



PRESS RELEASE

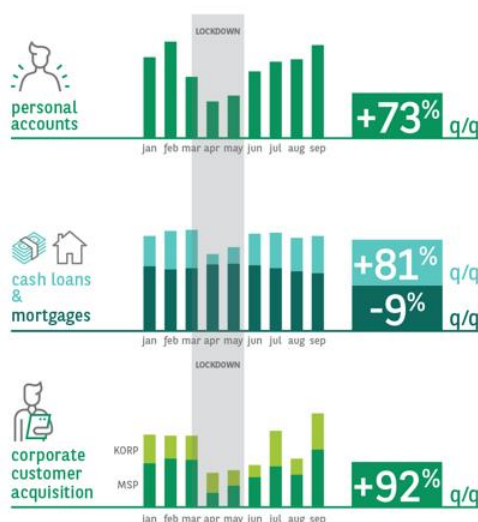
Warsaw, 10 November 2020

The BNP Paribas Bank Polska Group posts net profit of PLN 232 million in the third quarter 2020

Despite the economic downturn, the BNP Paribas Bank Polska Group ended another quarter 2020 with higher result. Net profit in Q3 rose to PLN 232 million. On a year-to-date basis, the Group's net profit increased to PLN 566 million (+14.6% y/y). From July to September, the rebound in retail and corporate business activity (following the lockdown in Q2) translated into improved sales. The Bank kept focusing on growing and promoting mobile and digital solutions, gradually adapting its business to the low interest rate environment.

BNP PARIBAS BANK POLSKA IN Q3

SALES & TRANSACTIONAL TRENDS



KEY INFORMATION

PLN 231.5 M

(+101,7% Y/Y)

NET PROFIT IN Q3

PLN 79.5 BN

(+2.2% Y/Y)

GROSS TOTAL LOANS

1.3 MILLION

599 THOUSAND USE GOMOBILE APP (+12% Q/Q)

CUSTOMERS USE REMOTE BANKING

We are consistently striving to attain our strategic objectives despite the unfavorable macroeconomic situation and abundant challenges in the banking sector. We are ramping up digitization to bring our services closer to our clients. At the same time, as always, the safety of our clients and employees remains our priority, says Przemek Gdański, President of the BNP Paribas Bank Polska Management Board. The rebound in socioeconomic activity in the third quarter of the year translated into improved performance, making us very pleased with the level of net profit generated in this period. At the moment, we are witnessing a significant recurrence of uncertainty, making it tough to predict the future impact of the epidemic on the economy and the banking sector in the coming quarters – adds Przemek Gdański.

Key business highlights – Q3 2020:

- Retail client loan portfolio: +12.4% growth y/y (+3.0% q/q)
- Institutional client loan portfolio: -3.9% decrease y/y (-2.9% q/q)
- Sales of mortgage loans: PLN 1,355 million, +29.6% growth y/y (-9.1% q/q)



- Sales of personal accounts: 72.4 thousand, +12.0% growth y/y (+72.7% q/q)
- As at the end of September 2020, the number of clients using the remote channels stood at 1.3 million, of which 599 thousand clients used the GOMobile app (+11.8% q/q)

Key financial highlights – Q3 2020:

- Total assets: PLN 121.6 billion, +13.0% y/y (+2.4% q/q)
- Gross loans granted: PLN 79.5 billion, +2.2% y/y (-0.5% q/q)
- Client deposits: PLN 94.9 billion, +13.8% y/y (+1.2% q/q)
- Net banking income: PLN 1,121.7 million, +2.8% y/y (-5.7% q/q)
 - Interest income: PLN 738.9 million; -7.4% y/y (-3.2% q/q)
 - Commission income: PLN 251.2 million; +22.2% y/y (+25.4% q/q)
 - Income from trading activity: PLN 157.6 million, -10.3% y/y (-16.9% q/q)
- General administrative expenses, including depreciation: PLN 570.8 million, -20.3% y/y
- (no change q/q)
- Cost of risk at 49 basis points (85 basis points year-to-date) in reference to the average value of the loan portfolio, no significant provisions for COVID-19
- Profitability: ROE 6.6% (+0.5 pp y/y), C/I 53.4% (-10.2 pp y/y)
- Stable liquidity position – L/D: 79.7% (-9.4 pp y/y)
- Safe capital position – Tier 1: 13.43%

In Q3, the BNP Paribas Bank Polska Group's net profit reached PLN 232 million (up from PLN 115 million the year before). On a year-to-date basis, after the first three quarters, the Group's net profit stood at PLN 566 million (+14.6% y/y). The Group's net banking income in Q3 reached PLN 1,122 million (up from PLN 1,091 million the year before) and after three quarters of the year, at the end of September 2020 exceeded PLN 3,520 million (up from PLN 3,413 million in the corresponding period of the previous year).

The Group managed to maintain its core income despite the adverse impact of interest rate cuts owing to the implementation of adaptation measures in the altered market environment, a reduction in financing costs and adjustments in the prices of deposits, a revision of fee and commission levels and the initiation of a revision of loan margins across all business segments.

At the end of Q3, the value of the loan portfolio grew by 2.2% y/y, within which the value of loans granted to individual clients rose by 12.4% y/y and the value of the mortgage loan portfolio improved by 21.3% y/y (+4.5% q/q). The value of loans granted to business clients declined by 3.9% y/y. Weaker demand for corporate loans swept the whole sector, caused by the liquidity available under the Polish Development Fund (PFR) support plans and the uncertainty experienced across the market, coupled with the lower propensity of businesses to contract new liabilities. In parallel, at the end of September, the value of deposits increased by 13.8% y/y (+10.2% q/q), chiefly in corporate accounts, in line with the trends observed across the banking sector.

In Q3, the cost of risk normalized and stood at PLN 95 million (compared to PLN 135 million the year before and PLN 200 million in Q2). Of key importance for the lower cost of risk compared to the previous quarter was the significantly smaller level of provisions associated with the impact of macroeconomic scenarios in the wake of the pandemic and good quality of the loan portfolio despite the economic recession. The vast majority of clients who had been granted moratorium periods on their loans returned to regular repayment.

The Group applies effective cost control measures owing to the synergies achieved as a result of the acquisition of Raiffeisen Bank Polska's core business and supplementary savings initiatives. In Q3, operating expenses totalled PLN 571 million, same as the quarter before, vs. PLN 716 million in the corresponding period of last year (when PLN 102 million were incurred as integration costs). As a result, the Bank's C/I ratio improved by 10.2 pp y/y to 53.4%.



BNP Paribas Bank is relentlessly supporting its clients during this challenging period of the coronavirus pandemic and is taking measures to ensure the safety of its employees and clients. An appointment with a BNP Paribas Bank employee at any branch may be set up via the Booksy app. The GOMobile app has been upgraded with new functionalities for both individual and business clients. As at the end of September, approx. 1.3 million of the Bank's clients were using digital channels of which 599 thousand clients were using the GOMobile app (+12% q/q). In Q3, the Bank processed 6.6 million mobile transactions (+9% q/q) and 2.3 million BLIK transactions (+2% q/q).

BNP Paribas Bank continues to develop its offering of products to provide funding for environmentally friendly investments. In September, the Bank entered into a contract with the European Investment Bank for a guarantee facility to support energy efficiency projects. In Q3, the Bank provided funding for nearly 3,000 new home photovoltaic installations, for more than PLN 67 million. The total value of funding provided for nearly 18,000 installations of this type reached PLN 432 million. In its autumn proposal of mortgage loans, the Bank is encouraging "green investments" with a promotional margin for clients who take out loans for energy efficient houses.

As at the end of September 2020, BNP Paribas Bank Polska had 474 retail and business banking branches and was serving 3.9 million clients.

Consolidated financial highlights (PLN 000s)

Profit and loss account	Q1-Q3 2020	Q1-Q3 2019	change y/y	Q3 2020	Q3 2019	change y/y	Q2 2020
Interest income	2,312,684	2,363,447	(2.1%)	738,911	798,308	(7.4%)	763,281
Fee and commission income	658,295	612,610	+7.5%	251,236	205,523	+22.2%	200,299
Net banking income	3,520,568	3,413,442	+3.1%	1,121,674	1,090,721	+2.8%	1,189,612
General administrative expenses and depreciation	(1,880,813)	(2,170,377)	(13.3%)	(570,834)	(716,250)	(20.3%)	(570,841)
Net Impairment loss	492,966	340,849	+44.6%	(94,733)	(135,315)	(30.0%)	(199,912)
Result on operating activities	1,080,313	901,282	+19.9%	416,193	238,982	+74.2%	403,626
Net profit	565,629	493,423	+14.6%	231,502	114,762	+101.7%	219,046
per share in PLN	3.84	3.35	+14.6%	1.57	0.78	+101.7%	1.49

Balance sheet	30 Sep 2020	30 Jun 2020	31 Dec 2019	30 Sep 2019
Total assets	121,574,248	118,707,148	109,954,142	107,555,619
Total loans (gross)	79,511,249	79,943,320	77,181,416	77,785,295
Liabilities towards clients	94,880,015	93,742,118	86,134,984	83,348,683
Total equity	11,820,287	11,560,600	11,159,383	11,046,676
Capital adequacy	30 Sep 2020	30 Jun 2020	31 Dec 2019	30 Sep 2019
Total capital requirement	15.78%	15.21%	15.03%	15.06%
Tier 1 ratio	13.43%	12.90%	12.78%	12.78%