



## PRESS RELEASE

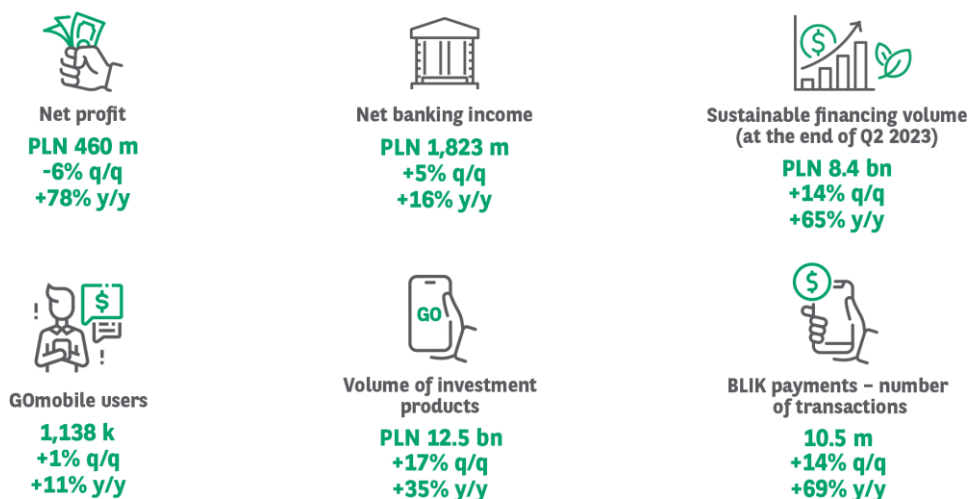
Warsaw, 10 August 2023

### The BNP Paribas Bank Polska Group posts net profit of PLN 460 million in the second quarter of the year

In Q2 2023 the BNP Paribas Bank Polska Group reported a net profit of PLN 460 million (-6% q/q; +78% y/y), and PLN 948 million (+77% y/y) in total in the first half of the year. The growing net banking income, effective cost control, good quality of the loan portfolio and improving capital and liquidity position confirm the stability of the business model.

"This is another quarter in which the Bank delivered solid results despite further provisions for CHF portfolio risk. The macroeconomic situation, which restricted credit growth, did not prevent us from growing in strategically important market segments. In Retail and Business Banking & Personal Finance, we focused on the premium Client and wealth management segments and offered a wide range of savings and investment products. In Corporate & SME Banking we are pleased with the steady growth in the volume of sustainable financing. The Bank's position is stable and we are improving profitability while strengthening our liquidity and capital position. This allows us to gradually reduce the risk associated with the CHF loan portfolio by signing an increasing number of settlements with customers and increasing the level of provisions," said Przemek Gdański, President of the Management Board of BNP Paribas Bank Polska.

#### BNP Paribas Bank Q2 2023 summary



#### Key business highlights in Q2 2023:

- Retail customer gross loan portfolio: PLN 37.5 billion (-6.7% y/y)
- Institutional client gross loan portfolio: PLN 54.0 billion (-1.3% y/y)
- Sales of mortgage loans: PLN 71.0 million (-94.0% y/y)
- Sales of cash loans: PLN 944.4 million (-0,5% y/y)
- Sales of personal accounts: 53.9 thousand (-37.0% y/y)
- Number of users of digital channels: 1.6 million (+2.0% y/y)



- including GOMobile app users: 1.1 million (+11.0% y/y)

#### Financial highlights at the end of Q2 2023:

- Total assets: PLN 151 billion (+5.8% y/y)
- Total loans (gross): PLN 92 billion (-3.6% y/y)
- Customer deposits: PLN 117 billion (+7.8% y/y)
- Net banking income in Q2 2023: PLN 1,823 million (+16.4% y/y)
  - Net interest income: PLN 1,240 million (+7.9% y/y)
  - Net fee and commission income: PLN 308 million (+4.4% y/y)
  - Net trading income: PLN 249 million (+110.0% y/y)
- General and administrative expenses, including depreciation in Q2 2023: PLN 725 million (-14.8% y/y)
- Cost of credit risk quarterly: +12 b.p. vs. -37 b.p. one year before
- Profitability: ROE of 16.0% (+6.4 p.p. y/y), C/I of 42.5% (-11.1 p.p. y/y)
- Profitability: ROE without the impact of credit holidays: 15.4%, C/I without the costs of contributions to the Bank Guarantee Fund, the IPS or the impact of credit holidays: 39.3% (-3.1 p.p. y/y)
- Stable and secure liquidity position – net loan/deposit ratio: 75.4% (-8.9 p.p. y/y)
- Capital position above regulatory minimum levels – Tier 1 ratio: 12.13%

#### Improved operational efficiency and stable business in spite of risks

In Q2 2023 the BNP Paribas Bank Polska Group generated a net profit of PLN 460 million (-5.8% q/q; +78.4% y/y), and PLN 948 million (+77% y/y) in the entire first half of the year. Q2 saw a further increase in revenues. Net banking income totaled PLN 1,823 million (+5.5% q/q, +16.4% y/y). The bank recorded an increase in net interest income to PLN 1,240 million (+3.3% q/q, +7.9% y/y), mainly due to an increase in income from securities and maintaining the cost of deposits. The interest margin rose to 3.3%. Net fee and commission income was PLN 308 million (-5.3% q/q, +4.4% y/y), slightly lower than in Q1 due to lower card income than in the previous quarter. The result on trading activity reached PLN 249 million (+6.3% q/q, +110% y/y), driven mainly by higher net income from equity investments, stabilisation of the result on transactions with customers and improved valuation of equities compared to the previous quarter.

The Group's operating expenses in Q2 were PLN 725 million (-7.6% q/q, -14.8% y/y) and remain under control. Without the costs of contributions to the Bank Guarantee Fund (BGF) and the Commercial Banks Protection System (SOBK), costs would have increased by 5.3% q/q and 7.2% y/y, which means that the year on year growth rate remains below inflation. Revenue growth coupled with good cost control led to a further improvement in the C/I ratio to 42.5% at the end of Q2 2023.

In the second quarter the bank recognized a provision of PLN 356 million for its CHF loan portfolio. The total value of the provision at the end of H1 was PLN 2.1 billion and it covered 62.7% of the portfolio. The increase in the provision compared to Q1 2023 was mainly related to estimated inflow of new lawsuits, the number of settlements concluded with customers aimed at converting CHF loans into PLN loans and updates to other parameters included in the model. The remuneration for the use of the Bank's capital, which was the subject of the ECJ ruling in case C-520/21, is not used as a parameter in the current provisioning model and has no direct impact on the Bank's risk as expressed by the level of provisions for the effects of invalidation of loan agreements. The number of settlements with CHF borrowers increased significantly in Q2 (2,617 settlements concluded at the end of Q2).

The second quarter was another period of relatively low market demand for credit. The value of the Bank's loan portfolio declined slightly (-0.8% q/q, -3.6% y/y). In the retail segment the decline was -1.3% q/q, -6.7% y/y and in the institutional segment it reached -0.5% q/q, -1.3% y/y.



At the same time, the Bank strengthened its deposit base, with the increase in customer deposits (+0.9% q/q, +7.8% y/y) further improving its liquidity position. Deposits increased in Q2 both in the retail (+0.3% q/q, +1.4% y/y) and institutional (+1.2% q/q, +12.8% y/y) segments.

In the second quarter, the value of funds invested in investment products continued to grow (+17.3% q/q, +34.6% y/y). Investment funds saw an increase in assets and customers continued to show interest in sub-funds investing in the short-term debt market. Client assets in brokerage accounts also increased (+25.1% q/q, +34.0% y/y).

### **Low credit risk, improving capital ratios**

The very good quality of repayments in the loan portfolio continued in the second quarter. It was another quarter in which the cost of risk had a positive impact on the Bank's performance, due to the release of provisions related to recoveries on the individually assessed impaired portfolio and the result on the sale of receivables. The NPL (Stage 3) ratio for the loan portfolio measured at amortized cost fell to 3.1% at the end of Q2 2023.

The Bank also strengthened its capital position. At the end of Q2, the Tier 1 ratio was 12.13% while the total capital ratio was 16.35%. Both ratios remain above the regulatory requirements and increased on both y/y and q/q basis.

### **Leading position in sustainable financing and continued digitalization**

The Bank has consistently sought to increase its positive environmental and social impact and has established a market-leading position in sustainable finance. At the end of Q2 2023, the volume of sustainable financing reached PLN 8.4 billion, representing 9.3% of the loan portfolio. In May and June the Bank participated in two transactions using the Sustainability-Linked Loan (SLL) formula: for the Polsat Plus Group in the amount of approximately PLN 10.6 billion (with the Bank's share being PLN 1 billion), which was the largest SLL transaction on the Polish market, and for Iglotex in the amount of over PLN 300 million (the Bank's share as the Sustainable Financing Coordinator was PLN 150 million).

The Bank's commitment to ESG is recognized by independent experts. In the first half of the year, the Bank received the ESG Industry Top Rated and ESG Regional Top Rated badges in the list of Top-Rated ESG Companies published by Sustainalytics, won the ESG category in the Banking Stars competition organised by PwC and Dziennik Gazeta Prawna, was awarded the Gold and Green Leaf by Polityka weekly, was listed as one of the leaders among the employers most advanced in diversity and inclusion management in Poland - Diversity IN Check 2023, and won the maximum number of points in the Cashless for Equality ranking, a listing of financial institutions that care about professional and social equality for LGBT+ people.

Implementation of the digital agenda remains a key aspect of the bank's development. The Bank's focus on supporting its customers' activities is leading to a steady increase in the use of remote channels by customers. The number of payments via BLIK is growing dynamically.

- Number of customers using the Bank's services through remote channels: 1,630 thousand (-1% q/q, +2% y/y)
- Number of the GOMobile app users: 1,138 thousand (+1% q/q, +11% y/y)
- Number of tokens in customers' digital wallets: 539 thousand (+2% q/q, +15% y/y)
- Number of BLIK transactions in Q2 2023: 10,467 thousand (+14% q/q, +69% y/y)

The Bank is also systematically implementing new digital solutions for customers. In Q2 it offered e-commerce customers the use of the Axepta BNP Paribas, which is the first payment gateway in Poland to



offer the possibility of splitting the amount to be paid into different forms of payment. In June, on the Agronomist.pl platform, the bank launched the only calculator of greenhouse gas emissions for poultry production in Poland, addressed to businesses in the food&agro sector.

At the end of Q2 2023 the bank served nearly 4.2 million customers. It had 400 Customer Centers, including 203 without teller services. 120 Centers held a Barrier-Free Facility certificate.

### Consolidated financial highlights (PLN 000s)

Profit and loss account	H1 2023	H1 2022	change y/y	Q2 2023	Q2 2022	change y/y	Q1 2023
Net interest income	2,439,313	2,152,370	13.3%	1,239,713	1,149,426	7.9%	1,199,600
Net fee and commission income	633,019	595,623	6.3%	307,939	294,939	4.4%	325,080
Net banking income	3,552,289	3,034,528	17.1%	1,823,420	1,566,729	16.4%	1,728,869
General administrative expenses and depreciation	(1,510,286)	(1,625,990)	-7.1%	(725,162)	(851,148)	-14.8%	(785,124)
Net impairment loss	51,350	(164,727)		26,400	(85,599)		24,950
Result on operating activities	1,502,941	1,021,074	47.2%	768,634	490,279	56.8%	734,307
Net profit	947,632	535,409	77.0%	459,647	257,668	78.4%	487,985
per share in PLN	6.42	3.63	76.8%	3.11	1.75	78.1%	3.31

Balance sheet	30 June 2023	31 March 2023	31 December 2022	30 June 2022
Total assets	150,561,628	148,179,538	151,517,069	142,319,932
Total loans (gross)	91,502,743	92,276,009	93,119,971	94,924,794
Liabilities towards customers	117,911,920	116,912,395	120,021,043	109,413,772
Total equity	12,614,117	11,986,235	11,262,221	11,189,139
Capital adequacy	30 June 2023	31 March 2023	31 December 2022	30 June 2022
Total capital requirement	16.35%	15.87%	15.55%	15.21%
Tier 1 ratio	12.13%	11.65%	11.28%	10.98%