



PRESS RELEASE

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BNP Paribas Bank Polska Group posts net profit of PLN 441 million in 2022

2022 was marked by economic uncertainty, increased regulatory costs and a lingering need to increase the volume of provisions related to the CHF loan portfolio. In this market environment, the BNP Paribas Bank Polska Group generated PLN 441 million in net profit in 2022 (+150% y/y), including PLN 253 million in Q4 alone. This profit translated into a ROE of 3.9%, differing significantly from the cost of capital or the expected profitability.

"It was a hard year for banks as they had to cope with an environment of economic instability and ever-growing regulatory costs. Despite these unfavorable circumstances, in 2022 we posted a positive financial result and saw increases in key categories of net banking income, having corroborated the suitability of our path towards growth and development embedded in the GO beyond strategy," says Przemek Gdański, President of the BNP Paribas Bank Polska Management Board. "Yet we are still dealing with highly uncertain conditions. In addition to the current business environment, the geopolitical situation and the invasion of Ukraine, political decisions and regulatory uncertainty lurk as some of the key risk factors for the whole sector, affecting its future ability to fund the economy. These days, we are facing an unprecedented gathering of unfavorable circumstances, but we are ready to tackle them as a stable, resilient and agile organization," he adds.



Net profit in 2022
PLN 441.5 million
+150% y/y



Net banking income in 2022
PLN 5.4 billion
+11% y/y



Customer deposits (end of 2022)
PLN 119.5 billion
+18% y/y



Digital/remote channel customers (end of 2022)
1.6 million
+7% y/y



GOMobile users (end of 2022)
1.1 million
+20% y/y



Sustainable financing volume (end of 2022)
PLN 6.5 billion
+109% y/y

Key business highlights in Q4 2022:

- Gross retail loan portfolio: PLN 38.8 billion (+0.1% y/y)
- Institutional customer gross loan portfolio: PLN 54.3 billion (+7.3% y/y)
- Sales of mortgage loans: PLN 23.5 million (-99% y/y)
- Sales of cash loans: PLN 0.65 billion (-21% y/y)
- Sales of personal accounts: 62.5 thousand (-23% y/y)
- Number of digital channel users: 1.6 million (+7% y/y)
 - including GOMobile app users: 1.1 million (+20% y/y)

Financial highlights at the end of Q4 2022:

- Total assets: PLN 152 billion (+15.0% y/y)
- Gross loans granted: PLN 93 billion (+4.2% y/y)



- Customer deposits: PLN 120 billion (+18.4% y/y)
- Net banking income in Q4: PLN 1,720 million (+33.1% y/y)
 - Net interest income: PLN 1,217 million (+40.8% y/y)
 - Net interest income without the impact of credit holidays: PLN 1,147 million (+32.7% y/y)
 - Net fee and commission income: PLN 262 million (-13.2% y/y)
 - Net trading and investment income: PLN 273 million (+95.1% y/y)
- General administrative expenses, depreciation and amortization in Q4: PLN 754 million (+6.9% y/y)
- Cost of credit risk year-to-date: 30 b.p. versus 32 b.p. one year ago
- Profitability: ROE of 3.9% (-2.5 p.p. y/y), C/I 56.8% (+3.9 p.p. y/y)
- Profitability: ROE without the impact of credit holidays: 10.2% (+8.7 p.p. y/y), C/I without the costs of contributions to the Bank Guarantee Fund, the IPS or the impact of credit holidays: 42.9% (-7.0 p.p. y/y)
- Stable and safe liquidity position – net loan/deposit ratio: 75.3% (-10.1 p.p. y/y)
- Capital position above regulatory minimum levels – Tier 1 ratio: 11.28%

Continued growth in an unpredictable and volatile market environment

In 2022, the BNP Paribas Bank Polska Group's net profit stood at PLN 441 million (+150.4% y/y), of which PLN 253 million was generated in Q4 alone. The Group's 2022 performance was significantly affected by the costs of new regulations, especially the impact of credit holidays (PLN -895 million, of which PLN -965 million in Q3, adjustment by PLN +70 million in Q4). Without the impact of credit holidays, the Group's net profit would have reached PLN 1,166 million (+562% y/y).

The cost of provisions for legal risk related to foreign currency loans remained a key factor significantly affecting the Group's net result in 2022. In 2022, these provisions reduced the Group's bottom line by PLN 740 million, compared to PLN 1,045 million in 2021.

In 2022, the Group generated a net banking income of PLN 5,352 million (+11.3% y/y), of which PLN 3,493 million (+11.2% y/y) from interest, PLN 1,137 million (+8.4%) from fees and commissions and PLN 784 million (+24.8%) from trading and investing activities. The Group's net interest income reflects the favorable consequences of the National Bank of Poland (NBP) interest rate hikes, although at the same time it was significantly reduced due to the posting of the PLN 895 million impact of credit holidays. The increase in net fee and commission income was largely a consequence of the high level of activity seen among customers and the update of the table of fees and commissions. The result on trading activity was considerably affected by the increase in the result on transactions with customers.

In 2022, the Group saw an increase in the value of its loan portfolio (+4.2% y/y), despite a decrease in the value of the loan portfolio in Q4 alone (-3.4% q/q), broken down into the retail customer segment (+0.1% y/y, -1.9% q/q) and the institutional customer segment (+7.3% y/y, -4.3% q/q).

Across 2022, the total value of customer deposits increased significantly (+18.4% y/y, +4.7% q/q). This trend was noticeable both in the retail customer segment (+9.5% y/y, -2.4% q/q) and the institutional customer segment (+25.4% y/y, +10.3% q/q).

Due to the volatile market environment and high interest rates, investment products were less popular among customers in 2022. In Q4, the downward trend bounced back and the value of cash deposited in the BNP Paribas Group's investment funds increased. The total volume of investment products was PLN 5,594 million (-33.2% y/y, +6.1% q/q).

Higher costs of contributions to the Bank Guarantee Fund, the Commercial Bank Protection System (SOBK) and the Borrower Support Fund (FWK), stable cost of risk



The Group's operating expenses in 2022 totaled PLN 3,038 million (+19.5% y/y), of which PLN 754 million (+6.9% y/y, +14.4% q/q) was spent in Q4 alone. The year-on-year increase in expenses was largely a consequence of PLN 207 million in contributions to the Commercial Bank Protection System (SOBK) coupled with additional payments to the Borrower Support Fund (FWK) (up PLN 76 million y/y). The total costs related to the Bank Guarantee Fund and the Commercial Bank Protection System increased by PLN 216 million, or 150.3%, compared to 2021. In addition to the increase in regulatory costs described above, the increase in personnel and administrative expenses was affected by the inflationary pressure growing in 2022.

The high quality of the Group's loan portfolio and timely servicing of loans translated into a stable cost of risk. The NPL ratio for the loan portfolio (measured at amortized cost) was 3.3% at year-end 2022.

As at the end of 2022, the Tier 1 ratio was 11.28%, while the total capital ratio was 15.55%. Both these ratios increased compared to the end of Q3 2022 and remain above their required regulatory values.

Execution of the GOBeyond strategy one year down the road

Since Q1 2022, the bank has been pursuing its GOBeyond strategy, based on four pillars: *UP*, *POSITIVE*, *STRONGER*, *TOGETHER*. The strategy's key purpose is to ensure the continued rapid growth of the organization based on a sustainable and diversified business model. The Bank focuses on intensifying employee engagement and improving customer satisfaction and social responsibility, guided by the United Nations Sustainable Development Goals (SDGs).

Each pillar of the strategy represents an idea which spans specific actions towards precisely formulated objectives. *UP* means consistent organic growth in key market segments. The *POSITIVE* pillar ensures that all activities of the Bank have a positive impact on the social, business and natural environments. *STRONGER* means contributing to business success through technological change. The purpose of the *TOGETHER* pillar is to build the Bank's competitive advantage through greater engagement of employees and tapping their potential to the full.

In each of these areas, the Bank recorded progress and came closer to the achievement of its assumed objectives.

The share of key processes available to individual customers through remote channels increased from 55% at yearend 2021 to 66% at yearend 2022. The Bank also recorded an increase in the number of active international customers by 9% compared to the end of 2021. The improvements in quality rolled out by the organization were also confirmed by pertinent awards, including: 1st place in the Traditional Banking category in the Newsweek's Friendly Bank ranking and 2nd place in the Forbes' Company-Friendly Bank ranking.

The share of sustainable financing in the Bank's loan portfolio increased to 7.1% at yearend 2022. The volume of sustainable financing at the end of 2022 was PLN 6.5 billion. In September 2022, the Bank was granted an ESG risk rating of 10.9 – the best among Polish banks (10.9), awarded by Sustainalytics.

In its pursuit of the objectives covered by the *STRONGER* pillar, the Bank is already optimizing 19 out of the 38 key business processes assumed in the strategy and improving the efficiency of its operations. The consistent deployment of the digital agenda resulted in a rapid increase in the use of remote channels. As at the end of 2022, the number of customers using the Bank's services through such channels stood at 1,628 thousand (+7% y/y, +1% q/q). The number of users of the GOMobile app increased to 1,095 thousand (+20% y/y, +3% q/q). The Bank recorded a continued increase in the number of tokens in its customers' digital wallets (510 thousand, +30% y/y or +3% q/q) and BLIK transactions (8,888 thousand, +72% y/y or +22% q/q).



The level of employee satisfaction, which is a priority defined under the *TOGETHER* pillar, is close to the target assumed for 2025. The Net Promoter Score (recommendation indicator) among the Bank's employees increased to 18 (by 27 p.p. y/y). As a result of the Bank's endeavors in this area, the wage gap between female and male employees was reduced to 6.5% from 7.3% at yearend 2021 (target set in the strategy: <4%). Since Russia's invasion of Ukraine, the involvement of the Bank and its employees in initiatives to alleviate the suffering of people fleeing war zones has not ceased. In 2022, volunteers representing the Bank and the BNP Paribas Group member companies and subsidiaries were involved in a total of over 4,600 interventions, having devoted 30,000 hours to people in need. The average number of hours per employee increased from 3.1 in 2021 to 3.85 hours in 2022.

As at the end of 2022, the Bank served nearly 4.2 million customers. It had 410 customer centers, including 202 without teller services. 103 centers held a Barrier-Free Facility certificate.

Consolidated financial highlights (PLN 000s)

Profit and loss account	12M 2022	12M 2021	change y/y	Q4 2022	Q4 2021	change y/y	Q3 2022
Interest income	3,493,005	3,140,942	11.2%	1,216,931	864,231	40.8%	123,704
Fee and commission income	1,136,915	1,048,986	8.4%	261,545	301,257	-13.2%	279,747
Net banking income	5,351,946	4,809,257	11.3%	1,719,659	1,292,294	33.1%	597,759
General administrative expenses and depreciation	(3,038,456)	(2,543,529)	19.5%	(753,802)	(705,153)	6.9%	(658,664)
Net impairment loss	(275,010)	(266,185)	3.3%	(56,262)	(74,239)	-24.2%	(54,021)
Result on operating activities	1,298,480	954,239	36.1%	526,332	(71,473)		(248,926)
Net profit	441,497	176,298	150.4%	252,685	(273,504)		(346,597)
per share in PLN	2.99	1.20	149.2%	1.71	(1.85)		(2.35)

Balance sheet	31 Dec 2022	30 Sep 2022	31 Dec 2021	30 Sep 2021
Total assets	151,517,069	146,387,229	131,777,481	127,616,365
Total loans (gross)	93,119,971	96,340,566	89,386,369	86,779,357
Liabilities towards clients	120,021,043	114,679,839	101,092,941	99,035,855
Total equity	11,262,221	10,863,409	11,361,631	12,188,077
Capital adequacy	31 Dec 2022	30 Sep 2022	31 Dec 2021	30 Sep 2021
Total capital requirement	15.55%	14.86%	16.91%	17.57%
Tier 1 ratio	11.28%	10.67%	12.33%	12.85%