



**PRESS RELEASE**

Warsaw, 10 May 2023

**Net profit of the BNP Paribas Bank Polska Group  
reached PLN 488 million in Q1 2023**

In Q1 2023, the BNP Paribas Bank Polska Group generated net profit of PLN 488 million (+93% q/q; +76% y/y). Continued growth in core income, as well as the absence of any material adverse non-recurring events and limited increase in operating costs led to an improvement in efficiency and profitability. The level of profit was also impacted by the continued very good quality of the loan portfolio, offset by further increase in provisions for the legal risk related to the CHF portfolio. Despite the uncertain macroeconomic environment, the Bank continued to grow in its key market segments, increasing the volume of sustainable financing and sales in remote channels.

*"In the first quarter, we delivered a solid net profit by improving revenues in all key categories. We are particularly pleased with the continued growth in fee and commission income and the result on foreign exchange and derivative transactions with clients. This is an effect of our strategy of focusing on active Corporate and SME clients as well as an increasing activity in the premium retail banking segment. We strengthen our leading position in financing the green transition and continue to digitalize our offering to clients and our internal processes. We continue to work hard on mitigating the risk associated with the CHF portfolio. In the first quarter of 2023, we set up PLN 234 million in provisions against this risk and significantly increased the volume of settlements concluded with clients. Significant macroeconomic uncertainty, which already today translates into decelerating growth in business volumes and scale, geopolitical risk and the still systemically unresolved problem of CHF loans, raise our concerns about the future and stability of the banking sector. However, we assess that the good financial performance will allow us to further improve our capital position, which is crucial for safe and efficient operation in a volatile and challenging environment,"* says Przemek Gdański, President of the Management Board of BNP Paribas Bank Polska.



**Net profit**  
PLN 488 m  
**+76% y/y**



**Net banking income**  
PLN 1,729 m  
**+18% y/y**



**Sustainable financing volume**  
(at the end of Q1 2023)  
PLN 7.4 bn  
**+65% y/y**



**Number of clients using  
remote channels**  
**1,648 k**



**GOmobile  
users**  
**1,124 k**



**Number of payments  
in GOmobile app**  
**19.2 m**

**Q1 2023 business highlights:**

- Gross retail loan portfolio: PLN 38.0 billion (-3.7% y/y)
- Institutional customer gross loan portfolio: PLN 54.3 billion (+2.4% y/y)
- Sales of mortgage loans: PLN 45.6 million (-97.4% y/y)
- Sales of cash loans: PLN 0.7 billion; (-21.1% y/y)
- Sales of personal accounts: 62.3 thousand (-35.9% y/y)



- Number of users of digital channels: 1.6 million (+7.5% y/y)
  - including GOMobile app users: 1.1 million (+20.4% y/y)

#### Financial highlights at the end of Q1 2023:

- Total assets: PLN 148 billion (+7.4% y/y)
- Total loans (gross): PLN 92 billion (-0.2% y/y)
- Customer deposits: PLN 116 billion (+8.8% y/y)
- Net banking income in Q1 2023: PLN 1,729 million (+17.8% y/y)
  - Net interest income: PLN 1,200 million (+19.6% y/y)
  - Net fee and commission income: PLN 325 million (+8.1% y/y)
  - Net trading income: PLN 235 million (+55.5% y/y)
- General and administrative expenses, including depreciation in Q1 2023: PLN 785 million (+1.3% y/y)
- Cost of credit risk: +11 b.p. vs. -36 b.p. one year before
- Profitability: ROE of 17.0% (+7.1 p.p. y/y), C/I of 45.4% (-7.4 p.p. y/y)
- Profitability: ROE excluding the impact of credit holidays: 16.2% (+6.2 p.p. y/y), C/I excluding the cost of BGF, IPS and the impact of credit holidays: 39.3% (-3.2 p.p. y/y)
- Stable and secure liquidity position – net loan/deposit ratio: 76.7% (-6.8 p.p. y/y)
- Capital position above regulatory minimums – Tier 1 ratio: 11.65%

#### Solid results among significant market uncertainty

The net profit of the BNP Paribas Bank Polska Group reached PLN 488 million in Q1 2023 (+93% q/q; +76% y/y). Excluding the impact of credit holidays and CHF provisions, net profit would have amounted to PLN 713 million. Provisions for legal risks related to FX loans reduced the result by PLN 234 million. The number of concluded settlements is growing. As at the end of Q1, 2,793 clients accepted the negotiation proposals and 1,592 settlements were signed.

The first quarter brought about an increase in quarterly base income. During that period, the Group's net banking income reached PLN 1,729 million (+17.8% y/y), driven primarily by an improvement in net interest income, which amounted to PLN 1,200 million (+19.6% y/y), followed by an increase in net fee and commission income to PLN 325 million (+8.1% y/y) and in net trading income to PLN 235 million (+55.5% y/y). Net trading income significantly higher than in the same period of the previous year, was driven among other things by the improved result from an FX swap (compared to a negative result in Q1 2022) and continued increase in the result from transactions with clients (+8.7% y/y, +3.4% q/q), confirming the validity of the approach based on building long-term relationships.

Uncertainty about the macroeconomic situation and the associated caution exhibited by customers led to a slight decline in the value of the loan portfolio (-0.2% y/y, -0.9% q/q). The value of the portfolio of loans to individual clients decreased (-3.7% y/y, -2.1% q/q), and the growth rate of the portfolio of institutional clients slowed down (+2.4% y/y, 0.0% q/q).

Compared to the previous year, the Bank recorded an increase in total customer deposits (+8.8% y/y, -2.6% q/q): in the Retail Clients segment (+7.5% y/y, 2.2% q/q), and in the Institutional Clients segment (+9.7% y/y, -2.9% q/q), respectively. At the same time, the deposit balance fell compared to Q4 2022 as a result of a reduction in the excess liquidity from the end of 2022.

In the first quarter, the upward trend in the value of assets placed in the BNP Paribas Group's investment funds continued, bringing fund balances back to levels similar to those in Q1 of the previous year (+26.4% q/q, -4.4% y/y).

The Group's operating costs in Q1 2023 totaled PLN 785 million (+1.3% y/y, +4.2% q/q). The increase in



personnel and other administrative costs is mainly due to inflationary pressures, an increase in the minimum wage and an increase in energy prices. Despite these pressures, the overall y/y cost growth in these categories remained below inflation. In Q1 the cost was increased by the contribution to the BFG bank restructuring fund (PLN 110 million), lower than last year. The total amount of the contribution to be paid by the Bank is PLN 124 million.

### **Very good quality of loan portfolio, secure capital and liquidity position**

The cost of risk in Q1 was affected by the continued very good quality of loan repayments and the release of provisions as a result of the update of macroeconomic assumptions and repayment of impaired debt by an institutional client. The NPL ratio for the loan portfolio (measured at amortized cost) fell to 3.2% at the end of Q1 2023.

At the end of Q1, the Tier 1 ratio was 11.65% and the total capital requirement was 15.87%. Both ratios remain above the regulatory requirements and increased on both y/y and q/q basis.

### **GO beyond strategy targets achieved**

In Q1 2023, the Bank successfully continued to meet the targets set within the four pillars of the GO beyond strategic plan (UP, POSITIVE, STRONGER, TOGETHER).

In Q1, the Bank pursued growth in retail digital sales (58% vs. 31% in Q1 2022). In the international Wealth Briefing European Awards program, the Bank won the 1<sup>st</sup> place in the Wealth Management Business category for Central and Eastern Europe.

At the end of Q1 2023, the volume of sustainable financing reached PLN 7.4 billion, representing 8.1% of the loan portfolio. In January, the Bank acted as Joint Arranger and Joint Bookrunner for Cyfrowy Polsat's 7-year Sustainability-Linked Bond issue, which was the largest PLN-denominated corporate bond issue in the history of the Polish market (PLN 2.67 billion) and the first SLB issue fully compliant with International Capital Markets Association standards.

The Bank was the first in Poland to implement Autenti's Broker ID remote identity confirmation service for SMEs. It also started to use AI to determine deposit rates and foreign exchange margins.

The Bank continues the dynamic digitalization of its services, which is attracting increasing interest from clients.

### **Digital statistics at the end of Q1 2023:**

- Number of customers using the Bank's services through remote channels: 1,648 thousand (+7% y/y, +1% q/q).
- Number of the GOmobile app users: 1,124 thousand (+20% y/y, +3% q/q).
- Number of tokens in customers' digital wallets: 530 thousand (+22% y/y, +4% q/q)
- Number of BLIK transactions in Q1 2023: 9,221 thousand (+81% y/y, +4% q/q)

As at the end of Q1 2023 the bank served nearly 4.2 million clients. It had 401 Customer Centers, including 202 without teller services. 110 Centers held a Barrier-Free Facility certificate.

### **Consolidated financial highlights (PLN 000s)**

| Profit and loss account | Q1 2023   | Q1 2022   | change y/y | Q4 2022   |
|-------------------------|-----------|-----------|------------|-----------|
| Net interest income     | 1,199,600 | 1,002,944 | 19.6%      | 1,216,931 |



|  |           |           |       |           |
|--|-----------|-----------|-------|-----------|
| Net fee and commission income                    | 325,080   | 300,684   | 8.1%  | 261,545   |
| Net banking income                               | 1,728,869 | 1,467,799 | 17.8% | 1,719,659 |
| General administrative expenses and depreciation | (785,124) | (774,842) | 1.3%  | (753,802) |
| Net impairment loss                              | 24,950    | (79,128)  | -     | (56,262)  |
| Result on operating activities                   | 734,307   | 530,795   | 38.3% | 526,332   |
| Net profit                                       | 487,985   | 277,741   | 75.7% | 252,685   |
| per share in PLN                                 | 3.31      | 1.88      | 75.6% | 1.71      |

| Balance sheet               | 31 Mar 2023 | 31 Dec 2022 | 31 Mar 2022 |
|-----------------------------|-------------|-------------|-------------|
| Total assets                | 148,179,538 | 151,517,069 | 138,009,142 |
| Total loans (gross)         | 92,276,009  | 93,119,971  | 92,488,080  |
| Liabilities towards clients | 116,912,395 | 120,021,043 | 107,533,667 |
| Total equity                | 11,986,235  | 11,262,221  | 11,246,066  |
| Capital adequacy            | 31 Mar 2023 | 31 Dec 2022 | 31 Mar 2022 |
| Total capital requirement   | 15.87%      | 15.55%      | 15.74%      |
| Tier 1 ratio                | 11.65%      | 11.28%      | 11.37%      |