



PRESS RELEASE

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The BNP Paribas Bank Polska Group posted a net profit of PLN 733 million in 2020

The BNP Paribas Bank Polska Group generated a historically high level of net profit totaling PLN 733 million (+19.3% y/y) in 2020 despite the recession. In the fourth quarter alone, its net profit was PLN 167 million, up 38.1% on the fourth quarter of 2019. Despite the pandemic-induced constraints net banking income rose 3.4% to PLN 4.7 billion. The Group demonstrated its strong resilience to market challenges and the low interest rate environment. Moreover, by accelerating its digital transformation it responded efficiently to its clients' evolving needs.

"In 2020 we proved that the size of our operations and our business model devised in recent years poise us to generate robust results despite the challenging economic situation. We have successfully handled the demanding trial embodied by the challenges linked to the pandemic and the low interest rate environment. I am confident that we have the resources and the potential to continue to develop and generate satisfactory financial results in the future," says Przemek Gdański, President of the BNP Paribas Bank Polska Management Board. "Last year we substantially accelerated digitalization to meet our client's expectations, we maintained full operational capability while simultaneously realigning the entire organization to operate remotely. I would like to thank our employees whose commitment and openness to change enabled us to support our clients in this demanding time without impediment while simultaneously getting fully mobilized towards supporting the economy and pandemic relief initiatives. During this time, we spared no expense to ensure maximum safety of our clients and employees," adds Przemek Gdański.

2020 in numbers



Net Banking Income
PLN 4.7 bn
+3% y/y (+PLN 154 m)



C/I ratio
53.3%
-11.0 pps y/y



Net profit
PLN 733 m
+19% y/y (+PLN 118 m)



Sales of mortgage loans
PLN 5.6 bn
+30% y/y



Green investments financing
PLN 993 m
over 20k home photovoltaic
installations financed in total



Environmentally friendly bank
100% renewable electricity
70% of hybrid cars
in the sales network fleet

Key business highlights:

- Retail client loan portfolio: +12.7% growth y/y
- Institutional client loan portfolio: -4.2% decrease y/y
- Sales of mortgage loans: PLN 5,575 million, +30.3% growth y/y
- Sales of personal accounts: 257 thousand, +1.8% growth y/y



- The number of users of remote channels was 1.3 million, with 669 thousand of them using the GOMobile app, 57.1% growth y/y (+11.7% q/q) of mobile users

Financial highlights:

- Balance sheet total: PLN 119.6 billion; +8.8% y/y
- Gross loans granted: PLN 79 billion; +2.4% y/y
- Client deposits: PLN 90 billion; +4.5% y/y
- Net banking income: PLN 4,705 million, +3.4% y/y
 - Interest income: PLN 3,060 million; -3.4% y/y
 - Commission income: PLN 916 million; +11.7% y/y
 - Result on trading activity: PLN 748 million; +9.7% y/y
- Cost of risk 78 basis points (47 basis points excluding the provisioning of performing loans, stage 1 & 2, on the back of the effects of the health crisis)
- Profitability: ROE of 6.3% (+0.6 pp y/y), C/I 53.3% (-11.0 pp y/y)
- Stable liquidity position – L/D ratio: 84.0% (-1.7 pp y/y)
- Safe capital position – Tier 1 capital ratio: 13.55%

Business model resilient to market turmoil

In Q4 the BNP Paribas Bank Polska Group's net profit was PLN 167 million, up 38.1% y/y. Looking at the whole of 2020, the Group's net profit hit a historically high level of PLN 733 million (+19.3% y/y). The Group's net banking income in the fourth quarter of last year was PLN 1,184 million (+5.6% y/y) while for the whole of 2020 it totaled PLN 4,705 million (+3.4% y/y).

Despite the series of interest rate cuts, the Group maintained its level of underlying income by adjusting the prices of its products and services to new market conditions. Interest income totaled PLN 3,060 million in the full year, down 3.4% on 2019 (+1.1% q/q). In all of its business segments the Group adjusted the prices of its deposits; at the same time, it started the process of reviewing its credit margins and conducting a review of its fees and commissions. As a result, fee and commission income grew 11.7% y/y (+2.6% q/q) and reached PLN 916 million for the whole of 2020.

In 2020 the Group reported growth in its gross loan portfolio of 2.4% y/y (-0.6% q/q) and of 12.7% y/y (+2.7% q/q) with respect to loans to individual clients. The outstanding balance of loans to businesses fell 4.2% y/y (-3.0% q/q). Lower demand for business loans was visible in the entire banking sector and mainly stemmed from them curtailing new investments and the liquidity support provided to businesses in the form of funds from the Polish Development Fund (PFR).

Total deposits grew 4.5% y/y (-5.1% q/q). Deposits on corporate accounts grew 6.1% y/y (-11.5% q/q), while individual clients' accounts moved up 2.9% on an annual and quarterly basis.

Cost of risk under control, achievement of synergies

In Q4 the bank did not experience any deterioration in the quality of its loan portfolio. The clear majority of the clients who had benefited from loan moratoria in the first half of the year resumed regular debt payments. The full-year cost of risk was PLN 601 million (o/w PLN 109 million in the fourth quarter), with PLN 236 million in the form of provisioning of performing loans (stage 1 & 2 under IFRS9) due to the estimated impact of the COVID-19 pandemic on the economic situation and the anticipated potential deterioration of the risk parameters.

In 2020 the bank incurred PLN 168 million in the form of costs to set up provisions for litigation pertaining to CHF mortgage loans, whereby 92% of the claims have been provisioned.

In 2020 the Group reported a decline in total costs of 14.3% y/y, which was the outcome of the absence of



material integration costs and of the achievement of the intended synergies and incremental savings. The costs amounted to PLN 2,506 million (PLN 652 million in Q4). On a normalized basis, net of the integration costs and non-recurring items, they were down 2.3% from a year ago. As a result, the C/I ratio at the end of December 2020 fell to 53.3%, i.e. by 11.0 percentage points during the year.

A bank that responds to its clients' needs

BNP Paribas Bank Polska markedly accelerated its digital transformation by extending the ecosystem of GO products targeting individual and corporate clients. At the end of 2020, more than 1.3 million clients of the bank were using digital access channels to undertake their banking operations. Additionally, in Q4 the bank launched its GOoptima platform by migrating 200 thousand legacy clients from BGŻOptima. The bank launched a modern app called GOMobile Biznes and the GOonline Biznes platform for its business clients. Last year the bank handled nearly 26 million mobile transactions (+144.3% y/y) and 9.3 million transactions using BLIK (+204.9% y/y).

During the pandemic the bank maintained the full accessibility of its branches while caring for the safety of its clients and employees by leveraging modern solutions. In cooperation with Autenti the bank started to use an electronic signature in many of the bank's processes, including to open a bank account. The bank also launched a fully-remote process to open an account by tapping into video verification technology. Clients were given the opportunity to book individual visits in branches using the Booksy app.

As part of the measures to combat the crisis and provide support to its clients, the bank offered the option of deferring loan installments in the framework of loan moratoria: more than 43 thousand borrowers benefited from them. Moreover, clients had the option to obtain support with the bank's intermediation under the anti-crisis shield programs offered by PFR and BGK. Nearly 20 thousand businesses took advantage of this form of assistance totaling more than PLN 5 billion. In its efforts to support the Polish economy the bank also subscribed for the bonds issued by PFR and BGK under the COVID-19 Relief Fund.

Socially responsible and environmentally friendly bank

BNP Paribas Bank Polska is involved in countering climate change and is developing its offer to finance environmental-friendly investments. The loans extended in 2020 to finance projects supporting sustainable development totaled PLN 993 million. The bank extended loans worth a total of PLN 784 million to generate energy from renewable sources. So far the bank financed over 20,000 photovoltaic installations. The loans extended thus far by the bank to finance projects supporting sustainable development totaled PLN 2.7 billion as at the end of the year. The bank also encouraged clients to pursue "green investments" by offering a loan with a promotional margin to finance properties that conserve energy and thermal modernization. BNP Paribas, the environmentally friendly bank, continues to strive to attenuate its environmental impact: approximately 70% of the vehicles currently operated by sales network employees are hybrid vehicles, while 100% of the energy used by the bank will originate from renewable sources as from 2021.

BNP Paribas Bank Polska supports local non-governmental organizations and involves its employees in social activities. Last year bank employees worked a total of more than 22 thousand hours in the form of social volunteerism. The bank also takes actions to counter social exclusion and it supports initiatives such as Noble Package (Szlachetna Paczka). Subsequent bank branches have been certified as "Obstacle-free Buildings". In addition, the free-of-charge support of a sign language interpreter is available during branch visits.

The bank has also been actively involved in pandemic relief initiatives by providing assistance to medical professionals to finance 2 thousand tests and purchase 20 thousand protective masks. It also has provided for regular meals to be delivered to the employees of two hospitals. In addition, the bank donated 750 computers to support remote education for disadvantaged children.



As at the end of December 2020, BNP Paribas Bank Polska had 459 retail and business banking branches and served 3.9 million retail clients.

At the same time as the publication of the annual report for 2020, BNP Paribas Bank Polska also published a CSR and Sustainable Development Report for 2020, presenting non-financial information of BNP Paribas Bank Polska S.A. and the BNP Paribas Bank Polska S.A. Capital Group compliant with the requirements of the Accounting Act implementing the guidelines of the EU Directive 2014/95 regarding disclosure of non-financial data. The CSR and Sustainable Development report was prepared based on the GRI Standards reporting methodology and refers to the climate information disclosure guidelines: Task Force on Climate-related Financial Disclosures (TCFD). The report is entitled "We are the Bank of Green Changes" and presents a management approach and results achieved in key aspects from the perspective of responsibility and sustainable development in the organization's activities.

Consolidated financial highlights (PLN 000s)

Profit and loss account	Q1-Q4 2020	Q1-Q4 2019	Change y/y	Q4 2020	Q4 2019	Change y/y	Q3 2020
Interest income	3,060,070	3,168,759	(3.4%)	747,386	805,312	(7.2%)	738,911
Fee and commission income	916,095	819,937	+11.7%	257,800	207,327	+24.3%	251,236
Net banking income	4,704,694	4,550,231	+3.4%	1,184,126	1,136,789	+4.2%	1,121,674
General administrative expenses and depreciation	(2 505 563)	(2 922 084)	(14.3%)	(624 750)	(751 707)	(16.9%)	(570,834)
Net impairment loss	601,499	441,890	+36.1	(108,533)	(101,904)	+7.4%	(94,733)
Result on operating activities	1,429,476	1,154,144	+23.9%	349,163	252,862	+38.1%	416,193
Net profit	733,095	614,694	+19.3%	167,466	121,271	+38.1%	231,502
per share in PLN	4.97	4.17	+19.0%	1.14	0.82	+38.0%	1.57

Balance sheet	30 Dec 2020	30 Sep 2020	31 Dec 2019	30 Sep 2019
Total assets	119,577,288	121,574,248	109,954,142	107,555,619
Total loans (gross)	78,999,754	79,511,249	77,181,416	77,785,295
Liabilities towards clients	90,051,004	94,880,015	86,134,984	83,348,683
Total equity	12,030,527	11,820,287	11,159,383	11,046,676
Capital adequacy	30 Dec 2020	30 Sep 2020	31 Dec 2019	30 Sep 2019
Total capital requirement	18.65%	15.79%	15.05%	15.06%
Tier 1 ratio	13.55%	13.44%	12.80%	12.78%