



## PRESS RELEASE

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In Q3 2023, the net profit of the BNP Paribas Bank Polska Group reached PLN 445 million

The BNP Paribas Bank Polska Group continued stable growth and earned a net profit of PLN 445 million in Q3 2023 (-3.1% q/q). The bank reported a further increase in net banking income to PLN 1,905 million (+4.5% q/q), among other thanks to improved net interest income and trading income. The excellent quality of the Group's loan portfolio translated into a low cost of risk. In Q3, the bank booked PLN 371 million of provisions for risks related to CHF loans.

*"In a volatile market environment, we continue to focus on business development and the implementation of our GOeyond strategy. In the third quarter, the main areas of growth were the volumes of deposits and investment products as well as customer transaction levels. Demand for loans remained low, but the latest data suggest that this trend may be reversing. We continue to increase the volume of sustainable financing, which is one of the priorities of the Bank's strategy," says Przemek Gdański, President of the BNP Paribas Bank Polska Management Board. "We had another quarter of solid financial results. However, the greatest challenges facing the financial sector remain. The risk related to Swiss franc loans is a significant constraint on the bank's performance. We don't know how monetary policy will evolve and what decisions will be made concerning the extension of the credit holidays. We are hoping for more predictable regulations and effective dialogue with the banking sector, which will allow us to increase our commitment to supporting the development of our customers and the Polish economy," adds Przemek Gdański.*



Net profit in Q3  
PLN 445 million  
-3.1% q/q



Net banking income in Q3  
PLN 1,905 million  
+4.5% q/q



C/I ratio at the end of Q3  
41.6%  
-0.9 p.p. q/q



Customer deposits at the end of Q3  
PLN 124 billion  
+5.4% q/q  
+8.4% y/y



Volume of investment products at the end of Q3  
PLN 13.1 billion  
+4.5% q/q  
+50.9% y/y



Sustainable financing volume at the end of Q3  
PLN 8.9 billion  
+5.4% q/q  
+56.4% y/y

### Key business highlights in Q3 2023:

- Gross retail loan portfolio: PLN 37.4 billion (-5.7% y/y)
- Gross institutional loan portfolio: PLN 54.1 billion (-4.6% y/y)
- Sales of mortgage loans: PLN 64.8 million (-41.5% y/y)
- Sales of cash loans: PLN 946.9 million (+15.8% y/y)
- Sales of personal accounts: 54.0 thousand (-28.7% y/y)
- Number of digital channel users: 1.6 million (+0.5% y/y)
  - including GOMobile app users: 1.2 million (+8.3% y/y)



### Financial highlights at the end of Q3 2023:

- Total assets: PLN 157 billion (+7.2% y/y)
- Total loans (gross): PLN 92 billion (-5.0% y/y)
- Customer deposits: PLN 124 billion (+8.4% y/y)
- Net banking income in Q3 2023: PLN 1,905 million (+218.7% y/y)
  - Net interest income: PLN 1,365 million (+1,003.2% y/y)
  - Net fee and commission income: PLN 287mln (+2.5% y/y)
  - Result on trading activity: PLN 273 million (+28.7% y/y)
- General administrative expenses, including depreciation and amortization in Q3 2023: PLN 761 million (+15.6% y/y)
- Cost of credit risk, quarterly: -5 b.p. vs. -23 b.p. one year before
- Profitability: ROE of 15.2% (+12.9 p.p. y/y), C/I of 41.6% (-21.3 p.p. y/y)
- Profitability: ROE without the impact of credit holidays: 14.7%, C/I without the costs of contributions to the Bank Guarantee Fund, the IPS and the impact of credit holidays: 39.6% (-2.3 p.p. y/y)
- Stable and secure liquidity position – net loan/deposit ratio: 71.5% (-10.0 p.p. y/y)
- Capital position above regulatory minimum levels – Tier 1 ratio: 12.13%

### Solid results despite uncertain surroundings and CHF credit risk

In the third quarter of the year, the BNP Paribas Bank Polska Group posted a net profit of PLN 445 million (-3.1% q/q), compared to a net loss of PLN 347 million in the third quarter of the previous year, when the negative impact of credit holidays amounted to PLN 965 million. Since the beginning of the year 2023, the Group has generated a net profit of PLN 1,393 million.

The bank increased its net banking income to PLN 1,905 million (+4.5% q/q). Net interest income amounted to PLN 1,365 million (+10.1% q/q), driven by continuing improvements in interest margins, including lower financing costs, a better quarterly result from hedge accounting and an increase in income from investing excess liquidity. The bank maintained its net fee and commission income at a high level of PLN 287 million (-6.9% q/q), with the quarterly decline reflecting the absence of comparable non-recurring income in the insurance and loan areas. The result of trading and investment activities amounted to PLN 279 million (+9.1% q/q) and increased mainly due to an improved result from transactions with customers.

The Group's operating expenses in Q3 amounted to PLN 761 million (+5.0% q/q), driven mainly by inflationary pressures in the area of personnel and administrative expenses. Continued revenue growth helped to further reduce the C/I ratio to 41.6% after 9 months of this year.

The risk related to CHF loans resulted in an increase in provisions due to the growing number of lawsuits and settlements concluded with customers. In Q3, the Group recognized PLN 371 million of provisions for the CHF loan portfolio, bringing the total for 9M 2023 to PLN 961 million. The total value of the provision at the end of Q3 was PLN 2,452 million and covered 73.3% of the portfolio. By the end of Q3 the bank had signed 3,174 settlements with customers.

The value of the retail customer loan portfolio remained stable quarter-on-quarter (-0.4% q/q), declining by 5.7% y/y. The decline in mortgage loans (-1.4% q/q, -8.4% y/y) was partially offset by higher sales of consumer loans. In the Institutional portfolio, the bank saw growth in loans to farmers and in leasing, with no clear recovery in other loan products. Total loans to Institutional customers grew by 0.3% q/q (-4.6% y/y).

Deposits grew in Q3 in both the retail (+2.8% q/q, -1.6% y/y) and institutional (+7.2% q/q, +16.2% y/y) segments, and the volume of investment products also increased (+4.5% q/q, +50.9% y/y).

### Good loan portfolio quality, safe capital position



The very good quality of repayments in the loan portfolio continued in Q3, resulting in a low cost of risk. The NPL (Stage 3) ratio for the loan portfolio measured at amortized costs remains low at 3.3% at the end of Q3 2023.

The bank's capital position remains safe. At the end of Q3, the Tier 1 ratio was 12.13% and the total capital ratio was 16.33% – both at levels comparable to the end of Q2, with year-on-year growth and above regulatory requirements.

### Sustainable financing and internationally recognized digital transformation process

The bank once again significantly increased the volume of sustainable financing, which reached PLN 8.9 billion at the end of September 2023 and represents 9.8% of the loan portfolio. In the past quarter, the Bank served as lead arranger in the financing of the Baltic Power offshore wind farm. The Group also closed the first factoring transaction with ESG ratios with Lafarge Polska (Holcim Group) and an ESG rating-linked loan with a leading office furniture manufacturer.

The bank continues the digitalization process, which drives the number of transactions (number of BLIK transactions in Q3 2023: 11,307 thousand (+8% q/q, +55% y/y)) and the number of mobile banking users (1,152 thousand (+1% q/q, +8% y/y)). The bank's digital transformation was recognized by the jury of the Innovation in Digital Banking Awards 2023, organized by The Banker magazine. BNP Paribas Bank won the Most Innovative in Digital Banking in CEE category for its implementation of digital customer service in branches using a mobile device.

At the end of Q3 2023, the bank served nearly 4.2 million customers. It had 390 Customer Service Centers, 129 of which were certified as "Barrier-Free Facilities", certifying that they are adapted to the needs of people with limited mobility. BNP Paribas Bank continues to digitize its Customer Service Centers. At the end of Q3, 196 of them – more than half of the network – offered no teller services.

### Consolidated financial highlights (PLN 000s)

Profit and loss account	9M 2023	9M 2022	change y/y	Q3 2023	Q3 2022	change y/y	Q2 2023
Net interest income	3,804,037	2,276,074	67.1%	1,364,724	123,704	1003.2%	1,239,713
Net fee and commission income	919,861	875,370	5.1%	286,842	279,747	2.5%	307,939
Net banking income	5,457,080	3,632,287	50.2%	1,904,791	597,759	218.7%	1,823,420
General administrative expenses and depreciation	(2,271,742)	(2,284,654)	(0.6%)	(761,456)	(658,664)	15.6%	(725,162)
Net impairment loss	39,980	(218,748)	-	(11,370)	(54,021)	(79.0%)	26,400
Result on operating activities	2,264,058	772,148	193.2%	761,117	(248,926)	-	768,634
Net profit	1,393,111	188,812	637.8%	445,479	(346,597)	-	459,647
per share in PLN	9.43	1.28	637.0%	3.02	(2.35)	-	3.11

Balance sheet	30 Sep 2023	30 Jun 2023	31 Dec 2022	30 Sep 2022
Total assets	156,870,541	150,561,628	151,517,069	146,387,229



Total loans (gross)	91,501,472	91,502,743	93,119,971	96,340,566
Liabilities towards customers	124,223,279	117,911,920	120,021,043	114,679,839
Total equity	13,130,934	12,614,117	11,262,221	10,863,409
Capital adequacy	30 Sep 2023	30 Jun 2023	31 Dec 2022	30 Sep 2022
Total capital requirement	16.33%	16.35%	15.55%	14.86%
Tier 1 ratio	12.13%	12.13%	11.28%	10.67%