,
- compliance with non-financial sector regulations,
- risk of financial liability for the negative impact of the business (compensations, fines).

At the Bank we recognise as important the regulatory risk as well, i.e. changes in the law related to the areas covered by the ESG strategy. In order to properly manage and control this risk, we monitor the work of supervisory authorities and legislative proposals concerning the financial sector. We recognise that changes in the ESG area will have a real impact on the operation of our organization.

ESG analysis in the credit process

All credit process participants on the Bank's side assess ESG risks, including the CIB and Corporate Client Risk Division as a second line of ESG risk control. The process has been systematised and made more detailed through the implementation of the EBA/GL/2020/06 Guidelines on loan origination and monitoring.

Since 30 June 2021, for all new financing and additional increases in financing, ESG risk assessment has been included in the credit risk assessment process for Corporate Clients and SMEs.

Since 1 September 2021, ESG risk assessment has also been included for Micro Clients. The ESG assessment carried out on the basis of information obtained from Clients is taken into account in the credit analysis. If a high level of ESG risk is identified, it is possible to downgrade the Client's rating.

In 2022 Bank conducted 29,553 ESG risk assessments in the credit processes.

The BNP Paribas Group applies the Equator Principles (EP) to identify, assess and manage the risks associated with financing a project and its environmental and social impacts. The principles provide minimum standards for conducting due diligence on projects.

At the Bank, we also comply with the BNP Paribas Group policies:

- **Policy on Ocean Protection**, which establishes funding criteria for activities deemed risky to the environment and ocean biodiversity.
- **The Human Rights Policy**, which sets out the BNP Paribas Group's ethical standards and ensures respect for human rights in all its activities.

ESG criteria in the Client's assessment

[2-23] [3-3] [Reducing carbon footprint of the loan portfolio] [3-3] [Monitoring and management of ESG risks: environmental, social and corporate governance risks in the Bank's and Clients' operations]

BNP Paribas Group policies identify nine sectors that are highly sensitive in terms of ESG risks. These sectors are: coal-based power generation, mining, fuel in unconventional oil and gas resources, nuclear, forestry - wood pulp, forestry - palm oil, tobacco, agri-food, defence and safety.

In 2022, Bank conducted **207 CSR analyses in sectors that are highly sensitive in terms of sustainability.**

All entities operating in these sectors that seek to become our Clients or obtain financing are required to comply with the requirements described in our sector policies and CSR principles. At the same time, Bank has taken the strategic decision to end its service to the most harmful sectors in terms of sustainability.

since 2018

we are in the process of executing an exit from tobacco financing. No new Clients from this sector will receive financing from the Bank

in 2020

The Group has strengthened its policy towards Clients whose operations involve energy coal

since 2020

Bank has discontinued its financing of the fur farming sector.



BNP Paribas Group sector policies

Coal-based power generation sector	<ul style="list-style-type: none"> • The Bank will not commence working with any new Client that generates more than 25% of its revenue from coal-based power generation and coal-based activities. • The Bank will only engage with coal-based power companies that have a coal exit strategy by 2030 for both coal-based power plants owned and operated by the company. • The Bank will not provide financial products or services to new coal-based power projects, regardless of their location, or to retrofit existing Coal-based Power Plants/Electricity Plants to extend their useful life or increase their capacity.
Mining sector	<ul style="list-style-type: none"> • The Bank will not provide any financial products or services to infrastructure companies significantly involved in the energy coal industry. • The Bank will not provide any financial products or services to entities that are part of mining groups that produce more than 10 million tonnes of energy coal per year or generate more than 20% of their revenue from energy coal. • Bank will not provide any financial products or services to companies involved in energy coal mining.
Fuel in unconventional oil and gas resources sector	<ul style="list-style-type: none"> • Bank will not be offering financial products and services to companies involved in unconventional oil and gas resources. • The Bank will not finance exploratory and production projects for unconventional oil and gas resources. • The Bank will not finance entities that engage in activities related to unconventional oil and gas resources - i.e. trading, transporting or transmitting those resources.

Nuclear sector	<ul style="list-style-type: none"> • The Bank, as a financial institution, can offer its products and financial services to government entities supporting companies developing non-military nuclear energy. Bank believes that it is essential for countries planning to develop nuclear power or new power plants, as well as for the international community, not only to act in accordance with the requirements of safety, population protection, but also to protect the environment for future generations. • Through the implementation of its CSR Policy, Bank would seek to ensure that the projects it might finance comply with the principles of monitoring as well as mitigating the social and environmental impacts of the nuclear energy sector.
Forestry – wood pulp	<ul style="list-style-type: none"> • The Bank noted that due to the wood pulp production process, heavy industry activity has a major impact on the environment, polluting water, land and air, but also on the health and safety of pulp mill workers and surrounding communities. • Bank wants to support responsible producers with sustainable development practices in the wood pulp sector.□
Forestry – palm oil	<ul style="list-style-type: none"> • Bank refrains from financing or investing in companies whose activities actively contribute to deforestation or which violate the rights of local communities. • Bank seeks to support responsible producers with sustainable development practices in the palm oil production sector.
Tobacco sector	<ul style="list-style-type: none"> • Following the BNP Paribas Group's decision in 2017 to cease its financing and investment activities in relation to tobacco producers and planters and wholesalers whose main business is related to tobacco, the Bank is implementing an exit process from financing this sector.



Agri-food sector

- The Bank offers a wide range of financial products and services to the agri-food sector along the entire value chain. Bank's partners are characterised by a high level of responsibility, which is reflected in a commitment to provide people with healthy and safe products in a way that does not endanger the food supply for future generations. The sector policy reflects the Bank's commitment to supporting sustainable development.
- Since 2021, the Group operates with new criteria for companies involved in soy and beef activities in the Brazilian Amazon and Cerrado. The Bank will only offer financial products or services to companies that have adopted a zero-deforestation strategy in their production and supply chains by no later than 2025.
- In the specific case of Amazon, the Bank will not finance Clients producing or buying beef and soya from areas grubbed up or converted after 2008, in the case of Cerrado, in areas grubbed up or converted after 1 January 2020, according to global standards.
- For all Clients, the Bank will require full traceability of beef and soy supply chains (direct and indirect) by 2025.
- The Group invites Clients to commit to a transition to systems including cage-free infrastructure for broilers and laying hens by 2025 and to implement the FARMS Initiative's Responsible Minimum Standards by encouraging all chicken breeding companies (broilers and laying hens) to adhere to a maximum stocking density of 30 kg/m².

Defence and safety sector

- The Bank has included in the CSR Policy provisions on defence and security equipment, which relate generally to weapons (including controversial weapons), military equipment, dual-use goods, for internal repression, and for internal security bodies and the police.
- The Bank has committed itself to the application by all areas, units and organisational units of a specific set of principles and guidelines, included in the Defence and Security Sector Policy.



Climate-related risks and opportunities

[3-3] [BNP Paribas Bank's strategic commitments and their implementation in the field of climate change mitigation]

Managing climate risk is one of the main challenges facing the financial sector. The Task Force on Climate-related Financial Disclosures (TCFD) set up by the Financial Stability Board (FSB) published guidance in 2017 for companies showing how they should report the environmental impact of their operations and how they should understand the risks and opportunities associated with climate change. The Bank discloses climate information in line with the TCFD recommendations. The guidance is organised around four thematic areas: governance, strategy, risk management and metrics and targets.

Methodologies for presenting indicators: The Bank assumes that the short-term perspective is up to 1 year, the medium-term perspective is 1 - 5 years and the long-term perspective is more than 5 years.

Governance

1.a. Overview of management's oversight of climate-related risks and opportunities

A series of analyses are conducted at the Bank to mitigate climate-related risks, based on the analysis of portfolio data. Besides the reports prepared for the day-to-day purposes of the Bank's management, risk monitoring is carried out through a formal system of limits and reports, implemented as part of the risk management system. The ESG Risk Management Principles at BNP Paribas Bank Polska S.A. set out the principles for monitoring and reporting risks, including climate risk. At the same time, work is in progress on the calculation of emissions in the Bank's portfolio of assets (scope 3, category 15), which will allow a more complete assessment of the portfolio in terms of emissivity and the adjustment of the business strategy in this area.

Information on the climate risk level within ESG risk, is reported on a quarterly basis to the Risk Management Committee, the Bank's Management Board and the Supervisory Board. The reporting of climate risk focuses on the presentation of the results of the assessments given in the credit process, based on information from ESG questionnaires. In addition, information is presented on the results of the internal capital measurement for ESG risk compared to the set limits in the capital plan. On a quarterly basis, information on the level of risk appetite in the ESG area is also provided. The Bank's Management Board

determines, and the Supervisory Board approves, the level of ESG risk appetite, as well as the principles for measuring ESG risk, including climate risk, in the ICAAP process.

The appetite level set is subject to an annual review, the results of which are discussed at a meeting of the Management Board and Supervisory Board.

In respect of strategic monitoring, the key targets included in the strategy document are presented to the Board of Directors on a quarterly basis (and in a broader annual form). Climate-related indicators are also incorporated, including, inter alia, the level of CO₂ emissions or the value of sustainable financing. In addition, each member of the Executive Board includes sustainability and climate-related indicators in their annual targets. These include, among others, a target that takes into account the level of sustainable assets, which is a key element of the POSITIVE pillar in the Bank's GO beyond Strategy 2022-2025.

1.b. Management's role in assessing and managing climate-related risks and opportunities

In 2022, the Sustainability Area was established at the Bank, with the Chief Sustainability Officer (CSO) as Executive Director. The CSO acts as the main coordinator of sustainability issues within the organisation, leads the Sustainability Council and reports on climate issues directly to the CEO, who oversees the implementation of the strategic integration of climate aspects into the organisation's operations.

The Sustainability Area includes the Energy Transformation Department, the CSR and Sustainable Finance Department and the Sustainability Initiatives and Reporting Team. Thus, there is a clear management structure in the Bank for aspects of sustainability and, in particular, climate.

- The Energy Transition Facilitation Department is responsible for, i.a. cooperating (also in the field) with the Bank's Clients in the SME and MidCap sectors by proposing financial solutions tailored to the challenges of transforming the economy towards low- and zero-carbon, as well as working on financial solutions aimed at other segments (e.g. a loan with a subsidy under the "Clean Air" Programme).
- The CSR and Sustainable Finance Department is responsible for the Bank's ESG governance, educational activities, partnerships and cooperation with Clients in the area of sustainable financial solutions such as Sustainability-Linked Loan, ESG Rating-Linked Loan or Green Loan.

- The Sustainability Strategy Implementation Support Team is responsible for monitoring sustainability (and specifically climate change mitigation) initiatives and financing in the Bank.

In parallel, the Sustainability Area works closely with other areas and units on improving the Bank's sustainability offering and operations. Examples of cooperation and responsibilities in other units of the Bank include, among others: Risk and Reporting Processes Department (e.g. EU Taxonomy, EBA guidelines, GHG Emissions in scope 3); Public Sector and Institutions Office (cooperation with local authorities and local authorities subsidiaries on sustainability), Procurement Department (environmental and social criteria in supplier assessment) or business lines (e.g. training and cooperation with Clients on implementing sustainable financial solutions).

Strategy

2.a. Description of the climate-related risks and opportunities that the organisation has identified in the short, medium and long term

The Bank analyses the possible impact of trends related to climate change by identifying opportunities and threats to its business and growth prospects. Due to the nature of the business of financial institutions, most opportunities and risks are indirect in nature, being strongly linked to Clients' successes and challenges. Possible inadequacies in adapting to climate-related changes and the consequent losses on the part of the Client may translate, among other things, into the quality of the repayment of the financing provided. By contrast, Client activity that takes into account new opportunities and minimises losses allows banks to strengthen the quality of the portfolio and be the beneficiary of a long-term relationship with the Client.

The direct opportunity is an emerging market niche in which banks can build their position and success as institutions supporting the transition towards a sustainable economy. This field is not limited to financing renewables. It is entirely new business models, e.g. supporting low-carbon housing (through Green Mortgages), energy efficiency or the circular economy. An example of such activities is the long-term rental of electronic devices, with a pre-planned overall (and extended) product life cycle. Further examples are financial products linked to sustainability factors such as Sustainability-Linked Loan or ESG Rating-Linked Loan. These solutions allow a partial link to be made between the margin of the loan and the Client's progress in achieving (pre-defined) sustainability goals. The solution thus creates an additional incentive to take action in this area. In most cases, climate change mitigation is the most important indirect or direct measured objective in these products.



Climate change risks affecting the Bank's business model, strategy and financial plan can materialise through three main channels:

1. Physical risks associated with environmental degradation, e.g. air, water and land pollution, deforestation (these events may lead to e.g. infrastructure damage, crop damage, reduced productivity or indirectly lead to consequences such as disruption of the supply chain), and climate change, including the occurrence of:
 - a. extreme weather events e.g. storms, floods, fires, heat waves, which can damage production facilities and disrupt supply chains,
 - b. long-term climate change, which may lead to, inter alia, increased temperatures, changing rainfall patterns, rising sea levels, reduced water availability, loss of biodiversity and changes in soil productivity.
2. Transition (transformation) risks arising from the need to adapt the economy to gradual climate-related changes, in particular to the use of low-carbon and more environmentally sustainable solutions. These risks may materialise, i.a. through:
 - a. regulatory risk (changes in climate and environmental policies, e.g. as a result of energy efficiency requirements, carbon pricing mechanisms that increase the price of fossil fuels or policies that encourage sustainable use of environmental resources),
 - b. technological risks (a technology with a less damaging impact on the climate or the environment replaces a more damaging technology, rendering it obsolete), which can be associated with missed investments in new technologies,
 - c. changes in market sentiment and social norms (changing consumer and investor choices, difficulties in maintaining relationships with Customers, employees, business partners and investors, due to the company's reputation for negative climate and environmental impacts).
3. Liability and reputational risks arising from the Bank's exposure to counterparties that could potentially be held liable for negative environmental, social and corporate governance impacts of their activities (e.g. compensation for losses).

It should also be noted that the targeted energy transition plan for Europe is primarily a massive investment, requiring significant amounts of capital. The main provider of this capital will be the banks, which from the perspective of a

financial institution is an opportunity for dynamic and sustainable growth. At the same time, the outbreak of a full-scale war in Ukraine was a shock on a social, but also on an economic level, resulting in an unprecedented rise in commodity prices and uncertainty about their supply. The foundations of what we consider to be secure, stable, proven have been compromised. The image of coal, oil and gas as stable, accessible and relatively cheap means of energy has been seriously undermined. These developments do, however, open up the opportunity for a more rapid energy transition, as sketched out, for example, in the EU's REPower package. Energy from wind or solar does not have to be supplied from another country, which in the current situation is perceived by the public as a significant benefit and may encourage investment in this area. At the same time, the current situation illustrates a risk that is often overlooked. The risk of unexpected, improbable but disruptive events. It also shows that it is time to take decisive action towards the energy transition.

2.b. Description of the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

Sustainability commitments are an integral part of GO beyond's strategy, forming one of its four pillars - POSITIVE. Within its framework, the Bank is committed to developing sustainable, including green products. The scale of their sales will achieve a share of min. 10% of sustainable assets in the Bank's portfolio by 2025. This is one of the three most important strategic indicators alongside return on capital and the cost/income ratio. As a result, it will also allow for the reduction of ESG risks within the financed portfolio and the reduction of greenhouse gas emissions.

To mitigate the negative impact of ESG risks, the Bank, through its lending policy, supports activities related to reducing energy intensity, thermo-modernisation of buildings, increasing the efficient in the use of other key resources such as water. The Bank acts proactively in this area, seeking out and supporting innovative companies whose products can generate a positive impact. Support is not limited to providing funding to such institutions. The bank offers professional support, helps to connect with business partners and also has the opportunity to invest directly in an innovative company. Financing in the sustainable and green economy sector is further supported by the introduction in 2020 of a formal catalogue of products and investment types with positive impact entitling them to apply preferential internal transfer pricing, allowing for a significant strengthening of the competitiveness of sustainable offerings.

In parallel, we recognise the value and opportunities in cooperation with the public sector and development banks. Cooperation in this area allows us to

combine the experience of the public sector with the unique competences of the banking sector, including our Bank. This allows us to contribute to scaling up and leveraging public funds. Examples of such projects are: "Clean Air" Programme allowing for the financing of thermal modernisation of homes; the ELENA project allowing for the financing of energy audits among businesses, or the loan with the BiznesMax guarantee for innovative (including green) investments.

The Bank has also the unique ability to put the brakes on projects that significantly increase the risk of climate-related changes and/or have a significant exposure to the effects of climate change by limiting, or stopping altogether, the financing of such initiatives, as specified, inter alia, in CSR sector policies. An example of such a policy is i.a. the decision to completely cease financing and cooperation with Clients involved in coal mining and combustion by 2030 (for OECD countries).

The strategy focuses on opportunities and ensuring resilience against risks that may have a financial impact, including an impact on strategic planning and risk management, but also a non-financial impact. The proper management of climate-related risks represents a strategic opportunity for the Bank. These opportunities primarily relate to reducing the exposure of the Bank's assets to climate change risks, including taking a long-term view related to mitigating material risks before they start to have an adverse impact. In addition, the Bank's activities contribute to the conservation of raw materials, including, inter alia, the use of more efficient modes of transport and production and distribution processes, recycling, the use of more efficient buildings or the reduction of water consumption. By skilfully exploiting opportunities, business models can be rebuilt and technologies upgraded, including the use of low-carbon energy sources, the development of low-carbon goods and services, the development of climate change adaptation solutions, the development of new products or services through R&D and innovation.

Simultaneously, we are fully aware that in order to ensure the complete implementation of a strategy that is completely consistent with sustainability, it is necessary to set up teams in this area. At Bank level, the Sustainability Area is managed by the Executive Director (with the rank of Board Member). The area consists of three units: Energy Transformation Facilitation Department, the CSR and Sustainable Finance Department and the Sustainability Strategy Implementation Support Team.

Conscious of the banks' key role in financing the economy, the Bank is continuously developing the awareness of its employees in the area of



sustainable development. In order to achieve this, intensive educational activities are being undertaken in the area of sustainability, including climate change. This involves a series of over a dozen training sessions for Customer Advisors conducted in 2022 on sustainable financial products, in which attention was also given to the threat of climate change itself and its impact on business.

A unique initiative on the Polish market was the organisation of the ESG Academy by BNP Paribas Bank Polska. This is a seven-month-long educational programme completed by more than 150 Bank employees belonging to the Sustainability Community. The programme was prepared in cooperation with SAPERE, a consulting company that has been dealing with sustainable development for years, and its content was additionally enriched with the knowledge of external experts representing the bank's partner organisations, including the UN Global Compact, UNEP/GRID-Warsaw, and the Responsible Business Forum. The aim of the ESG Academy was to enhance employees' knowledge, awareness and skills in the area of ESG.

2.c. Description of the resilience of the organization's strategy, taking into consideration different climate-related scenarios (including a 2°C or lower scenario)

In the short to medium term, the impact of activities supporting climate protection on financial performance will remain neutral. The scale of financing for new investments will cover the gap associated with the discontinuation of support for certain industries. The interest rates on such contracts are often preferential and can have a negative impact on the interest margin. On the other hand, it should be noted that we are often dealing with agreements enriched with additional guarantees from external institutions. This has a positive effect on the level of risk and RWA (Risk Weighted Assets) and thus translates into lower capital intensity. As a result, the return on capital remains favourable and the shareholder will not experience a negative change.

In the long term, the advantages of sustainable financing should clearly prevail, due to the lower cost of risk compared to the most exposed industries. Furthermore, the Bank's commitment to promoting climate transformation and associating the Bank's brand with this area should also have a positive impact on building long-term relationships with Clients, who are becoming increasingly appreciative of the need for this type of change. Such a strategy should also have a positive impact on the recruitment of young people who are most committed to tackling climate change, supporting the need to build a stable base of loyal Customers.

Risks

3.a. Description of processes for identifying and assessing climate-related risk

In 2021, in line with the requirements of the EBA Guideline/GL/2020/06 of 29 May 2020 on loan origination and monitoring, the Bank has developed ESG assessment questionnaires that have been implemented in the credit process. As such, the Bank verifies that Clients are aware of the risks associated with the materialisation of ESG risks and take measures to protect themselves against them. The assessment aims, i.a., to identify the negative impact of physical and transition risks on the Clients' business. In addition, as part of the ESG assessment, the Bank verifies whether Borrowers have implemented/are planning to implement solutions to protect their business from the negative effects of climate change, including:

- use of electricity from renewable energy sources,
- implementation of the greenhouse gas reduction plan,
- implementation of a plan to reduce water and electricity consumption or to diversify towards renewable energy,
- taking action to reduce the impact of climate change on its activities.

The Bank's approach to ESG risk analysis focuses on assessing two perspectives:

- the effects of economic activities on the environment,
- the effects of the environment on business.

These two perspectives showing the impact of economic activity on the environment and the environment on economic activity are referred to as "double materiality". It is considered that they are correlated, as reducing the negative effects of economic activity on the environment in the long term should result in reducing the negative effects of the environment on economic activity.

3.b. Description of processes for managing climate-related risks

As stated in the Risk Management Strategy of BNP Paribas Bank Polska S.A., ESG risk refers to the risk of loss resulting from current or future adverse effects of environmental, social or governance factors on the Bank's counterparties or invested assets, which includes, i.a., environmental risk - the risk arising from the Bank's exposures to counterparties potentially adversely

affected by environmental factors, including those arising from climate-related changes and factors related to environmental degradation.

The process of managing climate-related risks is defined by the Bank in the Principles of ESG Risk Management at BNP Paribas Bank Polska S.A.. The Principles are a synthesis of the actions taken by the Bank in the area of ESG management, in the context of their impact on the Bank's credit risk and internal capital. By determining the risk appetite, the Bank limits its exposures to Customers with high ESG risk. The designated risk appetite aims to determine the level of risk that the Bank is prepared to accept in pursuit of its strategic objectives and financial plans. The ESG risk level should be rated as low..

To manage climate change risks, the Bank has incorporated into its loan origination and monitoring process an assessment of the impact of long-term climate-related changes and extreme weather events on borrowers' activities, in line with a classification system that establishes a breakdown into:

1. Long-term climate-related changes:

- a. effect of higher temperatures (air, fresh water, sea water),
- b. effect of thermal shocks,
- c. effect of changing wind patterns,
- d. effect of changing precipitation patterns and types (rain, hail, snow),
- e. effect of sea level rise,
- f. effect of water stress (limited access to fresh water),
- g. effect of soil and coastal erosion,
- h. effect of soil degradation.



2. Extreme weather events:

- a. effect of heat waves,
- b. effect of cold waves,
- c. effect of fires,
- d. effect of storms, tornadoes, etc.,
- e. effect of droughts,
- f. effect of heavy precipitation (rain, hail, snow, ice),
- g. effect of floods,
- h. effect of landslides.

The division into the risks above was implemented on 30 June 2021, with the entry into force of the EBA Guideline EBA/GL/2020/06 of 29 May 2020 on Loan Origination and Monitoring. In determining the risk types, the Bank followed the guidelines set out in the EBA Report on the Management and Supervision of ESG Risks for Credit Institutions and Investment Firms (EBA/REP/2021/18), as well as the risk types indicated in Commission Implementing Regulation (EU) 2022/2453 of 30 November 2022 on the disclosure of environmental, social and corporate governance risks.

The risk assessment also examines the sensitivity of the Bank's Clients to transition risks (transition to a climate-neutral economy).

The Bank is particularly attentive to financing sectors deemed sensitive in terms of ESG risks (including climate risk) and is limiting its participation in industries widely regarded as particularly damaging and unsustainable.

The Bank, pursuant to the BNP Paribas Group CSR Policies, identifies nine sectors that are particularly sensitive in terms of ESG risks. These sectors are: coal-based power generation, mining, nuclear, defence and safety, forestry (wood pulp, palm oil), agri-food, fuel in unconventional oil and gas resources and tobacco.

In each of these sectors, the Bank applies CSR Policies and principles to Customers operating in them. All current and potential Clients of the Bank operating in in these sectors are informed about the CSR Policies. In order to become a Client of the Bank or obtain financing, an entity must comply with a number of requirements regulated by the Policy for the sector in question. With regard to sectors that are particularly harmful in terms of sustainable

development, the Bank takes strategic decisions to exit from serving Clients belonging to them.

From 2019, the CIB and Corporate Client Risk Division operates a so-called second line of CSR control, which integrates the assessment of the occurrence of ESG risks in existing and potential Clients into the overall analysis of risks in the Client's business.

3.c. Description of how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management

As a consequence of the identification of ESG risks (which includes climate risks) as material for the Bank in 2020, it became necessary to include the impact of environmental factors, among others, in the traditional risk management model.

On the basis of the above, ESG risks were included in the Risk Management Strategy and Risk Appetite. In order to mitigate and control the risks, the principles for measuring ESG risks (which include climate risks) in the Bank's Internal Capital Assessment Process (ICAAP) have also been developed. The Bank's Capital Plan for 2023-2025 was supplemented with limits for ESG risks set based on the risk measurement and materiality assessment performed.

The Bank seeks to explore the interdependencies between the different risk categories, which includes ESG risk (which includes climate risks). In this context, ESG risks are analysed in relation to business, reputational and credit risks. In order to ensure the highest standards in the process of identifying, assessing and managing climate-related risks, the Bank takes into account all existing and emerging regulatory requirements in this area.

Metrics and targets

4.a. Metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process

The Department of Economic and Sectoral Analysis takes into account the ESG risks of specific industries (and the value chains of these industries) both in assessing their risks and the potential demand for green investments by entities in these industries.

Entities in industries most heavily exposed to climate change and/or most affected by climate-related changes should be most concerned with investments that mitigate these risks in the short, medium and long term. Such

investments, may require significant funding from external sources such as a bank loan. The Bank identifies nine sectors that are particularly sensitive in terms of ESG risks. In each of these sectors, the Bank implements CSR Policies and Principles towards Customers operating in them. In order to become a Client of the Bank or obtain financing, an entity must comply with a number of requirements regulated by the CSR Policy for the sector in question. Besides the periodic analysis of risks in sensitive sectors, the EBA/GL/2020/06 Guidance on loan origination and monitoring was implemented in 2021, which requires banks to integrate an analysis of ESG factors into the credit process. Consequently, from 30 June 2021, an ESG risk analysis is performed for each new financing or increase in financing.

4.b. Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks

Table 102. Group greenhouse gas emissions from operations

GHG emission source	2021	2022
Scope 1		
Petrol	2,964	3,457
CNG	1,126	2,156*
Diesel	998	898
Heating oil	35	7
Refrigerants	166	-
Scope 2		
Heat energy	5,172	4,250
Electricity	-	-
Business travel**		
Train	14	68
Private vehicle	279	179
Airplane	38	524
Scope 1+2+business travel		
market-based	10,792	11,539

*The significant increase in the Group's use of gas is due to the fact that the Leszno Campus is heated using gas. Following the war in Ukraine, a large number of families from Ukraine (mainly Ukrsibbank employees) found shelter at the Leszno Campus from



the end of February to May 2022; a total of more than 160 people, which significantly increased the needs of the facility. Despite the higher consumption, the reduction target for 2022 was achieved.

***In 2022, there has been a significant increase in business travel. The end of the pandemic provided an opportunity for employees from all areas of the Bank and the Group to have a number of meetings to integrate and work more closely together after a long period of working mainly remotely. In 2023, we are planning initiatives to raise employees' awareness of the environmental impact of business travel (especially by air) and to encourage a reduction in delegation.*

Regarding scope 1 and 2 and business travel, the Bank has set a target of reducing greenhouse gas emissions by 55% by 2025.

Table 103. Achieving the GObeyond strategic objective (2022-2025)

Target 2025	Baseline year 2019	2022	2022 vs 2019
Reduction of CO ₂ emissions from operations - 55%	20,149	11,539	(43%)

From a Bank business perspective, Scope 3 emissions are the most relevant, in particular those arising from Category 15 of the GHG Protocol. These include indirect emissions of the loan portfolio over which the Bank has no direct control.

Conscious of the role that the Bank can fulfil in the decarbonisation of the economy, work has begun on measuring the carbon performance of the Bank's loan portfolio. The calculations are based on the PCAF methodology. Currently, the main activities are focused on improving the quality of the data used for the measurement, so that the final results are as informative as possible. The process, for the sake of consistency of information, is coordinated with activities at BNP Paribas Group level.

The results generated will ultimately be incorporated into the Bank's already existing processes for managing the climate risk of the loan portfolio (including stress testing), and will also form the basis for setting goals for the decarbonisation of the loan portfolio and the subsequent business strategy.

4.c. Description of the targets used by the organization to manage climate-related risks and opportunities and performance against targets

The Bank monitors a range of strategic KPIs as part of the implementation of its strategy, the performance of which is presented to the Executive Board and the Supervisory Board on a quarterly basis. These include KPIs attributed to climate-related risks, including targets for reducing the Bank's CO₂ emissions and the level of sustainable assets.

Striving for a positive environmental impact is one of BNP Paribas Group's objectives. BNP Paribas Group's strategy - GTS 2025: Growth, Technology, Sustainability recognises the sustainability aspect as one of its three pillars. The 2022-2025 targets at Group level include the development of financed emissions trajectories consistent with the Net-Zero Banking Alliance (NZBA) and work on presenting the Group's current exposure in the area of financed greenhouse gas emissions (Scope 3, Category 15).

As a member of the Net-Zero Banking Alliance (NZBA), we are committed to:

- **adaptation of the level of greenhouse gas emissions generated by own-account lending and investment activities to the pathway necessary to achieve climate neutrality in 2050 (temperature increase limited to 1.5° C),**
- **acting on credible transition scenarios published by recognized institutions (IPCC, IEA),**
- **focusing on the sectors that emit the most greenhouse gases and having a central role to play in the transition towards a CO₂-neutral economy,**
- **setting interim targets no later than 2030,**
- **publishing information on progress and action plans on an annual basis.**

Sustainability activities are an intrinsic part of GObeyond Bank's 2022-2025 strategy, which includes commitments to develop sustainable products, their sales volumes, as well as to reduce greenhouse gas emissions (in scope 1 and 2).

The Bank is accelerating the financing of any activities that promote the decarbonisation of the economy, by setting ambitious - and regularly exceeded - targets for renewable energy financing and actively investing in green technologies. In 2022, sustainable financing provided by the Bank amounted to PLN 2.7 billion. Including PLN 2.2 billion of financing for environmental objectives ('green' financing).

The BNP Paribas Group is also one of the leading financial institutions in issuing green bonds and sustainability bonds on the global market, as well as working capital loans with interest rates linked to the achievement of sustainability goals (Sustainability Linked Loans).



Values and principles

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Wojciech Rudziński, Head of Sales Management Office Bankingi MŚP i



Ethics in internal and external relations

[2-15] [2-16] [2-24] [3-3] [Ethics in internal and external relations] [3-3] [Responsible sales of products and services, as well as self-regulation in this area]

The Group's norms of behaviour and ethical standards are set out in the **Code of Conduct of the BNP Paribas Group**. The document is an expression of our commitment to being a respected European Bank with global reach. It contains guidelines for all BNP Paribas Group employees

In accordance with the Code, employees must comply with laws and regulations regarding, in particular:

- protecting Customer interests,
- counteracting money laundering and financing terrorism,
- counteracting corruption,
- avoiding and managing conflicts of interest,
- preventing market abuse,
- counteracting all forms of discrimination,
- environmental protection and counteracting climate change,
- responsible conduct in public life.

Every employee receives mandatory Code of Conduct training. Thus, employees can acquaint themselves with the document and its priorities. Their awareness of the expected attitudes is also increased through ongoing internal communication.

In 2022, an **Ethics and Standards of Conduct Director** was appointed at the Bank and an **Ethics and Standards of Conduct Committee** was established. It aims to assess the key performance indicators (KPIs) related to compliance with the Code of Conduct, as well as risks related to the standards of conduct and the degree of project implementation in the field of ethics and standards of conduct.

The Ethics and Standards of Conduct Committee is held quarterly and attended by members of the Bank's management board. Once a year, a report is submitted to the Bank's Supervisory Board. The KPIs and information on the

progress of project implementation are reported quarterly to the BNP Paribas Group. During the Committee, members of the Management Board receive reports on critical issues and the nature of the concerns. Concerns about potential and actual negative impacts raised through complaint mechanisms and other processes are described in the chapters dedicated to these aspects (diversity policy, anti-corruption, legal compliance).

In 2022, every employee was obligated to complete at least two courses devoted to the Code of Conduct and an additional two focused on Compliance. Furthermore, the Bank carried out an information campaign addressed to all employees about the importance of ethics and reporting channels in the event of their violations. The Bank also appointed an Ethics Officer.

Each supplier of the Bank and Partner (Agent, Counterparty, Vendor) is required to read the Code of Conduct of the BNP Paribas Group as part of the signing of the contract.

The Code of Conduct of the BNP Paribas Group defines the norms of behavior, values and ethical standards applicable to all employees of the BNP Paribas Group. The regulation focuses on broadly understood ethics, including professional ethics, and discusses issues such as avoiding conflicts of interest in activities conducted outside the Group, rules of conduct regarding access to confidential information, countermeasures against bribery and corruption, and rules of financial security. The Code also discusses the fair treatment of Customers and the protection of their interests. It puts emphasis on transparency in communication.

Other documents that regulate ethical issues at the Group and Bank levels are listed in the "Policies and procedures related to ESG" section.

Table 104. Number of employees who received trainings in 2022 on ethics in external relations

Scope	Precise name of the training	Number of employees
Anti-Money Laundering and Counter-Terrorist	• Anti-Money Laundering and Terrorist Financing - Advanced level	8,348

Scope	Precise name of the training	Number of employees
Financing training for employees	<ul style="list-style-type: none"> • Anti-Money Laundering and Terrorist Financing - new employees • Anti-Money Laundering and Terrorist Financing - basics • Training on ethical conduct 	
Training on tax schemes	<ul style="list-style-type: none"> • Obligation to report information on tax schemes • Tax scheme reporting (MDR) 	8,076
Training on compliance with international sanctions	<ul style="list-style-type: none"> • Financial Sanctions and Embargoes - Advanced Training • Financial Sanctions and Embargoes - Newly hired employees • Practical case studies - Advanced 	8,595

Initiatives for industry responsibility

We actively promote good practices in the Polish financial industry. In addition to internal initiatives and the implementation of adequate policies, we raise issues of responsibility – essential to us and our Customers – on industry fora.

Declaration of Responsible Sales

In Customer relations, we focus on ethics, empathy and an improved understanding of our Customers' needs. The Declaration of Responsible Sales is devoted precisely to these issues. The document changes the approach to daily relationships between Customers and financial institutions.

Our Bank was among the initiators of this self-regulatory project for the financial sector. It aims to raise and disseminate ethical standards in Customer relations, educate businesses and consumers, increase trust in the financial industry and counteract unfair practices.

As a signatory of the Declaration of Responsible Sales, we are committed to improving our processes and service models. We constantly undertake new initiatives aimed at enhancing the Customer experience.



Key assumptions and initiatives within the project

Simplicity	<ul style="list-style-type: none"> • Simple and transparent products • Customer education
Honesty	<ul style="list-style-type: none"> • Fair prices • Partnership relations with Customers • Transparent product descriptions
Sensitivity	<ul style="list-style-type: none"> • Products tailored to Customers' needs • Equal treatment and support
Customer feedback	<ul style="list-style-type: none"> • Simple complaint process • Customer feedback is the driving force for new initiatives

Partnership with UN Global Compact Network Poland

We are actively involved in shaping and promoting good market practices. Our experts take part in the Business and Human Rights programme coordinated by UN Global Compact. They are involved in:

- the Steering Committee,
- the Whistleblower Protection Team,
- the team for ethical and responsible communication standards.

Cooperation with the Banking Ethics Committee of the Polish Bank Association

The Bank's experts are involved in industry initiatives aimed at raising ethical standards within the sector. They also actively participate in the Banking Ethics Committee of the Polish Bank Association.

"Ethics in Finance" competition

As in previous years, in 2022, the Bank became one of the six sponsors in the Polish edition of the Ethics in Finance Competition. The competition is organised by the Banking Ethics Committee in cooperation with the Financial Observatory in Geneva and is part of the global Ethics & Trust in Finance Prize

project. Its goal is to promote ethical attitudes in the world of finance and to raise awareness regarding the importance of ethics in the financial sector through the involvement of youth.

Mechanisms for reporting irregularities

[2-25] [2-26]

The Bank has adopted a zero-tolerance policy for any type of fraud or attempted fraud by employees, Customers, counterparties and third parties. The Anti-Fraud Policy provides details on the division and principles of responsibility in this sphere.

The Bank has established units that provide advice on ethical and legal issues, as well as on matters relating to the integrity of the organisation to all employees. These units include, in particular, the Compliance Monitoring Division and the Legal Division.

All employees are expected to familiarise themselves with international standards and comply with relevant laws, rules and regulations in all areas, as well as with professional standards that apply to their activities.

A key aspect of implementing the complaints and requests policy is the **Whistleblowing process**: both an expression of the Bank's concern for our employees' well-being and a tool ensuring full compliance with existing laws. It defines communication channels whereby potential violations can be reported to members of the Management Board and other employees.

Irregularities should first be reported to a supervisor and/or to special units using a dedicated address. The reports can be anonymous but may also contain the whistleblower's personal details.

The Bank's utmost concern is to ensure the protection of persons who report suspected breaches, therefore the Bank guarantees:

- the possibility to report suspicions anonymously,
- the absolute protection of the reporting and reported parties' identities; their details may not be disclosed to third parties unless there is a legal obligation to do so,

- an approach of the utmost seriousness, fairness and discretion to every report,
- the verification of reports by authorised personnel to resolve concerns fairly and impartially.

Communication channels for reporting

Reports not directly concerning a Member of the Bank's Management Board:

- by correspondence, addressed to the President of the Management Board of the Bank, BNP Paribas Bank Polska S.A., ul. Kasprzaka 2, 01-211 Warsaw, with the note: "President of the Management Board – Whistleblowing",
- by e-mail: anonimowe.zgloszenia@bnpparibas.pl,
- in person: at a meeting with the President of the Bank's Management Board.

Reports concerning at least one Member of the Bank's Management Board:

- by correspondence, addressed to the Supervisory Board, BNP Paribas Bank Polska S.A., ul. Kasprzaka 2, 01-211 Warsaw, with the note: "The Supervisory Board – Whistleblowing",
- by e-mail: anonimowe.zgloszenia-rada@bnpparibas.pl.

Reports regarding sanctions and embargo incidents can be submitted via standard communication channels, but may also be delivered using direct communication with a dedicated Compliance unit (Group Financial Security US).



Counteracting corruption and conflicts of interest

[2-15], [2-24], [205-2], [205-3]

Corruption prevention is based on standards set out in the Anti-Corruption Policy. The regulation contains guidelines on identifying and reducing the risk of corruption. It defines the principles of conduct and scope of responsibility in this area. Thanks to these guidelines, all events of a potentially corrupt nature are monitored. 100% of the Bank's operations are analysed to exclude corruption.

We have a zero-tolerance rule for all forms of corruption, including accepting, offering, requesting, giving or agreeing to additional benefits, items or advantages.

The Bank's anti-corruption system is based on:

internal regulations specifying corruption-prevention methods,

- a process of reporting corruption incidents to the appropriate organisational units of the Bank,
- Corruption risk assessments
- due diligence in establishing relationships with third parties,
- operational control (especially as regards accounting) maintained as part of the implemented internal control system,
- employee training to increase awareness and show paths of action in specific situations.

The Bank continuously evaluates its management and control system (procedures, reporting, audits, training) for corruption prevention. Appropriate internal regulations in this respect are implemented and updated on an ongoing basis. Risk mapping and the analysis of corruption-related information are centrally supervised. The Managing Director of the Compliance Division appoints a Corruption Prevention Correspondent, whose tasks include coordinating anti-corruption activities.

To counteract corruption, the Bank monitors, i.a., indicators related to reported fraud cases, identified conflicts of interest, accepted/given gifts and invitations, due diligence in establishing relations with Customers/contractors/intermediaries, employee awareness levels.

Table 105. Confirmed cases of corruption and actions taken

Indicator	2022
Total number of confirmed cases of corruption	1*
Type of corruption in confirmed cases	Passive corruption
Total number of confirmed cases that caused employees to be fired or disciplined for corruption	1
Total number of confirmed cases where a contract with a business partner was terminated or could not be renewed due to corruption-related violations	0
Were there any public proceedings against the organisation or its employees regarding corruption in the current reporting period?	No

**A Client center's employee demanded a bribe from a Customer in exchange for preferential pricing terms to a product. The Bank informed the public prosecutor's office of the suspected offence and the employee's contract was terminated with immediate effect.*

We expect our business partners (suppliers, contractors, partners cooperating with the Bank and its Customers on the Bank's behalf) to act in accordance with the principles set out in the Code of Conduct of the BNP Paribas Group, especially in the Appendix dedicated to counteracting corruption. An anti-corruption clause is an integral part of each agreement concluded by the Bank with its business partners.

The applicable policies in the area of counteracting corruption are listed in the "Policies and procedures related to ESG" section.

Anti-corruption processes must be transparent and understandable for all employees of the Bank. Therefore, we conduct relevant training, available to all employees, and we provide additional information through internal

communication channels. A separate training course is addressed to employees particularly exposed to the risk of corruption. It provides i.a., practical solutions which help to counteract the risks. The Corruption Prevention Correspondent organises additional training for individual units of the Bank.

In 2022, the Bank implemented an updated training programme devoted to the Code of Conduct. One of its modules was devoted to counteracting corruption. Additionally, we designed a dedicated intranet site, which describes the anti-corruption system. IT solutions that will enhance the monitoring of key corruption indicators are also being developed.

Table 106. Courses on anti-corruption policies and procedures for employees and managers in 2022

Number and percentage of employees who completed anti-corruption training in 2022	7,531	73.72%
Management	9	100.00%
Key managers	99	95.19%
Managers	805	78.08%
Other employees	6,618	72.96%
<i>The statistics include the training "Conduct Journey-Season 2". Some employees who were hired at the Bank in the second half of the year in the first instance were required to undergo ethical conduct training, incorporating material from the first two parts of the training, also covering the aspect of anti-corruption</i>		
Number and percentage of employees to whom the Bank's anti-corruption policies and procedures were communicated in 2022	7,873	100%
Management	9	100%
Key managers	119	100%
Managers	828	100%
Other employees	6,917	100%

The calculation includes active employees in 2022.



Sustainable supply chains

[2-6] [204-1] [308-1] [414-1]

We are a large Bank and an attractive contractor for hundreds of enterprises. We wish to use our influence to promote the principles that we follow in our daily activities.

Our Supply Chain Commitments:

- responsible choice of suppliers,
- equal treatment of suppliers in financial matters,
- promoting suppliers who support CSR initiatives.

There were no significant changes to the supply chain during the reported period.

We work with a group of around 3,500 suppliers. Within the scope of activities of the purchasing area, there are topics above PLN 10,000 and for outsourcing EUR 1 - in total concerning around 2,800 suppliers. The number of key suppliers includes 109 suppliers of a critical and significant nature and with the highest turnover. The needs for the delivered product or service are agreed on an ongoing basis with the business owners within the Bank, e.g. consultancy support, translations, purchase of equipment or office supplies.

CSR Declaration

To continue our responsible purchasing policy and with suppliers in mind, the Bank consistently uses the CSR Declaration - a document which constitutes a decalogue of cooperation with suppliers. By signing the CSR Declaration, suppliers confirm compliance with ethical principles, working conditions and safety, regulations regarding the employment of minors, combating forced labour, discrimination and environmental issues. Each new supplier is assessed according to these criteria.

The CSR declaration for suppliers aims to promote social responsibility among stakeholders and encourage responsible practices among suppliers.

The CSR declaration is compliant and consistent with the requirements of the BNP Paribas Group. Thus, our local operations are completely in harmony with the Sustainable Sourcing Charter.

Each supplier participating in the procedure is obliged to sign the CSR Declaration. In 2022, 27 new suppliers signed the CSR Declaration, which is 23% of all suppliers participating in tender inquiries. The Bank focused its cooperation on existing suppliers with whom it has already signed CSR Declarations. The signature of the same document is not required for each tender procedure.

10%

of the overall supplier assessment was the signing of the CSR Declaration and ESG Questionnaire responses

85%

of the Bank's expenses on products and services in 2022 were purchases from local suppliers

In 2022, we introduced the ESG/CSR Partner Declaration of responsible cooperation. Every new Partner (agent, contractor, seller) must read it before signing a contract. The Bank also expects its Partners to commit to observing the principles of ethics, providing proper working conditions and meeting the social and environmental criteria outlined in the CSR Declaration.

ESG questionnaire for suppliers

In 2022, the Bank set out to implement a new version of the ESG questionnaire - a flexible document that can be adjusted to the size of the supplier and can help to determine the risk levels of cooperation in the area of CSR.

Suppliers who participate in onboarding processes are verified in terms of ESG. Their answers should confirm the existence of internal policies and strategies in line with the Bank's expectations. The responses affect the supplier's performance in the tender process, constituting between 0 and 10% in the final

evaluation. In addition, starting in 2023 we will be assessing the CSR risks of cooperation with suppliers on a scale of 1 to 4. It will ensure the conscious management of sustainable supply chains and enhance the Bank's and Group's communication regarding environmental, social and management policy aspects.

We specifically monitor environmental issues related to our supply chain. From 2022 onwards, when deciding to work with suppliers we take environmental risks into account. When estimating its level, we check whether potential suppliers have, among other things, an environmental and climate policy, and in which areas it obliges them to measure and continuously improve their environmental performance.

In November 2022, the Bank signed and implemented the industry standards of the Marketing Communications Association, the Polish Association of Logistics and Procurement Managers and the International Advertising Association. The 20+ years of the advertising sector's experiences show that in the long term, standards help both individual companies and the industry to increase the effectiveness of advertising and marketing resources, avoid wasting resources and money and strengthen the role of marketing and communications in business. Therefore, we want to promote these standards and practice them as a Bank

We respect the efforts that our suppliers - including those who were ultimately rejected - put into offer preparation. In 2022, we implemented the so-called Rejection Fee for creative agencies. Entities participating in tender procedures that did not win, but prepared good, highly rated offers, are reimbursed for the costs of offer preparation. We have taken such a step as the first and (so far) the only Bank in Poland.



Human rights

[2-23] [3-3] [Respect for human rights in business]

Promoting diversity and counteracting discrimination is a key aspect of the Bank's management model and the management principles of the BNP Paribas group.

Our priority is to treat all employees and external partners fairly and to prevent any type of discrimination, especially based on age, gender, ethnicity, religion, nationality, political beliefs, sexual orientation, disability and other factors.

In 2012, the BNP Paribas Group signed the BNP Paribas Declaration on Human Rights, thus ensuring respect for human rights within its areas of influence, including employees, suppliers, Customers and local communities. The BNP Paribas Group Code of Conduct stresses the importance of treating all employees with respect. The Code describes employees' expected behaviours and attitudes inside and outside the organisation.

In addition, the BNP Paribas Group signed the BNP Paribas Agreement on Fundamental Rights and Global Social Solutions as well as the ILO Global Business and Disability Network Charter (International Labor Organisation). Thus, the Group confirmed its compliance with international standards on human rights and committed to their promotion, as well as expressed its support for the UN Guidelines on Business and Human Rights.

The BNP Paribas Group observes several principles and standards that underlie its business activities, including:

- The 10 principles of UN Global Compact,
- UN Sustainable Development Goals,
- UN Guidelines on Business and Human Rights,
- OECD Guidelines for Internationally recognised Business Enterprises,
- Internationally recognised human rights standards as defined by the International Bill of Human Rights,
- Core labour standards defined by the International Labour Organisation,
- BNP Paribas Group Code of Conduct,

- BNP Paribas Human Rights Declaration,
- CSR Declaration for BNP Paribas Suppliers.

Since 2016, the Bank has also been a signatory of the Diversity Charter, an international initiative supported by the European Commission. It is devoted, among other things, to non-discrimination in the workplace, and involving all employees as well as business and social partners in anti-discrimination initiatives.

The Bank's human rights management includes, among other things, monitoring the report indicators of mobbing, discrimination, harassment and violations of employee rights.

The Bank has a zero-tolerance policy with regard to mobbing. Mobbing prevention is regulated by the Anti-Mobbing Policy implemented at the Bank. It enables the employer to prevent the phenomenon and to react immediately if it occurs. Employee reports on mobbing are investigated by the Anti-Mobbing Commission.

The Bank has implemented Principles for dealing with reports of harassment and sexual harassment in professional relations. These enable the safe reporting of reasonable suspicions without fear of retaliation against the reporting party. This document also regulates issues related to the protection of human rights. It implements solutions adopted in the BNP Paribas Group Policy Treatment of harassment notifications.

The Diversity Management Policy contains regulations for managing the risk of discrimination. It aims to create and promote a diverse work environment that uses the potential of all employees. The policy obliges all employees to comply with the adopted principles in all HR management processes.

Human rights training

In 2020, the BNP Paribas Group developed an e-learning module entitled "Understanding and implementing human rights in the company." It is mandatory for employees who are involved in identifying potential risks regarding human rights violations, including those connected with areas such as CSR, risk, purchases and sales management. The assignment and completion of this training by employees from the aforementioned areas is monitored at a global level. The training is also available to all interested employees. By the end of December 2022, the training was assigned to 165 people and completed by 133 people.

In 2021-22, the BNP Paribas Group prepared and implemented a series of mandatory and dedicated e-learning courses for all employees on the principles of the Code of Conduct. The implementation rate of these training courses is close to 100%.

In addition, the Bank's Human Resources Management Department regularly provides training on discrimination and mobbing. In 2020, two webinars were organised and attended by nearly 900 employees. They were conducted by Karolina Kędziora, a legal advisor and the president of the Polish Society of Anti-discrimination. In 2021 the initiative was continued, and we organised a webinar for managers. Almost 300 people took part in the event. Recordings of the webinars are shared with employees in a dedicated section on the intranet.



Litigation and claims

Legal risk

As of 30 September 2022, there were no proceedings in the court, arbitration tribunal or state administration authorities regarding liabilities or receivables of the Bank, the value of which would exceed 10% of the Bank's equity.

Court decision regarding calculation of the interchange fee

On 6 October 2015, the Court of Appeals issued a decision regarding calculation of the interchange fee by banks acting in agreement. Thus, the decision of the 1st instance (Regional) Court of 2013 was changed by dismissing the banks' appeals in whole, while upholding the appeal brought by the Office of Competition and Consumer Protection (UOKiK), which had questioned a considerable reduction in the fines by the 1st instance court. This denotes that the penalty imposed under the first decision of the President of UOKiK of 29 December 2006 was upheld. It involved a fine levied on 20 banks, including Bank BGŻ S.A. and Fortis Bank Polska S.A., for practices limiting competition by calculating interchange fees on Visa and MasterCard transactions in Poland in agreement.

The total fine levied on Bank BGŻ BNP Paribas S.A. (presently BNP Paribas Bank Polska S.A.) amounted to PLN 12.54 million and included:

- a fine for the practice of Bank Gospodarki Żywnościowej in the amount of PLN 9.65 million; and
- a fine for the practice of Fortis Bank Polska S.A. (FBP) in the amount of PLN 2.89 million.

The penalty was paid by the Bank on 19 October 2015. The Bank prepared a last resort appeal against the aforesaid court decision and brought it on 25 April 2016. On 25 October 2017, the Supreme Court overruled the judgment of the Court of Appeal and remitted the case. Acquisition of the core business of RBPL did not change the situation of the Bank as RBPL was not a party to this claim.

On 23 November 2020, the Court of Appeal quashed the judgment of the first instance court and remitted the case for re-examination. In November 2022, the first hearing was held.

Corporate claims against the Bank (interchange fee)

As of 31 December 2022 the Bank received:

- 33 requests for settlement from companies (merchants), due to interchange fees paid in relation to the use of payment cards, (two from companies which submitted their requests twice and, one from the company which submitted its request three times and one from a company which submitted two requests for different payment methods). The total

amount of these claims was PLN 1,028.02 million, including PLN 1,018.05 million where the Bank had joint responsibility with other banks;

- 4 requests for mediation before the PFSA. The requests were sent to the Bank by the same entrepreneurs who had previously submitted requests for a settlement attempt. The total value of claims arising from the above applications amounts to PLN 40.29 million, of which PLN 37.79 million relates to joint liability with other banks.

Litigation and claims of investment fund participants in connection with the performance of the function of investment fund depositary.

As of 31 December 2022, the Bank had received a total of 72 individual lawsuits and one collective lawsuit by investment fund participants, related to the performance of the function of investment fund depositary (including the performance of this function by Raiffeisen Bank Polska S.A.). The total amount of claims covered by the above-mentioned lawsuits is PLN 144 million. The vast majority of the lawsuits were filed by participants of the Retail Parks Fund Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych in Liquidation (hereinafter RPF Fund) and participants of the EPEF Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych and EPEF2 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych. The collective lawsuit was filed on behalf of 397 participants of the RPF Fund, and concerns claims in the total amount of PLN 96 220 800. The allegations raised by the plaintiffs in the lawsuits focus, in particular, on the improper performance by Raiffeisen Bank Polska S.A., and then the Bank, of its obligations to ensure that the value of an investment fund's net assets and the value of net assets per investment certificate are calculated in accordance with the law and the investment fund's statute, and the obligation to verify the compliance of an investment fund's operations with the law governing investment funds or with the statute. The Bank's position is that the claims of fund participants are unfounded. All legal proceedings are pending before courts of first instance. No verdict has yet been issued in any of the cases.

Proceedings regarding recognizing a standard contract as prohibited

On 22 September 2020, the Bank received a decision of the President of the Office of Competition and Consumer Protection (UOKiK) No. DZOIK 14/2020, in which the President of UOKiK:

- found certain provisions of the standard contract (the so-called anti-spreading annex) concerning the principles of determining currency exchange rates illegal and prohibited their application;
- obligated the Bank to inform all Customers who are parties to the annex about the decision and its consequences and to post information about the decision and its content on its website;
- imposed a fine on the Bank in the amount of PLN 26,626 thousand payable to the Financial Education Fund.

The Bank appealed against the decision within the statutory deadline. The Bank has established a provision for the above penalty in full amount. The first hearing was set for 29 June 2022. The court requested the Bank to submit additional explanations and documents and adjourned the hearing until 21 September 2022, on which the court delivered his judgment and annulled the decision of UOKiK. The President of UOKiK filed an appeal against the judgment.



Proceedings on practices violating collective consumer interests - unauthorised transactions

On 8 July 2022, the UOKiK initiated proceedings related to the practices violating the collective interests of consumers. The UOKiK alleges that the Bank, upon receipt of a consumer complaint regarding an unauthorised transaction, did not automatically return funds to Customers within the D+1 deadline, but instead conducted a preliminary investigation procedure to determine whether the incident could be classified as a security incident (fraud) or a transaction accepted/conducted by the Customer. The second allegation of the UOKiK relates to the Bank providing inappropriate information to Customers when rejecting complaints about the disputed transaction. When rejecting such complaints, the Bank explains that, according to its systems, the transaction is considered authorised, and thus, if the Customer questions this the situation should be considered as Customer negligence.

On 31 August 2022, the Bank replied to the UOKiK, using the following reasoning:

The Bank refunds the amounts of transactions that were unauthorised - the lack of authorisation is verified in the banking systems due to the provisions of the agreement concluded with the Customer. The agreement specifies the procedure and factors required to authenticate and accept transactions in accordance with European and Polish law.

The Bank disagrees with the UOKiK's position that the questioning of any transaction by a Customer automatically triggers an obligation to return it. Such a position is contrary to Article 72 of the PSD. This obligation should arise and be reviewed taking into account all provisions of the PSD, the Regulatory Technical Standards (RTS) and the Polish Payment Services Act, not only in terms of authentication, but also in terms of liability for the transaction or fraud disclosed by the Customer.

According to the Bank, the UOKiK's position is the result of incorrect implementation of the PSD into Polish law. According to the PSD, the Bank should prove proper authentication, and not authorisation. Under Polish law, the Bank is obliged to demonstrate that authorisation has been carried out by the Client.

When rejecting complaints, the Bank correctly informs Customers of the verification of the correct authentication of the transaction, which at this stage constitutes proof that the Client has performed it. Accordingly, the Bank informs the Customer that if the Customer still claims that such a transaction was not authorised, the transaction must be the result of fault or negligence on the part of the Customer.

Proceedings for practices violating the collective interests of consumers - credit moratoria

On 5 September 2022, the Bank received the UOKiK's decision to initiate proceedings against practices that violate the collective interests of consumers by limiting the possibility to apply for a mortgage loan withholding by limiting one application to 2 months, whereas the Customer should be able to apply for all periods at the same time (up to 8 months).

The Bank disagreed with the allegations and has sent its reply to UOKiK, in which it pointed that all individual applications applied by Customers (for any number of months) were accepted and processed. Thus, there was no violation of the collective interests of consumers, as the Bank did not deprive Customers of their rights, but only failed to fully automate the electronic application as of the effective date of the law. At the same time, the Bank informed UOKiK that it had

changed the questioned practice by launching a new application form in GOonline e-banking on 8 September 2022, allowing Customers to apply for any/all periods simultaneously (up to 8 months).

On 17 January 2023, the Bank received the Decision of the UOKiK, in which:

- it recognized the questioned practice as violating the collective interests of consumers;
- the practice was found to be abandoned;
- it ordered publication of the decision;
- it imposed a penalty on the Bank in the amount of PLN 2,720,515.50 (reduced by 50%: 30% - for cessation of the practice, 20% as a result of initiating a meeting and expressing willingness to cooperate).

The Bank has appealed the decision to the SOKiK.

Litigation concerning CHF credit agreements in the banking sector

After the judgment of the Court of Justice of the European Union in the CHF-indexed mortgage case (C-260/18), the number of lawsuits related to CHF mortgages against banks is gradually increasing. According to the Association of Polish Banks (ZBP), the number of pending lawsuits related to CHF loan agreements at the end of October 2022 reached over 104 thousand compared to 77 thousand at the end of 2021. During the first nine months of 2022, over 27 thousand new claims related to foreign currency loans were issued against the banks. This resulted in an increase in provisions for these proceedings created by banks having CHF mortgage loan portfolios. The amount of these provisions created by listed banks in 2021 amounted to approximately PLN 7.8 billion, and in the third quarter of 2022 to PLN 7.3 billion, contributing to the total value of provisions created for this purpose in the amount of PLN 18.9 billion at the end of 2021 and PLN 27.2 billion at the end of the third quarter of 2022.

Proceedings instigated by the Bank's Customers being parties to CHF denominated loan agreements

The gross balance sheet value of mortgage and housing loans granted to individual Customers in CHF as of 31 December 2022 amounted to PLN 4.09 billion, compared to PLN 4.53 billion at the end of 2021.

As of 31 December 2022 the Bank was the defendant in 3,470 (1,649 new cases in 2022) pending court proceedings (including validly closed cases, Clients brought a total of 3,819 claims against the Bank), in which the Bank's Customers demanded the annulment of mortgage loan agreements regarding foreign currency loans or loans denominated in CHF, or declaration that the contract is permanently ineffective. The claims are based in particular on a contravention of Article 69 of the Banking Act or on the occurrence of abusive clauses which cause the contract cannot be remained in force (article 353¹ of the Civil Code). The Bank is not a party to any collective claim regarding these loans. The total value of claims pursued in the currently pending cases as of 31 December 2022 was PLN 1,549.46 million (as of 31 December 2021 was PLN 858.03 million), and in legally binding cases PLN 150.36 million (PLN 41.36 million as of 31 December 2021).



Until 31.12.2022 the following judgments have been issued in 349 proceedings that have been legally concluded: 97 judgments in favour of the Bank, including 60 proceedings in case of which a court settlement agreement was concluded, and in 252 cases the courts ruled against the Bank by declaring the loan agreement invalid or permanently ineffective).

The Bank creates provisions on an ongoing basis for pending litigation involving denominated or foreign currency loans, taking into account the current status of judgments in cases against the Bank and the developing line of case law.

The total value of provisions created as at 31 December 2022 amounted to PLN 1,892.4 million (as at 31 December 2021 it amounted to PLN 1,290.4 million), with an impact on the Bank's income statement of PLN 740 million in 2022 (in 2021, it amounted to PLN 1.045.3 million).

The provision is created in accordance with IAS 37 'Provisions, contingent liabilities and contingent assets. Provision for pending cases is calculated on an individual basis, while for future cases using the portfolio method. While calculating the provision, the Bank takes into account, inter alia, the number of certificates downloaded by Clients for trial purposes, the estimated probability of Clients filing cases, the estimated number of future claims, the number of claims filed, the probability of losing the case, and the Bank's estimated loss in the event of an unfavourable judgment. In addition, the Bank included in the provisioning model the estimated number of settlements to be signed with Customers. The amount of the provision for the estimated settlements was PLN 397.7 million from the total balance of provisions.

It should be stressed that the Polish courts, despite contrary indications arising from CJEU rulings (C-19/20 and C-932/19), in the vast majority rule that credit agreements are invalid or ineffective. A number of Supreme Court judgments have been handed down in recent months (according to data at the end of December, there were 80 judgements, of which less than half concerned denominated loans); more than half of these already have written justifications, including 15 cases related to denominated loans.

The Bank estimates the probability of losing a case based on historical judgments, separately for the foreign currency and denominated loan portfolios. Due to the observed volatility in case law, the Bank, when estimating the probability of an adverse judgment, takes into account judgments made after 31 December 2020.

In estimating the loss in the event of a judgment declaring the loan invalid, the Bank assumes that the Customer is obliged to return the principal paid without taking into account the remuneration for the use of the principal, the Bank is obliged to return the sum of the principal and interest instalments paid by the Client together with the statutory interest for late payment, in cases in progress and the Bank writes down the loan exposure.

The accounting effect of signing a settlement agreement with a Customer is the derecognition of a CHF loan, recognition of a new loan in PLN and the recognition of a result from the derecognition as well as the use of a provision for legal risk of CHF loans. In 2022, the Bank used PLN 150 million of the provision for legal risk of CHF loans in connection with the concluded settlements.

The accounting effect of the final judgment declaring the loan agreement invalid is the derecognition of CHF loan exposure as well as the utilization of the provision for legal risk of CHF loans. In 2022, the Bank used PLN 85 million of the provision for legal risk of CHF loans in connection with the receipt of final judgments declaring loan agreements invalid.

Should the assumed average loss change by +/- 5%, with all other significant assumptions unchanged, the amount of the provision would change by +/- PLN 78 million.

The Bank conducted a sensitivity analysis of the model used to estimate the number of lawsuits lost. A change in this estimate would have the following impact on the estimated loss due to legal risk related to CHF loans.

parameter	scenario	Impact on Bank's loss due to legal risk
Percentage of lawsuits lost	+5 p.p.	+PLN 66 million
	-5 p.p.	-PLN 80 million

The Bank conducted a sensitivity analysis of the model used to estimate the number of future lawsuits. A change in the number of future lawsuits would have the following impact on the estimated loss due to legal risk related to CHF loans.

parameter	scenario	Impact on Bank's loss due to legal risk
Percentage of lawsuits lost	+20%	+PLN 91 million
	-20%	-PLN 91 million

Additionally, if 1% of Customers with CHF loans filed a lawsuit against the Bank, the loss due to legal risk would increase by approx. PLN 35 million.

When calculating the expected loss on legal risk related to CHF loans, the Bank takes into account the available historical data, including the content of judgments in concluded cases. The Bank monitors the number of collected certificates and the changing number of lawsuits in order to update the provision estimate accordingly.

The current line of jurisprudence in cases involving actions by borrowers is unfavourable to the banks, but it is important to note a number of still unclarified legal issues relating to foreign currency-linked loans, in particular relating to the effects of declaring a loan agreement invalid, including the banks' ability to demand remuneration for the use of capital. The above issues are important for assessing the risks associated with the proceedings in question.

The Bank monitors the courts' rulings on an ongoing basis and will adjust the level of reserves to the current case-law. At the same time, the Bank is aware that the assumptions made are subject to a subjective assessment of the current situation, which may change in the future. In determining the value of the provision, the Bank relies on all information available at the date of signing the Financial Statements.



Current case law of CJEU and of the Supreme Court on loans in CHF

There was one ruling before the CJEU in 2022 concerning the issues related to CHF loans. On 8 September 2022, the CJEU handed down a judgment in three joined cases concerning indexed and denominated loans granted in Poland (C-80/21 to C-82/21). The Court confirmed that:

- a national court may not replace an abusive contract term (in order to avoid the invalidity of the contract) by an interpretation of the parties' statement of intent or by a provision of national law of a dispositive nature.
- it is possible to declare only part of a contract term abusive, provided that that abusive part can be severed in a way which does not affect the substance of the rest of the contract term. If the deletion would amount to altering the content of the term by changing its essence, this is prohibited. It is for the national court to examine in this respect.
- the limitation period for a consumer's claims for reimbursement of sums unduly paid on the basis of an abusive contractual term starts to run from the time when the consumer became aware, or should have become aware, of the unfair nature of the contractual term. On the other hand, it is for the national court to determine that point in time, taking into account the circumstances of the particular case.

Pending at the CJEU is the preliminary question in Case C-520/21 of Millennium Bank, which concerns whether, in the event of the cancellation of a loan agreement, the parties have any claim for the use of the capital by the other party (including the entrepreneur as well as the consumer). The question relates to any possible claim by both parties (remuneration, compensation, reimbursement of expenses or valorisation of the benefit) when the court finds that the contract has collapsed. The hearing was held on 12 October 2022. The hearing was attended by representatives of the European Commission, the Polish government, the Financial Ombudsman, the Ombudsman, the Polish Financial Supervision Authority (among others).

In December 2022, the CJEU received another preliminary question relating to the ability of a bank to assert claims for the use of capital (the case was designated sig. C-756/22).

In an opinion issued in case C-520/21 on 16 February 2023, the Ombudsman General of the CJEU pointed out that Directive 93/13 does not specify what are the effects of declaring that a consumer contract becomes legally non-existent once unfair terms are removed from it. These effects are determined by member states on the basis of their national law in a manner consistent with the Union law.

With regard to the consumer's claims against the Bank, the Ombudsman General assumed that the provisions of Directive 93/13 do not preclude a judicial interpretation of national law, according to which, if a credit agreement concluded between a consumer and a bank is declared invalid from the outset because it contains fraudulent contractual terms, the consumer, in addition to a refund of the money paid under the agreement and the payment of statutory interest for late payment from the time of the demand for payment, may, following such a declaration, also claim additional benefits from the bank. It is for the national court to determine, in light of national law, whether consumers are entitled to assert such claims and, if so, to rule on their merits.

With regard to the bank's ability to assert claims of a similar nature against consumers, the Ombudsman General proposed that the Court should rule that the bank may not pursue claims against the consumer that go beyond the return of the loan principal transferred and the payment of statutory interest for delay from the time of the request for payment.

According to the Ombudsman General, the proposed solutions are in line with the purpose of the directive, i.e. to grant consumers a high level of protection.

The Ombudsman General's opinion does not prejudge the outcome and is not binding on the CJEU. The date of the CJEU's judgment is unknown.

Due to the fact that the Ombudsman's opinion is not binding, it does not prejudge the outcome, leaves wide scope for interpretation, the judgment of the CJEU is impossible to predict, as well as the application of this judgment by national courts, the opinion cannot be the basis for changing the level of provisions for legal risk related to mortgage loans in CHF in these report.

Assuming that the future ruling of the CJEU will be entirely consistent with the theses of the above-mentioned opinion of the Ombudsman General and finds that banks do not have the right to remuneration for the use of capital, the Bank points out that the remuneration for the use of capital for the Bank is not a parameter used in the current model of the Bank's provisions and does not have a direct impact on the Bank's risk expressed by the level of provisions related to the effects of cancellation of loan agreements. However, in the previous models, the Bank did not take into account the remuneration for the client for the use by the Bank of the instalments repaid by him relating to loan, which was considered invalid. Estimating the amount of potential costs related to this risk requires specifying the assumptions on the basis of establishing a judicial interpretation, and then the line of jurisprudence, and will be possible at the earliest after the CJEU has issued a ruling.

Currently, the theses of the resolution of the 7 judges of the Civil Chamber of the Supreme Court of 7 May 2021 in the case ref. III CZP 6/21 (resolution having the force of legal principle) are taken into account in judicial decisions. . In the ruling responding to a legal issue presented by the Financial Ombudsman, the Supreme Court indicated by reasoning the grounds that:

- (1) the borrower may agree to the continued validity of terms which may be unfair, in which case they take effect from the date of conclusion of the contract,
- (2) if the contract falls due to the unfair terms contained therein, each party has a claim for repayment of the performance made by that party (the so-called two-condition theory),
- (3) the limitation period for the Bank's claims for reimbursement of the principal begins to run only from the moment when the agreement has become definitively ineffective (the basis for the performance has been lost),
- (4) the agreement becomes permanently ineffective from the moment when the borrower, having been informed of all the consequences of the failure of the agreement, including the possible specific negative consequences of such a failure, makes a declaration to not keep the agreement in force. The borrower should be informed of the consequences of the failure of the agreement by the court in the course of the proceedings.



The meeting of the full bench of the Civil Chamber of the Supreme Court concerning the legal issues presented on 29 January 2021 by the First President of the Supreme Court in the case III CZP 11/21 (the current signature is III CZP 25/22) was postponed without a date, following the Supreme Court's formulation of preliminary questions to the CJEU. The preliminary questions are aimed to establish whether the Civil Chamber in its current composition can be regarded as an independent court and thus whether it has the capacity to pass a resolution on the legal questions posed at all.

The First President of the Supreme Court requested a resolution of the Civil Chamber on the following issues:

1. If it is concluded that a provision in an index-linked or denominated loan agreement, which relates to the method of determining the exchange rate of the foreign currency, constitutes an illicit contractual term and is not binding on the consumer, may it be assumed that that provision is replaced by another method of determining the exchange rate of the foreign currency which results from legal or customary rules?

If the answer to the above question is negative:

2. If it is not possible to establish a foreign currency exchange rate binding on the parties in a loan agreement indexed to such a currency, can the agreement be binding on the parties in its remaining scope?

3. If it is not possible to establish a foreign currency exchange rate in a loan agreement denominated in a foreign currency, can the parties remain bound by the agreement?

Irrespective of the answers to questions 1 to 3:

4. If a loan agreement is invalid or ineffective, and as a result of such agreement the Bank has disbursed to the borrower the whole or part of the amount of the loan and the borrower has made repayments on the loan, do separate claims for wrongful performance arise in favour of each of the parties, or does only one claim arise, equal to the difference in performance, in favour of the party whose total performance was higher?

5. If a loan agreement is invalid or ineffective as a result of the unlawful nature of certain of its terms, does the limitation period for the Bank's claim for repayment of the amount paid under the loan start to run from the moment at which those sums were paid?

6. If, in the case of the invalidity or ineffectiveness of a loan agreement, either party has a claim for repayment of the performance made under such agreement, may that party also claim remuneration for the use of its funds by the other party?

If the CJEU confirms the ability of the Civil Chamber of the Supreme Court to rule and the Supreme Court passes a resolution, the Bank will analyse the content of the resolution after its publication, including its impact on further case law and the value of the parameters used to determine the value of legal risk provisions. At this moment it is not possible to predict whether the resolution will be adopted and even more its impact on the provisions estimation.

On 28 April 2022, the Supreme Court (composed of 3 judges) adopted a resolution with a signature III CZP 40/22, according to which: "Contrary to the nature of the legal relationship of a loan indexed to a foreign currency are provisions in which

the lender is authorised to unilaterally determine the exchange rate of the currency relevant for calculating the amount of the borrower's obligation and for determining the amount of the loan instalments, if objective and verifiable criteria for determining this rate do not arise from the content of the legal relationship. If the provisions meet the criteria for being considered prohibited contractual provisions, they are not invalid, but are not binding on the consumer within the meaning of Article 385(1) of the Civil Code." An analysis of the justification of the Supreme Court's resolution, indicates that when there occur the prerequisites for the application of the provision of Article 385(1) and Article 353(1) of the Civil Code, the court should apply the sanction of ineffectiveness of the contractual provision, without ruling it invalid on general principles. Although the ruling was issued in a case concerning indexed credit, it can also be applied to denominated and foreign currency loans.

On 20 May 2022, the Supreme Court issued its first ruling on a foreign currency loan granted by the Bank (II CSKP 713/22). According to the Supreme Court, a foreign currency loan exists only if the agreement unambiguously establishes the amount of the loan granted and actually disbursed to the borrower exclusively in a foreign currency and provides for repayment of instalments exclusively in the currency of the loan granted. According to the Court, the parties entered into a loan agreement denominated in CHF, and nothing in the agreement directly provided for the Client's claim for payment of the amount of loan made available in CHF.

However, it should be noted that in another decision, the Supreme Court took a different stance (decision of 24 June 2022, I CSK 2822/22), stating that the features of a foreign currency loan are the expression of the amount of the loan granted in a foreign currency and the repayment of the loan instalments in that currency, while not indicating as a characteristic the making of the loan payment in a foreign currency. The above shows that there is no clear position of the Supreme Court in this regard.

As of the end of December 2022, 145 cassation appeals have been filed with the Supreme Court in cases of CHF loans granted by the Bank, 11 appeals have been accepted by the Supreme Court for examination and are awaiting substantive decision, as to 12 cassation appeals, the Supreme Court has issued a decision on refusal to accept for examination.

Individual settlements offered by the Bank

Since December 2021, the Bank is involved in individual negotiation processes with its Customers with whom the Bank is in dispute or about whom there is a reasonable risk of entering into a dispute. The Bank took this parameter into account when updating the amount of the provision.

As of 31 December 2022, the Bank has made individual settlement proposals to 6,541 Customers and 1,514 Customers accepted the terms of the proposals presented. This resulted in 1,142 settlement agreements.



Compliance with laws and regulations

[2-27] [417-2] [417-3] [418-1]

In 2022:

- there were no pending court or administrative proceedings against the Bank or Group for violating the freedom of competition or anti-monopoly regulations,
- in terms of non-compliance with regulations and voluntary codes on labelling and information about products and services, on 5 September 2022, the Bank received a decision from the OCCP (Office of Competition and Consumer Protection) to initiate proceedings against practices that infringed the collective interests of consumers by restricting Customers' ability to apply for a suspension of mortgage repayment by limiting in electronic banking one application to 2 months, whereas the Customer should have been able to apply in one form for a suspension of repayment for all periods provided for in the Act. Despite the Bank raising weighty arguments in its favour, on 17 January 2023 the Bank received a Decision of the OCCP, in which: the challenged practice was deemed to infringe collective consumer interests; the practice was found to have been abandoned; the publication of the decision was ordered; a penalty of PLN 2,720,515.50 was imposed on the Bank (reduced by 50% (30% - for stopping the practice, 20% as a result of initiating a meeting and expressing willingness to cooperate). The Bank does not agree with the decision issued by the OCCP and intends to undertake appeal actions to challenge the above decision,
- in terms of non-compliance with regulations, 6 penalties were imposed on one of the BNP Paribas Leasing Solutions Group companies for breach of Article 140mb of the Road Traffic Act (notifications of disposal/acquisition of vehicles) for a total amount of PLN 5,200,
- in terms of data regarding the protection of personal data, the Group companies have not received substantiated complaints regarding leaks, theft or loss of data,
- there were no reports of non-compliance with regulations and/or voluntary codes concerning marketing communications (including advertising, promotion and sponsorship),
- there were no fines or non-financial sanctions for non-compliance with laws and/or regulations regarding environmental protection.

New regulations for the banking sector with a significant influence on the Bank's performance in 2022

Regulation	Effective date	Description
Act of 7 July 2022 on the crowdfunding of business ventures and on assistance for borrowers	29 July 2022	<p>In addition to regulating crowdfunding, the Act introduces a number of changes affecting borrowers, as well as amendments to the Act on Trading in Financial Instruments and the Commercial Companies Code. The most significant changes from the Bank's point of view include:</p> <ul style="list-style-type: none"> • Credit moratoria - i.e. the possibility to suspend - at the borrower's request - the repayment of one mortgage taken out to meet his/her own housing needs, for a total period of up to 8 months in 2022 and 2023. During the suspension period, the borrower will only pay the insurance charges associated with this contract; • changes in Borrower Support Fund - involving, on the one hand, simplifications for Customers when submitting applications via the bank's ICT system and, on the other hand, imposing an obligation on banks to make an additional contribution to the Borrowers' Support Fund in the total amount of PLN 1.4 billion; • introduction of a procedure for establishing substitutes for key benchmarks, including in particular the WIBOR index, by means of a regulation of the Minister of Finance, taking into account the recommendations of the Financial Stability Committee and the opinion of the PFSA.
Act of 5 August 2022 amending the mortgage loan act and on oversight over mortgage loan intermediaries and agents, and amending the act on personal income tax, corporate income tax and certain other acts	17 September 2022	<p>Pursuant to the amendment, banks will reimburse all additional costs incurred by borrowers while waiting for a mortgage to be entered into the land and mortgage register. The regulations will apply:</p> <ul style="list-style-type: none"> • to mortgage loan agreements concluded from the effective date of the Act, • to mortgage loan agreements concluded before the Act came into force, if the mortgage securing the loan was not entered into the land and mortgage register before the effective date of the Act. <p>In the case of contracts concluded before the effective date of the Act, the reimbursement of the additional cost of the mortgage loan or credit towards the repayment of the mortgage loan takes place within 60 days from the registration of the mortgage.</p>



Other regulatory changes affecting the banking sector coming into force in 2022

- Regulation of the Prime Minister of 30 December 2021 on payments to cover the costs of bank supervision
- Act of 27 January 2022 amending the Act - Code of Civil Procedure
- Regulation of the Minister of Finance of 18 February 2022 on the transfer in the form of obligations to pay contributions to the Bank Guarantee Fund by banks, branches of foreign banks, investment companies, cooperative savings and credit associations and the National Association of Cooperative Savings and Credit
- Regulation of the Minister of Health of 17 March 2022 on loans for medical studies
- Regulation of the Minister of Finance of 18 March 2022 amending the Regulation on higher risk weights for exposures secured by real estate mortgages
- Act of 13 April 2022 on special solutions to prevent support for aggression against Ukraine and to protect national security
- Act of 5 August 2022 on the carbon allowance
- Act of 6 October 2022 on amending laws to counter usury
- Resolution No. 402/2022 of the Polish Financial Supervision Authority of 19 October 2022 on issuing Recommendation A on banks' risk management related to derivatives activities
- Act of 1 December 2022 amending the Act on the processing of complaints by financial market entities and the Financial Ombudsman and certain other acts
- Regulation (EU) 2022/2554 of the European Parliament and of the Council of 14 December 2022 on digital operational resilience for the financial sector and amending Regulations (EC) No 1060/2009, (EU) No 648/2012, (EU) No 600/2014, (EU) No 909/2014 and (EU) 2016/1011



Corporate governance

Statement of the Management Board of compliance with corporate governance principles

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Grażyna Juszczak, Lead IT Analyst



Compliance with corporate governance principles in 2022

Legal and regulatory bases of corporate governance

The corporate governance in force at BNP Paribas Bank Polska S.A. results from legal acts (in particular the Code of Commercial Companies, the Banking Law and regulations governing the functioning of the capital market) and the recommendations contained in the following documents: "Best Practice for WSE Listed Companies", "Principles of Corporate Governance for Supervised Institutions".

Pursuant to § 70 sec. 6 point 5) of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information published by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (consolidated text: Journal of Laws of 2018, item 757), the Management Board of BNP Paribas Bank Polska S.A. presents the following information regarding compliance with corporate governance principles in 2022.

The binding set of corporate governance principles to which the Bank was subject

Principles of corporate governance for supervised institutions

The Bank is subject to the "Principles of Corporate Governance for Supervised Institutions" issued by the Polish Financial Supervision Authority on 22 July 2014. This document defines the internal and external relations of supervised institutions, including relations with shareholders and Clients, their organization, the functioning of internal supervision and key internal systems and functions, the functioning of statutory bodies and the principles of their cooperation. These rules are available on the website of the Polish Financial Supervision Authority at: https://www.knf.gov.pl/dla_rynku/regulacje_i_praktyka/zasady_ladu_korporacyjnego.

The principles of corporate governance for supervised institutions were adopted by the Bank's Management Board and the Supervisory Board in December 2014 and the General Meeting in February 2015.

The Bank's position on the application of Principles of Corporate Governance for Supervised Institutions was updated in 2022 and expressed in the Resolution of

the Bank's Management Board of 17 February 2022, then confirmed by the Supervisory Board on 2 March 2022 and adopted by the General Shareholders Meeting on 22 June 2022. It is published on the Bank's website: <https://www.bnpparibas.pl/relacje-inwestorskie/lad-korporacyjny/zasady-ladu-korporacyjnego-knf>.

BNP Paribas Bank Polska S.A. declares that it has adopted and complies with all the "Principles of Corporate Governance for Supervised Institutions" issued by the Polish Financial Supervision Authority.

The Bank's annual statement on the compliance with Principles of Corporate Governance for Supervised Institutions is also included in the Reports on the activities of the Supervisory Board together with the assessments indicated in principle 2.11 of the Best Practice for WSE Listed Companies 2021 and the assessment of the Bank's Compliance with the Principles of Corporate Governance for Supervised Institutions of 22 July 2014, issued by the Polish Financial Supervision Authority.

Best Practice for WSE Listed Companies

As of 1 July 2021, new corporate governance rules came into force: "Best Practice for WSE Listed Companies 2021" ("Best Practices", "DPSN 2021"), adopted by the Exchange Supervisory Board by Resolution No. 13/1834/2021 of 29 March 2021, replaced the set of "Best Practices of WSE Listed Companies 2016".

The content of the Best Practice for WSE Listed Companies 2021 is available on the WSE website at the following link: <https://www.gpw.pl/dobre-praktyki>.

By Resolution 49/BZ/42/2021 of 30 July 2021, the Management Board of the Bank adopted a set of principles entitled "Best Practice for WSE Listed Companies 2021". Subsequently, the Extraordinary General Meeting of the Bank adopted the principles contained in the document "Best Practices of WSE Listed Companies 2021" by Resolution No. 3 of 4 January 2022.

Information on the application of the "Code of Best Practice for WSE Listed Companies", including all EBI reports, is available on the Bank's Investor Relations website (<https://www.bnpparibas.pl/relacje-inwestorskie/lad-korporacyjny/dobre-praktyki-spolek-notowanych-na-gpw>).

The status of application of the "Best Practices of WSE Listed Companies 2021" at the Bank is subject to constant verification. As at the date of publication of this Report, the Bank applied all the rules set out in the Best Practice for WSE Listed Companies 2021, with the exception of rule 2.1.

- **Principle 2.1.:** "The company should have a diversity policy towards the management board and the supervisory board, adopted by the supervisory board or the general meeting, respectively. The diversity policy defines the objectives and criteria of diversity in areas such as gender, field of education, specialist knowledge, age and professional experience, as well as indicates the date and method of monitoring the achievement of these goals. In terms of gender diversity, the diversity of boards shall ensure that the minority share of the board is not lower than 30%."

The Bank has a diversity policy, which formally forms part of the policy of assessing the suitability of members of the Supervisory Board of BNP Paribas Bank Polska S.A. and, in the case of members of the Management Board, is part of the policy of assessing the suitability of members of the Management Board and persons performing key functions in BNP Paribas Bank Polska S.A.

The use of criteria ensuring diversity in the Bank's bodies is a legally binding requirement resulting from specific legal regulations and EBA (European Banking Authority) Guidelines applicable to banks. The Bank is an entity regulated and supervised by the Polish Financial Supervision Authority. The correctness and quality of the application of the diversity policy is monitored, among others, as part of the verification by the PFSA of individual and collective suitability assessments. When selecting persons for the Company's governing bodies and key functions, the Bank takes into account, amongst others the criteria of reputation, honesty and ethics, devoting sufficient time, lack of conflict of interest, independence of judgement and knowledge, skills and experience of candidates.

In its suitability assessment policy, the Bank ensured the promotion of diversity in the Management Board, the Supervisory Board and, in the case of the most important functions, from the moment of constructing a diverse pool of candidates, in order to reach a wide range of characteristics and competences of Members of the Management Board and the Supervisory Board and to gain different points of view and experience and to enable independent opinions and reasonable decisions to be issued by the Company's governing bodies. Diversity



is ensured by the Bank through Inclusion in the processes of appointing and assessing the suitability such criteria as: gender, education and professional experience, specialist knowledge, age, geographical origin.

The Bank attaches great importance to the real implementation of diversity, including ensuring the appropriate participation of women in the Bank's bodies. The Bank has made a strategic decision, reflected in its diversity policy, that by 2025 it will ensure the share of 30% of women on the Bank's Management Board and ensure that the share of women on the Supervisory Board will not be lower than 30%.

At the end of 2022, the share of women in the Supervisory Board was 41.7% and in the Bank's Management Board 22.2% respectively.

Compliance with the principle of diversity is monitored not only at the level of the Bank's governing bodies, but also at the level of managerial positions. At the end of 2022, the share of women in top management positions other than the Management Board (Managing Director, Executive Director, Tribe Leader) was 37%.

Due to the fact that as of the date of publication of this report on the application Best Practice of WSE, the share of women in the Bank's Management Board has not reached the target level of 30%, the Bank prudently reports that it does not apply the above principle.

In the case of several principles that concerned repetitive processes, and which, according to the information presented for 2021, were not implemented earlier, the Bank declares their application. The activities necessary to ensure compliance were carried out in 2022. This applies in particular to the following principles:

- **Principle 1.4.:** "In order to ensure proper communication with stakeholders within the scope of the adopted business strategy, the company publishes on its website information on the principles of its strategy, measurable goals, including in particular: long-term goals, planned activities and progress in their implementation, determined by financial and non-financial measures. Information on ESG strategies should amongst others:

Principle 1.4.2: "present the value of the equal pay index paid to its employees, calculated as a percentage difference between the average monthly salary (including bonuses, awards and other allowances) of women and men for the last year, and provide information on the actions taken to eliminate possible

inequalities in this area, together with a presentation of the risks associated with it and the time horizon in which equality is planned to be achieved".

By implementing best market practices in 2020, BNP Paribas Bank Polska S.A. measured the wage gap for the first time. After analysing the results, systemic and dedicated actions and recommendations were taken to reduce the level of the pay gap, including the annual remuneration review process. The Equal Remuneration Index is measured according to the Bank's internal methodology, which takes into account total remuneration based on homogeneous groups of employees (created taking into account the area of employment and grade). The level of the ratio is provided in the annual report of the Bank's Group and on the Bank's website describing the CSR and sustainable development strategy. The Bank takes into account the assumed reduction of the GPGR index in the Bank's strategy published in the first quarter of 2022.

- **Rule 2.11.:** "In addition to the activities resulting from the law, once a year the supervisory board prepares a report and presents it to the annual general meeting for approval. The report referred to above shall include at least:

Rule 2.11.1.: "information on the composition of the board and its committees, indicating which of the board members meet the independence criteria set out in the Act of 11 May 2017 on statutory auditors, audit firms and public supervision, and which of them do not have real and significant relations with a shareholder holding at least 5% of the total number of votes in the company, as well as information on the composition of the supervisory board in terms of its diversity;"

Rule 2.11.4.: "assessment of the company's application of corporate governance principles and the manner of fulfilling the disclosure obligations regarding their application specified in the Exchange Rules and regulations on current and periodic information published by issuers of securities, together with information on the actions taken by the supervisory board to make this assessment;"

Principle 2.11.5: "assessment of the justification of the expenditure referred to in the Principle 1.5" (expenditure incurred on sponsorship and charity);

Principle 2.11.6.: "information on the degree of implementation of the diversity policy in relation to the management board and supervisory board, including the achievement of the objectives referred to in principle 2.1."

The above principles are applied and reflected in the Annual Report on the activities of the Supervisory Board for 2021 and approved by the Ordinary General Meeting of Shareholders in 2022.

After the adoption of DPSN 2021 by the EGM of BNP Paribas Bank Polska S.A. on 4 January 2022 (resolution no. 3), the Bank also reports compliance with the following Principles, to which until 4 January 2022 for formal reasons (no possibility of earlier adoption of DPSN 2021 for application by the AGM), the Bank reported the lack of application:

- **Rule 4.8.:** "Draft resolutions of the general meeting on matters introduced into the agenda of the general meeting should be submitted by shareholders no later than 3 days before the general meeting."
- **Rule 4.9.1.:** "candidacies for board members should be submitted in time to allow shareholders present at the general meeting to make decisions with due consideration, but not later than 3 days before the general meeting; Applications, together with a set of materials concerning them, should be immediately published on the company's website;"

The Management Board of the Bank declares that in 2022 the Bank and its bodies complied with the principles of corporate governance specified in the "Best Practice for WSE Listed Companies" to the extent reported by the Bank. In the period covered by this report, no cases of violation of the Corporate Governance Principles reported by the Bank were found.

The Management Board of the Bank declares that in 2022 the Bank and its bodies complied with the corporate governance principles set out in the "Principles of corporate governance for supervised institutions" and specified in the "Best Practices of WSE Listed Companies" to the extent adopted and reported by the Bank. In the period covered by this report, no cases of violation of the Corporate Governance Principles reported by the Bank were found.



Shares and shareholders

Shareholder structure

The table below presents the Bank's shareholding structure as of 31 December 2022, specifying shareholders who held at least 5% of the total number of votes at the General Meeting

Table 107. Shareholder structure

Shareholder	Number of shares	% interest in share capital	Number of votes at the General Shareholders' Meeting	% Share in the number of votes at the General Shareholders' Meeting
BNP Paribas, in total:	128,991,553	87.40%	128,991,553	87.40%
<i>BNP Paribas directly</i>	<i>93,501,327</i>	<i>63.35%</i>	<i>93,501,327</i>	<i>63.35%</i>
<i>BNP Paribas Fortis SA/NV directly</i>	<i>35,490,226</i>	<i>24.05%</i>	<i>35,490,226</i>	<i>24.05%</i>
Other shareholders	18,601,597	12.60%	18,601,597	12.60%
Total	147,593,150	100.00%	147,593,150	100.00%

As of 4 April 2022, the Bank's share capital amounts to PLN 147,593 thousand. The capital consists of 147,593,150 shares with a nominal value of PLN 1 each, including

- series A – 15,088,100 shares,
- series B – 7,807,300 shares,
- series C – 247,329 shares,
- series D – 3,220,932 shares,
- series E – 10,640,643 shares,
- series F – 6,132,460 shares,

- series G – 8,000,000 shares,
- series H – 5,002,000 shares,
- series I – 28,099,554 shares,
- series J – 2,500,000 shares,
- series K – 10,800,000 shares,
- series L – 49,880,600 shares,
- series M – 174,232 shares.

Four B series shares are preference shares. This privilege includes the right to obtain payment of the full nominal amount per share in the event of liquidation of the Bank after satisfaction of creditors, in the first place - before the payments attributable to ordinary shares, which due to the exercise of the preference may not cover the nominal sum of the shares.

The total number of votes resulting from all shares of the Bank is 147,593,150 votes. The number of votes resulting from series M shares allotted in 2022 is 74,368 votes, and the total number of votes resulting from the series M shares allotted is 174,232 votes.

The value of conditional share capital increase after the issue of series M shares is PLN 401,768

Changes in the shareholding structure in 2022

On 4 April 2022, the Bank's share capital was increased from PLN 147,518,782 to PLN 147,593,150 as a result of taking up 74,368 series M shares in exercise of rights attached to previously acquired registered A2 series subscription warrants.

BNP Paribas investor commitment on Bank's share liquidity

According to the commitment made by BNP Paribas SA – the main shareholder of the Bank – to the Polish Financial Supervision Authority, submitted on 14 September 2018, the number of the Bank's shares in free float should be increased to at least 25% plus one share by the end of 2023 at the latest.

Bank's shares owned by members of the Management Board and members of the Supervisory Board

A summary of the Bank's shares and rights to shares by the members of the Bank's Management Board and Supervisory Board as of the date of submitting the report for Q3 2022 (10 November 2022) and the report for 2022 (1 March 2023) is presented below.

The ownership of the Bank's shares and rights to shares by individual members of the Management Board has not changed since the date of publication of the previous report, i.e. 10 November 2022.

Table 108. Number of shares/subscription warrants held by members of the Bank's Management Board

Bank's Management Board member	shares ¹ 10.11.2022	subscription warrants ² 10.11.2022	shares ¹ 1.03.2023	subscription warrants ² 1.03.2023
Przemysław Gdański	17,137	9,336	17,137	9,336
Jean-Charles Aranda	2,338	3,002	2,338	3,002
André Boulanger	3,129	7,081	3,129	7,081
Przemysław Furlepa	2,722	4,076	2,722	4,076
Wojciech Kembłowski	3,195	4,050	3,195	4,050
Kazimierz Łabno	1,862	2,285	1,862	2,285
Magdalena Nowicka	0	2,046	0	2,046
Volodymyr Radin	895	1,230	895	1,230
Agnieszka Wolska	0	614	0	614

1) series M shares subscribed on 4.04.2022 in the exercise of rights attached to A2 series warrants (subscription warrants of registered A2 series subscription warrants took place on 25.03.2021; one warrant entitled to subscribe for one ordinary bearer series M share of BNP Paribas Bank Polska S.A., at the issue price of PLN 1.00 per share); in the case of Mr. Przemysław Gdański, the number of series M shares subscribed for in exercise of the rights arising from the A2 series warrants was 9,148, the number of series M shares acquired in exercise of the rights arising from the A1 series warrants was 7,489, the number of shares purchased on the WSE stock market was 500.

2) series A3 subscription warrants subscribed on 25/03/2022 - one A3 series warrant entitles to subscribe for one ordinary bearer series M share of BNP Paribas Bank Polska S.A., at the issue price of PLN 1.00 per share

Members of the Bank's Supervisory Board did not declare their holding of shares/rights to the Bank's shares as of 31 December 2022 and as of the date of publication of this report, i.e. 1 March 2023, which has not changed since the date of submitting the report for Q3 2022, i.e. 10 November 2022.



Statutory bodies of the Bank

General Shareholders' Meeting

[2-15]

Procedures of the General Shareholders' Meeting and its key powers

The procedures of the General Shareholders' Meeting and its key powers are specified in the generally applicable regulations of the Code of Commercial Companies and the Banking Law, as well as the Bank's internal documents - the Bank's Statute and the Regulations of the General Meeting of BNP Paribas Bank Polska S.A., taking into account the "Best Practice for WSE Listed Companies" and the "Principles of corporate governance for supervised institutions". The above corporate documents are available on the Bank's website: <https://www.bnpparibas.pl/relacje-inwestorskie/lad-korporacyjny/dokumenty-banku>

General Meetings of Shareholders are held as ordinary and extraordinary. The Annual General Meeting is held once a year, no later than within 6 months after the end of each financial year. The Extraordinary General Meeting is convened, if necessary, by the Management Board of the Bank on its own initiative or at the request of the Supervisory Board, or at the request of a shareholder or shareholders representing jointly at least 5% of the share capital.

The General Meeting makes decisions on matters which, in accordance with the law and internal regulations of the Bank, are reserved to the competence of the General Meeting. In particular, the subject of the General Meeting is:

- consideration and approval of the Management Board's Report on the Bank's activities and the financial statements for the previous financial year,
- consideration and approval of the Management Board's report on the banking activities of the Group and the consolidated financial statements of the banking Group for the previous financial year,
- adoption of a resolution on the distribution of profit or coverage of loss,
- granting a vote of approval to the members of the Bank's governing bodies for the performance of their duties,
- amending the Bank's Statute,

- appointment and dismissal of members of the Supervisory Board - one of the criteria for assessing suitability is the verification of a possible conflict of interest. The General Shareholders' Meeting receives a report with a summary of the assessment, which includes the necessary information on the results of the suitability assessment, including information on conflicts of interest. The document is available to the public,
- determining the principles of remuneration and remuneration of members of the Supervisory Board,
- increasing or decreasing the Bank's share capital,
- issuing convertible bonds and bonds with pre-emptive rights to subscribe for the Bank's shares, as well as subscription warrants,
- redemption of shares and determination of detailed conditions for such redemption,
- merger or liquidation of the Bank, selection of liquidators and manner of liquidation.

The Company convenes the General Meeting by means of an announcement published on the website of Bank <https://www.bnpparibas.pl/relacje-inwestorskie/walne-zgromadzenie> - at least 26 days before the date of the General Meeting. Together with the Announcement on convening the General Meeting, draft resolutions (reviewed by the Supervisory Board), justifications for resolutions and other materials submitted to the General Meeting are made available on the Bank's website. The dates on which the above materials are made public allow the participants of the General Meeting to familiarize themselves with them in detail.

The Bank enables shareholders to participate in the General Meeting using electronic means of communication, providing real-time two-way broadcast (enabling shareholders to speak during the General Meeting) and exercising their voting rights during the General Meeting in person or by proxy. Detailed rules for participation in the General Meeting by means of electronic communication are specified in the "Rules of Participation in the General Meeting of BNP Paribas Bank Polska SA via Electronic Communication".

Voting takes place using an electronic system of casting and counting votes, which ensures that votes are cast in the amount corresponding to the number of shares held. Each share gives the right to one vote. In the case of secret voting, the system ensures the confidentiality of information. The voting right shall be exercised by the shareholders in person or by proxy.

The Bank also enables the participation of media representatives in the General Meeting.

The proceedings of the General Meeting are broadcast in real time via the Internet, and the recording of the broadcast is published on the Bank's website in the tab dedicated to a given General Meeting. Information on the planned transmission of the General Meeting is announced at the time of publication of the Announcement on convening the General Meeting.

General Shareholders' Meetings held in 2022 r.

4 January 2022 - the Extraordinary General Shareholders' Meeting of the Bank (hereinafter: EGM), which, apart from resolutions of an order nature, adopted:

- the principles contained in the "Best Practice for WSE Listed Companies 2021" to be applied by the Bank,
- Policy of appointing and dismissing members of the Supervisory Board of BNP Paribas Bank Polska S.A.,
- updated Policy for the assessment of adequacy of members of the Supervisory Board of BNP Paribas Bank Polska S.A.,
- amendments to the Remuneration Policy for Members of the Supervisory Board and the Policy for Remuneration of Persons Who Have a Significant Impact on the Risk Profile (including Members of the Bank's Management Board),
- amendments to the Banks Statute and the Regulations of the Bank's General Meeting, adapting documents to the current provisions of the Banking Law and the rules resulting from the "Best Practice for WSE Listed Companies 2021".

27 June 2022 - the Annual General Meeting of the Bank (hereinafter: AGM), which, apart from resolutions of an order nature:

- approved the statements and annual reports submitted by the Management Board and the Supervisory Board, as required by law. Amongst others: Financial statements, Report on the Bank's activities and ESG report presenting non-financial information for 2021,
- resolved to distribute the profit for 2021 (decided to transfer the entire net profit of PLN 184.52 million to reserve capital),
- granted a vote of approval to the members of the Management Board and the Supervisory Board for the performance of their duties in 2021,



- adopted a periodic assessment of the individual and collective adequacy of the members of the Supervisory Board and the assessment of the adequacy of the Bank's internal regulations concerning the functioning of the Supervisory Board and its effectiveness,
- adopted an independent assessment of the application of the remuneration policy at BNP Paribas Bank Polska S.A. in 2021 submitted by the Supervisory Board and the report on the remuneration of members of the Supervisory Board and members of the Management Board of BNP Paribas Bank Polska S.A. in 2021,
- adopted a resolution on determining the remuneration of members of the Supervisory Board,
- adopted resolutions on the continuation of the incentive program (implemented in 2020), based on the Bank's own shares, to be granted to persons having a significant impact on the Bank's risk profile as a component of variable remuneration. As part of the continuation of the above-mentioned incentive program, a new issue of series N shares was planned,
- accepted information on the Bank's compliance with the "Principles of Corporate Governance for Supervised Institutions" issued by the Polish Financial Supervision Authority.

Essential rights of shareholders and the method of their execution

The rights of shareholders are defined in the Regulations of the Bank's General result from the provisions of the Code of Commercial Companies. Here are the most important rights of shareholders:

- a shareholder has the right to participate in the profit shown in the financial statements, audited by a certified auditor, which was allocated by the General Meeting for distribution to shareholders,
- a shareholder has the right to participate in the General Meeting and exercise the right to vote in person or through proxies,
- a shareholder may participate in the General Meeting using electronic means of communication (may speak during the General Meeting and exercise the right to vote during the General Meeting in person or by proxy). Detailed rules for participation in the Bank's General Meeting by means of electronic communication are set out in „ Rules of Participation in the General Meeting of BNP Paribas Bank Polska S.A. via Electronic Communication”,

- a shareholder or shareholders representing jointly at least 5% of the Bank's share capital may request that an Extraordinary General Meeting be convened as well as that specific matters be placed on the agenda of the General Meeting,
- shareholders representing at least half of the Bank's share capital or at least half of the total number of votes in the Bank may convene an Extraordinary General Meeting. The shareholders shall appoint the chairman of the meeting,
- a shareholder has access to the list of shareholders. may view the list of shareholders at the Bank's registered office, request a copy of the list or request that the list of shareholders be sent to it by e-mail,
- the shareholder has the right to receive copies of motions on matters included in the agenda of the General Meeting within one week before the date of the General Meeting and request that the Management Board of the Bank provide information on matters included in the agenda of the General Meeting, subject to exceptions specified the Code of Commercial Companies,
- a shareholder has the right to view the books of minutes of the General Meeting and request copies of resolutions certified by the Bank's Management Board,
- a shareholder has the right to request a secret voting,
- a shareholder has the right to object to the adopted resolution and appeal against resolutions of the General Meeting in cases and subject to exceptions specified in the Code of Commercial Companies (action to repeal a resolution or an action to declare a resolution invalid),
- a shareholder has the right to ask questions and request the Management Board to provide information on matters included in the agenda of the General Meeting in the cases and subject to exceptions specified in the Code of Commercial Companies.

Procedure for amending the Bank's Statute

Each amendment to the Bank's Statute requires a resolution of the General Meeting and entry in the register of entrepreneurs of the National Court Register. The amendment to the Statute also requires the permission of the Polish Financial Supervision Authority, which is referred to in "Article 34 paragraph 2 of the Act of 29 August 1997 – Banking Law (consolidated text: Journal of Laws of 2016, item 1988)". Motions of the Bank's Management Board regarding amendments to the Bank's Statute, as well as other matters submitted by the

Bank's Management Board for consideration by the General Shareholders' Meeting, should be previously reviewed by the Bank's Supervisory Board.

Regarding amendments to the Statute, including in particular changes to the Bank's name, registered office, business profile (referred to in § 5 section 2 of the Bank's Statute), increase or decrease of the Bank's share capital, issue of convertible bonds and bonds with priority rights to acquire the Bank's shares, as well as subscription warrants, as well as liquidation or dissolution of the Bank, sale of all or part of a banking enterprise - resolutions of the General Shareholders' Meeting are adopted by a majority of 3/4 votes cast. A resolution on the merger of the Bank with another bank or credit institution requires a resolution of the General Shareholders' Meeting adopted by a majority of 2/3 of votes (§ 13 section 2 of the Bank's Statute).

In accordance with § 20 par. 1, point 1m) of the Bank's Statute, immediately after the General Shareholders' Meeting adopts resolutions introducing amendments to the Bank's Statute, the Supervisory Board shall determine the consolidated text of the Statute and shall be responsible for introducing other editorial changes specified in resolutions of the General Meeting.

Amendments to the Bank's Statute in 2022

1. Pursuant to Resolution No. 7 of the Extraordinary General Meeting of 4 January 2022, the following changes were made to the Bank's Statute:
 - § 6a The current text shall be marked as section 1 and a new section 2 shall be added as follows:

"The Bank may provide to companies related to the Bank or the parent company of the Bank services related to the use of the Bank's IT systems, infrastructure and technologies, including data processing services, ICT security services, information processing security services, maintenance software and IT infrastructure services and consulting services in this respect."
 - § 20 section 1 point 1) (b) shall be replaced by the following:

"appointing and dismissing members of the Bank's Management Board and approving the internal division of responsibilities among members of the Management Board,"
 - § 21 sec. 1 shall be replaced by the following:



"The Bank's Board of Directors consists of four to nine members. The members of the Management Board shall be appointed for a joint term of three years."

- § 21 sec. 3 shall be replaced by the following:

"Members of the Management Board should have knowledge, skills and experience appropriate to their functions and duties and provide assurance that these duties are properly performed."

- § 26 sec. 1 and 2 shall be replaced by the following:

'1. Declarations of will on behalf of the Bank shall be made by:

- 1) two members of the Management Board acting jointly or one member of the Management Board together with a proxy or proxy acting within the limits of the granted power of attorney,
- 2) two proxies acting jointly,
- 3) proxies acting alone or jointly within the limits of the powers of attorney granted.

2. A joint proxy shall be granted at the Bank, authorizing to act jointly with another proxy or a member of the Management Board."

- § 33 sec. 1 point 5) shall be replaced by the following:

"Circular letters from executive directors, managing directors of the Bank and other persons holding positions equivalent to managing directors,"

- § 33 sec. 1 point 9) shall be replaced by the following:

„Internal regulations of the areas (in the case of such a decision is made by the President of the Management Board, if the area is managed by the Executive Director) divisions/ other organizational forms equivalent to the divisions/basic organizational units of the Bank's Head Office issued by supervising members of the Management Board/executive directors."

- § 33 sec. 2 point 5) shall be replaced by the following:

"executive directors, managing directors and other persons holding positions equivalent to the managing directors of the Bank and the director of the Brokerage House – in relation to subordinate units, organizational units or other organizational forms, including issuing specimen forms and forms and official instructions,"

2. Pursuant to Resolution No. 39 of the Ordinary General Meeting of 27 June 2022, the Bank's Statute was amended as follows:

after § 29a of the Bank's Statute, a new § 29b shall be added as follows:

- a. "1. Pursuant to "Resolution No. 39 of the Ordinary General Shareholders' Meeting of the Bank of 27 June 2022 on the issue of subscription warrants, conditional share capital increase through the issue of series N shares, depriving the existing shareholders of the right to acquire subscription warrants and the right to acquire series N shares, amending the Statute and applying for admission of series N shares to trading on the regulated market", the Bank's share capital was conditionally increased by no more than PLN 1,200,000 (one million two hundred thousand) by way of issue of no more than 1,200,000 (one million two hundred thousand) ordinary bearer N series shares.

2. The persons entitled to obtain the N series shares are holders of subscription warrants series B1, B2, B3, B4, B5, B6, B7, B8 issued by the Bank on the basis of the Resolution referred to in clause 1 above. The rights to obtain N series shares resulting from these warrants may be exercised on the following dates:

- a) rights resulting from B1 Series Warrants – in the period from 31 March 2024 to 30 September 2024,
- b) rights resulting from B2 Series Warrants – in the period from 31 March 2025 to 30 September 2025,
- c) rights resulting from B3 Series Warrants – in the period from 31 March 2026 to 30 September 2026,
- d) rights resulting from B4 Series Warrants – in the period from 31 March 2027 to 30 September 2027,
- e) rights resulting from B5 Series Warrants – in the period from 31 March 2028 to 30 September 2028,
- f) rights resulting from B6 Series Warrants – in the period from 31 March 2029 to 30 September 2029,
- g) rights resulting from B7 Series Warrants – in the period from 31 March 2030 to 30 September 2030,
- h) rights resulting from B8 series Warrants – in the period from 31 March 2031 to 30 September 2031."

Supervisory Board

[2-9]

Principles of operation of the Supervisory Board

The Supervisory Board of BNP Paribas Bank Polska S.A. operates on the basis of the regulations of the Banking Law, the Code of Commercial Companies, the Bank's Statute and the Rules of the Supervisory Board. The content of the Statute and the Regulations can be found on the Bank's website: <https://www.bnpparibas.pl/relacje-inwestorskie/lad-korporacyjny/dokumenty-banku>.

The Supervisory Board is appointed by the General Shareholders' Meeting for a joint five-year term. The Supervisory Board consists of 12 members. At least half of the members of the Supervisory Board have in-depth knowledge of the banking market in Poland, i.e. they speak Polish and have relevant experience on the Polish market. The mandates of members of the Supervisory Board expire after the end of the term of office on the date of the General Meeting approving the financial statements for the last full year of their function. The mandate of a member of the Supervisory Board appointed before the end of a given term of office of the Supervisory Board expires simultaneously with the expiry of the mandates of the other members of the Supervisory Board. The mandate of a member of the Supervisory Board also expires as a result of death, resignation or dismissal.

The Supervisory Board exercises permanent supervision over the Bank's operations in all aspects of its operations. In particular, it evaluates the Management Board's Reports on the activities of the Bank and the Bank's Capital Group as well as the Financial Statements of the Bank and the Bank's Capital Group for the previous financial year. It checks whether they are consistent with the books, documents and facts. It evaluates the Management Board's proposals concerning the distribution of profit or coverage of loss. At the same time, it supervises the implementation of the internal control system and assesses its adequacy and effectiveness.

[2-14]

The Supervisory Board prepares and presents to the Annual General Shareholders' Meeting an annual report on its activities, including also a summary of the activities of the Supervisory Board Committees. In addition, the Supervisory Board presents to the General Meeting a report on the results of the assessment of the audit of the financial statements (separate and consolidated,



including the Management Board's motion regarding the distribution of profit), the Management Board's report on the activities of the Group and the assessment of the ESG report presenting non-financial information. The Supervisory Board, in addition to assessing the adequacy and effectiveness of the internal control system, simultaneously evaluates the risk management system, compliance assurance and the internal audit function. It also evaluates the application of corporate governance principles, the functioning of the remuneration policy and adequacy policy regarding the election of members of the Management Board or the Supervisory Board and the rationality of the sponsorship and charity policy.

Resolutions of the Supervisory Board are effectively adopted if all members of the Supervisory Board have been notified of the meeting and at least half of the members of the Supervisory Board, including its chairman or vice-chairman, are present at the meeting. Resolutions of the Supervisory Board are adopted by a

simple majority of votes in an open vote. At the request of a member of the Supervisory Board, the Chairman of the Supervisory Board shall be ordered by secret voting. The Supervisory Board may also adopt resolutions in writing, without convening a meeting or using means of direct remote communication, in particular by the means of the telephone, audio-visual or electronic communication.

The Bank's Statute (§ 16 sect. 4) stipulates that at least two members of the Supervisory Board should meet the independence criteria. Independent members of the Supervisory Board should not be related to the Bank, the Bank's shareholders or employees in a way that could materially affect or give rise to a reasonable suspicion that it affects the ability of an independent member of the Supervisory Board to make impartial decisions.

As of 31 December 2022, five members of the Supervisory Board met these criteria: Lucyna Stańczak-Wuczyńska, Jarosław Bauc, Małgorzata Chruściak, Magdalena Dziewguć and Mariusz Warych.

Table 109. Composition of the Supervisory Board as of 31.12.2022 with information on the independence of members

No	Name and Surname	Office held in the Supervisory Board	Supervisory Board Committee			
			Audit Committee	Risk Committee	Remuneration Committee	Nominations Committee
1.	Lucyna Stańczak-Wuczyńska	<i>Chairperson Independent member</i>	Member	Member	Member	Member
2.	Jean-Paul Sabet	Vice-Chairman			Chairperson	Chairperson
3.	Francois Benaroya	Vice-Chairman	Member	Chairperson	Member	Member
4.	Małgorzata Chruściak	Independent member		Member		
5.	Géraldine Conti	Member			Member	Member
6.	Jarosław Bauc	Independent member	Member			
7.	Stefaan Decraene	<i>Member</i>				
8.	Magdalena Dziewguć	Independent member				
9.	Vincent Metz	Member				
10.	Piotr Mietkowski	Member				
11.	Khatleen Pauwels	Member				
12.	Mariusz Warych	Independent member	Chairperson	Member		



Changes in the composition of the Bank's Supervisory Board in the period 1 January – 31 December 2022:

- On November 14, 2022, Mr. Stefaan Decraene resigned from the position of a member of the Supervisory Board effective from December 31, 2022.

The Extraordinary General Meeting of the Bank on 17 January 2023 appointed Mr Grégory Raison as a member of the Bank's Supervisory Board, effective 17 January 2023 until the end of the current five-year joint term of office of the members of the Supervisory Board

[2-12]

In 2022, the members of the Bank's Supervisory Board devoted an appropriate amount of time to perform their duties. The Bank's Supervisory Board held 19 meetings in 2022, including 14 conducted in written form. The Board adopted 75 resolutions. The attendance of the Board members in the meetings was 89%.

In 2022, the Supervisory Board fulfilled its duties resulting from the regulations of law and the Bank's Statute. These obligations are specified in the "Framework Work Plan of the Supervisory Board and Committees operating at the Supervisory Board for 2022". Moreover, the Supervisory Board received current information on the most important events and decisions of the Management Board, thanks to which it had adequate knowledge of the Bank's position, macroeconomic situation and market environment. This way, it was able to assess how these factors influenced the achievement of the assumed results and the Bank's development plans. In 2022, the Supervisory Board adopted amongst others the Strategy of the Bank and the BNP Paribas Bank Polska S.A. Capital Group for 2022-2025.

Table 110. Individual Board member activity in 2022

Lucyna Stańczak-Wuczyńska	Francois Benaroya	Jean-Paul Sabet	Jarosław Bauc	Małgorzata Chruściak	Géraldine Conti
18/19	19/19	18/19	14/19	16/19	18/19
Stefaan Decraene	Magdalena Dzięwguć	Vincent Metz	Piotr Mietkowski	Khatleen Pauwels	Mariusz Warych
15/19	10/19	19/19	17/19	18/19	19/19

* attendance at meetings / number of meetings

Members of the Supervisory Board

[2-11] [2-17]

In accordance with the Bank's Policy on assessing the adequacy of members of the Supervisory Board of BNP Paribas Bank Polska S.A., developed on the basis of the guidelines of the European Banking Authority of 21 March 2018. on the assessment of suitability of members of the management body and persons performing the most important functions (EBA/GL/2017/12) and the Methodology of the Polish Financial Supervision Authority for assessing the suitability of members of the bodies of supervised entities, (published on 27 January 2020) as well as the Banking Law and other legal acts regulating the above-mentioned issues, members of the Supervisory Board are subject to an individual assessment of appropriateness (primary and periodic) and collective adequacy assessment as The Supervisory Board as a whole.

Assessment of individual and collective adequacy is carried out at least once a year and in situations indicated in the Bank's Policy, amongst others in the case of nominating candidates for members of the Supervisory Board (before appointing a given person to perform the function), in the event of a change in the composition of the Supervisory Board or a significant change in the Bank's business model. The Nominations Committee conducts an individual and collective assessment of the adequacy of the Supervisory Board, and the results of the appropriateness assessment are presented by the Supervisory Board to the General Shareholders' Meeting.

Members of the Supervisory Board have diverse expert knowledge, a high level of qualifications, competences, and professional experience. They ensure an appropriate level of collective supervision over all areas of the Bank's operations and guarantee a broad and comprehensive representation of views on the evaluation of the work of the Bank's Management Board and the functioning of the Bank. The chair of the Supervisory Board is not a member of the management team.

1. Lucyna Stańczak-Wuczyńska – Chairperson of the Supervisory Board (independent member)

A graduate of Economics at the Warsaw School of Economics, Faculty of Finance and Statistics and post-graduate Advanced European Studies at the College of Europe in Bruges, Belgium. Since the beginning of her nearly 30- year professional career, Ms Lucyna Stańczak-Wuczyńska has been involved in banking. In 1992-1995 she worked at IBP Bank S.A. in corporate banking, then in 1995-1997 in Credit Lyonnais Bank Polska, in corporate finance. In 1997 she

became Vice President of the Structured Finance Department at ABN Amro Bank Polska. Between 2000-2020 she has been associated with the European Bank for Reconstruction and Development ("EBRD"), initially as a Senior Banker responsible for investments in the energy and infrastructure sector, and since 2008 as EBRD Country Director in Poland. Since 2014, she has been Regional Director of EU-Banks, Financial Institution, Central and Southern Europe region . with a portfolio of equity and debt investments in banks and financial institutions exceeding EUR 4 billion. In her professional career, Ms. Lucyna Stańczak-Wuczyńska has held a number of corporate governance positions, has been a member (or observer) of Supervisory Boards and a member of Audit and Risk Committees at Polkomtel Sp. z o.o., Alior Bank S.A., Polskie Inwestycje Rozwojowe, among others, currently at Erste Bank, Hungary and is a member of the Advisory Board private equity funds. Since December 2020, she has been a member, then Vice-Chairman and now Chairman of the Supervisory Board of BNP Paribas Bank Polska S.A. For the past 2 years, Lucyna Stanczak-Wuczyńska has also advised Private Equity, Actis, Global Emerging Market Fund and Pollen Street Capital Fund in London. Last year she was appointed to the supervisory board of Banca Transylvania, the largest bank in Romania in terms of assets. Sustainability and Green Economy Transition topics have always been an important area of interest in her professional work. She has been involved in project finance related to renewable energy, energy efficiency, low carbon, sustainable finance, green bond investing, SLB, and ESG topics in the area of corporate governance and reporting.

Lucyna Stańczak-Wuczyńska is also the chairperson of the Chapter Zero Poland Council (part of the Climate Governance Initiative). It is a program for the development of competences of supervisory and management bodies of companies. It was created by the World Economic Forum. The aim of the Polish initiative is to raise awareness of the consequences of climate change for companies and the impact of business on the climate. Chapter Zero Poland was launched in May 2021 by the Responsible Business Forum in substantive partnership with Deloitte Polska.



2. Jean-Paul Sabet – Vice-Chairman of the Supervisory Board

A graduate of the French business school Hautes Etudes Commerciale in Paris. He started his career in Paribas Group companies, including the Industrial Department at Paribas S.A. and the Private Equity Department. He was a member of the boards of companies from the Paribas Group. From 1996 to 1998 he was Executive Director and Member of the Board of Directors at Société Centrale d'Investissements. Then he was a member of the Management Board of Klépierre S.A. (a company that specializes in commercial real estate investments). From 2004 to 2006 he was a member of the Executive Committee of BNP Paribas Group Retail Banking in France, where he was responsible for finance and strategy. From 2006, he worked at Banca Nazionale del Lavoro S.P.A. in Italy, where he supervised the integration process of this company with the BNP Paribas Group, then in 2008-2009 he was the Chief Operating Officer (COO) in this company. Since 2010, he has worked in the International Retail Banking (hereinafter: IRB) area, including retail banking of the BNP Paribas Group outside the euro area. In the years 2013 - 2021 he was the deputy director of the IRB, exercising control over the strategy and development of this segment. He supervised amongst others retail banking in Central and Eastern Europe and Asia. In addition, he is a member of the supervisory board of BMCI in Morocco (since 2017), a member of the supervisory board of L.D.C. S.A. in France (since 1988), a member of the Supervisory Board of TEB Holding A.S. in Turkey (since 2010). He was Chairman of the Supervisory Board of BNP Paribas Bank Polska in 2013-2015. In the years 2014-2015 he was the Chairman of the Supervisory Board of BNP Paribas Bank Polska S.A. (then: BGŻ S.A.), and then became its vice-chairman.

3. Francois Benaroya – Vice-Chairman of the Supervisory Board

A graduate of the École Polytechnique and the École Nationale de la Statistique et de l'Administration Economique in Paris. Additionally, he holds a Master's degree in Economics from Tilburg University (the Netherlands). He is also a graduate of the Kennedy School of Government at Harvard University. He started his professional career in 1994 at the Ministry of Finance in France as the Deputy Director of the Emerging Markets Department. Then he was an economic advisor on Russia and the Commonwealth of Independent States at the French Embassy in Moscow. In the years 1999-2001 he was the director of the Department of International Trade Analysis at the Ministry of Economy, Finance, and Industry in France. Then he was Deputy Director of the Cabinet of the Minister for European Affairs. He has been associated with the BNP Paribas Group since 2004, when he took the position of Deputy Director for Corporate Banking Development. In

2007-2011 he worked for Ukrsibbank - a Ukrainian bank in the BNP Paribas Group - as Deputy Director of the Retail Banking Division, and then the Director of this Division and Vice-President of the Bank's Management Board. Subsequently, he was the Director of Retail Banking of the BNP Paribas Group's International Retail Banking business line. In 2014, he became the Managing Director for the Integration of BNP Paribas Bank Polska and Bank BGŻ. From April 2015, he was a Vice-President of the Management Board of BNP Paribas Bank Polska S.A. Initially, he was responsible for the Integration Area, and from September 2015 for the Retail and Business Banking Area. Since September 2017, he has been a member of the IRB management at BNP Paribas Group (current name: Europe Mediterranean - BNP Paribas), where he is responsible for Central and Eastern Europe and Turkey. In addition, he is the Chairman of the Supervisory Board of Ukrsibbank and a member of the Supervisory Board of TEB AS. Since 2018, he has been a member of the supervisory board of BNP Paribas Bank Polska S.A. and currently the vice-chairman.

4. Jarosław Bauc – Independent Member of the Supervisory Board

A graduate of the University of Łódź and the University of Windsor in Ontario, Canada. He completed internships at the London School of Economics and at the Wirtschafts-Universität Wien. In the years 1982-1991, as a doctor of economic sciences, he was a researcher at the University of Łódź. In the years 1992-1997 he was an advisor and project manager at the Center for Social and Economic Research (CASE). In 1995 he was a consultant to the National Bank of Estonia. In 1996 he was an advisor to USAID at the Ministry of Finance in Mongolia, in 1997 in Romania and in 2000 in Georgia. In the years 1998-2000 he was Secretary of State and First Deputy of the Polish Minister of Finance. In the years 1998-2000 he was a member of the Monetary Policy Council. In the years 2000-2001 he was the Minister of Finance of the Republic of Poland. He was a member of management and supervisory boards of many companies. In the years 2002-2003 he was the President of the Management Board of Powszechne Towarzystwo Emerytalne Skarbiec-Emeryta, in the years 2004-2005 – Skarbiec Investment Management, in the years 2004-2005 – Skarbiec Asset Management Holding, in the years 2004-2006 – Skarbiec Towarzystwo Funduszy Inwestycyjnych. In the years 2006-2007 and 2008-2011 he was the President of the Management Board and CEO of Polkomtel, then – a member of the Management Board of this company. In 2013, he was the Vice-President of the Management Board of HAWA. Then, in the years 2013-2015, he was the Vice-President of the Management Board of Polskie Górnictwo Naftowe i Gazownictwa SA. He has been associated with the BNP Paribas Group since 2010. In September 2014, he was appointed to

the Supervisory Board of BNP Paribas Bank Polska S.A. (then: BGŻ S.A.). Until December 2020, he was the Vice-Chairman of the Supervisory Board of BNP Paribas Bank Polska S.A., currently he is a member of the Supervisory Board.

5. Małgorzata Chruściak – Member of the Supervisory Board

A graduate of the Faculty of Law and Administration at the University of Warsaw and postgraduate studies in coaching and mentoring at SWPS University of Social Sciences and Humanities and the Psychoeducation Laboratory. She is a lawyer with over 20 years of experience in business support, which she gained amongst others as a Partner and Head of the banking practice while working in the largest international law firms in Warsaw: White & Case, CMS Cameron McKenna and EY Law. Since 2017, she has been working at EY Law Polska, specializing in banking and finance consulting as well as restructuring processes. She is recognized as a leading expert in the field of law and recommended in the most prestigious legal rankings: Chambers Europe, IFRL and Legal 500. She cooperates with the European Financial Congress (EFC). She is a practicing coach and business mentor and a Member of the European Mentoring and Coaching Council and a member of the Association of Restructuring Practitioners. In 2020, she founded her own company "Mentoring for lawyers" combining legal practice and coaching / mentoring.

6. Géraldine Conti – Member of the Supervisory Board

Graduate of Sapienza University in Rome and postgraduate studies at Bocconi University and London Business School. She was a participant of the Women on Board training program at the European Business School. She started her professional career in 1996-1997 at the Italian Association for International Organizations working with the Organization for Security and Cooperation in Europe (OSCE). From 1997 to 1998 she worked at the Italian Ministry of Foreign Affairs in the area of project financing. From 1998 to 2000 she worked at Abbott - Diagnostic Division as a Controlling Specialist responsible for Italy. From 2000 to 2009 she worked at Banca Nazionale del Lavoro, first as HR Business Partner in the area of "e-services", Budget Manager and HR Manager for Talent Development, then as Payroll and Benefits Specialist and Head of International Mobility in the process of integration with BNP Paribas. Since November 2009 till November 2022, she was the Managing Director of the HR Compensation and Finance System for the IRB Area. She was responsible for HR issues across the US and the Asia Pacific Region of the IRB Area. Since November 2022, she has been head of the HR area of Banca Nazionale del Lavoro - BNP Paribas.



7. Stefaan Decraene – Member of the Supervisory Board

Graduated in Applied Economics from the Catholic University of Leuven, Belgium. He started his career in 1988 at Bacob Bank, then became Head of Investment Banking at Artesia Banking Corporation in 1998, later being appointed CEO of Artesia Securities. He was then involved in Wholesale Banking at Dexia Bank Belgium, after which he served as CEO of Artesia Bank Netherlands, then from 2002 he was a member of the Executive Board of Dexia Bank Netherlands and Dexia Bank Belgium. From 2006 to 2011, he held the position of President of the Management Board of Dexia Bank Belgium, being also a member of the Management Board of Dexia S.A. He has extensive knowledge in retail and commercial banking as well as in the area of asset management, insurance and investment services. He served as Chairman of the Belgian Federation of the Financial Sector (Febelfin) from December 2008 to August 2011. Since September 2015, a member of the Supervisory Board of BNP Paribas Bank Polska S.A

8. Magdalena Dziejguć – Independent Member of the Supervisory Board

A graduate of the Faculty of Law and Administration at the Adam Mickiewicz University in Poznań and the University of Minnesota / Warsaw School of Economics. She also graduated from the European University of Law and Administration in Warsaw and postgraduate studies at the University of Social Sciences and Humanities (SWPS) and Harvard Business School. In the years 1997-1999 she worked in the Sales Department at Scala Polska, which is a global leader in ERP software. Then she was responsible for business development at Orange Polska. She worked in the Orange B2B Corporate Market Office. In the years 2007-2012 she worked at Plus GSM as the Director of the Strategic Customer Department, Director of the Business Sales Department, Director of the Key Account Department, and then B2B Managing Director – she was responsible for managing all B2B sales and sales support. In the years 2011-2012 she was an Investment Advisor at MCI Management (VC and Private Equity). In the years 2012-2014 she was the Marketing Director and Vice-President of the Management Board at Exatel. At that time, she was responsible for sales, marketing, PR, product development and HR. Since September 2014, she has been working at Google and is the Director of Google Cloud business development in Central and Eastern Europe – Poland, the Czech Republic, Slovakia, and Hungary. In 2012–2014, she was a Member of the Supervisory Board of PGE Dystrybucja SA and Chairwoman of the supervisory board of the Independent Interzonal Operator (NOM). In the years 2012-2018 she was the Chairman of the Audit Committee of the LiderShe Association. In the years 2014-2018 – a Member of the Supervisory Board of the Humanites Foundation. In the years 2016-2019 – a Member of the SWPS Board of Trustees. Since June 2019, she has been a member of the Supervisory Board of BNP Paribas Bank Polska S.A.

9. Vincent Metz – Member of the Supervisory Board

A graduate of economics at the University of Paris – École Polytechnique and at the École Normale Supérieure de Lyon He started his professional career in 1993 at Compagnie Bancaire, which changed its name to Paribas in 1997. At that time, he was the Director of Financial Models in the Planning and Development Department. Since 1999, he has been associated with the CETELEM Group, in which he held many functions. He was Director of External Development, Director of CRM and Global B2C Analysis in the Sales Department, Director of Planning and Development in the Finance Department. In 2009, he became Director of Product Marketing in the Sales and Marketing Department at BNP Paribas Personal Finance. He continued his career in the structures of BNP Paribas Personal Finance. He held, amongst others positions of Director of Marketing Analysis and Control in the Sales and Marketing Department, Deputy Director of the Key Partners Department, as well as Deputy CEO in the PF Inside Area. He is currently the Managing Director of Latin America and PF Inside and a member of the Executive Committee of BNP Paribas Personal Finance. He supervises BNP Paribas Personal Finance in six countries. He is an expert in managing development projects – external development, partner relations. He specializes in financial services and has experience in sales and marketing, including finance and risk

10. Piotr Mietkowski – Member of the Supervisory Board

Graduate in economics from Paris Dauphine University. He completed postgraduate studies in "International Economic Relations" at the Institute of Political Science in Paris. He started his professional career as an economist, focusing on emerging markets and European issues. Afterwards he worked in the Business Development Department of BNP Paribas and in Corporate Finance Department where he was responsible for CEE region. Mr. Piotr Mietkowski is currently the Managing Director of Investment Banking for Central and Eastern Europe, CIS, Greece and Turkey at BNP Paribas Group and a member of the Supervisory Board at BNP Paribas Bank Polska S.A. (since September 2015) and a member of the Supervisory Board of Ukrsibbank in Ukraine.

11. Khatleen Pauwels - Member of the Supervisory Board

She received her degree in commercial engineering from the EHSAL Business School in Brussels in 2000. She started her career at Siemens IT Services, where she was responsible for creating an e-commerce portfolio. Then she continued work at Siemens Business Services, where she was a project manager, sales portfolio manager and director of Bidding and Tendering. She also managed the IT team for Outsourcing and Pre-Sales. Since 2007, she has been working for

Fortis Bank. Then she worked for BNP Paribas Fortis where she held many positions. Since 2010 she was the Head of IT Resource Management and Strategic Sourcing Team. Since 2013, she led more than a dozen process improvement initiatives in Distribution Channels and CRM before becoming Director of Distribution Channels and CRM in the E2E Operations Area in 2015. In 2018, she assumed the leadership of the Operations Department which leads Consumer and Business Customer Service. Since January 2020, she is Managing Director of the E2E Operations Area (referred to as: Customer Service Center) and member of the Executive Committee of BNP Paribas Fortis

12. Mariusz Warych – independent Member of the Supervisory Board

A graduate of economics at the Faculty of Economics and Foreign Trade at the University of Łódź. He holds a degree in Finance and Accounting from the Hogeschool van Utrecht in the Netherlands. In the years 1997-1998 he participated in the Association of Chartered Certified Accountants (ACCA) program. He is a certified internal auditor with Certified Internal Auditor (CIA) credentials. In the years 1996-2002 he worked as an External Auditor at Ernst & Young in New York, Toronto, Vancouver, London, and Warsaw. In the years 2003-2004 he was the Financial Director at Citileasing Sp. z o.o. and Handlowy-Leasing S.A., in the years 2004-2008 he was the Regional Coordinator for Central Europe at KBC GROUP N.V. In the years 2008-2011 he was the Director of Internal Audit for Central, Eastern Europe and Russia at AVIVA. In the years 2011-2012 he was the Director of Enterprise Risk Management at Deloitte Advisory and a member of the Supervisory Board and Audit Committee at Jastrzębska Spółka Węglowa S.A. He was a Financial Advisor at the Canadian Polish Congress in Vancouver, where he also hosted programs on NOFA Polish Radio. Since 2009, he has chaired the Club of Audit Heads in Poland. He is a Member of the Supervisory Board and Chairman of the Audit Committee at Selena FM S.A. He is a specialist in: management, supervision and assessment of the effectiveness of business operations, identification and resolution of financial and operational weaknesses, risk management related to the achievement of business objectives, internal audit, business training and independent membership in Supervisory Boards and Audit Committees. Since June 2013, he has been a member of the Supervisory Board of BNP Paribas Bank Polska S.A.

Supervisory Board Committees

[2-9]

The Supervisory Board creates internal Committees, which consist of Members of the Supervisory Board. The Committees perform consultative and advisory functions for the Supervisory Board and are aimed at improving its work. To this



end, the Committees prepare opinions, recommendations, and proposals for decisions on the motions received by the Supervisory Board on yearly basis. The scope and mode of operation of committees are determined by their regulations, which the Supervisory Board introduces in the form of a resolution.

Committees of the Bank's Supervisory Board:

- Audit Committee
- Risk Committee
- Remuneration Committee
- Nominations Committee

The composition of the Committees is presented in Table 109 Composition of the Supervisory Board and Supervisory Board Committees as of 31.12.2022 together with information on the independence of members.

Composition of the Audit Committee

The Audit Committee supports the Supervisory Board in monitoring the reliability of financial information, the effectiveness of the internal control system and monitoring the performance of financial audit activities. It is responsible for ensuring the effectiveness of the Bank's internal audit function, by supervising the activities of the Internal Audit Division. It ensures the flow of information and good cooperation between the External Auditor (Statutory Auditor), Internal Audit and the Supervisory Board. The Audit Committee prepares annual reports on its activities. It takes into account the risk assessment of the areas it supervises and assesses the effects of its activities. In addition, the Audit Committee supervises the activities of the Statutory Auditor and periodically evaluates his work. The Audit Committee was established by the Supervisory Board in accordance with the law concerning the appointment, composition and functioning of the Audit Committee, as well as the independence of its members and their appropriate knowledge and skills, knowledge of accounting principles and audit of financial statements.

Composition of the Audit Committee

The Audit Committee is composed of four members, three of whom are independent members of the Supervisory Board. They meet the independence criteria referred to in the "Regulation of the Minister of Finance on the audit committee" and § 16 section 4 of the Bank's Statute, as well as in the "Act on Statutory Auditors, Audit Firms and Public Supervision".

Composition of the Audit Committee as of 31 December 2022:

- Mariusz Warych – Chairman of the Committee (independent member)
- Lucyna Stańczak-Wuczyńska – Member of the Committee (independent member)
- Jarosław Bauc – Member of the Committee (independent member)
- Francois Benaroya – Member of the Committee

All members of the Audit Committee have adequate knowledge, competence, and many years of experience in the field of finance and accounting:

- Mariusz Warych – competence in accounting, auditing, and internal audit, confirmed by a CIA diploma. Participant of the ACCA Coursework programme. Many years of experience as an independent member of supervisory boards and audit committees (ISW, Selena FM, Ukrsibbank Ukraine). External auditor at Ernst & Young - auditing banks in Poland, UK, Canada, and USA. He assessed the functioning of Audit Committees. Chairman of the Heads of Audit Club in Poland. He gained his knowledge and skills as a Citi Group CFO in leasing companies and as a KBC regional coordinator supervising KBC's operations in Poland.
- Lucyna Stańczak-Wuczyńska – economic education and experience in the field of banking and finance gained during her 30-year work experience in the banking sector, in commercial banking and EBRD. During her professional career, Ms Lucyna Stańczak-Wuczyńska held a number of corporate governance positions, was a member (or an observer) of supervisory boards and a member of audit and risk committees (e.g. Alior Bank). She gained her industry knowledge and skills through many years of managing (as Director of EU Banks Team at EBRD in London) the portfolio (debt and equity) of a significant group of banks in 12 countries of the European Union, in Central and Southern Europe
- Jarosław Bauc – holds a PhD in economics. He gained his experience serving on the management and supervisory boards of a number of companies (Powszechne Towarzystwo Emerytalne Skarbiec Emerytura, Skarbiec Investment Management, Skarbiec Asset Management Holding and Skarbiec Towarzystwo Funduszy Inwestycyjnych, Polkomtel, HAWA, PGNiG). He has a comprehensive knowledge of finance and banking in Poland and abroad.

- Francois Benaroya – with a degree in economics, he gained knowledge and experience in banking during his long-term employment in the banking sector on senior positions within the BNP Group. He was a member of the Board of Executives of BNP Paribas Bank Polska S.A. responsible for Integration Area, then for Retail and Business Banking. He serves on Supervisory Boards (Ukrsibbank Ukraine, TEB AS) and in the IRB management of the BNP Paribas Group (current name: Europe Mediterranean - BNP Paribas) where he is responsible for CEE and Turkey.

Detailed information on the education and professional experience of the Committee members is presented in the Supervisory Board section and on the Bank's website <https://www.bnpparibas.pl/o-banku/wladze-banku>.

The meetings of the Audit Committee are also attended by the regular members of the following meetings:

- Chairman of the Board
- Member of the Management Board who supervises the Finance Area,
- Member of the Management Board who supervises the Risk Area,
- Managing Director of the Internal Audit Division,
- Managing Director of the Compliance Division.

Audit Committee Meetings

[2-14]

Meetings of the Audit Committee are held at least four times a year or more frequently, depending on the needs arising from the tasks performed, including each time before the publication of the Bank's financial results and reports.

In 2022, 11 meetings of the Audit Committee were held, including five written, during which among others the following matters were discussed and approved:

- financial statements for 2021,
- the report on the activities of the Bank's Capital Group for 2021,
- ESG report containing non-financial information for 2021,
- quarterly and half-yearly reports on financial results in 2022,
- information on the capital adequacy of the BNP Paribas Bank Polska S.A. Group,



- provision of additional services by an Audit Firm,
- action plans of the Internal Audit Division and the Compliance Monitoring Division,
- annual and periodic reports on the activities of the Internal Audit and Compliance Divisions,
- an annual report on the assessment of the adequacy and effectiveness of the Internal Control System,
- periodic reports on the status of monitored post-audit recommendations and the implementation of PFSA recommendations,
- information on the Bank's compliance with the "Best Practice of WSE Listed Companies 2021" and the process of financial information communication in 2021,
- annual report on the activities of the Bank's Audit Committee for the Supervisory Board.

In addition, the Committee periodically evaluated the performance of the External Auditor. It discussed and verified the updated regulations in the area of accounting, auditing and compliance and recommended to the Supervisory Board to adopt them.

In 2022, all members of the Audit Committee actively participated in the meetings of the Committee and showed high commitment to the proper performance of their duties. The overall attendance of Committee members at meetings was 98%. The number and duration of meetings, as well as access to resources, were sufficient to enable the Audit Committee to fully discharge its responsibilities.

Audit Committee oversight of selection of Audit Firm

The Audit Committee supervises the activities of the statutory auditor. It issues recommendations for the Supervisory Board regarding the selection or resignation from the services of an entity authorized to audit financial statements, monitors compliance with the principle of independence and objectivity of the statutory auditor and the principles of exchange of information. In addition, the Committee shall periodically evaluate the performance of the external auditor.

In September 2017, the Supervisory Board approved the following prepared by the Audit Committee:

- "Policy on the selection of the audit firm at BNP Paribas Bank Polska S.A."
- "Procedure for the selection of the audit firm at BNP Paribas Bank Polska S.A."
- "Policy on the provision of permitted non-audit services by the audit firm, by affiliates of the audit firm and members of the audit firm's network at BNP Paribas Bank Polska S.A."

These documents set out such rules so that the selection of the audit firm is carried out correctly and in accordance with applicable law. Below are the most important rules:

- the maintenance of the independence of the audit firm and the key statutory auditor,
- applying transparent and non-discriminatory evaluation criteria when selecting an audit firm during the tender process,
- ensuring that principles for the appropriate rotation of audit firms and the key statutory auditor are followed, including cooling-off periods

The fundamental assumption of the Policy on rendering permissible non-audit services by the audit firm, by entities related to the audit firm and members of the audit firm's network at BNP Paribas Bank Polska S.A. is to analyse compliance of the additional service with legal regulations as well as to control and monitor independence of the key statutory auditor and the audit firm. The policy allows for the provision of permitted services, to the extent not related to the Bank's tax policy, following an independence analysis and authorization to their provision.

The audit company Mazars Audyt Sp. z o.o. authorized to audit and review the separate financial statements of BNP Paribas Bank Polska S.A. and the consolidated financial statements of the BNP Paribas Bank Polska S.A. Capital Group, together with reporting packages, has been providing services to the Bank since 2020.

On 9 December 2021, the Supervisory Board, taking into account the recommendation of the Audit Committee, decided to extend the contract with the current audit company Mazars Audyt Sp. z o.o. for the years 2022-2023.

The recommendation of the Audit Committee concerning the selection of an audit firm to audit financial statements was prepared following an organized selection procedure that meets the criteria set out in the Selection Policy (§ 4) and the Procedure for selecting an audit firm (§ 8).

When assessing the independence of the audit firm and granting consent to provide the service, the Bank used the path of acceptance of the key statutory auditor and audit firm to carry out the statutory audit of the financial statements of the Bank and the Bank's Capital Group, specified in the Statutory Auditor Selection Policy.

In 2022, the audit firm auditing the financial statements provided the Bank with the following permitted non-audit services in the scope of reviewing the financial reports of the Bank and the Bank's Capital Group as well as consolidation packages:

"Assessment of the Remuneration Report of the Supervisory Board and the Management Board for 2021" - The remuneration report is assessed by a statutory auditor in accordance with Article 90g, point 10 of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies,

assurance service consisting of expressing an opinion on the compliance of the consolidated financial statements for 2022 prepared in a uniform electronic reporting format with the requirements set out in the ESEF Regulation", attestation services for reports on Information on capital adequacy of the Bank's Capital Group - Pillar 3.

Independent assurance service concerning a document containing information on the capital adequacy of the Bank's Group, excluding attestations in the scope of ESG risk disclosures (assessment of the report's compliance with the requirements of Regulation (EC) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (CRR).

Risk Committee

The Risk Committee's responsibility is to support the Supervisory Board in its fulfilment of supervisory duties in the risk management area, particularly including: providing opinion on the Bank's current and future ability to take risk, providing opinion on the risk management strategy in the Bank's operations prepared by the Management Board and on information from the Management Board concerning execution of this strategy, supporting the Supervisory Board in supervision over implementation of risk management strategy in the Bank by executive employees, verifying whether prices of liabilities and assets offered to Clients reflect in full the business model of the Bank and its risk strategy, and where these prices do not adequately reflect the risks in accordance with the



model and strategy - presenting to the Management Board recommendations on how to ensure the adequacy of prices of liabilities and assets with these risk categories

Composition of the Risk Committee

The Committee is composed of at least three members of the Supervisory Board

Composition of the Risk Committee as of 31 December 2022

- Francois Benaroya – Chairman of the Committee
- Małgorzata Chruściak – Member of the Committee (independent member)
- Lucyna Stańczak-Wuczyńska – Member of the Committee (independent member)
- Mariusz Warych – Member of the Committee (independent member)

Risk Committee Meetings

The Risk Committee shall meet at least four times a year. The dates of meetings shall be fixed by the Chairman of the Committee. In 2022, the Risk Committee held four meetings. During the meetings, the Risk Committee discussed periodic reports on

- credit risk,
- market and liquidity risk,
- operational risk and fraud prevention,
- ALMT risk,
- legal risk,

In addition, the Committee provided opinions and recommended resolutions to the Supervisory Board, which included:

- risk appetite at BNP Paribas Bank Polska S.A.,
- update of the BNP Paribas Bank Polska S.A. Recovery Plan,
- update of the Internal Capital Estimation Policy,
- operational risk management and internal control strategy,
- investment strategy,

- risk management strategy,
- Capital Plan of BNP Paribas Bank Polska S.A. for 2023-2025,
- updating the Capital Management Policy and the Emergency Capital Plan,
- methodology for the analysis of stress tests on the sensitivity of interest rate positions, currency positions, liquidity, and capital.

In 2022. The Committee paid particular attention to the legal risks associated with legal proceedings concerning foreign-currency/CHF-denominated loans, as well as the risks associated with loan holidays.

The number of Committee members participating in individual meetings of the Risk Committee allowed for the proper conduct of all meetings of the Committee in 2022. The attendance of Committee members was at 100%

Remuneration Committee

The Remuneration Committee supports the Supervisory Board in the fulfilment of its supervisory duties in the respect of human resource management by monitoring and overseeing key processes, in particular: HR policy, professional development of employees and remuneration policy. The competences of the Committee include, among others: analysing the performance of the members of the Management Board and proposing recommendations to the Supervisory Board in this respect as well as recommending to the Supervisory Board key performance indicators for the members of the Management Board, giving its opinion and monitoring succession plans for key positions in the Bank, monitoring the level and structure of remuneration for key positions in the Bank and submitting to the Supervisory Board annual information on the employment and remuneration structure in the Bank and an annual report on its activities.

Composition of the Remuneration Committee

The Committee is composed of at least three members of the Supervisory Board.

Composition of the Remuneration Committee as of 31 December 2022:

- Jean-Paul Sabet – Chairman of the Committee
- Géraldine Conti – Member of the Committee
- Francois Benaroya – Member of the Committee

- Lucyna Stańczak-Wuczyńska – Member of the Committee (independent member)

The Chairwoman of the Supervisory Board, Ms. Lucyna Stańczak-Wuczyńska, who is also a member of the Remuneration Committee and the Nominations Committee, meets the independence criteria described in § 16 section 4 of the Bank's Statute.

Remuneration Committee meetings

The Remuneration Committee meets at least twice a year or as often as necessary for the effective accomplishment of the tasks and missions of the Committee. The dates of meetings are be fixed by the Chairman of the Committee. In 2022, the Remuneration Committee held seven meetings, including three written. During its meetings, the Committee discussed:

- annual objectives of the members of the Bank's Management Board and achievement of these objectives,
- remuneration principles and variable remuneration of members of the Management Board and managers of the audit and compliance area,
- report on employment and remuneration at the Bank in 2021,
- evaluation of the Bank's application of the Remuneration Policy,
- terms of issue of A series warrants,
- terms of the incentive program for persons having a significant impact on the Bank's risk profile based on N series shares,
- issued an opinion on the remuneration report of Members of the Management Board and Supervisory Board of BNP Paribas Bank Polska S.A. for 2021,
- issued an opinion on the price conditions for credit products for certain Members of the Management Board,
- information on how to ensure that adequate HR resources are in place and maintained in order to implement plans and face arising challenges - including information on increased personnel costs, investments in diversity and retention,
- information on sales systems at the Bank in 2022.



Nominations Committee

[2-10], [2-18]

The Nominations Committee supports the Supervisory Board in evaluating the qualifications of candidates for members of the Bank's Management Board and Supervisory Board. Together with the Supervisory Board, the Nominations Committee determines the criteria to be used in the selection of the members of the Management Board and the Supervisory Board. The criteria take into account: knowledge, competence and expected commitment in terms of time required to perform the function. In addition, the Committee determines the responsibilities of a candidate for the Bank's Management Board. The Nominations Committee periodically assesses, at least once a year, the knowledge, competence, and experience of the Bank's Management Board as a whole as well as individual members of the Management Board. It also evaluates the structure, size, composition, and effectiveness of the activities of the Bank's Management Board and then makes recommendations to the Supervisory Board for any changes in this respect. In addition, the Nomination Committee performs an individual assessment of the appropriateness (initial and periodic) of the members of the Supervisory Board and the assessment of the collective appropriateness of the Supervisory Board as a whole. The assessment of individual and collective adequacy is carried out at least once a year and in situations specified in the Bank's Policy of assessing the adequacy of members of the Supervisory Board of BNP Paribas Bank Polska S.A., among others in the case of nominating candidates for members of the Supervisory Board (before appointing a given person to perform the function), in the event of a change in the composition of the Supervisory Board or a significant change in the Bank's business model.

The Nomination Committee evaluates and monitors the effectiveness of the Bank's Suitability Assessment Policy with respect to members of the Supervisory Board and the Suitability Assessment Policy with respect to Management Board members and employees performing key functions in the Bank. As part of the Policies, the adequacy of members of the Supervisory Board, members of the Management Board and persons who perform key functions in the Bank is checked. The Nomination Committee periodically reviews the policy and makes recommendations on changes to the Supervisory Board. In addition, the Nomination Committee oversees key processes such as succession plans and employee professional development, presents to the Supervisory Board recommendations concerning the process of nomination and succession of persons in key positions and recommendations to reduce or increase the number of members of the Bank's Management Board.

Compositions of the Nominations Committee

[2-18]

The Committee is composed of at least three members of the Supervisory Board. The members of the Nominations Committee must have appropriate knowledge, competence, and experience to properly assess the composition of the Management and Supervisory Boards and the recommended candidates for the Management and Supervisory Boards. As part of the suitability assessment, which is performed on a cyclical basis once a year or in the event of other circumstances resulting in the necessity to conduct an assessment, knowledge, skills and professional experience (e.g. in ESG risk management) are assessed. A detailed criteria matrix is attached as an appendix to the Suitability Assessment Policy for the members of the Supervisory Board of BNP Paribas Bank Polska SA.

Composition of the Nominations Committee as of 31 December 2022:

- Jean-Paul Sabet – Chairman of the Committee
- Géraldine Conti – Member of the Committee
- Francois Benaroya – Member of the Committee
- Lucyna Stańczyk-Wuczyńska – Member of the Committee (independent member)

Nominations Committee Meetings

The Committee meets as often as necessary for the effective accomplishment of the Committee's mission, but at least twice a year. The dates of meetings shall be fixed by the Chairman of the Nominations Committee. In 2022, the Nominations Committee held four meetings, including one written.

During its meetings, the Committee:

- performed a periodic assessment of the individual and collective adequacy of members of the Supervisory Board and members of the Bank's Management Board. The Committee confirmed the positive assessment of the individual and collective adequacy of the members of the Management Board and the Supervisory Board,
- discussed and recommended to the Supervisory Board to adopt the rules of conduct in the process of making organizational changes, applying for additional posts, and exceeding costs,

- discussed the amendments to the Policy for assessing suitability of members of the Supervisory Board of BNP Paribas Bank Polska S.A. and the Policy for assessing suitability of members of the Management Board and persons performing key functions in BNP Paribas Bank Polska S.A. The Committee recommended to the Supervisory Board to adopt the above regulations,
- discussed the proposal of successors for critical positions on the level of Management Board Members and Executive Directors.

Management Board of the Bank

The Bank's Management Board is the management and executive body that operates on the basis of applicable laws, the Bank's Statute and the Regulations of the Management Board. As of 1 January 2020, the Bank's Management Board consists of nine members and this is pursuant to the Bank's Statutes. The members of the Management Board - president and vice-presidents - are appointed by the Supervisory Board for a joint term of office which lasts three years. The mandates of the members of the Management Board expire upon expiry of their terms of office on the date of the General Meeting which approves the financial statements for the last full financial year in which they performed their functions. In addition, the Supervisory Board, acting on the basis of the "Policy for appointing and dismissing members of the Management Board", may at any time dismiss or suspend a member of the Management Board. The President of the Management Board and at least one other member of the Bank's Management Board must have the knowledge and experience to manage the Bank in a stable and cautious manner. At least half of the members of the Bank Management Board should have good knowledge of the banking market in Poland, i.e., they should permanently reside in Poland, have a good command of Polish and have gained the required experience on the Polish market.



Table 111. Composition of the Bank's Management Board as of 31.12.2022 r. And division of functional responsibilities of particular Board members

Name and Surname	Office held in the Management Board of the Bank	Supervised areas
Przemysław Gdański	President	Bank Management, Strategy and Agro Markets Area, Human Resources Area, Transformation Area, Sustainable Development Area
Jean-Charles Aranda	Vice-President	Finance Area
André Boulanger	Vice-President	CIB Banking Area
Przemysław Furlepa	Vice-President	Brokerage Office, Retail and Business Banking Area
Wojciech Kembtowski	Vice-President	Risk Area
Kazimierz Łabno	Vice-President	Operations and Business Support area
Magdalena Nowicka	Vice-President	New Technologies and Cyber Security Area
Volodymyr Radin	Vice-President	Personal Finance (PF) Banking Area
Agnieszka Wolska	Vice-President	SME and Corporate Banking Area

The competences and professional experience of individual members of the Bank's Management Board are presented on the Bank's website <https://www.bnpparibas.pl/o-banku/wladze-banku>.

Top management makes every effort to expand its scope of competences in the area of sustainable development, climate change and climate policy through advanced, international trainings (e.g. Cambridge Institute for Sustainability Leadership) and meetings with recognized experts and researchers. President of the Management Board Przemysław Gdański completed specialist training in Sustainability at IE Business School in Madrid in 2021.

In the period from 1 January to 31 December 2022, there were no changes in the composition of the Bank's Management Board.

Members of the Bank's Management Board

[2-17]

1. Przemysław Gdański – President of the Management Board

Przemysław Gdański graduated from the University of Gdansk (faculty: International Trade) and completed a one-year program in international banking and finance at the Loughborough University in the UK. He completed the Advanced Management Program (AMP) at IESE Business School and a number of professional and managerial development programmes at, a.o., Harvard Business School, London Business School, University of California, Berkeley - Haas School of Business, Ashridge - Hult International Business School and HEC. He has been working in corporate banking for over 25 years. From 1993 to 1995 he worked for IBP Bank SA (BRE Bank was one of its shareholders), then for ABN AMRO Bank in Poland, Romania, and in the head office in Amsterdam. From 2002 to 2006, he was Managing Director of Large Corporates Division in BPH Bank SA. From May to November 2006 he was Chief Executive Officer and General Director of Calyon Bank Polska and Calyon Branch in Poland. In November 2006, he took the position of Vice-President of the Management Board of BPH Bank, responsible for corporate banking and real estate financing. As a result of the merger of a part of BPH Bank and Pekao SA, Mr Gdański was appointed as Vice-President of the Management Board, responsible for Corporate Banking, Markets and Investment Banking of Pekao SA. From 2008 to 2017, he was a member of the Board of Directors and Vice-President of mBank, where he was responsible for the Corporate and Investment Banking Division. Since November 2017, he has been the CEO of BNP Paribas Bank Polska S.A and a Territory Head for BNP Paribas, supervising BNP Paribas Group's enterprises in Poland. For many years she has been a patron of initiatives to promote diversity, gender equality and to support activities and promote professional development of women

Top management makes every effort to expand its scope of competences in the area of sustainable development, climate change and climate policy through advanced, international trainings (e.g. Cambridge Institute for Sustainability Leadership) and meetings with recognized experts and researchers. President of the Management Board Przemysław Gdański graduated in 2021 from IE Business School in Madrid in the field of Sustainability.

2. Jean-Charles Aranda – Vice-President of the Management Board

Jean Charles Aranda graduated with honors from the University of Bordeaux in France, where he received an MA in Internal Audit and Management Controlling. He is a chartered accountant. Jean-Charles Aranda started his career in 1998 at the Paris office of KPMG, where he was the manager responsible for banking financial audit. Between 2004 and 2009 he acted as Head of Mission at the BNP Paribas Inspection Generale's central accounting team. He was charged with, among others, the creation of a new audit team dedicated to financial audits. In 2009 he was appointed CFO of BNP Paribas El Djazair in Algeria. In January 2013 he was promoted to the post of CEO of that bank. Between August 2016 and April 2017, he held the post of Managing Director of the Management Accounting and Capital Management Line of BNP Paribas Bank Polska S.A. Since April 2017 he has been a member of the Management Board, then Vice President of the Management Board of BNP Paribas Bank Polska S.A., supervising the Finance Area.

3. André Boulanger – Vice-President of the Management Board

He graduated with honors from the Université Libre de Bruxelles in Belgium. He started his career in 1986 at Crédit Communal de Belgique (now Belfius Bank), where he worked until 1989. He then became Director of the Brussels branch of Banque Paribas Belgium and later Deputy Director of the Risk Department at Banque Paribas Belgium. In the years 1994-1998 he was the vice-president of Banque Paribas France, where he was responsible for commercial banking in subsidiaries in Europe. In the years 1998-2000 he was the Managing Director of the Corporate Banking Area at Banque Paribas Belgium. After the merger of BNP and Paribas in 2000, he became Managing Director of the Corporate and Investment Banking Area. Since 2002, he has continued his career at BNP Paribas in France as Managing Director of the Acquisition Financing and Structured Loans Area in the Continental Europe region. In 2005, he became Managing Director of the Corporate Banking Area in Central and Eastern Europe at BNP Paribas in France, and in 2007 Director of the General Corporate and Transaction Banking Area. From 2010 to 2014, he became CEO and Chairman of the Board of BNP Paribas in the Netherlands. In 2014, he became Managing Director of Corporate Banking Operations in the Europe region, and in 2015 Managing Director of the EMEA Operations Area. From 2017, he was the President of the Management Board of BNP Paribas JSC and the General Director for the Russian Federation. Since November 2018, he has been Vice-President of the Management Board of BNP Paribas Bank Polska S.A. responsible for the CIB Banking Area.



4. Przemysław Furlępa – Vice-President of the Management Board

A graduate of the Academy of Economics (now the University of Economics) in Katowice. He completed post-graduate studies at the Gdansk Bank Academy, Warsaw School of Economics and Jagiellonian University. He participated in numerous national and international managerial courses and workshops. He started his professional career with BPS Consultants Poland (now Nielsen Marketing Research). Then in the years 1994-1996 he worked as the Analyses Team Manager in the Wydawnictwo Papierów Wartościowych (securities publishing house). From 1996 to 2002 he worked for ING Bank Śląski, where initially he was employed in the Controlling Department and in the following years he was the Head of the Small and Medium-sized Enterprises Department, Corporate Customer Market Manager and Deputy Director of the Corporate Customer Department. In the years 2002-2004 he was the Financial Director and Board member in Alpinus SA (now HiMountain). In 2005 he started working for ING Bank Śląski on the position of the Regional Retail Sales Director in Katowice and then Gliwice. In the years 2007-2009, he was Retail Sales Department Director and between 2010 and 2012, he was Sales and Quality Development Department Director. In the subsequent four years, as the Executive Director of Retail Banking he was responsible for the management of Customer relations, segments and internet banking. From January to July 2017, he was Executive Director of Retail Banking responsible for management of Digital Banking and Entrepreneurs Segment. He was a member of international projects focused on building added value for Customers through an omni-channel approach, increase in quality of digital services offering and cooperation with fin-techs. Since October 2017 he has been Vice President of the Management Board of Bank BNP Paribas Bank Polska S.A., responsible for Retail and Business Banking Area

5. Wojciech Kembłowski – Vice-President of the Management Board

He is a graduate from the Warsaw School of Economics (Faculty of Finance and Statistics). He completed several management courses organised by Harvard Business School and Raiffeisen Bank International AG. At the beginning of his professional career (1993-1997), he worked for CSBI S.A., a company of the Sygnity S.A. group, where he held the position of head of Analysis in the Financial Department. Then he worked for Raiffeisen Bank Polska S.A., first as a financial analyst and an account manager (1997-2000), and then as a risk manager (2000-2003). In the years 2003-2008, he was the Head of the Credit Risk Management Department of Raiffeisen Bank Polska S.A. responsible for corporate, SME and financial institutions. In the years 2008-2011, he held the position of director and subsequently of managing director of the Risk Area of Raiffeisen Bank Polska S.A. Since May 2011, he was working for BNP Paribas Bank Polska S.A. as a member of the Management Board and the Chief Risk

Officer. Since May 2015 he has been a Vice President of the Management Board of BNP Paribas Bank Polska S.A. supervising the Risk Area

6. Kazimierz Łabno – Vice-President of the Management Board

Kazimierz Łabno holds a degree in sociology from the Jagiellonian University in Kraków and post-graduate degree in banking studies from the Cracow University of Economics. He has nearly 30 years of professional experience in universal banking projects as well as in the area of nearshoring and operations. He started his banking career in 1990 at BPH Bank and worked there until 2010. He was responsible for the project of merging Bank Przemysłowo-Handlowy with Powszechny Bank Kredytowy. In 2005, he managed the BPH Bank's demerger process. In 2007, he became the vice-president of the management board responsible for IT, operations, services and integration. In 2010, he left BPH Bank to manage the Strategic Projects Department at Alior Bank. In 2012 he interrupted his career in the banking sector and established a cardboard packaging factory - TriPack Ltd. In 2013, for 8 months, he was the vice-president of the management board of IT BPS company, part of Bank Polskiej Spółdzielczości S.A. Group. Since November 2013, he had held the position of operations director and transformation manager at Raiffeisen Bank Polska SA. Since November 2018 he has been a Vice President of the Management Board of BNP Paribas Bank Polska S.A. supervising the Operations & Business Support Area.

7. Magdalena Nowicka – Vice-President of the Management Board

Magdalena Nowicka is a graduate of the Faculty of Mathematics at the Maria Curie Skłodowska University in Lublin and holds an MBA degree from the Warsaw University of Technology. She also completed a post-graduate course in management and IT in business at the Warsaw School of Economics. She worked for ING Group for 20 years. She began her career at ING Barings in 1997, then she worked in the IT Division at ING Bank Śląski where she was holding the position of Head of IT Support Department. From 2006 to 2016 she was CEO of ING Group's technological center rendering IT services, including cybersecurity and cloud solutions for Clients located in more than 20 countries. In 2017 she took the position of Head of IT Poland at Nordea. Among other projects, she participated in building the Nordea Horizon Center – a modern IT monitoring and operational center. As the Global Head of Technology Sourcing at Nordea, she was also responsible for executing its strategy in terms of utilizing global IT services centers. Since January 2021 she has been a Vice President of the Management Board of BNP Paribas Bank Polska S.A. supervising the New Technologies and Cybersecurity Area. Magdalena Nowicka is active in projects

supporting the development of women in the world of new technologies. She is a mentor of the programme "Technology in a skirt".

8. Volodymyr Radin – Vice-President of the Management Board

Graduate of the Ukrainian Academy of Banking (National Bank of Ukraine). He also completed a graduate course in marketing at the HEC in Paris and a course on running Boards of directors at the Ukrainian Corporate Governance Academy. He has over 15 years of banking experience. From 2002 to 2003 he worked for Bank Aval (Raiffeisen Bank Aval) as the Head of the Consumer Finance unit. From 2003 to 2007 he held the position of Head of Retail Business Line in Universal Bank of Development and Partnership (Foxtrot Group), then, from 2007 to 2008, he was the Deputy Head of the Retail Business Line and Head of Product Management in Kreditprombank. In 2008 he joined the BNP Paribas Group as Head of Sales and Marketing and Deputy Head of Personal Finance Business Line at Ukrsibbank (BNP Paribas Group). In 2014 he was nominated Head of Personal Finance Business Line, member of the Management Board of Ukrsibbank and later, Deputy CEO of the Bank. During his over 15-year career at financial institutions, he participated in numerous projects consisting in the creation, deep transformation or comprehensive modernization of retail banking operations: consumer finance, credit cards, automotive financing, mortgage loans, payment services, savings products, debt collection, contact centers. Based on his solid financial background he has built strong competences in various areas of the banking industry such as sales & marketing, financial planning and budgeting, operational and credit risk management, commercial analytics, Client satisfaction management, large scale operations covering call centers, Customer service, telemarketing, underwriting and debt collections activities. Since October 2019 he has been Vice President of the Management Board of BNP Paribas Bank Polska S.A., supervising the Personal Finance Banking Area.

9. Agnieszka Wolska – Vice-President of the Management Board

Agnieszka Wolska graduated in Finance and Banking from the Warsaw School of Economics. During her career, she also participated in numerous courses in finance, management and leadership. She has over 17 years of experience in stock-listed international banks. She started her professional career in 2003 at Bank BPH in the Structured Finance Department. In 2006, she took the position of Deputy Head of the Structured Finance Department. She became the Deputy Head of Corporate Solutions at Bank Pekao in 2007, and the Head of the TMT Bureau at this bank in 2010. In 2014, she took the position of the Head of Large Corporate Department at Santander Bank Polska, and in 2016 she was nominated for the position of the managing director, Head of Corporate Banking



Area at this bank. In the same year, she joined the group of 10+ top-level executives at Santander Bank Polska, forming executive management team of Polish operations. In 2018, she was appointed managing director, Head of Business and Corporate Banking Area at Santander Bank Polska. Since September 2021, she is Vice President of the Management Board of BNP Paribas Bank Polska S.A. and oversees the SME and Corporate Banking Area.

Principles of functioning of the Management Board

The Management Board handles all matters of the Bank which are not reserved by law and which do not fall within the competence of other bodies of the Bank. A detailed description of the operation, including the scope of competence of the Management Board, is set out in § 22(2) of the Bank's Statutes and in the Regulations of the Bank's Management Board

A list of the most important matters handled by the Board:

- 1) Preparing a draft strategy for the development of the Bank and submitting it to the Supervisory Board for approval.
- 2) Preparation of the financial plan and acceptance of the report on its implementation.
- 3) Adoption of the report on the Bank's activities, the Bank's financial statements and the report on the activities and consolidated financial statements of the Capital Group.
- 4) Determination of the human resources policy, including in particular the principles of remuneration, the structure and profile of employment, the principles of the social policy.
- 5) Defines the Bank's product policy.
- 6) Determination of the organisational structure of the Bank.
- 7) Determination of the management areas supervised by the particular members of the Management Board.

- 8) Establishment of a policy for identifying key functions and for appointing and removing persons performing those functions,
- 9) Definition the principles of ethics defining norms and ethical standards of conduct of members of the Bank's governing bodies and employees, as well as other persons through whom the Bank conducts its activities,
- 10) Creation and cancellation of the Bank's committees and determination of their competencies.
- 11) The establishment of commercial proxies,
- 12) Definition of the areas of management supervised by individual members of the management board.
- 13) Establishment of the rules for the functioning of internal control and audit,
- 14) Establishment of the risk management strategy including policies and procedures for risk identification, assessment, control, monitoring and risk reporting,
- 15) Making decisions on the purchase or sale of real estate, a share in real estate, or the right of perpetual usage, if their value is lower than PLN 10,000,000 (ten million) but higher than PLN 5,000,000 (five million); however, it is stipulated that the resolution of the Management Board is not required in the case where the purchase or sale of real estate, a share in real estate, or the right of perpetual usufruct is related to the satisfaction of the Bank's claims against its debtor securing the Bank's receivables or a lease agreement in which the Bank acts as a financing party, including in particular in the case of purchase in the performance of a lease agreement, sale after the expiry of a lease term or during a lease term and sale after termination of a lease agreement concerning a given real property, a share in real property or the right of perpetual.
- 16) Deciding on contracting an obligation or disposing of a right the total value of which in relation to one entity exceeds 5% of own funds.

The Management Board of the Bank manages the Bank's affairs and represents the Bank externally. The Bank's Statute defines how the Management Board represents the Bank. Pursuant to § 26 of the Bank's Statute, declarations of will on behalf of the Bank may be submitted by:

- two members of the Management Board who act jointly or one member of the Management Board who acts jointly with a proxy or proxy acting within the limits of the granted power of attorney,
- two proxies acting jointly,
- proxies acting alone or jointly within the limits of the powers of attorney granted.

The Bank's Statute did not grant the Management Board any special rights to issue or buy shares. However, on 31 January 2020, the Extraordinary General Meeting of the Bank conditionally authorized the Management Board to acquire the Bank's own shares from persons covered by the incentive program. The EGM agreed that the Management Board should create a reserve capital, which it will allocate entirely to the acquisition of own shares. The decision of the EGM came into force after obtaining the consent of the PFSA for the above activities.

Decisions of the Management Board take the form of resolutions and are made by an absolute majority of votes cast in the presence of at least half of the members of the Management Board. Board meetings are usually held once a week or more frequently if needed. Members of the Management Board may gather for a meeting of the Management Board in one place or communicate using means of direct remote communication.

Management Board meetings in 2022 were held in a hybrid model.: 67 meetings of the Bank's Management Board were held, including 10 written. Members of the Management Board adopted 126 resolutions.



Remuneration of the Management Board and Supervisory Board

[2-19], [2-20]

According to the Remuneration Policy for Members of the Bank's Supervisory Board, only fixed remuneration applies to members of the Supervisory Board and its amount is determined by the Bank's General Meeting. The General Stakeholders' Meeting adopts the Remuneration Policy in place at the Bank and is responsible for determining the remuneration for Supervisory Board members (the level of remuneration is approved by a resolution of the General Meeting). At the meeting adopting the Remuneration Policy, shareholders may submit their comments and opinions for inclusion in the final document. The Bank does not engage external remuneration consultants.

Pursuant to the Remuneration Policy for Persons with Material Impact on the Risk Profile of BNP Paribas Bank Polska S.A.:

- the remuneration paid to persons with a material impact on the Bank's risk profile is adequate, i.e. reflects their contribution to the achievement of the Bank's objectives, their effort and the best market practice for rewarding persons in similar positions, as adopted on the Polish market, as well as takes into account the appropriate ratio of fixed remuneration to variable remuneration.
- in accordance with the Policy, it is possible to grant variable remuneration, occurring once for the recruitment of persons to positions identified as having a material impact on the Bank's risk profile, where the Bank has a sound and solid capital base, and is restricted to the first year of employment (so-called sign on bonus).
- severance payments and benefits of a similar nature, to the extent that they are paid in accordance with applicable law or result from a final court judgment or a settlement concluded before a court of law, are not subject to the deferral and distribution rules for remuneration expressed in the form of shares in the Bank.
- Taking into account the objective of the SFDR Regulation and considering the Bank's commitment to environmental issues, as well as the Bank's efforts to implement the principles of social responsibility, including ensuring that the Bank's HR policy is in line with the best practices in the market, the Bank intends to ensure that this Policy is consistent with the strategy for integrating sustainability risks into the Bank's operations. Once the indicated strategy has been implemented at the Bank, the variable remuneration rules for persons performing portfolio management or investment advisory activities within the meaning of the SFDR will take into account the principle of not encouraging excessive risk-taking with regard to sustainability risks and will be linked to risk-adjusted performance.
- Under the current Labour Code, "a clawback mechanism" does not apply at the Bank.

The Annual General Meeting of Shareholders adopts both the Remuneration Policy for the members of the Supervisory Board of BNP Paribas Bank Polska S.A. and the Remuneration Policy for persons with a material influence on the risk profile of BNP Paribas Bank Polska S.A. (including members of the Bank's Management Board).

The Bank has a Remuneration Committee whose responsibilities include the following:

- monitoring the level and structure of remuneration for persons employed as members of the Bank's Management Board,
- determining the content of contracts for the performance of the functions of members of the Bank's Management Board,
- submitting annual information to the Supervisory Board on the employment and remuneration structure at the Bank,
- analysing the possibility of selecting external remuneration consultants whose duties may include providing advice and support to the Supervisory Board.

Individual data on remuneration paid in during the year for individual Management Board Members are as follows:

Table 112. Remuneration paid to Management Board members in 2022¹

Name and Surname	Period of service		Basic remuneration	Variable remuneration paid during the year	Phantom shares	Issued shares ²	Additional benefits	Total
	from	to						
Przemysław Gdański	01.01.2022	31.12.2022	2,408	1,204	114	541	164	4,431
Jean-Charles Aranda	01.01.2022	31.12.2022	1,076	370	51	141	282	1,920
André Boulanger	01.01.2022	31.12.2022	1,144	668	9	194	160	2,175
Przemysław Furlepa	01.01.2022	31.12.2022	1,215	447	50	164	246	2,122
Wojciech Kembłowski	01.01.2022	31.12.2022	1,185	448	107	193	125	2,058
Kazimierz Łabno	01.01.2022	31.12.2022	945	289	-	115	115	1,464
Magdalena Nowicka	01.01.2022	31.12.2022	1,050	150	-	-	92	1,292
Volodymyr Radin	01.01.2022	31.12.2022	755	178	-	57	788	1,778
Agnieszka Wolska	01.01.2022	31.12.2022	1,070	45	-	-	53	1,168
Total			10,848	3,799	331	1,405	2,025	18 408

¹ remuneration paid to the Management Board Members for the period of performing duties in the Management Board

² value of shares issued according to the valuation in the actuarial report

**Table 113. Remuneration paid to Management Board members in 2021¹**

thousand PLN Name and Surname	Period of service		Basic Remuneration	Variable remuneration paid during the year	Phantom shares	Issued shares ²	Additional benefits	Total
	from	to						
Przemysław Gdański	01.01.2021	31.12.2021	2,132	886	81	345	147	3,591
Jean-Charles Aranda	01.01.2021	31.12.2021	985	294	36	171	260	1,746
André Boulanger	01.01.2021	31.12.2021	1,068	242	6	176	129	1,621
Przemysław Furlepa	01.01.2021	31.12.2021	1,080	286	36	206	214	1,822
Wojciech Kembtowski	01.01.2021	31.12.2021	1,045	392	76	236	107	1,856
Kazimierz Łabno	01.01.2021	31.12.2021	890	128	-	117	106	1,241
Magdalena Nowicka	01.01.2021	31.12.2021	960	-	-	-	83	1,043
Volodymyr Radin	01.01.2021	31.12.2021	682	88	-	28	647	1,445
Jerzy Śledziewski ³	01.01.2021	24.03.2021	852	336	61	234	4764	1,959
Agnieszka Wolska	01.09.2021	31.12.2021	340	-	-	-	80	420
Total			10,034	2,652	296	1,513	2,249	16,744

¹ remuneration paid to the Management Board Members for the period of performing duties in the Management Board

² value of shares issued according to the valuation in the actuarial report

³ the remuneration given until the date of termination of the employment relationship

⁴ includes severance pay already paid on termination of the employment contract and compensation for unused annual leave

Members of the Management Board concluded with BNP Paribas Bank Polska S.A. employment contract for an indefinite period. Terms of contracts were prepared in accordance with the currently applicable laws and internal regulations. Members of the Management Board signed non-competition agreements while working with BNP Paribas Bank Polska S.A. Additionally, 2 members of the Management Board are bound by non-competition agreements for 9 months after termination of work. Members of the Management Board of BNP Paribas Bank Polska S.A. do not receive remuneration for acting as governing bodies of subsidiaries of the BNP Paribas Bank Polska S.A. Group.

According to individual employment contracts, Management Board members have the right to life insurance and a medical care package as well as compensation bonuses. In addition, the additional benefits due to members of the Management Board (based on individual employment contracts) include, among others:

- housing allowance specified in the employment contract,
- covering or reimbursement of costs incurred in connection with posting to work in Poland,
- covering the costs of private travel to the posting country for a Member of the Management Board and members of the family living in Poland (at a specific frequency),

- covering the costs of attending children to schools in Poland,
- one-time allowance related to a change of place of work.

BNP Paribas Bank Polska S.A. has no liabilities arising from pensions and benefits of a similar nature towards former managers and supervisors.

Personal data on remuneration paid in a given year for individual members of the Supervisory Board are presented in the tables below:

Table 114. Remuneration paid to Supervisory Board members in 2022

thousand PLN Name and Surname	Period of service		Remuneration on account of the office held on the Supervisory Board ¹	On the account of office previously held in the Management Board	
	from	to		Variable remuneration	Phantom shares
Lucyna Stańczak-Wuczyńska	01.01.2022	31.12.2022	476	-	-
Jean-Paul Sabet	01.01.2022	31.12.2022	252	-	-
Francois Benaroya	01.01.2022	31.12.2022	-	-	36
Jarostaw Bauc	01.01.2022	31.12.2022	209	-	-
Małgorzata Chruściak	01.01.2022	31.12.2022	209	-	-
Géraldine Conti	01.01.2022	31.12.2022	-	-	-
Stefaan Decraene	01.01.2022	31.12.2022	-	-	-
Magdalena Dziewguć	01.01.2022	31.12.2022	161	-	-
Vincent Metz	01.01.2022	31.12.2022	-	-	-
Piotr Mietkowski	01.01.2022	31.12.2022	-	-	-
Khatleen Pauwels	01.01.2022	31.12.2022	-	-	-
Mariusz Warych	01.01.2022	31.12.2022	322	-	-
Total			1,629	-	36

¹ concerns only remuneration for work in the Supervisory Board

**Table 115. Remuneration paid to Supervisory Board members in 2021**

Name and Surname	Period of service		Remuneration on account of the office held on the supervisory Board ¹	On the account of office previously held in the Management Board	
	from	to		Variable remuneration	Phantom shares
Lucyna Stańczak-Wuczyńska	01.01.2021	31.12.2021	365	-	-
Józef Wancer	01.01.2021	30.06.2021	350	-	-
Jean-Paul Sabet	01.01.2021	31.12.2021	21	-	-
Francois Benaroya	01.01.2021	31.12.2021	-	34	26
Jarostaw Bauc	01.01.2021	31.12.2021	190	-	-
Małgorzata Chruściak	01.07.2021	31.12.2021	73	-	-
Géraldine Conti	01.07.2021	31.12.2021	-	-	-
Stefaan Decraene	01.01.2021	31.12.2021	-	-	-
Magdalena Dzięwguć	01.01.2021	31.12.2021	153	-	-
Sofia Merlo	01.01.2021	24.03.2021	-	-	-
Vincent Metz	01.01.2021	31.12.2021	-	-	-
Piotr Mietkowski	01.01.2021	31.12.2021	-	-	-
Khatleen Pauwels	01.07.2021	31.12.2021	-	-	-
Stéphane Vermeire	01.01.2021	31.05.2021	-	-	-
Mariusz Warych	01.01.2021	31.12.2021	305	-	-
Total			1,457	34	26

¹ concerns only remuneration for work in the Supervisory Board

Information on the remuneration of the Management Board and the Supervisory Board members can be found also in note 52 Related party transactions in the Stand-alone Financial Statements of BNP Paribas Bank Polska S.A. for the year ended 31 December 2022.

On 24 August 2018, at the Extraordinary General Meeting, a resolution was adopted as a result of which a member of the Supervisory Board who is simultaneously employed in any entity within the BNP Paribas SA Capital Group or in any subsidiary of any entity being part of the BNP Paribas SA Capital Group, will not be entitled to remuneration for performing the function of a member of the Supervisory Board of BNP Paribas Bank Polska S.A.

Diversity policy

[2-10]

Diversity policy for supervisory, management and administrative bodies

The Bank has a diversity policy in relation to members of the Supervisory Board, which is formally a part of the Policy for assessing the suitability of members of the Supervisory Board of BNP Paribas Bank Polska S.A. and the diversity policy in relation to members of the Management Board, which is formally a part of the Policy for assessing the suitability of members of the Management Board and key function holders at BNP Paribas Bank Polska S.A.

Diversity policies with respect to members of the Management Board and the Supervisory Board are aimed at reaching a wide range of competences when appointing members of the Supervisory Board and the Management Board, in order to gain different points of view and experience and to enable independent opinions and reasonable decisions within the body, thus ensuring high quality performance of tasks by management and supervisory bodies.

Members of the Management Board are appointed by the Supervisory Board in an open vote, taking into account the provisions of the Bank's Statutes and taking into account the results of the suitability assessment carried out in accordance with the Suitability Assessment Policy. The individual suitability assessment is conducted taking into account the following criteria:

- knowledge, skills and professional experience in the field:
 - significant areas of the Bank's business and the main risks associated with that business, including ESG and ML/FT risks that may arise from the Bank's activities or those of its Clients and counterparties,
 - significant areas of sector/financial expertise, including financial and capital markets, solvency and models,
 - management and strategic planning skills and experience,
 - information technology and cyber security,
 - local and regional markets,
 - financial accounting and reporting,
 - legal and regulatory environment,
 - management of national groups and the risks associated with the structures of such groups;
 - risk management, including ESG and ML/FT risks, as well as management of risks of non-compliance with universally binding or internal laws and internal audit recommendations;
- with regard to the guarantee of the proper performance of the function entrusted, taking into account, inter alia:
 - reputation,



- financial standing,
- criminal record,
- ability to exercise independent judgement, including personal competence (behavioural requirements);
- the existence of possible conflicts of interest;
- in terms of devoting sufficient time to the performance of the function entrusted, taking into account:
 - the number of other activities or functions held at the same time,
 - the actual participation of that person in the works of the Management Board

The Bank aims to ensure sufficient diversity in the composition of the Management Board in terms of the following criteria:

- gender,
- age,
- geographical origin,
- field of education, work experience and length of experience,
- skills or expertise.

The Bank's target is to reach a share of underrepresented gender on the Management Board of at least 30% of the composition by 2025.

In terms of substantive criteria, the diversity strategy ensures the selection of people with diverse knowledge, skills and experience, adequate to the functions they perform and the duties entrusted to them, which complement each other at the level of the entire Supervisory Board and the Management Board. These criteria are subject to verification in the suitability assessment process described in the above-mentioned Suitability Assessment Policies. In addition, diversity includes and uses differences to achieve the best results, which, in addition to knowledge, competences and professional experience, result from gender, age and geographical origin.

The Bank attaches great importance to the real implementation of diversity, including ensuring the appropriate participation of women in the Bank's bodies. The Bank has made a strategic decision to ensure the participation of 30% of women on the Management Board by 2025 and to maintain the share of the underrepresented sex on the Supervisory Board at the level of at least 30%.

The table below presents the current diversity in terms of gender, age and seniority in the Bank within the members of the Supervisory Board, Management Board and persons holding key managerial positions.

Table 116. Diversity in terms of gender, age and seniority at the Bank*

Gender	Women	Men	Total
Supervisory Board	5	7	12
Management Board	2	7	9
Key Managers	47	72	119

Age	<30	30-60	>50	Total
Supervisory Board	0	3	9	12
Management Board	0	3	6	9
Key Managers	0	88	31	119

Years of experience at the Bank	<5	5-10	10-15	15-20	20-25	>25	Total
Supervisory Board	7	5	0	0	0	0	12
Management Board	4	4	1	0	0	0	9
Key Managers	21	17	26	31	17	7	119
Total	32	26	27	31	17	7	140

* the data was prepared based on the full employment status at the Bank, i.e. including employees on maternity and childcare leaves and longer sick leaves

System of control and risk management in the process of financial statements preparation

The Bank adopted an Accounting Policy consistent with the International Financial Reporting Standards approved by the European Union and other specific internal acts regarding the recording of events and the processes for preparing accounting and reporting data. The Financial Accounting Division and the Management Accounting and Investor Relations Division, supervised by the Vice-President of the Management Board responsible for Finance are responsible for the preparation of financial statements, periodic financial reporting and providing management information. The financial statements are adopted by resolution and approved for publication by the Bank's Management Board.

The Bank's financial reporting process is based on accounting data, the preparation of which in source systems and in reporting databases is subject to formal operational and acceptance procedures. The reporting data are subject to control mechanisms, such as reconciliation of the reporting data with the accounting books, analytical data and relevant documentation. The process of month-end closing and preparation of accounting and reporting data is carried out and monitored on the basis of a schedule that defines the various stages of the process along with their owners, who are responsible for the correct and timely completion of the various activities.



As part of risk management in the process of preparing financial statements, the Bank monitors, on an ongoing basis, changes in laws and regulations relating to financial reporting of banks and updates the accounting principles applied and the scope and form of disclosures in the financial statements accordingly, as well as making the required changes to the IT systems.

The Bank's consolidated financial statements are prepared on the basis of the Bank's separate data and information received from its subsidiaries, in the form of consolidation packages. The Financial Accounting Division verifies the information received and also maintains ongoing communication with the financial services of the subsidiaries to ensure the best possible quality and consistency of the data received.

A key role in the process of evaluating the Bank's financial statements is played by the Audit Committee, which monitors the financial reporting process and the independence of the auditor and the entity authorized to audit financial statements and recommends to the Supervisory Board the approval or rejection of the annual financial statements. The annual financial statements, following a positive recommendation from the Audit Committee and the Supervisory Board, are presented to the General Meeting of Shareholders for approval.

Information on certified auditor

The Supervisory Board of BNP Paribas Bank Polska S.A. selects the entity authorized to audit the financial statements of BNP Paribas Bank Polska S.A. and the BNP Paribas Bank Polska S.A. Group, in accordance with the provisions of the Bank's Statute and on the recommendation of the Audit Committee.

On 12 December 2019, the Bank's Supervisory Board selected Mazars Audyt Sp. z o.o. as an audit company. On March 24, 2020 The Bank and Mazars Audyt Sp. z o.o. concluded an agreement for the period necessary to audit and review the Bank's standalone financial statements and the Group's consolidated financial statements together with reporting packages for 2020-2021.

On 9 December 2021, the Bank's Supervisory Board selected the existing audit firm to audit and review the financial statements of the Bank and the Group together with the reporting packages for 2022-2023.

On June 2, 2022 The Bank extended the agreement with Mazars Audyt Sp. z o.o. for the period necessary to review and audit the financial statements for the years 2022-2023.

Mazars Audyt Sp. z o.o. with its registered office in Warsaw at 18 Piękna Street is entered on the list of audit firms under number 186. The list is maintained by the National Council of Statutory Auditors.

Table 117. Auditor's fee by service type

thousand PLN (including VAT)	12 months ended 31.12.2022			12 months ended 31.12.2021		
	Bank	Subsidiaries	Total	Bank	Subsidiaries	Total
Statutory audit of financial statements	1,067	140	1,207	975	181	1,156
Other assurance services*	1,140	540	1,680	989	439	1,428
Total	2,207	680	2,887	1,964	620	2,584

* This category includes the remuneration of the statutory auditor who reviewed the interim financial statements, reviewed and audited the reporting packages for the purposes of consolidation of the BNP Paribas Group. This category also includes: review and audit of funds managed by the TFI subsidiary



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Robert Jaroszyński, Senior Office Space Management Specialist



Scope of non-financial reporting

[2-2] [2-3] [2-4] [2-5]

BNP Paribas Bank Polska S.A. has been publishing annual reports since 2011 containing non-financial data on the management of ESG (E-environment, S-social, G-governance), i.e. environmental, social and responsible business practices and corporate governance.

Starting in 2019, the Bank publishes integrated annual reports. **The Report of the Management Board on the activities of the BNP Paribas Bank Polska S.A. Capital Group in 2022 (covering the Report of the Management Board of BNP Paribas Bank Polska S.A. in 2022)** provides a comprehensive view of the business integrating financial and business performance with environmental, social and governance (ESG) impact aspects. The Report of the Management Board takes into account market best practices and addresses national and international guidelines relevant to the business for reporting non-financial information: Global Reporting Initiative (GRI) 2021 - international non-financial reporting GRI Standards, the ESG Reporting Guidelines prepared by the Warsaw Stock Exchange (WSE) in cooperation with the European Bank for Reconstruction and Development (EBRD), the International Integrated Reporting Council (IIRC) Guidelines, the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations on Climate Risk Reporting and the EU Taxonomy Regulation.

For the purpose of complying with Article 49b(9) of the Accounting Act, the Bank has separately prepared the Report on Non-Financial Information of the BNP Paribas Bank Polska S.A. Group in 2022 (covering non-financial information of BNP Paribas Bank Polska S.A. in 2022), which takes into account the non-financial information required by the provisions of the Act.

BNP Paribas Bank Polska S.A. annual reports for previous years, including those published since 2011 containing non-financial information, are available on [the Bank's website](#).

Data presented in this Report refer to the period from 1 January to 31 December 2022, unless otherwise stated in the Report. The report presents the activities and financial and non-financial data of the BNP Paribas Bank Polska S.A. Group comprising BNP Paribas Bank Polska S.A. as the parent company and the companies comprising the BNP Paribas Bank Polska S.A. Group as at 31 December 2022. These are:

- BNP Paribas Towarzystwo Funduszy Inwestycyjnych S.A.
- BNP Paribas Leasing Services Sp. z o.o.
- BNP Paribas Group Service Center S.A.
- Bankowy Fundusz Nieruchomościowy Actus Sp. z o.o.
- Campus Leszno Sp. z o.o.
- BGZ Poland ABS1 Designated Activity Company.

There were no significant changes in the size or supply chain of the Bank during the reporting period. In terms of structure, the subsidiary BNP Paribas Solutions Sp. z o.o. was deleted from the KRS register in November 2022. The data reported in previous years do not require adjustments.

The report was subjected to external verification, which covered selected indicators listed in the GRI table and marked with „V”. The verification was carried out by Deloitte Audyt sp. z o.o. sp.k..

The services do not constitute auditing activities within the meaning of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision. Deloitte Audyt Sp. z o.o. sp. k. is independent of the Bank.

The report on the performance of the independent assurance service is available on the website of BNP Paribas Bank Polska S.A.

The report is issued on an annual basis. The previous integrated report was published on 2 March 2022.

The reporting process

[3-1]

We have included in the Report the relevant information on the Bank's strategy, management, performance and prospects. This information was presented taking into account the economic, social and environmental context. In accordance with the guidelines of the NFRD Directive and the ESG Reporting Guidelines of the Stock Exchange and the European Bank for Reconstruction and Development, we have applied a two-fold materiality perspective both in the process of identifying material reporting topics and in the way they are presented in the Report. In doing so, we have taken into account actual and potential ESG risks and opportunities that could have a material impact on the Bank's operations and financial performance, as well as the Bank's impact on

sustainability issues. In accordance with the GRI Standards the process of identifying material reporting topics was carried out in three stages: identification, prioritisation and validation.

Identification

At the identification stage, we identified key issues in the Bank's economic, environmental and social responsibility. We also analysed opinions of the Bank's stakeholders, guidelines for the financial sector, as well as trends in our industry.

The following activities were carried out in preparation for the reporting process:

- benchmark of the most important ESG issues in reports and strategies of Polish and foreign banks,
- benchmark of ESG ratings and SASB guidelines on the most important ESG issues for the financial sector,

Prioritisation

In order to prioritise key issues, we conducted a survey among the Bank's internal stakeholders. The survey was completed by employees of the companies and organisational units covered by the reporting. A dialogue session with external stakeholders was also held.

Validation

The issues identified by the Bank and indicated in the survey were verified and clarified by representatives of the Bank's management, including members of the Sustainability Council. The validation of the reporting topics took place during a strategy workshop as part of the work on the Report. In the course of the review of the materiality of non-financial reporting topics, thirteen most significant issues were identified, which we have indicated below

[3-2]

All reporting topics that were highlighted as material in the process of determining the content of the Report were considered according to the principle of double materiality. In describing the Bank's most material non-financial reporting topics, we present the approach to managing these topics as well as the corresponding indicators.



The key topics list

E – environmental impact

- Offering products and services that respond to social and/or environmental challenges.
- Reducing the negative environmental impact of operations.
- Reducing the carbon footprint of the loan portfolio.
- BNP Paribas Bank's strategic commitments and their implementation in the fight against climate change.

S – social impact

- Digitisation of banking services and products.
- Education and development of employees.
- Offering innovative banking services and products.
- Simple and transparent communication.
- Friendly workplace, responsible employment management.
- Charitable and philanthropic activities (including BNP Paribas Foundation projects).

G – corporate governance

- Ethics in internal and external relations.
- Respect for human rights in business.
- Responsible selling and self-regulation of products and services.
- Monitoring and management of ESG risks: environmental, social and corporate governance risks in the Bank's and its Clients' operations.

The list of significant topics has only changed with regard to corporate governance. In 2022, the impact of the Covid-19 pandemic on the Bank's operations and performance has become less relevant, so this aspect is not on the list. Additionally, due to the announcement of the new GO beyond strategy, the topic of the previous Fast Forward Strategy, which was summarised in the previous 2021 report, does not appear on the list. The other aspects are unchanged compared to the previous year.

Contact

[2-3]

Thank you for reading our report. If you have any questions or suggestions regarding the content we report, please do not hesitate to contact us: relacjeinwestorskie@bnpparibas.pl or csr@bnpparibas.pl.

More information is available at: <https://www.bnpparibas.pl/relacje-inwestorskie> and <https://www.bnpparibas.pl/csr>



GRI Table

GRI standard number	Topic standard	GRI version	Disclosure number	Name of indicator	External assurance	Page number
GRI 2	General Disclosures	2021	2-1	Organizational details	V	8
GRI 2	General Disclosures	2021	2-2	Entities included in the organization's sustainability reporting	V	210
GRI 2	General Disclosures	2021	2-3	Reporting period, frequency and contact point	V	210, 211
GRI 2	General Disclosures	2021	2-4	Restatements of information	V	210
GRI 2	General Disclosures	2021	2-5	External assurance	V	210
GRI 2	General Disclosures	2021	2-6	Activities, value chain and other business relationships	V	8, 177
GRI 2	General Disclosures	2021	2-7	Employees	V	93
GRI 2	General Disclosures	2021	2-8	Workers who are not employees	V	99
GRI 2	General Disclosures	2021	2-9	Governance structure and composition	V	192, 196
GRI 2	General Disclosures	2021	2-10	Nomination and selection of the highest governance body	V	200, 206
GRI 2	General Disclosures	2021	2-11	Chair of the highest governance body	V	194
GRI 2	General Disclosures	2021	2-12	Role of the highest governance body in overseeing the management of impacts	V	33, 35, 194
GRI 2	General Disclosures	2021	2-13	Delegation of responsibility for managing impacts	V	35
GRI 2	General Disclosures	2021	2-14	Role of the highest governance body in sustainability reporting	V	35, 192, 197
GRI 2	General Disclosures	2021	2-15	Conflicts of interest	V	174, 176, 190

GRI standard number	Topic standard	GRI version	Disclosure number	Name of indicator	External assurance	Page number
GRI 2	General Disclosures	2021	2-16	Communication of critical concerns	V	174
GRI 2	General Disclosures	2021	2-17	Collective knowledge of the highest governance body	V	35, 194, 201
GRI 2	General Disclosures	2021	2-18	Evaluation of the performance of the highest governance body	V	200
GRI 2	General Disclosures	2021	2-19	Remuneration policies	V	204
GRI 2	General Disclosures	2021	2-20	Process to determine remuneration	V	204
GRI 2	General Disclosures	2021	2-21	Annual total compensation ratio	V	102
GRI 2	General Disclosures	2021	2-22	Statement on sustainable development strategy	V	4, 5
GRI 2	General Disclosures	2021	2-23	Policy commitments	V	36, 107, 165, 178
GRI 2	General Disclosures	2021	2-24	Embedding policy commitments	V	36, 58, 174, 176
GRI 2	General Disclosures	2021	2-25	Processes to remediate negative impacts	V	175
GRI 2	General Disclosures	2021	2-26	Mechanisms for seeking advice and raising concerns	V	175
GRI 2	General Disclosures	2021	2-27	Compliance with laws and regulations	V	184
GRI 2	General Disclosures	2021	2-28	Membership associations	V	28
GRI 2	General Disclosures	2021	2-29	Approach to stakeholder engagement	V	27
GRI 2	General Disclosures	2021	2-30	Collective bargaining agreements	V	94



GRI standard number	Topic standard	GRI version	Disclosure number	Name of indicator	External assurance	Page number
GRI 3	Material Topics	2021	3-1	Process to determine material topics	V	210
GRI 3	Material Topics	2021	3-2	List of material topics	V	210
GRI 3	Material Topics	2021	3-3	Management of material topics	V	58, 71, 75, 81, 91, 93, 103, 165, 168, 174, 178
GRI 203	Indirect Economic Impacts	2016	203-1	Infrastructure investments and services supported		58, 72
GRI 204	Procurement Practices	2016	204-1	Proportion of spending on local suppliers		177
GRI 205	Anti-corruption	2016	205-2	Communication and training about anti-corruption policies and procedures	V	176
GRI 205	Anti-corruption	2016	205-3	Confirmed incidents of corruption and actions taken	V	176
GRI 302	Energy	2016	302-1	Energy consumption within the organization	V	84
GRI 302	Energy	2016	302-4	Reduction of energy consumption		83
GRI 303	Water	2016	303-3	Water withdrawal		85
GRI 305	Emissions	2016	305-1	Direct GHG emissions by weight Direct (Scope 1) GHG emissions	V	81
GRI 305	Emissions	2016	305-2	Energy indirect (Scope 2) GHG emissions by weight	V	81
GRI 305	Emissions	2016	305-5	Reduction of GHG emissions		81
GRI 308	Procurement Practices	2016	308-1	New suppliers screened using environmental criteria		177
GRI 401	Employment	2016	401-1	New employee hires and employee turnover	V	99
GRI 402	Employment	2016	402-1	Benefits provided to full-time employees that are not provided to temporary or part-time employees		94

GRI standard number	Topic standard	GRI version	Disclosure number	Name of indicator	External assurance	Page number
GRI 401	Employment	2016	401-2	Occupational health and safety management system	V	102
GRI 403	Occupational Health and Safety	2018	403-1	Hazard identification, risk assessment, and a description of the processes in case of incidents/accidents Hazard identification, risk assessment, and incident investigation		102
GRI 403	Occupational Health and Safety	2018	403-2	Occupational health services	V	102
GRI 403	Occupational Health and Safety	2018	403-3	Worker participation, consultation, and communication on occupational health and safety		102
GRI 403	Occupational Health and Safety	2018	403-4	Worker training on occupational health and safety		102
GRI 403	Occupational Health and Safety	2018	403-5	Promotion of worker health		102
GRI 403	Occupational Health and Safety	2018	403-6	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	V	102
GRI 403	Occupational Health and Safety	2018	403-7	Work-related injuries		102
GRI 404	Training and Education	2016	404-1	Average hours of training per year per employee by gender and employee category Average hours of training per year per employee	V	104
GRI 404	Training and Education	2016	404-2	Programs for upgrading employee skills and transition assistance programs	V	104
GRI 404	Training and Education	2016	404-3	Percentage of employees receiving regular performance and career development reviews	V	104



GRI standard number	Topic standard	GRI version	Disclosure number	Name of indicator	External assurance	Page number
GRI 405	Diversity and Equal Opportunity	2016	405-1	Diversity of governance bodies and employees	V	106
GRI 406	Non-discrimination	2016	406-1	Total number of incidents of discrimination and remediation actions taken Incidents of discrimination and corrective actions taken	V	105
GRI 414	Procurement Practices	2016	414-1	Percentage of new suppliers who were selected taking into account meeting the criteria of hiring practices		177
GRI 417	Marketing and Labelling	2016	417-2	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling by results Incidents of non-compliance concerning product and service information and labeling	V	184
GRI 417	Marketing and Labelling	2016	417-3	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by results. Incidents of non-compliance concerning marketing communications	V	184
GRI 418	Customer Privacy	2016	418-1	Total number of substantiated complaints concerning breaches of customer privacy and losses of customer data	V	184

EU Taxonomy

Taxonomic disclosures	67-68
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TCFD recommendation

Task Force on Climate-related Financial Disclosures	168-172
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SFDR indicators (Sustainable Finance Disclosure Regulation)

Indicator number	Name of indicator	Page number
Climate and other environment-related indicators		
SFDR 1	GHG emissions	81-82
SFDR 2	Carbon footprint	81-82
SFDR 3	GHG intensity	81-82
SFDR 4	Exposure to companies active in the fossil fuel sector	165-167
SFDR 5	Share of non-renewable energy consumption and production	83-85
SFDR 6	Energy consumption intensity per high impact climate sector	83-85
SFDR 7	Activities negatively affecting biodiversity sensitive areas	In 2022, no such activities.
SFDR 8	Emissions to water	In 2022, no emitted pollutants to water.
SFDR 9	Hazardous waste ratio	No hazardous or radioactive waste in 2022.
Social and employee, respect for human rights, anti-corruption and anti-bribery indicators		
SFDR 10	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	No confirmed violations in 2022
SFDR 11	Processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	174-175
SFDR 12	Unadjusted gender pay gap	101
SFDR 13	Board gender diversity	106
SFDR 14	Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)	165-167



Additional information

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Przemysław Mroczek, Compliance Systems Analysis and Implementation Expert



Post-balance sheet events



January 2023

- **17.01.** - Extraordinary General Meeting of Shareholders - adoption of resolutions on, among others:
 - assessment the collective adequacy of the Bank's Supervisory Board in connection with the change in the composition of the Supervisory Board,
 - appointment of Mr Grégory Raison as a member of the Bank's Supervisory Board with effect from 17 January 2023 until the end of the current five-year joint term of office of the members of the Bank's Supervisory Board,
 - amendments to the Bank's Statutes.
- **17.01.** - the Bank received the **Decision of UOKiK on the fine imposed on the Bank** in connection with practices infringing collective consumer interests in the field of credit holidays, details are presented in Chapter Litigation and claims.



February 2023

- **16.02.** - the opinion of the Advocate General of the CJEU was issued on whether, in the event of cancellation of the loan agreement, the parties are entitled to any claim for the use of capital by the other party (entrepreneur and consumer), details are presented in Chapter Litigation and claims.



Statements of the Management Board of BNP Paribas Bank Polska S.A.

Accuracy and reliability of the statements presented

The Management Board of BNP Paribas Bank Polska S.A. hereby declares that to the best of its knowledge:

- Separate financial statements of BNP Paribas Bank Polska S.A. for the period of 12 months ended 31 December 2022 and Consolidated financial statements of the Capital Group of BNP Paribas Bank Polska S.A. for the period of 12 months ended 31 December 2022 and the comparative data was prepared in accordance with the applicable accounting principles, and they reflect in a true, reliable and clear way the financial position as well as the financial result of the Bank and the Bank's Capital Group.
- Management Board Report on the activities of the Capital Group of BNP Paribas Bank Polska S.A. in 2022 including the Management Board Report on the activities of BNP Paribas Bank Polska S.A. in 2022 contains a true picture of the development and achievements and situation of the Bank's Capital Group, including a description of the basic risks and threats.

Information of the Management Board, prepared on the basis of a statement of the Supervisory Board or a supervising person, on the selection of an audit firm to audit the annual financial statements and the annual consolidated financial statements in accordance with the provisions

The Management Board of BNP Paribas Bank Polska S.A. declares that Mazars Audyt Spółka z ograniczoną odpowiedzialnością with its registered office in Warsaw ("Mazars") was selected by the Supervisory Board of the Bank in accordance with the law, as an entity authorised to audit the Consolidated financial statements of the Capital Group of BNP Paribas Bank Polska S.A. for 2022 and the Separate financial statement of BNP Paribas Bank Polska S.A. for 2022.

Mazars and the members of the audit team met the conditions for preparing an impartial and independent audit report on the annual financial statements and the audit report on the consolidated annual financial statements in accordance with applicable regulations, professional standards and professional ethics.

The Management Board of BNP Paribas Bank Polska S.A. declares that the binding law provisions related to the rotation of the audit firm and the key statutory auditor and the mandatory grace periods have been respected and that the company has in place the "Policy on the selection of the audit firm at BNP Paribas Bank Polska S.A." and the "Audit firm selection procedure at BNP Paribas Bank Polska S.A." and the "Policy on the provision of permitted non-audit services by the audit firm, by affiliates of the audit firm and members of the audit firm's network at BNP Paribas Bank Polska S.A."

Position of the Bank's Management Board on the possibility of meeting previously published forecasts for a given year

The Bank did not publish financial forecasts for 2022.



SIGNATURES OF MANAGEMENT BOARD MEMBERS OF BNP PARIBAS BANK POLSKA S.A.

28.02.2023	Przemysław Gdański President of the Management Board	<i>qualified electronic signature</i>
28.02.2023	Jean-Charles Aranda Vice-President of the Management Board	<i>qualified electronic signature</i>
28.02.2023	André Boulanger Vice-President of the Management Board	<i>qualified electronic signature</i>
28.02.2023	Przemysław Furlepa Vice-President of the Management Board	<i>qualified electronic signature</i>
28.02.2023	Wojciech Kembłowski Vice-President of the Management Board	<i>qualified electronic signature</i>
28.02.2023	Kazimierz Łabno Vice-President of the Management Board	<i>qualified electronic signature</i>
28.02.2023	Magdalena Nowicka Vice-President of the Management Board	<i>qualified electronic signature</i>
28.02.2023	Volodymyr Radin Vice-President of the Management Board	<i>qualified electronic signature</i>
28.02.2023	Agnieszka Wolska Vice-President of the Management Board	<i>qualified electronic signature</i>