

Provision for a legal risk related to the CHF mortgage loans in Q4 2021

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The Management Board of BNP Paribas Bank Polska S.A. ("Bank") hereby informs that on 7 December 2021, it approved the estimated level of the provision related to the CHF mortgage loans' agreements as at year-end 2021 in the amount of around PLN 1.3 billion, translating into around PLN 580 million provision to be booked in the fourth quarter of 2021. The Bank expects that as a result of booking the above mentioned provision the Bank will incur the net loss in the fourth quarter of 2021 however the net result for the full year 2021 shall be positive.

In order to calculate the level of provision for legal risk related to the CHF mortgage loans' agreements, the Bank has developed and applies since 2019 a model that takes into account a number of parameters and assumptions. Given that the scale of legal uncertainty has been growing in recent months, the Bank revised the model's parameters in a more conservative way through, inter alia, increasing the probable number of claims it may receive over the 4-years' time horizon and extending the average time to complete proceedings.

The Bank is aware that the assumptions made are subject to a high degree of uncertainty and are a subjective assessment of the current situation, which may change in the future.

Recently, the Bank has completed a pilot campaign of proposing settlements based on individually offered and negotiated terms with borrowers. The outcome of the pilot has been considered positive by the Management Board and it has decided to extend the individual negotiations. This parameter has also been included in the provision calculation.

At this point of time the Bank has not decided to propose settlements program for customers according to the proposal of the Chairman of the PFSA.

The detailed information on legal risk related to the CHF mortgage loans' agreements will be presented in the Annual Consolidated Financial Statements of the Bank's Group for 2021 to be published on 3 March 2022.

Legal basis

Article 17, item 1 of the Market Abuse Regulation (MAR)