



1 MARCH 2023

# PRESENTATION OF FINANCIAL PERFORMANCE FOR 2022

BNP PARIBAS BANK POLSKA S.A. GROUP



**BNP PARIBAS**

# AGENDA

01

Key highlights

02

Macroeconomic environment

03

Financial results

04

Summary & outlook

05

Business activities

06

Appendices





01

**KEY  
HIGHLIGHTS**

# Q4 2022 – solid quarterly net profit and revenues increase. Low cost of risk, expenses impacted by regulatory contributions

Major impact of external factors and high volatility on the Bank's operations and results in 2022

## STRATEGY & TRANSFORMATION

First year of the implementation of the GOeyond Strategy in an unstable economic and regulatory environment:

- sustainable growth (**#positive, #up**): growth of the loan portfolio y/y, including a more than two-fold increase in the sustainable financing volume
- responsible transformation (**#stronger, #together**): implementation of technological improvements in the Agile@Scale model, increased use of remote channels and services by Clients
- improvement of service quality and Customer satisfaction, prestigious Newsweek and Forbes awards

### RETAIL BANKING

- Impact of the macroeconomic environment on sales volumes in H2 2022. Decrease in the value of the loan portfolio additionally caused by the recognition of the impact of credit holidays in Q3
- Constant increase in Customer transactionality (cards, mobile transactions, digital wallets)
- Stable deposit base, increased interest in investment products

### CORPORATE & SME BANKING

- Slowdown in the loan growth in the Corporate segment, increase in term deposits
- Further increase in cross-sell and transactionality. Growing revenues from cash management and FX transactions
- Strengthening the Bank's position on the sustainable finance market: new transactions, expansion of the green product offer, support for clients in terms of energy transition
- Improvement in core income on a reported and normalized basis, i.e. excluding the impact of credit holidays
- Quarterly increase in operating expenses – higher contribution for the Borrower Support Fund and finalization of technology initiatives
- Good quality of the loan portfolio, low cost of risk, improvement of capital ratios
- PLN 441 million of net profit in 2022 (+150% y/y); PLN 1,166 million of net profit w/o credit holidays (+562% y/y)

## BUSINESS ACTIVITY

## FINANCIAL RESULTS

net profit for Q4

**PLN 253 million**

net profit for 2022

**PLN 441 million**

+150% y/y

gross loans

**-3% q/q**

+4% y/y

NBI for Q4

**PLN 1,720 million**

NBI for 2022

**PLN 5,352 million**

+11% y/y



# GO beyond Strategy 2022-25

Strategy execution on track despite challenging environment. Sustainable growth

## #UP - acceleration of digital competences supporting development in key segments

- GOdealer – new mobile application for currency exchange
- **Fixed-rate loans:** 10-year fixed rate mortgage. Cash loan for micro-businesses and revolving credit for farmers
- **“Safe M”** - comprehensive real estate insurance – all risk coverage even in basic option
- Immediate (in 4 days since the war outbreak) **offer adjustment to fit the needs of Ukrainian citizens**
- First place in the **Traditional Banking** category in the Newsweek Friendly Bank ranking and second place in the Forbes **Company-Friendly Bank** ranking

## #POSITIVE - growing scale of sustainable financing

- Three significant **Sustainability-Linked Loan** transactions, i.e. financing of general objectives linked to the improvement of sustainability (ESG) indicators: Wirtualna Polska, Velvet Care, Fabryka Farb i Lakierów Śnieżka
- **New sustainable products and services:** ESG Rating-Linked Loan - a new type of financing linked to the improvement of the ESG rating score and the establishment of a partnership with the EcoVadis rating agency, new agreements to support energy efficiency projects in cooperation with EIB
- **Best ESG rating among Polish banks:** ESG Risk Rating assigned by Sustainalytics at 10.9, indicating a low risk of significant negative impact of factors related to ESG management

**7 place** [9 in 2021]

**GOAL 2025: TOP 3**

NPS – Retail Banking & Personal Finance

**+17%** [vs 2021]

**GOAL 2025: +30%**

increase in the number of active food processors

**66%** [55% in 2021]

**GOAL 2025: 90%**

% of key processes available in remote channels\*

**+9%** [vs 2021]

**GOAL 2025: >22%**

increase in the number of active multinational Clients

\* for individual Clients

**7.1%** [4.5% in 2021]

**GOAL 2025: 10%**

share of sustainable assets

**3.85h** [3.1h in 2021]

**GOAL 2025: 4h**

employee social engagement

# GO beyond Strategy 2022-25

Strategy execution on track despite challenging environment. Delivery of innovative solutions in Agile@Scale model

## #STRONGER - innovative implementations, especially in the area of cybersecurity

- Convenient **transactional solutions**: BLIK – further development of its functionalities (repayment of instalments and credit cards, mobile phone transfers), **aggregator of accounts** in other banks (open banking)
- **Facilities for microbusiness**: modern accounting system **GOKsięgowość**, smartphone integrated payment terminal (SoftPOS), fully remote account opening utilizing biometry and digital signature
- **Complaint process optimization**. Number of complaints lower by 6% y/y and improved customer satisfaction with the process
- **Investments in cybersecurity**: Digital Fraud Innovation Lab - cooperation with external partners to tackle cyber risks, protecting Customers from scams and cyber threats: two-factor identity authentication of both Bank employees and Customers during phone calls, behavioural analysis in GOonline

## #TOGETHER - level of employee satisfaction close to the original target for 2025

- One year of operations in the new agile structure - **Agile@Scale**
- **Strengthening employee engagement**: initiatives supporting refugees, launching an online platform for employee volunteering management; the Bank is a strategic partner of the Noble Gift for the 5th time
- **Building the competences of the future**: "UniversITy" training courses covering new technologies and cybersecurity areas (over 1,600 participants)
- ~28,000 participants of events organized in 2022 by the **women's network "Women changing BNP Paribas"**, leading, among others, proprietary development program Women Up, Mentoring Program Wo-mentoring Future Up, Program Success is Me („Program Sukces to Ja”) - a series of seminars building awareness and financial independence
- **Poland's Top Employer 2022** title for the 9th time



**+23%** [vs 2021]

**GOAL 2025: >10% yearly**  
Operations efficiency  
increase\*

\* calculated as the volume of  
products per FTE in the Operations  
and Sales Support Area

**PLN 350 million**

**GOAL 2025: PLN 1.5 billion**  
total investments  
in technology until 2025

**6.5%** [7.3% in 2021]

**GOAL 2025: <4.0%**  
wage gap reduction  
between men & women

**18** [-9 in 2021]

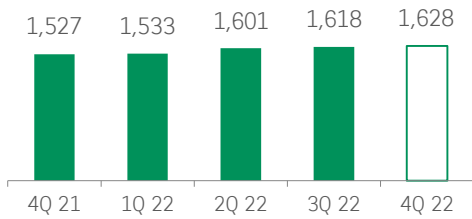
**GOAL 2025: 20**  
employee  
Net Promoter Score



# #G0digital - statistics

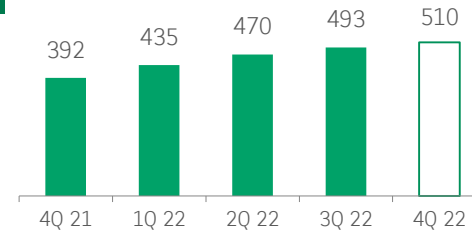
Ongoing implementation of the digital agenda in the Agile@Scale model. Increased usage of remote channels by Clients

## > Customers using digital channels [thous.]



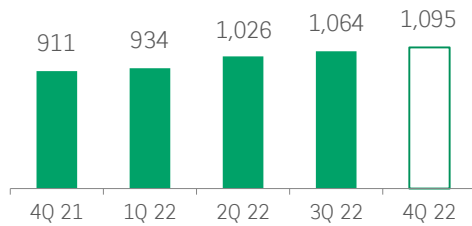
**+1% q/q**  
**+7% y/y**

## > Number of tokens in digital wallets [thous.]



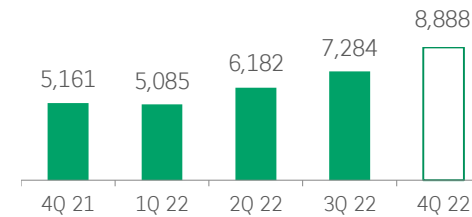
**+3% q/q**  
**+30% y/y**

## > G0mobile users [thous.]



**+3% q/q**  
**+20% y/y**

## > BLIK transactions quarterly [thous.]



**+22% q/q**  
**+72% y/y**

#G0digital



G0mobile  
deposit



G0dealer  
application

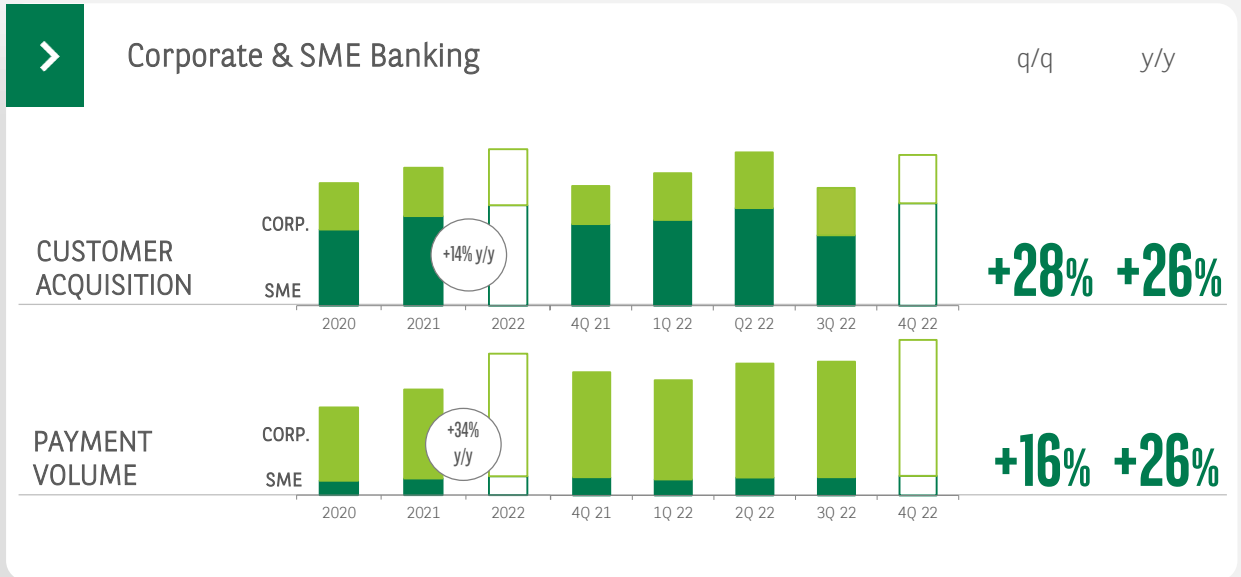


Open  
banking



# Customer business activity - sales & transactional trends

Sales volumes in retail banking impacted by market situation. Increase in acquisitions and transactionality of Corporate and SME Clients



We support our Customers in business development by actively participating in key deals on the market

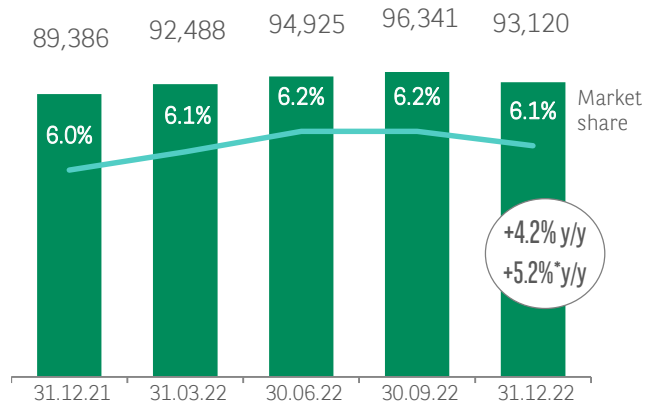
<p><b>EUR 864 million</b> Refinancing &amp; Investment Loan BNP PARIBAS Mandated Lead Arranger October 2022</p>	<p><b>PLN 223 million</b> Refinancing, financing of general corporate purposes BNP PARIBAS Mandated Lead Arranger, Lender November 2022</p>	<p><b>PLN 400 million</b> incremental financing secured with KUKE S.A. guarantee BNP PARIBAS Sole Lender December 2022</p>	<p><b>PLN 120 million</b> Working capital financing &amp; investment loan - SLL BNP PARIBAS Sole Lender December 2022</p>
---	---	--	---



# Further growth in deposit volumes, quarterly slowdown in lending

Impact of the macroeconomic environment on the loan volumes dynamics in Q4: decrease in demand and strengthening of PLN q/q

## > Gross loans [PLN million]



**-1.9% q/q**  
**-2.1%\* q/q**

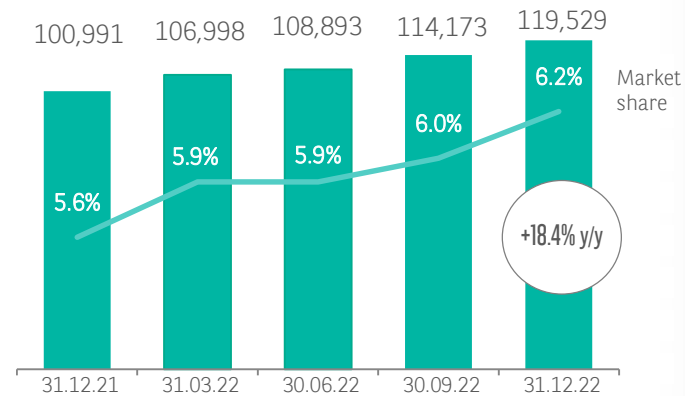
decrease in Individual Customer loans (increase by +0.1% y/y; +2.4%\* y/y), mortgage loans (-2.1% q/q, -0.2% y/y). Low dynamics due to among others credit holidays impact and decrease in mortgages sale

**-4.3% q/q**

decrease in Institutional Customer loans (increase +7.3% y/y), the highest dynamics in leasing +2.8% q/q (+10.8% y/y)

\* w/o impact of credit holidays

## > Customer deposits [PLN million]



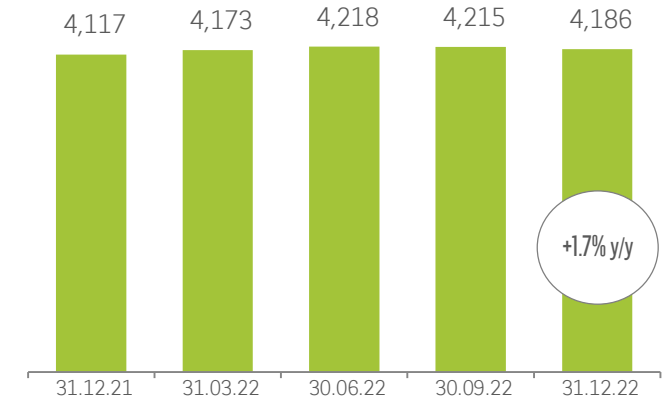
**-2.4% q/q**

decrease in Individual Customer deposits (increase +9.5% y/y)

**+10.3% q/q**

increase in Institutional Customer deposits (+25.4% y/y)

## > Number of Customers [thous.]



**-0.7% q/q**

slight decrease in the number of Individual Customers (increase by +1.7% y/y)

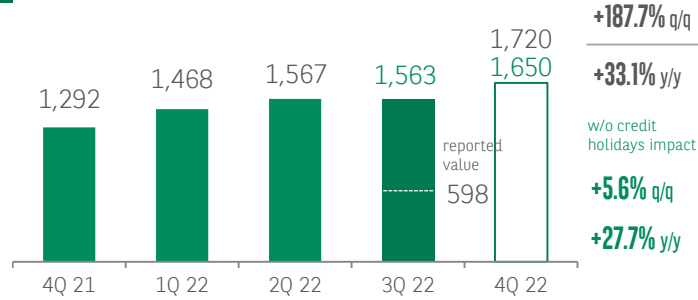
**+0.8% q/q**

increase in the number of micro, SME and Corporate Customers (+1.5% y/y)

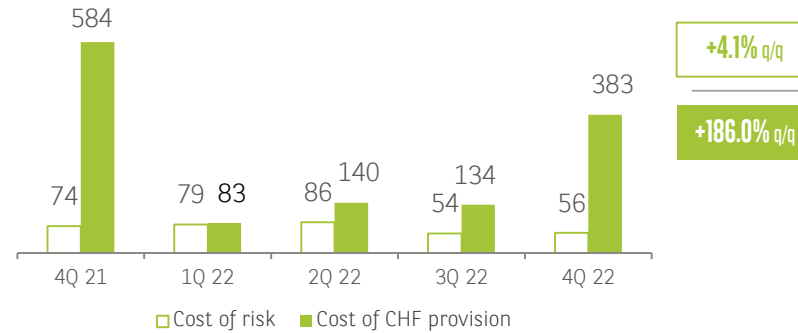
# Despite higher quarterly CHF provision, net result positive and supported by NBI growth

Increase in revenues on a normalized basis. Operating expenses and cost of risk under control

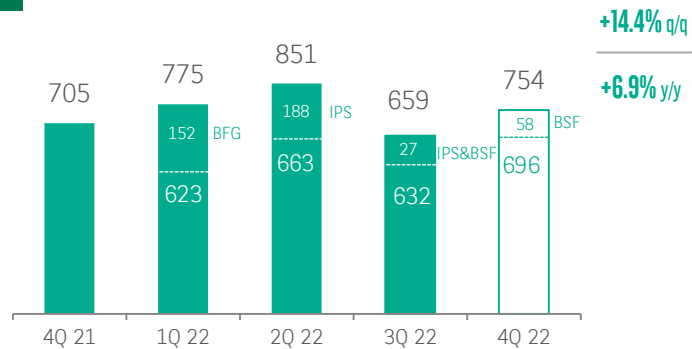
## Net banking income [PLN million]



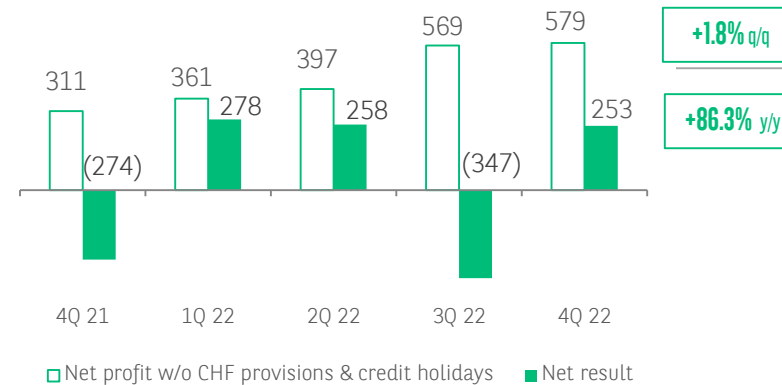
## Cost of risk and cost of CHF provision [PLN million]



## Operating expenses [PLN million]



## Net result [PLN million]



Increase in the quarterly net banking income on a normalized basis due to improvement in net interest income and net trading income.

No negative impact of credit holidays on the Q4 result (+PLN 70 million adjustment to net interest income).

Increase in a quarterly level of operating costs y/y w/o BFG & IPS costs below the level of inflation. Quarterly increase due to higher Borrower Support Fund (BSF) costs and finalization of technology initiatives.

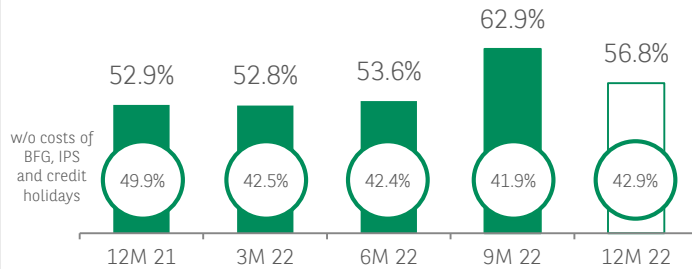
Stable cost of risk level resulting from the sustained good loan portfolio quality.

PLN 253 million net profit in Q4 2022. On a normalized basis, i.e. without the impact of credit holidays and CHF provision costs, the net profit for Q4 2022 would amount to PLN 579 million and be 1.8% higher q/q and 86.3% y/y.

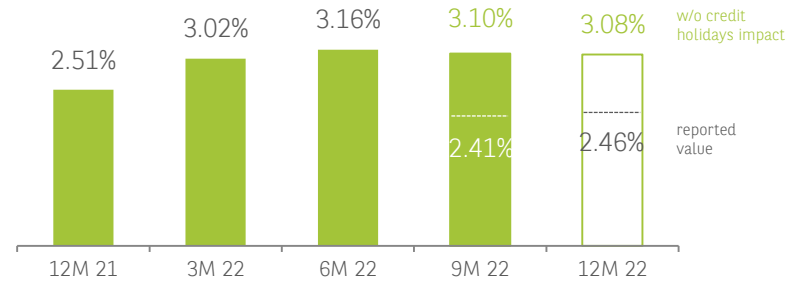
# Profitability under pressure of external factors

Negative impact of credit holidays, BFG & IPS costs as well as inflation. Improvement of normalized ratios y/y

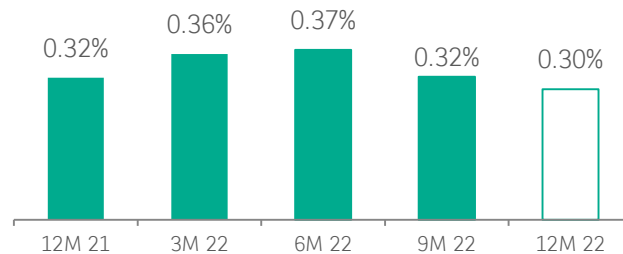
## > Cost / Income [%]



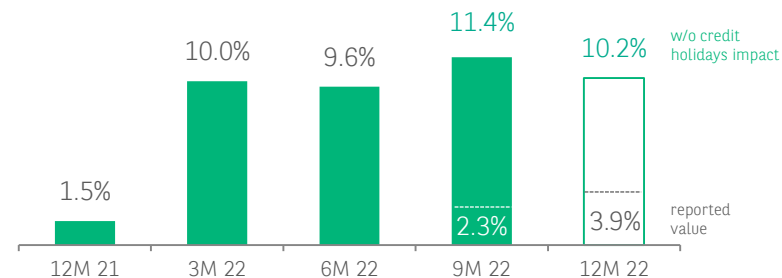
## > Net interest margin on assets [%]



## > Cost of risk [%]



## > ROE [%]



Deterioration of the reported Cost / Income ratio as a result of recognising the credit holidays impact in net interest income.

Excluding costs of BFG, IPS and credit holidays, the ratio would be 42.9% (+1.0 pp vs 9M 22 and -7.0 pp vs 12M 21).

Persistently low cost of risk level, lower negative impact of provisions for court proceedings related to CHF mortgages.

ROE at the level of 3.9%. Excluding the impact of credit holidays, ROE would be 10.2%.

Results of 2022 negatively impacted by PLN 895 million of credit holidays and PLN 359 million of BFG and IPS costs (PLN 216 million higher than in 2021; +150.3% y/y).

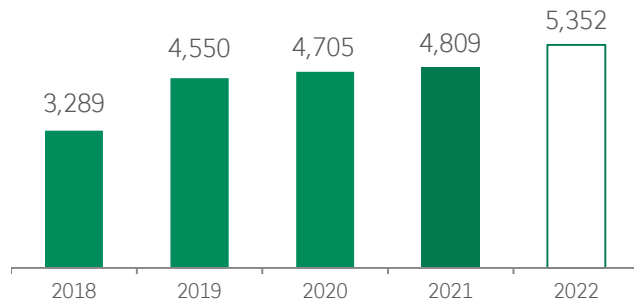


# Constant improvement of the core business profitability

Stable increase of core revenues. Results impacted by increasing regulatory burdens, incl. credit holidays in 2022

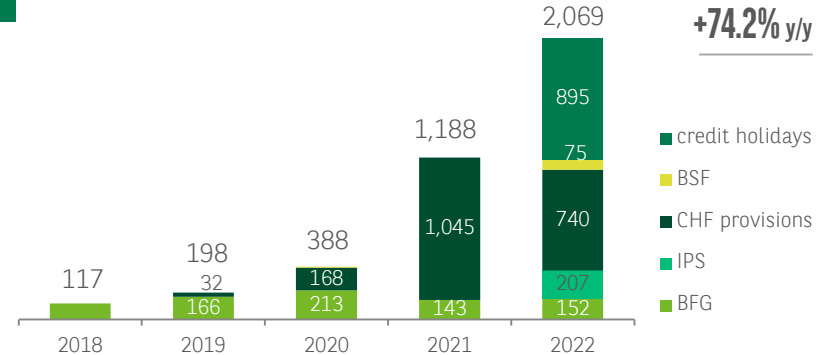
## Net banking income [PLN million]

+11.3% y/y

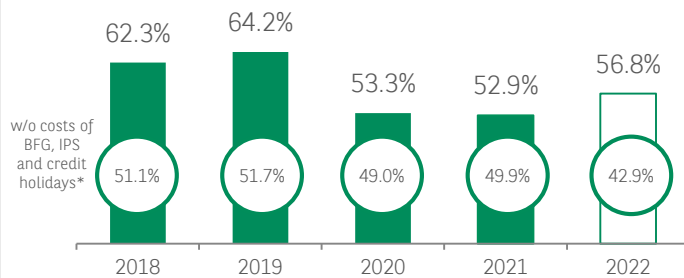


## Regulatory contributions & CHF provisions [PLN million]

+74.2% y/y



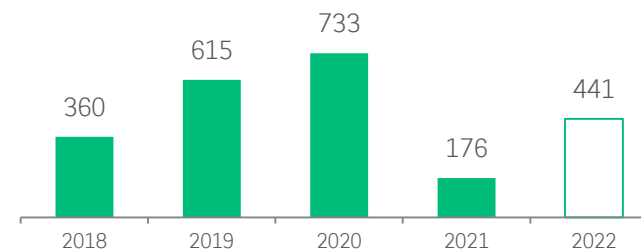
## Cost / Income [%]



\* for years 2018-2020 also w/o integration costs

## Net profit [PLN million]

+150.4% y/y



Historically the highest net banking income possible due to:

- increase in net interest income despite recognition of credit holidays impact in the amount of PLN 895 million,
- higher NF&C income by +8.4% y/y,
- growth in net trading income by 19.1% y/y.

Increase in operating expenses in 2022 mainly related to the recognition of IPS & BSF costs. Excluding BFG & IPS costs and credit holidays, the Cost / Income ratio would be 42.9% at the end of 2022.

Net profit of PLN 441 million in 2022. On a normalized basis, i.e. without the impact of credit holidays, the net profit would amount to PLN 1,166 million and be 562% higher y/y.



02

**MACROECONOMIC  
ENVIRONMENT**



# GDP and economic outlook

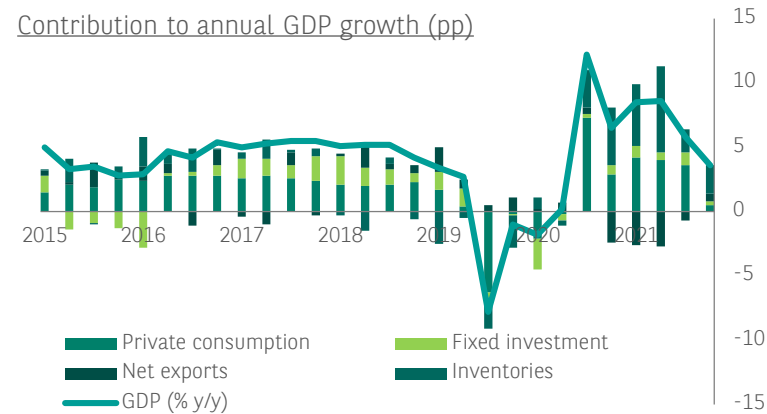
Economic growth slows; peak inflation ahead



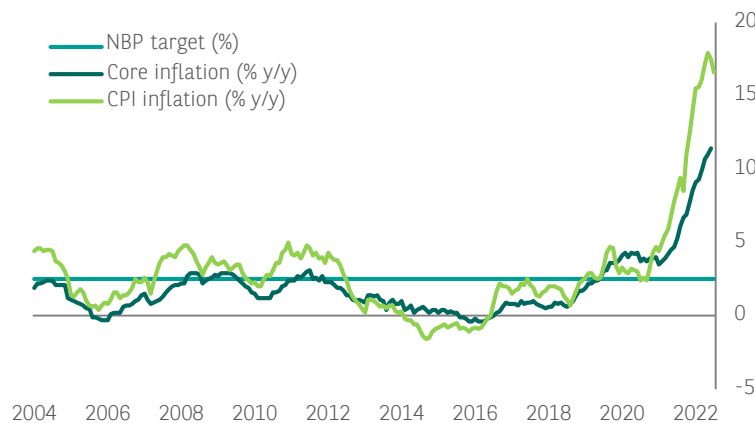
## Poland's economy slowdown since Q2 2022



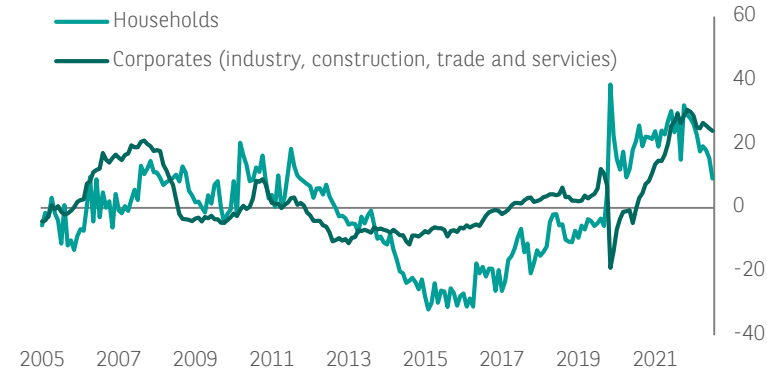
Contribution to annual GDP growth (pp)



## Inflation still high, but and inflation expectations (finally) falling



Inflation expectations (vs. long-term average)



Poland's economy is in a phase of significant economic downturn. The annual GDP growth rate in Q4 fell to 2.0% from 3.6% during July-September 2022.

In quarterly terms, GDP fell by over 2%. The very weak data probably resulted from a significant reduction of inventories, although also consumption, investments and exports clearly slowed down in the fourth quarter. Household spending was negatively affected by high inflation and interest rates, which, combined with a weaker economic backdrop in Europe, also do not support stronger investment activity.

In December 2022, CPI inflation slowed down to 16.6%, although its peak is probably yet ahead of us. The further path of inflation will depend both on global situation, domestic demand pressure and decisions about indirect taxes (anti-inflation shields).

In recent months, following a weakening in demand, inflation expectations of companies and households have started to ease. This may support the process of disinflation from Q2 2023 onwards.

Source: GUS, Eurostat, OECD, Macrobond, BNP Paribas

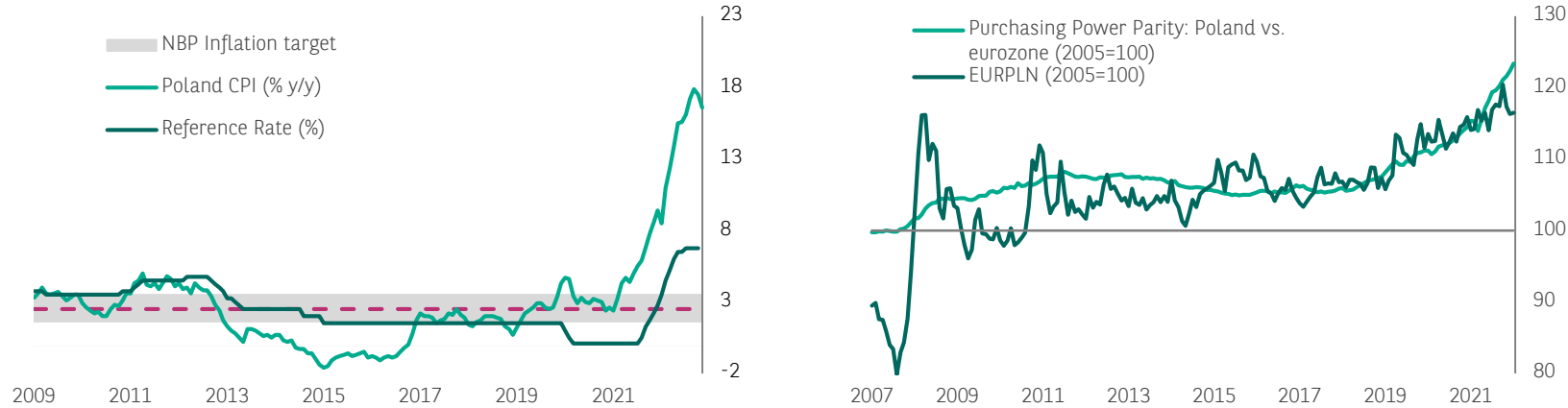


# Monetary policy, exchange rate and the banking sector

NBP pauses/ends the interest rate hiking cycle; households' credit demand slowing down



## Poland's central bank pauses the interest rates hiking cycle



## Banking sector: Slowing credit demand of households



Since October, the Monetary Policy Council (MPC) has kept interest rates unchanged, leaving the main policy rate at 6.75%.

According to official communication, the MPC has not yet concluded the policy tightening cycle, but has put it on hold until the central bank's new forecast in its March Inflation Report.

The market exchange rate of the zloty against the euro remains broadly in line with the purchasing power parity, although the volatility of the exchange rate slightly increased in the first quarter of 2023.

In previous quarters, strong economic growth contributed to increased credit demand especially among corporates.

However, in recent months, the deterioration of the economic outlook and the rise in interest rates have reduced credit demand in the household segment.

Source: GUS, Eurostat, NBP, KNF, Macrobond, BNP Paribas



03

**FINANCIAL  
RESULTS**

## Key financial data - 12M 2022

Net result burdened by the credit holidays. Increase in regulatory costs due to the IPS creation and Borrower Support Fund additional costs

### > Financial results

Net profit	<b>PLN 441 million</b>	<b>+150.4% y/y (PLN +265 million)</b>
Net profit w/o credit holidays	<b>PLN 1,166 million</b>	<b>+561.6% y/y (PLN +990 million)</b>
Net banking income	<b>PLN 5,352 million</b>	<b>+11.3% y/y (PLN +543 million), of which:</b> net interest income: PLN 3,493 million, +11.2% y/y NII w/o credit holidays: PLN 4,388 million, +39.7% y/y net fee&commission income: PLN 1,137 million, +8.4% y/y net trading income: PLN 755 million, +19.1% y/y
NBI w/o credit holidays	<b>PLN 6,247 million</b>	<b>+29.9% y/y (PLN +1,438 million)</b>
Expenses	<b>PLN 3,038 million</b>	<b>+19.5% y/y (PLN -495 million)</b>
Expenses (w/o BFG & IPS)	<b>PLN 2,680 million</b>	<b>+11.6% y/y (PLN -279 million)</b>
C/I Ratio	<b>56.8%</b>	<b>+3.9 pp y/y</b>
C/I Ratio (w/o BFG, IPS & credit holidays)	<b>42.9%</b>	<b>-7.0 pp y/y</b>
Cost of provision for CHF portfolio	<b>PLN 740 million</b>	<b>-29.2% y/y (PLN +305 million)</b>
Net impairment write-offs	<b>PLN 275 million</b>	<b>+3.3% y/y (PLN -9 million)</b>

### > Volumes

Assets	<b>PLN 152 billion, +15.0% y/y</b>
Loans (gross)	<b>PLN 93 billion, +4.2% y/y</b>
Customer deposits	<b>PLN 120 billion, +18.4% y/y</b>
Equity	<b>PLN 11 billion, -0.9% y/y</b>

### > Indicators

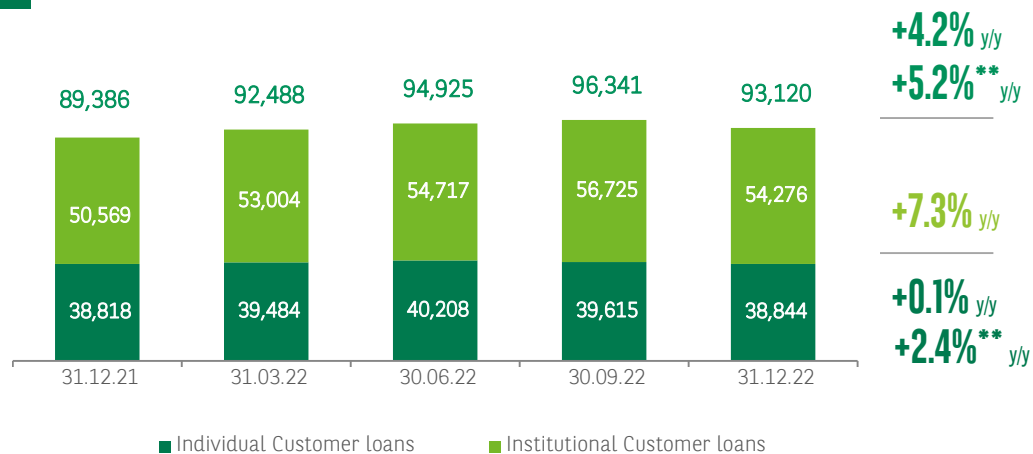
Total Capital Ratio	<b>15.55%</b>
Tier 1	<b>11.28%</b>
MREL standalone (% TREA)	<b>17.09%</b>
ROE	<b>3.9%</b>
Net loans/deposits	<b>75%</b>
LCR	<b>170%</b>
NSFR	<b>130%</b>



# Loan portfolio

Slowdown in the Institutional Customer portfolio growth, rate of decline in retail loans in line with market dynamics

## Gross Customer loans\* [PLN million]



### Increase in the loan portfolio value by 4.2% y/y (-3.3% q/q)

- q/q dynamics: starting from Q4 21: +3.0%, +3.5%, +2.6%; +1.5%, -3.3%

### Individual Customers' portfolio - increase by 0.1% y/y (-1.9% q/q)

- q/q dynamics: starting from Q4 21: +3.0%, +1.7%, +1.8%, -1.5%, -1.9%
- quarterly decrease in the value of PLN mortgage loans (-0.4% q/q, +1.7% y/y) as a result of the slowdown in sales and credit holidays (gross book value of loan portfolio decreased by PLN 895 million y/y), quarterly decrease in cash loans (-1.0% q/q, +4.5% y/y)

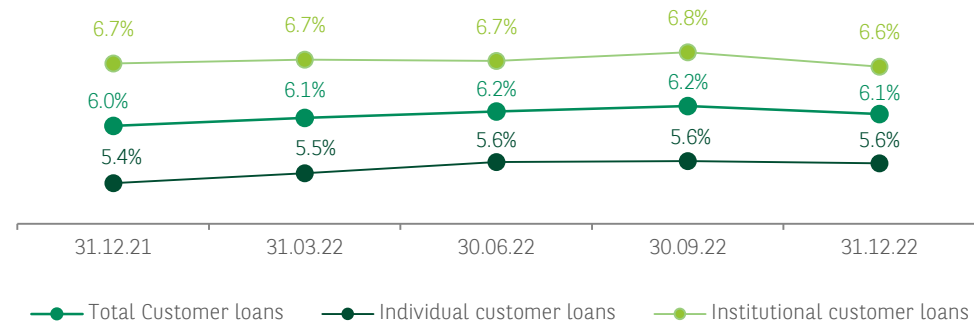
### Institutional Customers' portfolio - increase by 7.3% y/y (-4.3% q/q)

- q/q dynamics: starting from Q4 21: +3.0%, +4.8%, +3.2%, +3.7%, -4.3%
- quarterly decrease in the portfolio of enterprises (-4.7% q/q, +12.0% y/y) and farmers (-7.2% q/q, -13.4% y/y). Increase in leasing (+2.8% q/q, +10.8% y/y)

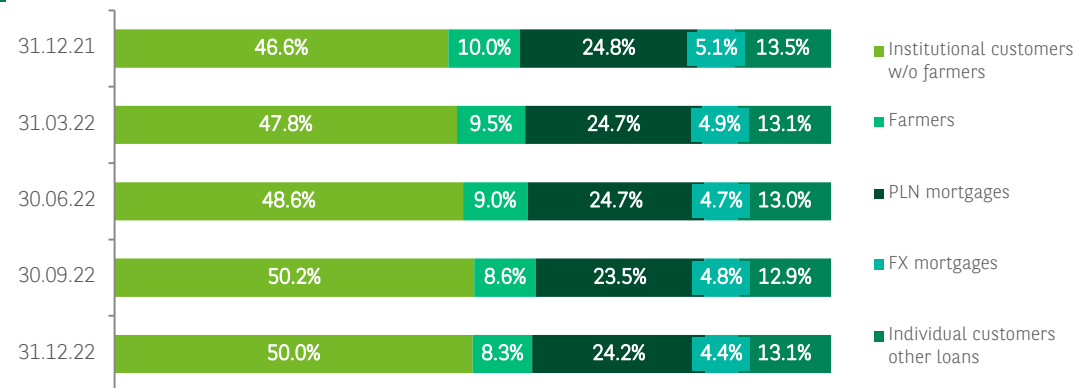
\* including the portfolio measured at fair value

\*\* w/o credit holidays

## Market shares [%]



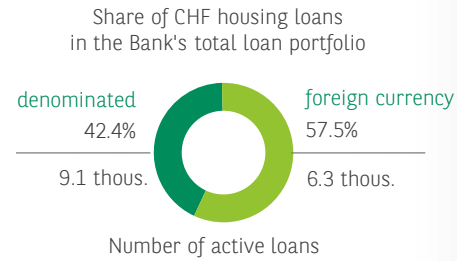
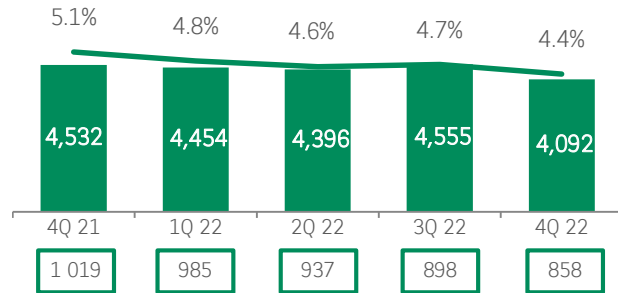
## Gross loans structure [%]



# CHF mortgage loan portfolio

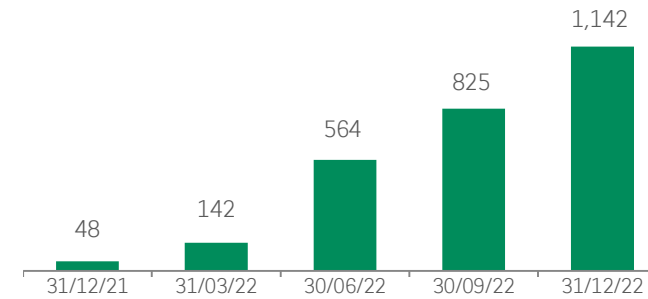
Further increase in the level of provisions and the coverage ratio of the CHF portfolio. Acceleration of settlements with Clients

## > Gross CHF mortgage loans [PLN million]



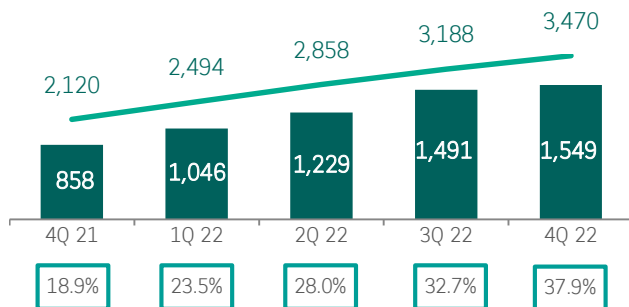
x Gross CHF mortgage loans [CHF million]

## > Number of concluded settlements with Borrowers



- Since December 2021 extended scope of offering settlements on individual terms negotiated with Borrowers.
- Results of individual negotiation of settlements with Customers as at 24.02.2023:
  - ✓ 11,009 individual offers presented to the Customers,
  - ✓ 2,218 negotiation proposals accepted by the Customers,
  - ✓ 1,362 settlements concluded.

## > Customers' lawsuits

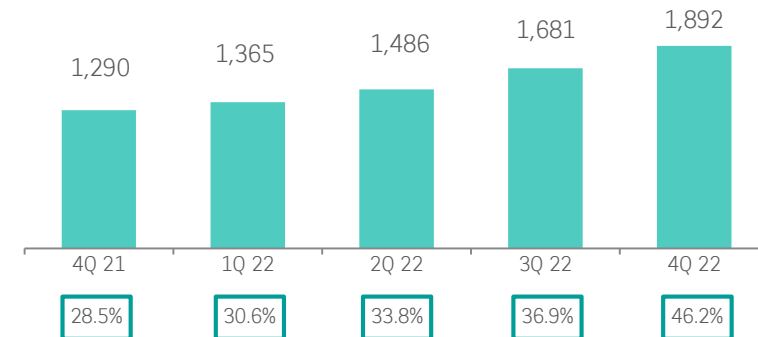


- In Q4 2022: **402 new lawsuits** (401 in Q3 2022), 120 cases concluded in Q4.
- In **349 validly concluded proceedings**: 252 cases ended unfavourably and 97 favourably for the Bank of which, in 23 cases, the Customers' claims were dismissed, and the rest of the proceedings were discontinued as a result of concluding settlements.

Value of claims (PLN million) No of pending cases

x Ratio of the value in dispute to the portfolio balance value

## > Value of provision at the end of the period [PLN million] and portfolio coverage ratio

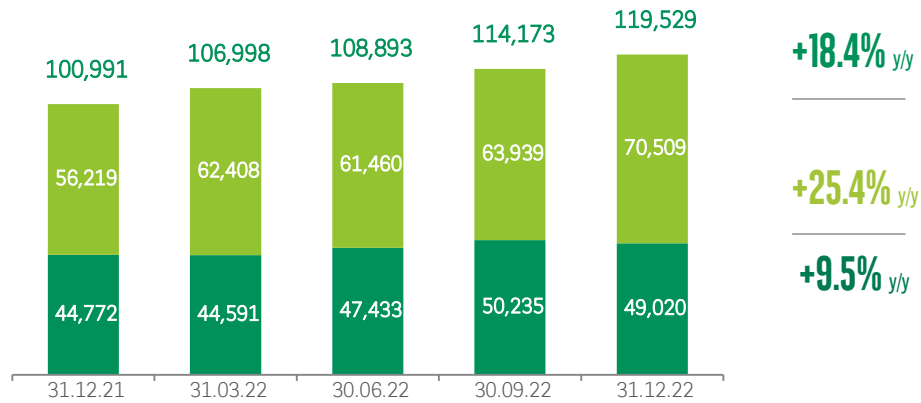


x CHF portfolio provision coverage ratio

# Customer deposits

Quarterly decrease in Individual customer deposits. Seasonal, significant increase in Institutional Customer deposits

## Customer deposits [PLN million]



■ Individual customer deposits ■ Institutional customer deposits

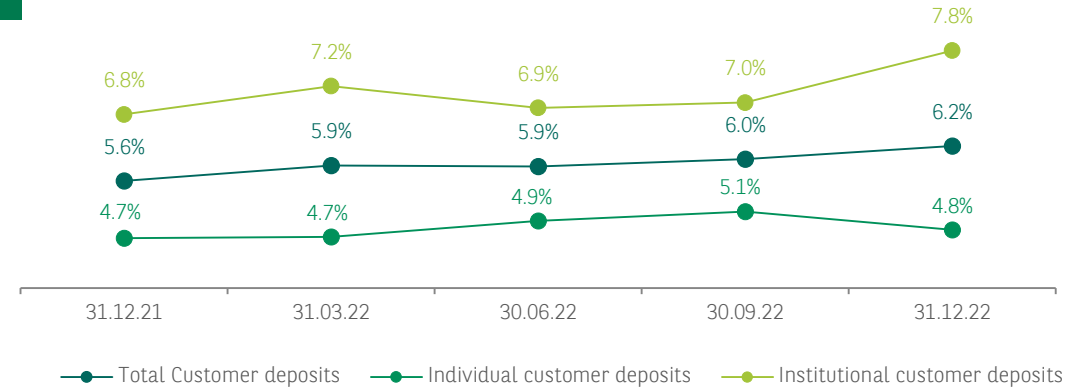
Significant growth in Customer deposits (+18.4% y/y, +4.7% q/q):

- individual Customer deposits (+9.5% y/y, -2.4% q/q)
- institutional Customer deposits (+25.4% y/y, +10.3% q/q)

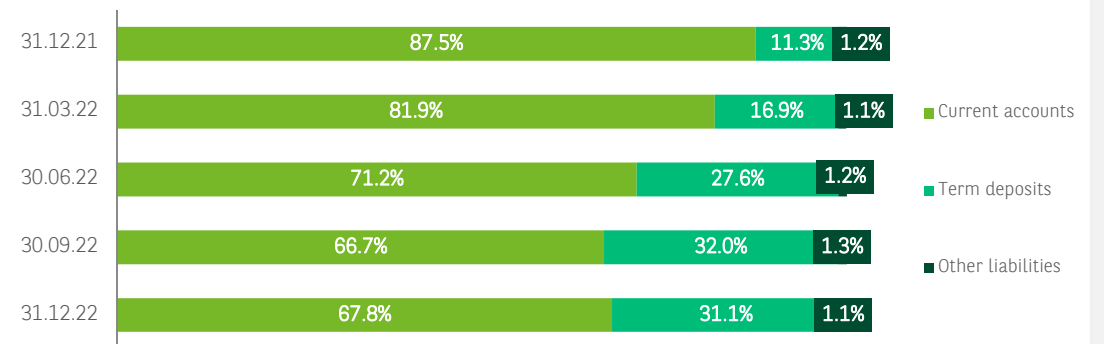
No significant changes in term structure of deposits in Q4. Share of term deposits in total Customer deposits at 31.1%, -0.9 pp q/q

- individual Customer deposits 39.5%, -2.5 pp q/q
- institutional Customer deposits 25.3%, +1.2 pp q/q

## Market shares [%]



## Deposits structure [%]



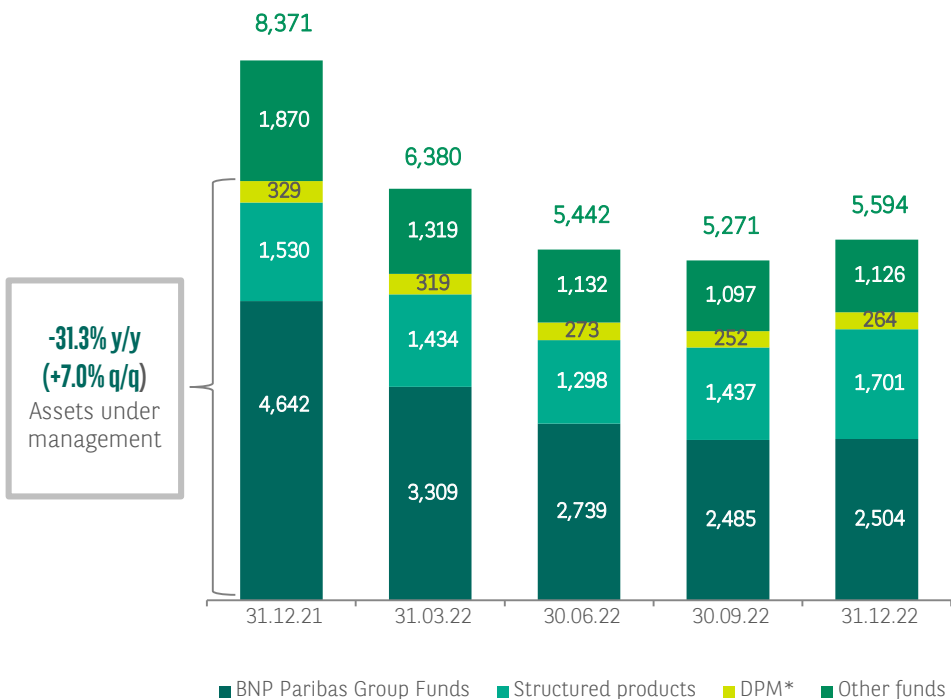


# Investment products

Quarterly increase in the volume of investment products, including short-terms debt securities funds and structured products



Investment products [PLN million]



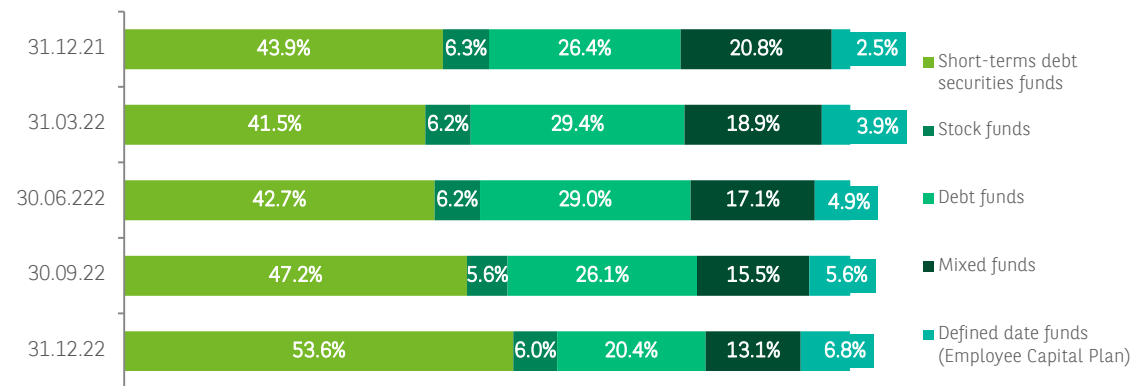
\* Discretionary Portfolio Management

## Investment products volume decrease by 33.2% y/y (increase by 6.1% q/q)

- impact of volatile environment and high interest rates,
- in Q4, the trend reversed and the value of funds invested in BNP Paribas Group investment funds increased (+0.7% q/q, -46.1% y/y). In recent months there has been a significant improvement in sentiment on the financial market, which has had a positive impact, among others, on the debt securities market. Customers' interest in sub-funds investing in the market of short-term debt instruments is maintained.



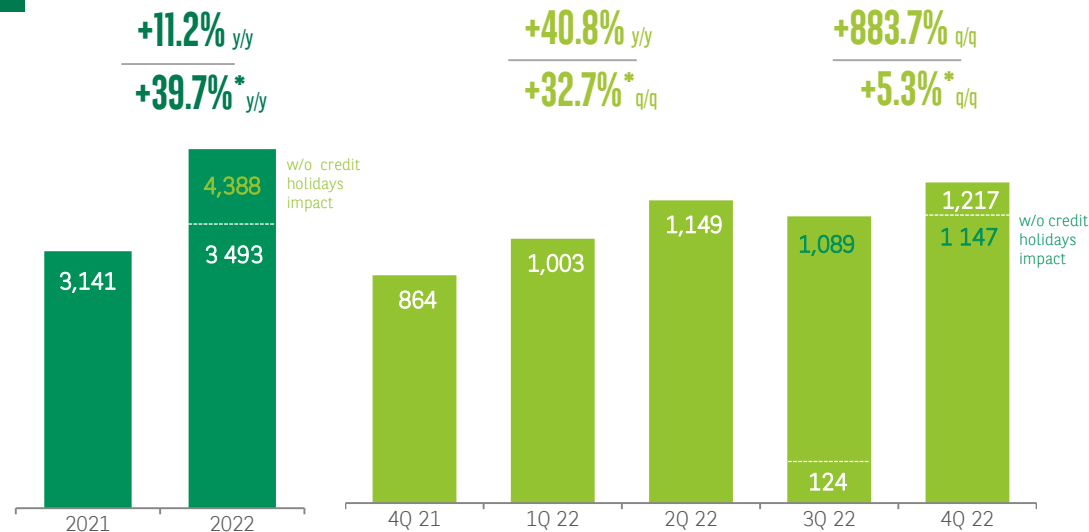
Structure of BNP Paribas TFI investment products [%]



# Net interest income

Recognition of a positive adjustment of the impact of credit holidays on the Bank's result in Q4. Deceleration of the cost of deposits

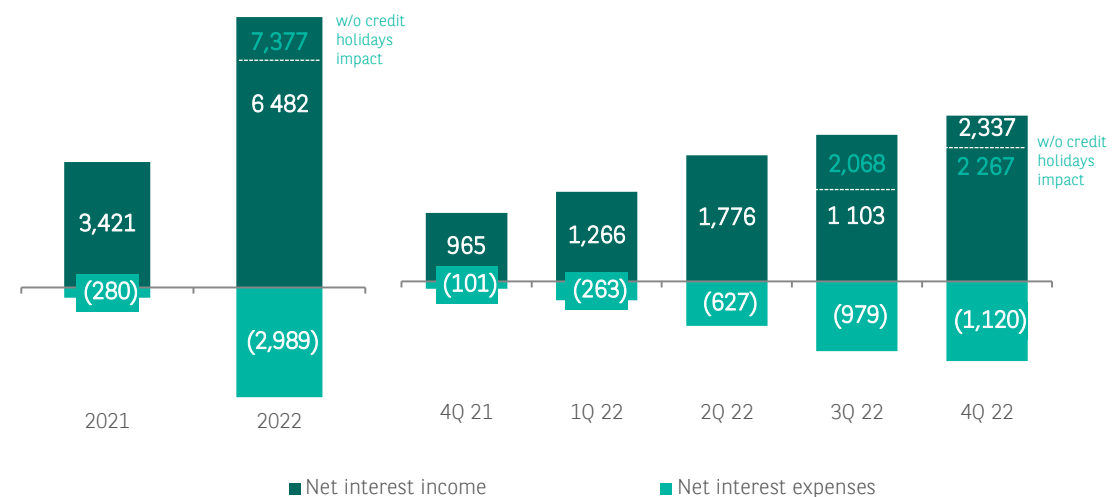
## Net interest income [PLN million]



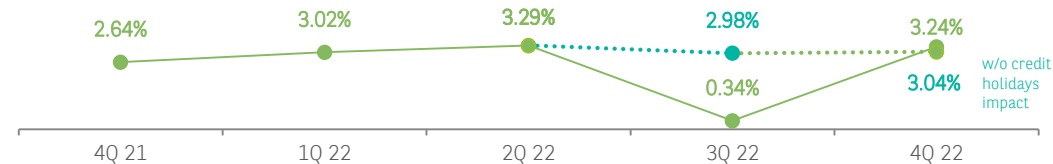
- Positive impact of the increase in NBP interest rates on deposit and credit margins in 2022 (reference rate higher by +500 bps y/y) weakened by the recognition of PLN 895 million of credit holidays (PLN -965 million in Q3 2022 and PLN +70 million in Q4 2022). In 2022, Clients that submitted applications for credit holidays represented 69% of the total PLN mortgage loans portfolio value.
- The cost of Clients' deposits in PLN at the end of December 2022 was higher by 258 bps y/y and 23 bps q/q.
- Interest income on derivatives as part of fair value hedge accounting lower in 2022 by PLN 770 million y/y and by PLN 1 million q/q.
- Continuation of the changed approach to manage the liquidity position in foreign currencies, consisting in limiting FX swap transactions in favor of balance sheet operations with a negative impact on net interest income in Q3 and Q4.

\* w/o impact of credit holidays

## Net interest income and expenses [PLN million]



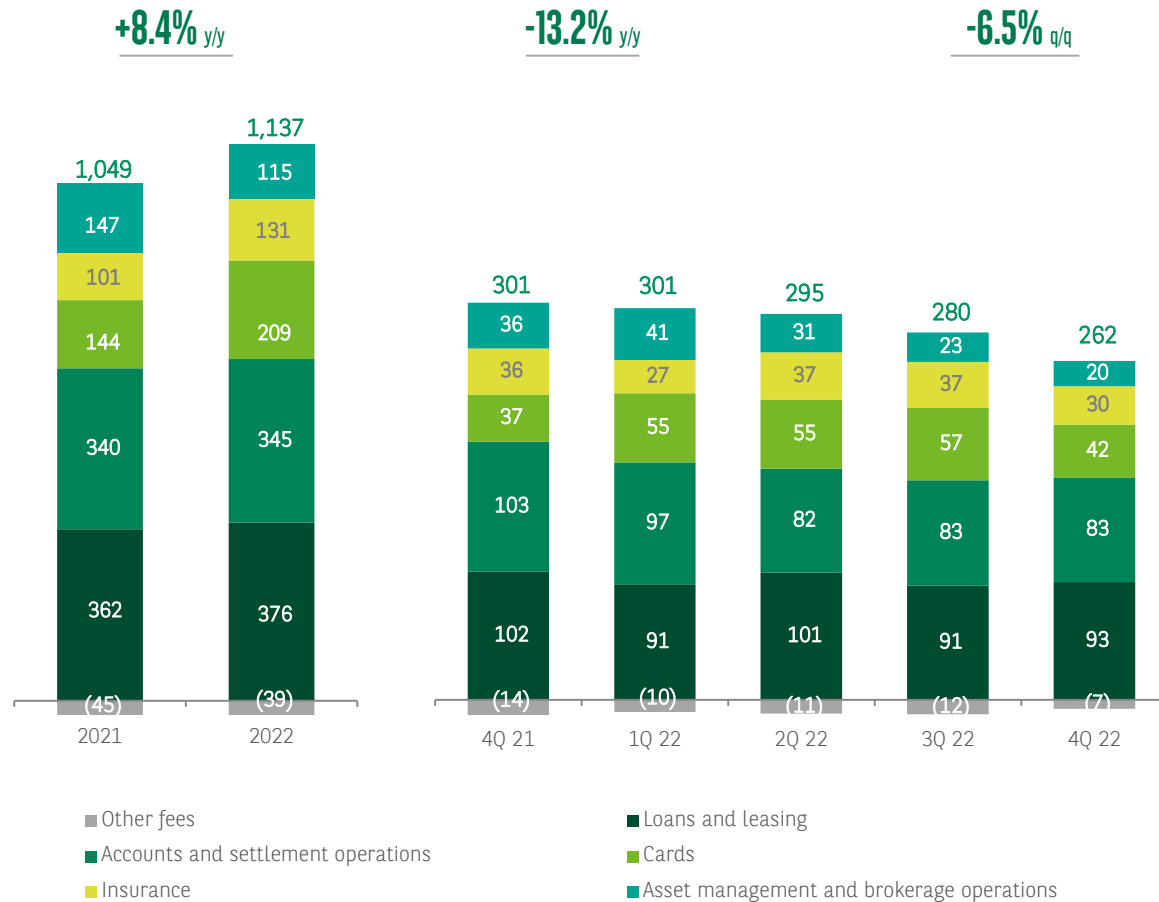
## Net interest margin, quarterly [%]



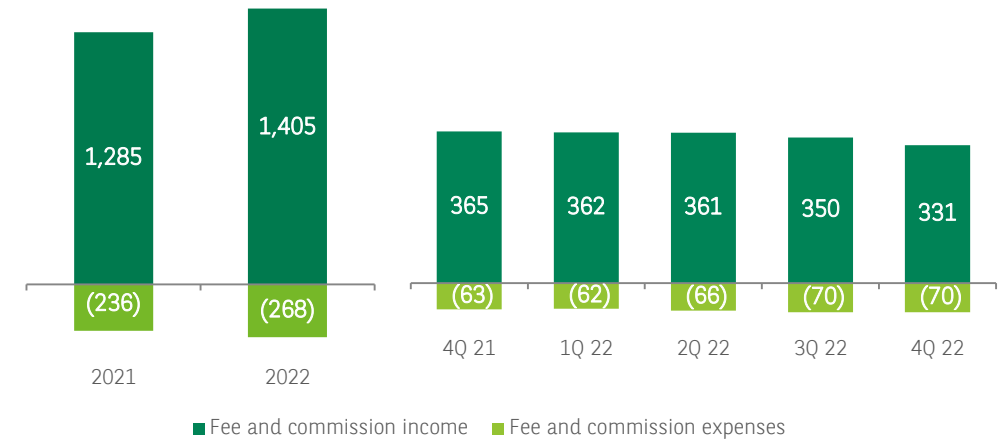
# Net fee and commission income

Normalization of quarterly NF&C income. Impact of the withdrawal of fees on high year-end balances of Institutional Customer deposits

## > Net fee and commission income [PLN million]



## > Fee and commission income and expenses [PLN million]



Net fee and commission income higher in 2022 y/y in all categories except commissions for asset management and brokerage operations, as a result of increased Customer activity as well as revision of the fee and commission tariff.

Decrease in NF&C income in Q4 vs Q3 2022 resulting from:

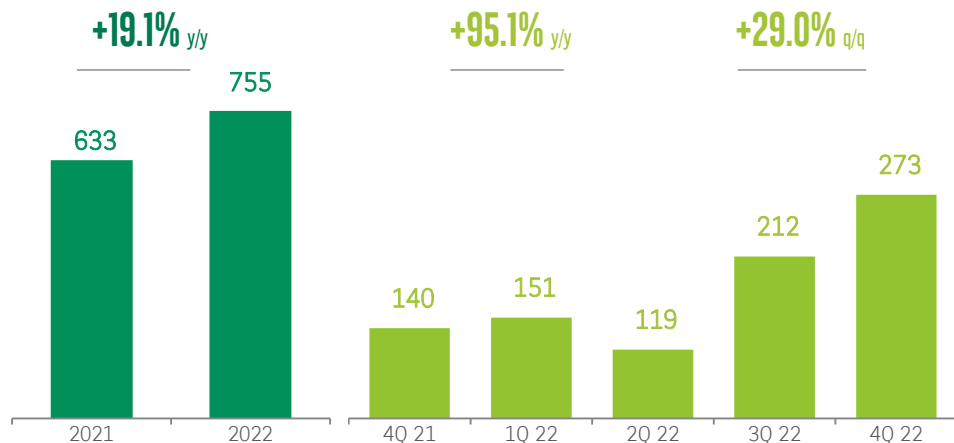
- lower NF&C on cards due to the shift of costs related to settlement with Mastercard,
- decrease in insurance NF&C on consumer loans and mortgages,
- lower NF&C for the sale of deposit certificates, with a simultaneous increase in credit F&C in the CIB area.



# Net trading and investment income

Increase in the quarterly derivatives result, improvement in the valuation of equity instruments. Negative valuation of loan portfolio measured at FV

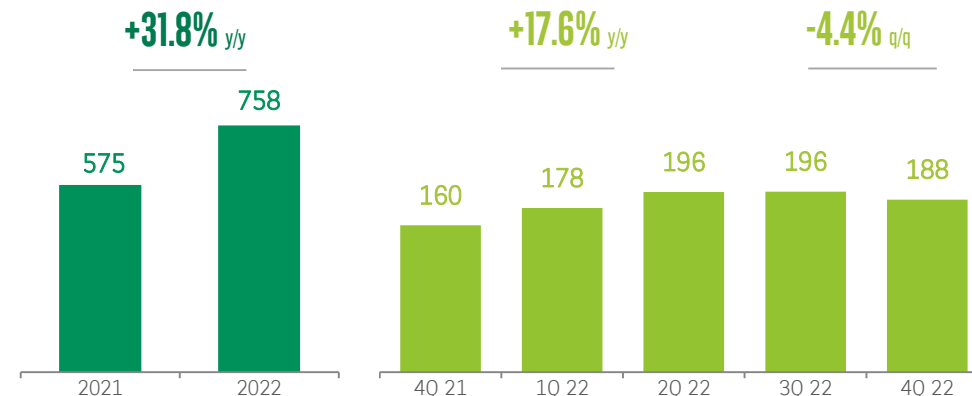
## Net trading income [PLN million]



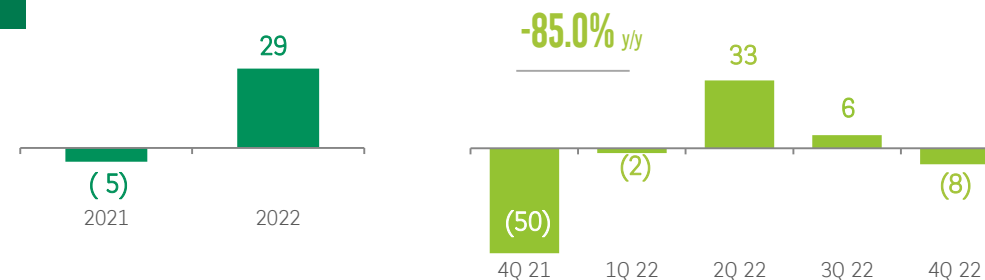
- Higher net trading result in 2022 due to increase in the result on transactions with Customers (+31.8% y/y) and an improvement in the valuation of IRS hedging the valuation of the loan portfolio measured at FV. This allowed for neutralization of the worse result on FX swaps and valuation of equity instruments.
- Increase in net trading income in Q4 vs. Q3 2022 mainly due to:
  - ✓ higher derivatives results (CIRS, IRS and FX Swap), among others due to the continuation of the changed approach to managing the liquidity position in foreign currencies,
  - ✓ increase in the valuation of shares and IRS hedging the loan portfolio measured at FV.

## Margin on FX and derivative transactions with Customers [PLN million]

*included in net trading income*



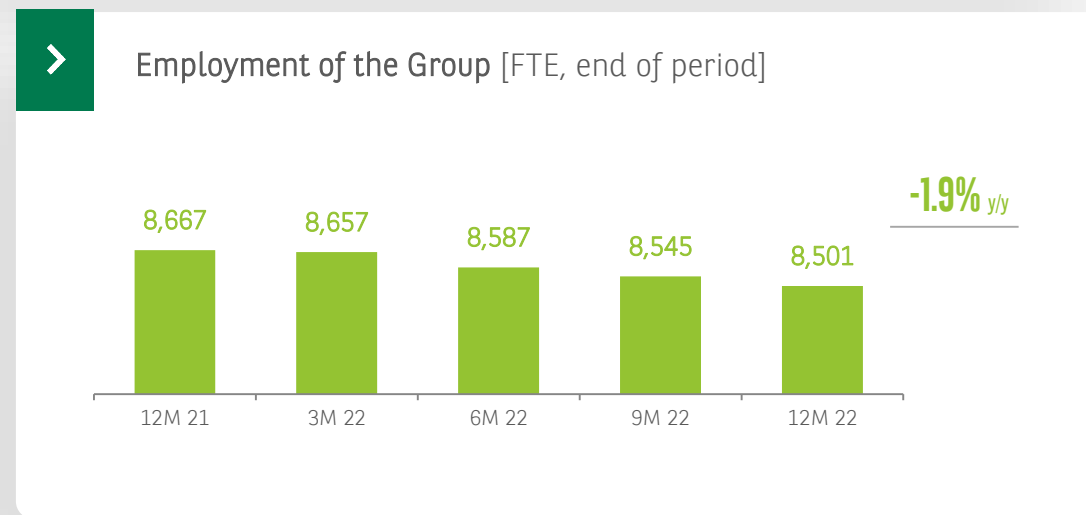
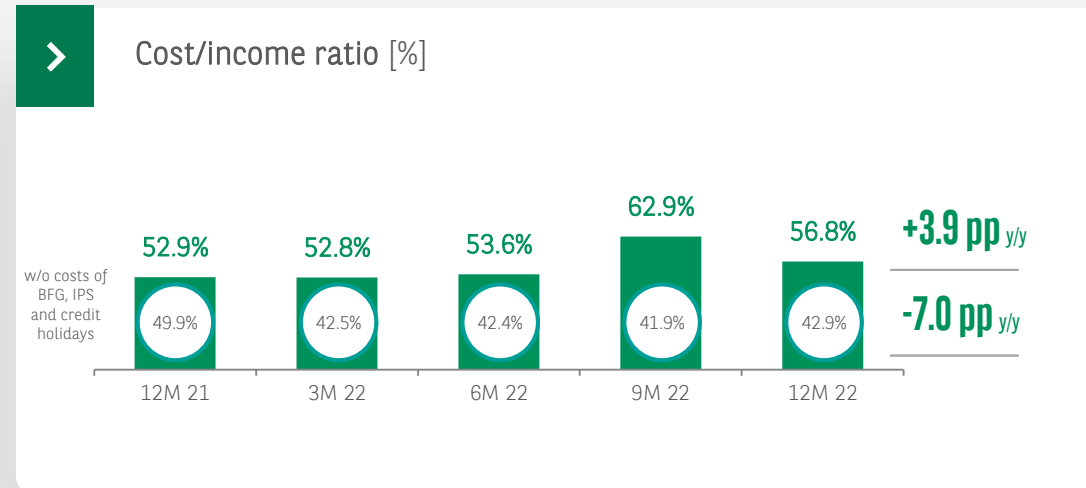
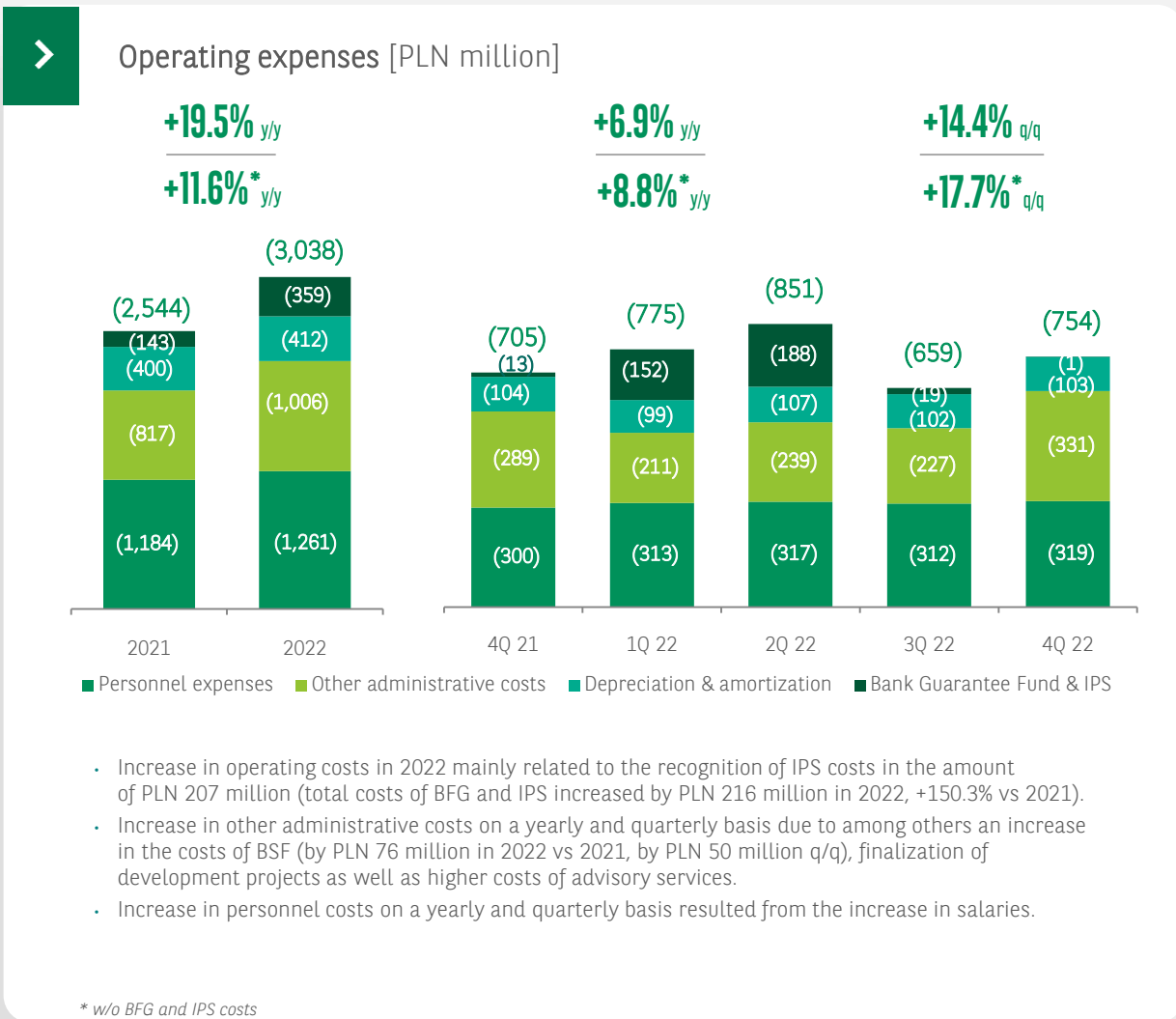
## Net investment income [PLN million]



- Higher net investment income in 2022 y/y mainly due to the higher valuation of the portfolio of loans measured at fair value.
- The valuation of the loan portfolio measured at fair value (FV) amounted to PLN -9.4 million in Q4, PLN +6.3 million in Q3, PLN +32.8 million in Q2 and PLN -5.6 million in Q1.

# Operating expenses, depreciation and amortization

Seasonal quarterly increase of operating expenses. Q4 2022 burdened with contribution for the Borrower Support Fund

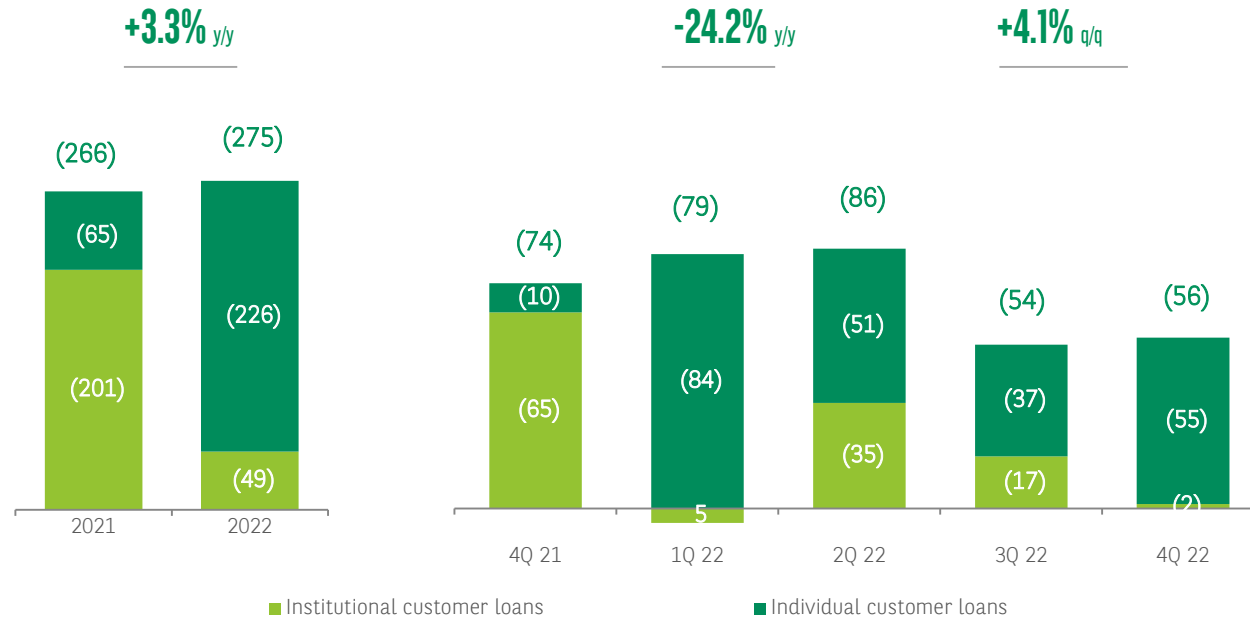


# Net allowances on expected credit losses

Cost of risk reflects the resilience and good quality of the loan portfolio



Cost of risk by segments [PLN million]



[bps]	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22
Quarterly cost of risk*	(34)	(36)	(37)	(23)	(24)

\* Cost of risk expressed as the ratio of the net impairment allowances on expected credit losses to the average balance of gross loans and advances to customers valued at amortized cost (calculated based on quarter-end balances).

## 2022 vs 2021

Cost of risk at a level comparable to the previous year, confirming the good quality of the loan portfolio and the resulting low level of entry to Stage 3.

Changes in the structure of the cost of risk compared to the previous year between loans of institutional and individual customers result primarily from a different distribution of the observed non-materialized risks, in particular as a result of:

- release of PLN 200 million of PMA provisions created in previous years against risks related to the COVID-19 epidemic,
- release of the PLN 65 million provision created in 2021 on the portfolio of loans for farmers,
- increase in the level of provisions by PLN 208 million as a result of taking into account macroeconomic factors (forward looking),
- creation of PLN 135 million of additional provisions for loans to customers who are the most sensitive to the current macroeconomic situation.

## Q4 2022

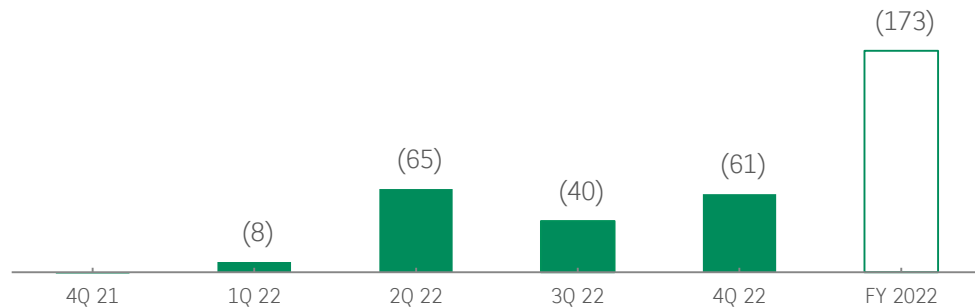
The cost of risk in Q4 was influenced by the continued good quality of loan service and the resulting low level of entry to Stage 3. Additionally, the result takes into account, among others, the impact of the following factors:

- increasing the level of provisions by PLN 29 million in the portfolio of Clients who are most sensitive to the current macroeconomic situation (additional provisions for potential future risk materialization),
- reversal of provisions in the total amount of PLN 20 million resulting from changes in models and parameter updates, of which PLN 26 million of the reversal is due to the introduction of a new LGD model for leasing exposures,
- positive result on the sale of part of the NPL portfolio: PLN 19 million.

# Mortgage loans - credit risk overview

Stable and good quality of the portfolio. Provisions created in 2022 mainly for potential future risk

## Cost of risk [PLN million]



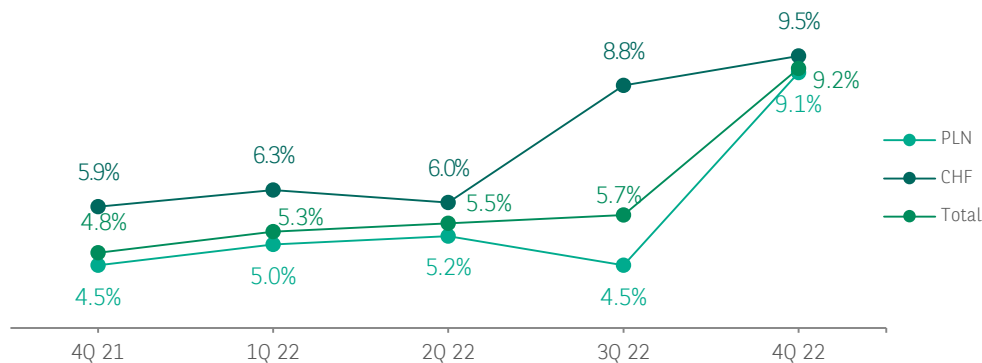
## The cost of risk for 2022 includes:

- increase in the level of provisions by PLN 69 million (including PLN 5 million in Q4) resulting from the evolution of the portfolio,
- PLN 104 million provisions created (including PLN 56 million in Q4) for potential future risk materialization - identification of customers most sensitive to macroeconomic factors and taking into account risks that are not fully reflected in current models (inflation and high interest rates).

**NPL ratio:** The Bank does not observe a significant increase in entries to the NPL portfolio. Stable level both at the entire mortgage loan portfolio (1.8%) and broken down into sub-portfolios by currency (0.8% PLN portfolio/7.5% CHF portfolio).

## Provision coverage of gross loan portfolio - Stage 2

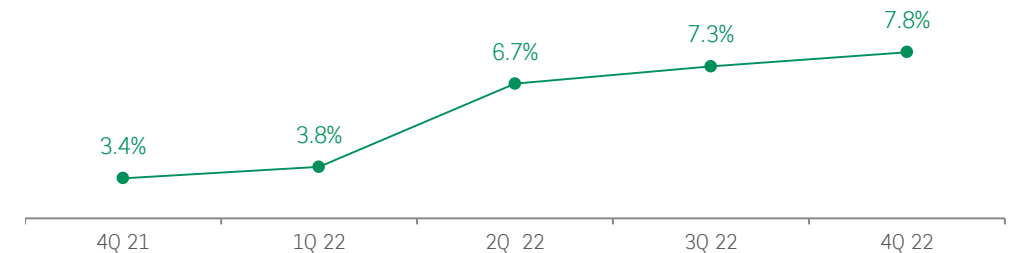
**Increase of coverage** mainly as a result of increasing provisions for customers who are most sensitive to the current macroeconomic situation.



## Share of Stage 2 in gross loan portfolio

**Increase in share** mainly as a result of:

- introduction of new stage 2 evidence (SICR),
- transfer to Stage 2 of Customers particularly sensitive to macroeconomic factors.

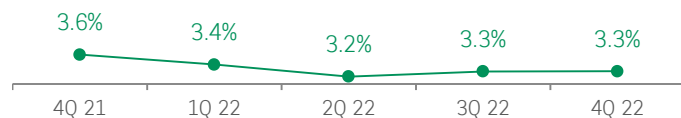




# Loan portfolio quality

Stable NPL ratio level in the Bank

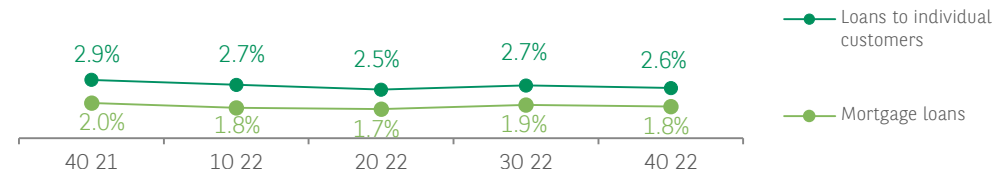
## > Total loans – NPL ratio\*



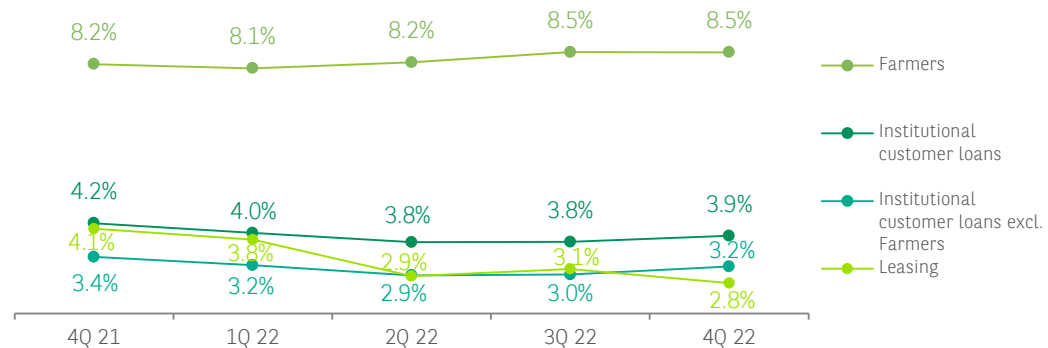
**NPL ratio** for loan portfolio measured at amortized cost, excluding impact of credit holidays, would amount to **3.3%** at the end of Q4 2022

**NPL ratio** for both loan portfolios in total (measured at fair value and at amortized cost) was **3.4%** at the end of Q4 2022

## > Loans to Individual Customers – NPL ratio\*

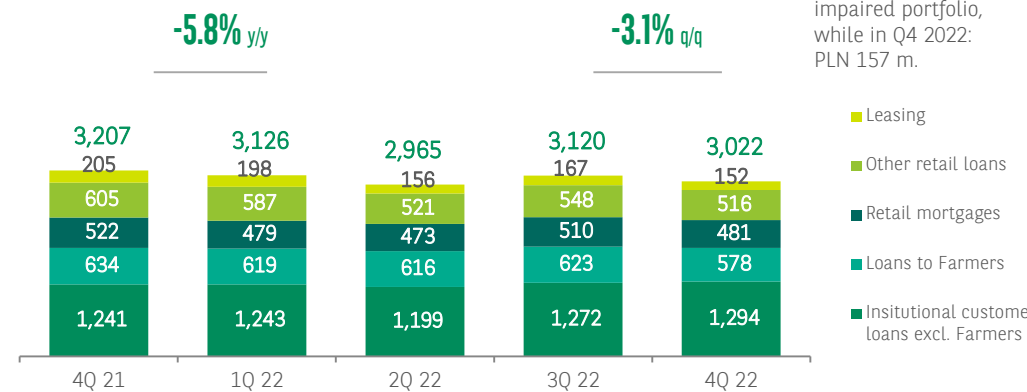


## > Institutional loans – NPL ratio\*



\* portfolio measured at amortized cost

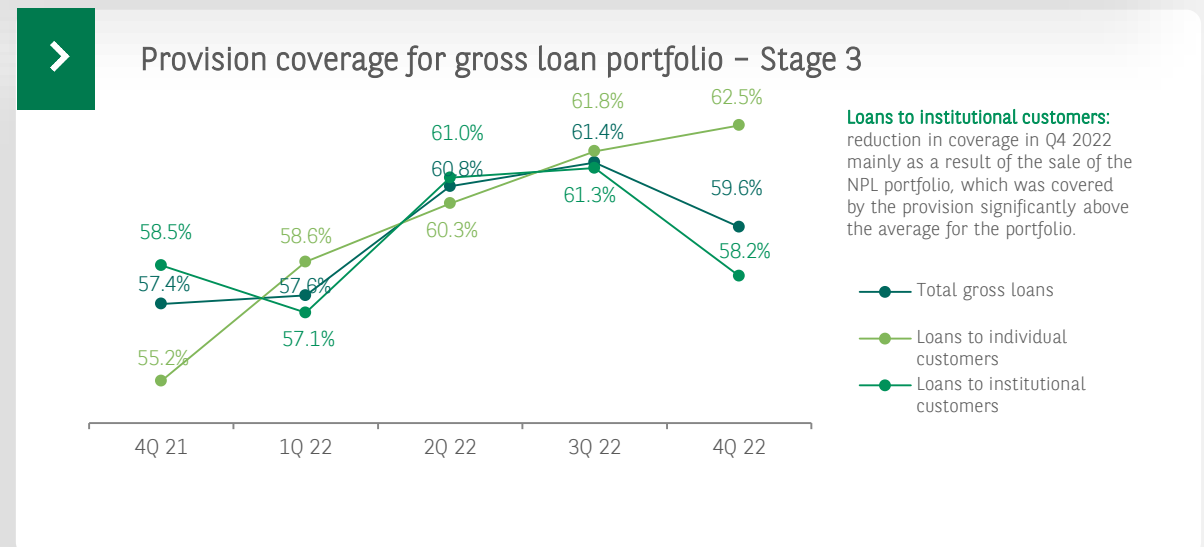
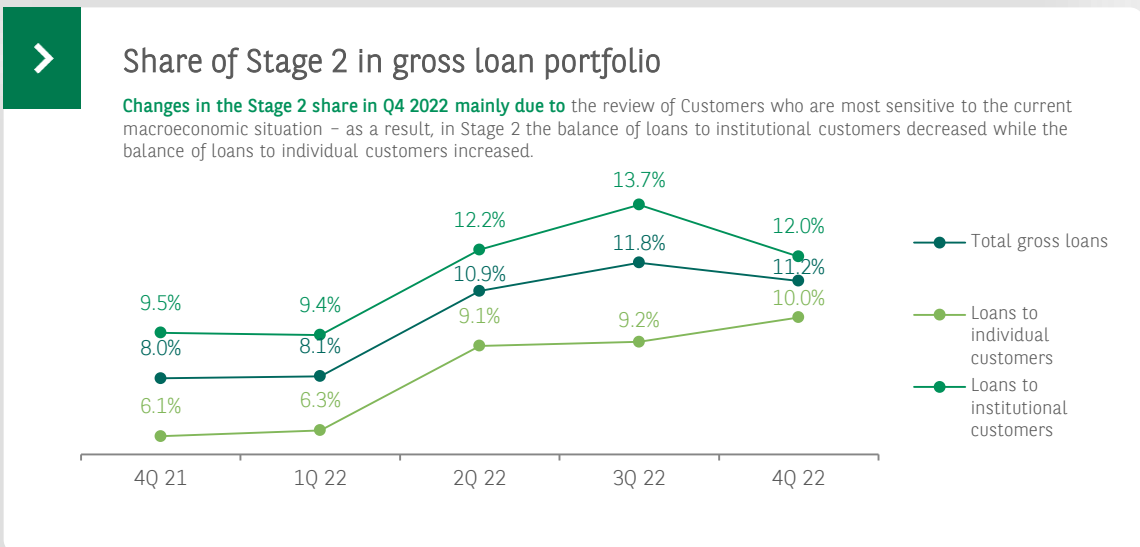
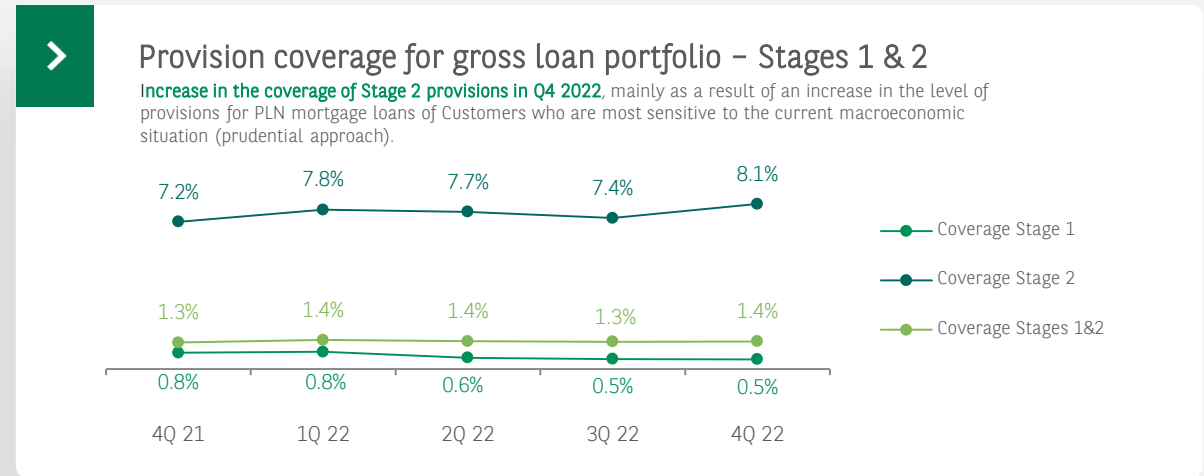
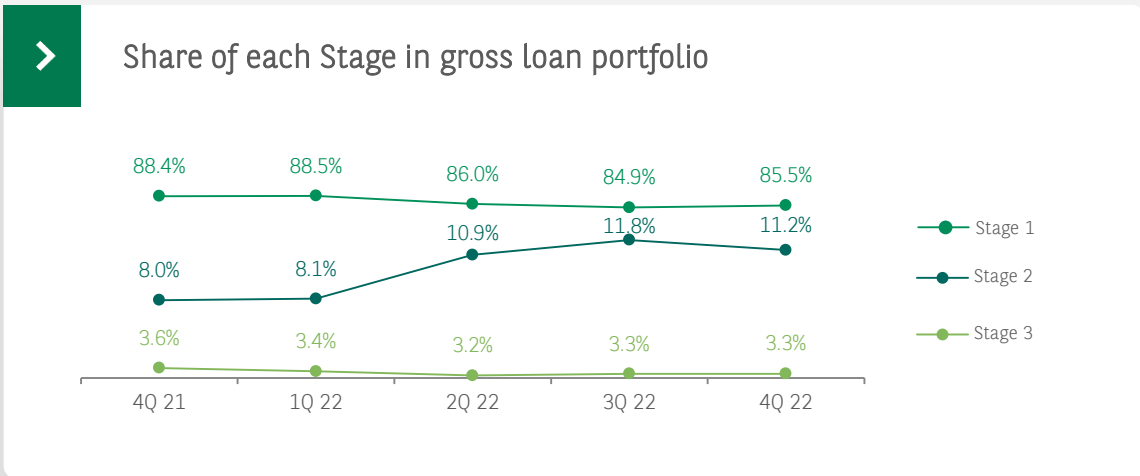
## > Gross impaired portfolio\* [PLN million]



In Q2 2022, PLN 187 m **was sold** from the impaired portfolio, while in Q4 2022: PLN 157 m.

# Loan portfolio quality

Changes in the Stage 2 share mainly due to the review of Customers who are the most sensitive to the current macroeconomic situation

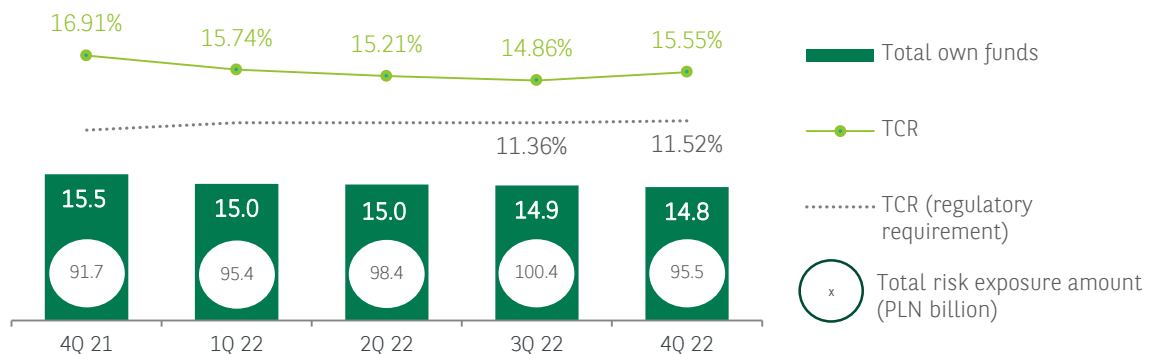


# Capital adequacy

Improvement of capital ratios due to the RWA optimization measures and improvement in bond portfolio valuation

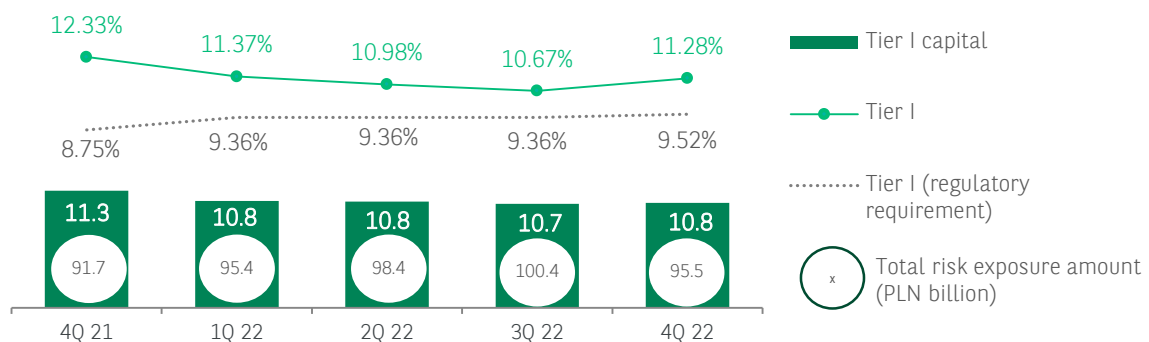
## TCR

-136 bps  
y/y



## Tier I

-105 bps  
y/y



**TCR and Tier I above the minimum regulatory requirement as at the end of 2022: +4.0 pp and +1.8 pp, respectively**

Capital adequacy ratios increase in Q4 2022 mainly as a result of:

- a decrease in the value of the loan portfolio and measures taken in order to optimize the level of risk-weighted assets,
- Tier 1 capital increase due to improvement in bond portfolio valuation.

In 2022, an exclusion from Tier 1 a part of unrealized losses related to the securities portfolio measured at fair value through other comprehensive income was applied (COVID-FIX adjustment, 40% in 2022 vs 70% in 2021).

Without this adjustment, the TCR as at YE 2022 would amount to 15.12% and Tier I to 10.86%.

From January 1, 2023, this adjustment is no longer applicable.

Specific regulatory capital requirements for the Bank as at YE 2022:

- no capital requirement for FX loans,
- OSII buffer at 0.25%,
- P2G capital add-on at 0.77 pp (consolidated) and 0.80 pp (standalone).





04

**SUMMARY  
& OUTLOOK**



# Outlook for 2023

Execution of the strategic priorities of the Bank in conditions of persistent instability and unpredictability. Uncertainty about the development of the economic situation and its impact on the banking sector

## MACROECONOMIC ENVIRONMENT

- Economic slowdown due to weakening of industrial output and declining real disposable income of consumers
- Expected deceleration of inflation growth from spring of 2023
- Interest rates stabilization with space for possible moderate cuts opening in 2024
- Local economic challenges in the election year

## THREATS AND CHALLENGES FOR THE BANKING SECTOR

- Uncertainty about foreign currency mortgage loans issue evolution and its impact on the profitability and stability of the banking sector
- Rebuilding of sector capital base, weakened among others by repricing of sovereign bonds in the portfolio and the impact of credit holidays on banks' results
- Attempts to question the legal grounds on which the WIBOR based loans were granted. Uncertainty around WIRON

## PRIORITIES OF THE BANK

- Increase in the Customer satisfaction, focus on affluent individual clients, corporate business and food processors
- Growth of the green asset base (loans & AUM)
- Continued modernization of Bank's systems & processes
- Efficient capital management (focus on return on assets)
- Efficient cost management in wage pressure environment

**DESPITE THE SIGNIFICANT REGULATORY AND CHF PORTFOLIO RELATED-BURDENS, THE BANK FOCUSES ON CONSISTENT IMPROVEMENT OF SERVICE QUALITY, DIGITALIZATION OF CUSTOMER RELATIONSHIPS, INVESTMENTS IN TECHNOLOGY AND ACTIVE SUPPORT OF THE GREEN TRANSITION**

A woman with long, wavy brown hair, wearing a green dress with a white leaf pattern, is sitting and smiling. She is in a modern office setting with a large green plant to her left and a white reception desk in front of her. In the background, the BNP Paribas logo is illuminated in white against a wood-paneled wall. The scene is lit with warm, ambient lighting.

**BNP PARIBAS**

**05**

**BUSINESS  
ACTIVITIES**

# Retail and Business Banking & Personal Finance

Visible slowdown of sale due to market situation. Increase in term deposits. Continued digitalization and improvement in Customer service quality



**4.1 million**  
Retail Customers

+70 thous. +2% y/y  
-29 thous. -1% q/q

## Business development

- Deposits:** balance increase: PLN +4.7 billion, -2% q/q, (+8% y/y),
- Loans:** balance decrease: PLN -2.0 billion, -3% q/q, (-4% y/y),
- Sale** - value in Q4 22, change q/q and 2022 vs 2021:
- **personal account:** 62 thousand, -18%, 0%
  - **cash loan:** PLN 0.7 billion, -20%, -7%
  - **Micro loan and leasing:** PLN 0.6 billion, -12%, -25%
  - **Micro account:** 8.4 thousand, -2%, -5%
  - **investment products\*:** PLN 1.8 billion, +13%, -12%
  - **credit card:** 7.1 thousand, -13%, +19%

\* investment funds + investment deposits + structured term deposits

## Customer satisfaction, prestigious awards



## Digitalization

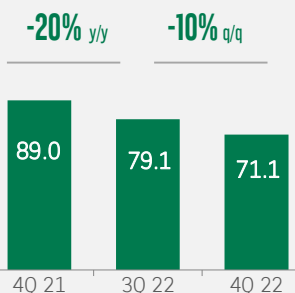
- **1.5 million** active users of online banking: +1% q/q, (+10% y/y)
- **sale of personal account** 14.4 thousand Q4; +24% q/q, (+4% in 2022 vs 2021)
- Customers' **activities** – change q/q and 2022 vs 2021:
  - mobile transfers +8%, +35%
  - BLIK payments: +22%, +65%
  - payments on the phone +40%, new functionality in 2022
- **improvements for Customers in remote channels:**
  - IKE/IKZE (pension accounts) products available via online banking (2.8 thousand Customers joined in Q4)
  - remote account opening process for Premium Customers
  - account balance after a transaction is visible online also on non-business days
  - our website is accessible for people with disabilities

## Transformation

- **voice bot** in debt recovery and restructuring: handling 35 thousand cases monthly
- **paperless and electronic signature:** 85 thousand cash transaction authorizations, 52% of all transactions in Q4
- **cashless sales network:** 49% of total number of branches, 96% of branches have ATMs and CDMs
- **convergent approach to Micro Customers** - "Lighter year for companies" (account and additional services: foreign currency exchange, accounting, terminal on the phone – as a package under preferential terms)
- **Customer education:**
  - **IKE / IKZE products** (webinars)
  - **behavioural analysis** is a key to even safer banking (push, email, welcome screen in banking)

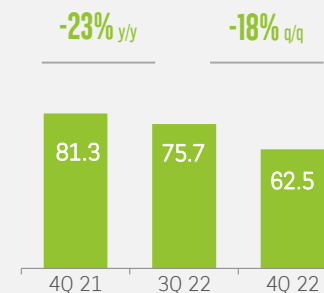
## Acquisition of Individual Customers

thous.



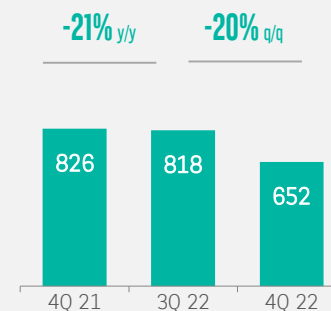
## Sale of personal accounts

thous.



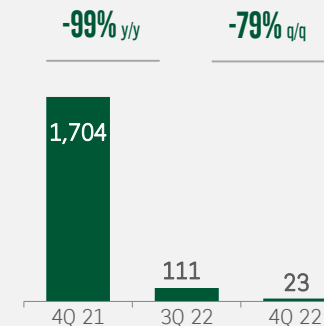
## Sale of cash loans

PLN million



## Sale of mortgage loans

PLN million



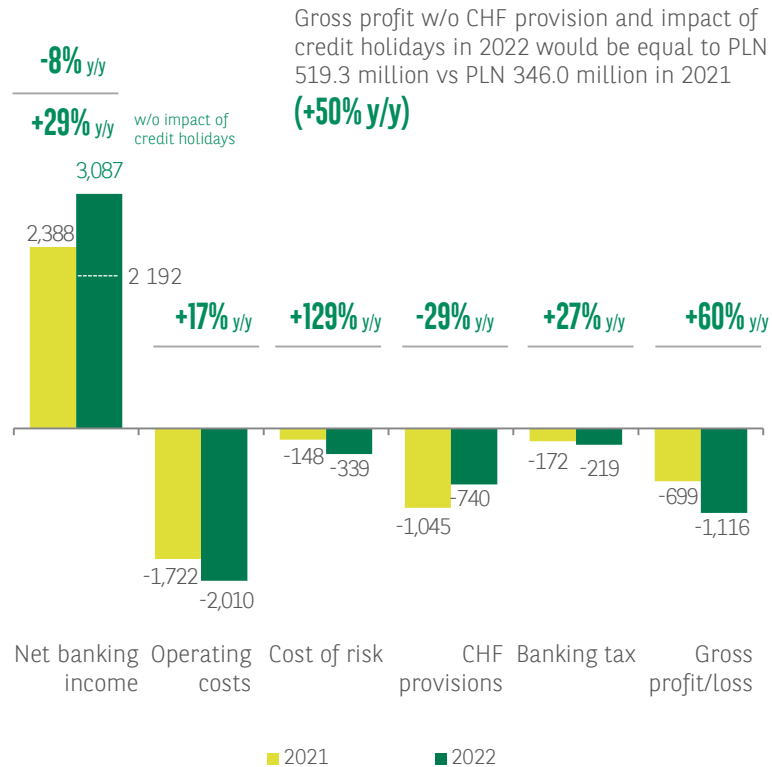
# Retail and Business Banking & Personal Finance

Negative impact of credit holidays on NBI & gross profit. Higher provisions for the expected macroeconomic deterioration. Operating expenses affected by contributions to BFG & IPS

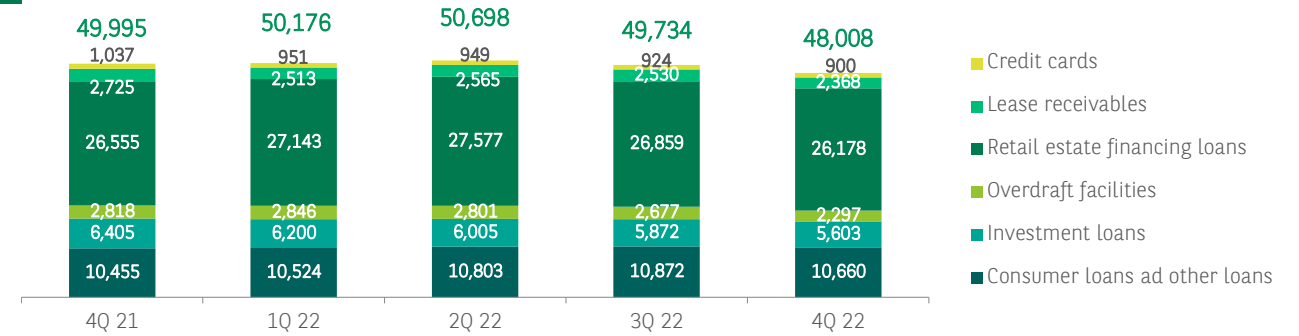
Segment's share in the Group's net banking income

41%

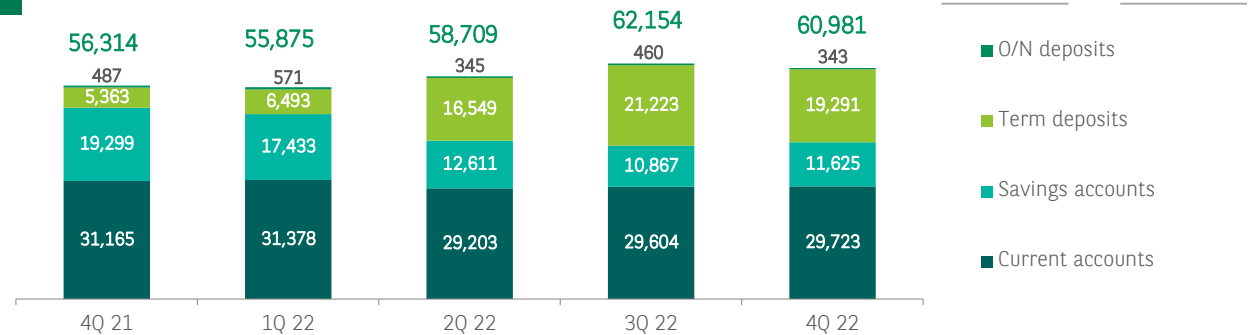
## Gross profit/loss structure\* [PLN million]



## Net loan portfolio\* [PLN million]



## Deposit portfolio\* [PLN million]



\* due to the re-segmentation of SME and Micro enterprise Customers in 2022, the data for 2021 have been presented in comparative terms



# Corporate & SME Banking

Focus on Customers and service quality, further growth of transactionality in 2022, slowdown in the growth of loan volumes in Q4 2022



11.9 thous.

Corporate Customers

24.3 thous.

SME Customers

+0.2 thous., +2% y/y

+0.1 thous., +1% q/q

-1.4 thous., -6% y/y

+0.1 thous., +0.5% q/q

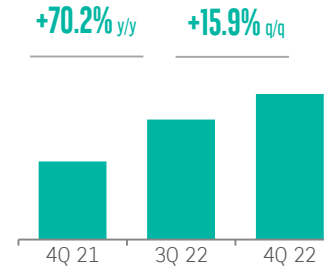
## Business development

- Significant increase in average business volumes in 2022
- Strengthening of the bank's position on the sustainable finance market: new transactions, expansion of the green product offer, support for customers in the area of energy transition, volume increase +29% q/q (+129% y/y), the entire portfolio reached PLN 3.9 billion
- Increase in leasing sales: for Corporate Clients +7% q/q, PLN 1,187 million of new volume in 2022 (+9% vs 2021), for SME +14% q/q, PLN 506 million (+11%) respectively
- Very good results of Global Markets line: revenues +1% q/q (+33% vs 2021) in Corporate Banking and -4% q/q (+18% vs 2021) in SME
- High dynamics of non-credit commission income: +3% q/q (+17% vs 2021) in Corporate Banking and +0.4% q/q (+11% vs 2021) in SMEs
- Extension of the Trade Finance offer with KUKI export support instruments: a new offer of working capital and investment financing for exporters secured by KUKI guarantee and/or insurance

## Further increase in cross-sell and transactionality [PLN million]

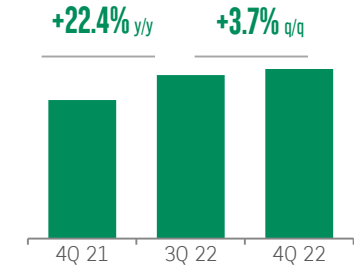
### Cash management

Revenues



### Foreign exchange transactions

Revenues



## Transformation and digitalization

- Continuation of development of GOonline Biznes internet banking: implementation of a new version of the Applications module, new functionalities in the field of cash handling, pilot launch for selected customers of the new module Payments, Statements and Counterparties
- Launch of a new mobile application for currency exchange - GOdealer
- Further improvement of post-sales processes, including onboarding process and the KYC process, and improving the quality of after-sales service, including expanding the scope of services offered by Customer Service for SME Customers
- Improvements in the credit process for SMEs, including a pilot application of an automatic decision-making algorithm to make credit decisions
- Growing use of e-Guarantees in the area of Trade Finance: 52% of guarantees issued in 2022 were delivered to Clients or beneficiaries in electronic form

## Selected significant transactions carried out in Q4 2022



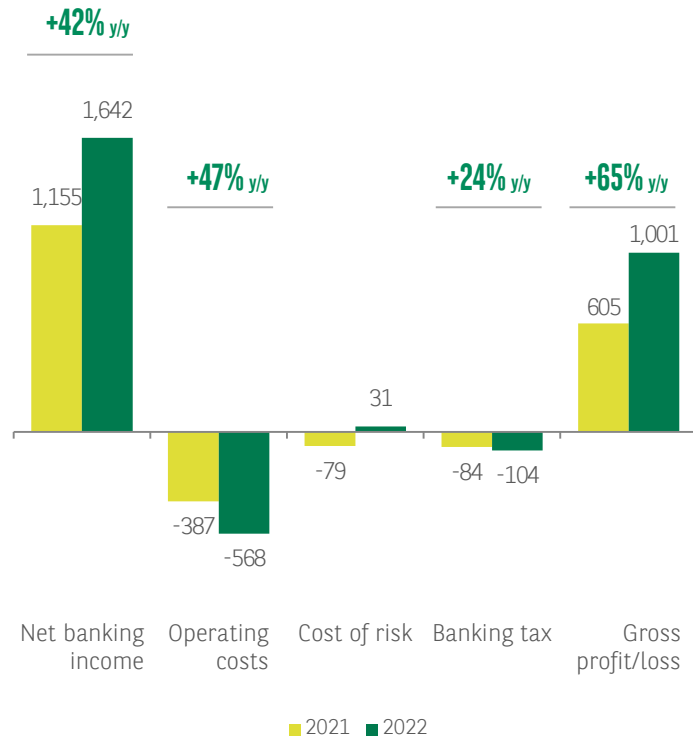
# Corporate Banking

Increase in income and gross profit due to growth in business volumes over the year, interest rates hikes and higher Customer activity

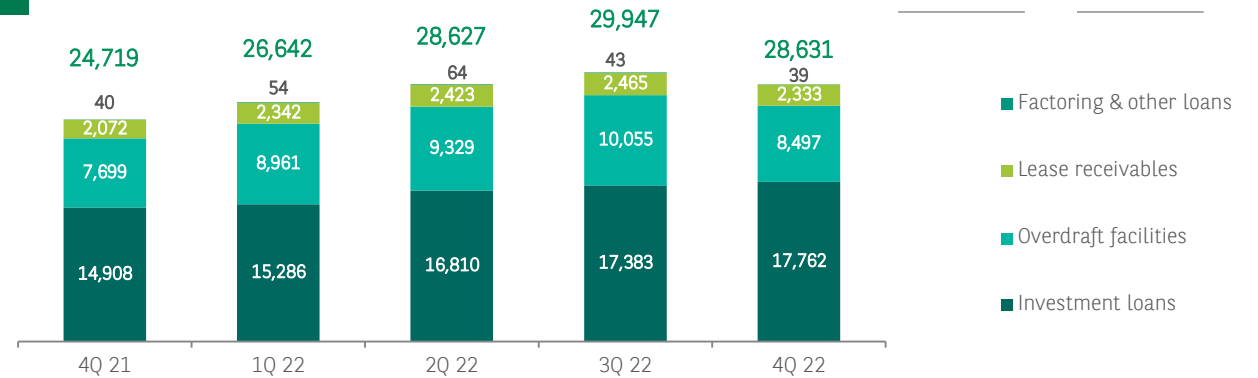
Segment's share in the Group's net banking income

31%

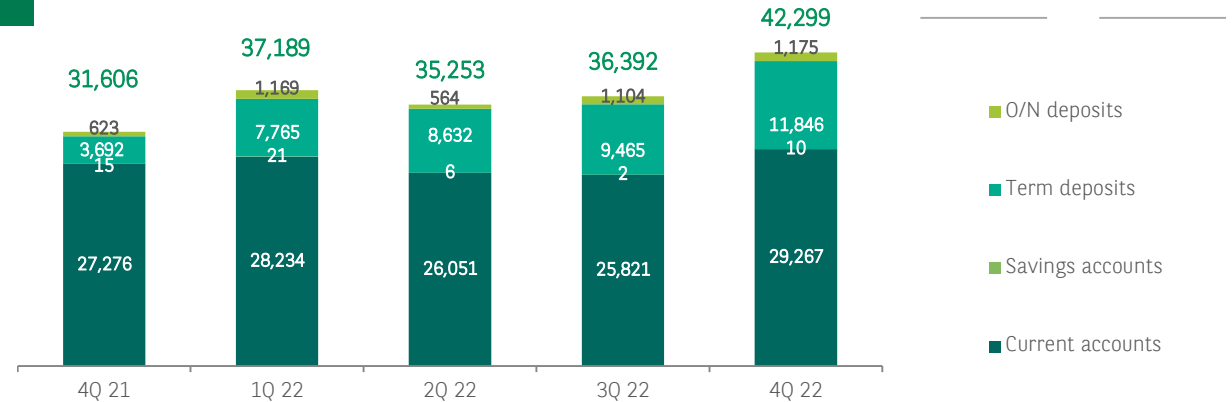
## Gross profit/loss structure\* [PLN million]



## Net loan portfolio\* [PLN million]



## Deposit portfolio\* [PLN million]

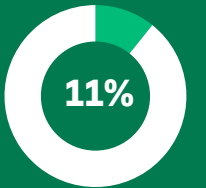


\* due to the re-segmentation of the SME, Corporate and Micro Customers in 2022 the data for 2021 have been presented in comparative terms

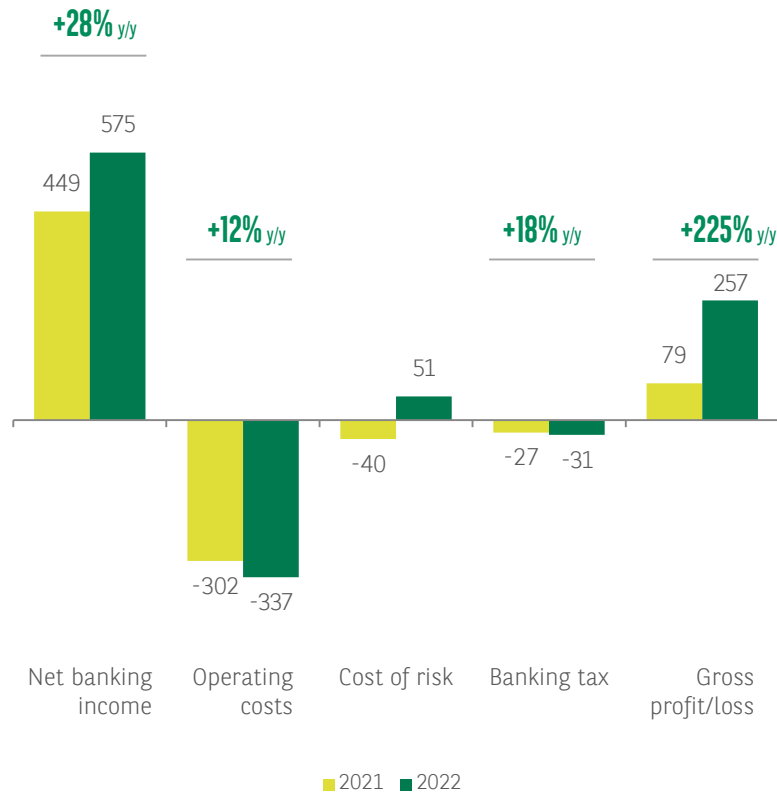
# SME Banking

Stabilization of the loan portfolio, expansion of deposit base. Increase in income supported by rising interest rates, improvement in gross profit

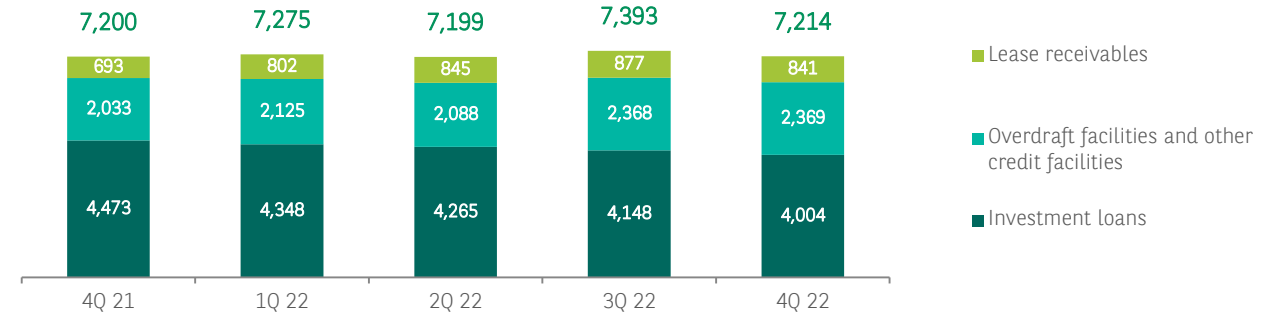
Segment's share in the Group's net banking income



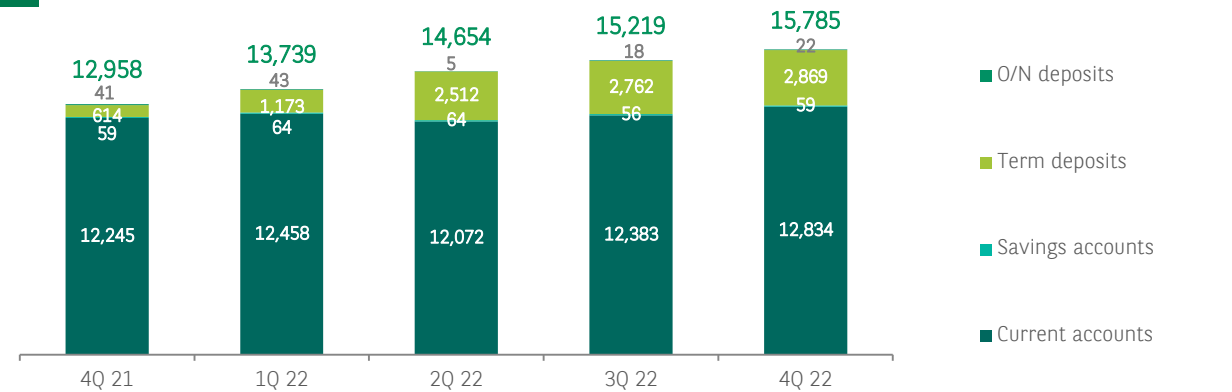
Gross profit/loss structure\* [PLN million]



Net loan portfolio\* [PLN million]



Deposit portfolio\* [PLN million]



\* due to the re-segmentation of the SME, Corporate and Micro Customers in 2022 the data for 2021 have been presented in comparative terms

# Food & Agro Sector

Development of relations with agricultural market participants, support for sustainable transformation



**75.3 thous.** Food & Agro Clients

## Business development

- Offer of credit promises (Unia+) to Agro entrepreneurs applying for grants under the National Reconstruction Program
- Implementation of an interactive credit application (e-PZD: electronic Confirmation of Data Compliance)
- Growth in loan volumes by 20% y/y and deposit volumes 55% y/y in Food & Agro Corporate Clients segment
- PLN 3,997 m new financing for Food & Agro Corporate Clients - increase by 45%
- Increase in the number of active food processors by 17% y/y
- Decrease in the total loan volume due to low willingness to invest (uncertainty on the market) and amortization of a portfolio of investment loans

## Sales support actions and relations with Customers

### Sales campaigns

- loans "With us you do not overpay for loans" - promotional terms for working capital and accounts for Farmers
- Promotional campaigns for insurance products by Generali Agro

*Izydor 2022*



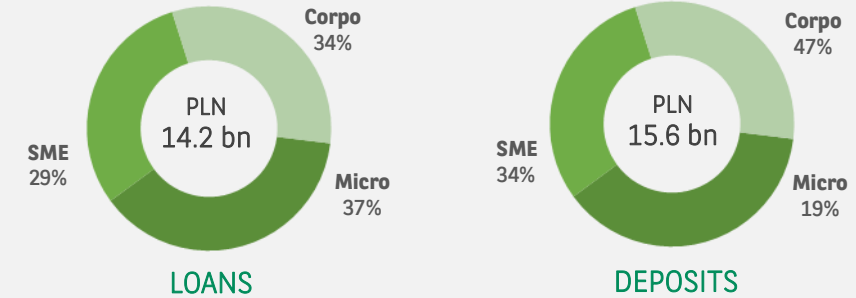
*award in the Izydory poll for the most farmer-friendly companies in the industry in the Finance and Insurance category*

### Active participation in industry events

- **Food & Agro Conference** - the 17<sup>th</sup> edition of the annual conference for strategic clients "Balance Quake,,
- A series of meetings on succession in agriculture, conducted across the country
- Developing and publishing industry overviews of the Food & Agro segment
- Organization of in-depth sessions on specific areas of the food market for Customers of the Bank
- Implementation of a series of interviews with food sector leaders as part of the „Gabinet Spozywczy" series
- Webinar "How to make money from sustainable food production in agriculture?" in partnership with ASAP and PWR

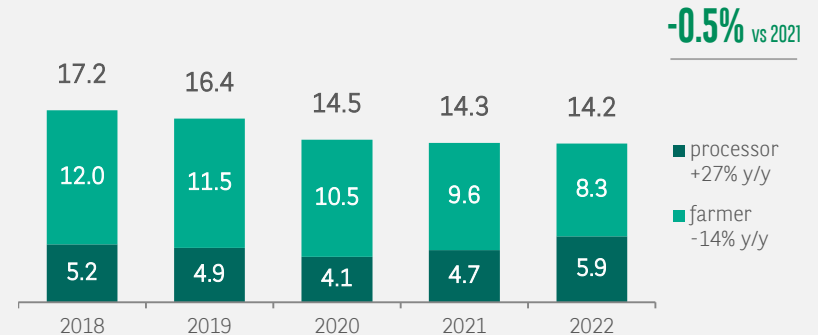
## Food & Agro volumes

31.12.2022



## Loan portfolio

gross, PLN billion



## agronomist



### Tools available in the portal in 2022

- **RegAgri Explorer** - the first tool in Europe presenting the potential of carbon sequestration in agricultural soil and the impact of various regeneration practices on the level of this potential by 2050, available free of charge.
- **Water footprint calculator** - the first calculator in Polish to estimate the water footprint of agricultural production along with the water balance and the efficiency of irrigation.
- **Your weather** - weather module supplemented with new functionalities: temperature and humidity of the soil and evaporation with an accuracy of 1.5 km

- more than **135 ths.** users
- more than **50%** of users are women
- more than **659 ths.** visits in 2022



# Bank subsidiaries

Q4 2022 in TFI impacted by improvement of financial market sentiment. Further growth of leasing assets

## BNP Paribas Towarzystwo Funduszy Inwestycyjnych S.A.

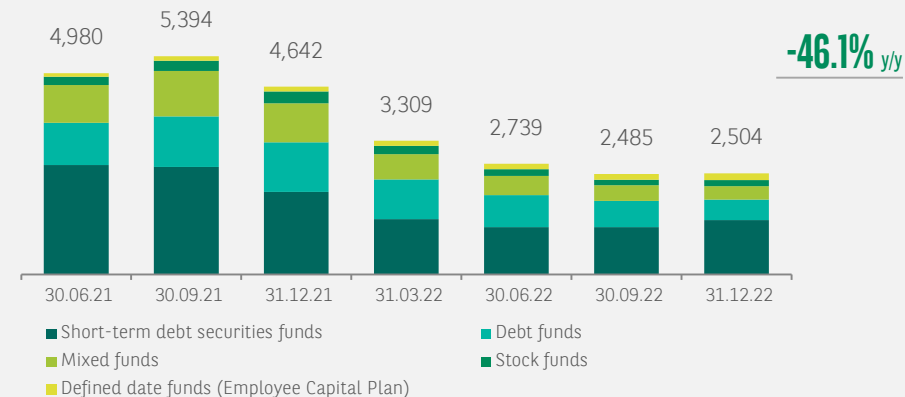
- AUM at the end of Q4 2022 amounted to PLN 2.5 billion (0.7% q/q).
- In the last months the market sentiment improved, which had a positive impact on the debt securities market, and in consequence the results of debt funds managed by BNP Paribas TFI. This resulted in a positive asset balance of the Company in December 2022. Customers continue to look for solutions with the lowest possible volatility, which in turn strengthens the concentration of assets in this segment.
- In Q4 2022 the Company continued to adapt its offer to the current market situation and Customers needs. Apart from the BNPP short-term debt subfund launched in May, which is very popular (over PLN 300 million in net inflows in recent quarter – one of the best-selling funds on the market in October, November and December), special, time limited offer for WM clients has been made available since the beginning of December. The new product makes it possible to invest in a wide range of debt subfunds (both treasury and corporate) and mixed subfunds on preferential terms (fixed management fee reduced by 50% on average).
- BNP Paribas TFI S.A. market share (AUM value) at the end of Q4 stood at 1.7%.

## BNP Paribas Leasing Services sp. z o.o.

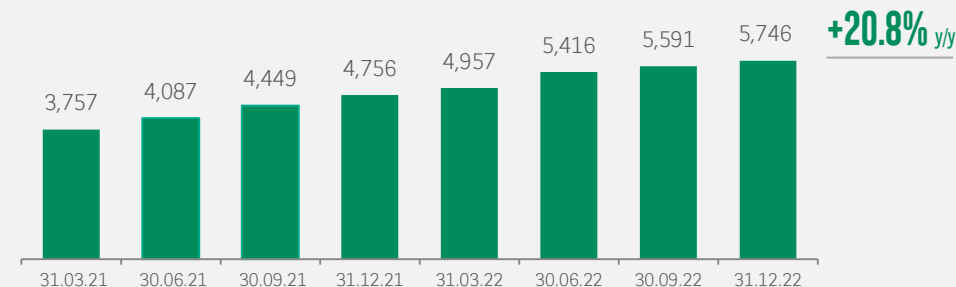
BNPP Leasing Services Sp. z o.o. in cooperation with the Bank offers a full range of leasing products to Personal Finance, micro-enterprises, SMEs and corporate Customers.

- 16.9 thous. contracts concluded for the amount of PLN 3,219 million in 2022 (in 2021: 24.9 thous. contracts for the amount of PLN 3,456 million) – decrease in value -7% y/y.
- Record level of the portfolio of financed assets of PLN 5.75 billion (December 2022), +21% y/y.
- Slowdown in sales in the Personal Finance and SME sectors, very good results in the Corporate Client sector.
- Further digitalization of contract conclusion and servicing processes.

Assets under management of BNPP TFI [PLN million]



Leasing assets [PLN million]





06

**APPENDICES**

Legal and regulatory environment in the banking sector  
Shares of BNP Paribas Bank Polska S.A.  
Material events 2020-2022  
Loan portfolio  
Deposit base structure  
Net banking income  
Profit and Loss Account  
Assets, Liabilities and Equity

# Legal and regulatory environment in the banking sector

Business activities and results impacted by increasing regulatory burdens

Since 2016, the Bank has incurred PLN 5,229 million in taxes and regulatory contributions\* while no dividend has been paid to its Shareholders.

## Commercial Banks Protection System (IPS)

- The objective of the protection scheme is to support the resolution procedure pursued by the Bank Guarantee Fund (BFG) for a bank being a joint-stock company, as well as ensure liquidity and solvency of the **8 member banks**
- The Aid Fund under IPS was formed of the contributions made by the members being **0.4% of the amount of the guaranteed deposits**
- The cost for the sector amounts to **ca. PLN 3.5 billion**

## "Credit holidays"

- Possibility of suspending loan instalment repayments, a maximum of **8 instalments** (4 in 2022 & 4 in 2023)
- It applies to all mortgage borrowers who have loans in PLN
- Impact for the largest banks in the sector at the level of **PLN 12.4 billion in 2022**

## Borrowers Support Fund (FWK)

- Maximum support from the Borrowers Support Fund is PLN 2,000 and can be paid for up to 36 months (total of PLN 72,000 funding, part of the support may be cancelled)
- Lenders' contribution will depend on their share in the sector's non-performing mortgage exposure (90+ DPD)
- **PLN 1.4 billion**: the total cost of the sector incurred in H2 2022

## Benchmark reform

- The process of replacing WIBOR with a new WIRON indicator based on short-term transactions ("overnight"), spread over time
- The impact on the sector is currently neutral

## Legal risk of CHF mortgage loans

- Banking sector: 104 thous. pending cases at the end of October 2022, **PLN 27.2 billion** provisions at the end of Q3 2022
- BNPPPL: 3.5 thous. pending cases, 1.1 thous. settlements concluded at the end of 2022

## THE IMPACT ON THE BANK'S RESULTS

**PLN 359 million**

IPS contribution (PLN 207 million) and BFG (PLN 152 million) booked in 2022

**PLN 895 million**

impact of credit holidays recognized in 2022

**PLN 75 million**

total Borrower Support Fund costs recognized in 2022

**PLN 1,892 million**

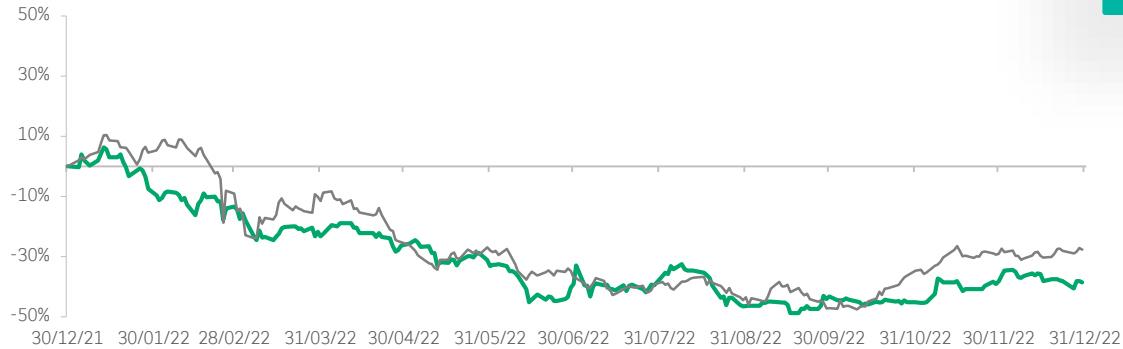
provision for the CHF portfolio at year-end 2022

\* Income tax, banking tax, BFG & IPS contributions, Polish Financial Supervision Authority fee and Borrower Support Fund costs

# Shares of BNP Paribas Bank Polska S.A.

Negative impact of the war in Ukraine and growing regulatory charges on the banks' share price in 2022

## Change in share price (31.12.2021=100%)

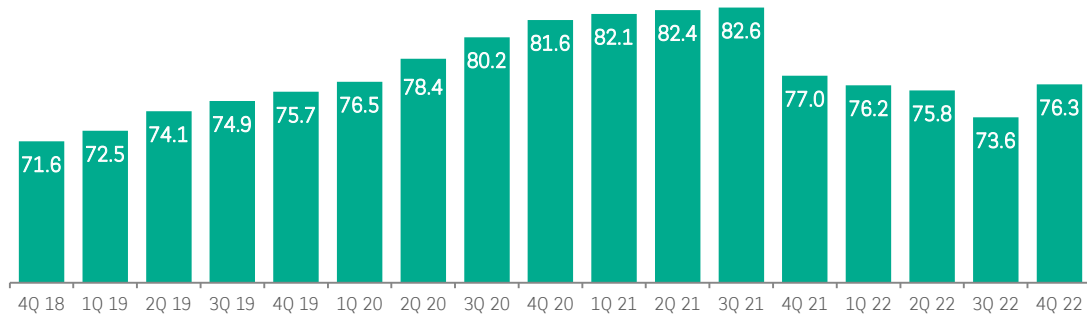


**ISIN code:** PLBGZ0000010  
**GPW ticker:** BNP  
**Index:** sWIG80, sWIG80TR

**BNP PARIBAS** **PLN 56.00**  
**-38.6% y/y**

**WIG banki** **6,252.0 pts**  
**-27.6% y/y**

## Book value per share [PLN thous., at the end of the quarter]



**31.12.2022**  
 free-float: PLN 1.04 bn  
 P/BV: 0.73  
 capitalization: PLN 8.27 bn

## Fitch rating

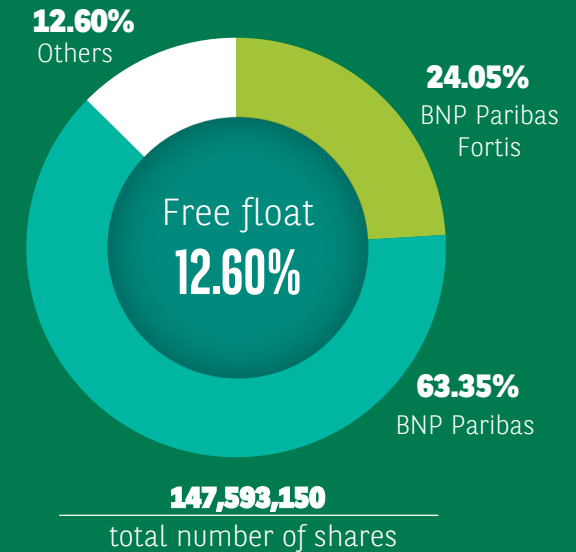
Long-Term Issuer Default Rating (LT IDR) – A+  
 Short-Term Issuer Default Rating (ST IDR) – F1  
 Viability Rating (VR) – bbb-  
 Shareholder Support Rating (SSR) – a+

## ESG rating of Sustainalytics Agency

Low risk at the level of 10.9  
 the best result among Polish banks

## The shareholder structure

(31.12.2022)



At the beginning of June 2021, in the course of accelerated bookbuilding (ABB), BNP Paribas SA sold 1.26% of the Bank's shares, whereas Rabobank International Holding B.V. sold 3.81% of those shares. Those transactions increased the free float and the liquidity of Bank's shares.

# Material events

in individual reporting periods

	1 <sup>st</sup> quarter	2 <sup>nd</sup> quarter	3 <sup>rd</sup> quarter	4 <sup>th</sup> quarter
2022	<ul style="list-style-type: none"> <li>• PLN -125.9 m contribution for the restructuring fund of BFG (PLN -151.7 m the whole BFG)</li> <li>• PLN -83.0 m provision for CHF loans</li> </ul>	<ul style="list-style-type: none"> <li>• PLN -188.0 m IPS costs</li> <li>• PLN -139.7 m provision for CHF loans</li> </ul>	<ul style="list-style-type: none"> <li>• PLN -965.0 m impact of credit holidays (recognized in NII)</li> <li>• PLN -134.0 m provision for CHF loans</li> <li>• PLN -29.0 m costs related to the necessity to reimburse Customers for additional fees incurred until the mortgage is established</li> </ul>	<ul style="list-style-type: none"> <li>• PLN +70.0 m adjustment to the impact of credit holidays (recognized in NII)</li> <li>• PLN -383.3 m provision for CHF loans</li> <li>• PLN -58.2 m costs related to the Borrower Support Fund contribution</li> </ul>
2021	<ul style="list-style-type: none"> <li>• PLN -90.1 m contribution for the restructuring fund of BFG (PLN -103.7 m the whole BFG charge)</li> <li>• PLN -71.9 m provision for CHF loans</li> </ul>	<ul style="list-style-type: none"> <li>• PLN -187.1 m provision for CHF loans</li> </ul>	<ul style="list-style-type: none"> <li>• PLN -202.0 m provision for CHF loans</li> <li>• PLN +33.9 m review of allocation of discount curves used for valuation of hedged instruments (Macro Fair Value Hedge)</li> </ul>	<ul style="list-style-type: none"> <li>• PLN -584.4 m provision for CHF loans</li> </ul>
2020	<ul style="list-style-type: none"> <li>• PLN +43.6 m sale of the real estate at ul. Kasprzaka</li> <li>• PLN -11.3 m provision for CHF loans</li> <li>• PLN -9.8 m legal risk provision – lost option case</li> <li>• PLN -126.0 m contribution for the restructuring fund of BFG (PLN -147.6 m the whole BFG)</li> </ul>	<ul style="list-style-type: none"> <li>• PLN +45.1 m change of the BIK and KIR valuation</li> <li>• PLN -15.2 m provision for CHF loans</li> </ul>	<ul style="list-style-type: none"> <li>• PLN -39.9 m provision for CHF loans</li> <li>• PLN -26.6 m penalty imposed by UOKiK – contractual provisions concerning F/X spreads in loan contracts</li> </ul>	<ul style="list-style-type: none"> <li>• PLN -101.7 m provision for CHF loans</li> <li>• PLN -41.4 m restructuring provision (workforce optimization)</li> </ul>

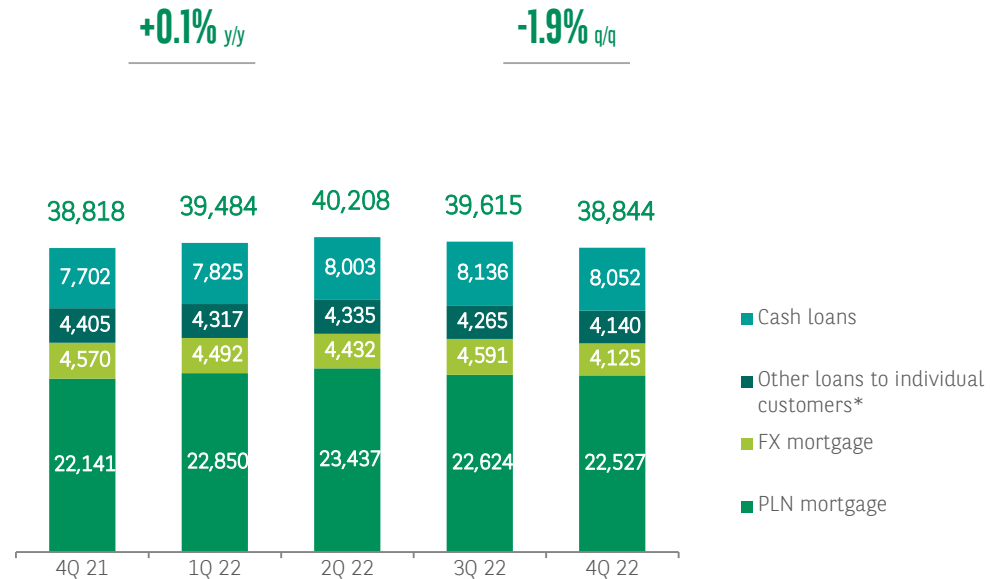


# Loan portfolio

Trend reversal and quarterly decrease in the enterprise segment. Decrease in demand for loans from Individual customers



## Individual Customer loans [PLN million]

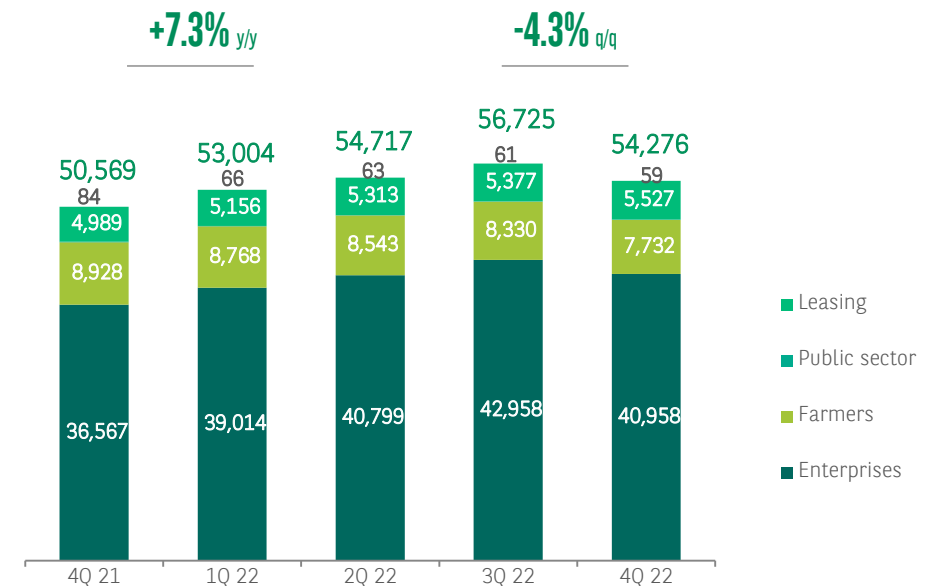


- Decrease in the PLN mortgages portfolio q/q as a result of reduced demand and lower sales of new loans (-0.4% q/q). Growth in annual terms disturbed by the impact of credit holidays (+1.7% y/y). Decrease in the value of FX mortgages (-10.2% q/q, -9.7% y/y) supported by the strengthening of PLN vs. CHF.
- The share of mortgages in loans of Individual Customers amounts to 68.6% (-0.1 pp q/q, -0.2 pp y/y).
- Slight decrease in cash loan portfolio -1.0% q/q (+4.5% y/y).

\* Inter alia: car loans, instalment loans, overdraft facilities, credit cards



## Institutional Customer loans\*\* [PLN million]



- Quarterly decrease in the gross loans to institutional Customers. Positive dynamics of the leasing portfolio (+2.8% q/q, +10.8% y/y), quarterly decrease in the enterprises portfolio (-4.7% q/q, +12.0% y/y).
- Further decrease in the individual farmers gross portfolio (-7.2% q/q and -13.4% y/y).
- As at the end of Q4 2022, the share of loans to enterprises in loans to Institutional Customers was equal to 75.5% (-0.3 pp q/q, +3.2 pp y/y), the share of leasing amounted to 10.2% (+0.7 pp q/q, +0.3 pp y/y).

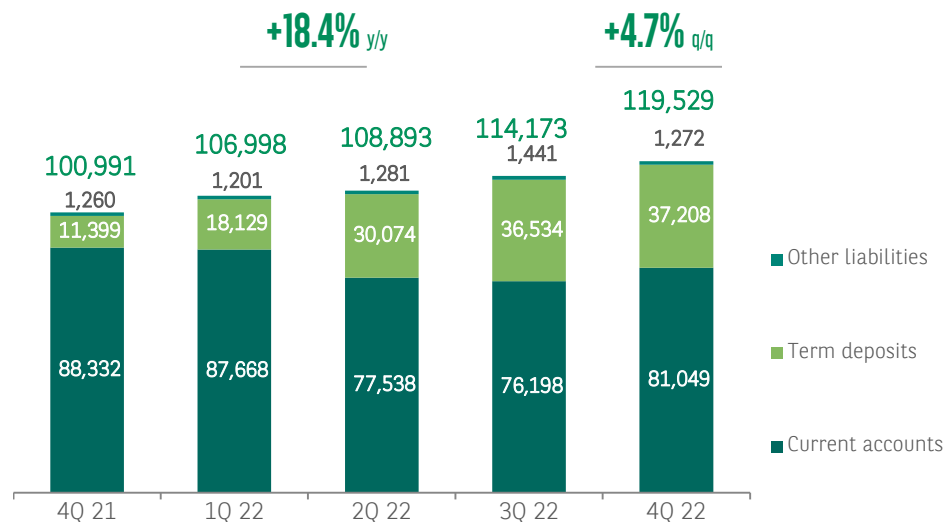
\*\* including the portfolio measured at fair value for "Farmers" and "Enterprises" items (breakdown based on MIS data)

# Deposit base structure

Seasonal increase in the value of institutional Clients' deposits. Change in the trend in case of individual Customers' deposits



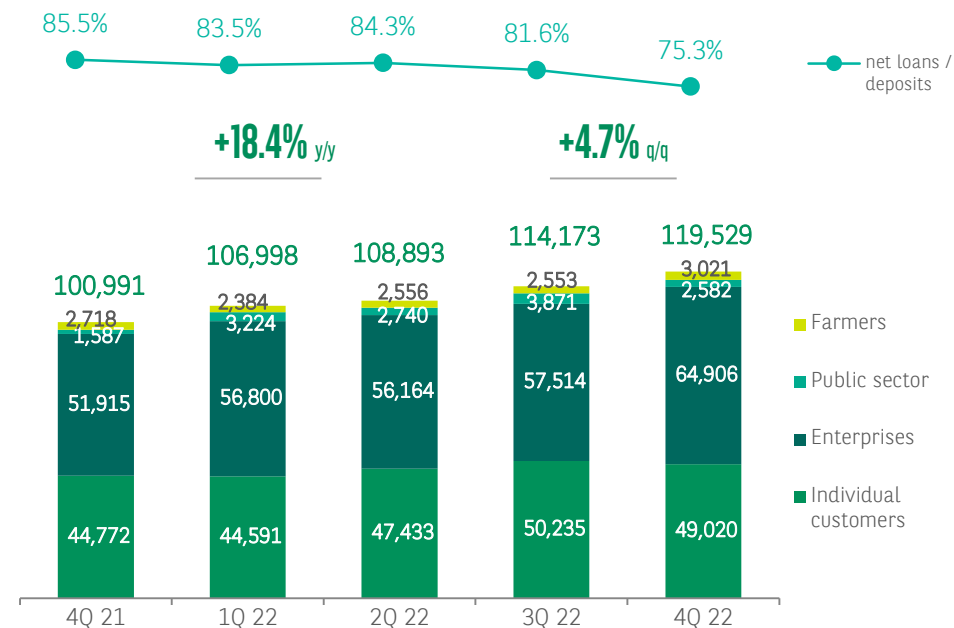
### Deposit term structure [PLN million]



- Stopping the decline in the share of customers' current accounts in total deposits: 67.8% at the end of 2022 (+1.1 pp q/q, -19.7 pp y/y).
- The increase in the value of deposits in Q4 2022 concerned the volumes of current deposits (PLN +4,851 million, +6.4% q/q) as well as term deposits (PLN +673 million, +1.8% q/q).
- Term deposits of institutional Clients increased by PLN 2,409 million (+15.6% q/q), while term deposits of individual Clients decreased by PLN 1,735 million (-8.2% q/q).
- In the case of current deposits, the portfolio of institutional Clients increased by PLN 4,303 million (+9.0% q/q), and the portfolio of individual Clients increased by PLN 548 million (+1.9% q/q).



### Deposit structure by Customer type [PLN million]



- The cost of PLN deposits in Q4 2022 increased by 23 bps (in Q3 by 65 bps, in Q2 by 126 bps, in Q1 by 45 bps). The increases in 2022 were the result of an increase in NBP interest rates (NBP reference rate +75 bps in Q3 2022, +250 bps in Q2 2022, +175 bps in Q1 2022).
- Significant quarterly increase in enterprises' deposits +12.9% q/q (+25.0% y/y) and farmers' deposits +18.3% q/q (+11.2% y/y).
- Trend reversal and quarterly decrease in individual Customers' deposits: -2.4% q/q (+9.5% y/y).

# Net banking income

Increase in net interest income (despite negative impact of credit holidays) as well as net trading income

[PLN million]	2022	2021	y/y change
Net interest income	3,493	3,141	+11.2%
Net fee and commission income	1,137	1,049	+8.4%
Net trading income	755	633	+19.1%
Net investment income	29	(5)	-
Dividends	11	9	+26.5%
Hedging accounting	13	50	(73.7%)
Result arising from the derecognition	(2)	-	-
Other operating income and expenses	(84)	(68)	+23.4%
<b>Net banking income</b>	<b>5,352</b>	<b>4,809</b>	<b>+11.3%</b>

[PLN million]	Q4 2022	Q4 2021	y/y change
Net interest income	1,217	864	+40.8%
Net fee and commission income	262	301	(13.2%)
Net trading income	273	140	+95.1%
Net investment income	(8)	(50)	(85.0%)
Dividends	-	2	-
Hedging accounting	3	27	(89.1%)
Result arising from the derecognition	-	-	-
Other operating income and expenses	(28)	9	-
<b>Net banking income</b>	<b>1,720</b>	<b>1,292</b>	<b>+33.1%</b>

- Increase in net interest income despite recognition of credit holidays impact in the amount of PLN 895 million in 2022 (excluding impact of credit holidays, net interest income would increase by 39.7% y/y). Increase in net interest income y/y on a normalized basis thanks to higher deposit margins (NBP interest rates hikes) and an increase in the scale of activities.
- Higher net fee and commission income compared to the previous year in all main categories except for asset management and brokerage operations.
- An increase in the net trading income due to significant growth in the result on transactions with Customers and an improvement in the valuation of IRS hedging the valuation of the loan portfolio measured at FV. This allowed for neutralization of the worse result on derivatives and valuation of equity instruments.

- Increase in net interest income in Q4 2022 due to a positive adjustment of the impact of credit holidays and an increase in the scale of operations.
- Net fee and commission income decrease as a result of a decline in account maintenance, asset management and brokerage as well as credit F&C.
- Increase in the net trading income thanks to improved results on transactions with Customers, valuation of IRS hedging the valuation of the loan portfolio measured at FV and an improvement in the results on derivatives.

# Consolidated P&L

PLN thous.

Profit and loss account	2022	2021	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Interest income	6,482,405	3,420,814	2,337,166	1,103,035	1,776,129	1,266,075	965,235
Interest expenses	(2,989,400)	(279,872)	(1,120,235)	(979,331)	(626,703)	(263,131)	(101,004)
<b>Net interest income</b>	<b>3,493,005</b>	<b>3,140,942</b>	<b>1,216,931</b>	<b>123,704</b>	<b>1,149,426</b>	<b>1,002,944</b>	<b>864,231</b>
Fee and commission income	1,405,358	1,284,545	331,434	350,204	361,414	362,306	364,744
Fee and commission expenses	(268,443)	(235,559)	(69,889)	(70,457)	(66,475)	(61,622)	(63,487)
<b>Net fee and commission income</b>	<b>1,136,915</b>	<b>1,048,986</b>	<b>261,545</b>	<b>279,747</b>	<b>294,939</b>	<b>300,684</b>	<b>301,257</b>
Dividend income	10,817	8,550	166	2,509	7,161	981	1,737
Net trading income	754,701	633,493	273,236	211,855	118,776	150,834	140,076
Net investment income	29,227	(5,133)	(7,595)	6,321	32,763	(2,262)	(50,478)
Result on hedge accounting	13,267	50,369	2,888	(9,145)	(192)	19,716	26,502
Result on derecognition of financial assets measured at amortized cost due to significant modification	(2,159)	-	493	(273)	(2,379)	-	-
Other operating income	203,874	229,695	41,742	50,290	38,175	73,667	95,878
<b>Result on impairment write-offs of financial assets and provisions for liabilities</b>	<b>(275,010)</b>	<b>(266,185)</b>	<b>(56,262)</b>	<b>(54,021)</b>	<b>(85,599)</b>	<b>(79,128)</b>	<b>(74,239)</b>
<b>Result on provisions for legal risk related to foreign currency loans</b>	<b>(740,000)</b>	<b>(1,045,304)</b>	<b>(383,263)</b>	<b>(134,000)</b>	<b>(139,703)</b>	<b>(83,034)</b>	<b>(584,375)</b>
General administrative expenses	(2,626,707)	(2,143,976)	(650,381)	(556,811)	(743,909)	(675,606)	(601,246)
Depreciation	(411,749)	(399,553)	(103,421)	(101,853)	(107,239)	(99,236)	(103,907)
Other operating expenses	(287,701)	(297,645)	(69,747)	(67,249)	(71,940)	(78,765)	(86,909)
<b>Operating result</b>	<b>(1,298,480)</b>	<b>954,239</b>	<b>526,332</b>	<b>(248,926)</b>	<b>490,279</b>	<b>530,795</b>	<b>(71,473)</b>
Banking tax	(426,553)	(338,110)	(111,719)	(112,066)	(106,915)	(95,853)	(90,734)
<b>Gross profit (loss)</b>	<b>871,927</b>	<b>616,129</b>	<b>414,613</b>	<b>(360,992)</b>	<b>383,364</b>	<b>434,942</b>	<b>(162,207)</b>
Income tax	430,430	(439,831)	(161,928)	14,395	(125,696)	(157,201)	(111,297)
<b>NET PROFIT (LOSS)</b>	<b>441,497</b>	<b>176,298</b>	<b>252,685</b>	<b>(346,597)</b>	<b>257,668</b>	<b>277,741</b>	<b>(273,504)</b>



# Assets

PLN thous.

Consolidated statements of financial position	31.12.2022	30.09.2022	30.06.2022	31.03.2022	31.12.2021
<b>ASSETS</b>					
Cash and balances with the Central Bank	2,718,307	3,725,276	4,655,484	6,968,622	4,631,477
Amounts due from banks	11,800,189	10,199,997	6,893,371	2,904,794	2,615,150
Derivative financial instruments	3,224,272	4,314,266	3,570,283	2,918,243	1,901,919
Adjustment of fair value of the hedging and hedged item	33,025	13,065	1,983	7,125	65,465
Loans and advances to customers valued at amortized cost	89,090,317	92,086,568	90,708,889	88,181,144	85,080,454
Loans and advances to customers valued at fair value through P&L	949,298	1,024,469	1,089,886	1,124,793	1,219,027
Securities valued at amortized cost	22,167,261	23,217,809	23,352,086	23,369,883	23,268,041
Securities valued at fair value through P&L	316,593	316,129	309,974	352,711	347,309
Securities valued at fair value through the other comprehensive income	17,384,793	7,519,927	7,925,556	8,522,491	9,143,353
Intangible assets	821,106	752,014	739,728	704,206	728,475
Property, plant and equipment	1,069,429	1,077,579	1,124,977	1,197,390	1,243,523
Deferred income tax assets	966,436	1,113,115	1,054,515	930,713	876,599
Current income tax assets	14,107	10,081	5,260	304	94
Other assets	961,936	1,016,934	887,940	826,723	656,595
<b>TOTAL ASSETS</b>	<b>151,517,069</b>	<b>146,387,229</b>	<b>142,319,932</b>	<b>138,009,142</b>	<b>131,777,481</b>

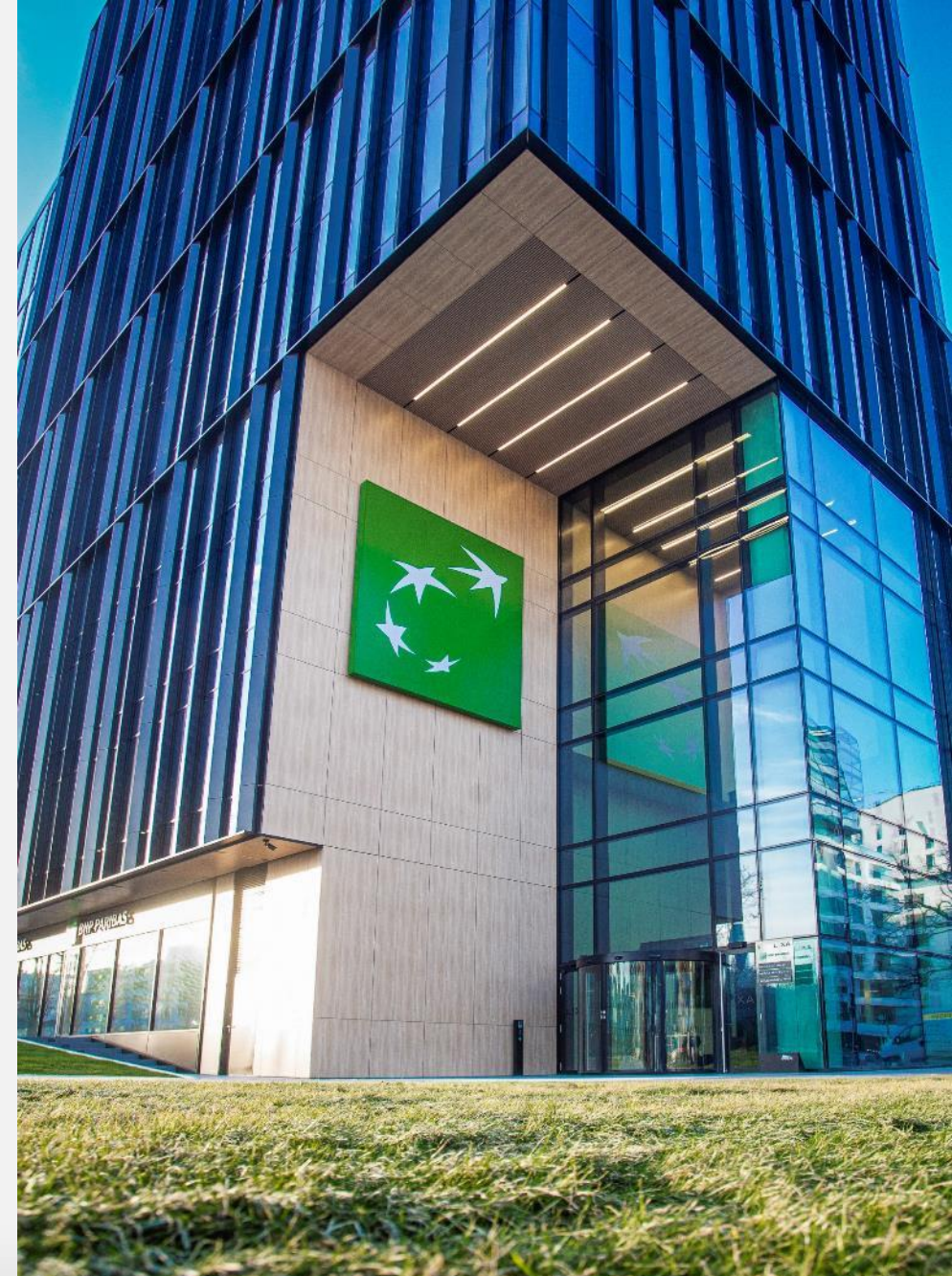
# Liabilities and equity

PLN thous.

Consolidated statements of financial position	31.12.2022	30.09.2022	30.06.2022	31.03.2022	31.12.2021
<b>LIABILITIES</b>					
Amounts due to the Central Bank	8,713	-	-	-	-
Amounts due to other banks	7,158,024	6,410,975	7,474,093	6,157,483	8,012,244
Adjustment of fair value of the hedging and hedged item	(451,646)	(203,842)	227,951	116,321	44,107
Derivative financial instruments	3,147,855	4,436,575	3,486,584	2,834,050	1,918,032
Amounts due to customers	120,021,043	114,679,839	109,413,772	107,533,667	101,092,941
Liabilities on debt securities issue	364,633	435,961	516,076	611,957	722,628
Subordinated liabilities	4,416,887	4,496,847	4,397,875	4,361,591	4,334,572
Leasing liabilities	718,892	767,577	791,094	841,227	860,004
Other liabilities	2,423,182	2,264,598	2,782,015	2,342,681	1,556,289
Current income tax liabilities	223,527	221,201	214,620	243,642	175,681
Deferred income tax provision	-	-	-	-	-
Provisions	2,223,738	2,014,089	1,826,713	1,720,457	1,699,352
<b>TOTAL LIABILITIES</b>	<b>140,254,848</b>	<b>135,523,820</b>	<b>131,130,793</b>	<b>126,763,076</b>	<b>120,415,850</b>
<b>EQUITY</b>					
Share capital	147,593	147,593	147,593	147,519	147,519
Supplementary capital	9,110,976	9,110,976	9,110,976	9,110,976	9,110,976
Other reserve capital	3,142,098	3,135,111	3,133,766	2,947,909	2,946,115
Revaluation reserve	(1,149,786)	(1,286,843)	(1,306,366)	(990,365)	(595,622)
Retained earnings	11,340	(243,428)	103,170	30,027	(247,357)
retained profit	(430,157)	(432,240)	(432,239)	(247,714)	(423,655)
net profit for the period	441,497	188,812	535,409	277,741	176,298
<b>TOTAL EQUITY</b>	<b>11,262,221</b>	<b>10,863,409</b>	<b>11,189,139</b>	<b>11,246,066</b>	<b>11,361,631</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>151,517,069</b>	<b>146,387,229</b>	<b>142,319,932</b>	<b>138,009,142</b>	<b>131,777,481</b>

# Disclaimer

- This presentation constitutes neither a sales offer nor an invitation to submit an offer to purchase or buy securities or financial instruments issued by BNP Paribas Bank Polska S.A. ("Bank"), nor any advice or recommendation with respect to the securities or other financial instruments issued by the Bank.
- This presentation may include forward-looking statements, future plans, perspectives and strategies, or intended events. The above statements cannot be treated as forecasts of the Bank or assurances regarding the expected performance of the Bank, as they have been drawn up on the basis of expectations, projections and data concerning future events.
- The expectations of the Bank are based on the current knowledge, experience and opinions of the Management Board of the Bank, depending on a number of factors which may result in the actual results achieved in the future being significantly different from the statements included herein.
- The Bank shall have no obligation to update or publicly announce any changes and modifications with respect to any claims concerning the future included herein.
- Neither the Bank nor any of its representatives, parent entities or subsidiaries shall be liable for any damage resulting from any use hereof or any information contained herein or otherwise in connection herewith.
- This presentation is not intended for publication or distribution in any countries where such publication or distribution may be prohibited in accordance with applicable laws.
- The presented data applies to BNP Paribas Bank Polska S.A. Group.







**BNP PARIBAS**

## **Investor Relations Bureau**

2 Kasprzaka street, 01-211 Warsaw

relacjeinwestorskie@bnpparibas.pl

[www.bnpparibas.pl/en/investor-relations](http://www.bnpparibas.pl/en/investor-relations)

**BNP Paribas Bank Polska Spółka Akcyjna**, with its registered office in Warsaw at ul. Kasprzaka 2, 01-211 Warsaw, entered into the Register of Entrepreneurs of the National Court Register (KRS) by the District Court for the capital city of Warsaw in Warsaw, 13th Commercial Department of the National Court Register, with KRS number: 0000011571, Tax Identification Number (NIP): 526-10-08-546, and a fully paid share capital of PLN 147,593,150.

# **INVESTOR RELATIONS**

**BNP PARIBAS BANK POLSKA S.A.**