



2023
**MANAGEMENT BOARD'S
REPORT ON THE ACTIVITIES
OF THE BNP PARIBAS BANK
POLSKA S.A. GROUP**

(including Report of the Management Board on the activities of BNP Paribas Bank Polska S.A. in 2023)



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Letter from the Chairwoman of the Supervisory Board



GRI [2-22]

Dear All,

for the last several years, we have been operating in an environment marked by intensifying volatility. In 2023, we tackled global challenges such as the wars in Ukraine and the Middle East, interrupted supply chains, raging inflation, increasing geopolitical risks and tensions between the United States and China, deteriorating climate change situation and, last but not least, growing social polarisation in a number of Western countries. In this sort of environment, sound business decisions and building resilience to adverse economic and political changes are key to success.

The Polish economy has demonstrated a considerable degree of resilience to geopolitical instability. Despite the ongoing war beyond the country's eastern border coupled with strong inflationary and fiscal pressures, the efficiency of the

Polish economy keeps improving, unemployment remains low and the macroeconomic outlook seems optimistic. In 2024, we expect economic growth to accelerate, funds from the EU Recovery and Resilience Facility to be unlocked, foreign investment to increase and inflation to weaken.

Despite the current unpredictable environment, BNP Paribas Bank Polska pursues its GO beyond business strategy, build resilience to shocks and enters 2024 with a great deal of optimism. Last year, the Bank continued its growth and ongoing support to Poland's economic development, reaching PLN 161 billion in assets. It was another good year. The BNP Paribas Bank Polska Group generated a net profit of PLN 1.0 billion. This result was burdened by provisions for the risk associated with CHF loans, which is a problem that continues to plague the whole banking sector due to the absence of systemic solutions. The Bank maintains an excellent quality of its loan portfolio coupled with a safe level of liquidity and capital. We strive to always support our Clients in these challenging times and create the most suitable banking offering for those operating on a global scale as well as the medium-sized and small ones. This means that we need to ensure the highest standards of banking services, diverse offers and trust. Our efforts were duly recognized. In the reporting year, the Bank was awarded on numerous occasions – in the Best Private Bank in Poland category, as a friendly bank in the Banking for the Retail Customer category, and, above all, as the Best Corporate Bank in Poland, a recognition granted by Euromoney.

We are particularly satisfied with the increase in the value of sustainable financing provided by the bank. The bank is involved in the implementation of Poland's most significant sustainable investment projects, and this is only one of the various areas of our support for the green transition of the Polish economy. Supporting sustainability is also about working with Clients and supporting them in their energy transition and decarbonization processes. This is also an area where new technological solutions are necessary, for instance in the context of measuring the carbon footprint of our Clients. For this work, carried out in cooperation with Envirly, the bank received an award in the Best ImpactTech Solutions category.

The technological revolution and Industry 4.0 usher in a world of generative artificial intelligence, robotics, blockchain, large language models – a new

method of human-machine interaction. The banking sector is in the center of these changes. The bank's second year of Agile@Scale has just passed. The effects are already visible. At BNP Paribas Bank Polska, we are continuing the digital transition in a cross-sectional manner, involving products and services for Clients and our organization, data management, KYC processes, banking operations and a great number of other areas. Our endeavours were recognized in 2023. According to The Banker magazine, we are the most innovative bank in Central Europe.

People are our bank's most important asset. The achievements we can boast of in the context of the reporting year were only possible owing to the commitment of bank's employees, their persistent work, motivation and enthusiasm. This is supported by the organisational culture of BNP Paribas Bank Polska and our values based on cooperation, empowerment, transparency, simplicity and courage. I am pleased that we are developing new initiatives to support the inclusive model of operation, and here I would like to mention our most recent initiative, the neurodiversity support program. The bank's inclusive organizational culture also means an increasing number of women in key management positions. As at 1 January 2024, the share of women in the bank's Management Board and Supervisory Board is 37.5% and 42%, respectively. This means that we have already fulfilled the requirements of the EU Directive on improving gender balance among the management of listed companies. We achieved this goal well ahead of the deadline. I hope that this establishes a good market practice and provides an inspiration to other companies.

New challenges and ambitious objectives are ahead of us. Despite market uncertainties and geopolitical risks, we entered 2024 with a strong conviction that we are on the right track. We owe this to sound strategic decisions, a Management Board prudent and effective in its actions and, above all, the professional attitude and commitment of the people who make up BNP Paribas Bank Polska. Each and every year, we prove how deserving we are of the title of "The bank for a changing world" and we will do our best to keep it that way.

Lucyna Stańczak-Wuczyńska

Chairwoman of the Supervisory Board of BNP Paribas Bank Polska



Letter from the President of the Management Board



GRI [2-22]

Dear Shareholders, Customers and Employees of the BNP Paribas Bank Polska Group,

The year 2023 was neither more stable nor easier than its predecessor. Unpredictability and volatility are intrinsic features of the environment in which the global economy and politics must operate today, while the repercussions of global processes and trends are reaching Poland, affecting business, including, quite naturally, the banking sector. This is exacerbated by certain local challenges that we need to face, such as the still statutorily unresolved issue of CHF loans, the cost of so-called credit holidays, excessive tax burdens and the overall uncertainty of our sector's legal environment.

In such circumstances, an organization's efficiency of operation depends on its agility in adapting to new conditions coupled with flexibility and innovation in solving problems. BNP Paribas Bank Polska once again excelled in tackling these challenges. Our net banking income stood at PLN 7.3 billion, while net profit reached PLN 1.0 billion, despite the significant burden of provisions for legal

risks related to CHF loans (totaling almost PLN 2.0 billion in 2023). We continue to act as a trusted partner for our retail and corporate Clients and are focused on ongoing business development and the pursuit of our GO beyond strategy. Its priorities have proven to be spot-on, setting us apart from the rest of the market. Although demand for loans remained weak in 2023, we steadily kept increasing the volume of sustainable financing, having reached PLN 9.6 billion at the end of December. The decarbonization of our portfolio and the provision of support to our Clients in their transition efforts not only serve as a significant contribution to a favorable economic change, but also as a major asset among our products and services. The market recognizes and appreciates this. In 2023, we acted as the global joint arranger and one of the ESG coordinators in the lending syndicate, which signed a Sustainability-Linked Loan (SLL) agreement with the Polsat Plus Group in the total amount of approx. PLN 10.6 billion. This was and has been to date the largest transaction under the SLL formula ever closed on the Polish market.

Innovation and digitalization remain the other key pillars of our growth. In the past year, we saw continued rapid growth in transactional activity using digital tools and maintained our leading position in terms of the number of cashless Clients Centers. Today, already more than half of our network (182 outlets) are places, in which consultants spend most of their time analysing our Clients' needs and discussing these with the Clients rather than handling operational activities. Our bank's digital transition has been recognized by The Banker magazine, which decided to present us with an award in the Most Innovative in Digital Banking in CEE category in the Digital Banking Awards 2023.

What I consider extremely important is that we achieve our objectives without forgetting the values that form the foundation of our bank: supporting diversity, leveling the playing field, helping the vulnerable and providing financial education as an investment in the future. I am pleased that since 1 January 2024 I have been heading a Management Board in which women are even more represented than before. Their current share in the composition of the Management Board is 37.5% (for the Supervisory Board, it is 42%). Accordingly, long before the set deadline, we have fulfilled the requirements of the EU Directive on improving gender balance among the management of listed companies. Another one of the numerous examples of activities aimed at

inclusion and at combating exclusions is the adaptation of our Warsaw head office to the needs of people with disabilities, which earned us the "Barrier-free facility" certificate. Our building joined 131 Clients Centers that had earned this certification before.

Our commitment to matters of importance to society and the environment, both at the business level and at the organizational culture level, is recognized by the market and independent observers. In 2023, we upheld a score of 10.2 in Sustainalytics' updated ESG rating. As in the previous year's edition, this was the best score among Polish banks and one of the top scores in our region. The international financial magazine Euromoney recognized us as the best bank in Poland in the ESG area and the best bank for corporate Clients.

The year 2024 is likely to again be marked by geopolitical and macroeconomic uncertainty. We exert only limited impact on these matters. However, I am very much looking forward to solutions of at least some of the most pressing local problems which the banking sector has been flagging for a long time. Without a statutory solution of the CHF loan problem, a reduction in the fiscal and parafiscal burdens or a rationalization of the approach to assisting PLN borrowers, banks will be unable to provide funding of an appropriate scale for the investments that are crucial to our country in the long term. The civilizational leap that the sustainable transition and major infrastructural projects may provide us with depends largely on the banking sector's ability to support these endeavors. I believe that 2024 will not only be another year of our outstanding performance despite the numerous obstacles along the way, but also of the removal of at least some of them. This is in our common national interest. BNP Paribas Bank Polska intends to participate in and actively support the most significant changes for Poland, offering partnership and the best quality of products and services to our Clients. We hope that we will be able to provide our shareholders with a reasonable rate of return on their investment.

Przemek Gdański

President of the Management Board, BNP Paribas Bank Polska



Key data 2019-2023

	2023	2022	2021	2020	2019
Statement of financial data (PLN million)					
Total assets	161,026	150,109	131,777	119,577	109,954
Loans and advances to Customers*	86,248	88,631	86,299	75,637	73,811
Total equity	12,861	11,262	11,362	12,031	11,159
Amounts due to Customers	127,175	120,021	101,093	90,051	86,135
Statement of profit or loss (PLN million)					
Net profit	1,013	441	176	733	615
Normalized net profit**	967	1,166	176	721	950
Net interest income	5,225	3,493	3,141	3,060	3,169
Net fee and commission income	1,211	1,137	1,049	916	820
Net income on Banking activity	7,283	5,352	4,809	4,705	4,550
Result on legal risk related to foreign currency loans	(1,978)	(740)	(1,045)	(168)	(32)
Net allowances on expected credit losses of financial assets and provisions for contingent liabilities	(34)	(275)	(266)	(601)	(442)
General administrative expenses, depreciation and amortization	(3,096)	(3,038)	(2,544)	(2,506)	(2,922)
Financial ratios (%)					
Net ROE	8.2%	3.9%	1.5%	6.3%	5.7%
Net ROA	0.7%	0.3%	0.1%	0.6%	0.6%
Cost / Income (C/I)	42.5%	56.8%	52.9%	53.3%	64.2%
Normalized net ROE**	7.7%	10.2%	1.5%	6.2%	8.7%
Normalized net ROA**	0.6%	0.8%	0.1%	0.6%	0.9%
Normalized Cost / Income (C/I) without BGF and IPS**	41.1%	42.9%	49.9%	49.0%	51.7%

	2023	2022	2021	2020	2019
Net interest margin	3.43%	2.46%	2.51%	2.63%	2.92%
Share of impaired loans and advances (Stage 3)***	3.0%	3.3%	3.6%	5.4%	5.7%
Cost of risk	(0.04%)	(0.30%)	(0.32%)	(0.78%)	(0.59%)
Total capital ratio	16.67%	15.55%	16.91%	18.65%	15.05%
Tier 1 capital ratio	12.51%	11.28%	12.33%	13.55%	12.80%
Information on shares					
Stock market capitalization (PLN million)	12,641	8,265	13,454	9,376	10,024
Number of shares (million)	148	148	148	147	147
Year-end share price (PLN)	86	56	91	64	68
Business data (thousand)****					
Number of Bank Customers, including:	4,186	4,227	4,117	3,938	3,887
Individual Customers	3,831	3,877	3,810	3,639	3,601
Institutional Customers	356	350	307	299	286
ESG					
Value of sustainable financing (PLN billion)	9.6	6.5	3.1	1.0	0.0
Number of employees in the Group	8,204	8,585	9,035	9,455	10,219
Index of the adjusted wage gap	6.24%	6.51%	7.32%	8.26%	-
Number of Customer Centres with "Barrier-free facility" certification	131	103	77	51	28

Note: due to the change in the recognition of the impact of legal risk arising from CHF mortgage litigation from 1 January 2023 in accordance with IFRS 9, restated values are presented in column 2022 for the categories Net Assets, Loans and advances to Customers and Share of impaired loans and advances (Stage 3). In the case of indicators for which we use quarterly averages for the calculation, the restated figures have been taken for all quarters of 2023. Average values were not recalculated for earlier years. Details of the definitions and assumptions used are presented in the Alternative Performance Measures chapter.

* Net values, including loans measured at amortized cost and at fair value.

** Normalized values calculated excluding loan holidays in 2022-2023, integration costs incurred in connection with the implementation of the merger processes in 2016-2020.

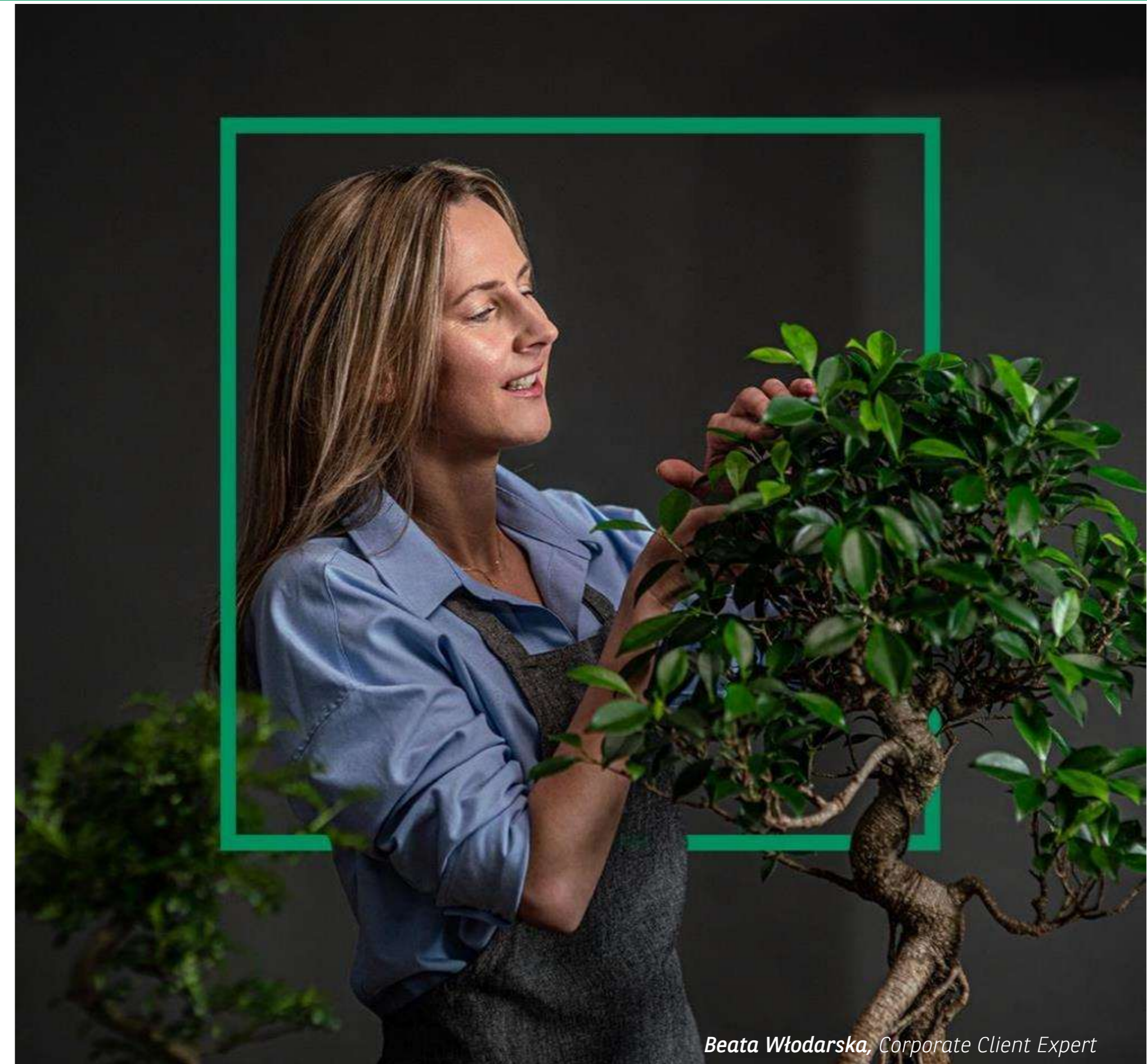
*** Applies to portfolio measured at amortised cost.

**** Number of Customers in 2022-2023 presented in accordance with the new definition adopted in Q2 2023.



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Beata Włodarska, Corporate Client Expert



The Group and the Bank

GRI [2-1] [2-6]

BNP Paribas Bank Polska S.A. (the Bank) is a universal bank.

Individual Customers are offered a selection of savings and investment products as well as a wide range of loans, including housing and consumer loans. Our comprehensive offer addressed to private Banking Customers is aimed at the protection, optimisation and multiplication of assets. The Bank's Customers can also take advantage of investment advisory services.

We provide micro, small and medium-sized enterprises as well as corporations with local and international financing solutions. Our services are also addressed to enterprises from the agri-food sector. We specialise in financing agriculture, the food economy and regional infrastructure.

We have been active in the Polish market for over a hundred years. Our ties with the global BNP Paribas financial Group enable us to apply the best international practices. Thus, we can meet the needs of the local market and the expectations of the Bank's Customers. We provide our services all over the country through a network of Customer Centres, partner branches, as well as online and mobile Banking. We also cooperate with partner stores and selected car dealers.

As the Bank of Green Changes, we support our Customers' transition to a low-carbon economy and inspire them to make responsible financial decisions. We consistently pursue a strategy of financing investments with a positive social, economic and environmental impact.

The Bank and its subsidiaries form the BNP Paribas Bank Polska S.A. Capital Group (the Group), which ranks sixth as regards balance sheet total in the domestic Banking sector. Employment in the Group expressed in FTEs – 8.2 thousand.

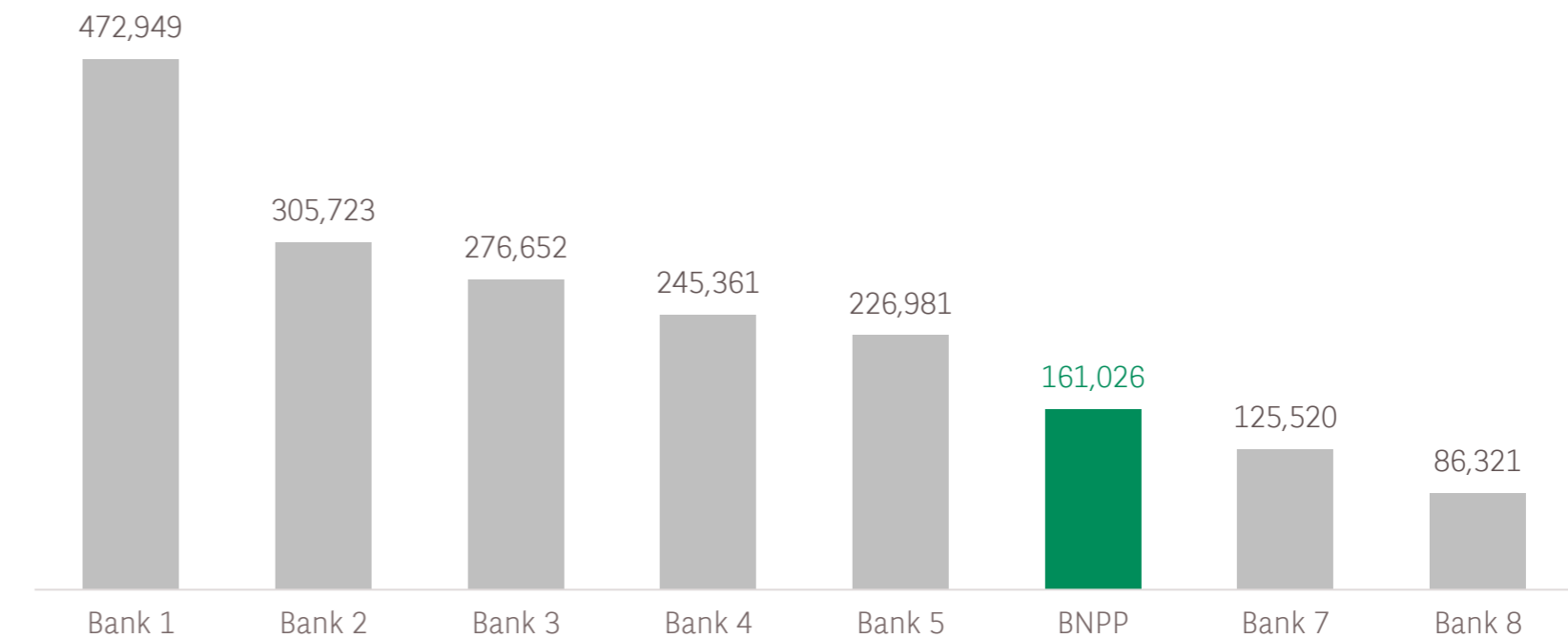
The Bank is part of the international BNP Paribas Banking Group (BNP Paribas Group).

The shares of BNP Paribas Bank Polska S.A. are listed on the Warsaw Stock Exchange.

The Bank's head office is located in Warsaw, at 2 Kasprzaka Street.

The Bank and Group's position in the Polish Banking sector and market shares

Chart 1. Total assets of the BNP Paribas Bank Polska S.A. Group on 31 December 2023 compared to the banking sector (PLN million)



According to the interim reports, which were the most up-to-date source of comparable performance information for the Banks listed on the WSE at the date the Management Report was approved for publication, BNP Paribas Bank Polska S.A. Group was the sixth largest Banking group in Poland in terms of total assets.

Table 1. Market shares of BNP Paribas Bank Polska S.A.

	31.12.2023	31.12.2022
Loans to non-Bank Customers	6.1%	6.2%
Loans to individual Customers	5.3%	5.6%
Non-financial business entities	9.3%	9.2%
Deposits from non-Bank Customers	6.0%	6.2%
Individual Customer deposits	4.5%	4.8%
Non-financial business entities	9.9%	10.3%

In the "Loans to non-Bank Customers" category, the Bank's share in the sector was 6.1% at the end of 2023, compared to 6.2% at the end of 2022. The decrease in market shares occurred, as a result of lower shares of loans to individual Customers, in particular PLN housing loans recorded as a result of the decrease in the Bank's volumes against the increase



in the Banking sector (the Bank did not join the government programme "Safe 2% Credit" to support the purchase of the first flat; it offers mortgage loans only to its own Customers). Otherwise, the Bank recorded an increase in market shares in loans to non-financial businesses as a consequence of a slower decline in volumes than in the Banking sector.

The Bank's share of non-Bank Customer deposits recorded a decrease to 6.0% from 6.2% at the end of 2022. This occurred as a result of both a decrease in the share of deposits from private individuals (a decrease in the share of current deposits with a slight increase in the share of time deposits) and a decrease in the share of deposits from non-financial businesses (caused by a decrease in the share of corporate deposits). In both categories, the Bank recorded an increase in volumes at a slower rate than growth in the sector.

Group structure and subsidiaries subject to consolidation

BNP Paribas Bank Polska S.A. (the Bank) is the parent company of the BNP Paribas Bank Polska S.A. Capital Group (the Group) operating in Poland. Subsidiaries that constituted a part of the Group as of the end of December 2023 (fully consolidated) are listed below. The Bank's share in the equity of individual subsidiaries is provided in percentage values:

Structure of the BNP Paribas Bank Polska S.A.



Group structure changes in 2023:

- On 27.03.2023, the securitisation programme was completed and BGZ Poland ABS1 DAC (SPV) ceased to be controlled by the Bank,
- On 11.04.2023, Bankowy Fundusz Nieruchomościowy Actus Sp. z o.o. was removed from the KRS register, on 18.04.2023 the company was validly deleted from the KRS, ending the liquidation process.

Apart from Group companies, the Bank held equity investments in infrastructure companies at the end of December 2023, including Biuro Informacji Kredytowej S.A., Krajowa Izba Rozliczeniowa S.A., VISA Inc., Mastercard Inc. and SWIFT. We also

held minority, non-controlling interests, shares or convertible bonds in over a dozen medium-sized Polish companies. The value of investments in shares and minority interests is not material to the scale of the Bank's and the Group's operations and financial performance. These investments are financed from own funds.

All transactions between the Bank and related entities resulted from ongoing operational activities and mainly included loans, deposits, derivative transactions, income, expenses from advisory services and financial intermediation. Detailed information on related party transactions can be found in Note 52 of the BNP Paribas Bank Polska S.A. Group Consolidated Financial Statements for the year ended 31 December 2023.

BNP Paribas Group worldwide

The Bank's strategic shareholder is the leading international Banking Group, BNP Paribas, which operates in three key areas:

- Commercial, Personal Banking & Services – services provided by the sales network and specialized business units,
- Investment & Protection Services – savings, investment, and insurance services,
- Corporate & Institutional Banking – services for corporate and institutional Customers.

The BNP Paribas Group supports its individual Customers, entrepreneurs, local government units, small and medium-sized enterprises, corporations, and institutions in the implementation of projects by offering them a range of financial, investment, savings, and insurance products.

BNP Paribas Group operates in 64 countries on five continents and employs 184 thousand people, including 145 thousand in Europe.

In 2022, the Group began implementing the GTS strategic plan for 2022-2025. The strategy is built on three pillars - growth, technology, and sustainability.

Aims of the BNP Paribas Group's GTS strategy:

- GROWTH – further development of profitable business operations based on the leading position of the BNP Paribas Group in Europe,
- TECHNOLOGY – technology supporting customer experience and operational efficiency,
- SUSTAINABILITY – focusing the Group's business activities on supporting the financing of sustainable development.



The Bank on the Warsaw Stock Exchange

Shareholder structure

31 December 2023, the Bank's shareholders included two shareholders holding at least 5% of the total number of votes at the General Meeting: BNP Paribas and BNP Paribas Fortis SA/NV. In total, they held 87.35% of the votes. The remainder of the Bank's shares, i.e. 12.65%, were in free float.

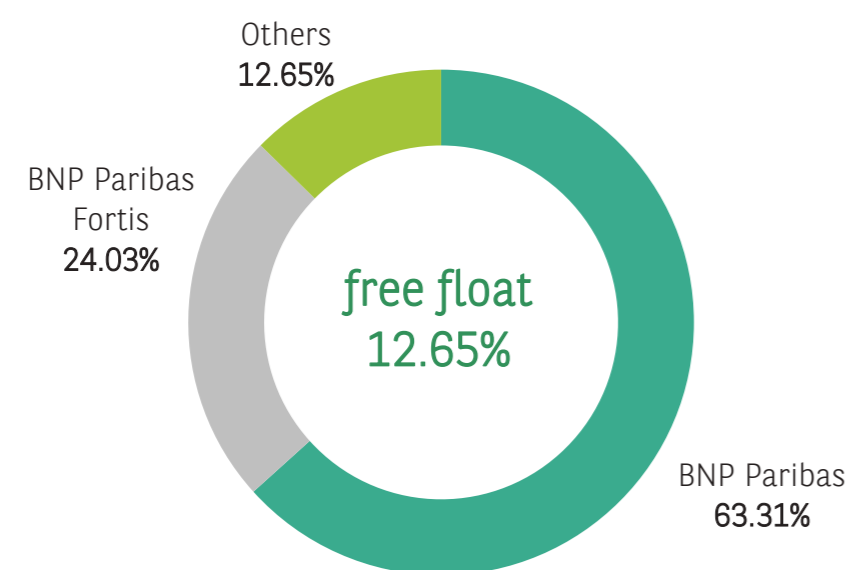
Changes to the Bank's shareholder structure in 2023 are described in the "Shares and shareholders" section.

The Bank's shares are listed on the Main Market of the Warsaw Stock Exchange since 27 May 2011 (the debut of Bank Gospodarki Żywnościowej S.A.).

PLBGZ0000010 ISIN code	BNP WSE Ticker
BNPPPL abbreviation	mWIG80 i mWIG80TR Index membership

Chart 2. Shareholder structure as of 31.12.2023

Total number of shares – 147,676,946



Stock quotes

After the 2022 downturn on the Warsaw Stock Exchange (WSE) resulting from the outflow of foreign capital as a result of increased geopolitical risk following the outbreak of war in Ukraine, and for the Banking sector from the introduction of a government plan to support mortgage borrowers, the costs associated with the creation of the Commercial Bank Protection Scheme, the legal risk of housing loans in CHF and the uncertainty arising from the impact of interest rate increases on loan repayment, 2023 brought a significant upturn for WSE-listed companies.

At the session of 29 December 2023, the closing price of the Bank's shares was PLN 85.60 and 52.86% higher than on 30 December 2022 (PLN 56.00). During the same period, the value of the WIG-Banks index increased by 76.94% and the index reached historical peak above 11,000 points (maximum at 11,231.21 points at the session of 27 December 2023).

Factors that had a positive impact on Bank share prices were:

- an attractive valuation against foreign competitors, which already took into account the risks weighing heavily on the industry (e.g. the CHF housing loan issue, credit holidays),
- persistently high interest rates allowing high interest earnings to be generated while government bond yields fall,
- inflows of foreign capital to the WSE,
- relatively good macroeconomic data from the domestic economy in the second half of the year, combined with a strong labour market, confirming the entry into the recovery phase. The improved outlook reflected a decline in expectations regarding the level of the cost of risk.

An event that was materially for the Banks' quotations in Q1 2023 was the publication on 16 February of the opinion of the CJEU ombudsman in the case concerning the Banks' right to remuneration for the use of capital in the event of the invalidity of a CHF mortgage loan contract. Following the announcement of the spokesperson's opinion, the WIG-Banks went into a downtrend, resulting in a rise of only 0.27% for the entire first quarter of 2023, while the Bank's share price fell by 5.00% to PLN 53.20. On 15 March 2023, the minimum for the Bank's shares in 2023 was recorded at PLN 46.80 (the minimum for the WIG-Banks on 17 March 2023 at 5,780.27 points).

From Q2 2023 onwards, a clear upward trend of Bank shares could be observed due to the previously mentioned positive factors. As a result, the WIG-Banks rose by 27.01% in Q2 2023 and the Bank's share price rose by 12.78% to PLN 60.00.

In Q3 2023, the Monetary Policy Council (MPC) decided to cut interest rates, for the first time since May 2020. After a series of 11 interest rate increases, in September 2023 they were reduced by 0.75 p.p. - as a result, the main reference rate fell to 6% which caused a marked depreciation of the zloty. The impact of the MPC's decision on investors was particularly evident in Bank share prices, which began to fall as a consequence of fears that a fall in lending rates would reduce Banks' interest earnings and profits. The WIG-Banks ended the third quarter with a loss of 3.83% and the Bank's share price fell by 1.00%.



Following the October elections in Poland, Bank valuations improved and Q4 2023 brought a significant increase in share prices. The WIG-Banks on the session of 29 December 2023 was 11,062.0 points and increased by 44.48% in Q4, and the closing price of the Bank's shares was PLN 85.60, which represents an increase of 44.11% compared to the end of Q3 (annual maximum of PLN 86.20 at the session of 27 December 2023).

The average daily share price for the following quarters of 2023 was: Q1: PLN 51.94; Q2 2023: PLN 54.53; Q3: PLN 61.83; Q4: PLN 70.88.

The average daily trading volume was 14,975 shares in Q1 2023 (caused by the recording of a maximum trading volume on 2 March 2023: 228,811 shares) and decreased to 5,490 shares in Q2 2023. From Q3 onwards, the average trading volume increased and amounted to 8,706 shares and 11,814 shares in Q3 and Q4 respectively. In 2023, the average daily trading volume was 59.76% higher compared to 2022 (10,414 shares versus 6,518 shares).

Combined with the increase in the share price, this was reflected in changes in the average daily trading value, which in the quarters under review amounted to respectively: PLN 766.8 thousand, PLN 301.1 thousand, PLN 528.2 thousand and PLN 898.4 thousand. The session of 2 March 2023 recorded the maximum trading volume (228,811 shares) and the maximum trading value (PLN 11,440.0 thousand) for the analysed period.

Chart 3. Quotations and trading value of the Bank's shares from 30.12.2022 to 29.12.2023

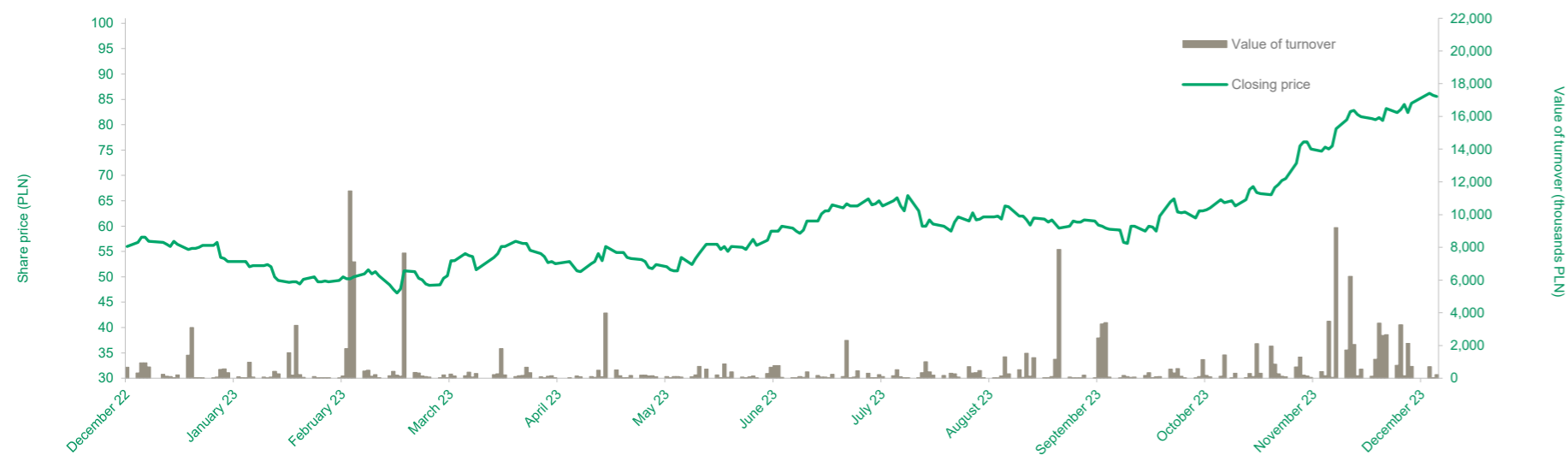


Chart 4. Change in the share price of the Bank vs WIG-Banks from 30.12.2022 to 29.12.2023 (30.12.2022 = 100%)

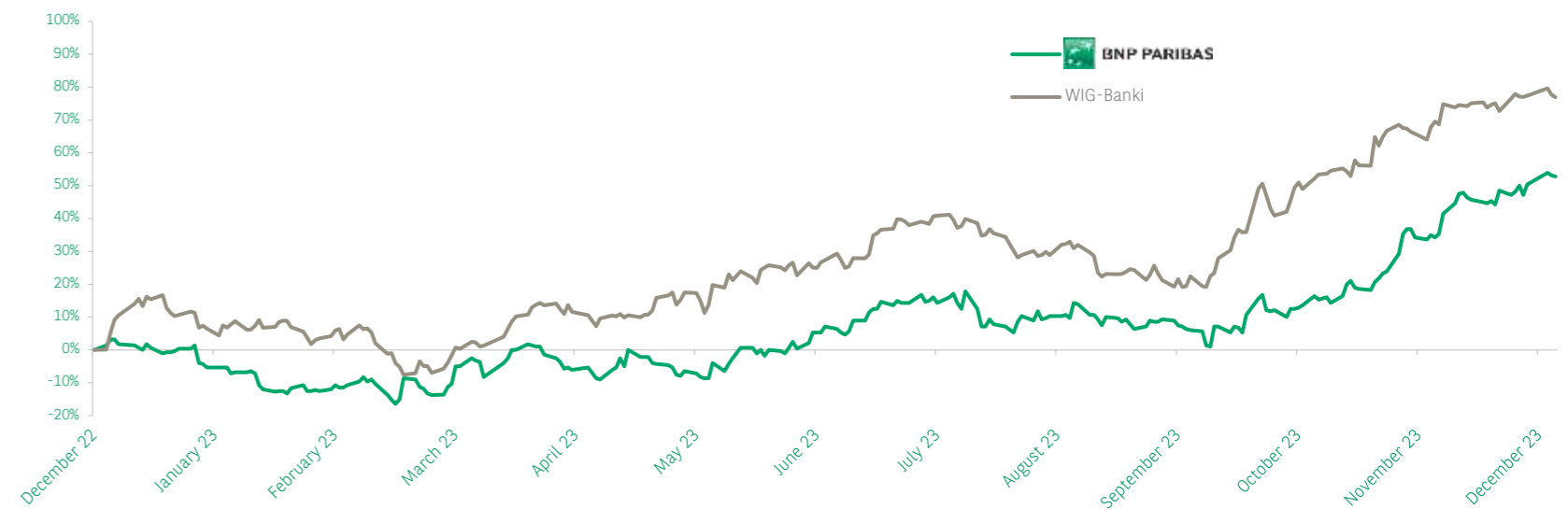


Table 2. Key information on BNP Paribas Bank Polska S.A. shares

	2023	2022	2021	change 2023/2022
Share price at the end of the year (PLN)	85.60	56.00	91.20	52.9%
Average share price (PLN)	59.82	62.92	74.18	(4.9%)
Maximum share price (PLN)	86.20	97.00	100.50	(11.1%)
Minimum share price (PLN)	46.80	46.70	58.00	0.2%
WIG-Banks value at year-end (points)	11,062.01	6,251.97	8,640.27	76.9%
Number of shares at year end (units)	147,676,946	147,593,150	147,518,782	83,796 / 0.1%
Capitalisation at year-end (PLN thousand)	12,641,147	8,265,216	13,453,713	52.9%
Average trading volume per session (units)	10,413.86	6,518.24	8,351.63	59.8%
Average value of trading per session (PLN thousand)	633.00	420.87	652.14	50.4%
Earnings per share (PLN)*	6.86	2.99	1.20	129.4%
P/E* ratio	12.48	18.72	76.31	(33.3%)
Book value per share (PLN)*	87.09	76.31	77.02	14.1%
P/BV* ratio	0.98	0.73	1.18	34.2%

* calculations on a consolidated basis



Ratings

At the end of 2023, the Bank had a rating from the rating agency Fitch Ratings (ordered by the Bank). The history of changes in ratings assigned by the agency can be found on the Bank's website: <https://www.bnpparibas.pl/en/investor-relations/about-the-bank/ratings>.

The rating was last updated in December 2023. The Bank's ratings confirmed by Fitch Ratings on 6 December 2023 are presented below:

Fitch Ratings	Rating
Long-Term Issuer Default Rating (LT IDR)	"A+" with a stable outlook
Short-Term Issuer Default Rating (ST IDR)	"F1"
National Long-Term Rating (Natl LT)	"AAA(pol)" with a stable outlook
National Short-Term Rating (Natl ST)	"F1+(pol)"
Viability Rating (VR)	"bbb-"
Shareholder Support Rating (SSR)	"a+"

The Bank's IDR and SSR ratings reflect Fitch Ratings' belief in the potential support of the Bank's parent company – BNP Paribas S.A. (BNPP, IDR of "A+", outlook stable). According to Fitch Ratings, the Bank's VR rating of "bbb-" reflects the Bank's moderate franchise in the competitive Polish Banking market, as well as traditional, well-balanced business model.

In November 2023, the rating agency Sustainalytics assigned the Bank an ESG Risk Rating of 10.2, indicating a low risk of a material negative impact of factors related to the management of environmental and social impacts on the business ("Low Risk"). The rating is the best score among Polish Banks surveyed to date.

In 2023, Moody's Investors Service stopped rating the Bank on the basis of publicly available public information, i.e. unsolicited by the Bank.

Investor Relations

The Bank follows a transparent information policy to guarantee the highest standards of communication, taking into account the information needs of capital market participants.

The Bank, as a public company and a supervised institution, follows the principles of corporate governance when providing information, in compliance with the applicable laws and regulations, and ensures that participants in the capital market have equal access to information on the company's current operations, activities undertaken by the company or financial results, by fulfilling information obligations in a manner that allows a fair valuation of the Bank's shares.

Relations with shareholders, investors and other participants of the capital market are managed by a dedicated organisational unit at the Bank: the Investor Relations Office. Important information for investors, the Bank's shareholders and analysts is available on the Investor Relations website: <https://www.bnpparibas.pl/en/investor-relations>.

On 2023, the Bank published a digital version of its annual report for the fourth time. The report for 2022 is available at: <https://raportroczny.bnpparibas.pl/en/>.

At the end of January 2024, the Bank had 8 recommendations from financial institutions, all "Buy". The median target price from the recommendations was PLN 100.0 and the average target price was PLN 95.6; these were 16.8% and 11.6% higher than the share price on 29 December 2023 (PLN 85.6).



Key events in 2023

Key corporate events

January 2023

- **11.01.** – Extraordinary General Meeting of Shareholders - adoption of resolutions on:
 - assessment of the collective adequacy of the Bank's Supervisory Board following the change in the members of the Supervisory Board,
 - approval of the Policy for Assessing the Suitability of members of the Bank's Supervisory Board,
 - amendments to the Bank's Statutes.

March 2023

- **1.03.** – Proposal of the Bank's Management board regarding the distribution of net profit for 2022 - Recommendation of the Bank's Management board to allocate the entire net profit of the Bank for the financial year 2022 to reserve capital.

The Bank's Supervisory Board gave a positive opinion on the Management Board's proposal, which was submitted to the Bank's Annual General Meeting (AGM) on 30 June 2023. The AGM decided to allocate the Bank's entire profit for 2022, in the amount of PLN 370,892 thousand to reserve capital.

On 31 March 2023, the Bank received decisions from the Financial Supervision Commission approving the inclusion of the revised net profit for 2022, at stand-alone (PLN 370,892 thousand) and consolidated level (PLN 436,254 thousand), in Tier 1 capital.
- **31.03.** – Registration in the National Court Register of the amendments to the Articles of Association of BNP Paribas Bank Polska S.A. approved by the Extraordinary General Meeting of the Bank on 17 January 2023 (Resolutions Nos. 6 and 7).

April 2023

- **5.04.** – Issue of series M shares as part of conditional share capital increase and change in the value of share capital of BNP Paribas Bank Polska S.A.

In accordance with the statement of the National Securities Depository S.A. ("NDS") No. 513/2021 of 31 March 2021 (Bank current report No. 15/2021), as amended by NDS statement No. 311/2022 of 31 March 2022 on amendment of the agreement between the NDS and the Bank on registration of the Series M Shares with the securities depository maintained by the NDS (Bank current report No. 11/2022) and resolution of the Management Board of the Warsaw Stock Exchange ("WSE"). ("WSE") No. 348/2021 of 31 March 2021 (Bank's current report No. 16/2021), on 5 April 2023, on the basis of the settlement orders referred to in § 6 of the Detailed Rules of Operation of the NDS, 83,796 Series M ordinary bearer shares of the Bank with a nominal value of PLN 1 each ("Series M Shares") were registered with the NDS and admitted to trading by the WSE and Series M Shares were recorded on the securities accounts of the eligible persons.

Series M shares were issued as part of a conditional increase in the Bank's share capital on the basis of Resolution No. 5 of the Bank's Extraordinary General Meeting of 31 January 2020, as amended by Resolution No. 37 of the Bank's Annual General Meeting of 29 June 2020.

Series M Shares were obtained in execution of the rights from Series A3 registered subscription warrants taken up earlier, each of which entitled to acquire one Series M Share. In accordance with the second sentence of Article 451 § 2 of the Code of Commercial Partnerships and Companies, the award of Series M Shares became effective at the time of their entry in the securities accounts of the eligible persons.

Accordingly, on the basis of Article 451 § 2 in connection with Article 452 § 1 of the Code of Commercial Companies, rights from a sum of 83,796 Series M Shares with a total nominal value of PLN 83,796 were acquired and **the share capital was increased from PLN 147,593,150 to PLN 147,676,946**, which is divided into 147,676,946 shares with a nominal value of PLN 1.



April 2023

- **18.04.** – Finalised removal from the National Court Register of the company **Bankowy Fundusz Nieruchomościowy Actus Sp. z o.o.** concluding the liquidation process – on 11 April 2023 the company was removed from the KRS register.
- **27.04.** – Information on the amount of the annual contribution determined by the Bank Guarantee Fund for BNP Paribas Bank Polska S.A. to the Banks' forced restructuring fund for the year 2023 in the amount of PLN 123,909 thousand.

May 2023

- **17.05.** – Registration in the National Court Register of amendments to the Statute of BNP Paribas Bank Polska S.A., i.e. the increase of the Bank's share capital to the amount of PLN 147,676,946 as a result of subscription of series M shares by entitled persons under the conditions specified in § 29a section 2 item a) of the Bank's Statute.

June 2023

- **20.06.** – Designation by the BGF for BNP Paribas Bank Polska S.A. of a minimum level of own funds and eligible liabilities (MREL).

The MREL requirement for the Bank has been set at an individual level at 16.11% of the total risk exposure (TREA) and 5.91% of the total exposure measure (TEM). This requirement should be achieved by 31 December 2023.

Additionally, the BGF has set a mid-term MREL target which:

- in relation to TREA is: 12.05% as at the moment of receipt of the BGF letter,
- in relation to TEM is: 4.46% as at the moment of receipt of the BGF letter.

- **30.06.** – Annual General Meeting of Shareholders - adoption of a resolution on amendments to the Bank's Articles of Association subsequently registered by the National Court Register 14.07.2023.

October 2023

- **16.10.** – Plan to perform group layoffs at BNP Paribas Bank Polska S.A. - the resolution adopted by the Bank's Board of Executives provides for a process of group redundancies to be carried out in 2024-2026 and to include no more than 900 Bank employees working in the head office and the sales network.

December 2023

- **12.12.** – Extraordinary General Meeting of Shareholders - adoption of a resolution on changes to the composition of the Bank's Supervisory Board and the appointment of Mr Jacques Rinino as a member of the Board on 1 January 2024.
- **13.12.** – Agreement with trade unions on the principles of group redundancies. The parties to the Agreement agreed that group redundancies would be carried out in the period from 1 January 2024 to 31 December 2026. As a result of discussions with the trade unions, the Bank verified the maximum number of employees whose employment contracts may be terminated as part of group layoffs and it was determined that group layoffs will cover no more than 800 employees of the Bank. There was a provision for the costs of employment restructuring, which was charged to 2023 costs in the amount of PLN 22,068 thousand.
- **14.12.** – Determination of the Pillar II (P2G) capital charge by the Financial Supervisory Commission - The FSA recommended that the Bank maintain own funds to cover the additional capital charge (P2G) - of 0.67 p.p. at the consolidated level and 0.70 p.p. at the stand-alone level - to absorb potential losses resulting from stress events.
- **20.12.** – Conclusion of a senior unsecured loan agreement with BNP Paribas S.A., Paris, in the amount of EUR 646 million (PLN ~2,799 million) to fulfil the MREL requirement.



Awards and distinctions

In 2023, the Bank was awarded for its activities, approach to Bank's Clients and employees and high quality of offered products and services. The Bank and the BNP Paribas Foundation received numerous awards for their activity in the area of corporate social responsibility and sustainable development. We are honoured and committed to further actions.

January 2023

- For the tenth time the Bank was awarded the **Top Employer Poland** certificate, a distinction for employers who apply the highest standards in the area of human resources management.
- The Bank was recognised in the Organisations and innovation category in the second edition of the **CREATORS** ranking developed by MamStartup in cooperation with PFR Ventures. This is an award for the most deserving of the Polish start-up scene 2022/2023.
- Badges for the Bank: ESG Industry Top Rated and ESG Regional Top Rated in the list of the **Top-Rated ESG Companies** published by Sustainalytics. This means that the Bank's ESG Risk Rating (awarded in September 2022), significantly outperforms companies in the financial industry and the region.

February 2023

- Przemek Gdański, the Bank's President was one of the winners of the **Financier of the Year 2022** plebiscite of "Gazeta Finansowa".
- I CAN internal campaign was recognised in the "Puls Biznesu" **Power of Attraction** competition in the category Strategic project that builds commitment, loyalty and a sense of belonging.

March 2023

- The BNP Paribas Small and Medium-sized Companies fund received the best score in the category **Polish Shares Fund in the Golden Portfolios** - a plebiscite organised by the "Parkiet" daily.
- The brokerage account of the Bank's Brokerage Office took first place in the **ranking of brokerage accounts** of the Money.pl website.
- The Bank was the winner of the **Institution of the Year** ranking, which is organised by the Moje Bankowanie portal. It won awards in three categories: Best service in a branch, Best service in remote channels and Best account opening process in a branch. 18 of the Bank's Customer Centres received individual distinctions and the title of Best Banking Branch in Poland.

March 2023

- Distinction in the **Financial Orders** plebiscite of "Home&Market" magazine. In the Innovation category, the Offer for companies changing the world was appreciated.
- The Bank received an award in the **Ethical Company** competition organised by "Puls Biznesu", in the large enterprise category. In their justification, the organisers recognised the Bank's sustainable development and social commitment, as well as its strategic partnership with the Noble Gift and the highest compliance standards.
- The Bank was among the winners of the **CSR Poland Awards 2023** in the Community Affairs category for its educational campaign project Pocket Mission, concerning financial education in primary schools combined with a social campaign addressed to parents.
- The **WealthBriefing European Awards** were held in London for the eleventh time. In this year's edition, BNP Paribas Wealth Management was the winner in the Wealth Management Business category in the Central and Eastern European region.



April 2023

- "Parkiet" and "Rzeczpospolita" selected the **best macroeconomic teams**. The Bank's team of economic analysts took 3rd place in the overall ranking. Their forecasts were also recognised in the category of best forecasts of NBP reference rates (2nd place) and best forecasts of registered unemployment rates (5th place).
- Bank's **Visa Platinum** credit card was ranked **1st in the ranking of the best credit cards** by the Money.pl website. The editors particularly appreciated the absence of an annual fee for the first year of use, free international travel insurance and the Dragon Pass programme.
- The Bank was among the honoured organisations in the ranking of parenting equality-friendly companies, the **Firma Przyjazna Tacie na Etacie**. Internal communication and betting on breaking stereotypes towards the roles of both parents were distinguished. The ranking is an initiative of the UN Global Compact Network Poland, the Share the Care foundation and "Forbes Women".
- In April, there was the premiere of the 21st Report "**Responsible Business in Poland. Good Practices**" of the Responsible Business Forum – the publication distinguished 10 initiatives of the Bank and the BNP Paribas Foundation.
- The Bank received the **Orły ESG** "Rzeczpospolita" award, which is given to companies that consistently implement an ESG strategy and show special attention to sustainability.
- Forbes magazine honoured **Przemek Gdański**, President of the Bank's Management Board, with 3rd place in the **Banker of the Year ranking** and placed the FOR COMPANIES CHANGING THE WORLD offer, which is the financing offer aimed at start-ups and scale-ups, in 9th place in the Bank Innovation of the Year ranking.

May 2023

- The Bank was among the winners of **CCI France International's Trophées 2023** competition in the Socially Responsible Enterprise category. In their justification, the organisers highlighted the role of the GOeyond 2022-2025 strategy in the company's development and its organic growth while maintaining a responsible approach to risk management.
- The Mastercard World Elite credit card, issued to BNP Paribas Wealth Management Customers, took first place **in the ranking of black credit cards** by "Forbes" magazine.
- For the fifth consecutive year, the Bank has been ranked among employers that stand out for their maturity in managing diversity and building an inclusive work environment. The 2023 list included 36 organisations that successfully passed the **Diversity IN Check** survey conducted by the Responsible Business Forum. For the second time, the Bank is among the leaders – companies with the highest scores, above 80%.
- The Bank's social media, for the second year in a row, was recognised in the **Golden Banker 2023**, organised by Bankier.pl and the editors of Puls Biznesu, taking 2nd place in the ranking.
- The monthly magazine "My Company Poland" awarded the Bank the title of **Trustworthy Brand**. The editors recognised the Bank's drive to create an open and safe environment for LGBT+ people, in the "All colours of the rainbow" category.
- The Bank has been recognised for the third consecutive year in the **Employer Branding Excellence Awards 2023** organised by the HRM Institute.

June 2023

- The Bank was recognised for involvement in a number of initiatives coordinated by UNEP/GRID-Warsaw, such as Climate Leadership, educating stakeholders, developing products and services as well as supporting economic transformation. The BNP Paribas Foundation's involvement in the Re:Generation programme was recognised.
- The Bank received three awards in the **Stars of Banking** competition organised by PwC i "Dziennik Gazeta Prawna". The Bank won in the ESG category and took 2nd place in the Growth category. **Przemek Gdański**, President of the Bank's Management Board, was awarded the title **Banker with Empathy** – given by the Czepczyński Family Foundation for supporting the economic education of children.
- BNP Paribas Wealth Management Polska, for the third consecutive year, has won the title of – Best Private Bank in Poland in the international **Global Private Banking Innovation Awards 2023**. The awards are given by The Global Private Banker and The Digital Banker based on quantitative, qualitative criteria and feedback from industry experts.
- The Bank has been awarded the **Gold and Green CSR Leaf of "POLITYKA"** – the highest award in a list published by the Polityka Weekly. The CSR Gold Leaves are awarded to companies that excel in ESG best practice and transparent sustainability reporting. Green Leaves are awarded to transformational leaders who measure their carbon footprint and set climate neutrality targets.
- The Bank was nominated in the Gender category in the **Polish Diversity Awards 2023** organised by the monthly magazine "My Company Poland".



June 2023

- The Polish Association of Capital Investors awarded the Bank in the **Financing Bank of the Year** category.
- The Bank was ranked 3rd in the "Leaders of popularity among bank customers" list in the **28. Bank Ranking of the "Miesięcznik Finansowy BANK"** and 2nd in the Best Commercial Bank category in the **Best Bank 2023** competition organised by "Gazeta Bankowa".
- The Ford Leasing programme delivered by the Bank and BNP Paribas Leasing Services, in cooperation with its long-standing partner, the Ford Polska brand, received **an award in the 12th edition of the nationwide Fleet Derby 2023 Plebiscite**. The programme was recognised as the best financial solution for an Importer in the Product/Fleet Service category.
- The Bank, for the second year in a row, scored the maximum number of points in **Cashless for Equality**, a ranking of financial institutions that care about professional and social equality for LGBT+ people.
- The Bank became the overall leader and the leader of its sector in the **17th edition of the Responsible Companies Ranking**. The Bank was the only participant in the ranking with 100% score. The ranking is prepared by the Koźmiński Business Hub.

July 2023

- BNP Paribas Group has received two **Euromoney Awards for Excellence 2023**, from the leading banking and financial markets magazine – Euromoney. It was awarded the titles: **World's Best Bank and World's Best Bank for Sustainable Finance**.

August 2023

- Research agency Openfield has published the results of a survey carried out on Customers of banking services from Ukraine. The Bank particularly stood out in terms of the simplicity of using its services and Client service. The Bank took first place in every aspect examined: description of the products offer, products offered, product prices, advertising activities, simplicity of using services and Client service.

September 2023

- The Bank was awarded in the **Innovation in Digital Banking Awards 2023**, organised by The Banker magazine. The jury recognised the Bank's digital transformation in the category of the Most Innovative in Digital Banking in CEE.
- Przemek Gdański, the Bank's President took first place **in the ranking of the Best Managers in Finance** by "Gazeta Finansowa".
- The Bank was awarded the title of **Best National Institution** supporting energy efficiency projects. This is one of the 15th Anniversary Awards of the EU Financial Instruments Leaders in Poland, awarded on the occasion of the 15th anniversary of the National Contact Point for Financial Instruments of the European Union Programmes.
- The I CAN internal campaign was recognised in the international competition of the **Institute of Internal Communication** in the category Best Engagement Programme.
- Przemek Gdański, President of the Bank received the **Solidarity Award** from the Vital Voices Chapter Poland organisation. The Solidarity Award honours men who dedicate their time, talent and resources to actively support the development of female leaders, strengthening diversity, commitment and innovation in their organisations.

October 2023

- BNP Paribas Group received the title of Best Bank in Western Europe in the **Euromoney Global Real Estate Awards 2023**. In their justification, the organisers highlighted the its activity in financing real estate projects, the broad spectrum of solutions offered, as well as its presence in many markets.
- The Bank's 2022 Annual Report received the 1st grand prize in the category: Banks and financial institutions in the 18th edition of **The Best Annual Report** competition, organised by the Institute of Accounting and Taxation. In addition, the Competition Chapter, for the first time, honoured the Bank for the Best Annual Report, in the banks and financial institutions category.
- The Bank won the award in the **Best ImpactTech Solution** category for Envirly's corporate carbon footprint calculator at the Fintech Awards Gala.
- During #UNDay, the Bank was recognised by the United Nations Global Compact Network Poland for its work on climate protection, promotion of sustainable development, efforts to promote labour standards, protection of human rights and ethical standards, and support provided to Ukrainian citizens.
- The Bank received the main award for **Integrated Report** in the 17th edition of the Sustainability Reports Competition, organised by the Responsible Business Forum and Deloitte.
- The Bank was honoured with a prestigious distinction, taking 2nd place in the **"Newsweek's" Friendly Bank** ranking in the "Banking for the Kowalski" category. The jury appreciated the Bank's approach to Clients, the institution's commitment to creating a positive Clients experience, the quality of service and offer.



October 2023

- The Bank was recognised by the prestigious international financial magazine "Euromoney" as the **best bank for corporate Customers in Poland and the best bank in the ESG area**.
- For the fourth year in a row, Moje Konto Premium held the leading position and won 1st place in the ranking published by Bankier.pl. The annual ranking by Bankier.pl explores the situation on the market of accounts for Premium Clients, who have higher expectations from the account they use.

November 2023

- At the 2023 Effie Awards Gala, the Bank received two statuettes for the Pocket Mission project. Silver in the Branded content category and bronze in the Social category. The competition jury also appreciated the campaign "Just a word to start a change".
- At the **PR Wings 2023** Gala, the board of the SARP awarded the Bank a distinction in the category of Good Practice Model – an honour for companies implementing good practices. During the Gala, the I CAN internal communication campaign and the GOtechWeek event were also honoured.

November 2023

- Four areas of the Bank received the distinction of **Profitable Pioneers** at the EM Management Seminar – a meeting of key managers of the Europe Mediterranean region, which the Bank is part of. The awarded areas are: Sustainability Area, which received the **Engagement Award**, the Communication, Marketing, Community Engagement Division, which received the **Communication Award**, the Retail and Business Banking Area, which received the **Retail Award**, the Wealth Management Division, which received the **Wealth Management Award** and the Asset and Liability Management Division, which received the **ALM Award**.
- The Bank was awarded the prize in the **Employer of the "Rzeczpospolita"** competition in the category of implementation of ESG solutions.
- The Bank received an honorable mention in the Organisations category at the anniversary **Advanced Threat Summit 2023**.
- The Bank was awarded the **Gold Winner of the Innovating with AI & Analytics** category for using speech analytics tools in improving Contact Centre performance. The awards are awarded by Verint.
- The Bank was recognised with the **Grand Prix Awards** by the European Association of Internal Communication, for the Bank's internal campaign I CAN.
- The outdoor campaign "Just a word to start the change", which encourages the use of feminatives, received two awards: silver in the Challenging Limits category and bronze in the Shift category at the **Innovation 2023**, competition organised by the Association of Marketing Communications SAR.

December 2023

- The title of **"Generator of Good"** for the BNP Paribas Foundation. The award was given by the A.R.T. Foundation, which helps victims of violence and people experiencing a crisis in their personal and social functioning.
- The Bank received a silver award in category G (governance) at the **Innovator ESG 2023** Competition.
- The Bank received two awards at the **ESG Leaders Gala**. The Innovation category was awarded to the Agroemisja calculator, which is a tool for monitoring greenhouse gas emissions in agricultural production. In the Educational Programme category, the award was given to the campaign Pocket Mission, which is the first educational programme in Poland to use pocket money as an educational tool. The competition is organised by the Warsaw Stock Exchange and PwC Poland, and the media partner for this year's edition was "Dziennik Gazeta Prawna".
- The Bank received the prestigious **Golden Clips 2023** in four categories. The Bank received the Golden Clip in the Research&Insight category for the campaign "Just a word to start a change", the same campaign was also recognised with a Silver Clip in the Social media category. The Bank received another Silver Clip in the category Content marketing - branded content for the campaign Pocket Mission. In addition, the editors of rp.pl awarded a special prize to the "Just a word to start a change" campaign.



The Bank in its environment

External environment

19

Stakeholder relations

25



Jarosław Frączek, Head of Real Estate Management and Administration Department



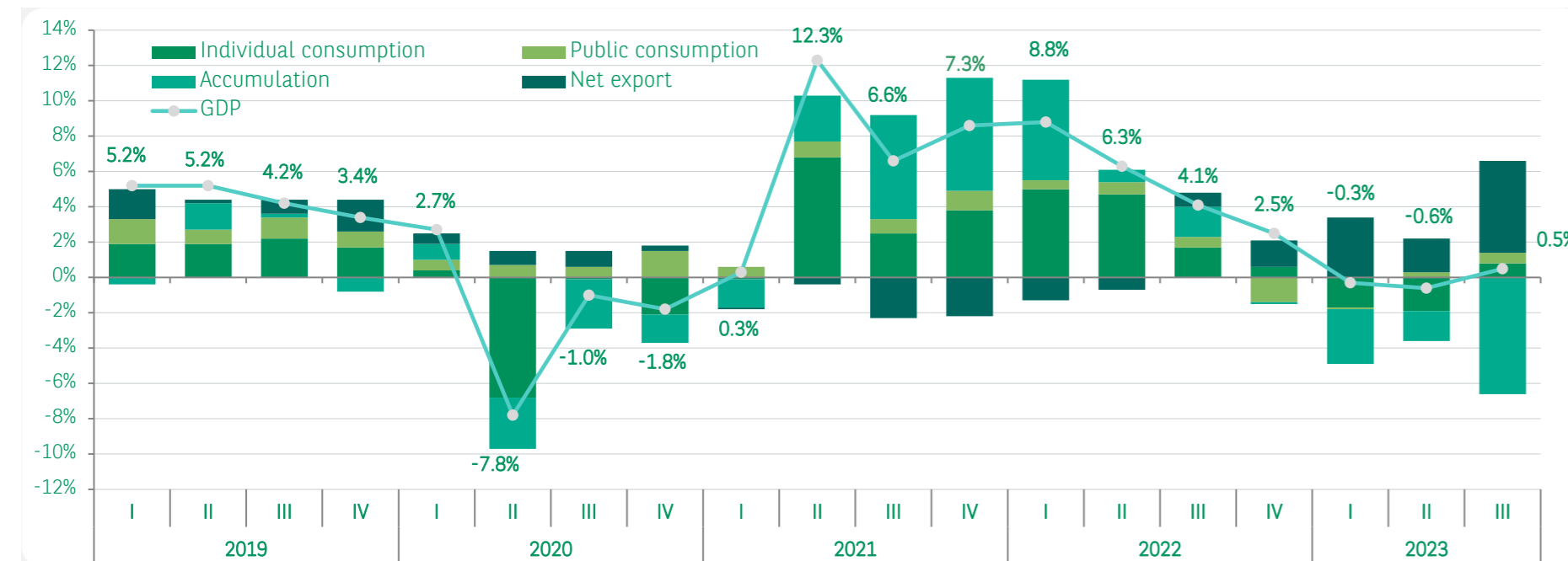
External environment

Macroeconomic situation

GDP

In 2023, the Polish economy was in the phase of a marked downturn. Gross domestic product decreased by 0.3% y/y in Q1 2023 and decreased by 0.6% y/y in Q2. Besides the weak export performance, markedly reduced consumer spending and a reversing inventory cycle were also behind the lower output volume. Meanwhile, investment performed positively during the period. The situation improved in Q3, with the Polish economy increasing by 0.5% y/y. Available data indicate that GDP increased by around 2.0% y/y in Q4. We expect Poland's GDP growth to accelerate further this year, with the volume of domestically produced goods and services increasing by 4%. In the face of an uncertain foreign situation, activity may be primarily driven by domestic demand, but the structure of this will change. Growth will be supported by consumption thanks to an increase in real household income. This will be influenced by a good labour market with high real wage dynamics and government measures. Household incomes will increase due mainly to: the valorisation of the 500+ programme to 800+, the "Active Parent" programme and the increase in wages in the budget sphere.

Chart 5. GDP growth



Business activity

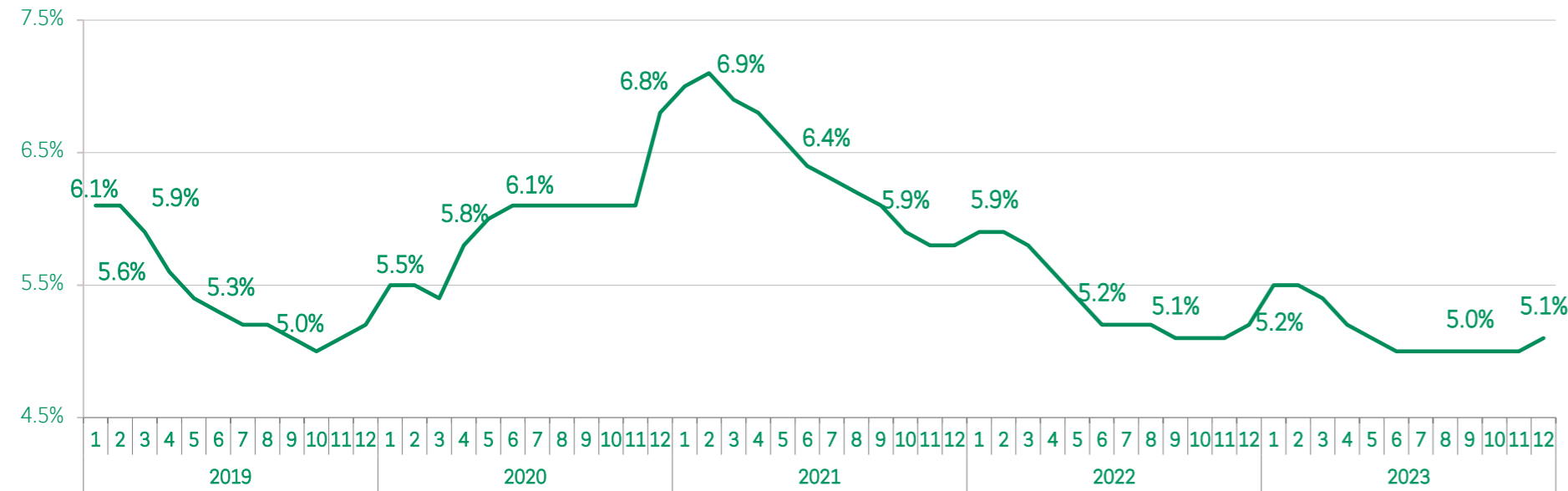
Economic activity in Poland improved in Q4 2023. Construction and assembly production performed positively, increasing by 9.2% y/y. The construction sector could be supported in the coming quarters by spending under the new EU Multiannual Financial Plan and the National Reconstruction Fund. After three quarters of negative annual growth, retail sales achieved a slight increase of 0.1% y/y. The prospects for retail sales are good as a result of rising real wages. Industry is in the most difficult situation. Industrial production decreased by 0.8% y/y in October-December 2023. The key for this sector will be the economic situation abroad, particularly in Western Europe. Surveys by the Central Statistical Office (CSO) indicate that the Polish industrial and construction sectors expect lower economic activity, while the trade and service industries view the future more optimistically.

Inflation

CPI inflation reached in Poland a peak of 18.4% y/y in February 2023. By the end of 2023, annual consumer price growth had declined. In December, it stood at 6.2%. Disinflation was supported by cheapening raw materials and materials: industrial output prices fell by 6.4% y/y in December. Domestic factors contributed to the fall in inflation: the economic climate cooled down due to higher interest rates. This is illustrated by the decline in core inflation, which fell to 6.9% y/y in December 2023. At the same time, high nominal wage growth and low unemployment are holding back faster disinflation. In 2024, the path of inflation will be determined to a large extent by administrative decisions. In particular, in the second half of this year, the level of inflation will depend on the decision on the VAT rate for food and the shielding measures related to electricity, heat and gas prices. In 2024, we forecast an average annual inflation rate of 5.0%.



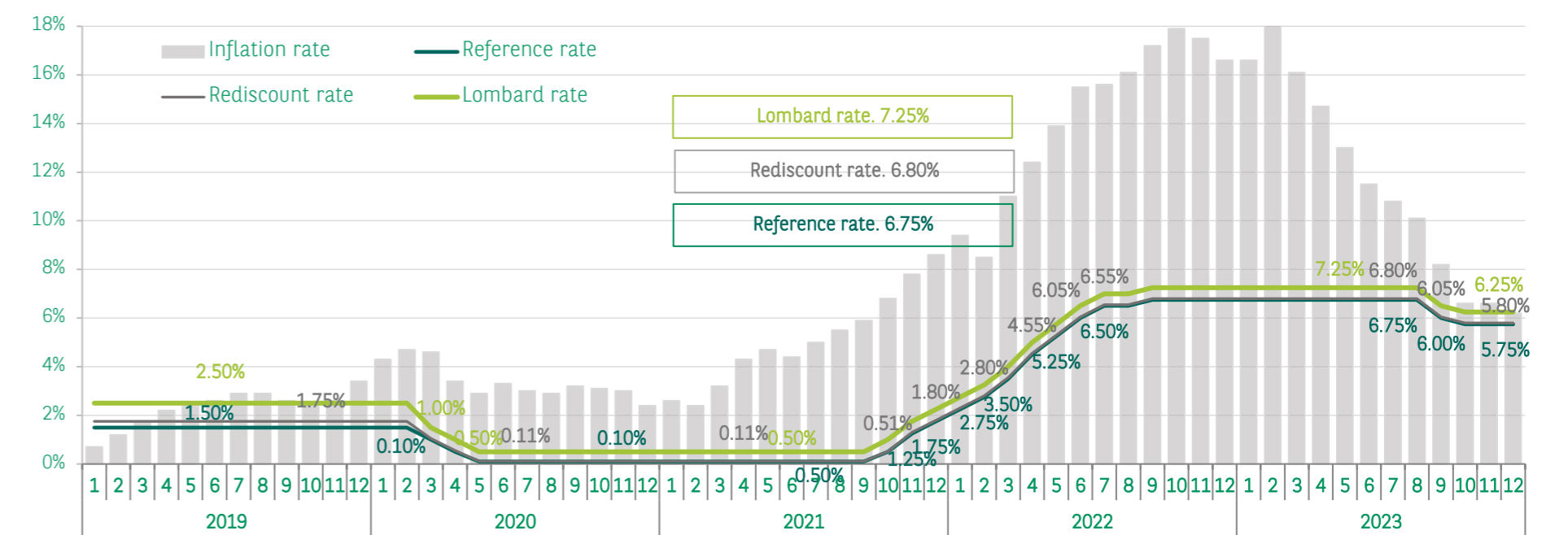
Chart 6. Registered unemployment rate



Monetary policy

In September 2023, the MPC decided to reduce the reference rate by 75 bps. The decision surprised the market, which had expected a reduction of 25 bps. At the October meeting, the MPC reduced the rate by 25 bps, which was in accordance with market expectations. The Council held interest rates unchanged at subsequent meetings. At press conferences, NBP President Adam Glapiński emphasises that the Council is in wait-and-see mode and that further decisions "will depend on incoming information on the perspectives for inflation and economic activity". The NBP President also underlines the uncertainty related to tax and regulatory factors (zero VAT rate on food and shielding measures related to energy and gas prices), while on the other side the pace of economic recovery. Currently, we predict that the MPC will resume monetary easing in November 2024 and in Q4 reduce the reference rate by a total of 50 bps

Chart 7. Inflation and interest rate



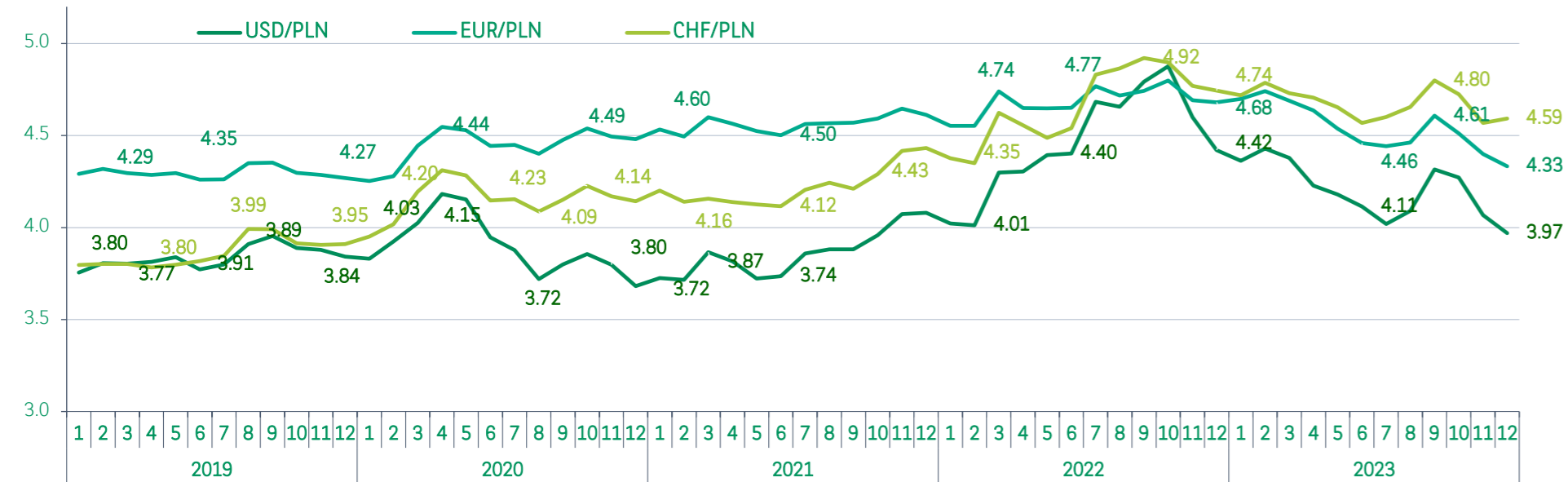
Bond market

In 2023, yields on Polish government bonds were in a downward trend. In the fourth quarter of 2023, 10-year bond yields decreased by around 75 bps to 5.25% at the end of December. Overall, yields fell by around 125 bps from their peak in February 2023. For 2-year bonds, their yields have decreased by around 50 bps from their February peak to around 5.00%. The decrease in inflation, the loosening of monetary policy and the valuation of further interest rate decreases supported the domestic market for treasury securities. At the same time, at the end of the year, the risk premium, which had been rising earlier in the year, decreased after the Polish parliamentary elections. The 10-year asset swap spread decreased by the end of the year to around 80 bps.



Currency market

Chart 8. PLN exchange (monthly average)



In September 2023, the zloty depreciated. This occurred in response to the Monetary Policy Council's decision to reduce the reference rate by 75 bps. In the second half of October, after the parliamentary elections, the zloty strengthened significantly and the EUR/PLN exchange rate was on a downward trend until the end of the year and oscillated in the range of 4.30-4.40. Although the stronger domestic currency remains consistent with the profitability of exports, therefore a strong zloty should not have negative implications for economic growth. A positive effect of a strengthening exchange rate is to support the disinflation process.

Performance of the Banking sector

Basic categories of the Banking sector profit and loss account

In 2023, the net result of the Banking sector in Poland, according to preliminary data from the Polish Financial Supervision Authority (PFSA), amounted to PLN 27.9 billion and was more than 2.5 times higher than the result achieved last year (an increase of PLN 17.1 billion, or 159%). Such a significant increase in the net result was mainly due to the negative impact of credit holidays, which burdened the 2022 result. The base effect associated with it is evident in the significantly higher net interest income and the higher other result, which includes the modification result (the effect of the aforementioned programme was included in the sector data in part in net interest income and in part in modification result). Also contributing to the increase in the Banking sector's net result, to a small extent, was an increase in commission and dividend income and a decrease in negative impairment and provisions. In the opposite direction, the decrease in other income, the increase in operating expenses, as well as a significantly higher income tax burden (as a result of the increase in gross income with an increase in non-deductible charges, e.g. provisions for foreign currency mortgage loans) had an impact.

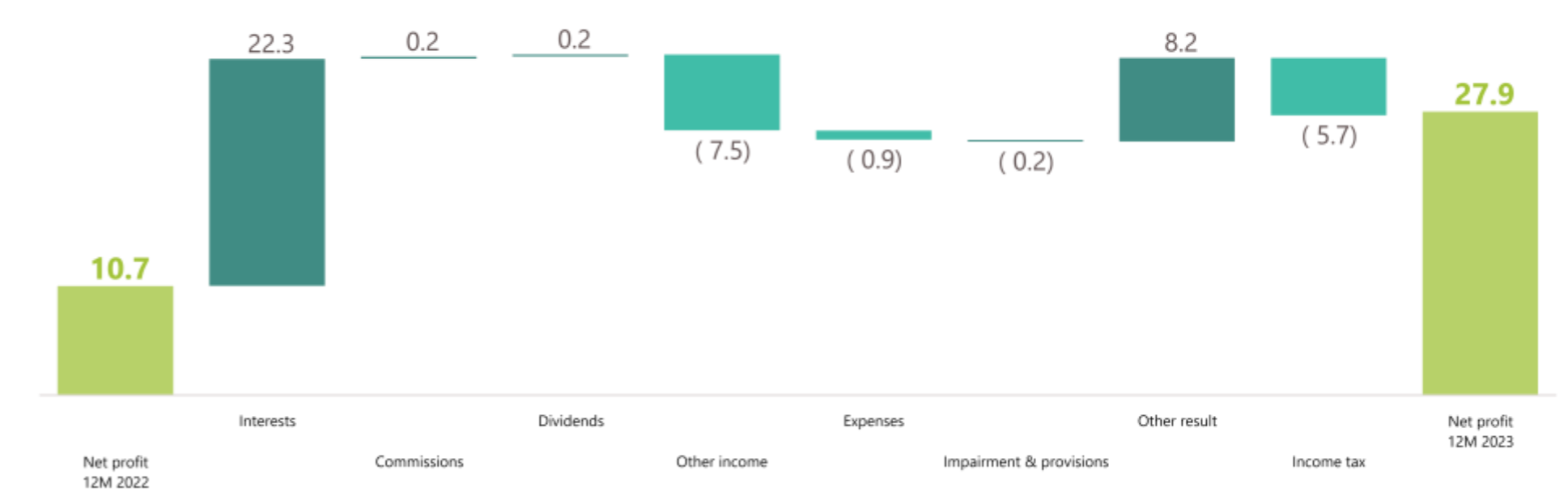
Net interest income amounted to PLN 98.4 billion and increased y/y by PLN 22.3 billion, that is by 29.3%, mainly as a result of the above-mentioned base effect related to the negative impact of the 2022 credit holiday and the maintenance of interest rates at a significantly higher level than 2022.

Other income fell y/y by PLN 7.5 billion. This was mainly due to increasing provisions for legal risk related to the portfolio of foreign currency housing loans as a result of a growing number of lawsuits and the continuation of a line of case law unfavourable to lenders.

The Banks' operating costs (including depreciation and Bank tax) increased by PLN 0.9 billion, i.e. by 1.8% y/y as a result of a 21.7% y/y increase in employees costs, i.e. by PLN 4.4 billion with a decrease in regulatory costs: in 2022, the Banks were obliged to pay a contribution to the Borrower Support Fund of PLN 1.4 billion, and the 8 largest commercial Banks paid a PLN 3.5 billion contribution to the Commercial Bank Protection Scheme (the absence of these charges in 2023). Furthermore, the contribution to the Forced Restructuring Fund in 2023 was lower than in 2022 – amounted to PLN 1.5 billion compared to PLN 1.7 billion the year before.

The burden on the result from impairment losses and provisions was lower by PLN 0.2 billion, i.e. 1.1% y/y, mainly as a result of lower impairment losses by PLN 2.2 billion, i.e. 23.2% y/y, i.e. as a consequence of a decrease in the volume of impaired receivables in the large corporates and consumer loans segments. The result from provisions increased by PLN 2.0 billion y/y, i.e. by 25.2%, as a result of the aforementioned increasing provisions for legal risk related to the portfolio of foreign currency housing loans.

Chart 9. Selected items of the profit and loss account of the Banking sector (PLN billion)

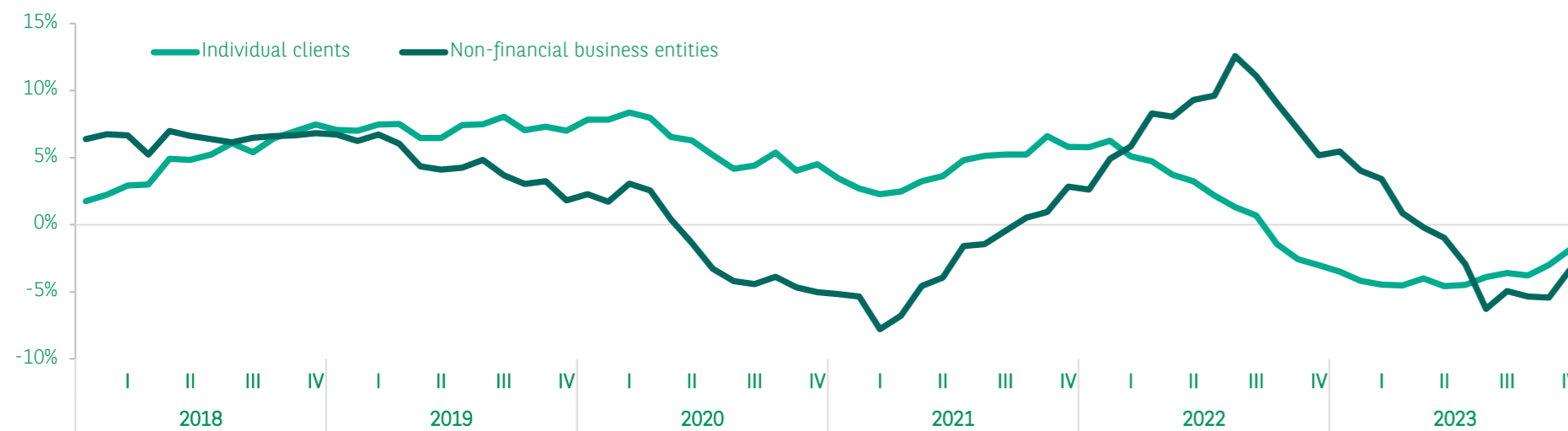




The main positions of the balance sheet of the Banking sector

The Bank's level of loans to non-Bank Customers at the end of 2023 was PLN 1,402 billion, which remained unchanged compared to the level at the end of 2022 (in 2022, these loans increased by PLN 23.2 billion, i.e. by 1.7% y/y). Both loans to private individuals and non-financial businesses recorded a y/y decrease (respectively by PLN 12.9 billion i.e. 1.9% and PLN 16.8 billion i.e. 3.4%). Maintaining last year's level of total loans was supported by an increase in loans to financial institutions, government and local authorities by PLN 30.0 billion, i.e. by 14.4% y/y.

Chart 10. Loans to non-financial sector customer (y/y dynamic)

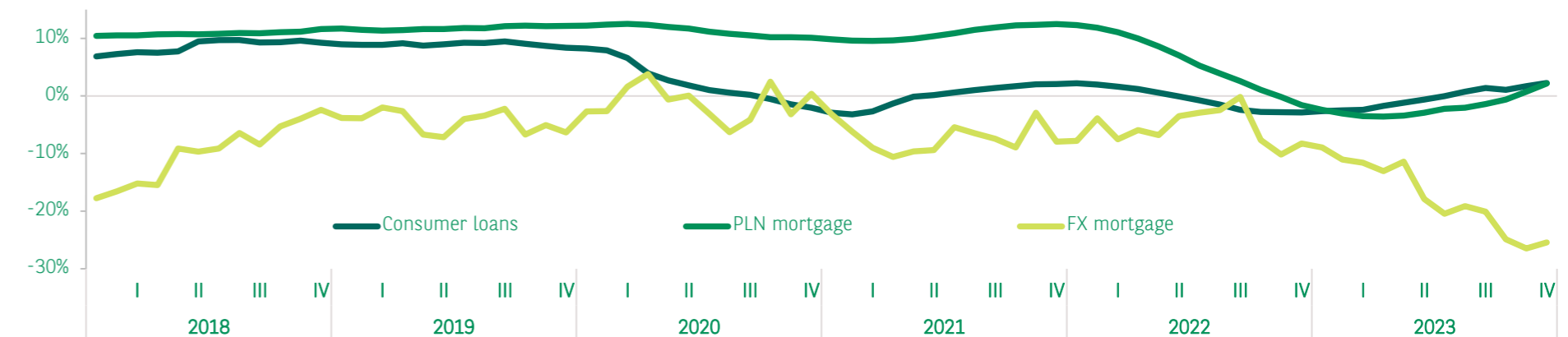


Source: NBP

Loans to non-financial businesses at the end of 2023 decreased by 3.4% y/y against an increase of 5.2% at the end of 2022, mainly as a result of a decrease in loans to businesses (by PLN 12.0 billion, i.e. by 3.0% y/y) and a decrease in loans to individual entrepreneurs (by PLN 8.7 billion, i.e. by 13.5% y/y) with an increase in loans to farmers (by PLN 4.1 billion, i.e. by 14.3% y/y).

The decrease in corporate loans was mainly the result of a decline of current-account loans (-3.1% y/y vs an increase of 13.3% y/y at the end of 2022), which was mainly caused by the base effect: in 2022, companies accumulated credit-financed inventories in connection with rising prices on raw materials and energy markets. Loans of an investment nature recorded an increase of 1.0% y/y compared to an increase of 7.5% in 2022. According to the NBP, the increase in loans of an investment nature is a temporary phenomenon and only applies to large companies - there is still an uncertainty about the future economic situation, particularly among smaller entities. Investment loans to entrepreneurs and individual farmers recorded a y/y decrease of 13.3% (-22.8% in 2022) and 11.0% (-11.8% in 2022).

Chart 11. Loans to retail Customers (y/y dynamic)



Source: NBP

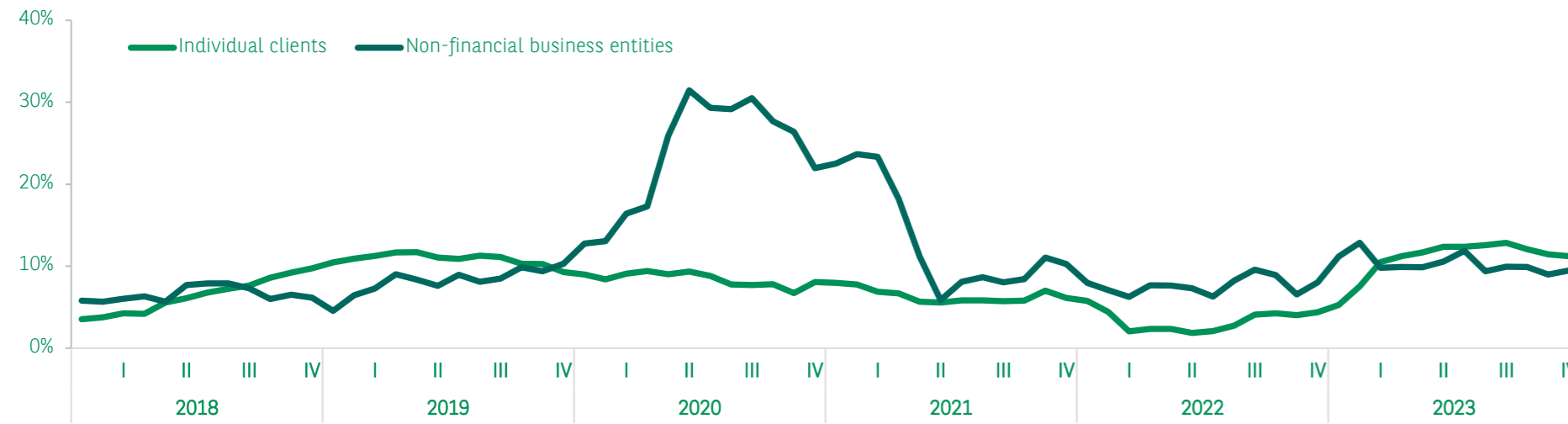
The volume of loans to individuals decreased by 1.9% y/y, compared with a 3.0% y/y decrease at the end of 2022, driven by a decrease in the volume of foreign-currency housing loans (by PLN 25.9 billion, i.e. 25.4% y/y), mainly influenced by completed lawsuits, repayments of these loans and voluntary conversions to PLN loans concluded by the Banks with borrowers. Both housing loans in PLN and consumer loans recorded an increase of PLN 8.7 billion i.e. 2.2% y/y (against a decrease of PLN 6.3 billion i.e. 1.6% y/y in 2022) and PLN 4.4 billion i.e. 2.3% y/y (a decrease of PLN 5.7 billion i.e. 2.8% y/y in 2022).

The rebound in the dynamics of PLN housing loans in the second half of the year was affected by the government's "Safe Credit 2%" programme supporting the purchase of the first flat. According to the BIK, in 2023 new sales of housing loans amounted to PLN 63.9 billion, out of which PLN 22.9 billion were loans provided under the "Safe Credit 2%" programme. Other factors affecting the growth in housing loan volumes include: the liberalisation of supervisory requirements (in February, the Office of the Financial Supervision Authority reduced the buffer increasing the potential lending rate when examining creditworthiness for fixed-rate housing loans from 5% to 2.5% - for variable-rate loans, the 5% buffer was abolished, leaving it to Banks to determine it), lowering interest rates in the second half of 2023, reducing inflation and real increase in wages.

The increase in consumer loans occurred as a result of the increase in high-value loans (according to BIK, in 2023, 49% of the value of cash loans granted concerned loans above PLN 50 thousand), mainly for the consolidation of other liabilities. Despite cash loans, instalment loans were also very popular - instalment loans worth PLN 22.9 billion were taken out according to BIK in 2023, which means an increase of 26.7% y/y. The growing popularity of deferred payments contributed to the growth of instalment loans. Interest rate reductions taking place in September and October 2023 also had a positive impact on the consumer loan market.



Chart 12. Deposits from Customers of non-financial sector (y/y dynamics)



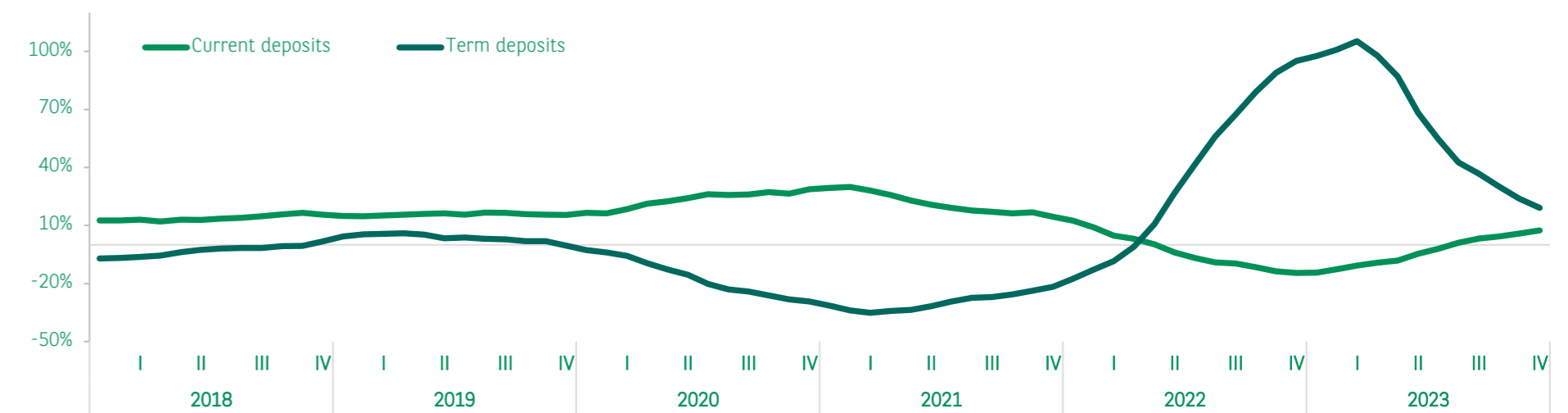
Source: NBP

The Bank's non-Bank customer deposits grew by 9.6% y/y at the end of 2023, compared to an increase of 5.7% at the end of 2022. Deposits from private individuals accelerated (to 11.2% y/y against 4.4% y/y at the end of 2022) as well as deposits from non-financial businesses (to 9.5% y/y against 8.0% y/y at the end of 2022).

The gradual decline in deposit rates, accelerated at the end of 2023 by the interest rate reductions had the impact of decelerating the growth of private individuals' time deposits to 19.2% y/y (against 95.1% y/y at the end of 2022) with current deposits increasing by 7.4% y/y (against a decline of 14.5% in 2022). The lower interest in deposits is reflected in an increase in demand to invest funds in alternative forms of saving. In 2023, the balance of deposits and redemptions of retail investment funds (excluding PPK funds) amounted to PLN +18.5 billion compared to PLN -29.4 billion in 2022. In contrast, the average monthly sales of treasury bonds to Retail Customers in 2023 were lower than in 2022 - amounting to PLN 4.1 billion against PLN 4.8 billion.

The acceleration in the growth rate of non-financial businesses' deposits was caused by: the good liquidity situation of businesses. Current deposits of non-financial businesses increased by 9.0% y/y compared with a decline of 4.9% in 2022. The growth rate of time deposits slowed to 10.8% y/y against an increase of 84.8% y/y in 2022. In terms of entities, the acceleration in growth was mainly driven by growth in deposits of individual entrepreneurs (8.4% y/y against a decline of 8.9% y/y in 2022).

Chart 13. Deposits from Individual Customers (y/y dynamics)



Source: NBP

Stock market and investment situation

In 2023, the WIG stock index, representing all listed companies on the Warsaw Stock Exchange (WSE) was in an upward trend. The first three months of 2023 were a period of increased volatility, which resulted in a double-digit price correction in March. In contrast, the period from April to July was a clear upward trend, which also ended with a correction of more than 10%. The last three months of the year marked a return to the upward trend, which resulted in the highest level ever recorded (76,319 points) in December. Finally, the WIG index ended 2023 with a return of 36.5% relative to levels at the end of 2022. The year 2023 brought a diversification of returns among company segments, although it was not on the same scale as in previous periods. Between 31 December 2022 and 31 December 2023, all the main indices from the WSE recorded positive returns in excess of 30.0%. The medium-sized companies segment in terms of capitalisation was relatively better behaved, whose index (mWIG40) also recorded an increase, but close to 40.0%.

The indices of the Warsaw Stock Exchange distinguished themselves positively in terms of returns compared to foreign equity markets. As an example, the US S&P500 index recorded a positive return of 24.2% in 2023, the French CAC40 gained 16.5%, while the German DAX increased by 20.3%.

**Table 3. Values of the main indices on GPW**

Index	31.12.2023	31.12.2022	31.12.2021	change 2023 vs 2022	change 2022 vs 2021
WIG	78,460	57,463	69,296	36.5%	(17.1%)
WIG20	2,343	1,792	2,267	30.7%	(20.9%)
mWIG40	5,785	4,154	5,292	39.3%	(21.5%)
sWIG80	22,904	17,496	20,056	30.9%	(12.8%)

Source: Bloomberg

The following factors had an impact on the 2023 view of the Warsaw Stock Exchange:

- persistent geopolitical risks in the region in an environment of continued military operations in Ukraine;
- a marked deterioration in macroeconomic data, including in particular PMI leading indices, which was reflected in revisions to economic growth in the first half of the year;
- expectations of the end of the interest rate increase cycle by the Fed and the ECB in the face of declining global inflation dynamics;
- growing market expectations of the start of a cycle of interest rate reductions by the Monetary Policy Council, which finally took place in September;
- capital inflows to the debt market, along with an improvement in the performance of funds investing in this area;
- the expansionary fiscal policy pursued in the country supported by the pre-election initiatives of those in power (e.g. credit holidays, an increase in the minimum wage, programmes supporting the purchase of real estate, the announced revaluation of the 500+ programme);
- relatively good macroeconomic data from the domestic economy in the second half of the year, which confirmed the entry into the recovery phase;
- post-election change in the perception of domestic assets by foreign investors (decrease in risk premium);
- low valuations of domestic companies relative to emerging and developed markets;
- volatility of zloty quotations.

The year 2023 brought a downward trend in Polish government bond yields. Ultimately, yields on Polish 10-year treasury bonds were around 5.2% at the end of the period, when at the beginning of January it was around 6.9%. It is worth noting that the fluctuations in yields were significant, which is well illustrated by the extent of the changes – already in January the previously mentioned yields were below the 5.8% level, while in February they again exceeded the 6.7% level. Then July brought a local minimum in the area of 5.3%, to bring the level of 10-year government bond yields back over 6.0% in October. The above was in line with global trends and it was a consequence of increasing disinflationary factors and

changing expectations about the end of the monetary tightening cycle by the major central Banks. Until August 2023, the Monetary Policy Council maintained hawkish rhetoric by keeping interest rates unchanged (6.75% for the reference rate). However, in September (-75 bps) and October (-25 bps), the committee decided to decrease interest rates, which was explained by the expected faster return of inflation dynamics to the NBP target. At the end of the reported period, the reference rate was 5.75%.

Table 4. Number of companies, capitalisation and turnover on WSE

	31.12.2023	31.12.2022	31.12.2021	change 2023 vs 2022	change 2022 vs 2021
Number of companies	413	416	430	(0.7%)	(3.3%)
Capitalization of domestic companies (PLN million)	760,213	574,669	701,152	32.3%	18.0%
Value of trading in shares (PLN million)	282,061	293,111	330,995	(3.8%)	(11.4%)
Futures contracts trading volume (thousand)	14,418	15,280	11,707	(5.6%)	(30.5%)

Source: WSE

In 2023, 10 new companies appeared on the WSE's main market, nine of them as a result of the transfer of listings from NewConnect, and 12 companies left the trading floor. 14 issuers debuted on the NewConnect organised market last year, with 34 companies removed from listing at the same time. Meanwhile, a total of 630 bond series were listed on the Catalyst bond market, with an emission value close to PLN 1,280 billion.



Stakeholder relations

GRI [2-29]

ESRS 2 SBM-2

Cooperation with stakeholders over whom we have an impact and who affect our organisation plays a key role in the due diligence process and in assessing the relevance of our sustainability efforts. We are committed to an ongoing, open dialogue with our stakeholders. This applies both to our day-to-day operations and to the processes involved in identifying and assessing impacts, opportunities and actual or potential risks.

Stakeholder group	Main forms of engagement
Customers (Retail Customers, Customers in the Food & Agro sector, small businesses and associations, housing associations, corporate Clients and SMEs)	<ul style="list-style-type: none"> • Face-to-face meetings and telephone/online discussions, Contact Center helpline • Analysis of Clients' opinions on offered services and their quality • Opinion surveys • Websites (chat, video chat, contact form, online banking) • Social media profiles: Facebook, Instagram and LinkedIn
Employees and associates	<ul style="list-style-type: none"> • Periodic employee satisfaction surveys (quarterly) • Internal communication tools • Face-to-face meetings and conversations • Stakeholder opinion surveys conducted in preparation for reporting ESG data
Subsidiaries of the BNP Paribas Bank Polska S.A. Group	<ul style="list-style-type: none"> • Ongoing internal communication between the subsidiaries of the BNP Paribas Bank Polska S.A. Group
Entities included in the BNP Paribas Group in Poland and abroad	<ul style="list-style-type: none"> • Ongoing internal communication within the BNP Paribas Group in Poland and abroad
Market environment (business partners, suppliers, consumer and industry organisations, competition, administration, nationwide media)	<ul style="list-style-type: none"> • Ongoing contact with business partners and suppliers • Stakeholder opinion surveys conducted as part of preparations for reporting ESG data • Partnerships for the SDGs realisation • Ongoing responses to press enquiries (public relations)

Stakeholder group	Main forms of engagement
Supervisory authorities (Polish Financial Supervision Authority, National Bank of Poland)	<ul style="list-style-type: none"> • Information materials and reports for supervisory authorities
Capital market (institutional and individual investors, Warsaw Stock Exchange, rating agencies, analysts)	<ul style="list-style-type: none"> • Information materials and reports (current and periodic) for investors and other stakeholders representing the capital market • Ongoing contact with representatives of capital market institutions
Local communities (social partners, local government administration, institutions supporting cultural, educational and sport events, universities, schools, local residents, local media, NGOs)	<ul style="list-style-type: none"> • Ongoing contact with community partners, local administration and institutions in the implementation of projects • Contact with local community representatives during events and activities led by the Bank's Local Ambassadors • Stakeholder opinion surveys conducted in preparation for the ESG data reporting process • Partnerships for the achievement of social SDGs • Ongoing responses to enquiries from local media journalists (public relations) • Websites (chat, video chat, contact form, online banking) • Social media profiles: Facebook, Instagram and LinkedIn
Natural environment (regulatory organisations and environmental NGOs)	<ul style="list-style-type: none"> • Ongoing contact with community partners in the implementation of environmental projects • Stakeholder opinion surveys conducted in preparation for ESG data reporting • Social media profiles: Facebook, Instagram and LinkedIn • Participation in industry conferences • Partnerships for the implementation of the environmental SDGs

Stakeholders panel

In 2023, we once again invited representatives of key stakeholder groups to an online dialogue session conducted in accordance with the AA1000 SES stakeholder engagement standard. The purpose of the stakeholder dialogue is to hear the opinions, needs and expectations of key stakeholders regarding the implementation of the Bank's business strategy activities, including sustainability aspects. Participants at the meeting were also able to identify other topics that are relevant to them. Any issues identified during the panel were taken into account as stakeholder expectations, ideas for consideration, as well as topics for inclusion in the report.



The meeting brought together 16 participants, including representatives of companies (SME and Corporate Clients) and organisations such as: UNEP/GRID-Warsaw, the Bank for Reconstruction and Development, the National Chamber of Commerce, the Consumer Federation, the Responsible Business Forum, the Giving Children Strength Foundation, as well as representatives of suppliers and analysts.

Main findings from the panel on stakeholder expectations in the ESG area:

- the Bank's setting of ambitious targets in the area of sustainable financing,
- support and education of small and medium-sized companies on ESG issues,
- creation of products that take the specificities of the activities of non-governmental organisations into consideration and support for such entities,
- the Bank's educational role in environmental responsibility,
- establishing and developing partnerships with Clients and suppliers to strengthen the impact of sustainability activities.

The conclusions of the meeting were presented to the Executive Director of the Sustainability Area and in front of the Sustainability Council and they are being taken into account in the sustainability-related plans and initiatives broadly described in the Report.

Partnerships

GRI [2-28]

At the Bank BNP Paribas, we believe that cross-sector partnerships are the best way to realise responsible and sustainable change and promote best practices in business, especially in terms of achieving the UN Sustainable Development Goals, accessibility of products, services and facilities, environmental responsibility or responsible sales.

Strategic partnerships

From the perspective of sustainability and community engagement, the key partnerships are:

- Agenda 2030 – Partnership for the UN Sustainable Development Goals,
- Responsible Business Forum (FOB Partnership Programme, Diversity Charter, Charter on Children's Rights in Business, Chapter Zero Poland, League of Responsible Business, participation in Working Groups "ESG Reporting", "Net zero", "CSDDD"),
- United Nations Global Compact (programs: Climate Positive, Anti-Corruption, Business and Human Rights, United Business for Ukraine). As part of the programme Business and Human Rights, our experts participate in the Steering Committee, the Whistleblower Protection Team, the Ethical and Responsible Communication Standards Team.

During UN Day in 2023, the United Nations Global Compact Network Poland team recognised the Bank for efforts to protect the climate and promote sustainable development for the future of generations, actions to promote labour standards, protect human rights and ethical standards, and assistance provided to Ukrainian citizens.

- UNEP/GRID-Warsaw (Partnership for the Implementation of the Environmental Sustainable Development Goals - Together for the environment, Climate Leadership),

In 2023, the Bank was awarded for involvement in a number of initiatives coordinated by UNEP/GRID-Warsaw, including Climate Leadership, educating stakeholders, developing products and services as well as supporting the economic transformation towards sustainable development. The involvement of the BNP Paribas Foundation in the Re:Generation programme was also appreciated.

- Polish Bank Association (i.a. Working Group on Sustainable Finance, Commission on Banking Ethics),
- Lewiatan Confederation (e.g. Green Transformation Council),
- Polish Association of Sustainable Agriculture and Food,
- Warsaw Institute of Banking,
- Spring Association – the Noble Gift action,
- Integration Foundation.

New initiatives 2023

Business Accessibility Forum (BAF) – we have established a partnership with a platform of organisations that care about digital accessibility. BAF supports Polish companies in the creation of accessible digital solutions and prepares them for the entry of new regulations under the European Accessibility Act. These go together with the activities that the Bank is implementing as part of the #POSITIVE pillar of the GO beyond strategy. Collaboration provides an opportunity to share experiences and seek inspiring solutions to bring accessibility to an even higher level.

The Activation Foundation – we have established cooperation with the Activation Foundation with regard to the implementation of the INCLU(VI)SION programme: a new vision of an open labour market for people with disabilities. Within the framework of the cooperation, we want to contribute to a significant – quantitative and qualitative – increase in the employment of people with disabilities on the labour market in Poland.

Responsibility and ethics initiatives

We actively work to promote good practice in the financial industry in Poland. Apart from our internal activities and the implementation of policies in this area, we raise on industry forums the topics of responsibility in the financial industry that are important to us and our Clients.



Declaration of Responsible Selling

In our relationship with the Client, we focus on ethics, empathy and a better understanding of their needs. This is what the Declaration of Responsible Selling is all about. The document changes the approach to the daily relationship between Client and financial institution.

Our Bank was one of the initiators of the self-regulatory project for financial industry entities, which is the Declaration. The aim of the project is to increase and spread ethical standards in Client relations, educate business and consumers, improve trust in the financial industry and prevent unfair practices.

The title of Signatory of the Declaration of Responsible Selling commits us to continuously improving our processes and service models. We continue to take new initiatives to improve the Client experience.

Highlights of the project and activities

- | | |
|-------------------|---|
| Simplicity | <ul style="list-style-type: none"> • Simple and transparent products • Education of Clients |
|-------------------|---|

- | | |
|------------------|--|
| Integrity | <ul style="list-style-type: none"> • Fair price • Partnership with the Client • Transparent products descriptions |
|------------------|--|

- | | |
|--------------------|--|
| Sensitivity | <ul style="list-style-type: none"> • Products tailored to the Client's needs • Equal treatment and support |
|--------------------|--|

- | | |
|----------------------------|--|
| Voice of the Client | <ul style="list-style-type: none"> • Easy complaint process • Voice of the Client as a driver for action |
|----------------------------|--|

Round Table of the banking sector with NGOs

In 2023, the Bank has continued to hold Round Table meetings. This is a series of discussions between banks and NGOs on the most topical issues in the area of financing the transformation of the economy towards sustainable development. The meetings are organised by BNP Paribas Bank Polska and ING Bank Śląski. The meetings create a space for the exchange of ideas and experiences between the financial sector and NGOs.

The third roundtable meeting on the development of sustainable finance in Poland was organised in April 2023. It was held under the patronage of the Polish Bank Association and the think-tank WiseEuropa was the content partner. Special guests at the discussion were representatives of the Ministry of Finance. The discussion, moderated by Maciej Bukowski – CEO of WiseEuropa, was divided into three thematic areas:

- challenges facing the Polish banking sector in the area of sustainable finance,

- actions banks can take to accelerate the development of sustainable finance,
- actions that the regulator can take to create conditions conducive to the dynamic development of the issue.

Discussants agreed that the climate transition represents a major challenge for the banking sector and the economy as a whole. Among the key challenges mentioned were:

- the reporting of Scope 3 CO₂ emissions (Scope 3 GHGs, i.e. indirect emissions – arising throughout the value chain, which in the case of financial institutions means loan portfolio emissions),
- unclear financial implications of new regulations for the banking sector (i.a. CSRD, CSDD, disclosure of ESG risks under Pillar 3),
- supporting the transformation of the SME sector.

In October 2023, the fourth roundtable meeting was held under the patronage of the Polish Bank Association and the Responsible Business Forum. Participants discussed sustainable financing in the context of social impact and fair communication. Participants in the event included representatives of Poland's largest banks, NGOs, public institutions and other stakeholders. The discussion, moderated by Maria Krawczyńska-Kaczmarek – Member of the Management Board and Director General of the Responsible Business Forum, concerned the bankability of social projects, the development potential of this market in Poland and the tools that would boost the development of this segment. The most important thing was to work out the next steps for banks to be able to effectively support social initiatives and promote positive change in society.

Discussants presented their insights and experiences on third sector funding. Among the key challenges mentioned were:

- lack of traditional collateral and difficulties in assessing the risk of third sector funding,
- the necessity to measure the impact of "S" issues in ESG – difficulties in measuring social impact.

Interviewees emphasised the importance of cooperation between NGOs as well as the financial sector and regulation in creating common reporting standards.

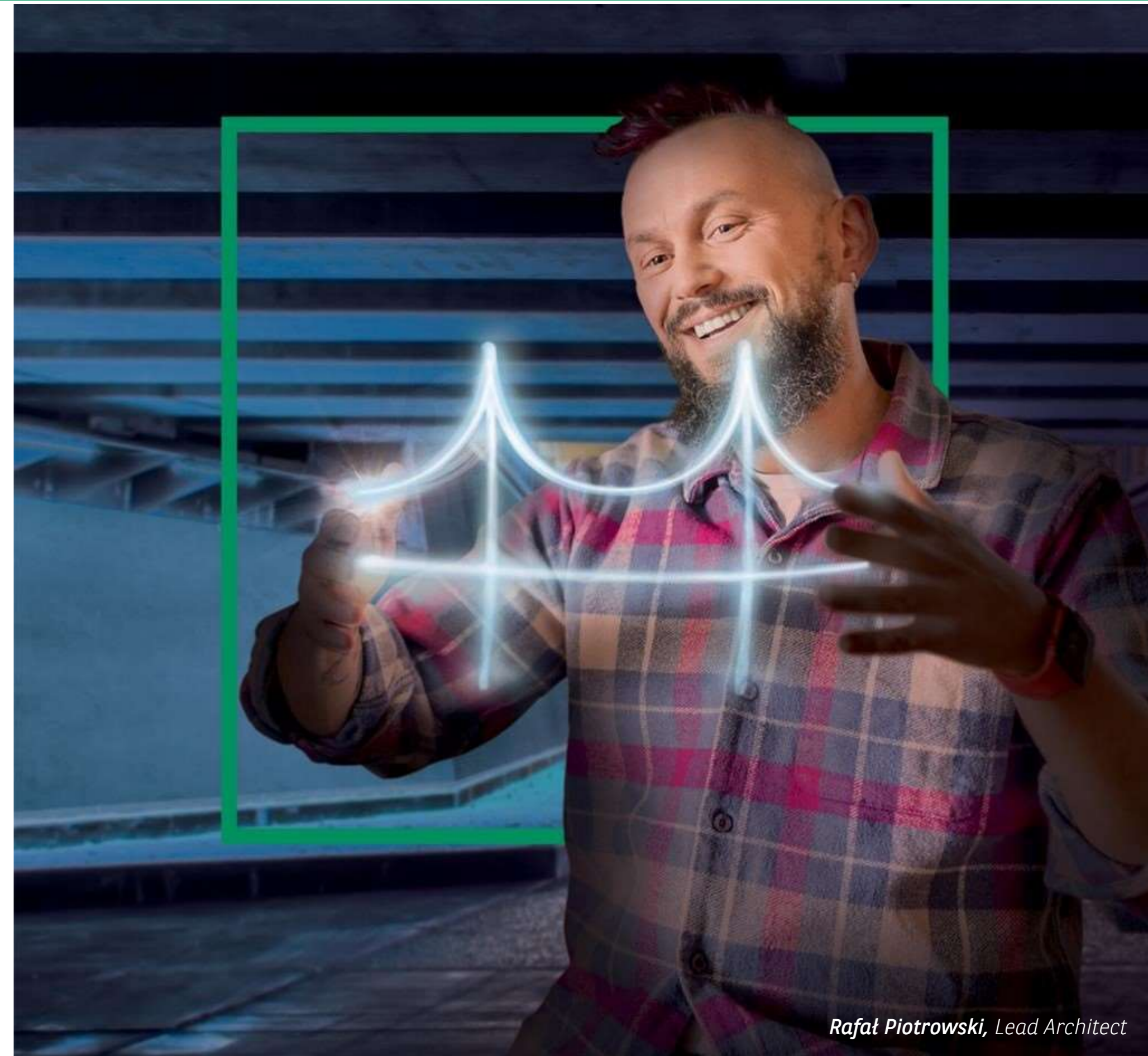
Competition Ethics in finance

In 2023, the Bank has once again become one of the four partners and prize sponsors of the Polish edition of the Ethics in Finance Prize. The competition is organised by the Banking Ethics Committee in cooperation with the Financial Observatory in Geneva as part of the global Ethics & Trust in Finance Prize project. The idea behind the prize is to promote ethical attitudes in the world of finance and highlight the important role of ethics in building the financial sector through the involvement of young people. The competition is open to anyone with an interest in ethics in the financial sector by submitting a previously unpublished essay of an analytical nature or proposing a practical application of ethics in the financial industry.



Strategy and prospects

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Rafał Piotrowski, Lead Architect



Business model and value creation for stakeholders

The business activity of the BNP Paribas Bank Polska Group is based on operating segments (the business line's share of the Group's Banking profit, NBI, for the 12 months of 2023 is given in %):

- Retail and Business Banking – provides services to individual Clients – including private banking Clients (Wealth Management) and business Clients – including microenterprises. The highest share of the NBI - 50.6%,
- Corporate Banking – offers a wide variety of financial services to big and medium-sized enterprises, local government entities and entities that are part of international capital groups. The share in NBI - 29.5%,
- Small and Medium Enterprise Banking – provides services to Agro and non-Agro Clients. The share in NBI – 10.1%,
- Corporate and Institutional Banking (CIB) – supports sales of the Group's products to Polish companies and provides services to strategic Clients. The share in NBI – 6.5%,
- Other banking activities are carried out within the Asset and Liability Management Division and the Corporate Center. The share in NBI – 3.3%.

Foundations of operations

Completeness of the offer

We offer Clients a variety of financial products and services provided by the Bank and Group companies. We are close to our Clients. We provide services in a network of the Bank's Client Centers and we are constantly developing and adapting our branches to their needs. Our loan products are also available at partner stores and selected car dealer networks. To meet the technological challenges, we are constantly developing our products and digital service channels: mobile and online banking, new forms of communication.

Offer availability

We seek to provide equal access to Banking for each customer, therefore we are improving our products and introducing accessible infrastructure at our Client Centers to provide access to banking for people with disabilities, seniors and those from vulnerable groups.

Responsible Risk Management

We aim to provide the highest quality services to our Clients. Prudent market management and a culture of Compliance are the pillars of our business operations. We have implemented and follow procedures to manage risk. One of the key elements of this system is the management of ESG risks, including climate risk.

Supporting Clients in a sustainable transformation

Long-term support for the sustainable development of the economy and building lasting relationships with Clients and other stakeholders of the Bank are key components of our responsibility. We offer products and services tailored to the changing needs of our Clients, while responding to global challenges and local market conditions.

Key resources

- **Financial capital** – we use the funds raised from Clients and shareholders and the profits we generate to offer responsible financial products and services.
- **Human and intellectual capital** – through the knowledge and competence of our employees, we create innovative products and services to meet the needs of our Clients.
- **Operating capital** – we work agilely and continuously to develop and improve the quality and availability of our services through traditional and digital contact channels.
- **Social capital** – as a public trust institution, we initiate actions for positive changes in our environment.
- **Environmental capital** – we care about the environment and offer solutions to support sustainable economy.

The Bank's mission

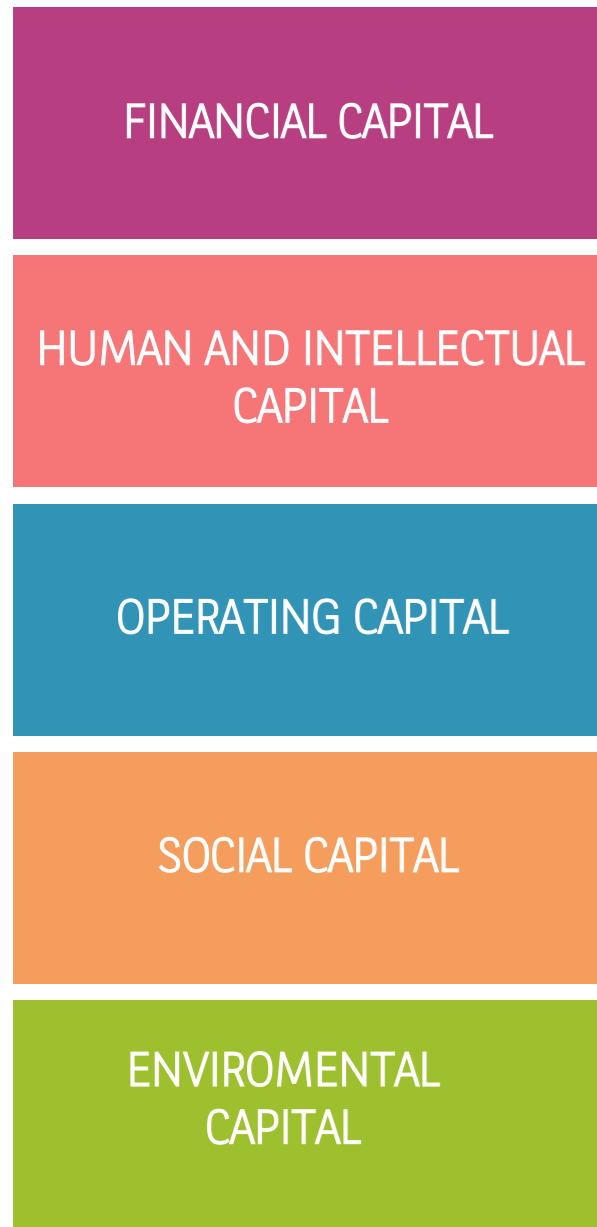
We bring positive banking into our Clients' lives, meeting their financial needs and making it easier for them to achieve their goals. In a simple, thoughtful and secure way. Caring for society and the environment.

We live in a changing world. Therefore it is especially important for us to secure financial needs and introduce innovations. We support Clients in their sustainable development. We care about the professional development and engagement of our employees. We generate increased shareholder value and benefits for the economy, environment and local communities.



IN A CHANGING WORLD WE SUPPORT OUR CLIENTS IN THEIR SUSTAINABLE DEVELOPMENT

KEY RESOURCES



STRATEGY AND BUSINESS MODEL



EFFECTS FOR STAKEHOLDERS

We aim to continuously increase value for shareholders while respecting the principles of sustainable development. We support Clients in green transformation and contribute to the pace of its achievement.

We are creating a responsible workplace with broad opportunities for growth and community involvement.

We provide financial services of the highest quality and offer Clients a professional service, based on our stable relationships.

We are involved in social activities responding to the challenges of our environment to build civil society together. We support equalization of opportunities and act against social exclusion.

We offer environmentally friendly products and services aiming to protect the environment and climate. We promote responsible attitudes and act to raise awareness of climate change.

SELECTED 2023 RESULTS

- Return on Equity (ROE): 8.2%
- Participation of sustainable financing: 10.9%
- Reduce the salary gap between women and men: 6.2%
- Participation of women in the Bank's Management Board: 22% (from 1 January 2024: 37.5%)
- NPS – Retail Banking and Personal Finance: 7th place
- % of key processes available through remote channels (for the individual Client): 85%
- Client Centers certified as "Barrier-free facility": 37%
- Community involvement (annual average per employee): 3h 19min
- Reduction of CO₂ emissions from operations vs 2019: -50%
- Reduction of energy consumption: -32%

CONTRIBUTION TO SDGs





Business strategy GOeyond 2022-2025

GRI [2-12]

The main objective of GOeyond's new strategy for 2022-2025, adopted by the Bank's Management Board and the Supervisory Board in March 2022, is to continue the dynamic growth of the Bank, which will be an institution that operates efficiently, with engaged employees and satisfied Customers, while being a leader in the area of sustainability. GOeyond's strategy, after multistage building of scale through acquisitions in previous years, focuses on organic growth with a responsible approach to risk management.

Although the volatile environment may affect the Group's financial performance in the future, our ambition is to achieve the following targets by 2025:

- **Return on equity (ROE): ~12%**
- **Cost/income ratio: max. 48%**
- **Share of sustainable financing: 10%**

The strategic directions included in GOeyond's new strategy are based on solid foundations and the Bank's sustainable and diversified business model. The directions set are valid despite the volatile environment we currently face. The new strategy was developed internally, by a broad group of Bank employees representing all key areas, and by representatives of the subsidiaries.

GOeyond's strategy is based on four pillars:

PILLAR UP

GOeyond's strategy is a growth strategy. Our aim is to increase the number of Customers served, strengthen our market position and increase revenues. The Bank sees potential for growth in all customer segments.

Retail Banking and Personal Finance

Achieving high customer satisfaction, which translates into an increase in the number of active Customers (by 0.5 million to 4.5 million). This will be achieved through innovative products (including those that go beyond Banking), personalised communication and broad accessibility to the Bank's products through remote channels.

SME, Corporate and CIB Banking

Aiming to strengthen its position among international Customers and large local corporations, (including supporting their international expansion). The Bank wants to increase its active customer base, serviced using digital solutions. A key objective is to deeply optimize and shorten the credit process.

PILLAR POSITIVE

The Bank aims to be a leader in sustainable finance by developing a range of dedicated products and services for all business lines. It will consistently aim to its own climate neutrality and support its Customers in doing so. Responsibility, accessibility, transparency and ethics will dominate the relationship with Customers. Activities for the benefit of local communities and involvement in education and public debate, will support the building of the Bank's brand.

PILLAR STRONGER

For the Bank, it is important to improve internal processes, transform the IT area using state-of-the-art technologies and accelerate the pace of implementation of new solutions. Planned investments in this area are expected to reach a total of PLN 1.5 billion by 2025. Fast and efficient scalability is to be the basis of a modern digital Bank. The objectives are: to support business growth through advanced analytical tools; to maintain a secure and optimal capital and liquidity position; and to start paying dividends during the current strategy.

PILLAR TOGETHER

The Bank is convinced that a committed and satisfied employee guarantees a high level of customer satisfaction. A new organisational culture that supports employee development, proactivity and creativity, and encourages bold decisions. In 2022, The Bank began operating under the Agile@Scale working model. Important activities of the Bank include: ensuring work-life balance, taking care of employees' mental health, supporting the development of women and promoting diversity.

Strategy execution in 2023

In 2023, the banking sector operated in an environment of strong and opposing factors. On the one hand, high interest rates allowed it to generate higher results. The sector's net result in 2023 was PLN 27.9 billion (NBP data), the highest result ever achieved. On the other hand, most institutions still incurred very high provisioning costs for CHF loans. Nevertheless, the overall operating conditions could be described as favourable if it were not for the prevailing uncertainty in the market. For the banks this took place against a backdrop of fears about further regulatory burdens, companies held back investments due to market stagnation and individual customers refrained from large expenditures beyond their current needs. General caution prevailed, and this was reflected in the operating strategy.

As part of this precaution and in the interests of a safe level of capital, the Bank decided to limit the sale of mortgage products. The offer of mortgages was primarily targeted at existing Customers, while new Customers of the Bank were offered a so-called "Green Mortgage" to finance energy-efficient properties. Furthermore, while remaining a fully universal Bank, the Bank decided to moderately profile its business towards the most desirable segments. Among individual



Customers, more emphasis was placed on strengthening relationships with affluent Customers and private Banking. To strengthen its offering to these segments, the Bank introduced the GOinvest investment advisory service. On the corporate side, these are primarily multinationals, large local companies and agricultural product processors. Customers in these segments are characterised by higher than average profitability and reliability, which is particularly important in the current market environment.

Irrespective of its efficiency-oriented management, the Bank is constantly striving to allocate part of its investment resources to the introduction of innovative solutions that will differentiate it in the market. An innovative mamGO platform for the sale with financing, rental and leasing of new and used cars was launched in 2023. A partnership was also established with Plenti, a company offering rental of consumer electronics.

The last 12 months have also seen dynamic progress in the area of sustainability. The Bank has provided Sustainability Linked Loan, as well as ESG rated linked loan. It also completed its first factoring transaction taking ESG criteria into account. Further Customer Centres gained "Barrier-free facility" certification and systems to assist the deaf. For the third time, it also succeeded in obtaining OK SENIOR® certification for Customer Centres. The Bank's actions translated into a fourth victory in the ranking of responsible companies, with a maximum score. The Bank was also reassessed by Sustainalytics and achieved the best ESG rating in the industry. The score of 10.2 (low ESG risk) is also an improvement on the score of 10.9 for 2022.

The Bank is constantly striving to build its technological competence. The simultaneous modernisation of outdated systems and the implementation of breakthrough solutions that are unique in the market are ongoing. This was recognised in the Digital Banking Awards 2023 organised by The Banker magazine. The Bank received the award for "the most innovative digital solutions in Central and Eastern Europe" - thanks to the implementation of digital customer service at the branch using a mobile application. The last year also saw the implementation of a payment gateway (Acepta) for e-commerce Customers, the first to allow the amount to be paid to be split into different forms of payment. In the Customer Centres, mDowód is honoured and SME Customers have the possibility to remotely confirm their identity through the ID Broker service. In the back-office area, the Bank's operations are supported by 208 active robots, and the implementation of artificial intelligence began in 2023. The first area with such a solution was the process of determining deposit rates and foreign exchange margins.

The Bank's focus on employee satisfaction, which is essential for offering high quality products and service levels to the customer, is also having an effect. The Bank, through a number of internal programmes, cares about employee well-being. It supports employee networking activities, work-life balance. It focuses on diversity, adapting to the needs of people with disabilities or neuroatypical people. At the same time, the Bank creates opportunities for development, especially in areas with the highest potential such as IT, through internal courses that allow people to change career paths within the Bank. This has translated into a quantum leap in satisfaction, as measured by the eNPS indicator, which rose by a further 5 points on the previous year to a value of 23, against a 20-point strategic target only set for 2025 and a 2021 benchmark of -9.

Execution of strategic financial targets in 2023

Indicator	2025 strategic target	2023 execution
Return on equity ratio (ROE)	~12%	8.2%
Cost/income ratio (C/I)	max 48%	42.5%
Share of sustainable financing	10%	10.9%

Actions under the strategy's objectives in 2023

PILLAR	KEY ACHIEVEMENTS 2023
<p>#UP</p> <p>Offering high quality Banking products as well as and non-Banking products and services as the key to growing the customer base in an omnichannel world. Creating an excellent customer experience by designing customised pathways.</p>	<ul style="list-style-type: none"> • Launch of innovative mamGO platform for selling with financing, renting and leasing new and used cars. • GOinvest: new investment service for Premium and Wealth Management Customers. The consultancy takes into account all types of Customer assets. • Establishment of a partnership with Plenti, a consumer electronics rental company. • Introduction of a new service model for wealthy Customers, including support from a dedicated advisor (an increase in the number of Customers served from 357 thousand in 2022 to 418 thousand at the end of 2023). • Conclusion of an agreement with the European Investment Bank for EUR 100 million to support energy efficiency projects in Poland. • Implementing an Ecological Loan to support the energy transformation of Polish enterprises with the possibility of obtaining an ecological bonus granted by Bank Gospodarstwa Krajowego for partial repayment of the loan.. • Offering a preferential liquidity loan to farmers at an interest rate of 2% per annum. PLN ~2 billion in loans to Microenterprises and over PLN 113 million to Corporate and SMEs by the end of 2023. • 182 branches without cash services (almost half of the sales network). • Euromoney Awards for Excellence 2023 best Bank for corporate Customers and best Bank in the ESG area and second place in the "Newsweek's Friendly Bank" ranking in the "Banking for the Smith" category.
<p>#POSITIVE</p> <p>Responsible and reliable financial partner supporting the positive and sustainable development of Customers, business and society.</p>	<ul style="list-style-type: none"> • Best ESG rating among Polish Banks awarded by Sustainalytics. The score of 10.2 (low risk) represents an improvement on the score of 10.9 in 2022. • Environmental Credit in cooperation with BGK (15% participation in the programme, second place in the market). • Sustainability-Linked Loan financing (Polsat Plus, American Heart of Poland, Iglotex, Śnieżka)



PILLAR	KEY ACHIEVEMENTS 2023
A guide for Customers in a world of digital and sustainable transformation.	<ul style="list-style-type: none"> • Launch of the only greenhouse gas emissions calculator for poultry production on the Agronomist.pl platform, aimed at entrepreneurs in the Food & Agro sector. • New version of the Clean Air Programme. The Bank was one of the first to resume providing financing under the programme under the new rules with an increased maximum loan amount of up to PLN 150,000. • Support for the Bank's Customers in obtaining "white certificates" (energy efficiency certificates); cooperation with VIVERNO. • 131 Customer centres certified as "Barrier-free facilities" (including the head office); around 120 with systems supporting the deaf. • Ranking of Responsible Companies: Bank at the top of the ranking for the fourth time (overall and in its industry) with the maximum possible score.
#STRONGER BNP Paribas Group's global strength and dynamic technological development combined with the optimisation of E2E processes underpin organic growth and high customer satisfaction.	<ul style="list-style-type: none"> • Implementation of a payment gateway solution for e-commerce Customers (Axepta BNP Paribas). • Enabling the completion of formalities at the Bank's branches using mDowod. • Unification of online and mobile Banking systems for business Customers (microenterprises and farmers). Single sign-on for business and private accounts. • Remote confirmation of Broker ID for SMEs, offered by Autenti, as the first Bank in Poland. • Implementation of a new integrated CRM system in the area of retail Customers enabling, among other things, the use of artificial intelligence capabilities. • 208 robots actively supporting the Bank's operational processes (34 implementations in 2023). • Implementation of an electronic credit application for medium and large agricultural enterprises. • The Bank's digital solutions most innovative in Central and Eastern Europe: the Innovation in Digital Banking Award 2023 for the implementation of digital customer service in the branch using a mobile application.
#TOGETHER People first: we focus on people. Committed and satisfied employees guarantee a high level of customer satisfaction. Agile@Scale and a new organisational culture the as a foundation for a diverse and inclusive working environment based on trust, courage and creativity.	<ul style="list-style-type: none"> • Improvement in employee satisfaction as measured by the eNPS index by 5 points compared to 2022 (to a score of 23). • "I can DO IT" training programmes for Bank employees wishing to change their career path towards IT. Two courses: Service Desk and IT Analyst - 644 applications for 35 places. • Partnership agreement entitled. "INCLU(VI)SION" with the Activation Foundation, supporting the employment of people with disabilities. • Audit of the organisation in terms of the needs of neuroatypical employees together with the asperIT Foundation.

PILLAR	KEY ACHIEVEMENTS 2023
	<ul style="list-style-type: none"> • Campaign communicating the Bank's values "I CAN" with the top prize in a competition organised by the London Institute of Internal Communication in the Best Engagement Programme category. • Honoured on the Diversity IN Check 2023 List for the fifth consecutive year - a compilation of employers most advanced in diversity and inclusivity management in Poland. • Strategic partner of the Noble Gift programme for the 6th time. • Achievement of the Top Employer Poland 2023 title for the 10th time.

ESG Management

GRI [2-12] [2-13] [2-14] [2-17]

ESRS 2 GOV-1, ESRS 2 GOV-2, ESRS 2 GOV-3

The role of administrative, management and supervisory bodies in the field of ESG

Oversight of environmental, social and governance – ESG (E – environmental, S – social, G – governance) issues and the implementation of the strategic sustainability goals included in the GObeyond strategy is carried out by the Management Board, led by the CEO. The Management Board approves the direction and scope of activities, and gives its opinion and supervises the integration of sustainability activities into the Bank's business activities. As part of its oversight and management of ESG issues, the Board takes into account the voices and opinions of stakeholders resulting from reports received, customer and employee surveys and information from ongoing partnerships with NGOs. Reports and research are presented, among others, at the Board meetings.

Information provided to, and sustainability issues taken up by, the administrative, management and supervisory bodies

During the 2023 the Board meetings, issues discussed included:

- The Bank's strategy for ESG-related services (February 2023) – the Management Board reviewed and adopted the study prepared by the Sustainability Area in cooperation with the business lines. The main issues covered in the material are:
 - information on the sustainability aspects of GObeyond strategy and the level of achievement of the #POSITIVE pillar's KPIs in 2022.
 - strategy approach to ESG products and services, including challenges in the Polish market and the Bank's resulting focus on renewable energy, energy efficiency and business model transformation.



- a self-assessment of progress in 'green' products, which showed significant progress in sustainability finance and AuM (Assets under Management) and the start of work on daily banking products.
- additional services and tools offered by the Bank that increase value for Clients and build the Bank's competitive advantage.
- information on the sustainability aspects of the GOeyond strategy (#POSITIVE pillar) and the implementation of the strategic KPIs of the #POSITIVE pillar in 2022.
- GOeyond's sustainability strategies and how to further implement them (April 2023) – discussed, among other things, how to implement selected sustainability initiatives supporting the implementation of the GOeyond strategy and how to embrace the Agile@Scale methodology. The Board also confirmed the key role of ESG aspects in the strategy and the Bank's high ambitions in this area.

An overview of selected issues raised at the Board meetings is published periodically on the intranet for the information of all employees.

Mainstreaming sustainability-related outcomes into incentive schemes

Sustainability is one of the four key pillars of GOeyond 2022-2025 strategy, and therefore members of the Management Board are required to meet annual ESG targets, and these are cascaded sequentially within the Bank's structures. In 2023, ESG targets have been assigned to senior managers, members of the Sustainability Council, all those employed in the Sustainability Area units and those responsible for developing and selling sustainable products and services. In addition, the Bank actively promotes the adoption of ESG targets among managers and employees. The Bank strives to ensure that all employees adhere to the principles of sustainable development as the basis of the organisational culture and implement measurable ESG.

Sustainability Area

The Bank's strategic approach to ESG issues is reflected in the separation of sustainability competences in the organisational structure. The **Sustainability Area** was created in 2022 to coordinate sustainability tasks. The Executive Director of the Area reports directly to the CEO. His role is also to inform the Management Board and the Supervisory Board about: ESG issues, related risks and opportunities, the implementation of due diligence and the results and effectiveness of ESG policies and activities. In addition, the Executive Director of the Sustainability Area heads the cross-cutting structure of the Sustainability Community, acting as Chief Sustainability Officer.

The mission of the Sustainability Area is to:

- developing the strategy and implementation of the Bank's ESG and sustainability activities,
- planning and managing the Bank's budget for ESG and sustainability initiatives,
- initiating, implementing and reporting on ESG and sustainability initiatives, projects and programmes,

- initiating the development of sustainable products and services with a positive impact offered by the Bank, with a particular focus on supporting the energy transition (including RES and energy efficiency),
- cooperation with international and national financial institutions and organisations, rating agencies, Clients and other external stakeholders,
- cooperation with other units and organisational departments and internal stakeholders of the Bank,
- coordinating the work of the Sustainability Community,
- monitoring and analysing ESG aspects of the Bank's Clients and transactions, and coordinating corporate social responsibility policies and analyses, especially in sustainability-sensitive sectors,
- building the Bank's position as a leader in ESG and sustainable development,
- conducting dialogue with stakeholders on ESG and sustainable development.

Sustainability Community

Sustainability efforts are supported by the **Sustainability Community**, which consists of:

- Sustainability Council, made up of 20 representatives of the Bank's key areas and business lines,
- Sustainability Officers, i.e. 250 employees selected through an internal recruitment process who, in addition to their daily duties, have taken on the role of supporting the implementation of ESG initiatives in the organisation.

The task of the interdisciplinary and cross-cutting community is to bring together different competences and undertakings alongside the structures already in place. The Sustainability Council is responsible for ensuring that the strategic objectives related to the GOeyond strategy are understood and shared across all areas of the Bank's business and among Clients. The Council's responsibilities include defining and monitoring strategic ESG activities, overseeing the development of sustainable products and services and linking initiatives across different areas of the organisation. The Council is also responsible for approving relevant reporting topics.

Sustainability Officers coordinate and implement activities on sustainability and ESG aspects and work closely with the Sustainability Council.

Realization of UN Sustainable Development Goals

In September 2015, the Sustainable Development Summit took place in New York, where the international community – the UN member states – adopted a new blueprint for the world's development up to 2030: The 2030 Agenda for Sustainable Development. The Agenda contains 17 Sustainable Development Goals (SDGs) and an accompanying 169 tasks that should be achieved by 2030 in collaboration between governments, international organisations, NGOs, the scientific and business sectors and every citizen.

In France, the BNP Paribas Group became one of the first companies to include an explicit reference to the SDGs in its strategy. In 2017 the Bank became a partner of Agenda 2030 in Poland, coordinated by the Ministry of Development and



Technology. The Bank is continuously involved in the implementation and promotion of the UN Sustainable Development Goals. They are an essential part of the value creation model and give direction to our activities.

The Bank aims to contribute to the fullest extent possible to the goals and targets set out in Agenda 2030. The level of the Bank's contribution to the achievement of the individual SDGs depends on the nature of its business. A key role of BNP Paribas Bank Polska and other financial entities is to provide sustainable financial flows that support the implementation of the "plan to fix the world".

In the table below, we present a selection of what we consider to be the Bank's key activities in relation to the goals and targets set out in Agenda 2030.

The GOeyond strategy and the Sustainable Development Goals

Selected UN Sustainable Development Goal	Selected specific Agenda tasks to which we contribute as a Bank	Implementation within the pillars of the GOeyond strategy (for a detailed description of activities and selected metrics and targets, see the 2023 strategy implementation description)
Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture	2.3 By 2030, double agricultural productivity and incomes of small-scale food producers. Ensure secure and equitable access to land and other resources and inputs, access to knowledge, financial services and markets, and increase non-farm employment opportunities.	<p>Pillar UP:</p> <ul style="list-style-type: none"> • Maintain leadership position in the farmers' segment (market share in loans) • Increase in the number of active food processors <p>Pillar POSITIVE:</p> <ul style="list-style-type: none"> • Offering sustainable products and services • Agronomist portal
Goal 4: Ensure inclusive and equitable quality education and promote lifelong opportunities for all	4.7 By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, inter alia, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship, and appreciation of cultural diversity and the contribution of culture to sustainable development.	<p>Pillar POSITIVE:</p> <ul style="list-style-type: none"> • ESG Academy by Bank BNP Paribas • Scholarship programme "Klasa" • "BAKCYL - Bankers for Youth Financial Education" programme • Mission Education • Bank's Local Ambassadors Programme • BNP Paribas Foundation's partnership programme with the Ocalenie Foundation – "Wiedza do Potęgi"

Selected UN Sustainable Development Goal	Selected specific Agenda tasks to which we contribute as a Bank	Implementation within the pillars of the GOeyond strategy (for a detailed description of activities and selected metrics and targets, see the 2023 strategy implementation description)
Goal 5: Achieve gender equality and empower women and girls	5.5 Ensure women's full and effective participation in decision-making processes at all levels in political, economic and public life and equal opportunities in leadership roles.	<p>Pillar POSITIVE:</p> <ul style="list-style-type: none"> • BNP Paribas brand awareness associated with caring for the environment and important social issues (feminatives and "Gdzie są nasze Patronki?" campaigns) <p>Pillar TOGETHER:</p> <ul style="list-style-type: none"> • BNP Paribas Women of Change programme • Partnership with the Share The Care Foundation • The Bank has taken a strategic decision reflected in its diversity policy that by 2025 it will ensure that 30% of the Management Board and Supervisory Board are female, separately in each body • Partnership with the Cosmos for Girls Foundation
Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all	7.2 Significantly increase the share of renewable energy sources in the global energy mix by 2030. 7.3 By 2030, double the growth rate of global energy efficiency.	<p>Pillar POSITIVE:</p> <ul style="list-style-type: none"> • Financing renewable energy sources (RES) • 100% of the electricity purchased by the Bank comes from renewable energy sources • The Bank's participation in the Clean Air Programme
Goal 8: Promote sustained, sustainable and inclusive economic growth, full and productive employment and decent work for all	8.3 Promote development policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation. Encourage the formalisation and development of micro, small and medium-sized enterprises, including through access to financial services.	<p>Pillar UP:</p> <ul style="list-style-type: none"> • Offering high quality banking and non-banking products and services. (including service with digital solutions, optimisation and shortening of the credit process)



Selected UN Sustainable Development Goal	Selected specific Agenda tasks to which we contribute as a Bank	Implementation within the pillars of the GOeyond strategy (for a detailed description of activities and selected metrics and targets, see the 2023 strategy implementation description)
Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation	9.3 Increase access to financial services and affordable credit for small and other businesses, including industrial ones, and integrate them into value chains and ensure market participation.	Pillar UP: <ul style="list-style-type: none"> Offering high quality banking and non-banking products and services. (including service with digital solutions, optimisation and shortening of the credit process)
Goal 12: Ensure sustainable consumption and production patterns	12.6 Encourage companies, particularly large and multinational ones, to implement sustainability practices and include information on this in their cyclical reports.	Pillar POSITIVE: <ul style="list-style-type: none"> Offering sustainable products and services Cross-sectoral strategic partnerships
Target 13: Take urgent action to combat climate change and its impacts	13.2 Integrate action on climate change into policies, strategies and plans. 13.3 Increase education and human and institutional capacity, raise awareness of climate change mitigation, adaptation and impacts of climate change and early warning systems for risks..	Pillar POSITIVE: <ul style="list-style-type: none"> Offering sustainable products and services Bank for Green Changes programme
Target 17: Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development	17.16 Strengthen the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilise and share knowledge, skills, technology and financial resources to support the achievement of the Sustainable Development Goals in all countries, especially those in the developing world. 17.17 Encourage and promote effective public, public-private and civil society partnerships, built on experience and necessary partnership strategies	Pillar POSITIVE: <ul style="list-style-type: none"> Cross-sectoral strategic partnerships

Education for sustainable development

In order to meet the challenges of sustainable development, the Bank is committed to providing access to up-to-date and reliable knowledge related to ESG aspects. The Bank's Management Board and employees have access to the knowledge of experts from the Sustainability Area, the Bank's partner organisations, numerous educational materials and profiled

internal training courses. This enables them to broaden their knowledge and acquire the key competences needed to implement the GOeyond strategy for 2022-2025.

ESG Academy by Bank BNP Paribas

In 2023, 124 Group employees joined the Sustainability Community and had the opportunity to participate in the second edition of the ESG Academy by Bank BNP Paribas. The ESG Academy is a seven-month educational programme that aims to strengthen sustainability knowledge and skills in order to work effectively towards the GOeyond strategy 2022-2025 and contribute to the Sustainable Development Goals.

ESG Academy by BNP Paribas Bank objectives:

- AWARENESS – to build awareness of social, economic and environmental trends and changes taking place,
- KNOWLEDGE – to provide knowledge of the basic concepts, regulations, standards for sustainable development activities,
- SKILLS – to equip with skills to implement new ESG initiatives,
- ATTITUDES – to inspire discussion, promotion of ESG and commitment to the Bank's and Clients' sustainability efforts.

During the educational programme, participants took part in training modules: Introduction to ESG, E – managing environmental aspects, S – managing social aspects, G – governance, which consisted of 23 lessons and webinars. The programme was prepared in partnership with the consultancy SAPERE. Valued experts representing the Bank's partner organisations, including UN Global Compact Network Poland, UNEP/GRID-Warsaw, the Responsible Business Forum, as well as the Warsaw Stock Exchange and Abris Capitals, were invited to participate in the preparation of the content material. 97 Group employees completed the programme. The average score in the certification test was 87% and the maximum score was 100%. On average, the test score improved by 41 p.p. compared to the pre-test.

ESG Days

ESG Days is a series of educational events dedicated to ESG issues – environmental, social and governance. For more than 10 years now (previously called CSR Days), we have been organising an annual event full of substantive and motivating meetings with internal and external experts in the field of sustainable development for people working in the Bank and Group companies. In 2023, we have invited to participate in the event: Zofia Zochniak – co-founder of the platform UbraniaDoOddania.pl, Joanna Murzyn – business advisor in the field of sustainable digitisation and designer of regenerative digital solutions, Joanna Sadzik – president of the Spring Association, Janina Bak – statistician, influencer and activist, Wojciech Mróz – co-director of the world's largest network of social entrepreneurs Ashoka.org, Zuzanna Rudzińska-Bluszcz – President of the Client Earth Foundation and Łukasz Dobrowolski – Director of Climate Strategies and Energy Market of the Climate Strategies Poland Foundation.



Sustainability Academy

The Sustainability Academy is a training course on sustainability, sustainable finance and the implementation of the Sustainability pillar of the BNP Paribas Group's GTS 2025 strategy. The concept of sustainability is at the heart of the BNP Paribas Group's GTS 2025 strategy and the Bank's GO beyond 2022-2025 strategy. Our shared ambition is to strive to be a leader in sustainability and to have a positive impact on the environment in which we live. To achieve this, a training course has been developed that is open to all BNP Paribas Group employees.

Activities to support sustainability education

Onboarding trainings

We develop the competence of our employees from day one. All new hires receive basic bank-wide training – “Nice to see you” – as well as initial training on our product offering, operating systems, and ESG and sustainable finance.

Product trainings

We organise training and consultation sessions for Client Advisors. During the training sessions, we present the characteristics of sustainable products, possible applications and transaction examples. In order to better situate these products in the context of ESG challenges, the training sessions include knowledge enhancement in the areas of climate change, environmental protection, social as well as regulatory challenges, among others.

Sustainability Area's trainings

On behalf of the Bank's areas and business lines, the ESG Strategy and Partnerships Team organises profiled trainings introducing the principles of sustainability. In 2023, workshops were attended by, among others, employees responsible for Customer Experience and representatives of the Personal Finance line. The team also organises numerous webinars and meetings with sustainability experts and practitioners.

Educational materials for employees and Clients

Perspectives magazine

Perspectives magazine is a digital quarterly magazine prepared by the BNP Paribas Group that presents key sustainability issues. Issues relevant to the Group's and the Bank's strategies are discussed by sustainability experts from around the world.

All issues of Perspectives magazine can be found at:

<https://www.bnpparibas.pl/blog/k/zrownowazony-rozwoj>

Newsletter Sustainable Finance at Scale

Sustainable Finance at Scale is a newsletter prepared by the BNP Paribas Group on the LinkedIn platform, which addresses topics related to sustainability and sustainable finance and gives examples of the BNP Paribas Group's activities in this area.

All editions of the Sustainable Finance at Scale newsletter can be found on the website:

<https://www.linkedin.com/newsletters/sustainable-finance-at-scale-6980896876048850944/>

ESG policies and procedures

GRI [2-23] [2-24]

ESRS 2 GOV-4, ESRS S-1

The main policies, procedures and other documents governing due diligence issues related to ESG aspects at Group and Bank level are approved by the Management Board through an appropriate resolution. Policies and procedures of an internal and confidential nature are available to employees through the Intralex system. Policies and procedures of a non-confidential nature are available to external stakeholders through the Bank's website.

Each policy and procedure has an assigned regulatory owner who is responsible for: the implementation of the commitments, the integration of the commitments into the Bank's business strategy, and the provision of the necessary training in this area.

The implementation of each policy is described in the chapters for each area.

Area	Names of documents implemented (as at 31.12.2023)
Employee matters	At the BNP Paribas Bank Polska S.A. Group level <ul style="list-style-type: none"> • BNP Paribas Group Code of Conduct (https://www.bnpparibas.pl/csr/strategia-csr/lad-korporacyjny) • BNP Paribas Group Corporate Responsibility Principles (https://www.bnpparibas.pl/csr/strategia-csr) • Whistleblowing policy at BNP Paribas Bank Polska S.A. (Whistleblowing)
	At the BNP Paribas Bank Polska S.A. level <ul style="list-style-type: none"> • Corporate social responsibility policy of BNP Paribas Bank Polska S.A. • Diversity management policy at BNP Paribas Bank Polska S.A. • BNP Paribas Bank Polska S.A. Employee remuneration policy. • Policy on dealing with breaches of respect for others at BNP Paribas Bank Polska S.A. • Policy on succession planning at BNP Paribas Bank Polska S.A.



Area	Names of documents implemented (as at 31.12.2023)
	<ul style="list-style-type: none"> • Policy on identifying key functions and appointing and dismissing persons performing these functions at BNP Paribas Bank Polska S.A. • Policy for assessing the suitability of the members of the Board of Executives and employees performing key functions at BNP Paribas Bank Polska S.A.
Social matters	<p>At the BNP Paribas Bank Polska S.A. Group level</p> <ul style="list-style-type: none"> • BNP Paribas Group Code of Conduct (https://www.bnpparibas.pl/csr/strategia-csr/lad-korporacyjny) • BNP Paribas Group Corporate Responsibility Principles (https://www.bnpparibas.pl/csr/strategia-csr) • BNP Paribas Foundation Statutes (https://www.bnpparibas.pl/fundacja) <p>At the BNP Paribas Bank Polska S.A. level</p> <ul style="list-style-type: none"> • Corporate social responsibility policy of BNP Paribas Bank Polska S.A. • Policy on donations, partnerships and sponsorships • Principles of ESG risk management at BNP Paribas Bank Polska S.A.
Environmental matters	<p>At the BNP Paribas Bank Polska S.A. Group level.</p> <ul style="list-style-type: none"> • BNP Paribas Group Code of Conduct (https://www.bnpparibas.pl/csr/strategia-csr/lad-korporacyjny) • BNP Paribas Group Corporate Responsibility Principles (https://www.bnpparibas.pl/csr/strategia-csr) • BNP Paribas Group Sector Policies (https://group.bnpparibas/en/our-commitments/transitions/financing-and-investment-policies) <p>At the BNP Paribas Bank Polska S.A. level</p> <ul style="list-style-type: none"> • Corporate social responsibility policy of BNP Paribas Bank Polska S.A. • Principles of ESG risk management at BNP Paribas Bank Polska S.A.

Area	Names of documents implemented (as at 31.12.2023)
	<p>At the BNP Paribas Bank Polska S.A. Group level</p> <ul style="list-style-type: none"> • BNP Paribas Group Code of Conduct (https://www.bnpparibas.pl/csr/strategia-csr/lad-korporacyjny) • BNP Paribas Group Corporate Responsibility Principles (https://www.bnpparibas.pl/csr/strategia-csr) • BNP Paribas Declaration on Human Rights (https://www.bnpparibas.pl/_files/asset_upload_data/1530015)
Respect for human rights	<p>At the level of BNP Paribas Bank Polska S.A..</p> <ul style="list-style-type: none"> • Corporate social responsibility policy of BNP Paribas Bank Polska S.A. • Whistleblowing policy at BNP Paribas Bank Polska S.A. (Whistleblowing) • Diversity management policy at BNP Paribas Bank Polska S.A. • Policy on dealing with breaches of respect for others at BNP Paribas Bank Polska S.A. • Principles of ESG risk management at BNP Paribas Bank Polska S.A..
Anti-Corruption and Anti-Fraud	<p>At the BNP Paribas Bank Polska S.A. Group level</p> <ul style="list-style-type: none"> • BNP Paribas Group Code of Conduct (https://www.bnpparibas.pl/csr/strategia-csr/lad-korporacyjny) • BNP Paribas Group Corporate Responsibility Principles (https://www.bnpparibas.pl/csr/strategia-csr) <p>At the level of BNP Paribas Bank Polska S.A..</p> <ul style="list-style-type: none"> • Whistleblowing policy at BNP Paribas Bank Polska S.A. (Whistleblowing) • Anti-Corruption Policy at BNP Paribas Bank Polska S.A. • Anti-Fraud Policy at BNP Paribas Bank Polska S.A.. • Gift Policy at BNP Paribas Bank Polska S.A. • Conflict of Interest Management Policy at BNP Paribas Bank Polska S.A. (https://www.bnpparibas.pl/csr/strategia-csr/lad-korporacyjny) • Instruction on the procedure for handling with employee complaints and requests



Outlook 2024+

The most important external factors that, in the Bank's opinion, may affect the Group's performance in future periods are as follows:

- **War in Ukraine.** The war in Ukraine remains a significant factor that will affect the economic situation in Poland and globally. The military action in Ukraine had the strongest impact on commodity prices on world markets, which were at high levels after the start of the war. In Europe, there were justified concerns about the availability of energy carriers, particularly natural gas. High raw material prices had a pro-inflationary effect and worsened Poland's trade balance. Currently, the shocks resulting from the war in Ukraine are fading. However, the ongoing war maintains the risk that commodity prices will rise again. The geopolitical situation in the Middle East is also a factor of great uncertainty. A possible escalation could lead to higher commodity prices, as well as globally to greater risk aversion among investors..
- **Global economic growth.** According to the International Monetary Fund's (IMF) October World Economic Outlook, global economic growth in 2024 will be similar to that in 2023. The IMF estimates that global GDP grew by 3.0% in 2023 and will grow by 2.9% in 2024. The Fund forecasts a slowdown in US growth from 2.1% in 2023 to 1.5% in 2024 and a moderate recovery in the eurozone: real GDP growth from 0.7% to 1.2%. At the same time, inflation will decline, according to the IMF. In the US, average annual consumer price dynamics will fall from 4.1% in 2023 to 2.8% in 2024; in the euro area from 3.3% to 2.7%. In turn, the European Commission in its autumn forecast expects growth in the euro area of 0.6% in 2023 and 1.2% in 2024. For Poland, international institutions forecast an economic rebound. The IMF expects Polish GDP growth to increase from 0.6% in 2023 to 2.3% in 2024. The European Commission has similar forecasts for economic growth in Poland. In its latest forecast, it expects GDP growth in Poland of 0.4% in 2023 and 2.7% in 2024.
- **Monetary policy by major central Banks.** Apart from the geopolitical situation, the main factor influencing the pace of the global recovery is the policy of central Banks. In early 2023. The Federal Open Market Committee (FOMC) continued to tighten monetary policy by raising interest rates in the United States to between 5.25 and 5.50%. In July, the Committee decided on its last hike and has decided at subsequent meetings to leave rates unchanged. Now, according to market expectations, the monetary tightening cycle in the US has ended. The market is pricing that the Committee will decide on the first cuts at

its meeting in June or May this year. By the end of 2024, meanwhile, the market is pricing in cuts of around 150 bps. Also in the case of the European Central Bank (ECB), markets expect it to end the interest rate hike cycle last September with the deposit rate at 4.00%. Markets expect the ECB Governing Council to vote in favour of the first interest rate cuts this year at its March or April meeting. Markets are pricing that interest rates in the euro area will fall by around 150 bps by the end of 2024.

- **National Bank actions.** In September 2023. The MPC decided to cut the reference rate by 75 bps. The decision came as a surprise to the market, which had expected a 25 bps cut. At its October meeting, the MPC cut in line with market expectations by 25 bps. At subsequent meetings, the Council kept interest rates unchanged. At press conferences, NBP President Adam Glapinski stresses that the Council is in wait-and-see mode and that further decisions "will depend on incoming information on the outlook for inflation and economic activity". The NBP president also highlights the uncertainty related to tax and regulatory factors on the one hand (the zero VAT rate on food and sheltering measures related to energy and gas prices), and the pace of economic recovery on the other. The current market valuation assumes that interest rates in Poland will fall by 125 bps by the end of 2024.
- **The behaviour of the zloty's exchange rate against key currencies.** In September 2023, the zloty weakened markedly. This happened in response to the Monetary Policy Council's decision to cut the reference rate by 75 bps. In the second half of October, after the parliamentary elections, the zloty strengthened markedly and the EUR/PLN exchange rate was on a downward trend until the end of the year. In the coming months, the zloty's exchange rate may be affected by the MPC's decisions. If interest rates are left unchanged for an extended period, the zloty may strengthen. However, the risk of a weakening of the Polish currency in the event of increased geopolitical tensions remains.
- **Shaping of the economic situation in Poland.** In 2023, the Polish economy was in a phase of marked economic downturn. Gross domestic product in the first quarter of last year fell by 0.3% y/y, and in the second quarter by 0.6% y/y. The situation improved in Q3, with the Polish economy growing by 0.5% y/y. According to the National Bank of Poland's November projection, GDP for the whole of 2023 increased by 0.3%. At the same time, the NBP forecasts a rebound in 2024 and GDP growth of 2.9%. Growth may be driven by private consumption fuelled by rapid real wage growth and the valorisation of the 500+ benefit to PLN 800. The recovery will also be supported by spending under the new EU Multiannual Financial Plan and the National Recovery Plan. However, their scale is uncertain. The economic situation abroad, especially in

Western Europe, remains a factor of uncertainty. Weak foreign demand will not be conducive to a rebound in Polish industry, which has been in recession for most of 2023.

- **Situation on the domestic labour market.** The situation on the Polish labour market is still good. Nominal wage dynamics remain at a high, double-digit level. In November 2023, the average remuneration in the enterprise sector increased by 11.8% y/y. Real wages have been increasing since August last year. According to the National Bank of Poland's November projection, nominal wage dynamics will decline, while at the same time their levels will be higher than inflation. The registered unemployment rate has fallen by around 0.5 p.p. since the beginning of 2023: in the vicinity of 5%. The LFS unemployment rate in 2023 was below 3%. The central Bank expects it to rise to an average of 3.3% this year. Overall, employers in Poland, despite the economic slowdown and rising interest rates, have not significantly reduced employment. Although the labour market remains strong, the first signs of a weakening in the labour market can be seen in the data. Since the beginning of 2023, the annual employment growth rate has been declining markedly, and in October and November it took negative values.
- **Elevated inflation.** In December 2023, consumer prices as measured by the CPI rose by 6.2% y/y. Since April 2021, inflation in Poland has not been within the National Bank of Poland's target (2.5% +/-1 p.p.). According to the November NBP projection, inflation in Poland will be at 4.6% y/y in Q4 2024. At the January conference following the MPC meeting, the NBP president said that inflation may fall even below 3% at the beginning of this year, but will rise again in the second half of the year. The exact path of inflation will depend largely on whether the government decides to continue with the zero rate on food and the continuation of protective measures for gas, energy and heat prices. In the medium term, however, the central Bank expects disinflation to be supported by high interest rates, with the annual CPI returning to the band of deviations from the target by the end of 2025. High inflation and a good labour market situation could translate into higher costs for the Bank.
- **Imbalances in public finances.** According to the European Commission's autumn forecast, the general government deficit in 2023 will be 5.8% OF GDP. For 2024, the Commission forecasts a deficit of 4.6% of GDP. However, the deficit could be higher due to additional government spending: a 20% pay rise in the public sector and for teachers by 30%, and the Active Parent ('granny') programme. In general, high defence spending and the valorisation of the 500+ benefit to PLN 800 also contribute to the high deficit. The government's decisions to maintain the zero VAT rate on food and the shielding measures



related to electricity and gas prices are uncertain. The government's planned net borrowing needs amount to PLN 250 billion.

- **Sentiment in major financial markets.** One of the main factors that will influence market sentiment in the first half of 2024 will be the monetary policy developments of the major central Banks. The start of a cycle of interest rate cuts may stimulate risk appetite with a positive impact also on Central and Eastern European markets, including the zloty. Locally, the war in Ukraine and its possible escalation will also remain in the focus of market attention. This is of particular importance in the context of the exchange rate of the Polish currency. In the event of increased risk aversion, the zloty, like other emerging market currencies, loses value.
- **WIBOR-based loans.** The dispute over loans based on the WIBOR index, which gained media exposure at the end of 2022, may once again return to discussion among the public. The most important interest rate indicator for variable-rate PLN loans was legally removed from the loan agreement for the first time ever for the duration of the lawsuit by a court in Poznań on 22 June 2023. To date, the number of lawsuits challenging the WIBOR rate has been small and a significant proportion of them have been dismissed by the courts. In contrast, according to data from the ZBP, it appears that the number of complaints has increased significantly and is several times greater than the number of lawsuits, which may be due to the lack of costs in the process. The Financial Stability Committee, which is the macro-prudential supervisor of the Polish financial system, maintains its opinion in which it ruled that denying the correctness of the determination of the WIBOR index has no legal or economic basis and that attempts to challenge it constitute a systemic threat. July 2023. The Office of the Polish Financial Supervision Authority (PFSA) published a position paper in which it emphasised that, in the PFSA's view, there are no grounds to question the reliability and legality of WIBOR, in particular in the context of the application of this index in mortgage loan agreements in Polish currency.
- **Credit holidays.** The government has announced the assumptions of the Credit Vacation Act for 2024. As before, it will be possible to suspend 4 instalments per year. However, unlike the solution in previous years, not every borrower will be able to take advantage of them. There are plans to introduce a limit based on the ratio of the instalment to income in the last three months. The holiday will be eligible if this ratio exceeds the 35% level. According to HREIT estimates for the Business Insider portal, less than 40% of borrowers could

benefit from the new solution. The Ministry of Finance, based on KNF data, estimates a cost of extension of credit holidays for the banking sector at PLN 2.5 billion at a participation level similar to previous years. The previous programme meant a cost of PLN 14 billion for the banks. As at the date of approval for publication of this Report, the Act draft has been under analysis of the government.

- **Flat for the start (Mieszkanie na start).** The government's new programme, aimed at replacing the "2% Secure Loan", is envisaged to be effective from mid-2024 and to last for two years. It is envisaged that 50,000 loans would be granted. This is less than in the previous programme, where, as of 28 December 2023 (ZBP data), 102,000 applications had been submitted and 57,000 contracts signed. It would be offered to first-time buyers or large families in need of a larger property. The interest rate would be decreasing depending on the number of people in the household. From 1.5% for a one-person household to 0% for households of five or more. There would also be an analogous increase in the maximum loan amounts from PLN 200,000 to PLN 600,000. Age and income limits are planned, but no price per square metre limits are envisaged. The new programme will certainly increase demand for Bank loans and developer offers. At present, however, it is difficult to judge how likely it is that this project will be introduced in its current form, due to opposition voices within the ruling coalition itself.

Prospects

In 2024, financial markets may enter with a sense of a new opening. After an economically difficult 2023, the new year is expected to bring solid growth according to macroeconomic forecasts. Inflation will be persistent, but will nevertheless remain in clear single digits. This leaves behind fears of the materialisation of the risk of hyperinflation, which a year ago was not a completely abstract scenario. According to macroeconomists' forecasts, interest rates will remain high for most of the year (reductions are expected towards the end of the year), supporting the sector's interest income.

One of the expected developments in 2023 is the unblocking of EU funds from the so-called National Recovery Plan (NRP). These will support the investment activity of companies, allowing the Bank to grow in this key segment as the overall economic situation improves.

It will be important for the Banks to increase their dialogue with the Banking sector on new regulatory solutions. The Bank is aware of its role in economic mechanisms. Hence, it maintains its position on the need to help at least borrowers in difficulty. At the same time, it is of the opinion that such assistance should go to those who really need it, so as not to overburden the financial sector. The financial sector has been subject to an unprecedented level of strain in recent years. In order to be able to support the economy, Banks need to be able to make money in order to maintain the capital base at adequate levels, which directly translates into their lending capacity. So far, the level of future burdens is not yet clear. The risk factor is a potential extension of credit holidays, but as at the date of approval for publication of this Report the final shape is not known. The government also reports on preliminary work on a project to replace the '2% Safe Credit' programme. The new programme, is expected to incorporate the slogan "0% credit" into its parameters in some form. If its scale were to be large, a high demand for mortgages, which by their nature consume Bank capital heavily, should be expected.

In order for Banks to be able to cope with the increased demand for credit, it would be advisable to introduce a statutory solution to regulate the CHF loan dispute. On the Customers' side, this would mean quick and equal compensation for all. For the courts, it would be a major relief, which would improve the speed of handling the remaining cases. Finally, for the Banks, it could free up some capital, or at least remove the uncertainty forcing Banks to apply additional restrictions and buffers in their internal policies.

From this perspective, the Bank looks to 2024 with cautious optimism. Despite the external difficulties still present, the conditions for growth are favourable. The Bank will primarily focus on strengthening its position in selected segments such as affluent Customers and private Banking, large local and international companies and agro-processors. What will be most important is the quality of growth, not the pace of growth. The Bank is keen to acquire active Customers using as many products as possible. Investment in technology will continue, so as to streamline processes and improve cost efficiency. However, these will be more strongly selected to ensure the best cost-effectiveness ratio. At the same time, the Bank is leaving a pool of funds for exploring new solutions in the Banking market and 'beyond-Banking'. It will allow for further cooperation with Fin-tech companies and the implementation of innovative products to differentiate itself in the market.



Strategy

Pillar UP

- Segment descriptions
- Distribution channels
- Business operations and support area
- Entities of the BNP Paribas Bank Polska S.A.

Pillar POSITIVE

- Sustainable financing
- Positive Banking
- Social engagement
- The Bank of Green Changes

Pillar STRONGER

- Digitisation and innovation - IT strategy
- Support for innovation
- Cybersecurity

Pillar TOGETHER

- Good place to work
- Wellbeing and employee health
- Employee development
- Diverse and inclusive workplace

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Artur Bardziński, Relationship Manager



Pillar UP

GRI [2-6]

Pillar description

The GOeyond's strategy is one of growth. Our aim is to increase the number of Customers served, strengthen our market position and grow revenues. The Bank sees potential for growth in all customer segments.

Retail Banking and Personal Finance

The priority of retail Banking and PF is to achieve high satisfaction among Customers (NPS Top 3 on the market), thanks to which the Bank will record an increase in the number of Customers (by 0,5 million to 4,5 million) and increase their commitment to the relationship with the Bank. Listening to the opinions of its Customers and employees, the Bank will implement innovative products and services, often using cooperation with internal (BNP Paribas Group companies) and external partners, and assumes even greater use of personalised communication based on advanced CRM and data analytics. Further digitalisation of customer processes is planned, with remote availability of the Bank's experts as part of the newly created omnichannel sales and customer service model (more than 90% of key processes for individual Customers are to be available through remote channels, and sales through digital channels are to exceed 50%). The Bank will also offer Customers services beyond traditional Banking by using open Banking solutions, contextual e-commerce financing or offering products and services linked to the Sustainable Development Goals. Ultimately, the Bank assumes active but sustainable growth in the main retail business areas, i.e. achieving 7% market share in new account sales, cash loans and mortgages.

SME, Corporate and CIB Banking

The Bank aims to be number 1 for international Customers (increase in active Customers by more than 22% vs 2021) by leveraging the BNP Paribas Group's leadership position in Europe with a broad global presence and global solutions, products and expertise. The Bank aims to be the first choice Bank for large corporates with tailor-made solutions and an excellent service model. The Bank will provide customer service to the Polish corporate and SME segment using remote and digital solutions, while supporting the international expansion of our Customers based on experience from other countries. The Bank wants to increase the base of active Customers served in the SME and corporate Banking segment by more than 18% relative to 2021. It will also strive for operational excellence to build a positive Customer experience. One of the key objectives in this area is to optimise and shorten the lending process. The Bank will leverage its market leadership in the agricultural segment and its unique competence in this area to strengthen its market position among food processors.

Strategic commitments and their implementation

Indicator	2025 strategic goal	2023 execution
NPS - Retail Banking and Personal Finance	TOP 3	4 th place
% of key processes for the individual Customer available in remote channels	90%	85%
Number of Customers (individuals and micro companies)	4.5 million	3.8 million
Sales through digital channels (individual Customers)	>50%	43%
Market shares in new sales (ROR accounts, cash loans, mortgages)	7%	ROR – 3.7% Cash loans – 4.2% Mortgage loans – 0.5%
Number of active micro companies	340 thousand	277 thousand
Number of micro companies active in digital channels	230 thousand	179 thousand
Maintain leadership in the farmers' segment (market share of loans)	>25%	25.2%
Increase in number of active food processors [vs 2021]	+30%	+27%
Increase in number of active Customers (Corporate and SME Banking) [vs 2021]	>18%	+8%
Increase in the number of active international Customers [vs 2021]	>22%	+20%
Number of Customers active in digital channels (Corporate and SME Banking)	37 thousand	31 thousand
Growth in credit volumes (Corporate and SME Banking)	+6% annual average [2025-2021]	+5% annual average [2023-2021]



Segment descriptions

Retail and Business Banking and Personal Finance areas

Area characteristics

The Retail and Business Banking area provides services to individual Customers, private Banking services and offers services to business Customers (microenterprises). Within Retail and Business Banking, the Bank serves the following customer segments:

Retail Customers:

- Mass-market Customers,
- Premium Banking Customers, i.e. those depositing assets in the Bank or through the Bank in the amount of at least PLN 100 thousand or having inflows of at least PLN 10 thousand monthly,
- Private Banking (Wealth Management) Customers, i.e. those who invest assets of at least PLN 1 million through the Bank. Within Private Banking, there is a separate sub-segment "Family Fortunes" - i.e. Customers who invest assets through the Bank in the amount of min. PLN 10 million.

Business Customers:

- non-Agro, not carrying out full financial reporting in accordance with the principles set out in the Accounting Act, meeting the criterion of annual net revenue for the previous financial year of less than EUR 2 million,
- non-Agro, with full financial reporting, whose net sales revenue for the previous financial year was less than PLN 4 million and whose credit exposure does not exceed PLN 1.2 million,
- Agro, not carrying out full financial reporting, meeting the criterion of annual net revenue for the previous financial year of less than EUR 2 million, conducting activities classified under selected PKD 2007 codes,
- professionals: entrepreneurs who do not carry out full financial reporting in accordance with the principles set out in the Accounting Act and who perform professions defined in a separate internal document,
- individual farmers, for whom the Bank's credit exposure to the Customer is less than PLN 3 million,
- individual farmers, for whom the Bank's credit exposure to the Customer is between PLN 3 million and less than PLN 4 million, when the collateral on agricultural land covers at least 50% of the credit exposure,
- non-profit organisations (e.g. foundations, associations, trade unions, etc.),
- cooperatives, housing communities, property managers.

Private Banking - BNP Paribas Wealth Management offers an individual approach to each Customer and, in addition, a holistic and relational approach, the so-called 'family approach', which also includes immediate family members or assets accumulated in private companies and other investment vehicles. BNP Paribas Wealth Management benefits from 40 years of experience in servicing wealthy Customers, the market positioning and best practices of the BNP Paribas Group, which is number one in Wealth Management in the Eurozone.

For more than 10 years, BNP Paribas Wealth Management in Poland has been supporting Customers on estate planning issues and cooperating with Customers' legal and tax advisors on succession planning - and can boast being the forerunner of the family office service on the Polish market. It has one of the widest ranges of products and services available for family foundations - including entities in organisation, i.e. even before court registration.

BNP Paribas Wealth Management Customers are served by an experienced and qualified team - all advisers hold EFPA certification at EFA and the highest level - EFP. Being certified by an EFPA organisation is essential and required for a Wealth Management advisor position. At the same time, Wealth Management advisors are the first on the Polish market to obtain the EFPA ESG certification in sustainable development.

Personal Finance Banking area is responsible for the product offering and management of consumer loans distributed through the Retail and Business Banking Customer Centres network and external distribution channels. This area offers the following product groups to Customers: cash loans, credit cards, instalment loans, car loans, leasing (operational and financial) and leasing loan (offered mainly in cooperation with BNP Paribas Leasing Services Sp. z o.o.) and long-term vehicle rental (offered in cooperation with Arval Service Lease Polska Sp. z o.o.).



Implementation of key strategic initiatives in 2023

INITIATIVE	
BNP Paribas - my main Bank	
DESCRIPTION OF THE INITIATIVE	More compelling products, implementation of an omnichannel environment and changes in approach to building lasting relationships. Optimisation of the digital UX, greater personalisation of the Customer experience and synchronisation of the use of data sources. Increased awareness of the BNP Paribas brand among Customers
ACHIVEMENTS	<ul style="list-style-type: none"> • implementation of a new form of acquisition based on a dedicated film debit card and promotion with streaming platforms and discounts to cinema chains • implementation of the "Priceless Moments" loyalty programme • new functionalities in the mobile application: exchange of currencies - Kantor in GOmobile, possibility to close accounts remotely • new functionalities in remote channels: implementation of ROR opening process in GOonline with agreement signed via SMS, possibility to update KYC data remotely in terms of income and PEP statement • first place in terms of ease of use and service for Ukrainian Customers according to the research agency Openfield
KEY FIGURES	<ul style="list-style-type: none"> • increase in the number of Primary Customers by 3.4% year-on-year (i.e. Customers who, inter alia, treat BNP Paribas Bank Polska as their "main Bank") • 474 thousand Customers from Ukraine (+33% y/y) • an increase in the share of mobile transactions in card transactions by 5% y/y • 11.6 thousand - account sales with Visa Film card in 2023 • 47.3 thousand debit cards registered under the 'Priceless Moments' programme in 2023

INITIATIVE	
Development of sales in the digital and omni-channel model	
DESCRIPTION OF THE INITIATIVE	Sale of all consumer loans and mortgages through digital channels or omni-channel model. Widespread use of 'pre-approved' offers and open Banking solutions. Increase sales to the customer base based on data analytics, AI and personalisation. Expansion of product offerings available in digital channels
ACHIVEMENTS	<ul style="list-style-type: none"> • launch of long-term rental of consumer electronics in the e-commerce channel (in cooperation with Plenti) • leveraging the opportunities arising from PSD2 within open Banking in further channels, products and processes: <ul style="list-style-type: none"> ○ confirmation of identity (KYC) and income of the Customer ○ online credit card with selected Partners ○ instalment credit in shops ○ rental in the e-commerce channel

INITIATIVE	
Development of sales in the digital and omni-channel model	
DESCRIPTION OF THE INITIATIVE	<ul style="list-style-type: none"> • mamGO - an innovative platform (launched in November) through which Customers can find a car - new or used - and take advantage of a loan from the Bank, leasing from BNP Paribas Leasing Solutions or a rental offer from Arval Polska • the introduction of a new process enabling the conclusion of an instalment credit agreement in stationary shops and e-commerce, in a convenient paperless format using the GOmobile application • digitalisation of the request for certificates and documents for mortgages and consumer finance • access to fast, simple and convenient application for credit cards in e-Banking and mobile app under "pre-approved" offers • extending the range of credit cards available through the electronic application process with the VISA Platinum card and simplifying the application path with an instant credit decision for the Bank's Customers
KEY FIGURES	<ul style="list-style-type: none"> • increase in sales in electronic channels of cash loans by 64% y/y • reducing the time from application to disbursement for a cash loan by 23% y/y

INITIATIVE	
Convenient platform for entrepreneurs using API solutions	
DESCRIPTION OF THE INITIATIVE	Bank as a modern platform using APIs to offer products and services from external partners. Supporting the creation of sustainable, secure and innovative services tailored to Customers' needs. The API enables contextual services to be offered at selected customer touchpoints outside the Banking ecosystem
ACHIVEMENTS	<ul style="list-style-type: none"> • GOksięgowość - modern online accounting services for Customers running their own business. Customers can use the module of their choice and the services of a dedicated accountant. The service is available 100% online (using a web form and, from April 2023, from GOonline Banking), 24/7, and registration and contract signing take place without visiting an accountant's office or office. On the platform, the customer can also use the debt collection services module • GOdealer - currency exchange app. New functionalities in 2023: PUSH notifications (about the execution, expiry, rejection or cancellation of an offer; reminder about the app after an extended period with no login - "You have not been with us for a long time"); a Wallet tab - view of user accounts in all currencies and the possibility to select a default account and ex-ante margin notifications). Corporate Customers can also benefit from a new product - a dual-currency deposit • Axcepta - payment gateway for Customers. Customers can use payment methods such as fast transfer, BLIK, card payments, including electronic wallets (Apple Pay and Google Pay). • cooperation with Arval - providing our Customers with a tailor-made long-term rental offer thanks to the use of an AI model that predicts potential rental interest and a comparison engine that clearly shows Customers the benefits and differences between the various services: leasing offer, rental offer and car loan. The rental service is available from GOonline and GOmobile • cooperation with BNP Paribas Leasing Solutions - make available to our Customers an extended offer for green financing, also with an attractive financing offer from the European Investment Bank for photovoltaics, heat pumps, charging stations and energy storage



INITIATIVE	Convenient platform for entrepreneurs using API solutions
	<ul style="list-style-type: none"> • Monevia - Bank and BNP Paribas Factoring have teamed up with FinTech Monevia, the leader in online micro factoring. Since October, our Customers have been able to benefit from complete factoring solutions on preferential terms, regardless of the industry, size or market seniority of the company. Holders of a company account with the Bank benefit, among other things, from a free factoring limit of up to PLN 100,000 to start, no preparatory commission or penalties for late payment by the counterparty - up to 30 days after the due date • Wide range of payment terminals (including softPOS app) in cooperation with Elavon. The service can also be used remotely • Agromist – is a portal for farmers and processors who are looking for professional support in their operations. The portal provides a knowledge base and practical solutions and tools to support Customers in their sustainable transition, including among others: nitrogen consumption and greenhouse gas emission calculators • BUSINESS UPI – as part of our cooperation with the Polish Entrepreneurship Foundation, we provide the Bank's Customers with a free training programme on, inter alia, tax changes and their impact on business, business development opportunities (also on the Internet and with the possibility of a positive environmental impact), security in cyberspace, and legal aspects of doing business.
KEY FIGURES	<ul style="list-style-type: none"> • GOksięgowość: more than 5,000 platform users • GODEALER: in 2023, the application was activated by almost 3,000 Micro Customers, who carried out approximately 52 thousand exchange transactions • SoftPOS: the application represents approximately 20% of new terminal sales • BIZNES UPI: in 2023, a total of approximately 10,000 participants took part in 31 training courses • Leasing Mikro: PLN 240 million of funded contracts in 2023.

INITIATIVE	New distribution model - the foundation for omni-channel customer service
DESCRIPTION OF THE INITIATIVE	Transformation of the distribution model - a key element in building an omnichannel customer service model. Integration of front-end systems with a single view of the Customer. Relationship management supported by personalised CRM-based communication. New organisation of autonomous, self-organised customer service teams.

INITIATIVE	New distribution model - the foundation for omni-channel customer service
ACHIVEMENTS	<ul style="list-style-type: none"> • making approx. 50 new sales and post-sales processes available in digital channels (the current level of availability of key processes is approx. 85% for individual Customers and 59% for micro businesses) • implementation of Optichannel solutions in Customer Centres and Contact Centres, including a modern method of serving Customers on the customer's mobile devices - available for 40 types of process, used in customer service more than 130 thousand times in 2023 • centralisation of processes in the virtual branch: handling of mortgage after-sales processes and handling of savings products • streamlining the appointment process in the Customer Centres and virtual branch; additional communication, appointment reminders, cancellation options via the Bank's website • implementation of the use of voicebot for NPS customer surveys in the branch network with quality monitoring of sales and after-sales processes • increased remote availability (by telephone) of Premium Advisors through an advanced redirection and call-back appointment system
KEY FIGURES	<ul style="list-style-type: none"> • 1.3 million Customers/users using mobile Banking, +4% y/y • an increase in the number of logins to mobile Banking +16% y/y (297 million in 2023) • increase in the number of BLIK payments +58% y/y (44 million in 2023) • increase in mobile payments for tickets and parking +42% y/y (2,3 million in 2023) • increase in GOMOBILE transactions +35% y/y (85 million in 2023) • sales growth in digital channels in 2023 for individual Customers to 60%, +14 p.p. y/y

Brokerage BNP Paribas Bank Polska S.A.

Brokerage BNP Paribas Bank Polska S.A. (Brokerage) serves mainly retail Customers. The Brokerage's service offering complements the Bank's range of investment products. The Brokerage also has an offer for selected institutional Customers, which include open pension funds (OFEs), investment fund companies (TFIs) and other entities that manage the assets entrusted to them. In addition, the Brokerage manages portfolios and provides investment advice to Customers in the Premium Banking and Wealth Management segments.

The Brokerage offers a wide range of investment funds managed by renowned Polish and foreign investment fund companies.

Brokerage in figures for 2023:

- selling more than 753 funds managed by 21 companies,
- PLN 6.1 billion - value of Customers' assets in investment funds distributed through the Brokerage at the end of December 2023,



- PLN 714 million - The value of investment certificates issued in 2023 for the Brokerage's Customers in cooperation with the BNP Paribas Group (decrease by 38% y/y),
- PLN 89.9 million - total revenue from brokerage services and investment product distribution (down by 16% y/y),
- 48% y/y increase in assets in the portfolio management service for Wealth Management Customers
- an increase in commission income from stock exchange transactions of the Brokerage's Customers by 15% y/y,
- increase in assets in the portfolio management service for Wealth Management Customers by 48% y/y,
- results from investment advisory services as well as portfolio management services have risen well above their benchmark indices.

Table 5. Share of the Bank's Brokerage Office in turnover on the WSE

		31.12.2023		31.12.2022	
		volume	share	volume	share
Stocks	PLN million	2,952.78	0.50%	3,015.65	0.51%
Bonds	PLN million	244.64	3.03%	213.99	1.81%
Contracts	pieces	296,769	1.03%	235,546	0.77%
Investment Certificates	PLN million	2.16	2.71%	0.96	1.04%
Options	pieces	23,486	4.52%	37,430	5.96%
Structured products	PLN million	345.75	7.06%	253.48	3.90%

Corporate and SME Banking area

Area characteristics

The **Corporate Banking area** addresses its offering to large and medium-sized enterprises and local government units with annual net sales revenues equal to or greater than PLN 60 million or to enterprises whose credit exposure of the Bank to the Customer is greater than or equal to PLN 22 million, as well as to entities that are part of international capital groups.

Corporate Banking Customers are divided into four basic groups:

- Polish corporations with an annual net sales revenue of PLN 60 to 600 million or with a credit exposure of PLN 22 million or more (or, in the case of businesses operating in the agricultural sector, with a credit exposure of PLN 50 million or more),
- international Customers (companies belonging to international capital groups),
- Poland's largest corporations with net sales revenues in excess of PLN 600 million,

- public sector entities and financial institutions.

Within the above groups, there are sub-segments of Agro and non-Agro Customers.

The **Small and Medium Enterprise (SME) Banking area** serves three main customer sub-segments:

- Agro Customers with full financial reporting, with net sales revenue for the previous financial year from PLN 4 to 60 million and the Bank's credit exposure to the Customer not exceeding PLN 22 million. This sub-segment also includes groups of agricultural producers (whose credit exposure to the Bank does not exceed PLN 50 million).
- Non-Agro Customers - a sub-segment, which includes entities with full financial reporting, with net sales revenue for the previous financial year from PLN 4 to 60 million and the Bank's credit exposure to the Customer not exceeding PLN 22 million, as well as public finance entities with a budget of up to PLN 100 million. In addition, this sub-segment also includes churches and other religious organisations and their subsidiaries.
- Farmers (i.e. economic operators engaged in agricultural production activities) with full financial reporting, with net revenue for the previous financial year between PLN 0 and 60 million and a credit exposure not exceeding PLN 50 million, as well as individual farmers if their credit exposure is between PLN 4 and 50 million and between PLN 3 and 4 million, if the collateral on agricultural land covers less than 50% of the credit exposure.



Implementation of key strategic initiatives in 2023

Corporate Banking

INITIATIVE	New approach to the customer using the strength and potential of the Group
DESCRIPTION OF THE INITIATIVE	Leader in the international Customer sector and in developing partnerships with major Polish corporates. Unique approach based on the strong position of the BNP Paribas Group, particularly in terms of global relationships and product platform
ACHIEVEMENTS	<ul style="list-style-type: none"> strengthening the Bank's position on the international customer market (first place in the number of relationships) acquisition of new business with international Customers in cooperation with the BNP Paribas Group an increase in the share of revenue from cooperation with international Customers in total revenue centralisation of the KYC process and implementation of a dedicated after-sales service for Strategic Customers further development of advanced cash management products for international Customers – expansion of cash pool offering developing processes for working with Customers to finance sustainability-related projects and ventures - Providing more Sustainability-Linked Loans and ESG-Linked Loans
KEY FIGURES	<ul style="list-style-type: none"> increase in the number of active international Customers by 9% y/y (+293 Customers in 2023) 18% year-on-year increase in loans to international Customers PLN 7.0 billion - total portfolio value under sustainable financing at the end of 2023.

INITIATIVE	New customer service model
DESCRIPTION OF THE INITIATIVE	Transforming the sales area by providing Customers with the widest range of self-service solutions and providing a centralised and dedicated after-sales service
ACHIEVEMENTS	<ul style="list-style-type: none"> increase the level of automation and use of the GO Business ecosystem in the relationship with active Customers implementation of new ways of verifying the identity of Customers and updating the data of representatives and proxies - video verification, mCitizen and a fully digitised self-service application in GOonline business for data change change of the operating model in the Polish corporate segment to a turnover of PLN 600 million, including, among other things, construction of homogeneous customer portfolios, development of a digital customer portfolio, separation and specialisation of sectoral customer services, optimisation of the sales network

INITIATIVE	New customer service model
KEY FIGURES	<ul style="list-style-type: none"> acquisition of 868 new Customers in 2023 increase in the number of active Customers by 8% y/y increase in the Bank's exposure (on-balance sheet and off-balance sheet) to Corporate Banking companies by 10% y/y

Small and Medium Enterprises

INITIATIVE	New customer service model
DESCRIPTION OF THE INITIATIVE	Transforming the sales area by providing Customers with the widest range of self-service solutions and providing a centralised and dedicated after-sales service
ACHIEVEMENTS	<ul style="list-style-type: none"> year-on-year increase in gross profit of SME Banking thanks to dynamic revenue growth and maintenance of good quality of the loan portfolio and low cost of risk further expansion of the Remote Advisor Team dedicated to Customers who prefer active remote contact with the Bank a change in the operating model in the SME segment, including, inter alia, the construction of homogeneous customer portfolios, the development of a digital customer portfolio, the separation and specialisation of sectoral customer services, the optimisation of the sales network full portfolioisation of customer service for SME Customers - implementation of a dedicated Customer Care Manager implementation of new ways of verifying the identity of Customers and updating the data of representatives and proxies - video verification, mCitizen and a fully digitised self-service application in GOonline Business for data change
KEY FIGURES	<ul style="list-style-type: none"> acquisition of 1.7 thousand new Customers in 2023 dynamic growth of customer deposits +10% y/y



Other business line activities

INITIATIVE	ACHIVEMENTS	INNOVATIVE PRODUCTS AND SERVICES	KEY FIGURES
CASH MANAGEMENT	<ul style="list-style-type: none"> development of cash management products and services 	<p>Accounts:</p> <ul style="list-style-type: none"> implementation of offerings and accounts for Payment Service Providers (PSPs) <p>Housing Trust Account:</p> <ul style="list-style-type: none"> implementation of the service for a new type of investment – single dwelling unit development <p>Payments:</p> <ul style="list-style-type: none"> Direct Debit Consent - integration with GOonline Business e-Banking application module <p>Cash Pool:</p> <ul style="list-style-type: none"> extension of the offer Cash pool implementation <p>Cards:</p> <ul style="list-style-type: none"> implementation of a special offer for POS terminals, with particular emphasis on SoftPOS <p>Cash:</p> <ul style="list-style-type: none"> electronic Bank Deposit Receipt (eBDW) for closed deposits to counters and online drop boxes in GOonline Business internet Banking and on Open Banking electronic Difference Protocols in online Banking GOonline Business implementation of the Recycler - the largest cash handling equipment project on the market 	<ul style="list-style-type: none"> increase in the number of payment cards used by SME and Corporate Customers: +5% y/y increase in the number of incoming transactions (incoming transfers + cash deposits) by 15% y/y increase in the number of outgoing transactions (outgoing transfers + cash withdrawals) by 2% y/y
E-BANKING	<ul style="list-style-type: none"> continued expansion of GOonline Business online Banking changes to GOMobile Business and GOconnect Business new GOconnect Business Plus app increase in the use of GOMobile Business mobile Banking 	<ul style="list-style-type: none"> completion of the main phase of the GO Business ecosystem transformation (GOonline Business, GOMobile Business, GOconnect Business) to a new version with a modern user interface and new modules including, among others. implementation of the new Payments module for all GOonline Business users <ul style="list-style-type: none"> move the entire Payments module to a new part of the system migration of counterparties and payment templates migration of orders to the Order Handling module implementation of the new Mass Payment and Mass Direct Debit module move the handling of TPP orders to the new part of Open Banking. improvements to the handling of local government's request for zero balances at year-end changes in GOMobile Business: <ul style="list-style-type: none"> adaptation of the mobile app to support transactions in the new payment module in GOonline Business change in the GOMobile Business activation process, the process is carried out in the new part of GOonline Business alignment of the new GOconnect Business with the new Payments module in GOonline Business, launch of the new GOconnect Business Plus application implementation in GOonline Biznes of a new module Statements (and migration of Customers to the new version) and the release of a new version of the term deposits module allowing Customers to set up deposits 24/7 on their own, including negotiated deposits for short periods 	<ul style="list-style-type: none"> increase in the number of Customers/users of the GOMobile Business application by 28% y/y increase in the average monthly number of transactions in GOonline Business by 10% y/y



INITIATIVE	ACHIVEMENTS	INNOVATIVE PRODUCTS AND SERVICES	KEY FIGURES
CUSTOMER LIFE CYCLE	<ul style="list-style-type: none"> significant increase in automation of onboarding and post-sales processes 	<ul style="list-style-type: none"> implementation of video verification for onboarding and after-sales processes adapting customer service and creating reporting mechanisms for the need of the Financial Information System Act (SINF processes) implementation of new ways to verify identity and update data of representatives and proxies - mObywatel and a fully digital self-service application in GOonline Business for data change launch of the new Sales Campaigns module in GOcrm to support customer uptake 	<ul style="list-style-type: none"> increase in the number of self-service instructions submitted by Customers in GOonline Business to approx. 124 thousand in 2023. increase in use of digital onboarding eApplication: 88% of new relationships opened in 2023 via the digital onboarding eApplication compared to 86% in 2022
FINANCING OF CORPORATE CUSTOMERS	<ul style="list-style-type: none"> implementation of credit process improvements for SME Customers leading to shortened credit application processing times (TTY) preparation of new credit process paths for SME Customers as a basis for further automation and digitalization of the process implementation in the corporate process of the workflow application - for the first time, transactions of the Commercial and Strategic lines are processed using a professional tool both in the TTY process (for decision-making) and the TTC process (for commissioning) introduction of credit products based on WIRON rate 	<ul style="list-style-type: none"> full implementation of the eApplication for farmer credit - enabling farmers (non-bookkeepers) to apply for credit in a fully digitised form provision of applications to support the process of managing trade finance transactions and syndicated loans implementation of the JAK analytical tool, which automatically provides the Business Analyst with data on the Borrower under process (without the need to manually search for data in internal and external sources) 	<ul style="list-style-type: none"> 395 SME credit decisions in 2023 based on the prototype decision engine in approximately 2 days (median 1.85 per day) 644 credit decisions and 1.6 thousand orders to Credit Administration 2.5 thousand credit applications received from farmers in electronic form (eApplication)



Area of Food & Agro

Area characteristics

BNP Paribas Bank Polska S.A. (Bank) for the agri-food sector has a comprehensive product offering including: current accounts, term deposits, loans and insurance for farmers (voluntary and mandatory).

Micro and SME Banking Customers

In terms of lending activity, the Bank's offer includes loans:

- working capital facilities, including a mortgage-backed overdraft facility - Agro Ekspres - and a facility with an BGK guarantee and interest rate subsidies,
- investments for farmers and Agro companies, e.g. Agro Progres, Unia+ (to co-finance EU projects),
- preferential with an interest rate subsidy or partial repayment of the principal (thanks to an agreement with the Agency for the Restructuring and Modernisation of Agriculture).

In addition to its own offerings, the Bank, in cooperation with external companies, prepares dedicated offers for farmers on additional services such as Generali Agro insurance and conducts sales campaigns.

Corporate Banking Customers

The Bank's activities for Corporate Banking Customers focus on:

- business development through the use of unique knowledge and a precise understanding of the whole value chain of the sector (farmer, processor, distributor, consumer) and the ecosystem of the sector (macro environment, policy, technology, international trade, suppliers, Customers), including the development of cross-segment financing (value chain financing),
- preparing sector analyses, including changes in industry trends,
- initiating cooperation with the BNP Paribas Group in the area of agri-food Customers,
- sectoral recommendations for significant loan transactions (positioning of the company in the industry and peer group),
- running and developing the Agronomist platform providing reliable knowledge and useful tools for the digital and sustainable transformation of the agri-food sector.

Implementation of key strategic initiatives in 2023

INITIATIVE	Agronomist - an innovative way to build relationships and share knowledge
DESCRIPTION OF THE INITIATIVE	Creating a portal for farmers and Food & Agro (F&A) entrepreneurs looking to grow in line with market trends. Providing knowledge and tools to support both the transformation towards sustainable agriculture and digital transformation. The content of the portal covers the entire F&A value chain with a special focus on local communities
ACHIEVEMENTS	<p>Provide new, market-unique tools and functionalities on the Agronomist platform that respond to the needs of agri-food operators:</p> <ul style="list-style-type: none"> • Agroemisja – launch of the first carbon footprint calculator in Polish for poultry, pig and beef cattle production. The tool, which is based on a science-based model, makes it possible, among other things, to calculate the emission value for the entire animal production or per kilogram of meat. The result is presented in terms of the three main greenhouse gases: carbon dioxide, methane and nitrous oxide • ESG Materials – preparation and publication of materials related to environmental and social impact reporting in accordance with the CSRD for the food production value chain • Redesign of main page – changing the structure and presentation model of the material on the platform's homepage, together with the graphic design, in order to personalise access to knowledge and tools and to align with current trends and standards for knowledge portals • Educational videos – videos of Bank Customers presenting their digital transformation and sustainable transformation successes as inspiration for change
KEY FIGURES	<ul style="list-style-type: none"> • more than 234 thousand unique visitors to the portal in 2023 • more than 857,000 entries in 2023. • over 50% of users are women



INITIATIVE	Knowing your customer is the basis for building profitable relationships with them and increasing customer satisfaction
DESCRIPTION OF THE INITIATIVE	Further industry know-how-based expansion in the food production value chain area. Tailored service model for current and future key F&A Customers. Improvements in the credit process.
ACHIVEMENTS	<ul style="list-style-type: none"> environmental impact assessments of agri-food companies with presentations to Customers in-depth analyses of markets and selected sub-sectors of the agri-food industry further analytical activities and knowledge sharing with regard to the market implications of the war in Ukraine active and substantive participation in numerous economy-wide and sector-specific events, close cooperation with a number of trade organisations from the agri-food sector; implementation of inspiring talks with leaders of the food sector in Poland as part of the "Food Cabinet" series, Food&Agro Conference 2023 event
KEY FIGURES	<ul style="list-style-type: none"> increase in new financing for Food & Agro Corporate Customers by 7% y/y increase in deposit balances for Corporate Food & Agro Customers by 9% y/y an increase in the number of active food processors by 9% y/y

Other business line activities

Credit eWniosek – improving the credit process for agricultural enterprises:

- the credit application together with the applicant's information is completed in the application and submitted electronically by the customer,
- information once entered will be available and can be used in subsequent credit processes without the need for re-entry,
- in the case of the index-based methodology, information on whether the customer is creditworthy will be available once the customer has sent in the approved credit application.

Green transformation in Agro – a sales and education campaign aimed at all Agro operators: both farms and processing companies, based on 3 pillars:

- renewable energy sources (RES),
- improving energy efficiency,
- sustainable agriculture.

The campaign promotes Banking products related to the above-mentioned pillars, but also materials and initiatives to raise awareness of sustainable agriculture (e.g. the report 'Potential for financing energy efficiency improvements in Polish agriculture', the Agronomist.pl platform, or 'ASAP Akademia' - a free online training course).

Our aim is to show farmers and processors that investing in the 'Green Transformation' is a benefit for the environment, but also an opportunity to profit and modernise a farm or business.

Preferential loans - due to the constraints on the agricultural market caused by the war in Ukraine, two lines of preferential loans were launched to improve the liquidity of farmers and purchasers.

1. Liquidity loans (line UP) - on 3 July 2023, an addendum to the cooperation agreement was signed with the Agency for the Restructuring and Modernisation of Agriculture (ARMA) enabling the implementation of a new liquidity loan for farmers. The credit will be provided under the following conditions:

- interest rate: variable - WIBOR 3M plus a Bank margin of not more than 3 pp.;
- the interest rate paid by the borrower is 2%, the balance being paid by ARMA;
- period of application of surcharges: up to 60 months;
- maximum amount of loans depending on the size of the farm - PLN 100,000 for farms below 50 ha, PLN 200,000 for farms of 50-100 ha and PLN 400,000 for farms of more than 100 ha.

In the Micro segment, an additional promotion was introduced whereby Customers who took advantage of Generali's Life and Health insurance offer were exempted from loan origination fees. The effect was:

- 15.7 thousand contracts signed, with a value of PLN 1,97 billion;
- 3.5 thousand of new Generali Life and Health policies;
- acquisition of over 6 thousand new Agro Customers.

In the SME segment, respectively: 363 loans of PLN 113.35 million were granted and 70 new Customers were acquired.

2. Loans in connection with the purchase of cereals, agricultural seed and soft fruit (line S) - granted from 11 September until the end of 2023 to SME entities (as defined by the European Commission, with fewer than 250 employees and an annual turnover not exceeding 50 million euro and/or a total annual balance sheet not exceeding 43 million euro). The loan is granted under the following conditions:

- loan amount: up to PLN 40 million;
- maximum loan period: up to 18 months;
- interest rate: variable - WIBOR 3M plus a Bank margin of not more than 2.5 pp.;
- the interest rate paid by the Borrower is 2% the remainder is paid by ARMA;



- the amount of fees and commissions payable to the Bank in connection with the Bank loan, including those charged for Banking activities during the term of the loan, may not exceed 1% of the amount of the loan granted.

During the credit period, 96 agreements were concluded for the amount of PLN 326.1 million.

Corporate and Institutional Banking Area

Area characteristics

Corporate and Institutional Banking area (CIB Banking area) provides a wide range of products addressed both to the largest Polish enterprises and to medium-sized companies. Through the Custody Services Department, the offer is also addressed to insurance companies as well as pension and investment funds.

The CIB Banking area provides Customers with the BNP Paribas Group's comprehensive financing and risk management solutions, including:

- advice on mergers and acquisitions and restructuring,
- advising on and arranging capital market transactions,
- arranging transactions on the foreign exchange and money markets,
- financing of companies' day-to-day operations,
- financing of acquisitions and investment projects,
- cash flow management, liquidity management and working capital optimisation,
- sales of financial market products that hedge foreign exchange, interest rate and commodity price risks.

In addition, market risk management tasks are carried out in the trading book, price quotations of foreign exchange market instruments and interest rate market instruments (including transactions in the derivatives market), as well as the establishment of the Bank's current exchange rate table and the structuring and management of risks associated with the Bank's offering of structured products.

Implementation of key strategic initiatives in 2023.

INITIATIVE	New approach to the customer using the strength and potential of the Group
DESCRIPTION OF THE INITIATIVE	Leader in the international Customer sector and in developing partnerships with major Polish corporates. Unique approach based on the strong position of the BNP Paribas Group, particularly in terms of global relationships and product platform.

INITIATIVE	New approach to the customer using the strength and potential of the Group
ACHIEVEMENTS	<ul style="list-style-type: none"> • increase in cross-sell on international Customers through sales activities aimed at decentralising competencies in market risk management • leveraging the Group's position and developing global relationships resulting in closer cooperation with international Customers
KEY FIGURES	<ul style="list-style-type: none"> • increase in international customer transaction volumes • increase in cross-sell on FX flow products (NBI +22% y/y)

INITIATIVE	New customer service model
DESCRIPTION OF THE INITIATIVE	Transforming the sales area by providing Customers with the widest range of self-service solutions and providing a centralised and dedicated after-sales service.
ACHIEVEMENTS	<ul style="list-style-type: none"> • launch of a new distribution platform for Financial Markets Division products, provided by the BNP Paribas Group • new products and improved service quality in electronic access channels: FX Pl@net and GOdealer application
KEY FIGURES	<ul style="list-style-type: none"> • increase in the number of active Customers (+9% y/y) • increase in the number of transactions in the FX Pl@net application (+13% y/y)

Other Banking activity

Other Banking activity of BNP Paribas Bank Polska S.A. is operationally carried out mainly within the Asset and Liability Management Division (ALM Treasury Division). The Division's task is to ensure an appropriate and stable level of funding to enable the Bank to safely conduct its business while meeting the standards stipulated by law, as well as to limit the sensitivity of the Bank's interest result to the volatility of market interest rates.

The ALM Treasury division combines the function of a business line and a competence centre responsible for managing the:

- interest rate risk,
- the Bank's current and structural liquidity,
- structural currency risk,
- internal transfer prices for all deposit and loan products offered by the Bank (including their determination).



Tasks carried out in the ALM Treasury Division include both the prudential aspect (compliance with external regulations and internal orders) and the optimisation aspect (managing the cost of funding and generating a result from the management of the Bank's balance sheet items).

One of the Bank's key risk management mechanisms is the systemic transfer of structural risks from all business lines to the ALM Treasury Division. Structural risks are: currency, liquidity and interest rate risks in the Banking book. The ALM Treasury Division centrally manages these risks. The transfer of risks is carried out primarily within the framework of the transfer pricing system, which reflects the funding strategy of the Bank's activities.

The ALM Treasury Division's main responsibilities include guaranteeing: a balanced liquidity position while optimising the cost of financing the Bank's activities; and an appropriate asset and liability structure, including sensitivity to interest rate changes. Other functions of the ALM Treasury Division include:

- management of the internal transfer pricing system,
- analysis of the balance sheet,
- modelling and measuring liquidity and interest rate risk for the Banking book,
- issue of debt securities of the Bank,
- arranging long-term credit lines,
- sourcing of funding,
- cooperation with business lines that support sustainable development,
- coordinating the securitisation of the loan portfolio of non-Bank Customers,
- organisation of the work of the Assets and Liabilities Committee (ALCO).

Following the outbreak of war in Ukraine, the Bank adjusted internal product behavioural models affecting the Bank's interest rate and liquidity risk profiles on an ongoing basis. The ALM Treasury division works with the business lines through regular meetings and consultations to optimise the Bank's product structure and maintain the Bank's profitability at the maximum possible level in the current macroeconomic conditions.

Cooperation with financial institutions

As at 31 December 2023 the Bank had correspondent relationships with approximately 1 thousand Banks, including holding 69 NOSTRO accounts with other Banks for 23 major currencies.

The Bank maintains 33 loro accounts exclusively in PLN for foreign Banks of the BNP Paribas Group. LORO accounts maintained on the Bank's books provide an external source of cost-free working capital for the Bank's operating needs. Through these accounts, primarily customer transfers and Bank-to-Bank transfers are executed.

In 2023, the Bank continued its cooperation with other domestic and foreign financial institutions, brokers and Banks, which enabled a wide range of transactions to be concluded treasury and deposits. A number of agreements have been concluded with new and existing counterparties in these segments and steps have been taken towards the introduction of new agreements, in line with the recommendations of ISDA and ZBP.

Distribution channels

Bank branches

As at 31 December 2023 the Bank had 371 Customer Centres (including 14 partner branches). The network of Customer centres was complemented by 15 Wealth Management Centres.

In 182 customer centres (including 4 partner branches), cash handling was carried out exclusively in self-service devices.

At the end of December 2023 the Bank had 131 centres with the "Barrier-free facility" Certificate, issued by the Integration Foundation for good service practices for people with disabilities.

All of the Bank's customer centres are OK SENIOR®-certified, which confirms that senior citizens (60+) are served in a safe, comprehensible and accessible manner at the Bank's outlets.

In 2023, the sales network in Corporate Banking and SMEs comprised:

- Strategic Customers Division, organised within the head office structure, which is responsible for relations with international Customers, major Polish corporations and financial institutions and selected public sector entities,
- SME and Corporate Customers Division, which manages the sales network for Corporate Customers with net sales revenue of between PLN 60 and 600 million (Commercial Customers) and the sales network for SME Customers.

By the end of 2023, the sales network for Corporate Customers with net sales revenues of between PLN 60 million and PLN 600 million was made up of three Corporate Banking Regions: Central, Southern and Western, bringing together a total of 13 Corporate Banking Business Centres located in the largest business centres in Poland, thus ensuring a broad geographical and sectoral coverage. In turn, the sales network for SME Customers was formed by three SME Banking Regions: Central, Southern and Western, bringing together a total of 32 SME Business Centres.

From January 2024, the Bank has transformed its sales network within the SME and Corporate Customers Division, resulting in the following:

- the sales network for Corporate Customers with net sales revenues of between PLN 60 million and PLN 600 million is made up of two Corporate Banking Regions: Eastern and Western, bringing together a total of 10 Corporate Banking Business Centres in the largest cities,
- the sales network for SME Customers is made up of two SME Banking Regions: Eastern and Western, bringing together a total of 22 specialised SME Business Centres, located in cities with the greatest economic potential.



In addition, a Sectoral Customers Department has been created, which will be responsible for relations with agricultural sector Customers, public sector companies and innovative Customers, as well as a Remote Customer Team, which will deal with Customers who prefer to be served remotely using online Banking channels. The aforementioned changes aim to make the Bank even more specialised and more responsive to the needs of Customers, particularly for companies in the agricultural and public sectors.

The Bank's service model for Corporate and SME Customers is a relationship model. At its core is the individual service of the Advisor, who is responsible for the entirety of the Customer's relationship with the Bank. In addition, in order to fully meet the needs of Customers, as part of the Bank's wide range of products and services aimed at small and medium-sized enterprises, teams of specialists are dedicated to serving SME Customers, offering a high standard of sales service and product advice, based on knowledge and experience in cash management, treasury, leasing, factoring and trade services and financing.

Both SME and Corporate Customers enjoy access to the products and services offered through modern online and mobile Banking systems. After-sales customer service is provided through dedicated Customer Service Offices.

Cooperation with intermediaries

Bank's cooperation in the acquisition of Banking products At the end of December 2023:

within the Retail and Business Banking Customer Division:

- based on outsourcing agreements - with 13 external outsourcing intermediaries, 1 outsourcing intermediary acting exclusively for the Bank and 13 franchise partners,
- based on marketing agreements - with 137 contractors.

within the B2C Sales Development Division, based on outsourcing contracts, with 17 external intermediaries.

ATM and Deposit Machine Network

As at 31 December 2023, the Bank's customer centres were operating:

- 530 dual-function devices carrying out contactless deposits and withdrawals with the Bank's cards and using BLIK, as well as cash withdrawals using Google Pay and Apple Pay; and
- 15 ATMs supporting only standard withdrawals and transactions provided by the VISA and Mastercard systems.

In addition, three dual-function machines and two ATMs were operating outside the Bank's customer centres.

Business operations and support area

Implementation of key strategic initiatives in 2023

INITIATIVE	Process excellence
DESCRIPTION OF THE INITIATIVE	Optimise, automate and digitise all key processes, thereby strengthening customer service quality and cost efficiency. Develop process mining to support process owners in process management. Fostering a Lean culture and continuous process improvement by creating a dedicated Lean training programme and community
ACHIVEMENTS	<ul style="list-style-type: none"> • improving the quality of the operational processes handled • analysis and measurement of processes, establishment/modification of benchmarks • new operations model: panels with experts from the Operations Division - a project based on three pillars (optimisation, partnership and effectiveness) aimed at improving operational efficiency and the quality of customer service (customer-centricity) • robotisation of processes across the Bank increasing efficiency: e.g. in KYC processes and AML alert handling • implementation of a new operational performance reporting system - "dashboards" • implementation of a competence matrix and Multiskilling - a tool for recording competences and monitoring employees development • implementation of intelligent cash management based on artificial intelligence, saving money on transport and cash freezing costs
KEY FIGURES	<ul style="list-style-type: none"> • decrease in the number of posts related to efficiency improvements • increase in multiskilling of employees (acquisition of new skills and functions and expansion of those already acquired by developing the scope and level of competence) - 20% of multiskilling employees • increase in operational efficiency +10% • 100% measured operational processes/activities in the Operations Division • reduction in the number of errors in post-sale disposals (-8% y/y) • 208 active robots (+34 new robots in 2023) • 40% automation for the Letter of Credit product - robots support the opening of letters of credit and service tasks • automated processing and control in AML and KYC processes, reducing the time to take an AML alert from 42 to 2 days



Entities of the BNP Paribas Bank Polska S.A.

BNP Paribas Towarzystwo Funduszy Inwestycyjnych S.A.

BNP Paribas Towarzystwo Funduszy Inwestycyjnych S.A. (BNPP TFI, Society) has been operating in the financial services sector since 1992, previously functioning on the Polish capital market as a brokerage house.

BNPP TFI operates on the basis of a permit from the Polish Financial Supervision Authority (Komisja Nadzoru Finansowego) to establish and manage investment funds, as well as to act as intermediary in the sale and redemption of participation units and titles to foreign funds.

The following significant events in the Society's operations took place in 2023:

- Assets under management up by 106% y/y - the second best performance in the market. By far the highest asset growth among TFIs belonging to Banking groups. Asset growth of the entire market (capital market funds) was approx. 32%.
- The BNPP Short-Term Debt Securities subfund remained in the TOP10 of the most popular subfunds on the Polish market in 2023, taking into account monthly net inflows (total net inflows to this subfund amounted to PLN 1,753 million in 2023).
- The editors of Gazeta Giełdy i Inwestorów "Parkiet" awarded the BNP Paribas Małych i Średnich Spółek Subfund (BNP Parasol SFIO) managed by the Society the Golden Portfolio award for the best investment result in 2022 in the category of Polish equity funds.
- increasing the offer of ESG funds. At the end of 2023 BNP Paribas TFI S.A. had 9 ESG funds on offer - the most among Polish Societies, ex aequo with Goldman Sachs TFI S.A. and Allianz Polska TFI S.A.. In addition, BNP Paribas TFI S.A. is the only one in Poland to have 2 dark green (compliant with Article 9 of the SFDR) ESG funds on offer.

As at 31 December 2023, the Society managed the following funds with total assets of PLN 5,156 million.

- BNP Paribas FIO - launched in March 2016. This fund comprises 7 sub-funds (including two sub-funds applying an investment policy based on ESG principles) with diversified investment policies that enable Customers to invest in various asset classes both locally and globally. The BNP Paribas FIO also includes an Individual Retirement Account: BNP Paribas - IKE and an Individual Retirement Security Account: BNP Paribas - IKZE. The value of the fund's assets at the end of 2023 amounted to PLN 1,339.7 million.
- BNP Paras Parasol SFIO - there are 9 sub-funds within the fund, including 6 sub-funds applying an investment policy based on ESG principles. The value of the fund's assets at the end of 2023 amounted to PLN 1,024.9 million.
- BNPP FIO - established in 2005. This fund comprises 3 sub-funds (including one sub-fund applying an ESG-based investment policy) investing mainly in the Polish market. The value of the fund's assets at the end of 2023 amounted to PLN 2,496.9 million.

- BNP Paribas PPK SFIO - created to offer Customers employee equity plans, with 9 sub-funds separated (so-called defined date). The value of the fund's assets at the end of 2023 amounted to PLN 294.9 million.
- BNP Paribas Premium SFIO in liquidation - created in July 2014, with 4 sub-funds separated. The management of the fund was taken over as a result of the merger with Riviera TFI.
- FWR Selective FIZ in liquidation - created in May 2014, the management of the fund was taken over as a result of the merger with Riviera TFI.

BNPP TFI cooperates with the Bank in the distribution of participation units of funds offered by the Society on the basis of an agreement concluded between the Bank's Brokerage Office and the Society.

The Society recorded net inflows of funds of 2,298.6 million in 2023.

Table 6. Key financial data of BNP Paribas Towarzystwo Funduszy Inwestycyjnych S.A.

PLN thousand	12 months to 31.12.2023	12 months to 31.12.2022	change y/y	
			PLN thousand	%
Balance sheet total	41,894	35,901	5,993	16.7%
Long-term investments	464	450	14	3.1%
Equity, including:	31,022	29,587	1,435	4.9%
net financial result	1,439	(4,450)	5,889	-

BNPP TFI has share capital of PLN 16,692.9 thousand divided into 695,538 shares with a nominal value of PLN 24 each. The level of shareholders' equity as at 31 December 2023 amounted to PLN 31.02 million and is sufficient for the safe conduct of day-to-day operations.

The company achieved a net financial result of PLN 1.44 million in 2023 (compared to a loss of PLN 4.45 million in 2022).

BNP Paribas Leasing Services Spółka z o.o.

BNP Paribas Leasing Services Sp. z o.o. (the Company), in cooperation with the Bank, offers a full range of leasing products to Customers in the microenterprise, Personal Finance, SME and corporate customer segments. Since 2018, based on the decision of the Bank's Board of Executives, the Company has taken over the role of the only entity in the BNP Paribas Bank Polska Group that provides leasing services to Customers of the above segments, dynamically increasing the scale of its activity every year.

**Table 7. Key financial data of BNP Paribas Leasing Services Spółka z o.o.**

PLN thousand	12 months	12 months	change y/y	
	to 31.12.2023	to 31.12.2022	PLN thousand	%
Balance sheet total	6,662,226	6,088,244	573,982	9.4%
Long-term investments*	6,409,080	5,745,766	663,314	11.5%
Equity, including:	84,160	58,466	25,694	43.9%
net financial result	25,694	47,703	(22,010)	(46.1%)

* financing receivables

he start of 2023 was a continuation of the previous year's sales challenges for the Company. After last year's sales decline in the Personal Finance segment, a slow recovery was observed in the passenger car sector. However, the driving force behind sales in this period was the Corporate Customers segment, which recorded a record transaction in the Company's history. At the same time, the segments of small and medium-sized enterprises and microenterprises performed significantly below expectations.

The second half of the year saw a significant improvement in sentiment in the Personal Finance sector specialising in automotive financing. It is this area, together with the still strong area of corporate Customers, that allowed the Company's annual sales plans to be met, despite the continuation of weaker sales volumes in SME and Microenterprises.

The portfolio of financed assets at the end of December 2023 reached a record level of PLN 6.4 billion (up 12% compared to December 2022), thanks to a good sales performance. In 2023 the company concluded 20.7 thousand new contracts for PLN 3,763 million (a 17% y/y increase in volume) and recorded a net profit of PLN 25,694 thousand, consistently increasing the equity level.

During the same period, the Company's administrative costs increased by more than 14%. This was due to significant inflation affecting employee costs and the costs of external suppliers, as well as the recognition as a result of infrastructure investments to improve the efficiency of operations in the future. The credit risk of the portfolio is stable, generating a burden on the bottom line below forecasts. In 2023, the quality of the loan portfolio remains very good, despite high interest rates and the reduced ability of Customers to settle receivables.

Initially, the Company's operations were financed by BNP Paribas S.A. in Paris. In December 2021, an additional loan agreement was signed with BNP Paribas Bank Polska S.A. for PLN 1 billion. In November 2023, an annex was signed increasing the limit to PLN 2.5 billion. In addition, in June 2021. The company signed an agreement with the European Investment Bank for a financing amount of EUR 200 million using 80% of the available line by the end of 2023.

Table 8. Financing structure of BNP Paribas Leasing Services Spółka z o.o. as at 31.12.2023

million	Sum in PLN	PLN	EUR
BNP Paribas S.A.	3,642	1,579	474
BNP Paribas Bank Polska S.A.	1,932	1,880	12
BNP Paribas S.A. Oddział w Polsce	385	385	-
European Investment Bank	447	388	14

BNP Paribas Group Service Center S.A.

The business areas of BNP Paribas Group Service Centre S.A. consist of:

- provision of IT services for the development of Banking and financial applications and systems, and IT support to BNP Paribas Group entities,
- provision of electronic equipment rental services to individual Customers,
- comprehensive handling of loyalty programmes for Bank affiliates and Bank Customers,
- provision of marketing services on behalf of the Bank to employees of the Bank's partners, Customers or employees of the Bank,
- development of scoring models, as well as their verification and monitoring for BNP Paribas Group entities,
- provision of financial intermediation services through the mamgo.pl platform where financial products of BNP Paribas Group companies focused on car financing for individual and corporate Customers are made available,
- the provision of services ancillary to insurance mediation activities, consisting in the administration and execution of group insurance contracts concluded by the Bank,
- provision of insurance agency services.

**Table 9. Key financial data of BNP Paribas Group Service Center S.A.**

PLN thousand	12 months	12 months	change y/y	
	to 31.12.2023	to 31.12.2022	PLN thousand	%
Balance sheet total	67,853	59,990	7,863	13.1%
Long-term investments	44,813	39,302	5,511	14.0%
Equity, including:	52,732	45,279	7,453	16.5%
net financial result	7,452	5,835	1,617	27.7%

non-audited data

Campus Leszno Spółka z o.o.

Campus Leszno Sp. z o.o. (the Company) was established on 28 June 2018 by a memorandum of association in the form of a notarial deed and entered in the Register of Entrepreneurs of the National Court Register. The Company's business activities include the provision of training and leisure services, the provision of training, hotel and catering facilities, entertainment and recreational activities, activities related to the organisation of trade fairs, exhibitions and congresses and other business service activities.

In the period from 1 January 2023 to 31 October 2023 the Company operated a hotel and catering business.

On 18 October 2023, a deed of sale of the property was signed and the Company ceased its operational activities on 31 October 2023. In January 2024, the Extraordinary General Meeting of Shareholders of Campus Leszno Sp. z o.o. passed a resolution to dissolve the company and open its liquidation.



Pillar POSITIVE

Pillar description

The Bank aims to be a leader in sustainable finance and is, therefore, developing products and services for all business lines. The Bank's goal is their dynamic sale leading to increase the share of sustainable financing from 4.5% at the end of 2021 to 10.0% in 2025. The goal has been achieved in 2023 and will be developed in subsequent years. The Bank is implementing the highest standards of ESG risk management and consistently improves the loan portfolio's ESG risk profile. In addition, the Bank continuously assesses and reduces its portfolio's carbon footprint by supporting the Clients' transformation. The Bank also aims to reduce its consumption of resources and implement responsible purchasing practices. By 2025, the Bank plans to reduce operational CO₂ emissions by 55% (compared to 2019) and paper consumption by 80% (compared to 2019).

Responsibility, availability, transparency and ethics are the cornerstones of our Client relations. The overarching goal is for Clients to consciously buy what they need without the surprises of hidden provisions. Our Client Centers will continue to be upgraded to meet the needs of the elderly and people with disabilities. By 2025, 50% of our Client Centers will be eligible for the "Barrier-free facility" certificate. The Bank does not intend to introduce any solutions that would dissuade Clients from visiting branches. We will, however, actively support our Clients' digital transformation.

We will remain committed to local communities through the development of employee volunteering and further supports the BNP Paribas Foundation. The Bank initiates public debate, conducts educational campaigns and starts partnerships within and outside the sector to build a brand associated with care for the environment and important social issues.

Strategic commitments and their implementation

Indicator	2025 strategic goal	2023 execution
Share of sustainable finance [vs 2021: 4.5%]	10%	10.9%
Total value of green and sustainable bonds of the Bank's Clients [vs 2021: 0]	PLN 1,400 million	PLN 534 million
Share of sustainable assets in management [vs 2021: 5%]	30%	14.7%
Social involvement of employees (annual average per employee)	4h	3h 19'
Clients' Centers with the "Barrier-free facility" certificate (partner facilities not included) [vs 2021: 18%]	50%	37%
Reduction of operational CO ₂ emissions [vs 2019]	55%	49%

Sustainable financing

GRI [2-6] [3-3] [Offering products and services that respond to social and/or environmental challenges] [203-1]

The Bank is committed to offer responsible and sustainable products that exert a positive impact on the environment. We want to contribute to the energy transformation and popularise solutions that protect the natural environment. Additionally, our offer of products and services supports the development of entrepreneurship and social innovations. We ensure that our products are accessible to those at risk of exclusion. In 2023, we focused on the further development of sustainable products, conducted extensive training for our Clients' Advisors and launched a campaign promoting sustainable financing entitled "A wider outlook on business".

The value of sustainable financing as of 31.12.2023 was PLN 9.6 billion, which constitutes 10.9% of total financing.

Table 10. Value of sustainable financing granted by the Bank in 2023 vs 2022

Value of sustainable financing	Value (PLN million)		
	31.12.2023	31.12.2022	change y/y %
with a positive environmental impact	6,553	5,839	12.2%
with a positive social impact	565	341	65.7%
ESG Rating-Linked Loan	340	-*	-
Sustainability-Linked Loan	2,141	343	524.2%
Total	9,599	6,523	47.2%

*The ESG Rating-Linked Loan was introduced to the Bank's product offer in December 2022

Table 11. Value of financing with a positive environmental impact in 2023 vs 2022

Financing with a positive environmental impact	Value (PLN million)		
	31.12.2023	31.12.2022	change y/y %
renewable energy	1,870	1,440	29.9%
ecological construction	2,441	2,209	10.5%
thermal modernisation of buildings	1,322	1,447	(8.6%)
improving the energy efficiency of production processes	130	154	(15.6%)



Financing with a positive environmental impact	Value (PLN million)		
	31.12.2023	31.12.2022	change y/y %
low-emission transport	225	394	(42.9%)
circular economy	251	24	945.8%
sewage and water treatment*	95	23*	313%
natural resources and biodiversity	219	148	48.0%
Total	6,553	5,839	12.2%

*In the categories of financing with a positive environmental impact, an additional category 'waste and water treatment' was included. As a result of the change, it was also necessary to update the sustainable financing values for 2022.

Table 12. Value of financing with a positive social impact in 2023 vs 2022

Financing with a positive social impact	Value (PLN million)		
	31.12.2023	31.12.2022	change y/y %
counteracting social exclusion	2	1*	100%
healthcare	416	306	35.9%
education	121	30	303.3%
basic infrastructure (e.g. water supply, sewage)	26	4	550.0%
Total	565	341	66.2%

*In the categories of financing with a positive social impact, an additional category 'counteracting social exclusion' was included. As a result of the change, it was also necessary to update the sustainable financing values for 2022.

To provide favourable financial terms for sustainable products, in 2020 the Bank introduced a formal catalogue of products and types of investments with a positive (social or environmental) impact. The listed products are offered at preferential prices, which significantly strengthens the competitiveness of our offer. The following areas are considered sustainable:

- development of renewable energy,
- improving energy efficiency,
- mitigation and adapting to climate change,
- low-emission transport,
- protection of water resources,
- circular economy,

- protection of biodiversity and natural capital,
- improving the quality and accessibility of public education and medical services,
- counteracting social exclusion.

To be qualified for our internal sustainable financing programme, each loan undergoes verification by the ESG competence unit and needs to be approved by our credit decision-makers.

Table 13. Catalogue of sustainable products and services

Segment	Products with a positive environmental impact – intended for green investments and projects	Products with a positive social impact	Products linked to an entity's ESG rating/performance
Corporate Clients	<ul style="list-style-type: none"> • Green Loan • EBI credit line Leasing • Tech Loan • Investment loan with Biznesmax guarantee • ECO-COMPANY with Profit programme • Green Energy investment loan 		<ul style="list-style-type: none"> • Sustainability-Linked Loan • ESG Rating-Linked Loan • Sustainability-Linked Bond • ESG-Linked Factoring
SME Clients	<ul style="list-style-type: none"> • Investment loan with Biznesmax guarantee • UNIA+ investment loan • Tech Loan • ECO-COMPANY with Profit programme • EBI credit line Leasing • Green Energy investment loan 		
Food & Agro Clients		<ul style="list-style-type: none"> • Agro Progress • Investment loan • UNIA+ investment loan • Green Energy investment loan • Insurance of renewable energy sources (as part of the Generali Gospodarstwo Rolne product) 	
Micro farmers		<ul style="list-style-type: none"> • Agro Progress • UNIA+ Investment Loan 	



Segment	Products with a positive environmental impact – intended for green investments and projects	Products with a positive social impact	Products linked to an entity's ESG rating/performance
	<ul style="list-style-type: none"> • Agro Rzeczkówka Light • Agro Lider • Insurance of renewable energy sources (as part of the Generali Gospodarstwo Rolne product) • Leasing from the EBI credit line • Leasing and leasing loan for photovoltaics, heat pumps, energy storage and charging stations • Leasing and Auto Plan with Arval for electric cars with the possibility of using the "My electric" programme in both cases 		
Housing communities	<ul style="list-style-type: none"> • Investment loan with a BGK bonus • Loan with a renewable energy grant • Investment loan with PF4EE EIB guarantee • ELENA project with the EIB 	<ul style="list-style-type: none"> • Account Open to Non-Profit Business 	
Foundations and associations	<ul style="list-style-type: none"> • Offer for Social Economy Enterprises 	<ul style="list-style-type: none"> • Account Open to Non-Profit Business 	
Microenterprises	<ul style="list-style-type: none"> • Investment loan with a green financing purpose • Investment loan with the support of EU funds • Leasing from the EBI credit line • Leasing and leasing loan for photovoltaics, heat pumps, energy storage and charging stations • Leasing and Auto Plan with Arval for electric cars with the possibility of using the "My electric" programme in both cases 		

Segment	Products with a positive environmental impact – intended for green investments and projects	Products with a positive social impact	Products linked to an entity's ESG rating/performance
Individual Clients	<ul style="list-style-type: none"> • Instalment loan for green energy sources • Loan for green changes • Green Mortgage • Loan with a subsidy from the Clean Air programme • Long-term rental of equipment financed by an instalment loan • Financing low-emission vehicles My electric car 	<ul style="list-style-type: none"> • Little Mr/Ms Independent Account and Mission Independence • Offer for citizens of Ukraine 	<ul style="list-style-type: none"> • Sustainable investment products (based on ESG criteria)



Sustainable financing

Sustainability-Linked Loan (SLL)

The Sustainability-Linked Loan (SLL) is a general-purpose type of financing wherein the loan margin is linked to the achievement of an enterprise's ESG objectives. Sustainability-Linked financing is provided under the LMA Sustainability-Linked Loan Principles. The guidelines stipulate, among others, that the developed indicators should address relevant areas of a company's environmental impact. Simultaneously, these indicators should be verifiable and comparable. They may relate, for example, to the reduction of greenhouse gas emissions or other pollutants, the certification of raw materials, the reduction of workplace accidents or counteracting social inequalities (e.g. ensuring equal access to managerial positions for both sexes or removing the gender pay gap).

In 2023, the Bank participated in four Sustainability-Linked Loan (SLL) transactions:

- In May, the Bank was a global co-coordinator of banks and one of the ESG coordinators in the PLN 10.6 billion SLL financing for the **Polsat Plus Group**. It is a leading media and telecommunications group and one of the largest Polish companies. The ESG objectives linked to the loan include increasing the production of energy from renewable sources and the share of zero-emission energy in the total consumption of Group entities. The indicators and goals were described in the Sustainability-Linked Financing Framework of the Polsat Plus Group and approved through the second-party opinion of Sustainalytics.
- In June, the Bank was the Sustainability Coordinator in providing SLL financing of over PLN 300 million for the **IgloTEX Group**. It is an integrated food group, producer of consumer brands, private labels and frozen food distributor. The jointly developed ESG goals linked to reducing food waste in production and distribution, improving employee safety, and incorporating ESG criteria into purchasing policies. This is the first SLL loan for a food manufacturer in Poland.
- In November, the Bank concluded SLL agreements worth over PLN 500 million for companies from the **EFL Leasing Group**. EFL is a group of companies specialising in the leasing of passenger cars and trucks, machinery and equipment, as well as other financial services (mainly for the SME sector). The ESG goals linked to the transaction focus on increasing the share of financing for green assets such as photovoltaic panels and heat pumps, increasing the number of zero-emission vehicles financed, as well as providing more employee training, especially in the field of sustainable development.
- In November, as part of a consortium with four other banks, the Bank provided financing worth PLN 1.6 billion to the **AHP Group (American Heart of Poland)**. The group provides over 20 medical centres across the country with comprehensive, continuous, multi-specialised and modern medical care. It integrates health education, prevention, diagnostics, treatment and rehabilitation in the field of lifestyle diseases, especially heart and coronary vascular diseases. The financing is linked to the implementation of ESG goals such as: reducing the production of medical waste, modernising the acquired medical facilities, obtaining an ESG rating and improving it in the following years. This is the first SLL loan for a medical entity in Poland. The Bank acted as the Sustainability Coordinator.

ESG Rating-Linked Loan

ESG Rating-Linked Loan is a loan for general purposes or investments with a margin partially linked to the improvement of the borrower's ESG rating score. This solution is dedicated to Clients who want to develop and improve the quality of management with regard to sustainable development and ESG reporting. To promote the idea and functionality of ESG ratings, the Bank has started a cooperation with EcoVadis, a global agency conducting ESG ratings.

In 2023, the Bank granted the first loans within the ESG Rating-Linked Loan format to SME and corporate Clients:

- In January, the Bank provided financing to No Limit Logistics. The company, which specialises in contract logistics, warehousing, distribution and transport, already had an ESG EcoVadis rating and the agreement provides for its systematic improvement.
- In April, the Bank signed a loan agreement with GPEC Group for PLN 50 million. Gdańskie Przedsiębiorstwo Energetyki Ciepłej supplies heat to more than 400,000 customers in Gdańsk. The financing is linked to the acquisition and improvement of the EcoVadis rating in subsequent years.
- In September, the Bank provided a EUR 4.7 million loan to Nowy Styl. The company, which specialises in the production of furniture solutions for offices and public spaces, already possesses an ESG EcoVadis rating and is expected to improve its ESG management standards.
- In October, the Bank concluded a loan agreement for PLN 55 million with the EMPIK S.A. Empik offers cultural, entertainment and lifestyle products in an omni-channel model - through a network of stationary stores, an e-commerce platform and a mobile application. The financing is linked to the acquisition and improvement of the EcoVadis rating.

ESG-Linked Factoring

ESG-Linked Factoring is sustainable factoring with commercial terms partially linked to the improvement of a company's ESG indicators or ESG rating.

In July 2023, BNP Paribas Faktoring Sp. z o.o., supported by the Bank's experts, entered into an ESG-linked factoring agreement with Holcim (formerly LaFarge Cement Polska). The financing is linked to the achievement of ESG targets and the decarbonisation of Holcim's operations. This is the first ESG factoring transaction of a BNP Paribas Group's companies operating in Poland.

Sustainability-Linked Bond

The Sustainability-Linked Bond is a bond with variable financial terms (variable coupon) dependent on the overall ESG performance of the issuer

- In January 2023, the Bank was a co-arranger and co-bookrunner of a 7-year bond issue for **Polsat Plus Group**. This was the largest corporate bond issue (PLN 2.67 billion) in the history of the Polish market. The chosen ESG target (linked to the coupon) was to increase the share of carbon-free energy in the total consumption of the group companies. The



indicators and targets were described in the Polsat Plus Group's Sustainability-Linked Financing Framework and approved in a Second Party Opinion by Sustainalytics.

Green Bond/Social Bond

Green Loan and Social Loan provide funding for investments that have a positive environmental (green) or social impact, as well as investments that significantly reduce negative impacts in these areas.

- Green Loan – may combine several environmental objectives, e.g. an energy efficiency project, the creation of renewable energy facilities and the construction of buildings with green certificates. The investments must be described in the Green Loan Framework based on the LMA Green Loan Principles and approved by an external body ("Second Party Opinion").
- Social Loan – may combine several social objectives, e.g. construction of community buildings and extension of the water supply network to places without access to running water. The investments must be described within the Social Loan Framework based on the LMA Social Loan Principles and approved by an external body ("Second Party Opinion").

Investments in renewable energy sources

We finance renewable energy projects, including wind power plants, agricultural biogas plants, small hydropower plants and photovoltaic systems.

In 2023, the Bank was a co-arranger, lender and party to an interest rate hedging transaction in the financing of the construction of **IB Vogt's** 40 MWp photovoltaic farm project. The loan amounted to more than PLN 150 million, half of which was provided by the Bank.

The Bank also supported the financing of **Modus Asset Management's** acquisition of a portfolio of photovoltaic projects with a capacity of 93 MWp. The financing amounted to approximately PLN 270 million, half of which was secured by the Bank (including the issuance of a performance guarantee for the Power Purchase Agreement (PPA), which is one of the project's revenue sources). The Bank provided comprehensive support as lead arranger of the loan, original lender and party to the hedging transaction. It also acted in the capacity of a loan agent, security and guarantee providers.

Sustainable real estate investments

The Bank is active in the commercial property finance market, supporting projects in various segments. Key factors in the selection of projects include environmental and social aspects. We focus on transactions that have a significant positive impact on the environment.

- In 2023, we continued our long-standing cooperation with the **MLP Group**, which implements logistics and warehousing projects on the Polish market. The company is very mindful of ESG issues. In March 2023, we provided close to EUR 20 million for an expansion project concerning the MLP CZELADŹ Logistics Centre.

- In November 2023, the Bank supported the construction of another warehouse park by **Panattoni**, a company specialising in industrial property development. The facility in Natolin will take up 25,000 sqm in the first phase, and the financing amounts to EUR 17 million. The investment will be BREEAM certified at the Excellent level. It will incorporate several sustainable solutions, with a particular focus on employee welfare.

- In May 2023, the Bank and its partners increased an investment loan for **HB Reavis** Group's FOREST office campus to EUR 205 million. This office market investment features several environmentally friendly solutions, as confirmed by BREEAM and WELL certificates.

- Another office construction project supported by the Bank is LIXA E. In December 2023, the Bank provided EUR 39.3 million in financing to a **Yareal** Group company for the construction of an office building. It is the next phase of a 70,000 sqm Class A office complex, comprising four buildings, in Warsaw's Wola district. LIXA E has been awarded a BREEAM International New Construction certificate (Excellent level).

- The Bank was also active in the retail space market. In May 2023, it provided a EUR 35 million loan to refinance the acquisition of two shopping centres by **BIG Shopping Centers Group**. Galeria Andrychów is a new complex consisting of three buildings with a total area of approximately 23,300 sqm, constructed using materials and technologies that significantly reduce primary energy consumption. Two of the three buildings are BREEAM certified (Very Good level). The second complex, Cuprum Park Lubin, consists of two buildings with a total area of approximately 13,400 sqm. It was built in 2023 on the grounds of a former TESCO hypermarket using parts of the old building's structure, which significantly reduced the carbon footprint of the construction process.

Supporting our Clients' energy transformation

Our core environmental commitment is to support our Clients' energy transition. The Bank is constantly developing its range of products and services to help Clients make the transition to a low-carbon economy and develop sustainable and environmentally responsible investments.

Energy Transformation Technical Expertise Team

The Bank employs a team of engineers who provide expertise to the Bank's Clients on energy transition investments, including the transition to a sustainable business model. The experts' tasks include:

- development of analytical methodologies and tools to support decision-making processes for financing investments in the field of energy transition (including renewable energy and energy efficiency),
- building the Bank's internal competence with regard to transformation and technology, particularly in the areas of the energy transformation of buildings and industry, renewable energy sources (especially PV and wind), through the organisation of training sessions, webinars, workshops and consultations, as well as the development of materials and case studies,
- preparation of expert opinions on planned investments at the stage of credit application analysis, evaluation of business plan assumptions, including verification of the assumed RES source productivity (excluding biogas plants), assumed energy prices, business model (including the applied operational support system - FIT/FIP tariffs, auctions), opinions on



potential project contractors, technology suppliers, review of project contracts, including service and guarantee contracts and energy sales contracts.

ELENA (European Local Energy Assistance)

In 2023, we continued to work with the European Investment Bank (EIB) on the ELENA Programmes, which support energy efficiency improvements for:

- Housing communities in multi-family dwellings – ELENA EEFFRB. In the second half of the year, we completed an active call for proposals and started preparations for the implementation of the programme.
- SMEs (small and medium-sized enterprises) and MidCAP (enterprises with more than 250 and less than 3,000 employees) – ELENA EEFFCB.

Beneficiaries of the programme will receive co-financing in the amount of 90% of the cost of technical documentation, which may include one or more of the following documents:

- initial simplified technical assessment report (we are the only bank on the Polish market to offer this document),
- basic or extended energy audit.

We also offer a range of technical assessments:

- basic energy expertise,
- energy expertise for building integrated RES,
- heat pump expertise,
- refrigeration expertise,
- micro-cogeneration expertise,
- roof bearing capacity for PV installations.

More than 800 housing communities have benefited from the ELENA Programme.

The ELENA programme for businesses is growing in popularity and reaching a wider circle of Clients. In 2023, the Bank continued its "Business Breakfasts" series. At the meetings, we presented solutions for coping with rising energy prices and explained how the Bank can provide support for entrepreneurs in both technical (using the ELENA programme) and financial aspects of a company's energy transition.

In addition, in cooperation with Bank Gospodarstwa Krajowego (BGK), the Bank has launched the "Ecological Loan". Companies can obtain financing and co-financing for energy efficiency investments. Companies interested in using the instrument have access to technical assistance in preparing their projects for implementation. The support is provided by the ELENA initiative.

PF4EE (Private Finance for Energy Efficiency)

In 2023, there was a time of stabilisation and steady increase in loan sales under the European Investment Bank's (EIB) Private Finance for Energy Efficiency (PF4EE) programme.

Under the agreement, the EIB reinsures the Bank's portfolio of energy efficiency loans. Beneficiaries of the PF4EE programme are housing associations and retail Clients who finance thermal modernisation projects and renewable energy micro-installations. With the EIB's support, they can benefit from higher maximum loan amounts, longer financing periods and lower interest rates.

In December 2019, the Bank concluded its first PF4EE agreement with the EIB, providing for loans of PLN 750 million over just two years, exhausting the EIB's guarantee limit set out in the agreement. In August 2022, a further PF4EE guarantee facility agreement was signed, allowing the Bank to guarantee a further PLN 550 million of loans.

Since the beginning of cooperation with the EIB under the PF4EE instrument, the Bank has granted 35,000 loans to individuals and housing associations for a total of PLN 1.2 billion. In 2023 alone, there were almost 5,000 loans totalling PLN 250 million. By the end of 2023, PLN 465 million of the limit set by the second agreement with EIB had been utilised.

The objectives of the PF4EE programme are to:

- increase financing for renewable energy and energy efficiency,
- facilitate market access to finance,
- reduce risk for financial institutions.

The cooperation with the EIB is the Bank's response to the challenges of the current energy crisis and the urgent need to improve energy efficiency and reduce greenhouse gas emissions.

In 2024, the Bank plans to enter into negotiations to conclude a further reinsurance agreement for its portfolio of loans financing energy efficiency improvements, within the framework of the instruments available on the market.

Multiple Beneficiary Intermediated Loan (MBIL)

On 23 November 2023, with effect from 19 December 2023, the Bank signed an addendum to the agreement of 12 August 2022 with the European Investment Bank (EIB) for up to EUR 80 million to support energy efficiency projects in Poland. The funds will be used to finance loans to individuals and housing associations covered by the PF4EE guarantee: the installation of photovoltaic systems and heat pumps for individuals and the thermal refurbishment of buildings for housing associations.

The MBIL agreement has achieved full operational capacity in 2023, but the starting date for the credit line has been extended to 12 February 2025. Thanks to the combination of the financing agreement and the PF4EE guarantee, Clients can expect a reduction in financing costs (lower credit margins).



Loan with subsidy from the Clean Air priority programme

The Clean Air programme is the largest and most important project in Poland to effectively improve air quality and reduce greenhouse gas emissions. Owners and co-owners of single-family houses and residential premises in single-family houses with a separate land and mortgage register are eligible for co-financing of the replacement of heat sources and thermal upgrading. Clean Air loans are covered by a free guarantee from Bank Gospodarstwa Krajowego (BGK), which allows Clients to benefit from higher loan limits, longer financing terms and lower interest rates.

In 2023, the Bank issued 400 Clean Air loans for PLN 21 million.

There was a slowdown in the sale of the Clean Air loan in 2023. The trend occurred in all Banks offering this product. As a result, the Bank took measures to identify the main obstacles to the development of the loan. Surveys were carried out in the distribution channels, i.e. in the Client Centres and among the partners working with the Bank. The results were presented at a forum of banks – distributors of the Clean Air Programme – and at a workshop with the National Fund for Environmental Protection and Water Management. The National Fund for Environmental Protection and Water Management has already taken active measures and the first changes to the programme are planned for the beginning of 2024. We expect that the changes introduced will make the programme itself more attractive and shorten the application process for the loan subsidy, which will intensify the sale of loans supporting thermo-modernisation.

The loan with a subsidy from the Clean Air priority programme was created in cooperation with the National Fund for Environmental Protection and Water Management, the 16 Provincial Funds for Environmental Protection and Water Management and Bank Gospodarstwa Krajowego. All interbank cooperation was conducted through the Polish Banking Association and, on the IT side, also with the National Clearing House.

Cooperation with the EBRD in the framework of the PolREFF programme

Since 7 December 2021, the Bank has been continuing its cooperation with the European Bank for Reconstruction and Development (EBRD) in London, under which the EBRD provided the Bank with PLN 450 million to improve the energy efficiency of residential buildings in Poland under the PolREFF programme. The Bank provided PLN 225 million of its own funds to further support the implementation of this programme. Funds from the PolREFF programme will be used to provide loans to individuals who wish to finance projects such as the modernisation of heat sources, the thermal refurbishment of buildings, the installation of photovoltaic systems and a range of other improvements to enhance the energy efficiency of their homes. The aim of this initiative is to help address the problem of high energy intensity and carbon emissions in the Polish housing sector. The Bank also received technical support as part of this agreement.

As part of the PolReFF initiative, the Bank also provides various tools to support thermo-modernisation investments. Clients can use an energy savings calculator to determine the energy savings and environmental impact of a thermo-modernisation project. They can also access the Virtual Technology Advisor (an interactive list of energy-saving equipment and materials in the form of an online search engine) to check which products are most cost-effective and meet their energy-saving requirements..

Cooperation with Envirly

In March 2023, we partnered with Envirly. As part of the GOeyond 2022-2025 strategy, we support companies in their green transformation through sustainable products and services, as well as profiled tools. One such tool is Envirly's carbon footprint counting platform.

In partnership with Envirly, we enable companies to use a certified tool that allows them to independently estimate the carbon footprint of their operations according to applicable standards. Businesses can include these findings in their annual reports

Climate Action Support Facility (CASF) Green Gateway Support

From April to December 2023, the Bank and the BNP Paribas Leasing Solutions received technical advice from the EIB Advisory Hub and Adelphi. Under this programme, the EIB provides expert support to financial institutions in financing investments related to climate change and energy transition.

The technical assistance focused on identifying, designing and developing new green products, improving internal processes for energy transition financing, enhancing employees knowledge and skills on regulations and product eligibility criteria, e.g. through the EIB Green Eligibility Checker tool, and analysing selected industries to identify market potential for energy transition.

Green Credit

The Green Credit was included in the Bank's offer on the basis of cooperation with Bank Gospodarstwa Krajowego (BGK) within the framework of the European Funds for Modern Economy Programme 2021-2027.

The product is addressed to SME, Small MidCap and MidCap companies and is intended for the implementation of an environmental investment aimed at modernising the company and leading to a reduction in primary energy consumption of at least 30%. If the project is properly implemented, the entrepreneur can obtain an environmental bonus from BGK, which is earmarked for partial repayment of the loan (up to 80% of the eligible costs of the project).

The Ecological Loan is very popular among entrepreneurs, and has become an important element of the Bank's marketing campaign "A broader perspective on business".

Business Breakfasts

In 2023, we continued our series of meetings with entrepreneurs in the spring and autumn, inviting both our Clients and interested parties. The events took place in 21 locations across the country in the form of business breakfasts. Our experts discussed a number of important issues related to energy transition, support for Polish companies in this process, EU funds and ways to achieve energy efficiency.



Further work on InvestEU guarantees

In 2023, the Bank cooperated with the relevant financial institutions to obtain guarantees from the InvestEU programme. The Bank applied to the European Investment Fund (EIF) for guarantees under the Sustainable Finance and Innovation and Digitisation windows. Work on guarantees will continue in 2024.

Thermal modernisation of public buildings

Together with its business and public partners, the Bank is developing a programme for the thermal modernisation of public buildings based on an energy performance contract between the building owner and an ESCO (Energy Service Company).

Cooperation with PIRR

In 2023, the Bank continued to cooperate closely with the Polish Institute for Market Development (PIRR). For the past seven years, we have been PIRR the only one partner from the banking sector. In cooperation with PIRR, the Bank disseminates knowledge about the current range of products and solutions for housing communities, with a special focus on the issue of financing within the framework of sustainable development (thermal modernisation bonuses, renovation bonuses) and support in applying for RES subsidies. This cooperation has led to a significant increase in the number of Clients (3,200 more housing associations in 2023).

In 2023, 26 conferences were held in 15 cities across Poland, attended by nearly 1,500 property managers/administrators. The conferences are supported by a Team of Efficiency and Sales experts from the Bank. The topic "How to become an ECO community – thermal modernisation of buildings and financial management of housing communities" was discussed with the guests.

Training activities designed to support Business Advisors

To ensure the best quality of service in the area of sustainable financial products, the Bank continued to provide training and advice to advisors working with corporate Clients and SMEs in 2023. In cooperation with the Warsaw Institute of Banking, an organisation specialising in financial education, we also conducted the Level I "Professional Corporate Business Advisor" certification for Client Advisors serving SMEs. We prepared two modules on sustainable development as part of a series of 11 training courses for Business Advisors (around 600 people):

- The "Sustainability and ESG" module covers general sustainability knowledge, how ESG affects business, financial and circular products that can support the energy transition, and discusses the challenges and opportunities that ESG presents to our Clients.
- The "Property Management. Housing Associations" module focuses on supporting housing associations in the sustainable energy transition. This module provides advisors with knowledge on Clients needs assessment, national and EU programmes available to Clients, renewable energy options for building refurbishment and the Bank's support for financing green investments.

Education and support for Food & Agro Customers

The BNP Paribas Group has extensive international experience in serving the Food & Agro sector. It is the European leader in the financing of agricultural machinery leasing. The Bank is a leader in the financing of the Polish Food & Agro sector. We are committed to promoting a responsible approach to food production and to implementing tools to help achieve this goal.

18th Food & Agro Conference

The Bank is the initiator and organiser of the Food & Agro Conference, which until 2020 was known as the Agro Conference. The event is an important platform for the exchange of views and an opportunity for in-depth discussion among producers, processors, suppliers and distributors involved in the food production value chain

The 18th edition of the Food & Agro Conference brought together several hundred representatives of the largest and most forward-looking players in the food production value chain and its environment, including many of the Bank's Clients.

Agronomist.pl platform

The Agronomist.pl platform is an innovative way of building relationships and sharing knowledge. It is dedicated to agricultural producers, processors and food manufacturers who understand the need for a business model shift and want to grow in line with market trends, including sustainable production standards. It provides in-depth knowledge and scientifically validated tools to support both the transition to sustainable agriculture and the digital transformation. The content of the Agronomist platform covers the entire Food & Agro value chain, with a special focus on local communities.

In 2023, new tools and functionalities unique to the market will be made available on the platform to meet the needs of agri-food operators:

- Agroemisja for poultry: the first Polish language calculator of the carbon footprint of poultry production (chicken and turkey broilers) based on a scientifically validated model in the 'from cradle to gate' methodology, compliant with the GHG Protocol and SBTi FLAG standards.
- Agroemisja for pigs: the first Polish language calculator of the carbon footprint of pig production based on a scientifically validated model in the 'from cradle to gate' methodology, taking into account the stages from extraction of raw materials to delivery of the finished product to the customer and compliant with the GHG Protocol and SBTi FLAG standards.
- Agroemisja for beef cattle: the first Polish language calculator of the carbon footprint of beef cattle production based on a scientifically validated model in the 'from cradle to gate' methodology, compliant with the GHG Protocol and SBTi FLAG standards.

In 2023, over 213,000 users visited the Agronomist.pl platform.



Food & Agro sector partnerships

- We participated in the development of national legislation on sustainable development and energy transition through the Renewable Energy Council of the Lewiatan Confederation and the working groups set up by the Ministry of Climate and Environment as part of the implementation of industry agreements.
- Continued cooperation with the Polish Association for Sustainable Agriculture and Food and its member companies.

Products with a positive social impact for Retail and Business Banking Clients

Little Mr/Ms Independent Account

Since 2020, we have been offering parents Little Mr/Ms Independent Account, and running an educational campaign, Mission Independence to help parents raise their children's financial awareness.

At the end of 2023, the Bank operated more than 66,000 Little Mr/Ms Independent Accounts dedicated to children under 18, using the offer when accompanied by a parent or guardian.

Range of products for citizens of Ukraine

We offer Ukrainian citizens living in Poland facilities that simplify the use of banking products. At the Bank, Ukrainian citizens can easily open an Open for You Account or an Account for Now dedicated to refugees. These products are designed for Clients who appreciate transparent and simple banking solutions.

The Bank has prepared a website and promotional materials in Ukrainian. Clients can also choose the Ukrainian language when calling our helpline.

In addition, in 2023, the following solutions for Ukrainian Clients were implemented:

- we launched Diia.pl, an electronic document for Ukrainian citizens who crossed the Polish-Ukrainian border after 24 February 2022, as a second identity document in the process of concluding an account agreement,
- we made the FX Pl@net currency exchange platform available in Ukrainian,
- we launched several sales campaigns (e.g. on FX Pl@net), and activation campaigns (e.g. GOmobile).

In 2023, we opened 44,000 personal accounts for Ukrainian citizens, bringing the total to 296,000 personal accounts for 324,000 active Clients.

Account Open to Non-Profit Business

The Bank offers an account for non-profit activities, i.e. for social or professional organisations whose basic services are free of charge. The offer is aimed at housing associations, cooperatives, foundations and associations.

Under a single agreement with the Bank, an organisation can receive:

- current account in PLN,
- deposit account,
- term deposit accounts,
- access to mobile and Internet banking systems,
- comprehensive service of a bank advisor
- preferential conditions for additional services.

The number of Non-Profit Accounts (Non-Profit package) in 2023 was 34,067 (vs 33,847 in 2022).

Range of products for social economy enterprises

The Bank provides services to social economy enterprises. We support enterprises that make a profit while meeting social and environmental objectives and reinvesting their profits in fulfilling social mission..

Investing based on ESG criteria

The Brokerage House offers its Clients funds managed by BNP Paribas TFI S.A., including (from June 2022) six sustainable funds according to the SFDR classification (Article 8 or Article 9). Four of these funds promote environmental or social objectives (Article 8 of the SFDR) and two are aimed at sustainable investment (Article 9 of the SFDR). Then, in 2023, the offer was extended for three sub-funds according to the SFDR classification (Article 8): Subfundusz Globalny Dłużny, Subfundusz Globalny Stabilnego Wzrostu and Subfundusz Globalny Akcji. They include equity, bond and convertible bond funds with an international allocation, which invest the majority of their assets in sustainable funds managed by BNP Paribas Asset Management.

The Brokerage House also offers the sale of shares in funds managed by various TFIs. 186 of these funds are classified as sustainable (Articles 8 and 9 of the SFDR).

Clients receiving investment advice on exchange-traded instruments are presented with portfolios containing at least 20% sustainable instruments. This applies to both local and foreign currency portfolios with varying risk profiles.

Investment products supporting social and environmental objectives

We also offer structured products with a portion allocated to social or environmental objectives. The companies whose shares are the underlying asset for these products are thoroughly analysed in terms of environmental, social and corporate governance factors.

In 2023, we offered products whose sales continued to support the planting of trees in various locations in Poland. The project aims to revitalise degraded ecosystems and increase the scale of reforestation in collaboration with Reforest'Action



(in 2023, the Bank's employees planted over 1,000 beech and oak seedlings near Poznań, in partnership with foresters and Reforest'Action). Thanks to our participation in this campaign, more than 155,000 trees have been planted to date.

ESG sub-funds

With the launch of the ESG sub-funds, BNP Paribas TFI S.A., as a financial market participant and in compliance with EU regulations, has made several disclosures to end investors on the introduction of sustainability risks into its activities. In particular, this concerns negative sustainability impacts, sustainable investment objectives (Article 8 SFDR), and the promotion of environmental and social aspects (Article 9 SFDR) in the investment decision-making process. As of 30 December 2022, the abovementioned disclosures will be supplemented by new guidelines in line with the regulatory technical standards so that end investors can make informed decisions based on reliable data.

Available ESG sub-funds offered by BNP Paribas TFI S.A.:

- BNP Paribas Europejskich Obligacji Zamiennych,
- BNP Paribas Obligacji Zrównoważony Rozwój,
- BNP Paribas Akcji Wzrostowych USA,
- BNP Paribas Akcji Azjatyckie Tygrysy,
- BNP Paribas Akcji Zielony Ład,
- BNP Paribas Akcji AQUA,
- BNP Paribas Globalny Dynamicznego Wzrostu,
- BNP Paribas Globalny Stabilnego Wzrostu,
- BNPP Globalny Strategii Dłużnych ESG.

A detailed description of all ESG products can be found on the BNP Paribas TFI S.A. website (<https://www.tfi.bnpparibas.pl/strategia-esg.html>), which describes:

- definitions, intentions and investments taking into account ESG factors, as well as investment exclusions,
- the range of ESG sub-funds,
- sustainability policies,
- sustainability strategy
- SFDR disclosures.

Basic information on ESG investments and risks is included in the fund prospectuses, which detail all aspects of the investment, including ESG specifics.

Personal Finance – sustainable product range for Individual Clients

Offer	Implementation in 2023
Instalment loan for green energy sources	The Bank continued its cooperation with leading retail chains and local partners by offering an energy transformation instalment loan. The Bank financed over 6 200 projects primarily related to the purchase and installation of photovoltaics and heat pumps issued loans for PLN 170 million.
Loan for green change	The cash loan for green changes was available at the Bank's branches and was very popular among Clients. The Bank granted nearly 8.1 thousand loans for green changes on preferential terms. The value of the loans exceeded PLN 250 million.
Green Mortgage	The Bank's Clients can benefit from attractive loan terms when buying a property with a Green House Certificate issued by the Polish Green Building Council (PLGBC). The Bank has included the certificate as one of the criteria for obtaining a loan with a reduced margin. The two institutions also signed an agreement consolidating their cooperation. The partners defined the scope of activities for the development and promotion of sustainable housing in Poland under the Green Home and Green Mortgage programme. The Green Home Certificate is a guarantee of high energy efficiency of buildings, comfort of users and respect for the environment. It was developed as part of the Green Home and Green Mortgage programme, which is being implemented in the partner countries of the SMARTER Finance for Families project, funded by the EU Horizon 2020 framework programme. PLGBC has developed a series of criteria for assessing the energy and environmental performance of sustainable homes and flats. Lower running costs (less heat, electricity and water consumption), high indoor air quality and a higher market value of a certified property, combined with an attractive financing offer, will accelerate the development of sustainable housing in Poland.
Long-term rental of equipment financed by an instalment loan	As part of the development of long-term rental, the Bank and its subsidiary, BNP Paribas Group Service Center, made long-term rental available in another retail chain (Matrix Media), on the Plenti online platform, and in the iSpot online store. This opened up a new channel for the distribution of the product through online stores – Clients have full online access to the process. More than 1,000 devices were rented.
Financing low-emission vehicles	In cooperation with new and used car dealers, the Bank financed almost 300 low-emission vehicles (electric and plug-in hybrid) with loans of over PLN 27 million. The Bank promoted the "My electric" programme by offering leasing products, thus helping Clients to obtain subsidies for low-emission vehicles.



Actions to promote a circular economy and extend the life of products

- Through its retail partners, the Bank has offered electronics rental in a new sales channel in selected online shops, including iSpot.
- The Bank has teamed up with the Plenti fintech, which specialises in equipment rental. Before, the company offered the users of its platform a choice of rental periods, ranging from one month to a year. Thanks to cooperation with the Bank and the BNP Paribas Group Service Centre, users of the Plenti platform can rent electronics for two years without the obligation to buy them. Renting for two years reduces the cost of service compared to a shorter period, the longer rental also means less electronic waste and less impact on the environment.

mamGO Mobility Platform

mamGO is an online marketplace for car dealers. The platform contains offers from dealers and suppliers from all over Poland, and the Bank provides financing for purchases with a loan, leasing or rental. The platform was created by the Bank in cooperation with BNP Paribas companies operating in Poland: the leasing company BNP Paribas Leasing Solutions, the BNP Paribas Group Service Centre (responsible for the creation and technological development of the platform), and Arval, which specialises in car rental.

In addition to the car offers, the website also includes an informative and educational section, allowing users to increase their knowledge of electric cars: technical information about the cars, information on subsidies and useful tips. Combined with a CO₂ emission meter for each model, this information is intended to encourage Clients to choose low-emission vehicles.

As part of mamGO:

- we promote zero-emission vehicles by making them easy for Clients to choose and encouraging them to consider buying an electric vehicle,
- we educate Clients about the benefits of electric vehicles through publications on electric mobility,
- we dispel myths about the limitations, risks and costs associated with using electric vehicles,
- we provide information on available subsidies and support programmes, such as "My Electric".

The Polish Alternative Fuels Association has become a content partner of the mamGO blog.

Positive Banking

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Customer relations

The foundation of our business is to build lasting relationships with our Clients, based on transparency, honesty, simplicity and empathy. We look at the Bank from the Clients' point of view. We want to know what their current needs are, we listen, and on that basis, we take various measures to be a trusted business partner.

Listening to our Clients

- We monitor the Clients experience along the purchase and service path through Customer Journey research.
- We conduct NPS (Net Promoter Score) surveys on the #Client platform and Mystery Shopper surveys.
- We gather insights directly from Clients who contact us in Customer Centre, via hotline, chat and email.
- We verify the topics of Contact Centre calls with our speech analytics system.
- We value the opinions of our employees and are keen to draw on their expertise, both in face-to-face discussions and through our Customer service research from the employee perspective (CJ Mirroring) as well as through the "To be Proud" project.

The #CLIENT platform is a source of knowledge about survey results and the voice of the Client. Data is automatically updated as Clients complete subsequent surveys. The tool is currently used by more than 4,000 employees across the Bank and partner organisations.

We take a multi-pronged approach to research. We analyse opinions expressed in internal and external surveys, and we monitor market trends, not just in banking. In implementing our research strategy, we follow the changes taking place in our Bank at all levels. In 2023, we introduced further **Customer Journey** research, which allows us to respond to Client needs on an ongoing basis (we now continuously measure 11 Customer Journeys). At the same time, we are keeping an eye on the research market and implementing research innovations, including AI (both in data collection and analysis). Last year we successfully integrated a voicebot into a study of another service channel (Customer Centre).

We have participated in studies to test the introduction of new business solutions, such as Virtual Branch, and the migration of micro Clients from GOonline Business banking to GOonline. We are constantly improving and expanding the scope of research on the GOonline platform.

We continuously share the results and reports of individual studies within the Bank. We combine them with operational and complaint data. As a result, we have developed detailed recommendations for individual business areas.



Our activities are appreciated by the market, as well as existing Clients. Clients in various segments are increasingly satisfied with the cooperation [Relative increase in NPS y/y: Mass Client (+12p.); Premium Client (+4p.), Micro Client (+18p.), Wealth Management (+11p.), Corporate Client (+13p.), SME (+9p.)].

Understanding our Clients

We continue to implement the GO beyond strategy, which puts the Client and employee experience at the heart of our work.

One of the supporting elements of this effort is a project we are undertaking with the BNP Paribas Group: a new approach to Customer Journeys. In developing our products and services, we focus first and foremost on the needs of the Client. As a result, we have a broader view of the Customer and are prepared to tailor processes and products to their core needs. By mapping their experiences and emotions onto pathways, we guide them through all stages of the process. In addition to the voice of the Client, we also listen to the voice of the employees who operate and know the process. This approach allows us to identify stages that may be challenging for the Client or the employee.

Representatives from the business units involved in a particular process are involved in building the Customer Journeys because specialists in different areas can look at issues from a variety of perspectives. Step by step, they develop long and short-term solutions.

Through this project, we have improved the Client and employee experience along three paths: becoming a Client, making a complaint and financing a vehicle. We have also prepared the implementation of further actions in collaboration with Product Owners and Chapter Leaders within Agile.

In addition, we are continuing initiatives to build a Client-centric organisation. Below are some of them:

- We equipped product and process owners with the knowledge needed to create personas and Client pathways within the Agile Academy. We identified Client pathway owners.
- We created a training programme called "The Client with a Hundred Faces", addressed to the entire organisation. We invited experts from various parts of the organisation, including UX design, to participate.
- We celebrated "Customer Days": every employee of the Bank had the opportunity to listen to inspiring discussions with members of the Management Board. We talked about the importance of accountability and transparent communication, why it is important to be guided by Client needs when developing services and products, and how we see AI in Customer service. We learned about the BNP Paribas Group's new Customer Journey approach and took part in a mock trial which judged the Bank's products and processes. The event concluded with a motivational talk by ski mountaineer Andrzej Bargiel.
- We held regular Customer Excellence Board meetings, attended by representatives from many departments, where we discussed the key needs of our Clients, talked about the main reasons for complaints and planned future actions. Participants included Tribe Leaders (following the Agile methodology), Product Owners, sales and service channel representatives, and representatives of compliance, risk, operations and IT oversight.

- As part of the onboarding process, we trained new leaders in Customer experience, recognising the importance of involving managers in building a Client-centric organisation. We continue to run the Advocacy Programme, which focuses on many aspects of Client centricity, such as raising employee awareness, using Client and employee insights to take action and improve the Client experience, and verifying that the actions taken have had the desired results.
- We continue our 3-module online training course "Customer Experience – NPS", during which we answer: What is NPS? Why is it so important to satisfy our Clients and give them the best possible experience? How can you get to know your Clients and their needs better to meet their expectations and build strong relationships?
- In the Transformation and Experience Development division, we organised a training session that enabled participants to learn what ESG and sustainability are, the role of financial institutions in the sustainable transformation of the economy, and the influence we can have – in our personal and professional lives – to make the idea of sustainability a reality.

We act and respond to our Clients' needs

We are improving our processes and implementing new solutions. In 2023, we have introduced a dozen initiatives and changes that we have selected based on Clients input. The entire Bank is committed to implementing these improvements:

- we have enabled Micro Clients to issue new authorisations through temporary power of attorney,
- we have enabled corporate Clients to update their policies in the GOonline Internet banking system,
- we have increased the automation of credit decisions, which has reduced the time required to process cash loan applications,
- we have made the BLIK service available to Micro Clients in the GOMobile app and BLIK deposits at third-party ATMs are now available to our retail Clients,
- Clients can join the IKE pension scheme remotely,
- we have made the Mastercard "Priceless Moments" loyalty programme available to Clients with debit and credit cards,
- mDowód and DIIA: we have introduced a new form of Customer identification in Customer Centres,
- we have introduced a fast process for opening deposits with the Autenti GOMobile digital signature in Client Centres,
- we have provided a new process for selling instalment loans in branches using the GOMobile application,
- we have streamlined the VISA Platinum credit card sales process, resulting in a faster and more convenient way for existing Clients to apply for the product (paperless, instant decision),
- we have implemented new processes in remote channels and thus new functionalities in GOMobile: chatbot, biometric transaction acceptance,
- we have provided a single hotline for Clients using investment products, our online experts now handle difficult and non-standard Client problems, e.g. inheritance issues.



Another way in which we respond to Client needs is by paying attention to the quality of the Bank's communications. We simplify messages based on the principles of plain language and Customer experience. We aim for clarity and simplicity.

Complaint handling and processing

The process is one of the most important sources of Clients feedback. The signals we receive help us to develop and meet our Clients' expectations and needs. The process owner is the Managing Director of Transformation and Experience Development.

In the Customer Dialogue Office, three specialised complaint teams and a Client ombudsman team address various complaint types. This enables the joint diagnosis of problems reported by all the units responsible for handling complaints reported by Clients. It facilitates work on resolving the issues and adapting effectively and qualitatively to the expectations set by regulators. It also allows us to respond more quickly to Clients needs.

Thus, we are implementing the two main pillars on which the complaints process is based – quality and operations. As a result of our actions, we received 10% fewer complaints in 2023 than in 2022. This is also reflected in our Clients' positive assessment of the complaints process in our regular NPS surveys. The score at the end of November 2023 was 16.5.

12

12 calendar days – average complaint handling time in 2023

10%

fewer complaints in 2023 compared to 2022

Customer Advocate

Complaints are not the only type of Client feedback we respond to. The Customer's journey with the Bank leads to non-standard cases that require an individual approach. Such issues are handled by the Client Ombudsman Team, a unit that reviews the cases of Clients who are not satisfied with the outcome of the complaint process. The Client Ombudsman Team also reviews complaints addressed to the Bank's Management Board, Supervisory Board and Spokesperson. It supports communication with Clients who raise problematic and important issues on social media.

2,700

cases submitted to the Client Ombudsman in 2023 (including 311 directly to the Bank's Management Board and Supervisory Board)

7.75%

fewer cases than in 2022

82%

of complaints to the Ombudsman in 2023 was submitted by individual Clients (18% by companies)

13.5%

cases (the largest percentage) resolved by the Ombudsman in 2023 concerned mortgage loans

Complaints management

The standards for handling and responding to complaints are further specified in the Complaints Policy. It defines the duties at each stage of the process and indicates the division of roles, tasks and responsibilities of specific units. It also describes how complaints can be submitted.

Clients can submit complaints:

- via the GOonline internet banking system chat,
- via the online form in the GOonline internet banking system,
- by telephone,
- in writing,
- in person – at any Client Centre.

We do not believe in merely pointing out areas for improvement to the owners of individual products and processes. We want to make the complaints process transparent and intuitive for everyone involved. This is why we continue to develop the new GObetter complaints system in 2023. As a result, in December 2023, we launched the complaints module in the GOonline online banking system. It enables Clients to make a complaint about the products they have chosen and to view case progress in the GObetter complaints system. This allows Clients to check the status of their complaint without having to contact the Client Centre or Contact Centre.

We are developing more functionalities of the GObetter system for our employees and Clients:



- omnichannel – all Client complaints are recorded in one system, regardless of the contact channel,
- Trade Gesture – the Trade Gesture is even easier to use. The Client quickly receives a refund of the wrongly charged amount,
- user friendly – the application is simple and intuitive. Entering a claim takes less time. The application suggests the next steps,
- complaint status – GObetter shows you the current status of the claim. This is convenient not only for the Client but also for the employee,
- plain language – all Client messages and complaint replies are written in plain language,
- functionality – much easier reporting. A single database contains all the information needed to analyse and make changes,
- increased process automation – particularly important in the area of transaction fraud complaint handling. Automating the process significantly speeds up the review of cases and response to Clients.

One of the benefits of the GObetter system is the increased automation of the Trade Gesture. This makes it even easier for first-line employees to use the solution. It facilitates the handling of cases related to fees and commissions already at the stage of the conversation with the Client. In addition, once the refund has been posted, the Client receives confirmation of the positive response to their complaint via their chosen electronic contact method. Thus, we build lasting relationships with our Clients and a positive image of the Bank.

The GObetter system has also allowed us to improve and partially automate the process of handling complaints about fraudulent transactions. These cases, when properly registered by a front-line employee, automatically generate tasks for the Bank's internal units responsible for providing information to the complaint employees. This allows us to respond faster and more effectively to the Client. To facilitate the process of handling fraud cases in the GObetter system, we have prepared registration forms. They allow our employees to obtain the necessary information from the Client and carry out a comprehensive analysis of the case. This is in line with the regulatory expectations and legal requirements for handling this type of complaint.

In addition to providing and developing the new GObetter system, we are also interested in working with units that support the front channels. In 2023 we organised a course for Quality Managers in Client Centres on complaints and how to deal with them. During the sessions we explained the risks associated with handling complaints, but also the benefits of receiving Client feedback through this channel. We also presented the GObetter system and the functions available to employees when handling complaints.

Transparency and dialogue with Clients

GRI [3-3 Simple and transparent communication]

We are systematically simplifying the language we use to communicate with our Clients. Since 2019, we have been gradually adapting our documents, letters, communications and promotional materials to plain language standards.

Plain language

In 2023, we continued our cooperation with an expert – a linguist and experienced plain language trainer. As part of this cooperation, we regularly simplify communication and train our employees in the rules of plain language. We use plain language in communication with all Clients segments: from individual Clients to microenterprises and corporate Clients.

In 2023, we conducted advanced, multi-stage training for 40 plain language consultants at the Bank, which ended with an exam. In the last two years, 95 employees of the Bank have become plain language consultants. We systematically update and supplement our consultants' knowledge in monthly workshops and lectures given by an expert.

We also offer our employees training in the basics of plain language on an e-learning platform, (which was attended by more than 70 people in 2023), and traditional training (which was attended by 60 people in 2023).

On the intranet, we provide employees with training materials that explain the rules for writing various forms of messages, such as text messages or e-mails. We continually update and expand the database of these documents.

We simplify legal texts – contracts and regulations for the highest volume products, i.e. loans and credits, as well as formal documents related to investment products for both individual Clients and companies.

In 2023, for the first time, we organised a conference for Bank employees entitled "Simple Language Day". On 15 October 2023, more than 200 employees of the Bank attended a series of lectures and talks in which we discussed various aspects of simple communication with Clients.

Representatives of our Bank actively participate in working groups of the Polish Banking Association. The work of these groups is aimed at exchanging experience among banks in Poland in the field of simplifying communication with Clients.

Accessibility

GRI [203-1]

We want to create an ecosystem of solutions that provide equal access to banking for all our Clients, with the highest levels of convenience and ease of use. We are developing offline and online channels, improving processes and facilitating access to banking for our Clients. We operate in accordance with the GO beyond 2022-2025 strategy, which states that accessibility is one of our core commitments. We place particular emphasis on facilitating the use of banking services by people from groups at risk of social exclusion. The disabled and the elderly will find products and services tailored to their needs, both in person and online. We regularly analyse all access channels to ensure functionality and usability in accordance with the best Web Content Accessibility Guidelines (WCAG).

From a formal point of view, accessibility issues at our Bank are regulated by the "Principles of providing Bank documents in a form accessible to Clients with special needs". As a Bank, we also comply with the requirements of the Act on Ensuring Accessibility for People with Special Needs.



In 2023 we increased accessibility through numerous activities:

- more employees were trained in handling Clients with disabilities,
- more Client Centres received "Barrier-free facility" certificates,
- we have increased the number of ATMs accessible to persons with disabilities,
- we have increased the accessibility of our website, GObmobile and GObonline applications,
- we adapted our offer and service to the needs of the elderly.

Accessibility for people with special needs

A Polish sign language interpreter is available at each Client Centre. Induction loops, i.e. hearing aid systems that enable the hearing impaired to receive clear sound through a telecoil (present in almost all hearing aids), are in operation in 195 Client Centres. Clients can also order visual recordings of document content in Polish Sign Language. Each branch is equipped with a magnifying glass and a frame to make signing documents easier for the visually impaired. We also provide contract templates in the form of audio recordings, enlarged print and Braille translations.

At the end of 2023, 131 of our Client Centres held the "Barrier-free facility" certificate issued by the Integration Foundation. This is the best result among Polish banks. The certificate confirms that a building is equipped with facilities for people with mobility, visual and hearing impairments, as well as for the elderly and those with small children. In practice, this means that our Clients can move freely around the Bank's branches and make use of the facilities provided.

In 2023, we adapted our headquarters in Warsaw to the needs of people with reduced mobility, and our building was certified as a "Barrier-free facility", joining 60 public buildings in Poland that have met the conditions set by the Integration Foundation in the certification process.

131

Client Centres certified as "accessible" by the end of 2023 (37% of all branches)

195

Client Centres equipped with induction loops

Our strategic goal is to have at least 50% of our Client Centres certified as a "Barrier-free facility" by 2025.

All our branches have also been awarded the OK Senior certificate by the National Institute of Silver Economy. We were the first Polish bank to receive the certificate, which confirms that we offer senior-friendly solutions and services that are safe, accessible, understandable and reliable.

In 2023, the Bank's Client Centres were recertified for the third time by the National Institute of Silver Economy and OK SENIOR Poland for the period 2023-2025. The certification by the National Institute of the Silver Economy was preceded by the work of auditors who examined whether our services meet the needs of elderly Clients. The OK SENIOR® seal of approval is a guarantee that our products and services are reliable, of proven quality and, above all, affordable for older Clients. Our Bank is the only one on the Polish financial market to have this seal of approval.

How we help the deaf and hard-of-hearing use our banking services:

- online connection to a sign language interpreter,
- online sign language appointment booking,
- Polish Sign Language interpreters are available on the Helpline,
- visual recordings of document content in the Polish Sign Language,
- induction loops in branches.

How we help blind and partially sighted people use our banking services:

- document templates in the form of an audio recording, a magnified printout and a Braille printout,
- magnifying glasses,
- signature frames,
- ATMs adapted to the needs of the visually impaired,
- placing decorative foil on glass elements in the Client Centres.

Cooperation with partner organisations helps us ensure the availability of our products, services and branches.

Partnership	Description
Accessibility Plus	The Bank is a signatory to the "Partnership for Accessibility" programme developed by the Ministry of Investment and Economic Development as part of the Accessibility Plus initiative. Our aim is to adapt our products and services to the needs of people with disabilities, the elderly and those at risk of exclusion.
Integration Foundation	The Bank is a long-term partner of the Integration Foundation. The Foundation helps us to increase the availability and user-friendliness of our services. As part of the collaboration, the Bank is redesigning, auditing and certifying branches to ensure they are accessible to people with disabilities. Digital channels are being adapted to current standards. We also promote accessibility and inclusion in business.



Partnership	Description
Accessible ATM	We are a partner in the Accessible ATM project, which provides, among other things, a freely accessible online platform with a database of ATMs adapted to the needs of disabled people. The project is implemented by the Polish Bank Association in cooperation with Polish Banks and the "Widzialni" Foundation, with the support and patronage of the National Bank of Poland and the Ministry of Entrepreneurship and Technology.
National Institute of Senior Economy	As part of the cooperation, representatives from the Institute run mentoring workshops for the Bank's employees on how to effectively support senior citizens..
Migam „RKPK” Sp. z o.o. S.K.A.	As part of the collaboration, Migam is helping the Bank increase the availability and user-friendliness of its services for people with hearing disabilities. Clients can use the services of a sign language interpreter, for example, when opening an account.
DeafRespect Foundation	The DeafRespect Foundation supported the introduction of sign language interpreting services at the Bank and conducted a service quality audit of the Migam technology.

Social and environmental topics in marketing communication

Little Mr/Ms Independent Account and Mission Independence

Since 2020, we have had an offer addressed to parents and their children, the Little Mr/Ms Independent Account. We also run an accompanying educational campaign, Mission Independence to help parents raise their children's financial awareness.

Information about the Little Mr/Ms Independence Account is available at: <https://www.bnpparibas.pl/klienci-indywidualni/konta/konto-karty-samodzielniaka>.

Information about the Mission Independence is available at: <https://www.bnpparibas.pl/misjasamodzielosc/>.

Mission Education

In 2020, we began implementing an interdisciplinary project, Mission Education. It aims to improve the public's knowledge of finance, safety, entrepreneurship and psychology. The beneficiaries of the programme will acquire new skills, discover their own potential and broaden their horizons.

In 2023, we continued the project through:

- financial literacy lessons for senior citizens and primary and secondary school students, delivered by the Bank employees using original lesson plans and their own materials,
- the preparation of materials for lessons on cyber security,
- cooperation with the Cosmos for Girls Foundation.

As part of our collaboration with the Cosmos for Girls Foundation, we ran the "SUPERHEROES in the classroom" and "Know your Powers" workshops for primary school children. SUPERHEROES is a workshop for children aged 8-12. The format can be used by primary school teachers and other education professionals. During the workshops "Superheroes in the classroom", children have the opportunity to discover 24 inspiring women linked to Polish history. They represent different professions, values and talents, such as courage, charity, enthusiasm, vision, diligence, patience or energy in action. This gives the children an opportunity to appreciate their own values and to look for values that are shared by the entire class or group. As a result, they choose a class SUPERHEROINE to inspire them throughout the year. Thanks to an interesting script and the use of diverse media (animations, podcasts, SUPERHEROINE cards), the workshops are engaging and attractive. To date 177,000 children have participated. The "Know Your Powers" project, launched in schools in April 2023, is a workshop designed to make children aware of their strengths and boost their self-confidence using the Gallup test. The workshop has already reached more than 80,000 children.

Mission Pocket Money – a socio-educational project

The Bank conducted a study on the behaviour of parents and children in relation to financial education and identified socially relevant topics. Based on the needs of parents, the Bank developed educational materials on "pocket money" for both parents and children.

The Bank invited six experts: Natalia Tur – family sociologist, Tatiana Mindewicz-Puacz – psychotherapist, Monika Sajkowska – President of the Board of the Empowering Children Foundation, Maciej Samcik – financial journalist, Aleksander Naganowski – Director of Digital Solutions Development at Mastercard Europe Poland, Grzegorz Markowski – journalist, partner at CPC Brand Consultants. The team of experts has developed a 'Parents Pocket Guide', suggesting how to talk to children about pocket money. The Bank has also launched its own subpage on misjasamodzielosc.pl – "Mission Pocket Money". In addition to the guide, it contains answers to parents' most pressing questions about pocket money and tips from experts (based on scientific research) to help them make rational decisions about their children's finances. It also provides articles, podcasts and other tools for learning about finances.

The campaign was accompanied by the "Mission Pocket Money" educational programme, which was implemented in primary schools. Using the materials provided by the programme, teachers delivered financial education lessons in grades 3 and 4. Children could also participate in a competition with prizes provided by the Bank. In 2023, we launched the second edition of the "Mission Pocket Money" project. Major developments included:

- expanding the project to include 1st and 2nd grade,
- increasing the impact of the project through a competition based on the Global Money Week theme,
- addressing important current issues that evoke emotional responses: inflation, rising interest rates, and declining family purchasing power.

A total of 1,724 teachers and more than 51,000 children participated in the programme.



Integrating the MiniCity project into children's financial education tools

The MiniCity project allows children aged 6-15 to take on a range of professional roles and earn money in an educational city in Warsaw. The Bank has become a Strategic Partner of the project, and schoolchildren will find a bank Client Centre there. In this way, they gain knowledge about the value of money and how to manage their finances prudently through play. At the Client Centre, children can open an account and withdraw money from an ATM. They can also take on the role of a bank employee and serve Clients, transport money or open a safe.

A broader perspective on business

The campaign, entitled "A Broader Perspective on Business", was targeted at corporate Clients and SMEs. The aim was to build and consolidate the Bank's image as a leader in sustainable corporate finance and a leading bank with a comprehensive range of products in this area. During the first half of July, an advertising campaign was run on television, radio, in the press and on the Internet.

Social engagement

GRI [3-3 Charity and philanthropy (including BNP Paribas Foundation projects)]

We have been systematically involved in the lives of local communities for many years. In line with the #POSITIVE pillar of the GO beyond 2022-2025 strategy, we aim to ensure that all the Bank's activities have a positive impact on society and the environment. We want the Bank to be an agent of positive change and a good neighbour, responsive to local needs. We focus on tackling social exclusion, promoting diversity and financial education. Our impact on society is reinforced by the BNP Paribas Foundation.

Our plan and initiatives:

- strengthening employees' social engagement through volunteering and individual philanthropy, as well as financial education initiatives,
- developing tools to support community engagement, such as a payroll deduction scheme and a volunteering platform,
- strengthening cooperation with non-governmental and professional organisations to combat climate change and social exclusion and to promote diversity,
- developing programmes and supporting initiatives that enhance the potential of young people, e.g. equalising educational opportunities, inspiring action.

BNP Paribas Foundation

Since 2006, the BNP Paribas Foundation has been running scholarship programmes, coordinating employee volunteering and working with social organisations, providing them with expertise and funding. The Chairman of the BNP Paribas

Foundation Council is the President of the Management Board of the Bank. The Foundation's Council is made up of representatives of the Bank's areas of relevance to the foundation's activities.

The Foundation's mission is "to boldly transform the world into one with less inequality and more confidence in the future of our planet".

The Foundation conducts:

- education programmes, which use scholarships and development initiatives to provide equal educational opportunities and inspire children and young people,
- environmental philanthropy programmes – protection of ecosystems and implementation of initiatives aimed at caring for the natural environment,
- promotion of social engagement – employee volunteering and individual philanthropy by the Bank's employees.

From 2023, employees of Group companies and subsidiaries in Poland also are able to participate in the Foundation's activities.

BNP Paribas Foundation activities

Initiatives addressed to employees	<ul style="list-style-type: none"> • Employee Volunteering Programme • Individual Philanthropy Programme I support all year long • Competition for Volunteer Projects • The Noble Gift charity event • Krwinka blood donation campaign • Good Kilometres campaign • Two hours for the Earth • Bankers for Youth Financial Literacy (BAKCYL) Programme • Local Bank Ambassadors Programme • Local Grants Programme
Initiatives addressed to external stakeholders	<ul style="list-style-type: none"> • Class scholarship and development programme • Agrotalents scholarship programme • Dream up education programme • Meetings with Music programme in partnership with the National Philharmonic Orchestra • The Peaceful Youth Home project with the OFFschool Foundation • My Future scholarship programme with the Nasz Dom Association



BNP Paribas Foundation activities

Initiatives supporting refugees

- Knowledge to the Power tutoring and scholarship programme with the Ocalenie Foundation
- Donation to the Ocalenie Foundation
- Support for victims of the armed conflict in Ukraine
- Grassroots volunteer initiatives

Environmental philanthropy

- Re:Generation programme
- Social Organisations for Climate initiative

Programmes and partnerships

Employee volunteering

The Bank's "You can count on me" employee volunteering programme was launched in 2011. With the support of the BNP Paribas Foundation, our employees can choose the form of their involvement according to their needs and skills. We support the implementation of internal initiatives, team volunteering and participation in social campaigns coordinated by the Foundation and NGOs. To encourage employee involvement, our Foundation provides a dedicated volunteering platform that facilitates the creation of new volunteering campaigns and participation in existing ones. Each employee can volunteer 16 fully paid hours per year. At the same time, employees' social initiatives are part of an international BNP Paribas Group programme, #1MillionHours2Help, coordinated in Poland by the BNP Paribas Foundation.

Individual philanthropy programme I support all year long

Launched in 2017, the I support all year long programme is a simple tool for voluntary salary deductions. Regular contributions help NGOs plan their long-term activities. In 2023, the Bank employees decided to support the Dajemy Dzieciom Siłę Foundation and the Mali Bracia Ubogich Association. 397 people participated in the programme. Apart from the financial support, which totalled PLN 153,316, we teamed up with the two organisations to organise webinars and volunteering activities for employees.

Volunteer Project Competition

Over the past 11 years, the annual Volunteer Project Competition has become an integral part of our volunteering programme. Employees from all over Poland can submit initiatives that address the immediate needs of their local communities. Winning projects receive up to PLN 5,000. The projects are carried out in cooperation with local social organisations and the employees involved receive additional professional support from the BNP Paribas Foundation.

Competition for Volunteer Projects in 2023:

- 53 projects completed,

- 206 employees involved,
- 4,823 people helped,
- 1,648 hours of work,
- more than PLN 250,000 allocated by the BNP Paribas Foundation for the implementation of projects.

Noble Gift

Since 2018, the Bank has been a strategic partner of Noble Gift. During this time, we have supported the programme with PLN 6 million. The BNP Paribas Foundation runs the largest organised employee volunteering campaign for the beneficiaries of the initiative. In 2023, our Clients were also able to support Noble Gift. We have enabled quick donations directly to the account of the organiser (the SPRING association) through the Bank's website. In addition, from 1 to 31 December 2023, we doubled every donation. In total we donated PLN 354,330.74.

Noble Gift in 2023:

- 151 employees from the Bank and Group companies became Noble Gift leaders (including 117 from the Bank),
- 163 families in need received parcels prepared by our volunteers,
- 2,869 volunteers from the Bank and Group companies (including 2,223 from the Bank),
- PLN 1,500 subsidy for each gift from the BNP Paribas Foundation.

Good Kilometres

Every year, the BNP Paribas Foundation organises the Good Kilometres campaign, which allows employees to combine physical activity with social commitment. For one month, we count the kilometres covered by employees cycling, running or practising other long-distance sports. Each kilometre is converted into financial support and donated to a social organisation selected by employees.

Good kilometres in 2023:

- 159,230 kilometres covered,
- PLN 35,000 donated to the Dajemy Dzieciom Siłę Foundation,
- 895 participants.



Two hours for the Earth

In April 2023, we joined the International Earth Day celebrations. A grassroots employee initiative, supported by the BNP Paribas Foundation, led to the organisation of the Two Hours for the Earth campaign. Our volunteers, together with their families and colleagues, spent two hours cleaning up green spaces. In 2023, 157 employees from all over Poland took part in the initiative.

2,869

volunteers from the Bank and Group companies participated in Noble Gift

27,737

hours devoted to social initiatives

397

employees participated in the individual philanthropy programme I support all year long

13,609

hours given to local communities by the Bank's Local Ambassadors

The Foundation's educational initiatives

Class development and scholarship programme

Class is one of the longest-running scholarship programmes in Poland. It was initiated by the Bank in 2003 and has been operating under the auspices of the BNP Paribas Foundation since 2006. Its aim is to support primary school graduates from poor families living in rural areas and small towns. Scholarship holders can attend top secondary schools in six Polish university towns. They receive full financial support for the duration of their high school education and a scholarship for the first year of university. Scholarship holders can also receive financial support for their community involvement and take part in holiday and team-building trips. Over 20 years, we have allocated more than PLN 28 million to the programme.

In 2023, the programme once again received the patronage of the Minister of Education and Science. It also underwent a thorough strategic review. The evaluation process was conducted by researchers from the Stocznia Foundation and concluded in September 2023 with the identification of new directions for the programme.

Class development and scholarship programme provides:

- support for 897 graduates from 540 villages (since 2003),
- 95 scholarships for the 2022/2023 school year.

Agrotalents

Agrotalents is a system of scholarships for young people who see their future in agriculture. Launched in 2012, the initiative is the result of collaboration between the BNP Paribas Foundation, experts and educational institutions such as the University of Life Sciences. In 2023, the BNP Paribas Foundation decided to end the programme in its current form and to take a new approach to supporting youth and young adults.

In the last year of the programme, scholarships were awarded to 12 winners of the Edukacyjna Przedsiębiorczość Foundation's Bridging Scholarship Programme for the most talented students in agricultural faculties who have completed their third or fourth year of study, and 38 winners of the Agricultural Knowledge and Skills Olympiad for secondary school students, co-organised by nine top agricultural universities.

Over the 11 years of the programme, 115 students benefited from the Bridging Scholarship Programme and 365 students benefited from the Agricultural Knowledge and Skills Olympiad. The BNP Paribas Foundation donated a total of PLN 950,670.

Knowledge to the Power tutoring and scholarship programme

Since 2016, we have been cooperating with the Ocalenie Foundation to support refugee youth, for example from Syria, Iraq, Ukraine and Chechnya. In 2018, we launched a joint scholarship and tutoring programme Knowledge to the Power, which helps them adapt to the Polish education system. Participants in the programme receive support and guidance from volunteer tutors, attend workshops and take part in joint educational and cultural trips and summer camps. The organisers are in constant contact with the children's families and offer them the support they need.

Since 2019, the Knowledge to the Power programme has been implemented as part of the BNP Paribas Group's European initiative for the integration of young refugees. In 2021, the BNP Paribas Foundation became a strategic partner of the Ocalenie Foundation.

In connection with the 5th anniversary of the Knowledge to the Power programme in 2023, additional activities were carried out to raise public awareness of refugees and migration: an exhibition of works by programme participants entitled "Growing Up in Many Cultures", a series of films promoting participation in volunteer work for refugees and other forms of support. There was also an additional fundraising event, i.e. a charitable transfer by the Bank's employees and Clients. Nearly PLN 80,000 was raised to support scholarships for young people participating in the programme.

Knowledge to the Power in 2023:

- 100 young people with refugee and migration experience (192 in total as of 2018 – many have been in the programme for several years),
- 36 scholarships awarded – 21 academic and 15 support scholarships,
- 80 dedicated volunteers.



Dream Up

Dream Up is an international programme of the BNP Paribas Group, currently operating in 29 countries, initiated and financed by the BNP Paribas Foundation in Paris. Within the framework of the programme, the BNP Paribas Foundation in Poland and the Wspólnota Dźwięków Foundation organise professional music lessons for children and young people from social institutions. The aim is not only artistic education, but also the development of social-emotional skills, confidence in oneself and one's abilities, and the discovery of passions. The third edition of the programme will take place in 2021-2024. Children from Warsaw and Sejny participated in the project in 2023.

Dream Up in 2023:

- over 40 participants,
- 240 hours of workshops,
- 2 concerts – end of school year and Christmas carol singing.

Peaceful Youth Home

Since September 2023, the BNP Paribas Foundation has been a strategic partner of the Peaceful Youth Home programme initiated by the OFF school Foundation. Secondary school students become agents of change and lead activities with their peers based on scenarios prepared by experts and organisations. In its first year, almost 100 young people from all over Poland took part in the project. Lessons were delivered in three thematic areas chosen by the participants: mental health (neurodiversity, psychoeducation, sex education), growing up in post-truth times (online safety, artificial intelligence, GenAI, disinformation), social and civic engagement (migration, human rights, climate change, civic engagement, election scenarios).

Meetings with music

The BNP Paribas Foundation has been cooperating with the National Philharmonic since 2003. Since 2011 we have been a partner of Meetings with Music, a series of concerts given by Philharmonic musicians to students from small Polish towns.

Meetings with Music in 2023:

- 2,293 educational concerts,
- 427,483 student concert-goers.

My Future

My Future is a scholarship programme organised by the Nasz Dom Association for children and young people in foster care (in families and institutions) and emancipated alumni. Participants can receive financial support for the development of their needs and passions in the amount of:

- up to PLN 2,000 per child – for tuition supplementing the core curriculum of primary and secondary schools,

- up to PLN 4,000 per child – for the development of passions and interests: extra-curricular activities, university courses, vocational courses and tutoring that go beyond the core curriculum, as well as activities that support the development of emotional and social skills and the child's special needs.

Since 2019, the BNP Paribas Foundation has supported the implementation of the programme through its participation in the scholarship committee and expert assessment of applications. In 2023, the Association received a grant of PLN 100,000 from the Bank and PLN 20,000 from the BNP Paribas Foundation. The Bank has been providing support for the initiative since 2008.

Bankers for the Financial Education of Youth BAKCYL

Bankers for the Financial Education of Youth BAKCYL is a sectoral educational programme managed by the Warsaw Institute of Banking. Volunteers – employees of partner banks – share their practical knowledge and skills in the field of financial services with schoolchildren. The Bank has been a partner of the initiative since 2013, and our activities are coordinated by the BNP Paribas Foundation. In 2023, the Bank's employees gave lessons in primary and secondary schools: "Your money", "From saving to investing", "Security in cyberspace", "Financial market – trust in business", "Working in a Bank – a case study", "My finances – I think entrepreneurship" and "Investing wisely".

BAKCYL in 2023:

- 69 volunteers,
- 34 lessons (over 1,600 since 2013),
- nearly 36,000 participants participated in Bakcyl since 2013.

The Foundation's environmental philanthropy

At the BNP Paribas Foundation, we want our programmes and initiatives to be sustainable and to respect the natural environment. We act for the climate by protecting and restoring key ecosystems and by promoting environmental education. In 2023, we are a partner in two initiatives:

- **Re:Generation** (in partnership with the UNEP/GRID Centre in Warsaw) – restoration and protection of meadow ecosystems in Puck Bay, with a particular focus on the reintroduction of pollinating insects to Molinia meadows. The programme is restoring high levels of plant biodiversity and habitats for species including the protected large heath butterfly.
- **Social organisations for climate** (in partnership with the Donors Forum in Poland) – a series of educational workshops for NGOs from all over Poland on the topic of climate change. A "Declaration of Social Organisations for Climate" and an online knowledge base were also published. In 2023, 40 NGOs joined the initiative.



Support for refugees – war in Ukraine

In 2023, we continued to support the victims of the armed conflict in Ukraine. The BNP Paribas Foundation supported projects on Ukrainian territory, i.e. support for people living in the frontline areas of the Orikhiv and Hulaypole regions, including an orphanage (Polania Foundation), as well as initiatives in Poland. A summer trip organised by the Association of Polish Geographers and Friends of Geography helped deaf children from Ukraine adapt to new living conditions by providing them with lessons in Polish sign language. Thanks to our support, the Ukrainian Women in Poland Foundation launched a new edition of a Polish language course for women to improve their position in the Polish labour market.

Another donation to the Ocalenie Foundation enabled it to continue its support for refugees at the Centre for Assistance to Foreigners in Łomża. The Polish Migration Forum Foundation also continued its efforts to support refugees by providing access to psychological support, psychiatric consultations and the assistance of social workers. In addition, the BNP Paribas Foundation donated to the "Window" project run by the BRDA Foundation. The project collects used window frames which, once repaired, are donated to Ukrainian citizens to rebuild their apartments, houses and schools. During the second edition of the project, the BRDA Foundation delivered 760 windows to our neighbours. Thanks to the support of the BNP Paribas Foundation, the Association for the Earth has also been able to continue its initiatives in support of refugees, including an aid office in Lublin and educational activities for children.

Emergency initiatives

Thanks to the BNP Paribas Group's Rescue and Recover Fund, we participated in charitable initiatives related to crises and emergencies in 2023. We organised a fundraising campaign for earthquake victims in Turkey and Syria. The collected amount was doubled by the Bank, resulting in a donation of over PLN 250,000. We also donated PLN 63,000 to partner charities that provided relief after an earthquake in Morocco.

Initiatives for local communities

The Bank's Local Ambassadors

The Bank's Local Ambassadors are a community of more than 140 employees. Since 2018, Bank employees have been active in their local communities, supporting foundations, associations and schools from the ground up.

- 13,609 hours of work in 2023 (36,000 hours from 2018).

Local Grants Programme

The Local Grants Programme is one of our most important initiatives, which allows us to support local communities and non-governmental organisations. Each year, our Client Centres managers, their teams and the Bank's Local Ambassadors nominate NGOs for the programme. We particularly support initiatives that:

- minimise social exclusion, especially among children, the elderly and people with disabilities,
- support and integrate refugees,
- protect the environment and promote environmental awareness,

- promote entrepreneurship and empower women,
- contribute to the promotion of disease prevention.

In the 13 editions of the Local Grants Programme to date, the Bank has awarded 940 grants worth more than PLN 3.2 million.

Local Grants Programme in 2023:

- 50 grants for local community organisations,
- PLN 300,000 for grants.

Donations and sponsorships

Donations

Donations made by the BNP Paribas Foundation and the Bank support civic development and engagement, improve the quality of life in local communities, strengthen the social commitment of employees and promote responsibility in the areas of health and environmental protection. Our donations to NGOs and institutions, aim to increase the effectiveness of their socially beneficial initiatives.

Table 14. Donations to NGOs made by the Bank in 2023

Category	Amount (PLN thousand)
BNP Paribas Foundation	3,500
Beneficiaries of the Local Grant Programme	300
Organisations promoting social inclusion and diversity	358
Organisations supporting education and culture	1,938
Trade Unions	50
Strategic partnership with Noble Gift*	1,000
Organisations promoting health	109
Organisations promoting environmental protection	5
Total	7,260

* The table shows the value of donations made. As part of the partnership with Noble Gift, the Bank's financial and non-financial involvement is much broader and is described in the Report.



Sponsorships

The primary objective of our sponsorship policy is to build the brand and increase recognition. Through sponsorship initiatives, we create a positive image of the Bank. Our sponsorship goals form part of the BNP Paribas Group's global sponsorship strategy. It aims to support the development of tennis and culture (in particular cinema). The Bank's logo is present at Polish tennis events, film festivals, as well as cultural, economic and technological events.

Table 15. Expenditures on sponsorships in 2023

Category	Amount (PLN thousand)
Cinema events	4,320
Tennis events	3,005
Other sponsorship activities	2,091
Total	9,416

Cinema events

Cinema is one of the main pillars of the BNP Paribas Group's sponsorship strategy. Our motto is #WeLoveCinema.

In 2023, we were involved in several initiatives, including:

- BNP Paribas Summer Cinema Sopot-Zakopane – the longest summer film festival in Poland. Films were shown every day after sunset and admission was free. Each day of the week had a different theme. We sponsored Tuesdays, Thursdays and Sundays. The films shown on these days were related to the UN Sustainable Development Goals:
 - Tuesday's theme: "The World Needs You". We presented films that drew attention to the 13th Sustainable Development Goal, "Climate Action", and the 10th Sustainable Development Goal, "Fewer Inequalities",
 - Thursday's theme: "We Love Cinema" The presented films have won acclaim at other film festivals, including those sponsored by the BNP Paribas Group,
 - Sunday's theme: "Women Behind the Camera". On Sundays, we showed the most interesting films made by women. Thus, we implemented the 5th Sustainable Development Goal, i.e. "Gender Equality".
- BNP Paribas "Two Shores" – Art and Film Festival is addressed to lovers of cinema and the arts. It is an opportunity to meet artists, stars and debutants. For the third year running, we were the title partner of the event.
- Mastercard OFF CAMERA International Festival of Independent Cinema – the largest independent film festival in Central Europe. The Bank became a strategic partner of this event for the 5th time. We were a partner of the Audience Award, the cinema, the series of talks with guests on Szczepanski Square in Krakow and the "Herstories" film section. For the first time at the festival, the "Female Voice" award for talented women in Polish cinema was presented, funded by the Bank and Mastercard.

- UKRAINA! 8.Film Festival – the Bank was a partner of the main event in Warsaw at the Kinoteka cinema and events in 13 cities: Poznań, Wrocław, Gorzów Wielkopolski, Toruń, Grodzisk Mazowiecki, Gdańsk, Opole, Białystok, Kraków, Płock, Lublin, Gliwice and Bydgoszcz.
- Cooperation with Cinema City – the largest multiplex network in Poland. We have been cooperating since 2019. Currently, we are a partner of all IMAX cinemas in Poland and eight cinema screens in the largest Polish cities. We are also a partner in a series of film screenings for women – "Ladies Nights". The project takes place in 19 Cinema City theatres across the country.

In 2023, we organised many closed screenings for our Clients:

- two premiere screenings of "The Three Musketeers: D'Artagnan" for Premium and Business Banking Clients in Warsaw and Kraków. BNP Paribas Group was the main sponsor of the film in France,
- a series of premiere screenings of "Indiana Jones and the Dial of Destiny" for Premium and Business Banking Clients in Kraków, Warsaw, Bydgoszcz, Poznań and Lublin,
- a series of premiere screenings of "Mission Impossible 7" for retail Clients in Kraków, Warsaw, Toruń and Lublin,
- a series of premiere screenings of "Mission Impossible 7" for Premium and Business Banking Clients in Lublin, Łódź, Elbląg, Zielona Góra and Wrocław.

In November 2023, we launched the "We Love Cinema" project at the Bank's headquarters. Once a month, a screening is organised for Bank employees in the auditorium. The repertoire includes films from festivals sponsored by the Bank.

Tennis events

We are part of the BNP Paribas Group, the world's largest tennis sponsor. Next to cinema, tennis is the second pillar of the Group's sponsorship strategy. Our slogan is #WeAreTennis.

In 2023, we sponsored the following tennis tournaments in Poland:

- BNP Paribas Warsaw Open – the biggest tennis tournament in Poland. We were the title sponsor of the event. The third edition of this WTA 250 tournament was held at Legia Tennis & Golf in Warsaw and featured WTA's top players, including Iga Świątek,
- The 17th Beskid Cup – Polish Artists' Tennis Tournament, held in Jaworz near Bielsko-Biała on the Jawor Hotel's spa courts,
- National Doctors' Tennis Tournament in Łódź,
- Częstochowa Tennis Championships.



BNP Paribas Young Talents

In 2023, we continued our scholarship programme for young tennis players in Poland – BNP Paribas Young Talents.

Teenage Polish tennis players can receive a scholarship from the Bank. The second edition of the Young Talents Scholarship and Development Programme ran from 1 January 2023 until the end of the year. Two new players joined the programme at the beginning of 2023.

In addition to a monthly financial grant to support the development of a player's career, the Bank provides various training courses, such as public speaking, career planning, social media management and working with sponsors. Young tennis players also have the opportunity to participate in BNP Paribas tournaments as a wild card, a sparring partner or in group training sessions. The BNP Paribas Warsaw Open in July was such an opportunity. Young tennis players also had the opportunity to attend the Roland Garros tournament. The Mariusz Fyrstenberg Tennis Foundation is the expert partner of the programme.

Tennis Kids Day

A tennis event full of excitement and attractions for children between the ages of 5 and 15. The programme of the event is designed for children who have not yet had the opportunity to try tennis or are beginners. Special animations, skill competitions and demonstrative tennis lessons are an excellent opportunity to have fun and learn the secrets of the sport.

The events took place in Bydgoszcz, Białystok and Częstochowa in May and June. Children of the Bank's Premium Banking and Business Banking Clients were invited to participate in day-long activities promoting tennis.

Business and technology events

In 2023, we partnered with many international business and technology events. Our representatives gave keynote speeches at conferences to share their knowledge and best practices in management, finance, agribusiness, energy transition and sustainable development. Some of these events are listed below:

- European Economic Congress in Katowice. The Congress was attended by 11,000 participants in person and 7,000 via online debates. More than 1,200 speakers took part in almost 170 thematic sessions. There were 235 partners and sponsors of the event and 650 media representatives. The Bank was the main partner of the Congress and a partner of the following sessions: The banking sector, Central European businesses in global competition, Towards a green economy, Cyber threats and cyber security, Women in business, Inflation, global trade and investment, Sustainable supply chains, Voluntary carbon offsetting, From field to table.
- European Financial Congress in Sopot. The main theme for 2023 was "Credibility in times of a crisis of trust". During the three days of the Congress, dozens of topics were discussed in debates and speeches. The main subjects included: the new order in the world, in Europe and Poland, the new order in the financial sector, new technologies in finance.
- Infoshare in Gdansk – the largest technology conference in Central and Eastern Europe. The Bank was a Platinum Partner of the conference.

The Bank of Green Changes

GRI [3-3 Reducing the negative impact of operations on the natural environment]

ESRS E1-2

Environmental responsibility is one of the Bank's commitments under the #POSITIVE pillar of the GO beyond strategy. For many years, we have been committed to combating climate change and minimising its effects. The Bank of Green Changes programme brings together all of the organisation's eco-initiatives.

The Bank of Green Changes programme includes:

- monitoring Clients and investments from an ESG perspective and implementing CSR policies, with a particular focus on decarbonisation processes,
- continuous development of the range of products and services that support our Clients in the transition to a low-carbon economy and green investments (described in the "Sustainable Financing" chapter),
- qualitative changes in the way the organisation operates (known as eco-improvements) to minimise the negative impact of its operations on the natural environment,
- educating employees from all parts of the Bank and external stakeholders, building partnerships and supporting pro-environmental initiatives.

To minimise the environmental impact of our operations, we reduce CO₂ emissions, introduce eco-improvements in the workplace, use energy from renewable sources and increase the proportion of hybrid and electric cars in the Bank's fleet.

Carbon footprint reduction

GRI [305-5]

ESRS E1-6

The financial sector is extremely important for financing the economy. It therefore has a major impact on the carbon intensity of the real economy. With a view to its environmental impact, the Bank has introduced several sectoral CSR policies and regulations about mining, coal energy, the fuels sector (with regard to unconventional oil and gas resources) and the agri-food sector. All aim to reduce the emissions of the Bank's portfolio and the climate impact of investments (e.g. by refusing to finance coal mining and steam coal combustion). Further details can be found in the "ESG Risk Management" chapter.

**Operational measures taken by the Bank to reduce greenhouse gas emissions:**

- Purchasing energy from renewable sources – in 2020, the Bank signed an agreement with Respect Energy for the purchase of energy. 100% of the electricity purchased directly by the Bank comes from renewable sources.
- Minimising energy consumption – in addition to using renewable energy sources, we introduce energy-saving solutions. We are replacing lighting with LEDs, installing flow (instead of capacitive) water heaters, heat pumps, photovoltaic panels and mini Building Management Systems (mini BMS) to control the scheduling of the most energy-intensive equipment at branches. At central sites, we use the BMS to optimise the operation of heating, ventilation and air conditioning (HVAC).
- Photovoltaic systems at Client Centres – we install photovoltaic panels on buildings owned by the Bank. By the end of 2023, 12 photovoltaic systems were in operation.
- Fleet electrification – we replace cars in the Bank's fleet with hybrid and fully electric cars. By switching to electric cars, we are meeting the environmental targets of the Bank's GO beyond 2022-2025 strategy and the updated targets of the electrification strategy for the entire BNP Paribas Group.
- Reducing business travel and choosing the best modes of transport – we analyse data on our employees' business travel to optimise and encourage informed choices. We promote the use of collective transport and cycling to work.

GRI [305-1] [305-2]

Table 16. Greenhouse gas emissions from the Group's operations (market-based)

Source of GHG emissions	emissions (tons of CO ₂ e)	
	2023	2022
Scope 1	5,244	6,643
Petrol	3,803	3,457
Natural gas	783*	2,156
Diesel	588	898
Heating oil	0	7
Refrigerants	70	125**
Scope 2	4,328	4,250
Thermal energy	4,328*	4,250
Electricity	-	-
Business travel	572	771
Train	114	68
Private car	149	179
Plane	309	524
Scope 1+2	9,572	10,893
Scope 1+2+Business travel	10,144	11,664

*In locations for which we do not have metered utility consumption data (flat rate per m², included in rent or OE), consumption has been calculated based on consumption per m² in locations where billing data is available; total consumption in locations where data is available/total m² of space in the same locations = conversion factor: 0.3096885 GJ/m² for central heating and 103.25m²/m² gas; in closed locations, estimated consumption minus the number of months from location handover to the end of the year.

** Refrigerant emissions for 2022 have been updated. Final values were provided by the refrigeration servicing company at the Client Centres after the publication of the emissions for 2022.

Implementation of the GO beyond strategic goal (2022-2025)

2025 objective	Base year 2019	2023	2023 vs 2019
Reduction of CO ₂ from operating activities - 55%	20,149	10,144	(50%)

**Table 17. Greenhouse gas emissions from the Bank's operations (market-based)**

Source of GHG emissions	emissions (tons of CO ₂ e)	
	2023	2022
Scope 1	4,798	5,025
Petrol	3,481	3,165
Natural gas	783*	964
Diesel	464	764
Heating oil	0	7
Refrigerants	70	125**
Scope 2	4,257	4,142
Thermal energy	4,257*	4,142
Electricity	-	-
Business travel	530	738
Train	113	68
Private car	149	178
Plane	268	492
Scope 1+2	9,055	9,167
Scope 1+2 +Business travel	9,585	9,905

*In locations for which we do not have metered utility consumption data (flat rate per m², included in rent or OE), consumption has been calculated based on consumption per m² in locations where billing data is available; total consumption in locations where data is available/total m² of space in the same locations = conversion factor: 0.3096885 GJ/m² for central heating and 103.25m³/m² gas; in closed locations, estimated consumption minus the number of months from location handover to the end of the year.

** Refrigerant emissions for 2022 have been updated. Final values were provided by the refrigeration servicing company at the Client Centres after the publication of the emissions for 2022.

Method of presenting indicators:

- The Bank has adopted reporting deadlines for consumption of utilities for the calendar year 01.01-31.12.2023; where consumption was not available for the full 12 months, missing data were estimated by comparing consumption from the data available for the year in question with consumption for the missing period of the previous year; for business travel and company cars for the calendar year 01.01-31.12.2023.
- The conversion of fuel consumption to energy expressed in GJ was performed using the heating values published in the KOBIZE document "Heating Values and CO₂ Emission Factors in 2016 for Reporting under the Emission Trading Scheme for 2020" and the analogous document for reporting emissions for 2023.
- Data on business travel was obtained from the Bank's internal records.
- Emissions calculations have been prepared by the following standards: The Greenhouse Gas Protocol A Corporate Accounting and Reporting Standard Revised Edition, GHG Protocol Scope 2 Guidance and Corporate Value Chain (Scope 3) Accounting and Reporting Standard.
- The greenhouse gases identified and included in the calculations were CO₂, CH₄ and N₂O, expressed as CO₂ equivalents. No biogenic CO₂ emissions have been identified.
- The reference point for the reduction targets is the emissions in 2019, the first year in which the new approach to calculating GHG emissions was adopted.
- Sources of emission factors were publications from KOBIZE (National Balancing and Emission Management Centre), the Energy Regulatory Office and the DEFRA (Department for Environment, Food and Rural Affairs, UK Government) database.
- The "Refrigerants" category includes R410A and R32 in 2020 and R410A and R422D in 2021 as reported to the CRO (Central Register of Operators) and converted according to GWP (Global Warming Potential).
- A financial control criterion has been adopted for the consolidation of emissions for the Group, which means that 100% of the company's emissions are attributed to the Group.
- Emissions from the generation of electricity were calculated using the market-based method. The following indicators were used for the energy mix: (1) an average indicator for Poland - due to lack of knowledge of individual energy suppliers in the locations, (2) an indicator of 0 kg CO₂e/kWh - for energy from renewable sources with guarantees of origin.

Sustainable IT initiatives

One of the key objectives of GO beyond Bank's business strategy is to reduce CO₂ emissions from its operations. We also consider reducing the carbon footprint associated with digital channels, marketing activities, communications and IT processes.

Table 18. Energy and fuel-related emissions not included in Scope 1 and 2 (upstream, market-based)

	2023	2022
Emissions from the use of the Data Centre (tons of CO ₂)	1,019.7	948,1

Method of presenting indicators:

- The value represents the emissions resulting from the production of the electricity used.
- The energy consumption data is derived from the invoices provided by the supplier under the IT Equipment Co-location Service Agreement.
- The emission factor published by the energy supplier was used in the calculation. Structure of fuels and other primary energy carriers used to generate electricity sold by PGE Obrót S.A. in 2022.
- The calculation of CO₂ emissions includes electricity from the Data Centre, the volume of which is not covered by Guarantees of Origin.
- The calculation excludes WTT emissions, i.e. emissions related to the production of energy lost during transmission and resulting from the production of fuels used to generate electricity.

The Bank's technological transformation also takes account of environmental objectives:

- moving part of our IT ecosystem to the cloud and working with suppliers that have zero carbon footprint data centres (certified by renewable energy certificates) will allow us to reduce our carbon footprint in the energy supply chain for hardware by 20%,
- upgrading, consolidating and virtualising equipment in the Data Centre,
- shifting our equipment management to a circular economy approach. We want to track the lifecycle of our equipment to reduce the amount of waste it generates (e.g. reuse of IT equipment). In 2023, employees bought back more than 900 pieces of IT equipment (mobile phones, laptops, PCs, monitors) as part of the implemented policy. We also donated more than 170 pieces of IT equipment (monitors, PCs, laptops, printers) to non-profit organisations,
- definition of environmental criteria for IT purchases – in the tendering procedures for New Technologies and IT Support, energy consumption criteria were included in the qualitative elements of the evaluation, e.g. in the procedure for disk arrays, the weight of the indicator in the area of energy demand (power and cooling) was 10%,
- unusable IT equipment is handed over to a specialised company for disposal. In 2023 we handed over 9,300 pieces of IT equipment to Elektrozlom.pl,
- use of certified and recycled paper for the Bank's printing and mass postage.

Car fleet

We have added a further 217 vehicles to our green fleet. Our alternative-fuel fleet currently stands at 823 cars (606 in 2022), including 781 hybrids and 42 fully electric cars.

**Table 19. The Bank's car fleet as of 31.12.2023**

	Number of cars	Percentage
Petrol	479	35%
Diesel	66	5%
Electric	42	3%
Hybrid	781	57%
Total	1,386	100%

Replacing 100% of the cars in the Bank's fleet with hybrid or electric vehicles is one of the objectives of the GO beyond strategy for 2022-2025. At the end of 2023, 60% of cars in our fleet will be alternative fuel cars.

In 2023, we also updated our fleet assumptions, selecting only cars with emissions of 50g CO₂/km or less. These are currently mainly electric cars and plug-in hybrids. We are gradually phasing out high-emission vehicles.

The fleet team is also working to improve road safety, awareness and empathy on the road. Key initiatives include:

- Safe Driving Academy – a series of two-module training courses designed to help users improve their driving skills and knowledge of traffic regulations,
- BNP Paribas Signature Academy – a project in which we teach employees about traffic rules, regardless of whether they have a company car.

In 2023, the Bank was nominated as Company of the Year in the Road Safety Partner 2023 competition organised by the Road Safety Partnership Association.

Cycling initiatives

Recognising the social, economic and growing environmental awareness of employees, the Bank is introducing a number of initiatives and facilities to create a cycling community. These include:

- Bike to Work project – during the 2023 edition of the challenge, the Bank's employees cycled a total of 15,669 km,
- BNP Paribas Bike Day – the official start of the cycling season, an event dedicated to practical tips on safe cycling and a space for employees to share their passion for cycling,
- Safe Journey – family picnics on the premises of the Ruda Śląska Operations Centre and at the Warsaw headquarters. At both locations, family off-road cycling games were held on routes of 10 km for adults and 2 km for children,
- mobile bike services organised twice a year in two locations, in Warsaw and Kraków.

To encourage employees to cycle to work, we are developing cycling infrastructure. At the Bank's headquarters in Warsaw, we provide enclosed bike rooms, men's and women's changing rooms, lockers and showers, as well as bike racks outside the building.

Energy

GRI [302-4]

Selected initiatives taken by the Bank to reduce the consumption of energy and natural resources (water, gas):

- LED lighting in outdoor signage,
- replacement of lighting with LED lamps in 99% of the Bank's sites,
- gradual replacement of capacitive water heaters with instantaneous water heaters in facilities without access to hot water from the water supply network,
- photovoltaic installations – the 12 installations in operation produced 198 MW of green energy in 2023. A further 12 installations are in various stages of completion (planning, design, installation) and are expected to be operational by mid-2024.
- pilot mini-BMS installations at six sites to manage HVAC and lighting installations at network sites,
- optimisation of BMS settings at central sites,
- internal information campaign for employees.

GRI [302-1]

ESRS E1-5

Table 20. Group energy consumption (generated or purchased)

Group	2023		2022	
Energy type	MWh	GJ	MWh	GJ
Purchased heat energy, including:	-	45,852	-	44,201
heat from RES	-	2,795	-	2,546
Purchased electricity, including:	16,256	58,521	19,052	68,587



Group		2023		2022
- electricity from RES with guarantees of origin:	16,256	58,521	19,052	68,587
<i>under contract with Respect Energy (from 2021)</i>	<i>13,330</i>	<i>47,988</i>	<i>15,046</i>	<i>54,166</i>
<i>other guarantees of origin</i>	<i>2,926</i>	<i>10,532</i>	<i>4,006</i>	<i>14,422</i>
Total	-	104,373	-	112,788
Non-renewable sources	-	43,057	-	51,655
Renewable sources	-	61,316	-	71,133

Implementation of the GOeyond strategic objective (2022-2025)

2025 objective	Base year 2019 (in GJ)	2023	2023 vs 2019
Reduction of energy consumption - 35%	153,389	104,373	(32%)

Table 21. Bank energy consumption (generated or purchased)

Bank		2023		2022
Energy type	MWh	GJ	MWh	GJ
Purchased heat energy, including:	-	45,117	-	43,143
Heat from RES	-	2,762	-	2,546
Purchased electricity, including:	13,848	49,851	18,562	66,823
- electricity from RES with guarantees of origin:	13,848	49,851	18,562	66,823
<i>Under contract with Respect Energy (from 2021)</i>	<i>10,922</i>	<i>39,319</i>	<i>14,881</i>	<i>53,572</i>
<i>Other guarantees of origin</i>	<i>2,926</i>	<i>10,532</i>	<i>3,681</i>	<i>13,251</i>
Total	-	94,968	-	109,966
Non-renewable sources	-	42,355	-	40,597
Renewable sources	-	52,613	-	69,369

Method of presenting indicators:

- The environmental data for the Bank and the Group are similar as the activities of the subsidiaries are carried out in premises rented by the Bank.
- Consumption data are based on invoices from suppliers of individual utilities. In the absence of source data, they are estimated based on analogous locations for which source data are available.
- The conversion of fuel consumption into energy expressed in GJ was performed using the heating values published in the KOBIZE document "Heating Values and CO₂ Emission Factors in 2016 for Reporting under the Emission Trading Scheme for 2020" and the analogous document for reporting emissions for 2022.

Table 22. Group fuel consumption in 2023

Fuel type		2023		2022
	consumption	[GJ]	consumption	[GJ]
Petrol	1,640,835 litres	54,880	1,491,606 litres	49,889
Natural gas	385,487 m ³	14,128	1,066,521 m ³	38,992
Diesel	219,831 litres	7,940	335,429 litres	12,116
Heating oil	0 litres	0	2,000 litres	69
Total	-	76,948	-	101,066

Method of presenting indicators:

- The Bank's and the Group's fuel consumption is identical, as the activities of the subsidiaries are carried out in the Bank's premises.
- Consumption data are based on invoices from suppliers of individual utilities. In the absence of source data, they are estimated based on analogous locations for which source data are available.
- The conversion of fuel consumption into energy expressed in GJ was performed using the heating values published in the KOBIZE document "Heating Values and CO₂ Emission Factors in 2016 for Reporting under the Emission Trading Scheme for 2020" and the analogous document for reporting emissions for 2021.

Table 23. Total energy consumption of the Group in 2023

Group	[GJ]
Energy consumption (generated or purchased)	104,373
Fuel consumption	76,948
Total, including:	181,321
Non-renewable sources	120,005
Renewable sources	61,316

Water

GRI [303-3]

Water used in the Bank comes from water supply networks and is discharged into the sewerage system after use. Our needs are limited to domestic purposes (food and hygiene), so the scale of consumption does not have a significant negative impact on the environment. Nevertheless, for a number of years, we have consistently implemented solutions to reduce water consumption. For example, we have installed aerators on taps, as well as motion sensors and electronic washing programmes that significantly reduce water consumption in the Bank. The increasing popularity of remote and hybrid work has also had an impact on reducing water consumption. Company car users wash their cars manually.

**Table 24. Group water consumption**

Group	2023	2022
Water consumption (m ³)	39,910	47,523

Table 25. Bank water consumption

Bank	2023	2022
Water consumption (m ³)	39,825	44,751

Method of presenting indicators:

Data for sites with no meter data (flat rate, water included in rent) has been estimated based on the average consumption/FTE in sites where we know the exact consumption – an average of 0.5m³/FTE.

Materials and waste

Minimising plastic consumption

A selection of the Bank's initiatives to reduce plastic consumption:

- in 2019, we have decided not to order disposable plastic accessories or plastic water bottles,
- we use water dispensers, carafes and glasses,
- in canteens, we encourage the use of private containers and use biodegradable or compostable cutlery and packaging,
- we minimise plastic packaging in vending machines in our offices,
- we have significantly reduced the production of marketing gadgets. We use available resources. Whenever we decide to produce new marketing gadgets, we work with suppliers to create useful items rather than just brand carriers. In 2023, we implemented a Promotional gadget discontinuation procedure, which prohibits the mass production and distribution of promotional gadgets to Clients, employees and partners,
- we reuse old promotional materials – for example, roll-ups and banners are recycled into bags and backpacks,
- we use ecological foil for advertising in the windows of our branches – it is PVC-free and contains no environmentally harmful chemicals. Old foil is recycled.

Minimising paper consumption

A selection of the Bank's initiatives to reduce paper consumption:

- we work with our suppliers to ensure that all mass correspondence to our Clients and marketing materials are printed on certified recycled paper,

- at the Bank's headquarters, we use environmentally friendly paper with a reduced grammage,
- we limit the printing of electronic correspondence and encourage Clients to use digital documents (e-correspondence),
- we digitise more and more processes every year,
- we use the Autenti platform for the electronic signing of contracts and the circulation of digital documents.

Thanks to the use of the Autenti platform, we signed 715,000 documents electronically (paperless) in 2023 (11% more than last year), saving approximately 1.7 million sheets of paper.

Table 26. Group and Bank paper purchase in 2023

	Group	Bank
Paper purchase (in tonnes), including:	211.4	207.1
share of certified and recycled paper	98.4%	98.6%

Table 27. Bank paper purchase in 2023 (in tonnes)

	2023	2022
Paper used for internal operations	102.4	122.4
Paper used for marketing purposes	45.1	42.5
Mass correspondence	55.6	70.5
Other	4.0	2.6
Total	207.1	238.0

Implementation of the GOeyond strategic objective (2022-2025)

2025 objective	Base year 2019	2023	2023 vs 2019
Reduction in paper consumption (based on paper purchasing rate) – 80% (tonnes)	439.3	207.1	(53%)

Waste segregation

In 2023, waste was segregated at 86.5% of the Bank's sites. Waste is segregated at all the Bank's headquarters and 328 Client Centres and business centres.



Waste segregation and utilization initiatives:

- Coffee grounds recycling – as of 1 August 2022, we launched a pilot cooperation with EcoBean, a start-up that recycles coffee grounds into reusable products: straws, cups or pots. The pilot involves the collection of coffee grounds from coffee machines at the Bank's headquarters at 2 Kasprzaka Street and 78 Grzybowska Street in Warsaw, and 28 Armii Krajowej Street in Krakow. Thanks to the pilot project, 3,412 kg of grounds have been processed.
- Automatic segregation at the Bank's headquarters – the Bin-e is an intelligent waste bin that automatically recognises, sorts and compacts waste.
- Separation of electrical waste – containers at the Bank's headquarters for batteries, light bulbs, caps and small electrical appliances.
- Handing over 490 pieces of office furniture in partnership with charities.

Environmental employee initiatives

We support the environmental commitment of the Bank's employees. In 2023, thanks to cooperation with the Administration Office, employees carried out the following initiatives:

- creating 150 birdhouses as part of cyclical meetings with the Katowice Forestry Commission and in cooperation with the SPES Association for the Disabled,
- planting 850 trees (400 beeches, 100 oaks and 350 firs) in cooperation with the Katowice Forestry Commission,
- sowing a 180 m² flower meadow on the site of the Operations Centre in Ruda Śląska – together with the foundation Flower Meadows the employees prepared the site, sowed the seeds and took part in a short lecture on the importance of meadows and pollinators in the natural environment,
- Green Exchange Bank – at the Bank's headquarters in Warsaw, Ruda Śląska and Kraków there is space for exchanging books and potted plants.



Pillar STRONGER

Pillar description

Dynamic and, above all, effective growth will not be achieved without the improvement of internal processes and large-scale transformation of the IT area, using modern IT technologies such as cloud computing and open Banking. The Bank plans to invest a total of approximately PLN 1.5 billion in technological improvements to support business growth and double the pace of implementation of new solutions. A fundamental change in the technologies used by the Bank will enable the scaling of the business, as fast and cost-effective scalability is the foundation of a modern digital Bank and enables it to go beyond traditional Banking services.

The Bank will introduce a new operating model focused on quality and optimise all 38 key end-to-end processes. As at the time of publication of the strategy, the optimisation of nine of these has already begun. This will make use of process mining tools, robotic process automation (RPA) and artificial intelligence.

The Bank will also increase the use of the potential of its data. Advanced analytical tools using modern technologies such as cloud computing, big data and artificial intelligence in decision-making processes will support business development, increase the quality of service and the efficiency of operations.

The basic assumption of the strategy is to maintain a safe and optimal capital and liquidity position and to meet minimum regulatory requirements. The Bank's intention is to start paying dividends during the current strategy period, with payout levels reaching 50% of net profit in 2025.

Strategic commitments and their implementation

Indicator	2025 strategic goal	2023 execution
Total investment in technology by 2025	PLN 1.5 billion	PLN 437 million
Optimisation of all key end-to-end processes	38 processes	34 processes
Increase in efficiency of operations [vs 2021]	>10% per year	+12%
Number of use cases using artificial intelligence or advanced data analytics	>200	73

Digitisation and innovation - IT strategy

Implementation of the IT Strategy

In 2022, the Bank launched its GOeyond strategy, with the goal of becoming the digital Bank of the future; it launched extensive activities in the technology area, formulating them into strategic actions called IT@Scale.

The IT@Scale strategy addresses both strictly infrastructural and process areas, including those related to strengthening cyber security, as well as issues related to the development of employee competences and attracting IT experts from the demanding external market. All activities are subordinated to the idea of partnership between IT and business units in the model of agile activities, addressing flexible product development and modern, multi-channel customer service.

One of the leading ones within the IT@Scale strategy is the GOcore initiative modernising the central system environment, which is the hub of the corporate architecture, providing services to the whole Bank in a 24/7 working model. The main focus in the last year has been on the redesign of the systems supporting payments - the new payments platform was implemented in production in October. Thanks to this solution, the Bank will be able to offer new payment services and respond much more quickly to customer needs.

One of the key areas of focus for IT in 2023 was the possibilities of using generative artificial intelligence. We have built our own environment for the development and training of different language models, providing a basis for innovative solutions while ensuring full data security.

Implementation of the IT@ Scale Strategy in 2023

INITIATIVE	Deep transformation of the core Banking ecosystem (GOcore)
DESCRIPTION OF THE INITIATIVE	<p>The transformation of the core Banking ecosystem is a comprehensive redesign of the Bank's application architecture in terms of the central system and directly related systems. The aim of the transformation is to reduce time-to-market, increase the efficiency of IT solutions and reduce operational risk by:</p> <ul style="list-style-type: none"> • implementation of IT platforms - scalable and re-usable across business domains (for payments, products and customer data) • reduction of business logic and dependencies between the central system and other IT systems • moving out of ageing technology

**INITIATIVE** Deep transformation of the core Banking ecosystem (GOcore)**ACHIEVEMENTS**

- development of the MVP concept (first functional scope of Customer 360) and production implementation of the multidimensional customer data platform
- production implementation in Q3 of a new payment processing platform (mass outgoing payments module).
- meeting the BNP Group's requirements and acceptance of the overall solution architecture for the new payment platform
- starting work on the implementation of a new payment product - BLIK cheques for Customers enabling them to collect funds or withdrawals from an ATM without the need to have access to the Internet, telephone or Bank account
- preparation, testing and evaluation of three leading fourth-generation core Banking systems (based on cloud solutions)

INITIATIVE Increasing the maturity of IT management processes and services (Hyperautomation)**DESCRIPTION OF THE INITIATIVE**

Improving the maturity of IT management processes and services, through optimisation, standardisation and automation

ACHIEVEMENTS

- development and integration of tools to support IT service management processes, including Service Now and JIRA, to increase process transparency and efficiency
- standardisation of IT service management processes for incident, problem and change management
- standardisation of the CMDB (Configuration Management Database)

INITIATIVE Building a data platform (GOdata)**DESCRIPTION OF THE INITIATIVE**

Improve and implement data solutions to create a scalable and secure cloud-ready platform, providing consistent and integrated data and giving analytical capabilities available to the whole Bank

ACHIEVEMENTS

- implementation of a Data Mesh data platform and tools incorporating the use of artificial intelligence for data analysis in the first business units - risk area and data area
- in the second half of the year, the addition of mechanisms to support generative artificial intelligence (genAI) to the data platform

INITIATIVE Building digital competence (Engineering Culture)**DESCRIPTION OF THE INITIATIVE**

Building the Bank's digital competence through innovative reskilling and upskilling programmes and promoting awareness of new trends and technologies

INITIATIVE Building digital competence (Engineering Culture)**ACHIEVEMENTS**

- running two editions of the innovative "I can do IT" reskilling programme for Bank employees enabling them to start a career path in new technologies, as a Service Desk specialist or IT Analyst
- continuation of the upskilling programme on new technologies - UniversITy, whose trainers are internal IT experts (two more editions took place in 2023, engaging over 1.6 thousand Bank employees)
- conducting two technology events for the Bank's employees - "GOtech Week" and "GOtech Week on Tour" during which the most relevant trends in the new technology market were discussed

INITIATIVE Liquidation of technological debt (GOmodulo)**DESCRIPTION OF THE INITIATIVE**

Provide business units with support in delivering a modern, scalable and cost-effective system architecture

ACHIEVEMENTS

- working on processes to identify and manage technological debt
- launch of the first investments in the conversion of selected systems to a modular, microservices-based architecture

INITIATIVE Cloud transformation (GOcloud)**DESCRIPTION OF THE INITIATIVE**

Building and consistently implementing a hybrid-multicloud environment based on leveraging the benefits of private and public cloud to ensure scalability of IT services and access to the latest tools and technologies

ACHIEVEMENTS

- developing the foundations for public cloud adoption by preparing a secure configuration for running projects in the public cloud
- modernisation and expansion of the private cloud platform
- provision of a scalable database platform and expansion of the catalogue of IT services and automation of further services significantly reducing their delivery time



Internet and mobile Banking

In 2023, the Bank continued its intensive development of remote channels, implementing a range of functionalities aimed at strengthening its competitive position, reducing the cost of providing services and enhancing the quality of customer service while ensuring the highest standards of security.

In addition, due to the dynamic political and economic situation, the Bank's activities in the area of online and mobile Banking also focused on maximising customer support for remote access to Banking services and products.

The Bank is consistently introducing more self-service processes to its e-Banking offering, so that Customers can fulfil their most important needs on a daily basis without having to visit a branch - from applying for additional products to after-sales service - from any device and at their convenience.

Key changes to systems and offerings for Retail Customers in 2023

Payments

- Post-transaction balance in transaction history
- BLIK for microenterprises
- Charity transfer (Aid to Turkey/Syria, "Support education of refugee children")
- Online currency exchange on GOMobile

Loans and cards

- New card types - Visa Film Card
- Implementation of the Mastercard "Priceless Moments" programme
- Signing a credit agreement via GOMobile
- Adding the possibility to remotely attach documents in the cash loan application process
- Possibility of remote delivery of policies for loans on GOonline
- New card images
- Adding the ability to attach documents remotely during the credit card application process

Investments and savings

- Remote process for opening IKZE
- New pensions tab in online Banking
- MIFID survey on GOMobile

Tarcza Finansowa Polskiego Funduszu Rozwoju (Polish Development Fund Financial Shield)

- Enabling the submission of applications related to Shield 2.0. subsidies for Micro Customers on GOonline

Key changes to systems and offerings for Retail Customers in 2023

Customer details / Customer

- Possibility to sign paperless contracts in a branch using GOMobile
- First phase of migration of microenterprises from GOonline Business to GOonline/GOMobile.
- Changes to the customer profile in I settings in GOMobile/GOonline
- Improvements in the management of consents and limits
- Preparation for 800+ applications and credit holidays

Accounts and cards

- Promotion for a personal account with the Żabka network via GOMobile
- Remote debit card sales process.
- Savings account for new funds
- Remote closing of accounts in GOMobile
- Account opening process for Personal Finance Customers

Security

- Improvements in transaction authorisation - TouchID/FaceID in GOMobile
- Development of customer communication through dedicated CyberSecurity campaigns

The basis for building development plans in the area of online and mobile Banking is the voice of the customer. Regular feedback, e.g. via a customer satisfaction survey, makes it possible to identify the advantages and disadvantages of the services offered more efficiently and to better understand the individual needs of Customers.

Customer security is a fundamental element of the Bank's e-Banking development strategy, which is why the GOonline system has been enriched with additional mechanisms to prevent the possible consequences of unauthorised access and campaigns promoting modern authorisation methods and responsible use of remote channels.

Table 28. Data relating to Retail Customers

specification (thousand)	system's name	31.12.2023	31.12.2022	change %
Number of Customers/users using internet Banking	GOonline	692.6	743.2	(6.8%)
Average monthly number of transactions in the Internet channel	GOonline	2,791.7	3,123.0	(10.6%)
Number of Customers/users using the mobile application (GOMobile)	GOMobile	1,171.3	1,095.0	7.0%



specification (thousand)	system's name	31.12.2023	31.12.2022	change %
Number of Customers/users using mobile Banking (mobile device)	GOmobile + GOonline	1,282.5	1,232.7	4.0%
Number of Customers/users using only the mobile application (GOmobile)	GOmobile	803.6	742.3	8.3%
Number of Customers/users using only mobile Banking (mobile device)	GOmobile + GOonline	929.9	861.7	7.9%

Key changes to systems and offerings for business Customers in 2023

GOonline Business:

- January 2023 - new Deposits module with the possibility of creating negotiated deposits and new Statements module available for all GOonline Business Customers
- March 2023 - addition of a Monthly tab in the new Statements module, enabling the download of monthly statements, without the need for an additional statement generation order
- April 2023 - in the Cash module, addition of a new functionality Electronic Records of Differences
- September 2023 - only the existing Statements module in the 'blue' version of the system. Customers can only access their Bank statements from the new module in GOonline Business
- November 2023 - implementation of the new Payments module for all GOonline Business users
 - move the entire Payments module to a new part of the system
 - migration of counterparties and payment templates
 - migration of orders to the "Obsługa Zleceń" module
 - implementation of the new Mass Payment and Mass Direct Debit module
 - moving the handling of TPP orders to the new "Otwarta Bankowość" section
 - improvements to the handling of the TSU request for zero balances at year-end
 - launch of the new GOconnect Business Plus application
 - adaptation of the new GOconnect Business to the new Payments module in GOonline Business

GOmobile Business:

- adaptation of the mobile application to support transactions in the new payment module in GOonline Business
- change in the GOmobile Business activation process, the process is carried out in the new part of GOonline Business

Table 29. Data on Corporate Customers and SMEs

Specification (thousand)	system's name	31.12.2023	31.12.2022	change %
Number of Customers actively logging on	GOonline Biznes	136.4	142.6	(4.3%)
Average monthly number of transactions	GOonline Biznes	7,063.0	6,406.0	10.3%
Number of Customers/users of mobile application	GOmobile Biznes	29.5	23.1	27.7%

Bank cards

In terms of issuing and servicing payment cards, BNP Paribas Bank Polska S.A. cooperates with Mastercard and Visa. The card portfolio includes debit, credit and deferred payment cards.

As at 31 December 2023, the number of cards issued amounted to 2,452,4 thousand cards, which was 39.4 thousand cards lower than in the same period of the previous year. The decrease mainly relates to credit cards and is related to the cyclical termination of inactive cards.

The increase in the number of debit cards is mainly due to the Bank's highly popular offer:

- My Premium Account to be set up with My Premium Card or Multi-Currency Card,
- Account Open to You with the possibility of issuing one of five cards (Card Open to Today, Card Open to eWorld, Card Open to World, Multicurrency Card, Visa Film Card),
- Family Banking offer - the Adult Card issued to 13-18 year olds, the Selfie Card and the Selfie Microcard issued to children aged 7-13 years.

As part of My Premium Account and Open Account for You, in addition to the physical version of the card, you can also receive a mobile card.

In Q2 2023, the Film Visa Card was added to the Bank's offering, which is very popular and often chosen by Customers. The card is offered in physical and mobile versions.

A card image gallery for children aged 7-13 has also been implemented in Q3 2023 (the child can choose from six available suggestions).

**Table 30. Number of Bank cards issued by the Bank**

thousand pieces	31.12.2023	31.12.2022	change y/y	
			thousand pieces	%
Debit cards for Retail Customers *	1,604.1	1,584.6	19.5	1.2%
Credit cards for Retail Customers	622.0	691.8	(69.8)	(10.1%)
Business debit cards	213.1	202.6	10.5	5.2%
Deferred payment business cards	8.6	8.0	0.6	7.5%
Business credit cards	4.6	4.8	(0.2)	(4.2%)
Total	2,452.4	2,491.8	(39.4)	(1.6%)

* without cards for technical accounts

Support for innovation

GRI [3-3 Digitisation / digitalisation of Banking services and products], [3-3 Offering innovative Banking services and products]

The Bank has an Open Innovation Office. It supports product development and increasing innovation and technological sophistication in the Bank.

The main tasks of the team are:

- support the Bank's units in sourcing and testing innovative solutions from start-ups and scale-ups,
- assessment of the potential and feasibility of implementing the innovations presented,
- identifying new business models,
- educating and inspiring the Bank's units on innovative solutions,
- supporting the Bank's units in implementing innovative solutions,
- banking for innovative companies.

The Office of Open Innovation collaborates with all the Bank's units, especially the New Technologies and Cyber Security Area. Together, we inspire the adoption of the latest technologies and promote the spirit of innovation. The team looks for interesting solutions, follows market trends and then proposes the most interesting solutions to the Bank for testing or adaptation.

To ensure that new products and services respond to the challenges of sustainability from both an environmental and social perspective – the Open Innovation Office team works closely with the Sustainability Area and the Sustainability Community.

Finance for innovative companies

In 2023, we supported innovative companies at various stages of development by, among other things:

- working capital – as the only bank in the market, we can lend from PLN 500,000 to PLN 2 million on individual terms and conditions or forms of security, e.g. contract financing (terms: investor on board, sales: 20% y/y growth),
- funds for the acquisition of competitors abroad – we are supported by an international team raising large equity rounds outside Poland, above EUR 30 million,
- comprehensive support for innovative companies – depending on the needs and level of development of the innovative company, we select products not only from the Bank, but also from BNP Paribas companies. We have at our disposal, among others, factoring services, leasing, support in the search for a new office, currency exchange, support in settlement in the subscription model and many others,
- dedicated experts – every company has a mentor who knows the nature of its business and understands new technologies,
- setting up a family foundation – together with experts from Wealth Management we support serial entrepreneurs in managing their wealth and safeguarding their loved ones.

Testing of new services and technology implementation

The Bank also works with innovative companies in a 'start-up as a vendor' model. In 2023 the Bank has established relationships with six more start-ups, these include Envirly, LutherOne, Lekta.ai and Plenti.

Cooperation with the Plenti platform is an example of such an open approach. Until now, the company has offered users of its platform a choice of several different rental periods, ranging from one month to one year. Thanks to the involvement of the Bank and BNP Paribas Group Service Centre, users of the Plenti platform can now use the electronics for two years, without having to purchase them. Renting for two years reduces the cost of the service compared to an offer for a shorter period, and the longer duration of equipment use also means less electronic waste and environmental burden.

Investments

November 2023, the Bank, together with VC funds Aligo and Tangent Line, invested in Envirly, which offers a carbon footprint counting and ESG reporting platform for businesses. This is the Bank's third investment in a start-up. Through the investment, we support Polish companies in their green transformation and promote a reliable approach to measuring the carbon footprint of business.

In 2024, we will continue to focus on reducing paper consumption, optimising and automating processes, eliminating repetitive manual work, but also on those solutions that will support our Customers in their green transformation.



Partnerships

In 2023, the Office of Open Innovation intensively established new partnerships and continued previously initiated collaborations, making the Bank one of the most recognised financial institutions in the startup ecosystem, which translates into attracting potential prospects among technology companies.

Partnership	Description
Startup Poland	The Bank became the main partner of the Polish Startups 2022 report - the most prestigious report examining the standards of startups in Poland. Thanks to this partnership, specialists from the Open Innovation Office team took part in a number of activities supporting.
Fintech Poland	In 2022, we joined the Think Tank partners Fitech Poland, dedicated to spreading knowledge about fintech in Poland, which also undertakes a number of networking and development initiatives for the industry.
Deep Tech Summit	An event bringing together companies developing advanced technologies. The 2023 Conference attracted more than 700 people including researchers, entrepreneurs and investors.
infoShare	The largest technology and business conference in Central Europe. The Bank once again joined the ranks of the most important partners of this conference. Our representatives gave three keynote speeches and were on the jury of the startup competition, where the main prize was EUR 25,000. The conference itself was attended by more than 6,000 people.
Endeavor Poland	Endeavor is a non-profit organisation of technology entrepreneurs from around the world. Endeavor's target audience is high-growth technology companies valued at over \$100 million and with global growth ambitions. Endeavor provides entrepreneurs with strategic support to grow their companies, as well as a platform through which they can transfer their knowledge to help other Polish companies grow. In addition to offering support, Endeavor invests in entrepreneurs through the co-investment-based Endeavor Catalyst fund. Paulina Skrzypińska, Chief Innovation Officer of the Bank, is a member of the Founding Board of Endeavor Poland

Cybersecurity

In 2023, the Bank intensified its efforts to strengthen cyber security by organising campaigns, webinars and e-learning training for employees. At the same time, it ran a customer awareness campaign via the Bank's website and social media. In response to the events in Ukraine and Gaza, it introduced additional security measures and increased monitoring of its ICT infrastructure.

Implementation of the Strategy in 2023

INITIATIVE	Secure Tomorrow
DESCRIPTION OF THE INITIATIVE	Strengthening cyber security
ACHIVEMENTS	<ul style="list-style-type: none"> • continuing expansion of CyberBunker including increasing the number of critical applications under protection from cyber-attacks by creating isolated copies of data • conduct a campaign aimed at GOonline e-Banking Customers regarding behavioural protection (each customer actively using e-Banking received an individual unique behavioural model allowing additional verification that only authorised persons use e-Banking) • increase in the security of the Bank's infrastructure through the implementation of new Threat Intel and network infrastructure security tools • continuous expansion of the system for detecting fraudulent transactions with new functionalities to effectively protect Customer funds • recertification of compliance with international standards ISO27001 and ISO22301, standardising information security and business continuity management systems • conduct a comprehensive disaster recovery test related to the resumption or maintenance of ICT infrastructure, critical following a major disaster • increasing the level of security by creating micro-segments of the network, preventing further escalation of the attack and the spread of malware • maintain Moody's 'BitSight' security rating of 810

Our work on cyber security has been recognised by external stakeholders, as evidenced by the accolades received by BNP Paribas in the 'Organisations' category at the 20th anniversary Advance Threat Summit 2023.



Pillar TOGETHER

Pillar description

The Bank is convinced that an engaged and satisfied employee guarantees a high level of Client satisfaction. Hence, it will be crucial to provide an environment that supports the development of employees, their activity and creativity, but also accepts mistakes resulting from testing bold, non-standard solutions. To this end, the Bank promotes values among its employees (Transparency, Simplicity, Courage, Cooperation, Empowerment), the application of which in our daily work will enable us to respond dynamically to changing market conditions and contribute to the effective implementation of our strategic ambitions.

In order to make its operations more flexible and to better tailor its products and services to Clients' expectations, the Bank started to operate under a new working model, the so-called Agile@Scale, from the beginning of 2022. This is a modern, agile way of operating with a high level of autonomy and decision-making for employees.

Strategic commitments and their implementation

Indicator	2025 strategic goal	2023 execution
Share of women on the Bank's Management Board [vs 2021: 22%]	30%	22% (37.5% from January 2024)
Closing the gender pay gap [vs 2021: 7.3%]	<4.0%	6.24%
eNPS – Net Promoter Score of employees [vs 2021: -9]	20	23
People working within Agile@Scale (in Tribes)	>1,300	~1,600

Good place to work

GRI [3-3 A friendly workplace, responsible employment management]

Our key objective is to continually build an organisation that is an exceptional place to work attracting the best candidates from the labour market as well as nurturing motivation and performance among existing employees. Only committed and effective employees, managed by exceptional leaders, acting in an agile spirit and in line with the values of the organisational culture will allow us to ensure market success.

We want to achieve this through the continuous development of leadership as well as future-oriented competences among our employees, enabling them to find their way and continuously develop in the current digital and changing times. A high standard of leadership and qualified employees with key competences and the values of the organisation are the basis for us to create an exceptional workplace. All of this, supported by efficient and digitised HR processes, an attractive employee offering and development opportunities, provides a complete picture of the organisation we are building. At the same time, through our actions we support the transformation of the organisation into a more agile one, based on the five values that are the pillars of our organisational culture.

Agile@Scale – new operation model

The Agile@Scale operating model was implemented in January 2022 and includes the part of the organisation responsible for product development and implementation (business, IT, support roles) in an organisational structure comprising 17 Tribes, 5 IT areas, 62 Products, 53 Chapters and several expert centres. In H1 2023, we expanded Agile@Scale to include IT activities for the IT area and a new GOcore Tribe unit was created, responsible for designing and executing a comprehensive transformation of the core banking ecosystem. At the end of 2023, approximately 1,900 people were working in the Agile@Scale model, of which 1,600 were working within Tribe. In 2022, we started testing a model in the retail distribution network and head office that goes beyond Agile. At the end of 2023, the pilot included around 800 employees and will continue into 2024.

By implementing the Agile approach, the Bank aims to achieve the following objectives:

- **FASTER** – by responding faster to changing Clients needs and market conditions, measured by the change in the value of the Time to Market indicator, which shows how quickly we are able to implement new solutions. In 2023, Agile@Scale teams delivered three times as many solutions compared to 2022.
- **BETTER** – by providing innovative, high-quality products and services based on Clients needs, as measured by the change in the NPS indicator, which shows how Clients recommend the Bank. The NPS trend started to outperform other banks in the second half of 2023. The Bank is now in the middle of the group (4th in the December 2023 ranking) with an NPS of 24.
- **HAPPIER** – by engaging employees, improving their competencies and attracting and retaining talent. The Pulse Check employee survey shows significant improvements at the Bank level for almost all metrics. The implementation of Agile@Scale contributes to this. In particular, the eNPS has improved from -9 to 23; the engagement rate from 63% to 81%.



In 2023, activities focused on optimising manufacturing processes and aligning ways of working between Tribe and other units in the Bank.

Our values: empowerment, cooperation, courage, simplicity, transparency

One of our top strategic priorities is to continuously build an organisational culture based on values and their practical application. We also continuously work on their application in practice. We have held 'Values Meetings' for parts of the organisation, teams together with leaders, which have resulted in concrete action plans related to improving the quality of the application of values in everyday work. Almost 320 meetings were held in 2022 and 2023, attended by about 3,200 employees.

Employees relations

The three-year-long process of collective redundancies came to an end on 31 December 2023. The process was conducted in accordance with the Agreement signed with the trade unions in December 2020. A maximum of 800 people could be covered by the programme. By the end of 2023, 510 people had been terminated, while contracts with a further 53 people will be terminated in the first quarter of 2024.

In the coming years, the Bank's transformation will continue, primarily with the aim of further automating and digitising processes, increasing the digitalisation of the Bank's Clients and improving cost and operational efficiency. As these activities will involve employment restructuring, in December 2023, as a result of negotiations with the trade unions, an Agreement on the principles for carrying out collective redundancies and on the Voluntary Redundancy Programme was signed. The agreement was concluded for the years 2024-2026.

Collective redundancies will involve the termination of employment contracts with up to 800 employees. This number also includes employees who will be offered new terms and conditions of employment by way of amending notices and who refuse to accept them. The provision made for this purpose including severance payments and other benefits agreed in the Memorandum of Understanding amounted to PLN 49.3 million, of which PLN 22.0 million was charged to Q4 2023 costs.

The most important documents formally defining the Bank's personnel policy are the following:

- Company Collective Labour Agreement for Employees of BNP Paribas Bank Polska S.A. (in 2023, 99% of the employees were covered by it),
- BNP Paribas Bank Polska S.A.'s employee remuneration policy,
- Regulations of work at BNP Paribas Bank Polska S.A.,
- Remuneration policy for persons with significant influence on the risk profile of BNP Paribas Bank Polska S.A.

GRI [402-1]

Projects and initiatives implemented in the area of workplace management are monitored through periodic reviews with the area management team, and all projects have indicators that are monitored. In addition, key projects in this area are presented and discussed by the Board on an ongoing basis.

Operations are also subjected to employee feedback through company-wide surveys and questionnaires. The Bank's employees are informed a minimum of two weeks in advance of major operational changes that could have a significant impact on them.

GRI [2-30]

99% of employees at the Bank are covered by a collective agreement. The application of the collective agreement was excluded in its entirety with regard to: employees who are members of the Bank's Management Board, the Chief Accountant and employees seconded to work abroad, persons taking up employment at the Bank on the basis of secondments from other BNP Paribas Group entities and persons employed on the basis of management contracts. The terms and conditions of work and employment of these employees are determined through individual agreements.

GRI [2-7]

ESRS S1-6

8,204

individuals employed by the Group

8,052

individuals employed in the Bank

46%

women in top management (B1+B2) in the Bank and the Group

60%

women in lower-level management in the Bank and in the Group

Table 31. Number of employees in the Group and in the Bank

31.12.2023				
	Capital Group			Bank
Women	5,399	66%	5,328	66%
Men	2,805	34%	2,724	34%
Total	8,204	100%	8,052	100%

**Table 32. Employment structure of the Bank and the Group**

Form of employment	Number of FTEs		Number of employees	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Grupa Kapitałowa BNP Paribas Bank Polska S.A. – total	8,169	8,488	8,204	8,585
BNP Paribas Bank Polska S.A. total, including:	8,025	8,349	8,052	8,392
Headquarters	4,838	4,800	4,863	4,836
Client Centres	3,059	3,413	3,061	3,420
Mobile advisers	88	94	88	94
Brokerage Office	35	37	35	37
Trade unions	5	5	5	5
BNP Paribas Towarzystwo Funduszy Inwestycyjnych S.A.	41	38	43	40
BNP Paribas Leasing Services Sp. z o.o.	7	8	13	25
BNP Paribas Group Service Center S.A.	93	89	93	124
Campus Leszno Sp. z o.o	3	4	3	4

Method of presenting indicators: Figures expressed in FTEs have been rounded to the nearest whole unit.

Central employees include all employees in the support areas, Trade Unions and the Brokerage Office.

Client Centre employees include all employees working in the sales network, consisting of: Retail and Business Banking Regions, Corporate and SME Banking Sales Network Division, Client Finance Sales Division and Mobile Advisers.

Excluding technical FTEs, in order to avoid double reporting of persons employed in companies and in technical FTEs in the Bank or vice versa. Technical FTEs refer to individuals employed in the Bank's subsidiaries who, due to the performance of tasks for the Bank, are contracted for a specific FTE of 0.05, 0.0625 or 0.063.

Table 33. Employment by form of employment

Form of employment	31.12.2023		31.12.2022	
	Capital Group	Bank	Capital Group	Bank
Permanent employees				
Total number of individuals employed	7,082	6,952	7,129	6,960
women	4,660	4,598	4,763	4,663
men	2,422	2,354	2,366	2,297
Total FTEs	7,052	6,929	7,041	6,922
women	4,645	4,586	4,700	4,639

Form of employment	31.12.2023		31.12.2022	
	Capital Group	Bank	Capital Group	Bank
men	2,407	2,343	2,341	2,283
Fixed-term employees				
Total number of individuals employed	1,122	1,100	1,456	1,432
women	739	730	924	915
men	383	370	532	517
Total FTEs	1,117	1,096	1,447	1,426
women	736	728	919	911
men	381	368	528	515

Method of presenting indicators: Figures expressed in FTEs have been rounded to the nearest whole unit.

Excluding technical FTEs, in order to avoid double reporting of persons employed in companies and in technical FTEs in the Bank or vice versa. Technical FTEs refer to individuals employed in the Bank's subsidiaries who, due to the performance of tasks for the Bank, are contracted for a specific FTE of 0.05, 0.0625 or 0.063.

Table 34. Employment by type of employment

Form of employment	31.12.2023		31.12.2022	
	Capital Group	Bank	Capital Group	Bank
Full-time contract				
Total number of individuals employed	8,101	7,968	8,406	8,282
Women	5,336	5,273	5,562	5,502
Men	2,765	2,695	2,844	2,780
Total FTEs	8,101	7,968	8,406	8,282
Women	5,336	5,273	5,562	5,502
Men	2,765	2,695	2,844	2,780
Part-time employment				
Total employment	103	84	179	110
Women	63	55	125	76
Men	40	29	54	34
Total FTEs	68	57	82	67
Women	45	41	57	49



Form of employment	31.12.2023		31.12.2022	
	Capital Group	Bank	Capital Group	Bank
Men	23	16	25	18

Method of presentation of indicators: Data expressed in FTEs have been rounded to the nearest whole unit. Technical FTEs are excluded to avoid double reporting of individuals employed in companies and in technical FTEs in the Bank or vice versa. Technical FTEs refer to individuals employed in the Bank's subsidiaries who, due to their tasks for the Bank, are contracted for a specific FTE of 0.05, 0.0625 or 0.063.

GRI [2-8]

Table 35. Number of associates in the Group and in the Bank

Total number of associates who are not employees and whose work is controlled by the organisation. Nature of work performed: registration of contracts for the sale of financial products, sale of insurance, completion of documentation, verification of documents, etc. office work.

Associates	31.12.2023		31.12.2022	
	Capital Group	Bank	Capital Group	Bank
Contract agreement	193	170	194	169
Women	109	102	106	95
Men	84	68	88	74
Work contract	2	2	4	2
Women	2	2	2	2
Men	0	0	2	0
Self-employment*	129	118	217	160
Women	51	48	72	63
Men	78	70	145	97
Total	324	290	415	331

*Decrease of individuals employed under B2B contract is an effect of the Bank's ambition to increase internal IT competences and build competitive advantage on market in this area by increase employment under employment contract.

Rotation

GRI [401-1]

Table 36. Number of new employees hired in the Group and the Bank in 2023 by gender and age

	2023		2022	
	Capital Group	Bank	Capital Group	Bank
Number of new employees	1,063	1,033	1,575	1,535
By gender:				
Women	659	648	944	927
Men	404	385	631	608
By age:				
below 25 years old	154	147	227	237
25-35	454	444	625	620
35-45	312	303	531	508
45-55	129	125	175	155
above 55 years old	14	14	17	15

Method of presenting indicators excluding technical FTEs, in order to avoid double reporting of individuals employed in companies and in technical FTEs in the Bank or vice versa. Technical FTEs refer to individuals employed in the Bank's subsidiaries who, due to the performance of their tasks for the Bank, are contracted for a specific FTE of 0.05, 0.0625 or 0.063.

Table 37. Number of employees who left the Group and the Bank by gender and age and turnover rate

	2023		2022	
	Capital Group	Bank	Capital Group	Bank
Number of employees who terminated their employment	1,386	1,366	1,722	1,697
By gender:				
Women	899	892	1,106	1,094
Men	487	474	616	603
By age:				
below 25 years old	91	88	119	118
25-35	469	461	617	606



	2023		2022	
35-45	528	521	683	673
45-55	247	245	267	264
above 55 yrs old	51	51	36	36
Rotation rate	17%	17%	20%	20%

Method of presenting indicators : Excluding technical FTEs, in order to avoid double reporting of individuals employed in companies and in technical FTEs in the Bank or vice versa. Technical FTEs refer to individuals employed in the Bank's subsidiaries who, due to the performance of tasks for the Bank, are contracted for a specific FTE of 0.05, 0.0625 or 0.063.

The number of people who left the Group in 2023 (employed on a contract of employment) takes into account departures on the initiative of the employee and the employer.

In the calculation of the turnover rate in the Group in 2023, the following was taken into account: in the numerator: individuals who terminated their employment in the Group between 01.01.2023 and 31.12.2023, excluding technical FTEs, in the denominator: the number of individuals employed in the Group - as at 31.12.2023, excluding technical FTEs and inactive individuals.

Dialogue with employees

We maintain an open, honest, ethical and respectful dialogue with employees. We ensure the timely flow of information and encourage dialogue. We also use internal communication to promote and reinforce the values that guide us on a daily basis. The Bank's high standards for communication with employees are set out, among others, in the BNP Paribas Group Code of Conduct and the GO beyond strategy 2022-2025.

The Bank's internal communication priorities are:

- simple and understandable messages,
- transparent communication, especially on difficult subjects,
- principle: "employees are the first to know",
- ethical conduct and consistency with the Bank's values,
- employee development and involvement.

For the convenience of employees and the effectiveness of communication activities, we have implemented more than a dozen communication channels at the Bank. One of the most important sources is Echonet, the Bank's intranet, which contains a wealth of useful, continuously updated information. Employees also receive emails, the twice-weekly Hello newsletter. They can express their opinions on various topics in surveys. Employees participate in regular internal events (stationary and online).

Other channels of communication with employees include: mailbox Communication, wallpapers, screensavers, pop-ups, videos (online and on screens in the Bank's head offices), podcasts, polls, opinion polls, quizzes and competitions, webinars, employee meetings with members of the Management Board, Town hall (also online), Bonjour magazine (a quarterly online magazine), offline activities (e.g. dedicated content in the head office and Client Centres, a mural in the head office at 2 Kasprzaka Street in Warsaw).

Employee satisfaction survey

At the Bank, we constantly strive to build an attractive and engaging workplace. The foundation of such an environment is to regularly listen to the employee's voice by, among other things, collecting feedback in the Pulse Check survey. It was conducted twice in 2023 and the results were analysed by managers, HR Business Partners and the Management Board.

In a recent survey, the highest rate of positive responses given by employees (97%) was for a question about engagement at work: I am fully committed to my work to contribute to the success of the company.

Employees are increasingly tying their future to the Bank. The percentage of those who declare this attitude has increased by 3 p.p. to 77%. This is mainly influenced by the development opportunities emphasised by employees, the feeling of satisfaction and fulfilment from their work and the good atmosphere in the teams. This also translates into employees increasingly recommending the Bank as a place to work. The eNPS indicator stood at 23 and has increased by 3 points since the previous edition of the survey.

We calculate the eNPS indicator based on the answer to the question "How likely are you to recommend BNP Paribas Bank Polska S.A. as an employer to your friends and family?". Each employee responds using an eleven-point scale from 0 to 10. When answering, it is important to bear in mind how the individual choices are interpreted:

- choice of scores from 0 to 6 – means "I am not satisfied with the pro-employee measures offered by the Bank" (critic group),
- choice of marks 7 or 8 – means "I have no opinion on this subject and the Bank's pro-employee activities are neutral to me" (indifferent group),
- choice of marks from 9 to 10 – means "I rate positively the activities carried out for employees at the Bank (promoter group).

Based on these results, the eNPS index is calculated according to the formula: eNPS = % promoters - % detractors.

Employee Voice

Employee Voice is all the processes (formal and informal) and structures (roles, tools) through which employees can communicate their opinions and needs and influence their professional environment. This process is taken care of by the Employee Voice Team, a cross-functional unit bringing together participants and competences from different areas, including Communication, Research, Customer Experience, whose role is to listen to, aggregate and draw conclusions from the feedback provided by employees through surveys, as well as to take care of the quality and standard of the surveys implemented in the organisation by providing feedback on the surveys carried out (care of quality, survey standard, language).

MiSie

At the end of 2023, we started the successive implementation of a new platform for employees – MiSie. It is a tool that supports the exchange of ongoing feedback, helps to collect feedback and survey the mood of the team. With the help of



Friday 6 questionnaires, employees share their opinions on engagement and satisfaction during the past working week. Leaders receive ready-made dashboards with recommendations on the basis of which they can take specific actions. Ongoing feedback allows the values that drive the organisational culture (courage, transparency, empowerment, collaboration and simplicity) to be put into practice. At the end of 2023, almost 6,000 employees had access to the platform. In 2024, more employees will gain access to the platform, allowing us as an organisation to work with ongoing feedback at full scale.

Employee remuneration

We implement a rational, sustainable and controllable remuneration policy at the Bank, which is in line with our strategy, accepted level of risk and standards and core values. The policy is based on clear principles and addresses good market practices in terms of remuneration. On the formal side, the rules related to remuneration are set by the "Company Collective Labour Agreement" and the "BNP Paribas Bank Polska S.A. Employee Remuneration Policy". In addition, the Bank also has a remuneration policy in place for individuals who have a material impact on the Bank's risk profile.

Incentive schemes

Incentive systems (bonus systems) are designed to support the Bank's strategy by rewarding employees for achieving their targets. They are based on the Management by Objectives (MbO) formula, which means that an employee's individual bonus is linked to the level of achievement of his or her objectives - both quantitative and qualitative. In addition, the combination of individual and team objectives illustrates to the employee the level of performance expected of him or her, taking into account the Bank's risk profile and attention to activities in line with the interests of the customer.

The Bank has:

- a bonus system defining the rules for the award and payment of variable remuneration, including bonuses, to employees working in positions with a significant impact on the Bank's risk profile (MRT),
- sales and quality bonus systems, which have been adapted to the specific tasks carried out in the individual business lines, taking into account regulatory guidelines,
- operational and quality bonus schemes for specific groups of employees outside direct sales.

The Remuneration Committee and the Nomination Committee support the Supervisory Board in its supervisory duties in workplace management. They monitor and oversee the most important processes – succession plans, professional development of employees, remuneration policy. The committees develop opinions and recommendations for the Supervisory Board, which include the evaluation of candidates for the Management Board and candidates for the Supervisory Board, the terms and conditions of employment of Management Board members, including the amount of variable remuneration set and awarded. The Bank implements a compensation review process (Compensation Review Process) on an annual basis – one of the important criteria considered in this process is the bridging of the pay gap, for which dedicated funds are allocated.

At the end of 2023, the wage gap, as expressed in the adjusted wage gap indicator (Gender Pay Gap), was 6.24%. This means that men's wages were 6.24% higher than women's wages in comparable positions. The indicator is a weighted

average of the size of the different employee groups. Compared to 2022, the ratio has decreased by 0.27 p.p. The Bank's strategic objective under the GOeyond strategy for 2022-2025 is to reduce the wage gap to below 4%.

Table 38. Adjusted output gap indicator

	2023	2022
Adjusted output gap rate (target 2025 - <4%)	6.24%	6.51%

We calculate the adjusted wage gap indicator for homogeneous employee groups to ensure transparency and consistency of data. We have divided employees into groups by area of employment and grade level – this allows us to compare the salaries of women and men who perform similar work. In calculating the indicator, we included all active employees with more than one year of service with the Bank and who remained employed at the end of December 2023. In the analysis, we took into account total salaries in comparable positions. We also recorded the differences that result from variable remuneration and other processes.

ESRS S1-16

Table 39. The pay gap at the Bank, defined as the difference in the average level of pay between female and male employees, expressed as a percentage of the average level of pay for men

	2023		2022
	Average level of gross hourly wage of male employees (in PLN)	Average level of gross hourly rate of female employees (in PLN)	Salary Gap
All employees	85.4	59.5	30.3
Top management (B1+B2)	200.2	161.9	19.1
Lower-level management	105.6	90.7	14.1
Other employees	71.6	52.9	26.1

GRI [405-2]

Table 40. Ratio of basic salary between men and women by employee category at the Bank

Ratio of basic salary between men and women	2023	2022
Management Board	10.6	14.9
Top management (B1+B2)	19.1	15.3
Lower-level management	14.1	17.6
Other employees	26.1	25.9

The indicators as required by the GRI standard are calculated on the basis of heterogeneous groups, i.e. the groups include employees at different job levels, with different job valuations and corresponding salary valuations. Hence, the indicator is overstated.

**Table 41. Annual total remuneration of the top earner to the median total annual remuneration of all employees (excluding the top earner) at the Bank in 2023**

Remuneration index	Bank (PLN)
Annual salary of the top earner without fringe benefits	4,600,000
Median annual total remuneration of employees (excluding top earner)	112,450
Annual total remuneration ratio	40.91

[GRI \[2-21\]](#)**Table 42. Total annual remuneration ratio at the Bank in 2023**

Remuneration index	Bank
Ratio of total annual remuneration for the highest paid person in the organisation to the median annual total remuneration for all employees (excluding the highest paid person)	40.91
Ratio of the percentage increase in total annual remuneration for the highest paid person in the organisation to the median percentage increase in total annual remuneration for all employees (excluding the highest paid person)	0.53

Wellbeing and employee health

The Bank's employees are offered attractive benefits and participation in initiatives to look after their health, develop their sporting skills and pursue their passions. The benefits on offer have been designed so that relatives of employees can also benefit from them. The benefits are grouped into four pillars, and their large number and wide range allow us to tailor benefits to the individual needs of each person.

[GRI \[401-2\]](#)

The benefit offer for Bank employees (full-time employees, unless otherwise indicated) includes:

- In the "Security" pillar: Employee Capital Plans, Life and Accident Insurance for employees and their relatives (also for part-time and temporary employees), additional insurance for school-age children, discounts on travel insurance and third-party motor third-party liability/AC insurance, insurance – Help with Cancer, financial assistance from the Company Social Benefits Fund (also for part-time and temporary employees), housing loans from the Company Social Benefits Fund.

- In the "Health" pillar: Lux Med healthcare programme for employees and their relatives (also for part-time and temporary employees), MultiSport Plus cards (Employee, Accompanying Person, Kids, Kids Aqua, Student, Senior), Worksmile app, which brings employees together around their passions and sports activities (also for part-time and temporary employees), Health Days for all the Bank employees, during which we promote healthy lifestyles - movement and healthy eating (webinars on healthy eating, health and fitness). We promote healthy lifestyles – exercise and healthy eating (webinars on healthy nutrition, in-office events: body composition analysis, relaxation sessions and in-office exercises), flu vaccinations, a package of preventive tests – anti-cancer.
- In the "Work-life balance" pillar: Two Hours for Family, Two Hours for People, Two Hours for Health, Good Kilometres, MyBenefit Cafeteria System (cyclical bonus points for employees), holiday subsidies for employees and their children, Bank Close to Family programme actions and activities, e.g. parent week, intranet site for parents.
- In the "Friendly working environment" pillar: Wellbeing programme GOOD (also for part-time and fixed-term employees), Flexible working hours, Additional leave days (additional compassionate leave, additional leave day for taking all current leave in a calendar year, leave for volunteering), promotion of parental leave, Personalised Shumisie Bears for newborn children of employees, occasional recharges for employees and their children, offer of discounts and banking products for the Bank employees.

The Bank's flagship wellbeing programme is the Wellbeing programme, which aims to improve awareness of caring for a good quality of life and taking care of oneself, strengthening mental and physical fitness, reducing stress, quieting the mind, working with one's emotions, looking after the immune system and eating healthily. Employees receive a schedule of meetings and activities every Monday, which include health and stress webinars, psychological support, meetings with nutritionists, as well as talks with a mental coach and massages.

[GRI \[403-6\]](#)

As part of the Lux Med healthcare programme, we pay for employees (employed for at least 0.3 FTE) with a healthcare package including, among others, immunizations, occupational medicine examinations, specialist doctor consultations, laboratory examinations and outpatient procedures, diagnostic examinations, dental prophylaxis, emergency dental care, rehabilitation, examination package without a referral. In addition, under the contract with Lux Med, employees can choose from several packages with a wider range of available services.

Health and safety at work

[GRI \[403-1\]](#) [\[403-2\]](#) [\[403-3\]](#) [\[403-4\]](#) [\[403-5\]](#) [\[403-6\]](#) [\[403-7\]](#) [\[403-9\]](#)[ESRS S1-14](#)

Health and safety issues are implemented in compliance with all applicable legislation and additional internal regulations developed by our experts. Reporting directly to a member of the Management Board, the Occupational Health and Safety Team in the Operations and Business Support Area is responsible for occupational safety, and in addition the Bank also has an Occupational Health and Safety Committee, which acts as an advisory body. The Commission is made up of representatives of the Bank, a doctor who provides preventive health care for employees and employee representatives. The Chairman of the Health and Safety Committee is the Director of the Property and Administration Department and the



Vice-president is the Company Social Labour Inspector. Every Bank's employee undergoes compulsory initial health and safety training, and knowledge of occupational safety is regularly updated during periodic training. Health and safety specialists remind employees of the most common circumstances and causes of occupational accidents and illnesses, emphasise the importance of preventive health care and train them on procedures to follow in the event of an accident or emergency, such as a fire or breakdown. There are also 36 defibrillators available at the Bank and 821 employees have been trained in first aid. Each of the Bank's employees has also been informed of the methods for reporting their health and safety concerns to a dedicated email box or in person during inspections of working conditions or training sessions conducted by employees from the Health and Safety Team.

The Bank conducts occupational risk assessments on the basis of the "Procedure for drawing up occupational risk assessments" and, where risks are identified, the Health and Safety Team verifies that the risks of undesirable events can be minimised and implements changes for this purpose. In extreme cases, employees may not perform their duties. The Bank ensures that workplaces are comfortable and ergonomic. Where necessary, workstations are equipped with orthopaedic chairs, vertical computer mice and sensorimotor cushions for people with chronic muscle and tendon disorders. Training has also been prepared for employees on how to organise an ergonomic workstation at home. People with disabilities working at the Bank are helped to adapt their workstation to their needs and to equip them with the equipment necessary for their work. The Bank also reimburses the purchase of glasses.

In 2023, two campaigns were carried out to raise awareness and popularise occupational health, safety and ergonomics issues.

All accidents at work are recorded in the accident register and in the RiskCare system. After each incident, an accident report is prepared with conclusions and preventive recommendations. In addition, once a year the Health and Safety Committee comprehensively analyses the Bank's accident rate.

In 2023, the largest number of accidents at the Bank occurred in the office area – these were slips, trips and associated falls. There were also 13 accidents equated to an accident at work (on business trips) and three accidents while working remotely. One accident was a group accident involving 3 people. No fatalities or serious injuries were reported.

Table 43. Bank accidents in 2023

	Women	Men	Total
Client Centres	20	7	27
Central offices	3	3	6
Total	23	10	33

Employee development

GRI [404-2] [3-3 Education and employee development]

We want every person employed at the Bank to know and feel that they are working in an organisation that develops professional competence. In addition to job-related mandatory training, which we primarily deliver remotely, we offer a broad package of individual training and the possibility of subsidising language learning or studies.

We support employee development through: language courses, a central development offer updated monthly, the Lean Academy, the "I've got this I'll give that" programme, UniversityIT, individual diagnostic tools such as Extended Disc, Gallup tests. Once a year, we also organise a Development Festival lasting 4 days to create awareness, motivate and inspire on development topics. We actively manage talent development through participation in dedicated training and development workshops.

Around 60% of the Bank's annual training budget is made available to individual business areas. We believe that decentralisation results in better decisions regarding the choice of topics for trainees and participants. In line with the Agile methodology, the training team is divided into development and operational sections. This speeds up and improves the introduction of new developments and the maintenance of an optimal training and development offer.

The Bank's biggest training initiatives in 2023 are:

- "Value Meetings", a workshop to support the implementation of organisational culture. 235 leaders together with their teams for a total of 2,269 employees participated in these meetings with the support of internal and external facilitators.
- The "I've got this I'll give that" programme, which, among other things, allows for the development of skills in MS Office tools and the use of banking applications. Training also provided knowledge in the areas of Agile and Lean management. In the "I've got this I'll give that" programme, we provide employees with the opportunity to share knowledge and support each other's development. In 2023, more than 1,000 participants took part in 175 training courses on 32 topics.
- University – IT training courses with more than 1,600 participants in 2023.
- Women Up development programme, Future UP mentoring programme as part of the "Women Changers BNP Paribas" network.
- ESG Academy – 97 people trained as promoters on ESG topics.
- Leader Development Academy (New Born Leaders) – training for people with less than one year of managerial experience. The Academy shapes the leadership attitude desired in the Bank, develops leadership competences and supports the building of an organisational culture and attitudes in line with our values.

At the Bank, we have also developed separate programmes for our talents. Leaders for tomorrow is carried out together with the BNP Paribas Group, and special events, training and projects are organised for participants to develop their specific competences.



We develop the competence of our employees from day one. Newly recruited employees receive basic general training – "Nice to see you" – as well as initial training in our product range and operating systems.

This is complemented by a Central Development Offer, implemented with internal and external specialists, focused on the key competences of the future – social, technical and cognitive. In 2023, we invited employees to 92 training sessions, 78 workshops and 14 webinars. 1,360 people participated in these training sessions.

In addition, in 2023:

- 772 people participated in individual training,
- 23 people took part in the coaching programme,
- 148 people studied a foreign language individually (courses in English and French),
- 44 people benefited from study funding.

For employees who are parting ways with the Bank, we offer programmes to help them find their way in the labour market: an outplacement programme to support them in finding a job, job profiling, assistance in preparing their CV and preparing for interviews.

Internship and apprenticeship programme

The apprenticeship and traineeship programme is a programme aimed primarily at students and graduates. The aim of the programme is to break down stereotypes about working in banking by showing the diversity of employment areas, competencies, potential roles and their nature. Internships and apprenticeships provide an inside look at the day-to-day reality of our work and get to know the teams that make up the banking community.

During the programme, participants have the opportunity to gain knowledge in the field of banking through active participation in tasks and projects of the area under the guidance of mentors.

Internships and placements take place, depending on the location, in on-site, remote and hybrid formats. The programme includes a series of webinars and workshops on business and development topics. Examples of topics include "Personal branding in social media", "Introduction to Agile", "Financial markets, derivative transactions and other curiosities" or "Design Thinking".

Practice

The internship programme lasts for two months, between July and August. Interns gain knowledge in banking, customer service, new technologies, marketing through active participation in the tasks and projects of the selected department. In 2023, apprenticeships took place either onsite, remotely or in a hybrid format. 38 people took part in them.

Internship programmes

Internship programmes last for six months, between July and December. The internship programmes are mainly attended by 3rd and 4th year students and those who have completed their studies. The aim of the programmes is to prepare participants to join an organisation. Participation in projects that end with an outcome already defined at the beginning provides an opportunity to gain business experience. It also helps to understand the dependencies, structures and rules that accompany functioning in a large organisation. In July 2023, 62 internship programmes were launched.

In 2023, the opening of the programme took place in both onsite and remote formats. Representatives from the areas of recruitment, ESG, retail and business banking, and communications attended. In addition to a large dose of knowledge about the Bank's activities and networking together, the participants took part in a team-building game.

Webinars and training sessions with experts from the Bank were held throughout the programme. Topics varied, including the basics of financial analysis, LEAN processes, social media branding, etc. No retirement assistance programmes were implemented in 2023.

[GRI \[N\]](#)[ESRS S1-13](#)**Table 44. Average number of training hours in 2023**

	2023	2022
Average number of training hours received by employees	26.3	28.9
By gender		
Women	26.9	30.3
Men	25.1	26.5
By employment category		
Management Board	45.4	18.5
Top management (B1+B2)	35.1	-
Lower-level management	31.3	-
Other employees	25.4	-

Method of calculating the indicator:

- The total number of training hours in 2023 was 205,627.98 hours. The indicator was calculated to the number of active employees (7,596). This calculations does not include employees of BNP Paribas companies, because they are not include in the system.
- In 2022, the average number of training hours by category had a different range of employee attribution

[GRI \[404-3\]](#)**Table 45. Percentage of employees in the Bank subject to regular job quality assessments and career development reviews**

	2023	2022
Percentage of employees subject to regular performance appraisals and career development reviews	96%	82%
By gender		
women	97%	79%
men	94%	87%
By employment category		
Management Board	100%	100%
Top management (B1+B2)	95%	88%

	2023	2022
Lower-level management	97%	82%
other employees	96%	82%

Employees appraisal covers employees (employed for more than 4 months).

Diverse and inclusive workplace

At the Bank, we create a diverse community for a wide range of talents. The inclusive organisational culture, which has been built consistently over the years, enhances creativity, drives innovation, opens up to new ideas, markets, Clients, builds business advantage, and thus contributes to the development of employees and the success of the entire organisation. Everyday cooperation is based on trust and respect – we want everyone at our Bank to be able to express themselves, realise their professional aspirations and passions, feel valued and have a sense of influence.

81 years old

age of the oldest worker

41 years old

average age of employees

18 years

age of youngest worker

40 years

longest length of service

Diversity management policy

[GRI \[406-1\]](#)[ESRS S1-17](#)

Since 2016, a "Diversity Management Policy" has been in force for everyone at our Bank, which allows us to promote a working environment geared towards respecting and making the most of the potential inherent in the differences between employees. As stipulated in the Policy, diversity is respected at the Bank in every aspect of workplace management. We strictly adhere to these principles in recruitment, career development and training.

The policy sets out rules of conduct for managing the risk of discrimination and in terms of respecting diversity. We have established the position of Diversity and Inclusion Manager(s), whose responsibilities include overseeing and coordinating respect for diversity. Two people are also Diversity Officers at the Bank.



Employees who have experienced disrespect towards themselves or others should contact their manager or HR Business Partner in the first instance about the matter. If, for various reasons, this is not possible, they can also use other channels (described in the Policy on dealing with breaches of respect for others at BNP Paribas Bank Polska S.A.):

- mailbox: sprawypracownicze@bnpparibas.pl,
- anonymous reporting (whistleblowing).

All reports are dealt with by the Employee Relations Team, while cases involving behaviour that may indicate the presence of bullying, discrimination, harassment or sexual harassment are referred to the Employee Standards of Conduct Committee for consideration.

In 2023, employees referred a total of 23 cases, of which four are still under investigation. The behaviours reported were mainly those indicative of problems in relationships with a supervisor or between colleagues, including those concerning:

- suspected mobbing – 7,
- potential gender discrimination – 2,
- potential age discrimination – 1,
- other inappropriate behaviour – 13.

We analysed all reports with due seriousness, integrity, fairness and full discretion. In line with the latter principle, these cases were not publicised at the Bank and only those directly involved in their investigation had access to them.

Due to the gravity of the allegations made, the Bank's Employee Standards of Conduct Committee was set up twice during the period described. As a result of the Commission's work, reports of gender discrimination were confirmed. Following investigations into reports of harassment and age discrimination, none of the allegations made in the reports were confirmed.

In all cases, the perpetrators of inappropriate behaviour suffered consequences appropriate to the misconduct, and those affected received the necessary support.

Diversity & Inclusion (D&I) management is part of GO beyond's 2022-2025 business strategy. In the TOGETHER pillar, we focus on a culture of courage, agency and diversity as a foundation for fostering efficiency and creativity.

Our commitments to a diverse and inclusive workplace (D&I):

- at least 30% female representation in management positions by 2025,
- reducing the wage gap – the Bank's strategic objective is to reduce the wage gap to below 4% in 2025,
- increasing the employment of people with disabilities,

- monitoring of indicators relevant to D&I management, including, inter alia, female vs male participation in specific initiatives, parental leave take-up, retention rates by gender,
- BNP Paribas Group cyclical survey on the Code of Conduct and diversity and inclusion,
- supporting grassroots employee initiatives for groups at risk of exclusion.

Supporting diversity is one of the commitments in the BNP Paribas Group's global Strategy. The Group's Management Board is also committed, with measurable targets cascaded to individual countries in this regard. With the help of Group leaders and Diversity Officers, countries implement their local challenges while respecting local circumstances and supporting the potential of grassroots employee initiatives.

GRI [405-1]

ESRS S1-9

At the end of 2023, the share of women on the Management Board was 22%. As a result of changes made to the composition of the Bank's bodies, as of January 2024, the proportion of women on the Management Board is 37.5%.

Table 46. Group and Bank employment structure by gender – number and percentage of employees (as at 31.12.2023)

Employment structure	Capital Group				Bank		
	Women	Men	Total	Women	Men	Total	
Management Board	3	13	16	2	7	9	
Top management (B1+B2)	169	201	370	156	185	341	
Lower-level management	357	243	600	354	236	590	
Other employees	4,870	2,348	7,218	4,816	2,296	7,112	
Total	5,399	2,805	8,204	5,328	2,725	8,052	

Method of presenting indicators: Excluding technical FTEs. Technical FTEs refer to individuals employed in the Bank's subsidiaries who, due to the performance of tasks for the Bank, are contracted for a specific FTE of 0.05, 0.0625 or 0.063. In addition, individuals employed on a part-time basis simultaneously in several group companies are counted once in the group at the highest level of management.

Table 47. Group and Bank employment structure by age – number of employees (as at 31.12.2023)

Employment structure	Capital Group				Bank			
	<30 y.o.	30-50 y.o.	>50 y.o.	Total	<30 y.o.	30-50 y.o.	>50 y.o.	Total
Management Board	0	6	10	16	0	2	7	9
Top management (B1+B2)	1	274	95	370	0	252	89	341
Lower-level management	7	485	108	600	7	478	105	590



	Capital Group							Bank
Other employees	995	5,219	1,004	7,218	956	5,164	992	7,112
Total				8,204				8,052

Method of presenting indicators: Excluding technical FTEs. Technical FTEs refer to individuals employed in the Bank's subsidiaries who, due to the performance of tasks for the Bank, are contracted for a specific FTE of 0.05, 0.0625 or 0.063. In addition, individuals employed on a part-time basis simultaneously in several group companies are counted once in the group at the highest level of management

Bank activities that promote diversity

GRI [2-23]

ESRS S1-12

Since 2016, we have signed and adhered to the Diversity Charter, an international initiative under the auspices of the European Commission that commits to prohibiting discrimination and promoting diversity. We have also signed the "BNP Paribas Agreement on Fundamental Rights and Global Social Solutions together with the ILO (International Labour Organisation) Global Business and Disability Network Charter". The document commits us to respecting human rights in our business activities and promoting diversity, gender equality and protecting health and quality of life at work.

We subject our diversity activities to external evaluation. In 2023, for the fifth consecutive year, we were among the leaders in diversity management in the Diversity In Check survey organised by the Responsible Business Forum, scoring above 80%.

In line with the "Principles of Employees Recruitment at BNP Paribas Bank Polska S.A." procedure, we prepare recruitment announcements in such a way as not to exclude candidates and to ensure equal opportunities. We educate and train the Recruitment Team on how to conduct inclusive interviews respecting diversity. As part of the onboarding process, new employees are invited to a D&I training, where we impart knowledge about the D&I Strategy, the principles of mutual respect and employee initiatives for groups at risk of exclusion supported by the Bank.

The Bank's D&I strategy is firmly based on grassroots employee initiatives. Our slogan "Here I can! Here I can be myself regardless of my identity" is reflected in the continuously emerging and developing employee networks. The Bank actively supports, including financially, their activities.

In 2023, the Bank had the following networks: women's 'Women changing BNP Paribas', fathers' 'Dad, you've got it made', 'BNP Paribas PRIDE Poland' supporting LGBT+ communities, 'Agave Age' working for the 50+ community and intergenerational dialogue, 'OZNacza I can' covering people with disabilities and 'Neuronauts' focusing its activities on neuroatypical people.

Initiatives to promote diversity and inclusivity in the workplace:

- annual Diversity Days co-organised by employee networks. In 2023, we invited people in employment to a series of meetings, webinars and workshops on topics including inclusive and empathetic communication from the perspective of the LGBT+ community, age, gender, building partnerships in relationships, workshop experiences of different types of disability, and neuroatypicality,
- cyclical initiatives initiated and co-organised by employee networks, e.g. "Health starts with the head" (mental health education), Parents' Week, Parents' Academy, Pride month, Health Days,
- dialogue with groups at risk of exclusion, exploring their needs, their sense of inclusion in the Bank, designing appropriate measures (e.g. anonymous surveys on the situation of people from the LGBT+ community or the 50+ population),
- cooperation in the creation of a guide for companies developing on the basis of the idea of diversity and inclusion – "Diversity and inclusive culture step by step" prepared by the Polish Institute of Human Rights and Business,
- "Humanitarian First Aid" campaign in partnership with the Polish Red Cross – first aid lessons combined with a lesson in tolerance,
- Decalogue of Equal Treatment – a set of principles against discrimination, micro-discrimination and exclusion in the workplace created by the BNP Paribas Women Changers employee network on the basis of a survey exploring perceptions of equal treatment. The project is widely communicated and the basis of the 'Spot the differences, don't discriminate' campaign are animations depicting specific behaviours and attitudes that are inappropriate and those that build respectful relationships in the workplace,
- cyclical internal equality perception surveys and evaluation of the Group's and the Bank's diversity, equality and inclusion efforts.

Initiatives promoting equal opportunities for women and men:

- the marketing campaign "Just a word", promoting feminatives, the use of which helps to combat stereotypes and promotes equal opportunities between the genders,
- partnership with the Share the Care Foundation,
- narrowing the gender pay gap and communicating it transparently. We equalise opportunities for promotion and participation in talent programmes and set specific targets for equal participation of women at all levels of positions in the organisation,
- partnering with Women in IT Day, a free online event for women who want to start or develop their career in IT,
- partnership of the #KnowledgeDoesNotHaveGender campaign, which aims to demonstrate the importance of empowering women in public debate and reducing the disparity in the presence of female experts in the media,
- partnership in the educational programme "Success Is Me" of the Success Written in Lipstic Foundation,



- supporting initiatives 30% Club Poland, #JamaisSansElles, Champions of Change Club,
- proprietary development programmes Women Up and Future UP (the Women Up programme received an award in the DEI 30% Club Poland competition).

Initiatives for parents:

- Parents' Week is a cyclical event during which children get to know the parents' workplace and participate in a variety of workshops, and employees can improve their parenting skills,
- a series of webinars to develop parenting skills – Parents' Academy
- partnership with the Share the Care Foundation, which promotes the equalisation of both parents' right to childcare and the building of committed fatherhood,
- the webinar series "Health starts with the head" on mental health in children and adults.

The editors of Forbes Women and UNGC Network Poland, in appreciation of the Bank's activities in the area of parental equality, awarded a distinction in the "Dad-friendly company on the job" ranking. The Bank was also the winner of the DEI 30% Club Poland competition for its strategy to support the partnership model of the family.

GRI [401-3]

ESRS S1-15

Table 48. Number and percentage of eligible employees who took leave for family reasons, by gender

	2023	
	Capital Group	Bank
Number of employees entitled to take leave for family reasons		
women	5,399	5,328
men	2,805	2,724
Total	8,204	8,052
Number of eligible employees who have taken leave for family reasons		
women	1,328	1,315
men	335	332
Total	1,663	1,647
Percentage of eligible employees who took leave for family reasons		
women	25%	25%

	2023	
men	12%	12%
Total	20%	20%

Table 49. Number of employees who took leave for family reasons.

	2023	
	Capital Group	Bank
Maternity leave: employment-protected leave for employed women immediately during childbirth (or, in some countries, adoption)		
Number of women who have taken maternity leave	265	258
Paternity leave: leave on the occasion of the birth or adoption of a child for the father or, in the case and to the extent provided for by national law, for the equivalent second parent, in order to exercise		
Number of men who reported the birth of a child	91	88
Number of men who have taken paternity leave	143	140
Parental leave or for family reasons: leave for parents on account of the birth or adoption of a child for the purpose of caring for that child		
Number of individuals who have taken parental leave	353	346
Care leave: leave for employees to provide personal care or support to a relative or person who lives in the same household and who requires significant care or support for serious medical reasons		
Number of individuals who have taken care leave	1,236	1,234

Method of calculating the indicator: Absences for unpaid childcare, family care and paid sickness leave were included in family care leave. In the number of employees eligible for family care leave, duplicates who used different types of absence in this category have been removed. Number of men who have taken paternity leave - data refers in part to men who have reported the birth of a child in 2022, as the law allows the leave to be taken during the time until the child is 12 months old.

Initiatives promoting equal opportunities for people with disabilities:

- educational campaign "Different possibilities, common goal" and a dedicated space on the intranet,
- e-learning for managers and employees with disabilities,
- promotion of a guide on savoir-vivre for people with disabilities,



- supporting people with disabilities in obtaining a disability certificate,
- competition for employees to create a slogan, poster or story about the inclusion of people with disabilities,
- a series of 'People with experience' interview films featuring interviews with employees who are facing the challenge of disability and want to share this experience with the banking community,
- organisation of inspirational webinars entitled "I CAN, too" with the participation of, among others, Agata Roczniak, inspirer, educator, CEO of the Diversum Foundation,
- a one-off financial benefit for people with disabilities working at the Bank,
- the Incluision partnership of the Incluision Foundation, which aims to facilitate entry into the Polish labour market for people with disabilities.

ESRS S1-12

Table 50. Number and percentage of employees with a recognised disability employed by the Bank and the Group by gender in 2023

Number	Capital Group	Bank
Women	84	84
Men	39	38
Total	123	122
%	1.5%	1.5%

The total number of employees for the Group (8,204) and the Bank (82,052) for the calculation of the ratio does not include technical FTEs in order to avoid double reporting of individuals employed in companies and in technical FTEs in the Bank or vice versa. Technical FTEs refer to individuals employed in the Bank's subsidiaries who, due to the performance of tasks for the Bank, are contracted for a specific FTE of 0.05, 0.0625 or 0.063.

Initiatives promoting equal opportunities for neuroatypical people:

- awareness campaign on the topic of neurodiversity "A different look at a different understanding" (webinars, educational material, dedicated space on the intranet),
- cooperation with AsperIT Foundation – awareness campaign, webinars and audit of organisation's readiness to work with neuroatypical people and implementation of recommendations,
- testimonial from the series "People with experience" on neurodiversity – the autism spectrum.

Initiatives supporting the LGBT+ community:

- the Bank's participation in the Equality Parade in Warsaw,
- webinars for employees including journalist Piotr Jacoń – father of a transgender daughter "Transgender child in the family/close environment", webinar 'How to speak and write about non-binary people. On gender-neutral pronouns',

- joining the action of the association Love does not exclude – Business does not exclude – You can be yourself here, the Bench of Dialogue – setting up a rainbow bench on the patio of the Bank's headquarters in Warsaw and inviting employees to discuss difficult issues in a spirit of dialogue and respect,
- dialogue skills workshop on the topic "Should an employer engage with the LGBT+ community".

Initiatives to support age diversity:

In response to the needs revealed by the survey of 50+ employees, as well as the experiences of managers in the area of managing multi-generational teams, we initiated a proprietary development project "Intergenerational Tandem". We also organised training for the recruitment team building awareness and inclusivity in the area of age diversity. HR representatives participated in a project of the Responsible Business Forum concerning a series of thematic meetings in a working group bringing together representatives of business and the NGO sector around the broad topic of challenges related to demographic change.



Financial results

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Adrian Firek, Relationship Manager



Group financial results

Consolidated statement of profit and loss

BNP Paribas Bank Polska S.A. Group generated a net profit of PLN 1,012,546 thousand in 2023, by PLN 571,049 thousand (i.e. 129.3%) higher than the profit achieved in 2022.

The Group's Banking result in 2023 was PLN 7,282,798 thousand and increased by PLN 1,930,852 thousand, i.e. 36.1% compared to 2022.

A significant factor affecting the Group's net profit in 2023 remains the impact of the legal risk associated with litigation relating to foreign currency loans - in 2023 this charged PLN 1,978,086 thousand to the Group's results, an increase of PLN 1,238,086 thousand (i.e. 167.3%) y/y.

The most important events affecting the level of the result from Banking activities in 2023 and its comparability with 2022 were the consequences of changes in the macroeconomic situation, including in particular the continuing high level of inflation, which accelerated significantly with the outbreak of war in Ukraine at the end of Q1 2022. These were accompanied by changes in economic and monetary policy as well as the situation in the financial markets, which had a very significant impact on the conditions of the banking operations. The Group's financial performance was most affected by:

- a high level of interest rates as a consequence of monetary policy being tightened by the Monetary Policy Council (MPC). Starting from 6 October 2021 until the end of September 2022. The MPC made eleven interest rate increases for a total of 665 bps, up to a level of 6.75% for the reference rate. Further changes did not occur until 6 September 2023 and 4 October 2023 when the MPC reduced rates by a total of 100 bps, reaching 5.75% for the reference rate. NBP interest rates have been unchanged since October 2023. The higher average level of interest rates in 2023 had a positive impact on the margins realised by the banks,
- an additional factor positively contributing to the increase in net interest income in 2023 compared to 2022 was the negative impact of the Act on crowdfunding for business ventures and borrower assistance, passed in 2022, allowing Customers to temporarily suspend the performance of their mortgage contracts. In H2 2022, the Bank recognised an amount of PLN 895 million of the negative impact of the act on gross profit. In 2023, this effect was adjusted by PLN 56 million, which positively affected the 2023 interest result,

The factors described above had a significant impact on the observed increase in net interest income in 2023. In 2023, the result amounted to PLN 5,225,427 thousand and was by PLN 1,732,422 thousand (i.e. 49.6%) higher y/y. The net interest income excluding the impact of credit holidays would amount to PLN 5,169,705 thousand in 2023 and it would be by PLN 781,700 thousand, i.e. 17.8% higher y/y,

- a negative and lower compared to 2022 result on hedge accounting related to the pace and direction of changes in interest rates. The change in the fair value measurement of hedging transactions is included in the result on hedge

accounting, which in 2023 was by PLN 44,206 thousand lower y/y. The interest result from IRS transactions (total on derivatives under fair value hedge accounting as well as cash flow hedge accounting) is recognised in net interest income and was by PLN 169,529 thousand lower in 2023, i.e. 27.3% y/y,

- improvement in the situation in the financial markets in 2023 compared to 2022 (outbreak of war in Ukraine). The result on trading activities in 2023 was by PLN 196,080 thousand (i.e. 26.0%) higher compared to the result of 2022, mainly as a consequence of an improvement in the outcome on FX Swaps and the result on the valuation of IRS hedging preferential loans,
- decreasing in the second half of 2022 (in line with the deterioration of the macroeconomic situation) and remaining at a relatively low level in 2023 - individual Customer demand for credit products. The reduction in demand was associated with a decline in consumption dynamics, reflecting the negative impact of high inflation and interest rates on the level and structure of household spending. This was evident in the case of the PLN residential mortgage market leading to a significant reduction in sales in H1 2023. The above factors also contributed to the lack of significant growth in consumer loan sales in 2023 compared to 2022 decelerating at the same time the rate of growth in Bank commission and fee income.

Elements of the regulatory environment that had a positive impact on the 2023 results compared to 2022 included a reduction in the total value of BGF contributions (lower annual contribution to the forced restructuring fund and no quarterly contribution to the Banks' guarantee fund) as well as the absence of IPS costs. The costs of the BGF and IPS incurred in 2023 were by PLN 234,687 thousand (i.e. by 65.4%) lower compared to 2022.

As a result, despite inflationary pressures translating into an increase in employment costs and other operating cost categories, total administrative costs and depreciation incurred in 2023 were only by PLN 57,079 thousand, i.e. 1.9%, higher compared to 2022. Costs excluding BGF and IPS costs would have been 10.9% higher y/y.

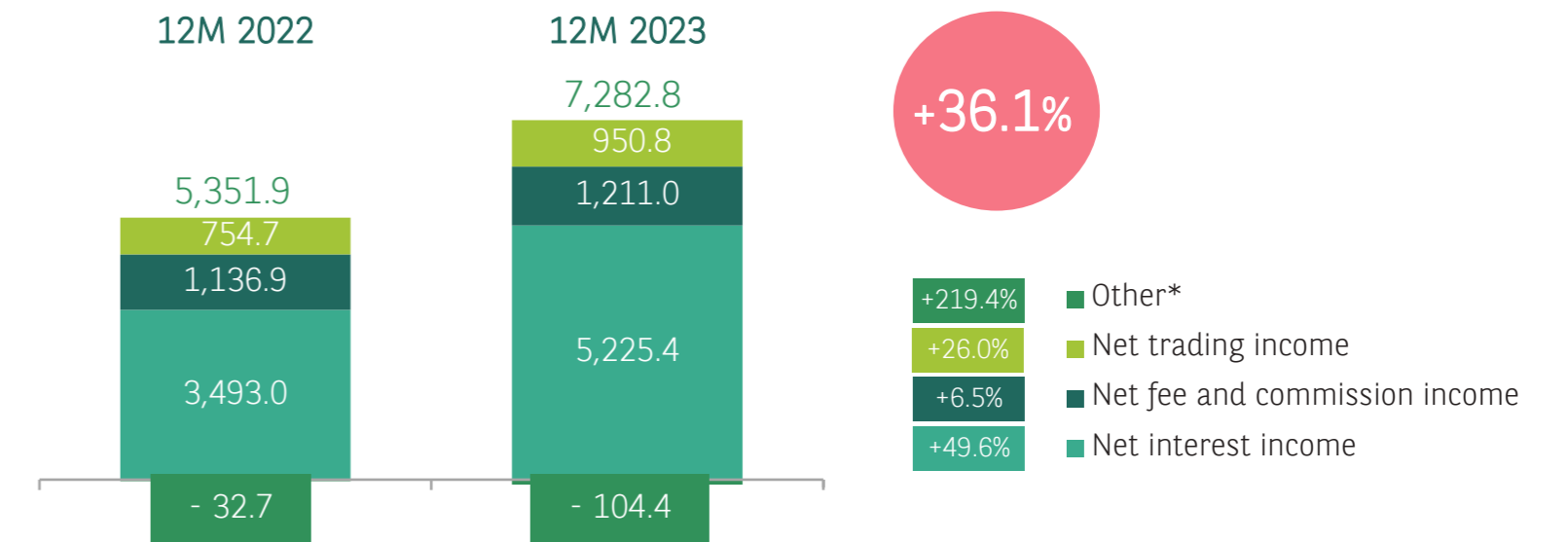
A factor significantly affecting the Group's net result in 2023 remains the impact of legal risk associated with litigation relating to foreign currency loans. In 2023, it charged PLN 1,978,086 thousand to the Group's results, an increase of PLN 1,238,086 thousand i.e. 167.3% y/y. In H1 2023 the Group recognised a deferred tax asset related to residential mortgages settlements. At the end of 2023, the value of the asset was PLN 25.42 million. A factor affecting the presented value of the loan portfolio and the net asset value was the change in accounting policy from 1 January 2023 related to the recognition of the impact of legal risk arising from CHF mortgage litigation (transition to IFRS 9). This modification resulted in a decrease in their net worth by PLN 1,408,467 thousand according to the balance on 31 December 2022.

The continued good quality of the loan portfolio and the significant change in forecasts for the macroeconomic situation had a positive impact on the 2023 results. The outcome of the allowance for expected credit losses of financial assets and provisions for contingent liabilities in 2023 was negative and amounted to PLN 34,369 thousand (compared to a negative result of PLN 275,010 thousand recorded in 2022).

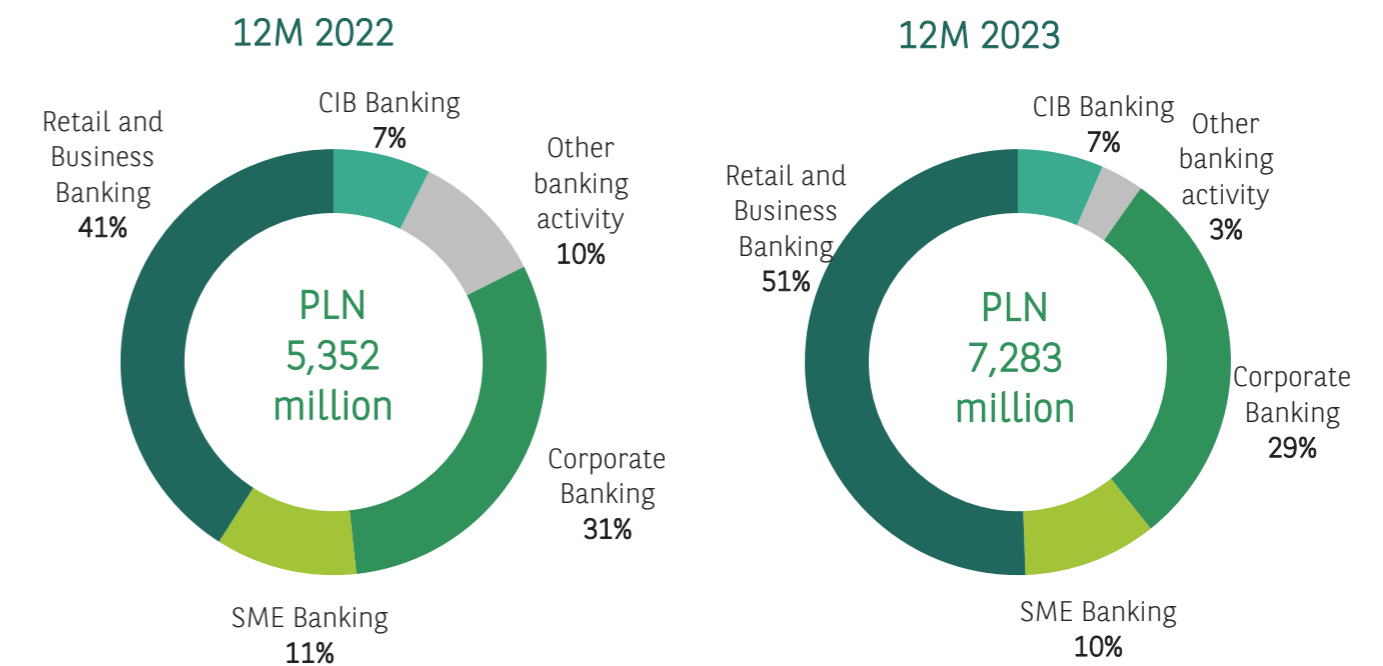

Table 51. Profit and loss statement

PLN thousand	12 months ended 31.12.2023	12 months ended 31.12.2022	change y/y PLN thousand	%
Net interest income	5,225,427	3,493,005	1,732,422	49.6%
Net fee and commission income	1,210,962	1,136,915	74,047	6.5%
Dividend income	10,881	10,817	64	0.6%
Net trading income	950,781	754,701	196,080	26.0%
Result on investment activities	(23,028)	29,227	(52,255)	-
Result on hedge accountancy	(30,939)	13,267	(44,206)	-
Result from discontinued recognition of financial assets measured through amortised cost in connection with a significant modification	4,190	(2,159)	6,349	-
Other operating income and expenses	(65,476)	(83,827)	18,351	(21.9%)
Net income on Banking activity	7,282,798	5,351,946	1,930,852	36.1%
Net allowances on expected credit losses of financial assets and provisions for contingent liabilities	(34,369)	(275,010)	240,641	(87.5%)
Result on legal risk related to foreign currency loans	(1,978,086)	(740,000)	(1,238,086)	167.3%
General administrative expenses	(2,638,799)	(2,626,707)	(12,092)	0.5%
Depreciation	(456,736)	(411,749)	(44,987)	10.9%
Operating result	2,174,808	1,298,480	876,328	67.5
Tax on financial institutions	(411,653)	(426,553)	14,900	(3.5%)
Gross profit	1,763,155	871,927	891,228	102.2%
Income tax	(750,609)	(430,430)	(320,179)	74.4%
Net profit	1,012,546	441,497	571,049	129.3%

Note: Due to rounding, individual values in the tables and graphs of this Report may not add up

Chart 14. Structure of net result on Banking activities (PLN million)


* The 'Other' category includes the result on investment activities, the result on hedge accounting, dividend income and other operating income and expenses

Chart 15. Net income on Banking activity by segments


The changes in the structure of Banking result by segment presented in the above charts are among other things, the result of a significant charge to the interest income of the Retail and Business Banking Division from the negative impact of the credit holidays in 2022.



Net interest income

Net interest income, which is the Group's main source of revenue, amounted to PLN 5,225,427 thousand in 2023 and was by PLN 1,732,422 thousand, i.e. 49.6% higher y/y. In 2023, compared to 2022 interest income was by PLN 3,344,855 thousand, i.e. by 51.6% higher, while interest expense increased by PLN 1,612,433 thousand, i.e. by 53.9%.

A significant external factor affecting the increase in the level of interest income and interest expense in 2023 compared to 2022 was the policy of the National Bank of Poland's key interest rates. Between October 2021 and September 2022, the Monetary Policy Council made eleven increases in interest rates with a total of 665 bps, reaching 6.75% for the reference rate. In September 2023, the Monetary Policy Council (MPC) decided to reduce the reference rate by 75 bps, and at the October meeting, the MPC reduced the rate by 25 bps (to the level of 5.75% at the end of 2023). The sensitivity estimate of the interest result is described in the Risks and Opportunities chapter of Management Report on the activities of the BNP Paribas Bank Polska Group in 2023.

Table 52. Net interest income

PLN thousand	12 months ended 31.12.2023	12 months ended 31.12.2022	change y/y PLN thousand	%
Loans and advances to Banks	486,681	340,896	145,785	42.8%
Loans and advances to Customers measured at amortised cost	7,181,489	4,920,973	2,260,516	45.9%
Loans and advances to Customers measured at fair value through profit or loss	80,349	88,692	(8,343)	(9.4%)
Debt instruments measured at amortized cost	743,329	599,413	143,916	24.0%
Debt instruments measured at fair value through profit or loss	6,928	8,121	(1,193)	(14.7%)
Debt instruments measured at fair value through other comprehensive income	658,027	324,117	333,910	103.0%
Derivative instruments in fair value hedge accounting	403,209	188,498	214,711	113.9%
Derivative instruments in cash flow hedge accounting	11,627	11,628	(1)	0.0%
Buy-sell-back securities	255,621	67	255,554	381 423.9%
Interest income, total	9,827,260	6,482,405	3,344,855	51.6%
Amounts due to the Bank	(648,184)	(506,952)	(141,232)	27.9%
Debt securities issued	(3,154)	(19,873)	16,719	(84.1%)

PLN thousand	12 months ended 31.12.2023	12 months ended 31.12.2022	change y/y PLN thousand	%
Amounts due to Customers	(2,710,869)	(1,586,802)	(1,124,067)	70.8%
Lease liabilities	(28,771)	(15,288)	(13,483)	88.2%
Derivative instruments in fair value hedge accounting	(1,161,945)	(790,845)	(371,100)	46.9%
Derivative instruments in cash flow hedge accounting	(44,099)	(30,960)	(13,139)	42.4%
Sell-buy-back securities	(4,811)	(38,592)	33,781	(87.5%)
Other related to financial assets	-	(88)	88	-
Interest expenses, total	(4,601,833)	(2,989,400)	(1,612,433)	53.9%
Net interest income	5,225,427	3,493,005	1,732,422	49.6%

As a result of the above-described increase in interest rates in 2022 and the higher average level of interest rates in 2023, the profitability of loan products in 2023 was higher compared to 2022. The sum of interest income on loans and advances to Customers measured at amortised cost and fair value through profit and loss amounted to PLN 7,261,838 thousand in 2023 and it was higher by PLN 2,252,173 thousand, i.e. by 45.0% from the revenue realised in 2022.

Among the factors that positively affected the level of interest income in 2023 compared to 2022 are the maintained very good liquidity situation and a consequent increase in income from debt instruments measured at amortised cost and fair value by a total of PLN 476,633 thousand, i.e. 51.2% (i.a. the effect of an increase in the average value of the securities portfolio) and an increase in income from reverse repo transactions of PLN 255,554 thousand.

Due to the differences in the level of market interest rates between 2023 and 2022, the cost of raising deposits has increased. The increase recorded was lower than the increase in loan profitability because of the significant, although decreasing share of current deposits in the sum of deposits acquired from Customers (at the end of 2023 it was 66.8% compared to 67.8% at the end of 2022), which is particularly relevant in the case of deposits accumulated in the current accounts of individual Customers.

Interest expenses on liabilities to Customers amounted to PLN 2,710,869 thousand in 2023 and increased by PLN 1,124,067 thousand, i.e. by 70.8%, compared with the costs incurred in 2022.

The level of interest income is affected by the Group's use of fair value hedge accounting and (to a significantly smaller extent) cash flow hedge accounting. The change in the fair value measurement of hedging transactions is recognised in the result on hedge accounting. Interest on IRS transactions and hedged items is included in net interest income. Net interest income on hedging relationships (the sum of interest income and interest expense on derivatives under fair value



and cash flow hedge accounting) in 2023 was negative in the amount of PLN 791,208 thousand, compared to a negative impact of PLN 621,679 thousand in 2022 (an increase in the negative impact of PLN 169,529 thousand y/y).

Following the entry into force of the Act on crowdfunding for business ventures and assistance to borrowers (the "Act"), allowing Customers to suspend the performance of mortgage contracts granted in PLN from 1 August 2022 to 31 December 2023 (the "suspension"), based on the observed and projected number of suspension requests, the Bank recognised in the second half of 2022 an amount of PLN 895 million of negative impact on gross profit and reduced the gross carrying amount of loans by this amount. Based on the data on Customers' use of the option to suspend performance of contracts, in 2023, the Bank revised its estimates and adjusted the impact of suspension recognised in 2022 by PLN 56 million. This adjustment had a positive impact on net interest income in 2023. More detailed information is provided in Note 3. Estimates of the Consolidated Financial Statements for the year ended 31 December 2023.

Net fee and commission income

The Group's net fee and commission income in 2023 amounted to PLN 1,210,962 thousand and was by PLN 74,047 thousand i.e. by 6.5% higher than that achieved in 2022. This increase was possible mainly due to higher transactional activity of Customers (cards and payments) as well as due to an increase in the importance of servicing large corporate Customers and guarantee and credit commission income.

Fee and commission income amounted to PLN 1,472,599 thousand and was higher by PLN 67,241 thousand i.e. by 4.8% compared to 2022, while commission expenses amounted to PLN 261,637 thousand and were lower by PLN 6,806 thousand i.e. by 2.5%.

The increase in fee and commission income concerned primarily:

- debit and credit card services by PLN 51,678 thousand, i.e. by 15.9%, mainly due to settlements relating to cooperation with Mastercard and Euronet. In addition, as a result of the increasing number of debit cards and card transactions, revenues on the maintenance and use of debit cards, revenues from interchange fees as well as currency conversions increased,
- from guarantee liabilities and documentary operations by PLN 20,059 thousand, i.e. by 36.8%, (as a result of higher commission income from corporate Customers),
- other commissions by PLN 16,742 thousand, i.e. by 74.0% (primarily an increase in revenue for advisory services related to M&A transactions handled by the CIB line, lower costs of provisions for unpaid commissions, higher commissions for bond issues and securities agent services),
- intermediation in the sale of insurance products by PLN 12,155 thousand, i.e. by 7.9% (due to, among other things, higher revenues from cooperation with Cardif and from cash loans and leasing insurance),
- lending and leasing activities by PLN 11,471 thousand, i.e. by 3.6% (inter alia, due to higher revenues from transactions with large corporate Customers, including for used liabilities).

- transfers and e-Banking services by PLN 4,661 thousand, i.e. by 4.7% (as a result of higher commission income from foreign and domestic transfers resulting from, among other things, an increase in the volume of payments made by retail Customers).
- The decrease in fee and commission income related primarily to:
- account servicing by PLN 20,335 thousand, i.e. by 8.2% (due to, among other things, lower income from fees for high balances on business accounts).
- asset management and brokerage operations by PLN 17,029 thousand, i.e. by 14.2% (primarily due to lower revenues from the sale of IBV certificates, for management and sale of investment fund units and lower custody fees at CIB).

The slight decrease in commission and fee expenses was due to a decrease by PLN 4,736 thousand in the costs of transfers and electronic Banking services (due to no costs of provisions for complaints on functioning of electronic Banking in 2023, comparable with the same period of the previous year), a decrease by PLN 3,330 thousand lower product brokerage costs, with a simultaneous increase in costs for asset management and brokerage operations (by PLN 1,559 thousand, i.e. by 31.6%) and for cash handling (by PLN 1,522 thousand, i.e. by 6.2%) resulting, inter alia, from higher costs related to mobile payments in Retail Banking.

Table 53. Net fee and commission income

PLN thousand	12 months ended 31.12.2023	12 months ended 31.12.2022	change y/y	
			PLN thousand	%
Fee and commission income				
lending and leasing activities	334,508	323,037	11,471	3.6%
account servicing	227,497	247,832	(20,335)	(8.2%)
cash service	34,305	42,312	(8,007)	(18.9%)
transfers and e-Banking	102,812	98,151	4,661	4.7%
guarantees and documentary operations	74,589	54,530	20,059	36.8%
asset management and brokerage services	103,027	120,056	(17,029)	(14.2%)
payment and credit cards servicing	377,644	325,966	51,678	15.9%
intermediation in the sale of insurance products	165,626	153,471	12,155	7.9%
intermediation in the sale of Bank's products and acquisition of Customers	13,220	17,374	(4,154)	(23.9%)
other commissions	39,371	22,629	16,742	74.0%



PLN thousand	12 months ended 31.12.2023	12 months ended 31.12.2022	change y/y PLN thousand	%
Fee and commission income, total	1,472,599	1,405,358	67,241	4.8%
Fee and commission expenses, total				
lending and leasing activity	(917)	(1,388)	471	(33.9%)
accounts servicing	(10,789)	(10,291)	(498)	4.8%
cash service	(26,198)	(24,676)	(1,522)	6.2%
transfers and e-Banking	(3,137)	(7,873)	4,736	(60.2%)
asset management and brokerage services	(6,488)	(4,929)	(1,559)	31.6%
payment and credit cards	(117,689)	(117,284)	(405)	0.3%
intermediation in the sale of insurance products	(20,272)	(22,582)	2,310	(10.2%)
intermediation in the sale of the Bank's products and customer acquisition	(21,389)	(24,719)	3,330	(13.5%)
other commissions	(54,758)	(54,701)	(57)	0.1%
Fee and commission expenses, total	(261,637)	(268,443)	6,806	(2.5%)
Net fee and commission income	1,210,962	1,136,915	74,047	6.5%

Dividend income

Dividend income in 2023 amounted to PLN 10,881 thousand and resulted primarily from the profits of companies for 2022 in which the Group held a minority interest, i.e.: among others, Biuro Informacji Kredytowej S.A. (PLN 3,942 thousand), Krajowa Izba Rozliczeniowa S.A. (PLN 1,856 thousand), VISA (PLN 664 thousand).

Dividend income in 2022 amounted PLN 10,817 thousand and resulted primarily from the profits of companies for 2021 in which the Group held a minority interest, i.e.: among others, Biuro Informacji Kredytowej S.A. (PLN 3,726 thousand), Krajowa Izba Rozliczeniowa S.A. (PLN 1,543 thousand), VISA (PLN 397 thousand).

Net trading income and result on investment activities

Net trading income in 2023 amounted to PLN 950,781 thousand and was by PLN 196,080 thousand, i.e. by 26.0% higher y/y. The level and volatility of this result are mainly shaped by the result on foreign exchange and derivative transactions

with Customers, the result on transactions concluded by CIB and the Asset and Liability Management Division and the valuation of equity instruments.

The increase in the result from trading activities in 2023 compared to the previous year was primarily related to a PLN 132,537 thousand improvement in the result on FX swaps entered into within the Asset and Liability Management Division, as well as a PLN 40,370 thousand higher valuation of transactions hedging the valuation of the loan portfolio measured at fair value.

Improved margins on foreign exchange and derivative transactions with Customers, driven by, among other things, higher business activity compared to 2022, contributed to the increase in net trading income. In 2023 this result was higher by PLN 44,683 thousand i.e. by 5.9% y/y than that obtained in 2022.

The result on equity instruments at fair value through profit or loss in 2023 was a positive 20,769 thousand, compared to PLN 11,559 thousand in 2022 (an increase of PLN 9,210 thousand, or 79.7% y/y).

The result on investment activities in 2023 was negative and amounted to PLN 23,028 thousand compared to a positive result of PLN 29,227 thousand in 2022.

The decrease in the result on investment activities was primarily related to the negative result on valuation of the portfolio of loans and advances to Customers measured at fair value through profit or loss, which was lower by PLN 47,376 thousand compared to the previous year.

Other operating income

Other operating income in 2023 amounted to PLN 236,928 thousand and was higher by PLN 33,054 thousand, i.e. by 16.2% compared to 2022.

The level of other operating income was influenced mainly by the following:

- higher by PLN 30,789 thousand (i.e. by 69.1%) other operating income, inter alia as a result of changes in presentation of BNP Paribas Group Service Center S.A. income,
- higher by PLN 6,374 thousand (i.e. o 638.0%) profit from sale of goods and services, among other things, as a result of the increase in revenues realized by BNP Paribas Group Service Center S.A,
- higher by PLN 3,087 thousand (i.e. by 17.1%) revenue from the sale or liquidation of tangible or intangible assets, including the sale in 2023 of real estate in Przemyśl and Białystok,
- lower by PLN 3,180 thousand (i.e. by 32.5%) income from the release of impairment losses on other receivables,
- lower by PLN 2,020 thousand (i.e. by 3.9%) revenue from leasing activities,
- lower by PLN 1,238 thousand (i.e. by 6.0%) income from recovery of collection costs.

**Table 54. Other operating income**

PLN thousand	12 months	12 months	change y/y	
	ended 31.12.2023	ended 31.12.2022	PLN thousand	%
Sale or liquidation of property, plant and equipment and intangible assets	21,089	18,002	3,087	17.1%
Release of impairment allowances for other receivables	6,602	9,782	(3,180)	(32.5%)
Sale of goods and services	7,373	999	6,374	638.0%
Release of provisions for litigation and claims and other liabilities	56,144	56,753	(609)	(1.1%)
Recovery of debt collection costs	19,462	20,700	(1,238)	(6.0%)
Recovered indemnities	513	662	(149)	(22.5%)
Leasing operations	50,430	52,450	(2,020)	(3.9%)
Other operating income	75,315	44,526	30,789	69.1%
Other operating income, total	236,928	203,874	33,054	16.2%

Other operating expenses

Other operating costs in 2023 amounted to PLN 302,404 thousand and were by PLN 14,703 thousand i.e. by 5.1% higher y/y.

The level of other operating expenses was influenced mainly by the following:

- higher by PLN 12,293 thousand (i.e. 11.2%) other operating expenses. The higher other operating expenses were influenced, among others, by recognising in the first half of 2023 of the final amount of the fine imposed by the Office of Competition and Consumer Protection in connection with declaring certain provisions of the contractual standard concerning the determination of exchange rates (the anti-spread annex) to be unauthorised, as a result of the Court of Appeal's judgment of 12 May 2023 (PLN 6,656 thousand) and the creation in Q4 2023 of a PLN 6,000 thousand provision for the costs of litigation in cancellation suits concerning CHF loans.
- higher by PLN 11,530 thousand (i.e. by 19.7%) costs of creating provisions for litigation and other liabilities,
- lower by PLN 5,254 PLN thousand (i.e. by 23.9%) costs of sale or liquidation of fixed assets, intangible assets,
- lower by PLN 5,042 PLN thousand (i.e. by 37.8%) costs due to created write-downs of other receivables,
- lower by PLN 4,996 thousand (i.e. by 15.3%) costs from leasing activities.

Table 55. Other operating expenses

PLN thousand	12 months	12 months	change y/y	
	ended 31.12.2023	ended 31.12.2022	PLN thousand	%
Loss on sale or liquidation of property, plant and equipment and intangible assets	(16,699)	(21,953)	5,254	(23.9%)
Created impairment allowances for other receivables	(8,286)	(13,328)	5,042	(37.8%)
Provisions for litigation and claims and other liabilities	(70,050)	(58,520)	(11,530)	19.7%
Debt collection	(37,097)	(39,739)	2,642	(6.6%)
Donations made	(11,328)	(6,661)	(4,667)	70.1%
Costs of leasing operations	(27,737)	(32,733)	4,996	(15.3%)
Costs of compensations, penalties and fines	(9,503)	(5,356)	(4,147)	77.4%
Other operating expenses	(121,704)	(109,411)	(12,293)	11.2%
Other operating expenses, total	(302,404)	(287,701)	(14,703)	5.1%

Net allowances on expected credit losses of financial assets and provisions for contingent liabilities

The result of impairment losses on financial assets and provisions for contingent liabilities in 2023 amounted to PLN -34,369 thousand compared to PLN -275,010 thousand in 2022 (an improvement of PLN 240,641 thousand or 87.5%)

Considering the main operating segments:

- the Retail and Business Banking segment recorded an improvement in the negative result by PLN 284,921 thousand (PLN -54,118 thousand),
- the SME Banking segment recorded a positive result and a deterioration of the result by PLN 43,593 thousand (PLN +7,444 thousand),
- the Corporate Banking segment (including CIB) recorded a positive result and an improvement in profit by PLN 912 thousand (PLN 12,274 thousand),
- the other Banking activities segment recorded a positive result deterioration of PLN 1,599 thousand (PLN +31 thousand).

In 2023, the materialisation of the cost of risk remained low, influenced by the good quality of loan servicing and the associated level of Stage 3 entries. At the same time, the result from expected credit losses of financial assets and provisions for contingent liabilities was significantly affected by realised recoveries on the individually valued impaired



portfolio. In particular, significant repayments were realised on two institutional Customers, in the total amount of PLN 95,593 thousand.

Additionally, in 2023 the Bank was taking steps to reduce the amount of provisions made in the form of Post Model Adjustment by including additional factors directly in the models, as a result the balance of these types of provisions was reduced by PLN 237,208 thousand.

Details of key factors other than portfolio development and impaired portfolio recoveries affecting the development of the cost of risk in 2023, including actions to reduce Post Model Adjustments are:

- adjustment of the level of write-downs to expectations of the future macroeconomic situation, resulting in the release of PLN 36,714 thousand of provisions, as a consequence of updating the forecasts of macroeconomic variables included in the IFRS9 model used,
- introduction of changes in the approach used to take into account macroeconomic expectations with regard to the inclusion of all material risk factors for all segments in the amount of PLN 16,886 thousand and the related release of Post Model Adjustment provisions relating to risk factors not included in the macroeconomic model in the amount of PLN 151,470 thousand, including:
 - for the portfolio of loans to individuals secured on real estate adding provisions due to consideration of additional risk factors in the model in the amount of PLN 11,730 thousand and release of Post Model Adjustment provisions in the amount of PLN 11,730 thousand,
 - for portfolios of unsecured loans to individuals and the microenterprises segment neutral impact related to the inclusion of additional risk factors in the model and the release of Post Model Adjustment provisions in the amount of PLN 105,020 thousand.
 - for the business loan portfolios (Corporate and SME segment) a provision adjustment due to the inclusion of additional risk factors in the model in the amount of PLN 5,156 thousand and a release of Post Model Adjustment provisions in the amount of PLN 34,720 thousand,
- updating the level of LGD: Together with an adjustment to the expected selling prices of the NPL portfolios based on updated forward looking information, this change resulted in the release of a provision of PLN 11,745 thousand (adding provisions of PLN 26,755 thousand with a release of Post Model Adjustment provisions of PLN 38,500 thousand).
- In addition, in H2 2023, the Bank introduced changes to the LGD model aimed at bringing the parameters used closer to the values observed in their back-testing. With regard to unsecured portfolios of loans to individuals and the microenterprise segment, the Bank introduced a mechanism for adjusting the LGD parameters based on the results of back-testing. With regard to secured portfolios, it updated recovery level expectations depending on the assumed recovery path. These changes resulted in addition of PLN 72,770 thousand in provisions).
- for all customer segments in Q4 2023 the Bank implemented a uniformly differentiated PD level based on ratings which resulted in an additional provisions of PLN 20,737 thousand.

- reviewing the credit portfolio of particularly sensitive loans. The review resulted in the release of provisions in the amount of PLN 19,080 thousand. This amount includes, inter alia, a release of PLN 32,038 thousand of provisions in the form of Post Model Adjustments held in connection with the risk of Customers particularly sensitive to changes in the economic environment and parameter adjustments for sensitive Customers using credit holidays (including a release of PLN 6,240 thousand on exposures of Customers particularly sensitive to changes in the economic environment and PLN 25,798 thousand release in the form of parameter adjustments for sensitive Customers using credit holidays),
- in Q4 2023, due to the change in the Accounting Policy regarding the presentation of the impact due to legal risk regarding foreign currency mortgage loans, the Bank released provisions for credit risk in the amount of PLN 183,766 thousand. This release is a consequence of the decrease in the gross carrying amount on which the provisions are calculated. At the same time, PLN 169,913 thousand related to the increase in the provision for legal risk as a result of the change in the standard was included in the cost of risk. Both of these changes resulted in a combined inclusion in the cost of risk of PLN 13,853 thousand (release) of the result of the change in the standard.

In 2023 the Group entered into agreements to sell a portfolio of loans from the retail, SME and corporate portfolios. The gross carrying amount of the sold portfolio measured at amortised cost was PLN 390,429 thousand, the amount of impairment losses recognised amounted to PLN 330,357 thousand. The contractual price for the sale of these portfolios was set at PLN 86,588 thousand. The net impact on the Bank's result from the sale of the portfolios amounted to PLN 26,516 thousand and is presented in the line Result of allowances for expected credit losses of financial assets and provisions for contingent liabilities.

In 2022 the Group entered into agreements to sell a portfolio of loans from the retail, SME and corporate portfolios. The gross carrying amount of the sold portfolio measured at amortised cost was PLN 387,666 thousand, the amount of impairment losses recognised amounted to PLN 313,497 thousand. The contractual price for the sale of these portfolios was set at PLN 108,213 thousand. The net impact on the Bank's result from the sale of the portfolios amounted to PLN 34,044 thousand.

The cost of credit risk, expressed as the ratio of the net impairment losses to the average gross loans and advances to Customers measured at amortized cost (calculated on the basis of balances at the end of the quarters), amounted to - 0.04% in 2023 compared to -0.30% in 2022. Excluding the impact of the sale of receivables, it is estimated that the cost of risk would be -0.07% in 2023 and -0.33% in 2022.

General administrative expenses, depreciation and amortization

General administrative expenses (including depreciation and amortization) of the Group in 2023 amounted to PLN 3,095,535 thousand and were by PLN 57,079 thousand, i.e. by 1.9% higher compared to 2022.

The cost of fees to the BGF, charged to the Bank's expenses in 2023, amounted to PLN 123,909 thousand and was lower by PLN 28,431 thousand compared to the previous year, including:

- annual contribution to the Banks' forced restructuring fund - PLN 123,909 thousand (in 2022 - PLN 125,919 thousand),



- the contribution to the Banks' guarantee fund in 2022 amounted to PLN 26,421 thousand, in the second quarter of 2023 BGF decided to suspend the collection of this contribution, therefore in 2023 the Bank did not incur such costs.

In 2023 the Bank did not incur material charges for the Commercial Bank Protection System S.A. (IPS), while in 2022 the charge on IPS amounted to PLN 206,531 thousand

Table 56. General administrative expenses, depreciation and amortization

PLN thousand	12 months ended	12 months ended	change y/y	
	31.12.2023	31.12.2022	PLN thousand	%
Personnel expenses	(1,445,360)	(1,261,353)	(184,007)	14.6%
Marketing expenses	(82,091)	(84,532)	2,441	(2.9%)
IT and telecom expenses	(275,764)	(267,868)	(7,896)	2.9%
Short-term lease and operating costs	(84,925)	(68,348)	(16,577)	24.3%
Other non-personnel expenses	(565,718)	(528,397)	(37,321)	7.1%
Business travels	(13,721)	(14,300)	579	(4.0%)
ATM and cash handling expenses	(28,407)	(26,045)	(2,362)	9.1%
Outsourcing costs related to leasing operations	(2,775)	(2,623)	(152)	5.8%
Contributions to Bank Guarantee Fund	(123,909)	(152,340)	28,431	(18.7%)
Fees for the Commercial Banks Protection Scheme	(275)	(206,531)	206,256	(99.9%)
Polish Financial Supervision Authority fee	(15,854)	(14,370)	(1,484)	10.3%
General administrative expenses, total	(2,638,799)	(2,626,707)	(12,092)	0.5%
Depreciation and amortization	(456,736)	(411,749)	(44,987)	10.9%
Total expenses	(3,095,535)	(3,038,456)	(57,079)	1.9%

Increases y/y in the level of costs were recorded in the following categories:

- personnel expenses - an increase of PLN 184,007 thousand, i.e. by 14.6% - increase in salary costs by PLN 125,320 thousand mainly as a result of an increase in base salaries from March 2023, an increase in bonus costs due to the release in 2022 of provisions for bonuses from previous years. The aforementioned actions increased the salary surcharge costs by PLN 21,062 thousand. In addition, in December 2023, following the signing of the Agreement with the trade unions operating in the Bank on the principles of conducting group redundancies, a provision for the costs of employment restructuring was created, which charged the costs of 2023 with the amount of PLN 22,068 thousand.

- other material costs - an increase of PLN 37,321 thousand, i.e. by 7.1%, of which:
 - costs of consultancy services higher by PLN 73,698 thousand, including: consultancy services provided by the Group increased by PLN 65,129 thousand (PLN 136,903 thousand in 2023, PLN 71,775 thousand in 2022), other consultancy services by PLN 8,569 thousand,
 - costs of services and legal fees related to CHF loan litigation higher by PLN 16,527 thousand compared to the previous year (in 2023: PLN 91,046 thousand, in 2022: PLN 74,519 thousand),
 - employee leasing costs increased by PLN 8,006 thousand, mainly due to the implementation of development works,
 - material costs incurred by the leasing company was higher by 6,981 PLN thousand due to the increase in the scale of operations,
 - postal and telecommunications costs increased from PLN 41,018 thousand in 2022 to PLN 46,515 thousand, i.e. by PLN 5,497 thousand, due to the settlement of the contract with the postal operator for 2021-07.2023 and the new price list as of August 2023,
 - in 2023 the Bank did not incur costs in relation to the fee for Borrower Support Fund, whereas in 2022 these costs amounted to 75,350 thousand,
 - in addition, the costs of meetings (working, integration) and meetings in 2023 were lower by 4,557 PLN thousand compared to 2022;
 - short-term lease and operating expenses in 2023 amounted to PLN 84,925 thousand and were by PLN 16 577 thousand, i.e. by 24,3% higher compared with 2022, which was driven by higher utility costs by PLN 12,515 thousand;
 - IT and telecommunications costs increased by PLN 7,896 thousand due to growth in the cost of licence fees, non-capitalised expenditures, higher systems costs and maintenance contracts for software and hardware,
- Marketing costs amounted to PLN 82,091 thousand and were lower by PLN 2,441 thousand compared to 2022 due to, among other things, a change in the approach to ATL advertising, a reduction in performance marketing costs and the costs of organising events and meetings

**Table 57. Personnel expenses**

PLN thousand	12 months ended 31.12.2023	12 months ended 31.12.2022	change y/y PLN thousand	%
Salary costs	(1,131,252)	(1,005,932)	(125,320)	12.5%
Salary surcharges	(202,778)	(181,716)	(21,062)	11.6%
Employee benefits	(55,074)	(46,325)	(8,749)	18.9%
Costs of provision for restructuring	(31,305)	(775)	(30,530)	3,939.4%
Costs of provision for future liabilities due to unused leave and retirement benefits	(6,990)	(9,885)	2,895	(29.3%)
Charges to the Company Social Benefits Fund	(15,273)	(14,225)	(1,048)	7.4%
Other	(2,688)	(2,495)	(193)	7.7%
Total personnel expenses	(1,445,360)	(1,261,353)	(184,007)	14.6%

Depreciation and amortization expenses in 2023 amounted to PLN 456,736 thousand and were higher compared to 2022 by PLN 44,987 thousand i.e. by 10.9%. This increase was mainly due to the Bank's further transformation and digitalization and the expenditure incurred for this purpose as well as the accelerated depreciation of certain investment systems. Depreciation and amortization expenses in Group companies remained at a comparable y/y.

The Bank's capital expenditure in 2023 amounted to PLN 435,935 thousand and was higher by PLN 68,250 thousand, i.e. by 18.6% compared with 2022. The volume of capital expenditure is adapted to the Bank's current needs and capabilities. All projects are analysed from the point of view of rationality and impact on the financial and business situation of the Bank and the Group.

Statement of comprehensive income

The Group's total income in 2023 was PLN 1,595,578 thousand compared to a negative PLN -112,667 thousand in 2022 (an improvement of PLN 1,708,245 thousand).

This was the result of a positive valuation of financial assets measured by other comprehensive income (PLN 653,872 thousand in 2023 vs PLN -599,039 thousand in 2022). The change in valuation is primarily derived from changes in interest rates and the composition of the securities portfolio.

The second element that improved the Group's total income was the net financial result, which at the end of 2023 was higher by PLN 571,049 thousand i.e. 129.3% compared to the end of 2022.

Table 58. Statement of comprehensive income

PLN thousand	12 months ended 31.12.2023	12 months ended 31.12.2022	change y/y PLN thousand	%
Net profit	1,012,546	441,497	571,049	129.3%
Other comprehensive income				
Items that will be reclassified subsequently to profit or loss upon fulfilment of certain conditions	584,151	(553,251)	1 137,402	-
Mark-to-market of assets measured at fair value through other comprehensive income	653,872	(599,039)	1,252,911	-
Deferred tax	(124,236)	113,817	(238,053)	-
Valuation of derivatives in cash flow hedge accounting, gross	67,303	(83,987)	151,290	-
Deferred tax on valuation of gross cash flow hedging derivatives	(12,788)	15,958	(28,746)	-
Items that will not be reclassified subsequently to profit or loss	(1,119)	(913)	(206)	22.6%
Actuary valuation of employee benefits	(1,382)	(1,129)	(253)	22.4%
Deferred tax on gross actuarial valuation of employee benefits	263	216	47	21.8%
Other comprehensive income (net of tax)	583,032	(554,164)	1,137,196	-
Total comprehensive income	1,595,578	(112,667)	1,708,245	-

Statement of financial position

Assets

The Group's total assets as of the end of 2023 amounted to PLN 161,025,747 thousand, and was higher by PLN 10,917,145 thousand, i.e. 7.3%, compared to the end of 2022.

The most significant change in the Group's asset structure compared to the end of 2022 was a 5.5 p.p. decrease in the share of the loan portfolio (the sum of portfolios measured at amortized cost and at fair value), while there was a 3.3 p.p. increase in receivables from Banks and a 2.5 p.p. increase in cash and balances with the Central Bank. A factor that to some extent influenced the decrease in the share of the loan portfolio was the change in the recognition of the impact of legal risk arising from CHF mortgage litigation from 1 January 2023, resulting in a change in the presentation and value of the loan portfolio measured at amortized cost and net assets (for figures as at 31 December 2022, a decrease of 1,408,467



thousand). This issue is described in more detail in Note 2.6. Changes in accounting policies and changes in the presentation of financial data of the Consolidated Financial Statements for the year ended 31 December 2023.

The Group's asset structure was dominated by loans and advances to Customers (the sum of portfolios measured at amortized cost and at fair value), which accounted for 53.6% of total assets at the end of 2023, compared with 59.0% at the end of 2022. The decrease in net loans and advances volume amounted to 2,383,050 thousand, i.e. 2.7%, and related to the portfolios of Individual Customers, which decreased by 7.5% compared to the end of 2022 (including mortgage loans down 12.4%). Institutional Customers loan portfolio increased by 0.6% compared to the end of 2022 (as a result of a 124.3% increase in the portfolio of non-Bank financial entities, while the portfolio of business entities decreased by 2.0%).

The second largest asset item was securities, which accounted for 26.8% of total assets at the end of 2023 (end 2022: 26.6%). As at the end of 2023, their value increased by PLN 3,303,285 thousand i.e. by 8.3% compared with the end of 2022. The increase in the portfolio of securities measured at amortized cost by PLN 4,079,017 thousand, i.e. by 18.4% (the increase concerned securities issued by other financial institutions and government bonds) was partly offset by a decrease in the portfolio of securities measured at fair value through other comprehensive income (by PLN 750,490 thousand, i.e. by 4.3%).

The share of receivables from Banks (the third largest asset item) amounted to 11.2% (at the end of 2022: 7.9%). Their value increased compared to the end of 2022 and amounted to PLN 17,963,948 thousand (+52.2%). The share of the cash and balances position at the Central Bank increased from 1.8% to 4.3% (by PLN 4,165,279 thousand in value, or 153.2%).

Table 59. Assets

PLN thousand	31.12.2023	31.12.2022	change y/y	
			PLN thousand	%
Cash and balances at Central Bank	6,883,586	2,718,307	4,165,279	153.2%
Amounts due from Banks	17,963,948	11,800,189	6,163,759	52.2%
Derivative financial instruments	3,146,745	3,224,272	(77,527)	(2.4%)
Fair value adjustment of hedged and hedging items	94,496	33,025	61,471	186.1%
Loans and advances to Customers measured at amortised cost	85,594,516	87,681,850	(2,087,334)	(2.4%)
Loans and advances to Customers measured at fair value through profit or loss	653,582	949,298	(295,716)	(31.2%)
Debt securities measured at amortised cost	26,246,278	22,167,261	4,079,017	18.4%
Financial instruments measured at fair value through profit or loss	291,351	316,593	(25,242)	(8.0%)

PLN thousand	31.12.2023	31.12.2022	change y/y	
			PLN thousand	%
Debt securities measured at fair value through other comprehensive income	16,634,303	17,384,793	(750,490)	(4.3%)
Intangible assets	936,024	821,106	114,918	14.0%
Property, plant and equipment	959,923	1,069,429	(109,506)	(10.2%)
Deferred tax assets	766,504	966,436	(199,932)	(20.7%)
Current tax assets	4,730	14,107	(9,377)	(66.5%)
Other assets	849,761	961,936	(112,175)	(11.7%)
Total assets	161,025,747	150,108,602	10,917,145	7.3%

Loan portfolio

Structure of loan portfolio

At the end of 2023, gross loans and advances to Customers (the sum of portfolios measured at amortized cost and measured at fair value) amounted to PLN 88,857,046 thousand, a decrease of PLN 2,826,307 thousand, or 3.01%, compared with the end of 2022.

The gross portfolio of loans and advances measured at amortized cost in the period under review amounted to PLN 88,111,833 thousand and decreased by 2,547,789 thousand, or 2.8%, compared to the end of 2022.

Table 60. Structure of loan portfolio measured at amortised cost

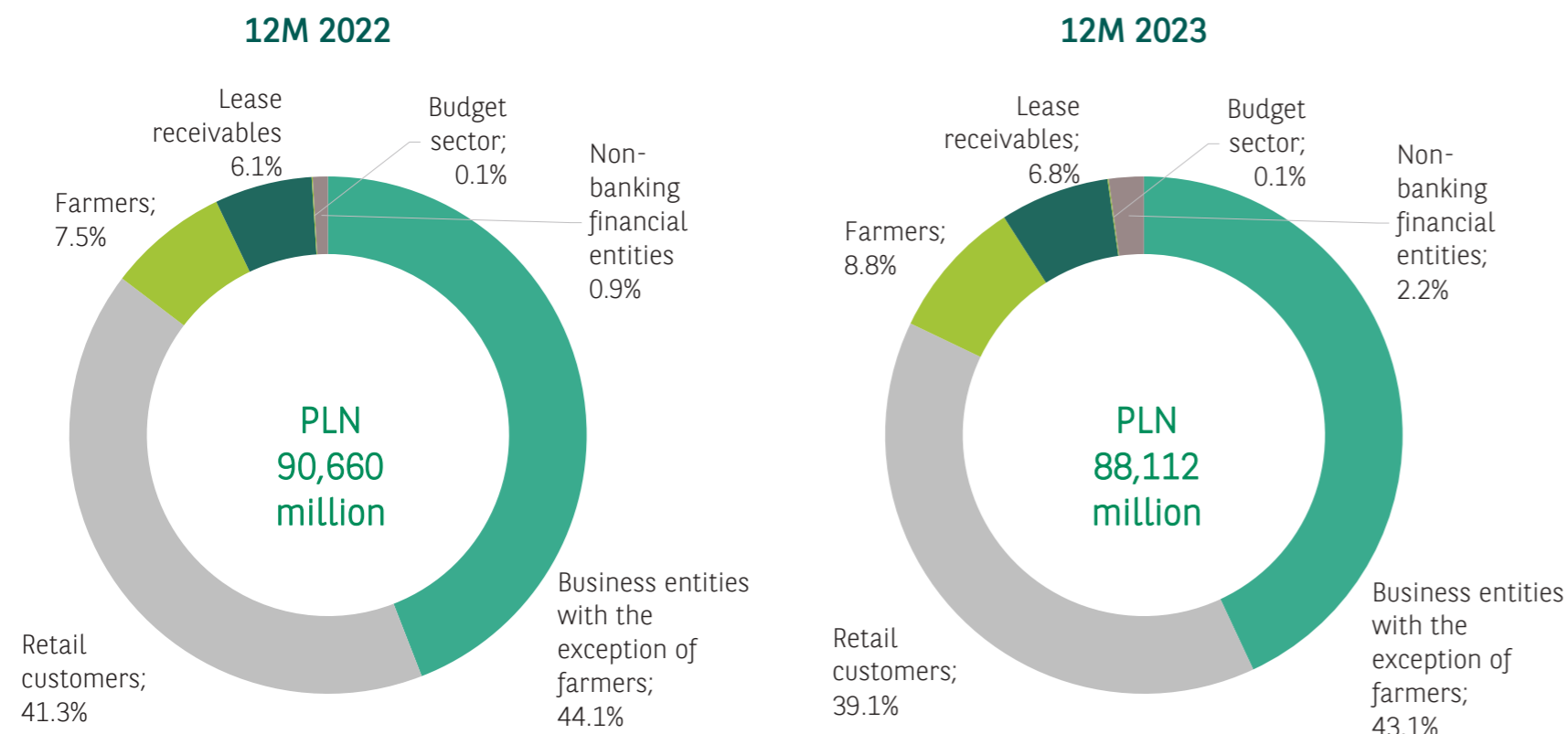
PLN thousand	31.12.2023	31.12.2022	change y/y	
			PLN thousand	%
Business entities with the exception of farmers	37,934,568	39,976,760	(2,042,192)	(5.1%)
Farmers	7,765,713	6,835,131	930,582	13.6%
Retail Customers	34,410,687	37,408,543	(2,997,856)	(8.0%)
- mortgage loans	21,986,449	25,225,602	(3,239,153)	(12.8%)
in PLN	21,146,369	22,526,701	(1,380,332)	(6.1%)
in foreign currencies	840,080	2,698,901	(1,858,821)	(68.9%)



PLN thousand	31.12.2023	31.12.2022	change y/y	
			PLN thousand	%
- cash loans	8,217,733	8,052,253	165,480	2.1%
- other retail loans	4,206,505	4,130,688	75,817	1.8%
Lease receivables	6,023,019	5,527,297	495,722	9.0%
Public sector	58,375	58,956	(581)	(1.0%)
Non-Banking financial entities	1,919,471	852,935	1,066,536	125.0%
Loans and advances, gross	88,111,833	90,659,622	(2,547,789)	(2.8%)

The gross portfolio of loans and advances to businesses (excluding farmers) amounted to PLN 37,934,568 thousand (down by PLN 2,042,192 thousand, or 5.1%, compared with the end of 2022). Their share in the analysed loan portfolio at the end of 2023 was 43.1% (-1.0 p.p. compared to the end of 2022). Overdrafts represent 42.1% of this portfolio (-4.0 p.p. vs 2022).

Chart 16. Gross loans and advances measured at amortised cost – structure by entity type



Gross loans and advances to individual Customers at the end of 2023 amounted to PLN 34,410,687 thousand (a decrease of PLN 2,997,856 thousand, i.e. 8.0%, compared with the end of 2022). Their share in the loan portfolio measured at amortized cost in the period under review was 39.1% (down 2.2 p.p. compared to end-2022). Almost two-thirds (63.9%) of the credit exposure of individual Customers is represented by real estate loans, which amounted to PLN 21,986,449 thousand at the end of 2023. In the structure of housing loans, 96.2% are loans granted in PLN, while 3.8% are loans granted in CHF (compared to the end of last year, the share of CHF fell by 6.9 p.p.).

The volume of loans granted to individual farmers at the end of 2023 was 7,765,713 thousand, recording a 13.6% increase compared to December 2022.

Lease receivables amounted to PLN 6,023,019 thousand (+ 9.0% compared to the end of 2022). Their share in the loan portfolio measured at amortized cost in the period under review was 6.8% (compared with 6.1% at the end of 2022).

The volume of loans granted to non-Bank financial entities and budget sector institutions to a total PLN 1,977,846 thousand (up 116.9% compared to December 2022).

Quality of loan portfolio

The ratio of impaired loans and advances (Stage 3) to gross loans and advances to Customers and measured at amortised cost was 3.0% at the end of 2023 and decreased by 0.3 p.p. compared to the end of 2022. The write-down coverage of Stage 3 exposures at the end of 2023 was 59.9% and decreased by 0.8 p.p. compared to the end of 2022

Table 61. Write-off coverage of the loan portfolio measured at amortised cost

PLN thousand	31.12.2023	31.12.2022	change y/y	
			PLN thousand	%
Total gross loans and advances to Customers	88,111,833	90,659,622	(2,547,789)	(2.8%)
Impairment allowances	(2,517,317)	(2,977,772)	460,455	(15.5%)
Total net loans and advances to Customers	85,594,516	87,681,850	(2,087,334)	(2.4%)
Gross loans and advances to Customers Stage 1 and 2				
Gross balance sheet exposure	85,471,034	87,711,776	(2,240,742)	(2.6%)
Allowance	(935,751)	(1,188,093)	252,342	(21.2%)
Net balance sheet exposure	84,535,283	86,523,683	(1,988,400)	(2.3%)
Gross loans and advances to Customers Stage 3				
Gross balance sheet exposure	2,640,799	2,947,846	(307,047)	(10.4%)



PLN thousand	31.12.2023	31.12.2022	change y/y	
			PLN thousand	%
Impairment allowance	(1,581,566)	(1,789,679)	208,113	(11.6%)
Net balance sheet exposure	1,059,233	1,158,167	(98,934)	(8.5%)

Ratios	31.12.2023	31.12.2022	change
Share of impaired loans and advances (Stage 3) in gross portfolio	3.0%	3.3%	(0.3 p.p.)
Allowance coverage for impaired loans and advances (Stage 3)	59.9%	60.7%	(0.8 p.p.)

Table 62. Quality of the loan portfolio measured at amortised cost

PLN thousand	31.12.2023			31.12.2022		
	Total gross	of which: impaired	% share	Total gross	of which: impaired	% share
Institutional loans, excluding farmers	39,912,414	1,223,732	3.1%	40,888,651	1,191,963	2.9%
Farmers	7,765,713	478,658	6.2%	6,835,131	547,752	8.0%
Retail Customers	34,410,687	780,946	2.3%	37,408,543	931,583	2.5%
- mortgages	21,986,449	313,433	1.4%	25,225,602	392,792	1.6%
in PLN	21,146,369	171,090	0.8%	22,526,701	183,252	0.8%
in other currencies	840,080	142,343	16.9%	2,698,901	209,539	7.8%
- cash loans	8,217,733	361,676	4.4%	8,052,253	408,864	5.1%
- other retail loans	4,206,505	105,837	2.5%	4,130,688	129,927	3.1%
Lease receivables	6,023,019	157,463	2.6%	5,527,297	145,131	2.6%
Gross loans and advances	88,111,833	2,640,799	3.0%	90,659,429	2,816,429	3.1%

The value of collateral held for Customers' loans at the end of 2023 amounted to PLN 1,640,922 thousand (PLN 1,953,998 thousand at the end of 2022). Detailed information on collateral held is included in Note 55.2. of the Consolidated Financial Statements for the year ended 31 December 2023.

Securitization of loan portfolio

In December 2017, the Bank completed a securitisation transaction of a portfolio of cash and auto loans using a subsidiary BGZ Poland ABS1 DAC (SPV) based in Ireland. The transaction entered into was a traditional securitisation involving the transfer of ownership of the securitised receivables to the SPV. The revolving period was 24 months and ended in December 2019. The transaction was amortisable from January 2020.

As a result of the securitisation, the Bank obtained financing for its operations in exchange for the surrender of rights to future flows arising from the securitised loan portfolio with a total value of PLN 4.5 billion. The maximum date for full redemption of the bonds and repayment of the loan was set at 27 April 2032.

The SPV issued bonds on the basis of the securitized assets with a total value of PLN 2,180,850 thousand and received a loan in the amount of PLN 119,621 thousand, which were secured by a registered pledge on the rights to cash flows from the securitized assets.

The main benefit of the transaction was the positive impact on the Bank's capital adequacy ratios and the improvement of liquidity and diversification of funding sources.

Due to the declining balance of the securitised loan portfolio and the decreasing positive impact on capital adequacy ratios, the Bank decided to exercise its clean-up option and repurchase active loans from the SPV and terminate the securitisation programme. The transaction was completed on 27 March 2023 and had no impact on the consolidated statement of financial position, as the securitised loan portfolio was not subject to removal from the statement of financial position at the time of the transaction. The value of the repurchased portfolio amounted to PLN 310 million.

Liabilities and equity

As at the end of December 2023, the Group's total liabilities amounted to PLN 148,164,472 thousand and were by PLN 9,318,091 thousand, i.e. 6.7% higher than at the end of 2022. The share of liabilities in the Group's total liabilities and equity was 92.0% in the period under review (down 0.5 p.p. compared to the end of 2022).

The structure of liabilities is dominated by liabilities to Customers. Their share at the end of December 2023 amounted to 85.8% and decreased by 0.6 p.p. compared to the end of 2022. In value terms, the volume of these liabilities increased by PLN 7,153,788 thousand, i.e. by 6.0% compared to December 2022, and amounted to PLN 127,174,831 thousand.

The Group's equity as at the end of December 2023 amounted to 12,861,275 thousand and increased by 14.2%, or 1,599,054 thousand, compared to 31 December 2022. The share of total equity in the Group's total liabilities and equity stood at the end of December 2023. 8.0% (compared with 7.5% at the end of 2022).

**Table 63. Liabilities and equity**

PLN thousand	31.12.2023	31.12.2022	change y/y	
			PLN thousand	%
Amounts due to Central Bank	-	8,713	(8,713)	-
Amounts due to Banks	9,059,394	7,158,024	1,901,370	26.6%
Derivative financial instruments	2,865,275	3,147,855	(282,580)	(9.0%)
Fair value adjustment of hedging instruments and hedged items	(7,365)	(451,646)	444,281	(98.4%)
Amounts due to Customers	127,174,831	120,021,043	7,153,788	6.0%
Securities issued	-	364,633	(364,633)	-
Subordinated liabilities	4,336,072	4,416,887	(80,815)	(1.8%)
Lease liabilities	626,269	718,892	(92,623)	(12.9%)
Other liabilities	2,191,890	2,423,182	(231,292)	(9.5%)
Current income tax liabilities	376,736	223,527	153,209	68.5%
Provisions	1,541,370	815,271	726,099	89.1%
Total liabilities	148,164,472	138,846,381	9 318,091	6.7%
Share capital	147,677	147,593	84	0.1%
Supplementary capital	9,110,976	9,110,976	-	-
Other reserve capital	3,525,056	3,142,098	382,958	12.2%
Revaluation reserve	(566,754)	(1,149,786)	583,032	(50.7%)
Retained earnings	644,320	11,340	632,980	5,581.8%
- previous year results	(368,226)	(430,157)	61,931	(14.4%)
- net profit for the period	1,012,546	441,497	571,049	129.3%
Total equity	12,861,275	11,262,221	1,599,054	14.2%
Total liabilities and equity	161,025,747	150,108,602	10,917,145	7.3%

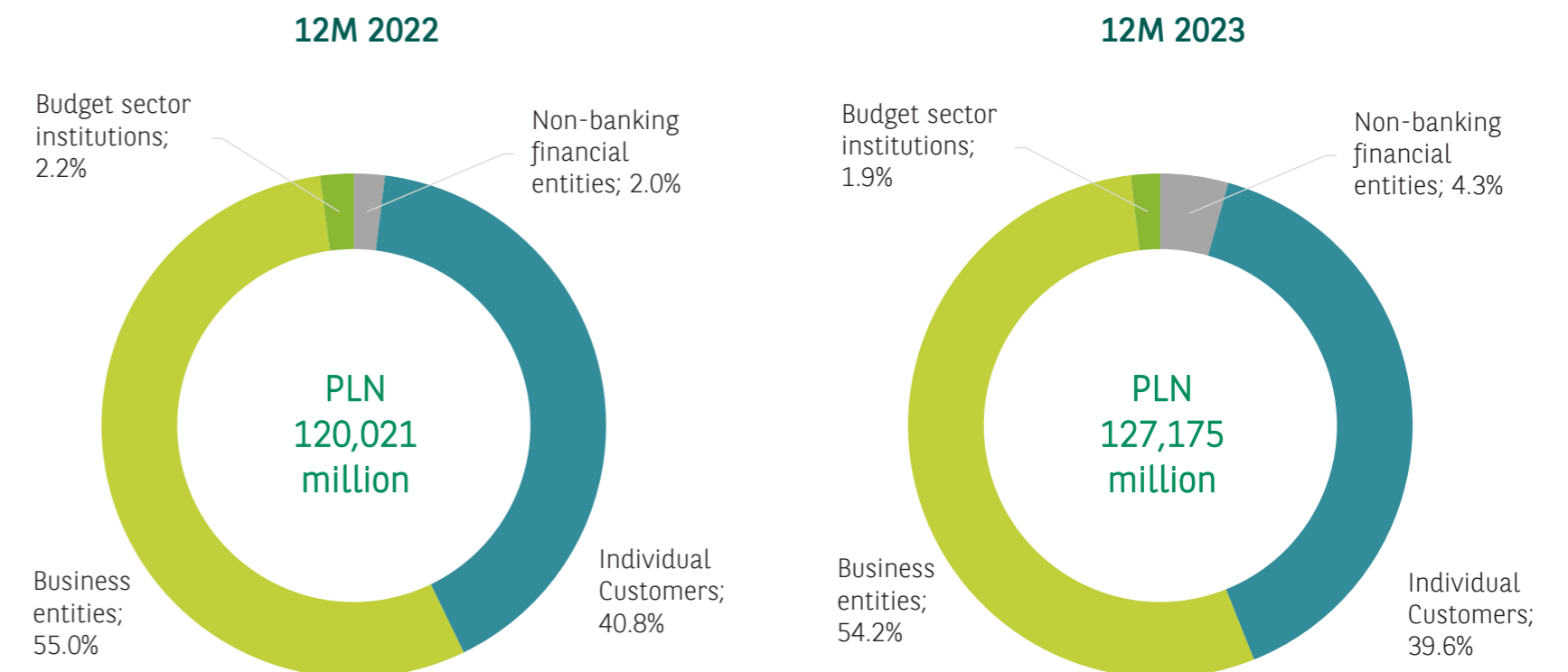
Amounts due to Customers

At the end of 2023, amounts due to Customers amounted to PLN 127,174,831 thousand and were higher by PLN 7,153,788 thousand, i.e. 6.0% compared to the end of 2022.

In terms of entities, the increase mainly concerned amounts due to businesses entities (balance at 31 December 2023 amounted to PLN 68,902,480 thousand), the volume of which increased by PLN 2,862,025 thousand, i.e. by 4.3%, compared with the balance at the end of 2022, mainly as a result of an increase in current accounts (by PLN 4,883,859 thousand), which was partially offset by a decrease in time deposits (by PLN 1,788,401 thousand). The share of this segment in the structure of total liabilities to Customers was 54.2%, compared with 55.0% at the end of December 2022.

An increase in deposit volumes was also recorded in the individual Customers group, whose balance at the end of December 2023 amounted to PLN 50,355,270 thousand and was by PLN 1,334,814 thousand, i.e. 2.7%, higher than at the end of the previous year. The share of deposits from individual Customers in the structure of liabilities to total Customers decreased to 39.6% (from 40.8% at the end of 2022)

At the same time, the volumes of liabilities to non-banking financial entities increased (by PLN 3,151,159 thousand, i.e. by 132.5%), and liabilities to budget sector institutions decreased by PLN 194,210 thousand, i.e. by 7.5%, compared to the end of 2022.

Chart 17. Amounts due to Customers – structure by entity type

**Table 64. Amounts due to Customers by products**

	31.12.2023		31.12.2022	
	PLN thousand	% share	PLN thousand	% share
Current accounts	84,597,912	66.5%	81,049,341	67.5%
Term deposits	41,053,999	32.3%	37,208,104	31.0%
Loans and advances received	460,893	0.4%	491,823	0.4%
Other liabilities	1,062,027	0.8%	1,271,775	1.1%
Total amounts due to Customers, including:	127,174,831	100.0%	120,021,043	100.0%
deposits	126,713,938	99.6%	119,529,220	99.6%

The share of current accounts in the structure of total amounts due to Customers at the end of 2023 amounted to 66.5%, registering a decrease of 1.0 p.p. compared to the end of 2022. Funds deposited in current accounts amounted to PLN 84,597,912 thousand and increased by PLN 3,548,571 thousand, i.e. 4.4%. This increase was driven by an increase in the volume of both business entities (by 4,883,859 thousand, i.e. by 9.9%) and non-banking financial entities (by 1,709,323 thousand, i.e. by 163.8%).

The share of term deposits in the structure of liabilities to Customers in the analysed period was 32.3%, increasing by 1.3 p.p. compared to the end of 2022. In value terms, term deposits increased y/y by PLN 3,845,895 thousand i.e. by 10.3% and amounted to PLN 41,053,999 thousand at the end of 2023.

The share of other liabilities and loans and advances received in total in the structure of liabilities to Customers amounted to 1.2% and decreased by 0.3 p.p. compared to the end of 2022. Their total volume amounted to PLN 1,522,920 thousand.

The geographical structure of liabilities to the Bank's Customers at the end of 2023 by major region, in management terms, is presented below.

Segment/region	31.12.2023
Retail and Business Banking	51.6%
Centre	13.0%
North	8.2%
South	11.2%
East	9.9%
West	9.2%
SME and Corporate Banking	47.3%
Central	32.1%
Southern	8.0%
Western	7.2%
Others	1.1%

Equity

As at 31 December 2023, the Group's equity amounted to PLN 12,861,275 thousand and was BY PLN 1,599,054 thousand, i.e. 14.2% higher than at the end of 2022.

Pursuant to Resolution No. 7 of the Bank's Annual General Meeting of 30 June 2023, the Bank's profit after tax (net profit) for the completed financial year 2022, amounting to PLN 370,892 thousand, was fully transferred to reserve capital.



Contingent liabilities

The table below presents the value of the items of liabilities given and received.

Table 65. Contingent liabilities

PLN thousand	31.12.2023	31.12.2022	change y/y	
			PLN thousand	%
Contingent liabilities granted	50,888,418	42,977,848	7,910,570	18.4%
funding liabilities	34,470,777	30,486,679	3,984,098	13.1%
guarantee liabilities	16,417,641	12,491,169	3,926,472	31.4%
Contingent liabilities received	57,137,307	58,068,966	(931,659)	(1.6%)
liabilities of a financial nature	8,176,478	14,511,914	(6,335,436)	(43.7%)
Liabilities of a guarantee nature	48,960,829	43,557,052	5,403,777	12.4%

The amount of long-term liabilities granted as at 31.12.2023 was PLN 20,996,915 thousand (31.12.2022 was PLN 18,279,953 thousand), while long-term liabilities received as at 31.12.2023 was PLN 50,724,039 thousand (as at 31.12.2022 was PLN 49,935,837 thousand).

Own funds and capital ratios

The calculation of the Bank's and the Group's capital adequacy as at 31 December 2023 has been performed applying the provisions of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013. (CRR) on prudential requirements for credit institutions and investment firms, as amended by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019. (CRR2).

The Group's own funds at 31 December 2023 consisted of:

- Tier 1 capital of PLN 11,214,650 thousand against PLN 10,763,140 thousand at the end of 2022,
- Tier 2 capital of PLN 3,722,878 thousand against PLN 4,078,993 thousand at the end of 2022.

Key factors that influenced the level of own funds in 2023:

- inclusion in the consolidated equity tier 1 capital of the revised consolidated net profit generated in the period from 1 January 2022 to 31 December 2022 in the amount of PLN 436,254 thousand (FSA approval decision received by the Bank on 30th March 2023),

- improvement in the result from unrealised gains and losses at fair value through other comprehensive income by PLN 583,032 thousand (additionally in 2022, the Bank applied an adjustment related to the temporary partial exclusion of the amount of unrealised gains and losses at fair value through other comprehensive income from the calculation of common equity Tier 1 items due to the COVID-19 pandemic of PLN 373,716 thousand),
- increase of PLN 58,542 thousand adjustment in common equity Tier 1 capital related to the deduction of intangible assets taking into account the Commission Delegated Regulation (EU) 2020/2176 of 12th November 2020 regarding the deduction of software assets from common equity Tier 1 items,
- recognition of the full impact of the implementation of IFRS 9 in the amount of PLN 100,196 thousand attributable to 2023,
- an increase in the amortisation of instruments included in Tier 2 capital by PLN 356,115 thousand.

Total risk exposures as at 31 December 2023 amounted to 89,615,117 thousand and decreased by 5,841,180 thousand compared to 31 December 2022 as a result of the implementation of IFRS9 for foreign currency mortgage provisions, a decrease in the total value of the loan portfolio and measures to optimise the level of risk-weighted assets.

As a result of the above changes, the Group's capital ratios have improved. The Group's total capital ratio as at 31 December 2023 was 16.67%, an increase of 1.12 p.p. compared to December 2022. The Group's consolidated common equity tier 1 (CET I) capital ratio and consolidated tier 1 (Tier 1) capital ratio at 31 December 2023 were identical at 12.51% (up 1.23 p.p. compared to the end of 2022).

Table 66. Own funds and capital ratios of the Group

PLN thousand	31.12.2023	31.12.2022	change y/y	
			PLN thousand	%
Tier 1 capital				
– share capital	147,677	147,593	84	0.1%
– supplementary capital	7,259,316	7,259,316	0	0.0%
– reserve capital	4,699,563	4,308,272	391,291	9.1%
– funds for general Banking risk	627,154	629,987	(2,833)	(0.4%)
– intangible assets	(498,045)	(439,502)	(58,542)	13.3%
– other components of equity included in Tier 1 capital	(1,021,015)	(1,142,527)	121,511	(10.6%)
Total Tier 1 capital	11,214,650	10,763,140	451,510	4.2%
Tier 2 capital				



PLN thousand	31.12.2023	31.12.2022	change y/y	
			PLN thousand	%
- subordinated liabilities classified as Tier 2 capital	3,722,878	4,078,993	(356,115)	(8.7%)
Total own funds	14,937,528	14,842,133	95,395	0.6%
Risk exposure due to:				
- credit risk	78,760,653	85,304,706	(6,544,053)	(7.7%)
- market risk	1,470,850	1,307,210	163,640	12.5%
- operational risk	9,346,897	8,787,516	559,380	6.4%
- CVA adjustment	36,717	56,865	(20,147)	(35.4%)
Total risk exposure	89,615,117	95,456,297	(5,841,180)	(6.1%)

Group's ratios	31.12.2023	31.12.2022	change
Total Capital Ratio (TCR)	16.67%	15.55%	(1.12 p.p.)
Tier 1 Capital Ratio	12.51%	11.28%	(1.23 p.p.)

Minimum capital requirements

The minimum levels of the Bank's and the Group's capital adequacy ratios are derived from the following external regulations:

- Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013: 4.5% for CET1, 6% for Tier 1 and 8% for TCR,
- Act of 5 August 2015 on macroprudential supervision of the financial system and crisis management in the financial sector (Journal of Laws 2015, item 1513, as amended):
 - a buffer of 2.5% (unchanged from 2022),
 - a buffer from another systemically important institution equivalent to 0.25% of total risk exposure (unchanged from 2022),
 - countercyclical buffer - the countercyclical buffer rate for credit exposures in the territory of the Republic of Poland that applied at the end of 31 December 2023 was 0%. The Group-specific countercyclical buffer rate,

determined as a weighted average of the countercyclical buffer rates applicable in the jurisdictions in which the Group's relevant credit exposures are located, was at 31 December 2023 1 bps. The value of the ratio was mainly affected by exposures in Luxembourg, where the countercyclical buffer ratio was 0.5%. At the end of 2022, the countercyclical buffer was 0%.

- Act of 29 August 1997. - Banking Act (Dz.U. 1997 No. 140 item 939): capital charge recommended under Pillar II (P2G) - the Financial Supervision Authority, by letter of 13 December 2023, recommended to mitigate the risks inherent in the Bank's activities by maintaining own funds by the Bank to cover an additional capital charge to absorb potential losses arising from stress events, in the amount of 0.70 p. p. at the individual level and 0.67 p.p. at the consolidated level over and above the total capital ratio plus the additional own funds requirement and the combined buffer requirement. The additional surcharge should consist entirely of Common Equity Tier 1 capital.

As a result of the requirements described above, the minimum levels of solvency ratios under the law and administrative decisions issued by the FSA on a consolidated basis are as follows:

Minimum levels of Group capital ratios	31.12.2023	31.12.2022	change
Common Equity Tier 1 (CET I) capital ratio	7.93%	8.02%	(0.09 p.p)
Tier 1 capital ratio	9.43%	9.52%	(0.09 p.p)
Total capital ratio (TCR)	11.43%	11.52%	(0.09 p.p)

At the end of 2023, all the Group's capital adequacy ratios were above the minimum requirements by:

- 4.58 p.p. for the Common Equity Tier 1 capital ratio,
- 3.08 p.p. for the Tier 1 capital ratio,
- 5.24 p.p. for the total capital ratio.

Minimum requirement for own funds and eligible liabilities (MREL)

The MREL requirement applies at an individual level, hence the details of this requirement are described in the Bank's Financial Performance section.

Financial ratios

In 2023, the Group's return on equity (ROE), calculated on a reported basis, was 8.2% and was 4.2 p.p. higher than in 2022. Return on assets (ROA) calculated in a similar manner was 0.7%, up 0.4 p.p. on 2022. The improvement in return ratios was mainly driven by an increase in net banking income (higher net interest income, trading income and commission income) with a decrease in regulatory costs (BGF and IPS). This was in spite of the higher negative impact of legal risks related to litigation concerning foreign currency mortgage loans. The Group's return on equity (ROE) calculated excluding



the impact of the credit holidays (normalised) would be in 2023, 7.7% and would be 2.7 p.p. lower compared to the ratio for 2022 (10.2%). For return on assets (ROA), the ratio would be 0.6% i.e. 0.2 p.p. lower than in 2022.

The cost/income ratio calculated on the basis of reported volumes was 42.5% (by 14.3 p.p. lower than in 2022 as a result of the mentioned decrease in regulatory costs while improving the level of net banking income). The ratio calculated without the impact of the costs of the BGF, the IPS and the impact of credit holidays would have been 41.1%, 1.8 p.p. lower than in 2022.

The net interest margin calculated in relation to average assets was 3.4%, 0.1 p.p. higher than the level calculated for 2022.

Changes in the values of ratios representing the ratio of net and gross loans to deposits and sources of funding reflect the good liquidity situation observed in 2022 and 2023.

Table 67. Financial ratios

	31.12.2023	31.12.2022	31.12.2021	change 2023/2022
Return on capital	8.2%	3.9%	1.5%	4.2 p.p.
Normalised rate of return on capital	7.7%	10.2%	1.5%	(2.4 p.p.)
Return on assets	0.7%	0.3%	0.1%	0.4 p.p.
Return on assets normalised	0.6%	0.8%	0.1%	(0.2 p.p.)
Net interest margin	3.4%	2.5%	2.5%	1.0 p.p.
Costs/Income	42.5%	56.8%	52.9%	(14.3 p.p.)
Costs/revenue excluding BGF, IPS, integration costs and impact of credit holidays	41.1%	42.9%	49.9%	(1.8 p.p.)
Credit risk costs	(0.04%)	(0.30%)	(0.32%)	0.26 p.p.
Normalised credit risk costs	(0.07%)	(0.33%)	(0.43%)	0.26 p.p.
Net loans/deposits*	68.1%	74.2%	85.5%	(6.1 p.p.)
Gross loans/Total funding sources*	64.0%	70.2%	80.2%	(6.2 p.p.)

*ratios calculated for 2022 on a comparable basis, i.e. taking into account changes in accounting policies related to the recognition of the impact of legal risk arising from litigation concerning CHF mortgages (transition to IFRS 9)

Alternative Performance Measures

Presented ratios and categories belong to a group of standard and commonly used in financial analysis. These allow for the assessment and comparison of the Group's profitability and financial position in different periods. The presentation of the level of net profit and ratios in normalised terms, i.e. calculated excluding the impact of abnormal events, is aimed at providing additional information to allow a more adequate assessment of changes in the long term and to assess the impact of these events on the Group's results and financial position. A factor that has a minor impact on the comparability of the value of the loan portfolio, net assets and ratios based on these categories between 2023 and 2022 is the change made as of 1 January 2023, in accordance with IFRS 9, in the manner in which the impact of legal risk arising from CHF mortgage litigation is recognized. This issue is described in detail in Note 2.6. "Changes in accounting policies and changes in presentation of financial data," to the Consolidated Financial Statements for the year ended 31 December 2023. The average values necessary for the calculation of certain indicators for 2023 were calculated using the transformed values for all quarters. Due to the minor impact of the change - the average values were not recalculated for 2022 and 2021. For the other categories affected by the change, the transformed values were adopted for 2023 and 2022.

**Table 68. Alternative Performance Measures**

PLN thousand / %	31.12.2023	31.12.2022	31.12.2021	Definitions and assumptions
Net income	1,012,546	441,497	176,298	Profit and loss account category from the Consolidated Financial Statements of the BNP Paribas Bank Polska S.A. Group for the relevant years.
Total average equity	12,370,956	11,184,493	11,968,583	Average calculated on the basis of balances at the end of the last 5 quarters (statement of financial position category from the Consolidated Financial Statements of the BNP Paribas Bank Polska Group).
Return on capital	8.2%	3.9%	1.5%	Ratio of net profit to average total equity
Normalised net profit	967,186	1,166,447	176,298	Consolidated income statement category adjusted for the negative impact of credit holidays (2023: PLN 55,722 thousand, 2022: PLN -895,000 thousand, see chapter Consolidated income statement). Impact of credit holidays and integration costs on net profit estimated using an income tax rate of 19%.
Total average equity normalised	12,496,182	11,485,813	11,966,099	Average total equity adjusted in the same way as normalised net profit, with adjustments made for each quarter
Normalised return on equity	7.7%	10.2%	1.5%	Ratio of normalised net profit to average total normalised equity
Total average assets	152,411,341	142,002,171	125,017,783	Average calculated on the basis of balances at the end of the last 5 quarters (statement of financial position category from the Consolidated Financial Statements of the BNP Paribas Bank Polska Group). In 2023, the average consists of values from the note: PLN 161,025,747 thousand as at 31.12.2023 and PLN 150,108,602 thousand as at 31.12.2022 as well as comparable values, i.e. including the change in presentation under IFRS 9 mentioned in the introduction: PLN 155,097,859 thousand as at 30.09.2023 and PLN 149,038,255 thousand as at 30.06/2023 and PLN 146,786,242 thousand as at 31.03.2023. For 2022 and 2021, the averages do not take into account the change in presentation.
Return on assets	0.7%	0.3%	0.1%	Ratio of net profit to average total assets
Total average assets normalised	152,536,567	142,303,491	125,015,299	Average total assets adjusted in the same way as normalised net profit, with adjustments made for each quarter
Return on assets normalised	0.6%	0.8%	0.1%	Ratio of normalised net profit to average total normalised assets
Net interest income	5,225,427	3,493,005	3,140,942	Profit and loss account category from the Consolidated Financial Statements of the BNP Paribas Bank Polska S.A. Group for the relevant years.
Net interest margin	3.4%	2.5%	2.5%	Ratio of net interest income to total average assets
Costs	3,095,535	3,038,456	2,543,529	Sum of general administrative expenses and Depreciation and Amortisation (income statement categories from the Consolidated Financial Statements of the BNP Paribas Bank Polska Group).
Net banking income (Income)	7,282,798	5,351,946	4,809,257	The sum of net interest income, net fee and commission income, dividend income, net trading income, net investment income, net hedge accounting income, net discontinued assets/liabilities and other operating income and expenses (profit and loss account categories from the Consolidated Financial Statements of the BNP Paribas Bank Polska Group).
Costs/Income	42.5%	56.8%	52.9%	Cost-income ratio
Costs/income excluding BGF, IPS, integration costs and impact of credit holidays	41,1%	42.9%	49.9%	Costs were reduced by the Group's cost of fees to the Bank Guarantee Fund and the Commercial Bank Protection Scheme (categories of Notes Administrative expenses of the Consolidated Financial Statements of the BNP Paribas Bank Polska S.A. Group, in 2023 PLN 124 184 thousand, in 2022: PLN 358,871 thousand, in 2021: PLN 143,352 thousand). Revenue in 2023 was adjusted by the amount of PLN 56,000 thousand of the positive impact of credit holidays and in 2022 by PLN 895,000 thousand of the negative impact of credit holidays (see chapter Consolidated income statement)
Result of impairment losses on financial assets and provisions for liabilities	(34,369)	(275,010)	(266,185)	Profit and loss account category from the Consolidated Financial Statements of the BNP Paribas Bank Polska S.A. Group for the relevant years



PLN thousand / %	31.12.2023	31.12.2022	31.12.2021	Definitions and assumptions
Average gross loans and advances to Customers, measured at amortised cost	89,280,552	92,070,624	82,184,314	Average calculated on the basis of balances at the end of the last 5 quarters (category from the Note Loans and advances to Customers measured at amortised cost from the Consolidated Financial Statements of the BNP Paribas Bank Polska S.A. Group). In 2023, the average consists of values from the note: 88,111,833 thousand for 31.12.2023 and 90,659,622 thousand for 31.12.2022 and comparable values, i.e. taking into account the change in presentation under IFRS 9 mentioned in the introduction: 88,784,370 thousand for 30.09.2023, 88,994,720 thousand for 30.06.2023 and 89,852,215 thousand for 31.03.2023. For 2022 and 2021, the averages do not take into account the change in presentation
Credit risk costs	(0.04%)	(0.30%)	(0.32%)	Relation of the result of impairment losses on financial assets and provisions for contingent liabilities to the average gross loans and advances to Customers, measured at amortised cost
Result of impairment losses on financial assets and provisions for liabilities normalised	(60,885)	(309,054)	(351,105)	Result of impairment losses on financial assets and provisions for liabilities adjusted for the impact of the sale of non-performing loan portfolios (2023 PLN: +26,516k, 2022 PLN: +34,044k, 2021 PLN: +84,920k)
Normalised credit risk costs	(0.07%)	(0.33%)	(0.43%)	Ratio of the result of impairment losses on financial assets and provisions for contingent liabilities, normalised, to the average gross loans and advances to Customers, measured at amortised cost
Net loans	86,248,098	88,631,148	86,299,481	Sum of the categories net loans and advances to Customers measured at amortised cost and net loans and advances to Customers measured at fair value through profit or loss - from the Notes to the Consolidated Financial Statements of the BNP Paribas Bank Polska Group, period-end balances. Unlike in the case of the average values presented in the table - for this category, for the column 31.12.2022, a portfolio value has been adopted that takes into account the change in presentation under IFRS 9 mentioned in the introduction (value presented in the Note of the Consolidated Financial Statements of the BNP Paribas Bank Polska Group for 2023)
Deposits	126,713,938	119,529,220	100,991,275	Difference between the category of Due to Customers and the category of Loans and advances to non-Bank financial entities - from the Note Due to Customers from the Consolidated Financial Statements of the BNP Paribas Bank Polska S.A. Group. Balances at period ends
Net loans/deposits	68.0%	74.9%	85.5%	Net loans to deposits ratio
Impaired loans and advances (Stage 3)	2,640,799	2,947,846	3,206,719	Category from the Note Loans and advances to Customers measured at amortised cost from the Consolidated Financial Statements of the BNP Paribas Bank Polska S.A. Group. Unlike in the case of average values presented in the table - for this category, for the column 31.12.2022, a value was adopted that takes into account the change in presentation under IFRS 9 mentioned in the introduction (value presented in the Note of the Consolidated Financial Statements of the BNP Paribas Bank Polska Group for 2023)
Gross loans and advances to Customers measured at amortised cost	88,111,833	90,659,622	88,042,967	Category from the Note Loans and advances to Customers measured at amortised cost from the Consolidated Financial Statements of the BNP Paribas Bank Polska S.A. Group. Unlike in the case of average values presented in the table - for this category, for the column 31.12.2022, a value was adopted that takes into account the change in presentation under IFRS 9 mentioned in the introduction (value presented in the Note of the Consolidated Financial Statements of the BNP Paribas Bank Polska Group for 2023)
Share of impaired receivables impaired (NPL ratio)	3.0%	3.3%	3.6%	Ratio of impaired loans and advances (Stage 3) to gross loans and advances to Customers measured at amortised cost, at period end
Impairment losses (Stage 3 receivables)	1,581,566	1,789,679	1,839,327	Category from the Note Loans and advances to Customers measured at amortised cost from the Consolidated Financial Statements of the BNP Paribas Bank Polska S.A. Group. Unlike in the case of average values presented in the table - for this category, for the column 31.12.2022, a value was adopted that takes into account the change in presentation under IFRS 9 mentioned in the introduction (value presented in the Note of the Consolidated Financial Statements of the BNP Paribas Bank Polska Group for 2023)
Impairment coverage of receivables (Stage 3)	59.9%	60.7%	57.4%	Relation of Impairment losses (Stage 3 receivables) to Impaired loans and advances (Stage 3)



Business segment performance

Retail and Business Banking

Commercial volumes

As at 31 December 2023, Retail and Business Banking Customers' deposits on a consolidated level amounted to PLN 65,925,261 thousand and were by PLN 4,957,625 thousand higher i.e. by 8.1% higher than at the end of 2022. Both term deposits and current account balances increased by PLN 6,472,810 thousand (i.e. by 33.6%) and PLN 670,074 thousand (i.e. by 2.3%). Funds in savings accounts decreased by PLN 2,264,683 thousand i.e. by 19.5% compared to the end of 2022.

The significant increase in NBP interest rates initiated in the fourth quarter of 2021 contributed to a reversal of the trend observed in 2021 of an increase in the share of current deposits and savings accounts. The percentage structure of the main product categories at the end of 2023 changed compared with the end of 2022. There was a further increase in the share of term deposits (by 7.4 p.p. to 39.1%), with a decrease in the share of savings accounts (by 4.9 p.p. to 14.2%) and current accounts (by 2.6 p.p. to 46.1%).

The net loan portfolio of the Retail and Business Banking segment on a consolidated basis as at 31 December 2023 amounted to PLN 44,244,709 thousand, a decrease of PLN 3,765,821 thousand i.e. by 7.8% compared to the end of 2022. In value terms, the largest decrease was in mortgage loans by PLN 4,486,898 thousand i.e. by 17.1% and investment loans by PLN 589,762 thousand i.e. by 10.5%. Overdrafts increased by PLN 1,315,867 thousand i.e. by 57.3%.

The decrease in net mortgage loans in the long term was significantly impacted by the recognition in the second half of 2022 of the negative impact of the Act on Crowdfunding for Business Ventures and Assistance to Borrowers (credit holidays). The decrease in the PLN portfolio compared to the end of 2022 was mainly influenced by a reduction in demand and a significant decrease in sales of mortgage loans as a consequence of high interest rates and a reduction in Customers' creditworthiness.

The gross volume of FX mortgage loans (withdrawn from the offer in 2008-2009) in the analysed period amounted to PLN 840,080 thousand (PLN 2,698,901 thousand at the end of 2022). Loans granted in CHF accounted for 97.1% of this portfolio. The recorded decrease of the portfolio value resulted from repayments and strengthening of PLN vs CHF (the exchange rate decreased from 4.7679 at the end of 2022 to 4.6828 at the end of 2023) and changes in accounting policies related to the recognition of the impact of legal risks arising from CHF mortgage litigation. The value of the portfolio denominated in CHF decreased by 68.9% compared to the end of 2022.

¹ Deposit and loan volumes of selected segments have been presented on the basis of data from management information systems, due to the availability of more detailed product information. For comparability, data as at 31.12.2022 have been presented in accordance with the segmentation in force in 2023. Deposit volumes

Table 69. Deposits and loans in Retail and Business Banking¹

PLN thousand	31.12.2023	31.12.2022	change y/y	
			PLN thousand	%
Current accounts	30,379,552	29,709,477	670,074	2.3%
Savings accounts	9,359,908	11,624,591	(2,264,683)	(19.5%)
Term deposits	25,763,657	19,290,847	6,472,810	33.6%
Overnight deposits	422,144	342,721	79,423	23.2%
Accounts and Deposits	65,925,261	60,967,636	4,957,625	8.1%
Consumer loans	11,057,350	10,656,811	400,539	3.8%
Investment loans	5,015,085	5,604,847	(589,762)	(10.5%)
Overdrafts	3 613 313	2,297,446	1,315,867	57.3%
Mortgage loans	21,690,894	26,177,793	(4,486,898)	(17.1%)
Lease receivables	1,993,169	2,368,130	(374,961)	(15.8%)
Credit cards	871,731	900,431	(28,701)	(3.2%)
Other loans	3,166	5,072	(1,906)	(37.6%)
Net loans and advances	44,244,709	48,010,530	(3,765,821)	(7.8%)

** data for 2022 does not include an adjustment to the presentation of the value of the loan portfolio due to a change in the recognition of the impact of legal risk arising from CHF mortgage litigation, resulting in a change in the presentation and value of the loan portfolio measured at amortized cost*

Gross profit

In 2023, the loss of the Retail and Business Banking segment amounted to PLN 550,364 thousand, down by PLN 565,293 thousand from the loss in 2022 (PLN 1,115,657 thousand). The improvement in the gross result was due to a higher result from Banking activities (by PLN 1,490,510 thousand, i.e. by 68.0%), lower operating expenses and depreciation and amortisation (lower charges to the BGF) as well as an improvement in the result of impairment losses. The segment's result was negatively impacted by higher provisions for legal risk related to foreign currency loans by PLN 1,238,086 thousand i.e. by 167.3% compared to 2022.

do not include balances of certain credit institutions, which are treated as interBank deposits in management reporting, while in financial reporting they are included in customer deposits; in addition, balances do not include accrued interest not matured.



In 2023, an improvement was recorded in all components of the result on Banking activity: the net interest income amounted to PLN 2,955,922 thousand, an increase of PLN 1,446,453 thousand, i.e. 95.8%, compared to the previous year, the net commission income increased by PLN 29,076 thousand, or 4.9%, and the result on trading and other income increased by PLN 14,981 thousand, i.e. 16.6%. The result on Banking activities accounted for 50.6% of the Group's result in the analysed period. The Personal Finance area generated 23.1% of the result on Banking activities of the Retail and Business Banking segment.

In 2023, the Retail Banking segment recorded a slight decrease in the number of Customers by 40 thousand, i.e. 1.0% y/y.

Table 70. Gross profit of Retail and Business Banking segment²

PLN thousand	12 months ended		change y/y	
	31.12.2023	31.12.2022	PLN thousand	%
Interest income	2,955,922	1,509,469	1,446,453	95.8%
Fee and commission income	621,676	592,600	29,076	4.9%
Trading and other income	104,985	90,004	14,981	16.6%
Income on Banking activity	3,682,583	2,192,073	1,490,510	68.0%
Result on impairment allowances	(54,118)	(339,039)	284,921	(84.0%)
Result on legal risk related to foreign currency loans	(1,978,086)	(740,000)	(1,238,086)	167.3%
Operating expenses and depreciation	(1,195,304)	(1,337,164)	141,860	(10.6%)
Allocation of costs	(833,499)	(672,880)	(160,619)	23.9%
Operating profit	(378,424)	(897,010)	518,586	(57.8%)
Tax on financial institutions	(171,940)	(218,647)	46,707	(21.4%)
Gross result of the segment	(550,364)	(1,115,657)	565,293	(50.7%)

Bank guarantees

In 2023, the Bank issued 19 Bank guarantees for Business Banking Area Customers for a total of PLN 2.6 million.

² Deposit and loan volumes of selected segments have been presented on the basis of data from management information systems, due to the availability of more detailed product information. For comparability, data as at 31.12.2022 have been presented in accordance with the segmentation in force in 2023. Deposit volumes do not include balances of certain credit institutions, which are treated as interBank deposits in management reporting, while in financial reporting they are included in customer deposits; in addition, balances do not include accrued interest not matured.

Corporate Banking and Small and Medium Enterprise Banking

Commercial volumes

Corporate Banking

As at 31 December 2023, deposits from Corporate Banking Customers amounted to PLN 42,840,304 thousand and were by PLN 451,735 thousand, i.e. 1.1% higher than at the end of 2022. In the structure of the portfolio, the share of current accounts increased significantly (from 69.3% at the end of 2022 to 77.3% at the end of 2023), while the share of time deposits decreased (from 27.9% at the end of 2022 to 21.8% at the end of 2023).

The net loan portfolio of the Corporate Banking segment on a consolidated basis at the end of 2023 amounted 27,808,604 thousand, 2.9% below the balance at the end of 2022. The decrease in investment loans and lease receivables was slightly offset by an increase in overdrafts and factoring.

Table 71. Deposits and loans - Corporate Banking³

PLN thousand	31.12.2023		change y/y	
	31.12.2023	31.12.2022	PLN thousand	%
Current accounts	33,131,249	29,363,468	3,767,781	12.8%
Saving accounts	7,044	10,614	(3,571)	(33.6%)
Term deposits	9,339,559	11,839,930	(2,500,371)	(21.1%)
Overnight deposits	362,452	1,174,557	(812,105)	(69.1%)
Accounts and deposits	42,840,304	42,388,569	451,735	1.1%
Investment loans	17,011,957	17,761,536	(749,579)	(4.2%)
Overdrafts	8,685,053	8,496,900	188,153	2.2%
Lease receivables	1,986,263	2,333,453	(347,190)	(14.9%)
Factoring	121,038	35,880	85,158	237.3%
Other loans	4,293	3,346	947	28.3%
Net loans and advances	27,808,604	28,631,115	(822,511)	(2.9%)

³ Deposit and loan volumes of selected segments have been presented on the basis of data from management information systems, due to the availability of more detailed product information. For comparability, data as at 31.12.2022 have been presented in accordance with the segmentation in force in 2023. Deposit volumes do not include balances of certain credit institutions, which are treated as interBank deposits in management reporting, while in financial reporting they are included in customer deposits; in addition, balances do not include accrued interest not matured.



Small and Medium Enterprises

As at 31 December 2023, deposits of Small and Medium-sized Business Banking Customers on a consolidated basis amounted to PLN 17,312,087 thousand and were by PLN 1,604,005 thousand, i.e. 10.2%, higher than at the end of 2022. The largest increase in value concerned current accounts (PLN 1,200,940 thousand, i.e. 9.4% y/y). Term deposits increased by PLN 412,144 thousand, i.e. by 14.3% compared to the end of 2022. Current accounts accounted for 80.6% of deposits of SME Banking Customers and their share decreased from 81.2% at the end of 2022, while the share of term deposits increased from 18.3% at the end of 2022 to 19.0% at the end of 2023.

The SME Banking segment's net loan portfolio on a consolidated basis amounted to PLN 6,833,400 thousand as at 31 December 2023, a decrease of PLN 379,099 thousand, i.e. 1.3%, compared with the balance at the end of 2022. The largest decrease in value was in investment loans and lease receivables. Overdrafts increased by PLN 438,861 thousand, i.e. 18.5%.

Table 72. Deposits and loans Corp to Small and Medium Enterprises⁴

PLN thousand	31.12.2023	31.12.2022	change y/y	
			PLN thousand	%
Current accounts	13,952,833	12,751,893	1,200,940	9.4%
Savings accounts	54,098	59,214	(5,117)	(8.6%)
Term deposits	3,287,326	2,875,182	412,144	14.3%
Overnight deposits	17,830	21,793	(3,963)	(18.2%)
Accounts and deposits	17,312,087	15,708,082	1,604,005	10.2%
Investment loans	3,371,917	4,002,823	(630,906)	(15.8%)
Overdraft	2,804,930	2,366,069	438,861	18.5%
Lease receivables	654,086	840,793	(186,707)	(22.2%)
Factoring	286	337	(51)	(15.1%)
Other loans	2,181	2,478	(297)	(12.0%)
Loans and credits (net)	6,833,400	7,212,499	(379,099)	(5.3%)

⁴ Deposit and loan volumes of selected segments have been presented on the basis of data from management information systems, due to the availability of more detailed product information. For comparability, data as at 31.12.2022 have been presented in accordance with the segmentation in force in 2023. Deposit volumes do not include balances of certain credit institutions, which are treated as interBank deposits in management reporting, while in financial reporting they are included in customer deposits; in addition, balances do not include accrued interest not matured

Gross profit

Corporate Banking

The Corporate Banking segment in 2023 generated a gross profit amounting to PLN 1,506,404 thousand (against PLN 1,000,670 thousand in 2022, an increase of 50.5%). The increase in gross profit was mainly the result of a 52.7% higher net interest income, the high quality of the loan portfolio.

The result from Corporate Banking activities amounted to PLN 2,148,770 thousand and was higher by PLN 506,451 thousand, i.e. by 30.8% compared to 2022, mainly as a result of an increase in net interest income by PLN 481,830 thousand, i.e. by 52.7% y/y, net fee and commission income by PLN 12,265 thousand, i.e. by 3.4%, and net trading and other income by PLN 12,357 thousand, i.e. by 3.4% y/y).

This result represents 29.5% of the Group's Banking profit during analysed period.

Table 73. Gross profit of Corporate Banking segment⁵

PLN thousand	12 months ended 31.12.2023	12 months ended 31.12.2022	change y/y	
			PLN thousand	%
Interest income	1,396,720	914,890	481,830	52.7%
Fee and commission income	371,382	359,117	12,265	3.4%
Trading and other income	380,669	368,312	12,357	3.4%
Income on Banking activity	2,148,770	1,642,319	506,451	30.8%
Impairment losses	43,430	30,540	12,890	42.2%
Operating expenses and depreciation	(370,402)	(392,321)	21,919	(5.6%)
Expense allocation	(201,766)	(176,004)	(25,762)	14.6%
Operating result	1,620,033	1,104,534	515,499	46.7%
Tax on financial institutions	(113,629)	(103,864)	(9,765)	9.4%
Gross segment result	1,506,404	1,000,670	505,734	50.5%

⁵ Data based on the segmentation note included in the Consolidated Financial Statement of the BNP Paribas Bank Polska S.A. Group for the year ended 31 December 2023



Banking of Small and Medium Enterprises

The Small and Medium Enterprises Banking segment generated a gross profit of PLN 377,224 thousand in 2023 (compared to PLN 257,357 thousand in 2022, an increase of PLN 119,867 thousand, i.e. 46.6% y/y).

There was an improvement in net interest income by PLN 170,050 thousand i.e. by 50.1% and in net fee and commission income by PLN 3,952 thousand i.e. by 2.8% compared with 2022. The result from trading and other activities decreased by PLN 10,618 thousand i.e. by 10.9% y/y. The improvement in the gross result was also due to lower operating expenses and depreciation and amortisation by PLN 22,920 thousand i.e. by 15.4%. The result from impairment was positive but lower by PLN 43,593 thousand (i.e. by 85.4%).

The result from the Banking activities of Small and Medium Enterprises Banking in 2023 amounted to PLN 738,633 thousand and was 28.4% higher than in 2022. This result accounted for 10.1% of the Group's Banking result during the analysed period.

Table 74. Gross profit of the SME Banking segment⁶

PLN thousand	12 months ended	12 months ended	change y/y	
	31.12.2023	31.12.2022	PLN thousand	%
Interest income	509,484	339,434	170,050	50.1%
Fee and commission income	142,678	138,726	3,952	2.8%
Trading and other income	86,471	97,089	(10,618)	(10.9%)
Income on Banking activity	738,633	575,249	163,384	28.4%
Impairment losses	7,444	51,037	(43,593)	(85.4%)
Operating expenses and depreciation	(125,868)	(148,788)	22,920	(15.4%)
Expense allocation	(217,125)	(188,654)	(28,471)	15.1%
Operating result	403,084	288,844	114,240	39.6%
Tax on financial institutions	(25,860)	(31,487)	5,627	(17.9%)
Gross segment result	377,224	257,357	119,867	46.6%

⁶ Data based on the segmentation note included in the Consolidated Financial Statement of the BNP Paribas Bank Polska S.A. Group for the year ended 31 December 2023.

Bank guarantees

In terms of guarantees and letters of credit, the Bank offers a fast and comprehensive service based on dedicated IT solutions.

In 2023 the Bank:

- **for Customers of the Corporate Banking Area:** issued 5,727 Bank guarantees for a total of PLN 6,787 million, opened 1,013 import letters of credit for a total of PLN 678.2 million and handled 289 export letters of credit for a total of PLN 856.8 million issued by third-party Banks in favour of these Customers;
- **for Customers of the SME Banking Area:** issued 655 Bank guarantees for a total amount of PLN 174,9 million, opened 73 import letters of credit for a total amount of PLN 24,8 million and handled 50 export letters of credit for a total amount of PLN 16,9 million issued by third-party Banks in favour of these Customers.



Bank's financial results

Stand-alone statement of profit and loss

BNP Paribas Bank Polska S.A. generated a net profit of PLN 1,007,828 thousand in 2023, by PLN 636,936 thousand (i.e. by 171.7%) higher than that achieved in 2022.

Results on Banking activity in 2023 amounted to PLN 7,145,117 thousand and increased by PLN 1,971,683 thousand, i.e. by 38.1% compared to 2022.

The impact of legal risk related to foreign currency loan litigation remains a significant factor affecting the Bank's net profit in 2023, with a PLN 1,978,086 thousand charge to the Bank's results in 2023, up by PLN 1,238,086 thousand (i.e. 167.3%) y/y.

The most important events affecting the level of the result from Banking activities in 2023 and its comparability with 2022 were the consequences of changes in the macroeconomic situation, including above all the persistently high level of inflation, which accelerated markedly with the outbreak of the war in Ukraine at the end of Q1 2022. These were accompanied by changes in economic and monetary policy and the situation in the financial markets, which had a very significant impact on the determinants of Banking activities. The most significant for the Bank's results were:

- a high level of interest rates as a consequence of monetary policy tightening by the Monetary Policy Council (MPC). Starting from 6 October 2021 to the end of September 2022. The MPC increased interest rates eleven times by total of 665 bps, to the level of 6.75% for the reference rate. Further changes did not occur until 6 September 2023 and 4 October 2023 when the MPC cut rates by a total of 100 bps, to 5.75% for the reference rate. Since October 2023, NBP interest rates have remained unchanged. The higher average level of interest rates in 2023 had a positive impact on the margins realised by banks.
- an additional factor positively influencing the increase in net interest income in 2023 compared to 2022 was the fact of the negative impact of the 2022 Act. Community Financing for Economic Ventures and Borrower Assistance Act, allowing Customers to temporarily suspend the performance of their mortgage contracts. The Bank recognised in H2 2022 an amount of PLN 895 million of the negative impact of the Act on gross profit. In 2023, this impact was adjusted by PLN 56 million, which had a positive impact on 2023 interest income.

The factors described above had a significant impact on the observed increase in net interest income in 2023. It amounted in 2023 to PLN 5,126,329 thousand and was by PLN 1,728,587 thousand (i.e. by 50.9%) higher y/y. The net interest income excluding the impact of credit holidays would have amounted to PLN 5,070,607 thousand in 2023 and would have been higher y/y by PLN 777,865 thousand, i.e. by 18.1%.

- negative and lower compared to 2022, the result on hedge accounting related to the pace and direction of changes in interest rates. The change in the fair value measurement of hedging transactions is recognised in the result on hedge accounting, which was in 2023 lower by PLN 44,206 thousand y/y. Interest income from IRS transactions (total on derivatives under fair value and cash flow hedge accounting) is recognised in net interest income and was in 2023 lower by PLN 169,529 thousand, i.e. 27.3% y/y,

- improved financial market conditions in 2023 compared to 2022 (outbreak of war in Ukraine). As a result, the result on trading activities in 2023 was PLN 197,207 thousand (i.e. 26.1%) higher compared to the result realised in 2022, largely due to an improvement in the result on FX Swaps and the result on the valuation of IRS hedging preferential loans,
- decreasing in the second half of 2022 (in line with the deterioration of the macroeconomic situation) and remaining at a relatively low level in 2023 - demand from individual Customers for credit products. The reduction in demand was linked to a decline in consumption dynamics, reflecting the negative impact of high inflation and interest rates on the level and structure of household spending. This phenomenon was evident in the case of the PLN housing loan market leading to a significant reduction in sales in H1 2023. The aforementioned factors also influenced the lack of significant growth in sales of consumer loans in 2023 compared to 2022, slowing down the rate of growth in Bank fee and commission income.

Elements of the regulatory environment that had a positive impact on the 2023 results compared to 2022 included a reduction in the total value of BGF contributions (lower annual contribution to the forced restructuring fund and no quarterly contribution to the Banks' guarantee fund) as well as the absence of IPS costs. The costs of the BGF and IPS (Commercial Banks Protection Scheme) incurred in 2023 were by PLN 234,687 thousand (i.e. by 65.4%) lower compared to 2022.

As a result, despite inflationary pressures translating into an increase in employees costs and other categories of operating expenses, total administrative expenses and depreciation incurred in 2023 were PLN 43,645 thousand, i.e. 1.5% higher than in 2022.

A factor significantly affecting the level of the Bank's net result in 2023 remains the impact of legal risks related to litigation concerning foreign currency loans. In 2023, they burdened the Bank's results with an amount of PLN 1,978,086 thousand, up by PLN 1,238,086 thousand (i.e. 167.3%) y/y. In H1 2023 the Bank recognised a deferred tax asset related to mortgage loan settlements. At the end of 2023, the asset amounted to PLN 25.42 million. A factor affecting the presented value of the loan portfolio and the value of net assets was the change in accounting policies from 1 January 2023 related to the recognition of the impact of legal risk arising from litigation relating to CHF mortgage loans (transition to IFRS 9). This change had the effect of reducing their net value by PLN 1,408,467 thousand as at 31 December 2022.

The continued good quality of the loan portfolio and a significant change in the macroeconomic outlook had a positive impact on the 2023 results. The result of the allowance for expected credit losses of financial assets and provisions for contingent liabilities in 2023 was negative at PLN 22,570 thousand (compared with the negative result of PLN 282,717 thousand recorded in 2022).

**Table 75. Statement of profit or loss**

PLN thousand	12 months ended 31.12.2023	12 months ended 31.12.2022	change y/y PLN thousand	%
Net interest income	5,126,329	3,397,742	1,728,587	50.9%
Net fee and commission income	1,161,271	1,079,235	82,036	7.6%
Dividend income	10,881	10,817	64	0.6%
Net trading income	951,591	754,384	197,207	26.1%
Net investment income	11,863	9,612	2,251	23.4%
Result on fair value hedge accounting	(30,939)	13,267	(44,206)	-
Result on derecognition of financial assets/liabilities measured at amortised cost due to material modification	4,190	(2,159)	6,349	-
Other operating income and expenses	(90,069)	(89,464)	(605)	0.7%
Net income on Banking activity	7,145,117	5,173,434	1,971,683	38.1%
Net allowances on expected credit losses of financial assets and provisions for contingent liabilities	(22,570)	(282,717)	260,147	(92.0%)
Result on legal risk related to foreign currency loans	(1,978,086)	(740,000)	(1,238,086)	167.3%
General administrative expenses	(2,522,978)	(2,524,065)	1,087	0.0%
Depreciation and amortization	(456,655)	(411,923)	(44,732)	10.9%
Operating result	2 164,828	1,214,729	950,099	78.2%
Tax on financial institutions	(411,653)	(426,553)	14,900	(3.5%)
Profit (loss) before income tax	1,753,175	788,176	964,999	122.4%
Income tax expense	(745,347)	(417,284)	(328,063)	78.6%
Net profit (loss)	1,007,828	370,892	636,936	171.7%

Note: As the figures have been rounded up, the totals in the tables and charts of this Report may not add up

Net interest income

Net interest income, which is the Bank's main source of revenue, amounted to PLN 5,126,329 thousand in 2023 and was higher y/y by PLN 1,728,587 thousand, i.e. by 50.9%. In 2023, compared to 2022, interest income was higher by PLN 3,293,423 thousand, i.e. by 53.6%, while interest expense increased by PLN 1,564,836 thousand, i.e. by 56.9%.

Table 76. Net interest income

PLN thousand	12 months ended 31.12.2023	12 months ended 31.12.2022	change y/y PLN thousand	%
Amounts due from Banks	482,253	336,939	145,314	43.1%
Loans and advances to Customers measured at amortized cost	6,799,742	4,590,739	2,209,003	48.1%
Loans and advances to Customers measured at fair value through profit or loss	80,349	88,692	(8,343)	(9.4%)
Debt instruments measured at amortized cost	743,329	599,413	143,916	24.0%
Debt instruments measured at fair value through profit or loss	6,928	7,569	(641)	(8.5%)
Debt instruments are measured at fair value through other comprehensive income	658,027	324,117	333,910	103.0%
Derivative instruments in fair value hedge accounting	403,209	188,498	214,711	113.9%
Derivative instruments in cash flow hedge accounting	11,627	11,628	(1)	0.0%
Buy-sell-back securities	255,621	67	255,554	381,423.9%
Total interest income	9,441,085	6,147,662	3,293,423	53.6%
Amounts due to Banks	(361,204)	(264,708)	(96,496)	36.5%
Amounts due to Customers	(2,713,932)	(1,609,451)	(1,104,481)	68.6%
Lease liabilities	(28,765)	(15,276)	(13,489)	88.3%
Derivative instruments in fair value hedge accounting	(1,161,945)	(790,845)	(371,100)	46.9%
Derivative instruments in cash flow hedge accounting	(44,099)	(30,960)	(13,139)	42.4%



PLN thousand	12 months ended		change y/y	
	31.12.2023	31.12.2022	PLN thousand	%
Sell-buy-back securities	(4,811)	(38,592)	33,781	(87.5%)
Other related to financial assets	-	(88)	88	-
Total interest expenses	(4,314,756)	(2,749,920)	(1,564,836)	56.9%
Net interest income	5,126,329	3,397,742	1,728,587	50.9%

Net fee and commission income

The Bank's net fee and commission income in 2023 amounted to PLN 1,161,271 thousand and was by PLN 82,036 thousand, i.e. 7.6% higher than that obtained in 2022. This increase was mainly possible due to the adjustment measures taken by the Bank in the area of pricing policy, higher transaction activity of Customers (payments and cards), higher income from guarantee commitments and documentary operations (increase in commission income from corporate Customers) and higher income for advisory services related to M&A transactions handled by the CIB line.

Table 77. Net fee and commission income

PLN thousand	12 months ended		change y/y	
	31.12.2023	31.12.2022	PLN thousand	%
Fee and commission income				
lending and leasing activities	312,122	302,464	9,658	3.2%
accounts servicing	228,950	247,920	(18,970)	(7.7%)
cash service	34,305	42,312	(8,007)	(18.9%)
cash transfers and e-Banking	102,812	98,151	4,661	4.7%
guarantees and documentary operations	74,589	54,530	20,059	36.8%
asset management and brokerage services	83,314	107,667	(24,353)	(22.6%)
payment and credit cards servicing	377,644	325,966	51,678	15.9%
intermediation in the sale of insurance products	150,402	134,278	16,124	12.0%

PLN thousand	12 months ended		change y/y	
	31.12.2023	31.12.2022	PLN thousand	%
intermediation in the sale of Bank's products and acquisition of Customers	23,364	17,374	5,990	34.5%
other commissions	39,371	22,629	16,742	74.0%
Fee and commission income, total	1,426,873	1,353,291	73,582	5.4%
Fee and commission expenses				
lending and leasing activity	(656)	(517)	(139)	26.9%
accounts servicing	(10,789)	(10,293)	(496)	4.8%
cash service	(26,198)	(24,676)	(1,522)	6.2%
cash transfers and e-Banking	(3,137)	(7,873)	4,736	(60.2%)
guarantees and documentary operations	(4,940)	(4,700)	(240)	5.1%
asset management and brokerage services	(123,463)	(123,995)	532	(0.4%)
payment and credit cards	(20,272)	(22,582)	2,310	(10.2%)
intermediation in the sale of insurance products	(21,389)	(24,719)	3,330	(13.5%)
other commissions	(54,758)	(54,701)	(57)	0.1%
Fee and commission expenses, total	(265,602)	(274,056)	8,454	(3.1%)
Net fee and commission income	1,161,271	1,079,235	82,036	7.6%

Dividend income

In 2023, dividend income amounted in total to PLN 10,881 thousand and came primarily from the profits of the companies for 2022 in which the Group held a minority interest, i.e.: among others, Biuro Informacji Kredytowej S.A. (PLN 3,942 thousand), Krajowa Izba Rozliczeniowa (PLN 1,856 thousand), VISA (PLN 664 thousand).

In 2022, dividend income amounted in total to PLN 10,817 thousand and came primarily from the profits of companies for 2021 in which the Group held a minority interest, i.e.: among others, Biuro Informacji Kredytowej S.A. (PLN 3,726 thousand), Krajowa Izba Rozliczeniowa S.A. (PLN 1,543 thousand), VISA (PLN 397 thousand).



Net trading income and net investment income

Result on trading activities in 2023 amounted to PLN 951,591 thousand and was higher by PLN 197,207 thousand, i.e. by 26.1%, compared to that obtained in 2022. The level and volatility of this result are mainly shaped by the result on foreign exchange and derivative transactions with Customers, the result on transactions concluded by CIB and the Asset and Liability Management Division and the valuation of equity instruments.

Result on investment activities in 2023 amounted to PLN 11,863 thousand and was higher by PLN 2,251 thousand, i.e. by 23.4% compared to 2022.

Other operating income

In 2023, other operating income amounted to PLN 142,828 thousand, and was lower by PLN 17,564 thousand, i.e. 11.0%, compared with 2022.

Table 78. Other operating income

PLN thousand	12 months ended 31.12.2023	12 months ended 31.12.2022	change y/y	
			PLN thousand	%
Sale or liquidation of property, plant and equipment and intangible assets	20,977	17,942	3,035	16.9%
Release of impairment allowances for other receivables	6,602	9,507	(2,905)	(30.6%)
Release of provisions for litigation and claims and other liabilities	56,090	56,718	(628)	(1.1%)
Recovery of debt collection costs	16,973	18,666	(1,693)	(9.1%)
Recovered indemnities	477	650	(173)	(26.6%)
Leasing operations	17,991	26,570	(8,579)	(32.3%)
Other operating income	23,718	30,339	(6,621)	(21.8%)
Other operating income, total	142,828	160,392	(17,564)	(11.0%)

Other operating expenses

In 2023, other operating costs amounted to PLN 232,897 thousand, down by PLN 16,959 thousand (by 6.8%) compared with 2022.

Table 79. Other operating expenses

PLN thousand	12 months ended 31.12.2023	12 months ended 31.12.2022	change y/y	
			PLN thousand	%
Loss on sale or liquidation of property, plant and equipment and intangible assets	(16,589)	(21,826)	5,237	(24.0%)
Created impairment allowances for other receivables	(8,258)	(13,120)	4,862	(37.1%)
Provisions for litigation and claims and other liabilities	(70,050)	(58,520)	(11,530)	19.7%
Debt collection	(34,633)	(37,701)	3,068	(8.1%)
Donations made	(11,216)	(6,447)	(4,769)	74.0%
Costs of leasing operations	(17,425)	(24,889)	7,464	(30.0%)
Costs of compensations, penalties and fines	(9,219)	(5,322)	(3,897)	73.2%
Other operating expenses	(65,507)	(82,031)	16,524	(20.1%)
Other operating expenses, total	(232,897)	(249,856)	16,959	(6.8%)

Net allowances on expected credit losses of financial assets and provisions for contingent liabilities

In 2023, net allowances on expected credit losses of of impairment losses on financial assets and provisions for contingent liabilities was negative and amounted to PLN 22,570 thousand. Its impact on the Bank's results was lower by PLN 260,147 thousand, i.e. by 92.0% compared with 2022.

In 2023, the Bank entered into agreements for the sale of a portfolio of loans from the retail, SME and corporate portfolios. The gross carrying amount of the sold portfolio measured at amortised cost was PLN 390,429 thousand, the amount of impairment losses created was PLN 330,357 thousand. The contractual price for the sale of these portfolios was set at PLN 86,588 thousand. The net impact on the Bank's result from the sale of the portfolios amounted to PLN 26,516 thousand and is presented in the line Result of allowances for expected credit losses of financial assets and provisions for contingent liabilities.

In 2022, the Bank concluded agreements for the sale of the loan portfolio from the retail, SME and corporate portfolios. The gross carrying amount of the sold portfolio measured at amortised cost was PLN 387,666 thousand, the amount of impairment losses created was PLN 313,497 thousand. The contractual price for the sale of these portfolios was set at



PLN 108,213 thousand. The net impact on the Bank's result from the sale of the portfolios amounted to PLN 34,044 thousand.

The cost of credit risk, expressed as the ratio of the result from allowances to the average gross loans and advances to Customers measured at amortised cost (calculated on the basis of balances at the end of the quarters), amounted to 0.03% in 2023 compared to 0.33% in 2022. Excluding the impact of the sale of receivables, it is estimated that the cost of risk would be 0.06% in 2023 and 0.37% in 2022.

General administrative expenses, depreciation and amortization

In 2023, the Bank's general administrative expenses (including depreciation and amortisation) amounted to PLN 2,979,633 thousand and were higher by PLN 43,645 thousand, or 1.5%, compared with the same period last year.

Table 80. General administrative expenses, depreciation and amortization

PLN thousand	12 months ended 31.12.2023	12 months ended 31.12.2022	change y/y PLN thousand	%
Personnel expenses	(1,421,472)	(1,241,494)	(179,978)	14.5%
Marketing expenses	(81,492)	(83,884)	2,392	(2.9%)
IT and telecom expenses	(271,375)	(264,575)	(6,800)	2.6%
Short-term lease and operating costs	(84,555)	(68,117)	(16,438)	24.1%
Other non-personnel expenses	(479,583)	(450,410)	(29,173)	6.5%
Business travels	(13,578)	(14,173)	595	(4.2%)
ATM and cash handling expenses	(28,407)	(26,045)	(2,362)	9.1%
Outsourcing costs related to leasing operations	(2,775)	(2,623)	(152)	5.8%
Contributions to Bank Guarantee Fund	(123,909)	(152,340)	28,431	(18.7%)
Fees for the Commercial Banks Protection Scheme	(275)	(206,531)	206,256	(99.9%)
Polish Financial Supervision Authority fee	(15,557)	(13,873)	(1,684)	12.1%
General administrative expenses, total	(2,522,978)	(2,524,065)	1,087	0.0%
Depreciation and amortization	(456,655)	(411,923)	(44,732)	10.9%
Total expenses	(2,979,633)	(2,935,988)	(43,645)	1.5%

Table 81. Personnel expenses

PLN thousand	12 months ended 31.12.2023	12 months ended 31.12.2022	change y/y PLN thousand	%
Salary costs	(1,118,452)	(993,235)	(125,217)	12.6%
Salary surcharges	(198,955)	(178,334)	(20,621)	11.6%
Employee benefits	(52,608)	(44,966)	(7,642)	17.0%
Costs of provision for restructuration	(31,305)	(775)	(30,530)	3,939.4%
Costs of provision for future liabilities due to unused moratoria and retirement severance payments	(5,871)	(9,095)	3,224	(35.4%)
Write-offs to the Company Social Benefits Fund	(15,041)	(14,025)	(1,016)	7.2%
Other	760	(1,064)	1,824	(171.4%)
Personnel expenses, total	(1,421,472)	(1,241,494)	(179,978)	14.5%

In 2023, the Bank's capital investments amounted to PLN 435,935 thousand and were higher by PLN 68,250 thousand, or 18.6%, compared with the same period last year. The volume of capital investments is adapted to the Bank's current needs and capabilities. All projects are analysed from the point of view of rationality and impact on the financial and business situation of the Bank and the Group

Statement of comprehensive income

The Bank's comprehensive income in 2023 was PLN 1,590,864 thousand, compared to a negative value of PLN 183,041 thousand in 2022 (an improvement of 1,774,265 thousand).

This was the result of a positive valuation of financial assets measured by other comprehensive income (PLN 653,872 in 2023 vs PLN -599,039 in 2022). The change in valuation is mainly derived from changes in interest rates and the composition of the securities portfolio.

The second component that improved the Bank's comprehensive income was the net financial result, which at the end of 2023 was higher by PLN 636,936 thousand (or 171.7%) compared to the end of 2022.



Table 82. Statement of comprehensive income

PLN thousand	12 months	12 months	change y/y	
	ended 31.12.2023	ended 31.12.2022	PLN thousand	%
Net income	1,007,828	370,892	636,936	171.7%
Other comprehensive income				
Items that will be reclassified subsequently to profit or loss upon fulfilment of certain conditions	584,151	(553,251)	1,137,402	-
Valuation of financial assets at gross other comprehensive income	653,872	(599,039)	1,252,911	(209.2%)
Deferred tax on valuation of financial assets measured through other gross comprehensive income	(124,236)	113,817	(238,053)	-
Valuation of gross cash flow hedging derivatives	67,303	(83,987)	151,290	-
Deferred tax on valuation of cash flow hedging derivatives	(12,788)	15,958	(28,746)	-
Items that cannot be reclassified into profit or loss	(1,115)	(1,042)	(73)	7.0%
Gross actuarial valuation of employee benefits	(1,377)	(1,287)	(90)	(7.0%)
Deferred tax on actuarial valuation of employee benefits	262	245	17	6.9%
Other comprehensive income (net)	583,036	(554,293)	1,137,329	(205.2%)
Total comprehensive income	1,590,864	(183,401)	1,774,265	-

Statement of financial position

Assets

The Bank's total assets as at the end of 2023 amounted to PLN 156,388,399 thousand, an increase of PLN 11,688,368 thousand, i.e. 8.1%, compared with the end of 2022

Table 83. Assets

PLN thousand	31.12.2023	31.12.2022	change y/y	
			PLN thousand	%
Cash and balances at Central Bank	6,883,582	2,718,242	4,165,340	153.2%
Amounts due from Banks	17,890,698	11,709,582	6,181,116	52.8%
Derivative financial instruments	3,146,745	3,224,272	(77,527)	(2.4%)
Fair value adjustment of hedged item	94,496	33,025	61,471	186.1%
Loans and advances to Customers measured at amortised cost	81,137,225	82,484,803	(1,347,578)	(1.6%)
Loans and advances to Customers measured at fair value through profit or loss	653,582	949,298	(295,716)	(31.2%)
Debt securities measured at amortised cost	26,246,278	22,167,261	4,079,017	18.4%
Financial instruments measured at fair value through profit or loss	290,887	311,236	(20,349)	(6.5%)
Debt securities measured at fair value through other comprehensive income	16,634,303	17,384,793	(750,490)	(4.3%)
Investments in subsidiaries	118,726	93,119	25,607	27.5%
Intangible assets	940,082	825,196	114,886	13.9%
Property, plant and equipment	959,737	1,059,703	(99,966)	(9.4%)
Deferred tax assets	608,064	822,122	(214,058)	(26.0%)
Other assets	783,994	917,379	(133,385)	(14.5%)
Total assets	156,388,399	144,700,031	11,688,368	8.1%



Loan portfolio

Structure of loan portfolio

At the end of 2023, gross loans and advances to Customers (the sum of portfolios measured at amortised cost and measured at fair value) amounted to PLN 84,286,776 thousand, down by PLN 2,092,407 thousand, i.e. 2.4%, compared with the end of 2022.

Table 84. Structure of loan portfolio measured at amortised cost

PLN thousand	31.12.2023		31.12.2022	
	Total gross	share %	Total gross	share %
Business entities with the exception of farmers	37,221,708	44.6%	39,261,831	46.0%
Farmers	7,765,713	9.3%	6,835,131	8.0%
Retail Customers	34,410,687	41.2%	37,408,543	43.8%
- mortgage loans	21,986,449	26.3%	25,225,602	29.6%
in PLN	21,146,369	25.3%	22,526,701	26.4%
in foreign currencies	840,080	1.0%	2,698,901	3.2%
- cash loans	8,217,733	9.8%	8,052,253	9.4%
- other retail loans	4,206,505	5.0%	4,130,688	4.8%
Lease receivables	226,332	0.3%	400,416	0.5%
Budget sector	58,375	0.1%	58,956	0.1%
Other financial entities	3,858,748	4.6%	1,390,575	1.6%
Loans and advances, gross	83,541,563	100.0%	85,355,452	100.0%

Quality of the loan portfolio

The ratio of impaired loans and advances (Stage 3) to gross loans and advances to Customers and measured at amortised cost amounted to 3.0% at the end of 2023 and decreased compared to the end of 2022 by 0.3 p.p. Impairment coverage of impaired exposures at the end of 2023 was 61.3% and decreased slightly by 0.1 p.p. compared to 2022.

Table 85. Write-off coverage of loan portfolio measured at amortised cost

PLN thousand	31.12.2023	31.12.2022	change y/y	
			PLN thousand	%
Total gross loans and advances to Customers	83,541,563	86,379,183	(2,837,620)	(3.3%)
Allowance for receivables	(2,404,338)	(2,870,649)	466,311	(16.2%)
Total net loans and advances to Customers	81,137,225	83,508,534	(2,371,309)	(2.8%)
Gross loans and advances to Customers Stage 1 and 2				
Gross balance sheet exposure	81,045,141	82,528,445	(1,483,304)	(1.8%)
Allowance	(874,843)	(1,134,405)	259,562	(22.9%)
Net balance sheet exposure	80,170,298	81,394,040	(1,223,742)	(1.5%)
Gross loans and advances to Customers Stage 3				
Gross balance sheet exposure	2,496,422	2,827,007	(330,585)	(11.7%)
Impairment loss	(1,529,495)	(1,736,244)	206,749	(11.9%)
Net balance sheet exposure	966,927	1,090,763	(123,836)	(11.4%)
Indicators	31.12.2023	31.12.2022	change	
Share of impaired loans and advances (Stage 3) in gross portfolio	3.0%	3.3%	(0.3 p.p.)	
Impairment coverage of loans and advances (Stage 3)	61.3%	61.4%	(0.1 p.p.)	

**Table 86. Quality of loan portfolio measured at amortised cost**

PLN thousand	31.12.2023			31.12.2022		
	Total gross	of which: impaired	share %	Total gross	of which: impaired	share %
Institutional loans excluding farmers	41,138,831	1,184,887	2.9%	40,711,362	1,258,804	3.1%
Farmers	7,665,713	478,658	6.2%	6,835,131	578,257	8.5%
Private Customers	34,410,687	780,946	2.3%	37,408,543	924,693	2.5%
- real estate loans	21,986,449	313,433	1.4%	25,225,602	392,792	1.6%
PLN	21,146,369	171,090	0.8%	22,526,701	183,252	0.8%
currency	840,080	142,343	16.9%	2,698,901	209,539	7.8%
- cash loans	8,217,733	361,676	4.4%	8,052,253	408,864	5.1%
- other retail loans	4,206,505	105,837	2.5%	4,130,688	129,927	3.1%
Lease receivables	226,332	51,931	22.9%	400,416	65,253	16.3%
Gross loans and advances	83,541,563	2,496,422	3.0%	85,355,452	2,827,007	3.3%

The value of collateral held for customer loans at the end of 2023 amounted to PLN 2,888,055 thousand. Detailed information on collateral held is included in Note 55.2. of the Separate Financial Statements for the year ended 31 December 2023.

Liabilities and equity

As at 31 December 2023, the Bank's total liabilities amounted to PLN 143,575,690 thousand and were by PLN 10,090,933 thousand, i.e. by 7.6%, higher than at the end of 2022. The share of liabilities in the Bank's total liabilities and equity amounted to 91.8% in the analysed period (-0.4 p.p. compared to the end of 2022).

Table 87. Liabilities and equity

PLN thousand	31.12.2023	31.12.2022	change y/y	
			PLN thousand	%
Liabilities to the Central Bank	-	8,713	(8,713)	-
Liabilities to other Banks	4,571,172	1,805,219	2,765,953	153.2%
Derivative financial instruments	2,865,275	3,147,855	(282,580)	(9.0%)
Fair value adjustment of hedged and hedging items	(7,365)	(451,646)	444,281	(98.4%)
Commitments to Customers	127,134,065	120,429,051	6,705,014	5.6%
Subordinated liabilities	4,336,072	4,416,887	(80,815)	(1.8%)
Lease commitments	626,174	718,724	(92,550)	(12.9%)
Other liabilities	2,133,200	2,371,804	(238,604)	(10.1%)
Current income tax liabilities	376,736	223,326	153,410	68.7%
Reserves	1,540,361	814,824	725,537	89.0%
Total liabilities	143,575,690	134,484,757	10,090,933	7.6%
Share capital	147,677	147,593	84	0.1%
Supplementary capital	9,110,976	9,110,976	-	-
Other reserves	3,513,978	3,136,599	377,379	12.0%
Revaluation reserve	(566,964)	(1,150,000)	583,036	(50.7%)
Retained earnings	607,042	(29,894)	636,936	-
- retained earnings	(400,786)	(400,786)	-	-
- current period result	1,007,828	370,892	636,936	171.7%
Total equity	12,812,709	11,215,274	1,597,435	14.2%
Total liabilities and equity	156,388,399	144,700,031	11,688,368	8.1%



Equity as at 31 December 2023 amounted to PLN 12,812,709 thousand and increased by 14.6%, i.e. by PLN 1,597,435 thousand, compared to 31 December 2022. The share of total equity in the Bank's total liabilities and equity was 8.2% at the end of 2023 (compared with 7.8% at the end of last year).

Amounts to Customers

At the end of 2023, liabilities to Customers amounted to PLN 127,134,065 thousand and were higher by PLN 6,705,014 thousand, i.e. by 5.6% compared to the end of 2022.

Table 88. Amounts due to Customers by product

	31.12.2023		31.12.2022	
	PLN thousand	share %	PLN thousand	share %
Current accounts	84,670,725	66.6%	81,196,391	67.4%
Term deposits	41,053,999	32.3%	37,208,104	30.9%
Loans and advances received	460,893	0.4%	491,823	0.4%
Securitisation settlement obligations	-	-	384,659	0.3%
Other commitments	948,448	0.7%	1,148,074	1.0%
Total amounts due to Customers, including:	127,134,065	100.0%	120,429,051	100.0%
deposits	126,673,172	99.6%	119,937,228	99.6%

Equity capital

As at the end of 2023, the Bank's equity amounted to PLN 12,812,709 thousand and was by PLN 1,597,435 thousand, i.e. 14.2% higher than at the end of 2022.

Pursuant to Resolution No. 7 of the Bank's Annual General Meeting of 30 June 2023, the Bank's profit after tax (net profit) for the completed financial year 2022, amounting to PLN 370,892 thousand, was fully transferred to the reserve capital.

In addition, the increase in equity was driven by an improvement in the revaluation reserve (by PLN 583,036 thousand compared to the end of 2022) and higher net profit in 2023 (by PLN 636,936 thousand y/y). The share capital balance also increased in 2023 as a result of the issue of series M shares (by PLN 84 thousand).

Equity and capital ratios

The Bank's total capital ratio as at 31 December 2023 was 17.28% and increased by 1.03 p.p. compared to December 2022. The Bank's unconsolidated common equity Tier 1 (CET I) capital ratio and unconsolidated Tier 1 capital ratio as at 31 December 2023 were identical at 12.97% (an increase of 1.17 p.p. compared to the end of 2022).

The increase in capital adequacy ratios was mainly due to the inclusion of the 2022 profit in common equity tier 1 capital, an improvement in the result from unrealised gains and losses measured at fair value through other comprehensive income with a decrease in the amount of risk-weighted exposures. As at 31 December 2023, total own funds increased by PLN 53,917 thousand compared to the balance at the end of 2022 and the total risk exposure amount decreased by PLN 5,126,526 thousand.

Table 89. Equity and capital ratios of the Bank

PLN thousand	31.12.2023	31.12.2022	change y/y	
			PLN thousand	%
Tier 1 capital				
- share capital	147,677	147,593	84	0.1%
- capital reserve	7,259,316	7,259,316	0	0.0%
- reserve capital	4,688,485	4,311,106	377,379	8.8%
- general risk fund	627,154	627,154	0	0.0%
- intangible assets	(502,103)	(437,180)	(64,923)	14.9%
- other components of own funds included in the calculation of Tier 1 capital	(1,014,544)	(1,112,036)	97,492	(8.8%)
Total Tier 1 capital	11,205,985	10,795,953	410,032	3.8%
Supplementary funds (Tier 2)				
- subordinated liabilities included in own funds	3,722,878	4,078,993	(356,115)	(8.7%)
Total equity	14,928,863	14,874,946	53,917	0.4%
Amount of risk exposure due to				
- credit risk	75,835,028	81,597,974	(5,762,946)	(7.1%)
- market risks	1,470,850	1,307,210	163,640	12.5%
- operational risks	9,043,236	8,550,308	492,928	5.8%
- credit valuation adjustments	36,717	56,865	(20,148)	(35.4%)
Total risk exposure amount	86,385,831	91,512,357	(5,126,526)	(5.6%)



The Bank's capital ratios	31.12.2023	31.12.2022	change
Total capital ratio (TCR)	17.28%	16.25%	1.03 p.p.
Tier 1 capital ratio	12.97%	11.80%	1.17 p.p.

The minimum levels of capital ratios resulting from legislation and administrative decisions issued by the PFSA on an individual basis are as follows:

Minimum levels of the Bank's capital ratios	31.12.2023	31.12.2022	change
Common Equity Tier 1 ratio (CET I)	7.96%	8.05%	(0.09 p.p.)
Tier 1 capital ratio	9.46%	9.55%	(0.09 p.p.)
Total capital ratio	11.46%	11.55%	(0.09 p.p.)

At the end of 2023, all of the Bank's capital adequacy ratios were above the minimum requirements by:

- 5.01 p.p. for the Common Equity Tier 1 ratio,
- 3.51 p.p. for the Tier 1 capital ratio,
- 5.82 p.p. for the total capital ratio.

Requirement for a minimum level of own funds and eligible liabilities (MREL)

On 20 June 2023, the Bank received a letter from the BF regarding a joint decision of the forced restructuring authorities, i.e. the Single Resolution Board and the BGF, on the minimum level of own funds and eligible liabilities ("MREL"). The Joint Decision indicates that the group compulsory restructuring plan provides for a compulsory restructuring strategy involving a Single Point of Entry ("SPE"). The preferred tool for the Bank's coercive restructuring is the open Bank bail-in facility.

The MREL requirement for the Bank has been set at an individual level at 16.11% of the Total Risk Exposure Amount (TREA) and 5.91% of the Total Exposure Measure (TEM). This requirement is effective from 31 December 2023. In addition, the BGF has set an interim MREL target, which:

- in relation to TREA was: 12.05% from receipt of the BGF letter until 30 December 2023,
- in relation to TEM was: 4.46% from receipt of the BGF letter until 30 December 2023.

The entire MREL requirement should be met in the form of own funds and liabilities meeting the criteria set out in Article 98 of the BGF Act, which transposes Article 45f(2) of BRRD2. According to the Decision, the part of MREL corresponding to

the recapitalisation amount (CAR) will be met in the form of AT1, T2 instruments and other subordinated eligible liabilities acquired directly or indirectly by the parent company. The Bank complies with this requirement. At the same time, the BGF has indicated that Common Equity Tier 1 (CET1) instruments held by the Bank for the purposes of the combined buffer requirement (CBR) cannot be counted towards the MREL requirement expressed as a percentage of TREA. This rule does not apply to the MREL requirement expressed as a TEM percentage.

The Bank meets the defined MREL requirements as of 31 December 2023.

MREL ratios	Requirement at 31.12.2023	Requirement at 31.12.2023 including CBR	31.12.2023	31.12.2022
TREA	16.11%	18.87%	21.74%	17.09%
TEM	5.91%	5.91%	11.01%	9.82%

Financial indicators

The Bank's return on equity (ROE), calculated on a reported basis, was 8.2% in 2023 and was 4.9 p.p. higher than in 2022. Return on assets (ROA) calculated in a similar manner was 0.7% and increased by 0.4 p.p. compared to 2022. The levels of the return ratios in 2022 are largely distorted by the occurrence of the negative impact of the credit holidays (see the Bank's Financial Performance section) and, in 2021-2023, additionally by the recognition of the significant negative impact of legal risks related to litigation concerning foreign currency housing loans.

The Cost/Income ratio calculated on a reported basis was 41.7% (a level 15 p.p. lower compared to 2022. - primarily as a result of the recognition in 2022 of the impact of credit holidays in interest income and higher BGF and IPS costs).

The net interest margin calculated in relation to average assets was 3.5%, 1 p.p. higher than the level calculated for 2022.

Changes in the values of ratios representing the ratio of net and gross loans to deposits and sources of funding reflect the good liquidity situation observed in 2023 and 2022.

Table 90. Financial indicators

	31.12.2023	31.12.2022	31.12.2021	change 2023/2022
Return on capital ⁽¹⁾	8.2%	3.3%	1.5%	4.9 p.p.
Return on assets ⁽²⁾	0.7%	0.3%	0.2%	0.4 p.p.
Net interest margin ⁽³⁾	3.5%	2.5%	2.5%	1.0 p.p.
Costs/Income ⁽⁴⁾	41.7%	56.8%	52.1%	(15.1 p.p.)
Costs/income without BGF, IPS and credit holidays	40.3%	42.5%	49.1%	(2.2 p.p.)



	31.12.2023	31.12.2022	31.12.2021	change 2023/2022
Credit risk costs ⁽⁵⁾	(0.03%)	(0.33%)	(0.30%)	0.30 p.p.
Credit risk costs without impact of sale of receivables*	(0.06%)	(0.37%)	(0.41%)	0.31 p.p.
Net loans/deposits ^{(6)**}	64.6%	69.6%	80.0%	(5.0 p.p.)

(1) Ratio of net profit to average equity calculated on an end-of-quarter basis.

(2) Ratio of net profit to average assets calculated on a quarter-end basis.

(3) Relation of net interest income to average assets calculated on the basis of balances at the end of the quarters. Annualisation of net interest income taking into account the actual number of days.

(4) Ratio of total administrative overheads and depreciation and amortisation to result from Banking activities, calculated as the sum of net interest income, net fee and commission income, dividend income, result on trading activities, result on investing activities, result on hedge accounting and other operating income and expenses.

(5) Relation of the result of impairment losses on financial assets and provisions for contingent liabilities to the average gross loans and advances to Customers, measured at amortised cost, calculated on the basis of balances at the end of the quarters. Annualisation of the result of write-downs taking into account the actual number of days.

(6) Ratio of loans and advances to Customers (net) to customer deposits. Balance at the end of the period

* Calculation made eliminating the impact of the sale of non-performing loan portfolios (in 2023: PLN +26,516 thousand, in 2022 PLN +34,044 thousand, in 2021 PLN +84,920 thousand, in 2020 PLN +42,368 thousand).

** Ratios calculated for 2022 on a comparable basis, i.e. taking into account changes in accounting policies related to the recognition of the impact of legal risk arising from CHF mortgage litigation (transition to IFRS 9).

Average interest rates used by the Bank

Table 91. Average Bank interest rates*

Product	PLN		EUR	
	2023	2022	2023	2022
Deposits (categories below)	2.67%	1.67%		
Households and non-commercial institutions	2.56%	1.52%		
Non-financial companies	2.81%	1.88%		
Loans (categories below)	7.98%	6.79%	4.40%	1.57%
Households and non-commercial institutions	7.79%	6.71%	4.91%	2.52%
Non-financial companies	8.39%	6.94%	4.39%	1.56%

* based on the Bank's mandatory reporting to the NBP Statistics Department



Risks and opportunities

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Agnieszka Grał, Manager for Quality and Client Relations



Risk management system

The risk management system is an integrated set of rules, mechanisms and tools (including, inter alia, policies and procedures) relating to risk processes. Risk management is part of the Bank's overall management system. In addition to regulatory requirements, the Bank takes into account the special nature, scale and complexity of its business operations and the associated risks. The main objectives of the risk management system are:

- ensure early identification and appropriate management of all significant risks associated with the business,
- supporting the implementation of the business strategy by effectively controlling the level of risk and maintaining it within the adopted risk appetite,
- a representation of the Bank's risk attitude and risk culture,
- measuring or estimating and monitoring risks, including hedging potential losses through appropriate controls,
- limiting risks by defining a system of limits and rules for dealing with exceedances,
- definition of an organizational structure adapted to the size and profile of the risks incurred.

The risk management system functioning in the Bank is organized based on a scheme of three independent lines of defense, used to define roles and responsibilities to achieve effective supervision and organization of risk management in the Bank:

- **the first line of defense** consists of business units that are responsible for managing risks in the Bank's operations, including compliance with control mechanisms,
- **the second line of defence** is constituted by the designated organisational units of the Risk Area, the Finance Area, the Compliance Division and the Legal Division, which are responsible for the managing of individual risks, including measuring, monitoring, controlling and reporting risks, independently of the first line, are the organisational units of the Risk Area, the Security and Business Continuity Management Division and the Compliance Division, which are responsible for the managing of individual risks, including measuring, monitoring, controlling and reporting risks, independently of the first line,
- **the third line of defense** involves the activities of the Internal Audit Division, which performs independent assessments of risk management activities carried out by both the first and second lines of defense.

The chief role in the Bank's risk management system is played by the Bank's Management Board, which determines the Bank's risk management strategy, risk appetite and adopts risk management policies, as well as sets limits for significant risks and risk control procedures. The risk management principles have their source in the document Risk Management Strategy at BNP Paribas Bank Polska S.A. defined by the Bank's Management Board and approved by the Supervisory Board.

The organization of the Bank's risk management system primarily takes into account the role of the Supervisory Board, the Bank's Management Board, dedicated committees (Audit Committee and Risk Committee at the Supervisory Board level, Asset and Liability Committee (ALCO), Risk Management Committee, Retail Banking Risk Committee, Personal Finance Risk

Committee, Credit Committee, Problem Loan Committee, TAC/NAC Committee and Internal Control Committee), the Risk Area, the Finance Area, the Compliance Division and the Legal Division.

Assessment of internal capital adequacy

The purpose of the process of assessing the adequacy of internal capital is to monitor and control the level of the Bank's internal capital. The implementation of the ICAAP process is dictated by the aspiration to maintain the Bank's stable financial position, guaranteeing the Bank's operation even if unexpected losses are incurred. The Bank has an obligation to ensure that the risk management process is in line with the Bank's risk profile, and to mitigate excessive risks in the Bank's operations. Details of the process are defined in the Policy on Internal Capital Estimation at BNP Paribas Bank Polska S.A.

The Bank has developed comprehensive principles for identifying and assessing risks as part of its response to the requirements of the supervisory review and assessment process. The principles are designed to identify and assess all risks to which the Bank is or may be exposed, taking into account regulatory requirements, best practices and the use of the Bank's proven existing risk management processes. The Bank takes into account the specific nature, scale and complexity of its business activities and the associated risks, ensuring that all significant risks in the Bank's operations are measured and mitigated. The Bank seeks to identify and assess risks arising from the internal and external environment that could have a significant impact on the Bank's financial stability.

Identification of potentially material risks involves isolating threats and potential risks that may occur in the future with a reasonable degree of probability.

The risk management process is designed to:

- protect the Bank from the materialization of risk,
- ensure an adequate assessment of the capital requirements necessary for the identified risks.

The risk identification process is carried out at the Bank annually.

Assessment of the level of materiality of the risks identified in the identification process includes:

- defining materiality of risks,
- defining factors that determine the materiality of risks,
- conducting an assessment of the materiality of risks,
- preparation of an assessment report.

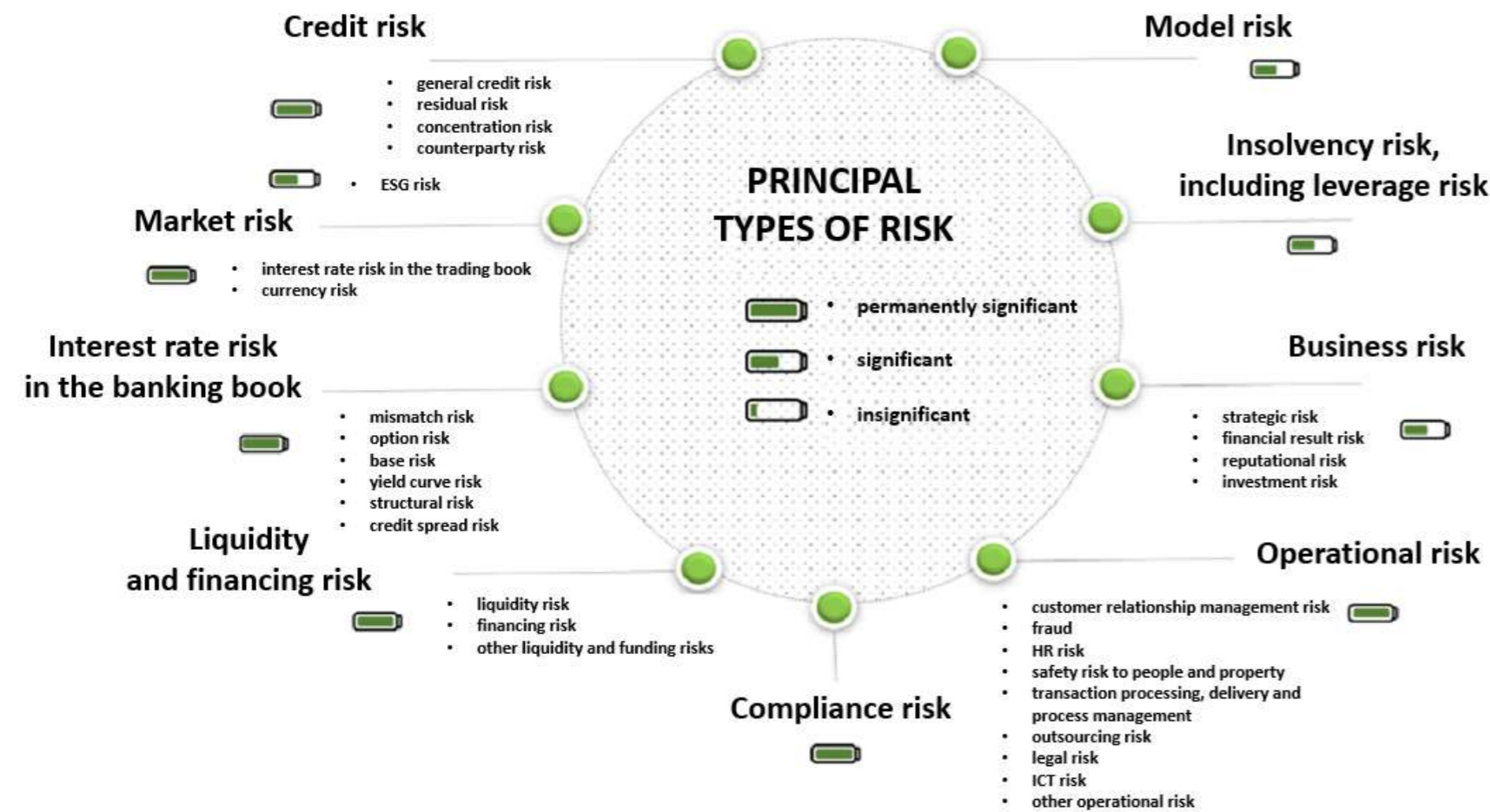
The process of assessing the materiality of risks is carried out at the Bank annually.



The Bank identifies the following types of risks:

- permanently significant - inherent in the profile of the business (does not require periodic materiality assessment),
- significant:
 - risks in relation to which the Bank has historically incurred costs related to their implementation,
 - risk exposure, the severity of losses, and the lack of adequate risk mitigation processes and procedures expose the Bank to unexpected financial losses (risks for which the materiality rating is least at the average level),
- insignificant - risks for which the assessment of materiality is at a low level.

As a result of the risk identification and materiality assessment process conducted in 2023, the structure of the identified risks is as follows:



Reports are presented at the Risk Management Committee meeting on a monthly basis and on a quarterly basis to the Bank's Management Board and Supervisory Board.

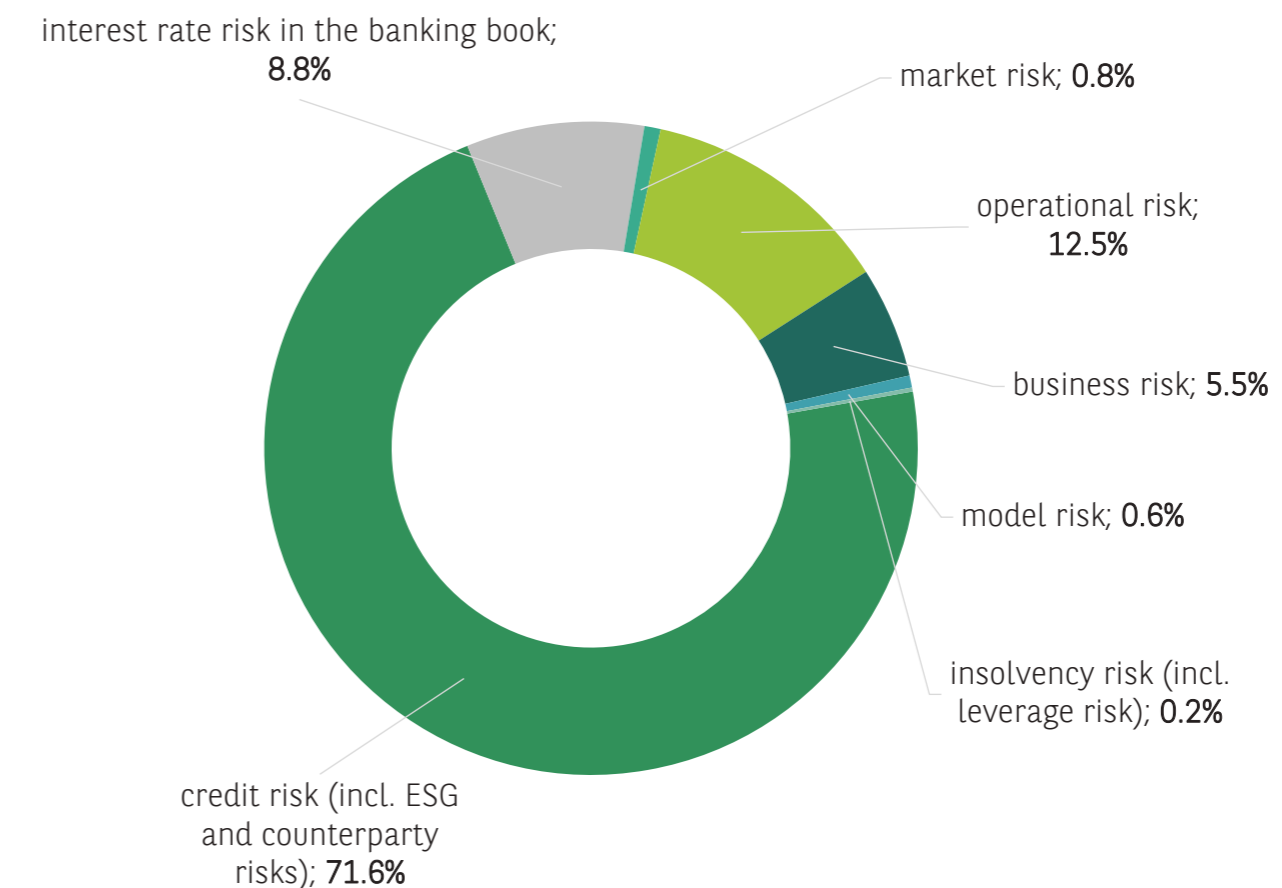
A review of the capital adequacy process is conducted once a year, and the review report is submitted to the Management Board and the Supervisory Board. In addition, internal audit regularly conducts an independent review of the ICAAP process.

The Bank uses two approaches to measure risk: quantitative and qualitative. The use of a particular approach is linked to the characteristics of the risk.

Risk measurement methods:

- quantitative methods - are used in cases where the Bank has information on risk realisation and is able to measure a quantitative characteristic,
- qualitative methods - used when the Bank has no information collected on the historical realisation of risk or the effect of volatility of a risk measure is determined by many risk factors, among which the Bank is not able to distinguish the effect related to the source of the assessed risk. The Bank considers the risk as difficult to measure and performs the assessment using the qualitative method, presenting the qualitative characteristics of the risk realization.

Chart 18. The structure of internal capital in the BNP Paribas Bank Polska S.A. Group as at 31 December 2023



Internal capital reporting is focused on presenting the results of monitoring the level of internal capital and the main factors determining its level. The Bank reports capital on a monthly basis on both a stand-alone and consolidated basis.



Risk appetite

For the material risks identified, the Bank defines the risk appetite. By determining the level of risk appetite, the Bank sets its risk profile and the attitude adopted towards risk. The risk appetite determines the maximum level of risk that the Bank is prepared to accept in pursuit of the business strategy and financial plan.

The risk appetite, within the limits set by the risk tolerance, determines how the Bank uses its risk-taking capacity by determining, for each risk type, the degree of risk exposure that a particular area can take. The Bank specifies the level of risk appetite in the form of risk measures that reflect the Bank's current and future risk appetite. All methods and procedures are periodically reviewed for adequacy and reliability. The level of risk appetite is determined by the Bank's Management Board and requires the approval of the Supervisory Board.

In addition, the Bank monitors individual risks using a formal system of limits, which is established in such a way that:

- the Bank complied with supervisory standards,
- the desired risk profile defined in the Bank's business strategy and risk management strategy is maintained,
- limits did not exceed the risk level acceptable to the BNP Paribas Group.

If limits are exceeded, corrective actions are taken to reduce the value of the risk in accordance with the procedures in place at the Bank. The information system used in risk management ensures collection of data on operations and transactions and their impact on the Bank's risk profile. The Bank has risk control and risk management policies governing the handling of crisis events.

Stress tests

Pursuant to the Methodology of the stress testing programme at BNP Paribas Bank Polska S.A. The Bank conducts, among others, the following types of bottom-up tests:

- stress tests based on the recommendations of the Polish Financial Supervision Authority,
- business model stress tests,
- internal capital stress tests,
- recovery plan stress tests.

Stress tests are an important tool in the risk management process. They allow the risk measurement to be extended to include sensitivity to abnormal changes in market parameters, which are significantly different from those observed in periods of normal functioning of the financial markets. The objective of the stress testing programme is to assess the potential risks to which the Bank is exposed under hypothetical market conditions. The macroeconomic assumptions are developed by the Bank's Chief Economist. The stress testing programme fulfils the requirements of Guideline EBA/GL/2018/04 of 19 July 2018 on stress testing.

The stress testing programme covers:

- sensitivity analysis,
- scenario analysis,
- reverse stress testing.

The Bank conducts tests with reference to the level of risk appetite expressed in terms of risk appetite measures and capital targets specified in the Capital Management Policy at BNP Paribas Bank Polska S.A. Through stress testing, the Bank assesses the reliability of its financial plan and capital plan under stress conditions to ensure that the Bank meets the capital requirements applicable to it. The Bank's Management Board approves the stress testing programme and supervises its implementation and results.

Principal types of risk

Credit risk

Credit risk is the risk of the Bank incurring a loss on account of a failure to meet its obligations by the deadline specified in the agreement as a result of deterioration or loss of creditworthiness by the Customer.

The Bank's credit risk management system has been defined in the Credit Policy of BNP Paribas Bank Polska S.A. adopted by the Management Board. Detailed financing principles and criteria applicable to the product offering of each business line, types of available loans, objectives, financing terms and limits have been defined in the credit policies of each business line. It is the Bank's intention, in accordance with the criteria established in the credit policy, to cooperate with Customers of a good reputation and a sound economic and financial condition.

Credit policies also set out detailed rules for identifying, measuring and accepting risk, securing loan repayment and monitoring Customers during the life of the loan agreement.

The organisation of the credit risk management process aligned with the business line structure in the Bank. A central role in the credit risk management system is performed by the Risk Area, which is an organisationally separate unit managed by a Member of the Management Board acting in the capacity of the Chief Risk Officer. Credit risk management activities are supported by the Risk Management Committee as well as the Retail Banking/Personal Finance Risk Committees.

The credit risk of the Customers is assessed using rating and scoring classification systems and the risk classification standards defined in IFRS.

Credit decisions are made in accordance with the decision-making model approved by the Management Board of the Bank and aligned with the standards imposed by the BNP Paribas Group. The decision-making model takes into account the structure of the business lines, determines the number of decision levels, the scope of their competence as well as the principles, criteria and conditions to be satisfied in the credit decision-making process. The value thresholds for the decision-making competence depend on such criteria as the customer segment, risk profile and the borrowing period. At



each competence level, credit decisions are taken by two employees (four-eye principle), namely a representative of the business line and a representative of the organisational unit responsible for customer and transaction risk assessment performed independently of the business line. For Customers whose credit risk assessment is performed in accordance with simplified risk assessment principles or models, including scoring models approved by the Risk Management Committee or the Retail Banking/Personal Finance Risk Committees, credit decisions may be taken by one representative of the business line.

The Bank applies the following credit risk management principles:

- each credit transaction requires comprehensive credit risk assessment expressed in internal rating or scoring,
- thorough and diligent financial analysis serves as the basis for regarding the customer's financial information and collateral-related data as reliable; prudential analyses performed by the Bank always take into account a necessary margin of safety,
- as a rule, the basis for Customer's financing is its ability to generate cash flows that ensure repayment the liabilities to the Bank,
- the credit risk assessment is additionally verified by credit risk assessment officers, independent of the business employees,
- the pricing terms of a credit transaction must cover the risk of such a transaction,
- the credit risk assessment is additionally verified by credit risk assessment officers, independent of the business employees,
- credit decisions may only be taken by authorised employees,
- a customer and transactions made with the customer are monitored transparently from the perspective of the customer, in a manner that strengthens the relationship between the Bank and the customer.

Credit risk management in the Bank's subsidiaries

The principles of the Bank's supervision over the credit risk generated by the activity of subsidiaries is specified in the Credit Policy of BNP Paribas Bank Polska S.A.

The Bank recommends, reviews and accepts policies, principles and methodologies applied by its subsidiaries in terms of credit risk management.

In the Bank and its subsidiaries, parallel credit risk management methods are applied, including:

- rating system for Corporate Banking Customers and Small and Medium Enterprises Banking,
- risk classification system according to IFRS standards,

- assessment of the creditworthiness of the common Customers of Bank and subsidiaries,
- a model of making credit decisions,
- the Bank's internal limits system for concentration risk, including limits on the subsidiaries' portfolios of receivables.

Measurement of impairment of financial assets

The principles of measuring impairment are described in 3a Note the Impairment of financial assets within the Consolidated Financial Statements for the year ended 31 December 2023.

In 2023, as part of the adjustment of the level of write-downs to expectations of the future macroeconomic situation, the level of provisions decreased by PLN 36,714 thousand, as a result of updated projections of macroeconomic variables included in the applied IFRS9 model.

In 2023 the Group has made the following changes to the write-downs calculation process:

- with regard to all customer segments, the Bank has performed a review of the macroeconomic model to take into account all relevant macroeconomic variables affecting the level of parameters. As a result of the review performed, the Bank established write-downs in the amount of PLN 16,886 thousand. In parallel, the implementation of the changes in the macroeconomic model has resulted in the release of the Post Model Adjustment write-downs for risk factors not included in the macroeconomic model in the amount of PLN 151,470 thousand.
- with regard to portfolios of loans to individuals secured by real estate, the Bank has taken into account all the relevant macroeconomic variables affecting the level of LGD: with the adjustment of the expected selling prices of NPL portfolios based on current forward-looking information, that change has resulted in the release of write-downs in the amount of PLN 11,745 thousand (establishing provision in the amount of PLN 26,755 thousand with parallel release of Post Model Adjustment write-downs in the amount of PLN 38,500 thousand).
- additional, in H2 2023, the Bank has introduced changes to the LGD model directed at approximating the parameters applied to the values observed in their back-testing. With regard to the unsecured portfolios of loans to individual Customers and the microenterprise segment, the Bank has introduced a mechanism for adjusting LGD parameters based on the results of back-checking. With regard to the secured portfolios, it updated recovery level expectations depending on the assumed recovery path. These changes resulted in establishing write-downs in the amount of PLN 72,770 thousand.
- for all customer segments in Q4 2023, the Bank has implemented a uniformly differentiated PD level based on ratings, resulting in establishing write-downs in the amount of PLN 20,737 thousand.

In Q4 2023, the Group also released write-downs in the form of a Post Model Adjustment in the amount of PLN 15,200 thousand created for planned changes to the LAG model for leasing exposures. The release was due to the implementation of planned changes to the model.

In addition, in 2023, the level of write-downs has been impacted by updating the level of write-downs in the form of Post Model Adjustments held in relation to the risks of Customers who are particularly sensitive to changes in the economic



environment and parameter adjustments for sensitive Customers taking advantage of suspension of performance of mortgage contracts (moratorium). The Group has released write-downs in the net amount of PLN 32,038 thousand established for this purpose.

Taking into account in particular the elements described above in 2023, the Group released PLN 237,208 thousand in additional write-downs (in the form of Post Model Adjustments). The balance of these additional write-downs as of 31 December 2023 amounted to PLN 69,863 thousand, while the balance as of 31 December 2022 amounted to PLN 307,071 thousand.

In 2023 the Bank has updated the provisions held in relation to the risks of Customers who are particularly sensitive to changes in the economic environment. Due to the ongoing war in Ukraine and sanctions imposed on Russia and Belarus, the Bank analysed the credit exposures directly related to these countries and based on this, has not identify any significant exposures both in the portfolio of institutional Customers and retail Customers. At the same time, the Bank monitors the situation of Customers on an ongoing basis with taking into account the collateralisation of the loan portfolio by adequately reflecting the level of risk on these Customers in the amount of allowances. The Bank has identified institutional Customers who are vulnerable to the effects of the situation in Ukraine, including, in particular, Customers whose business is linked to the economies of the above countries and whose business is vulnerable to the embargo on Russian gas. As of 31 December 2023, these Customers accounted for PLN 651,157 thousand of exposure and were classified in Stage 2, as Customers for whom there was a significant increase in credit risk. The total level of write-downs on these Customers amounted to PLN 38,007 thousand. In connection with the recognition of an allowance for expected credit losses for these Customers over the entire remaining expected life, the level of the allowance for these Customers is higher by PLN 1,270 thousand in relation to the allowance over the 12-month horizon. The limited level of increase of write-downs is due to the fact that a significant part of the Customers identified as sensitive have other Stage 2 indications. Consequently, the identification of these Customers as sensitive does not result in an additional increase in write-downs..

Restructuring and debt collection

In 2023, a total of PLN 1,929.3 million in receivables were collected, of which:

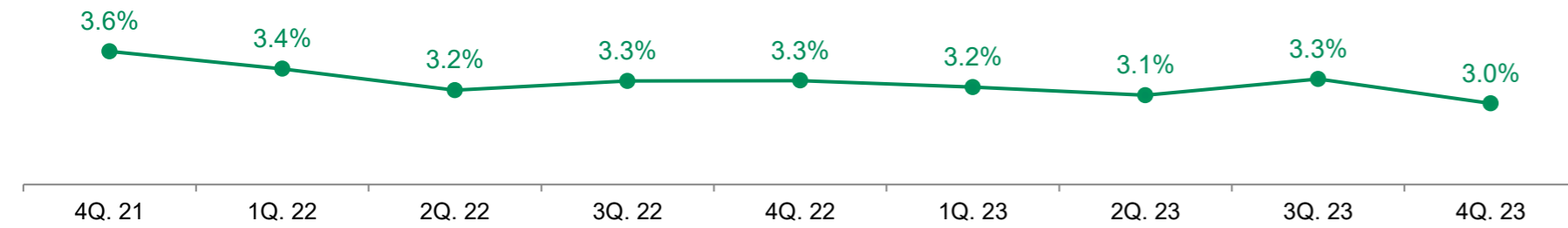
- PLN 654.4 million - as a result of portfolio restructuring (corporate entities PLN 491.6 million, SME PLN 133.1 million, microenterprises PLN 16.6 million, individual Customers PLN 11.6 million),
- PLN 1,188.5 million - as a result of debt collection activities (corporate entities PLN 28.4 million, SME PLN 55.0 million, microenterprises PLN 346.8 million, individual Customers PLN 601.6 million, mortgages PLN 156.7 million),
- PLN 86.4 million - as a result of impaired portfolio sales.

Quality of the Bank's loan portfolio

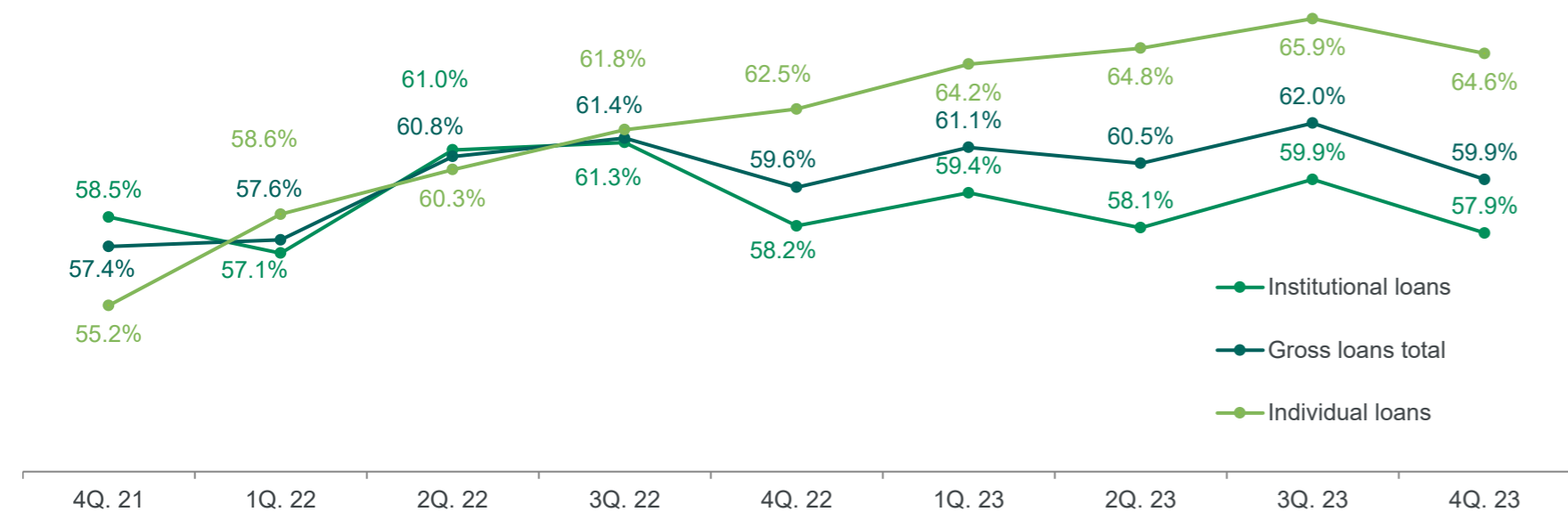
Structure of loans by stages

The share of receivables classified to Stage 3 in 2023 maintained at low level. The share of loans at amortised cost classified to Stage 3 in the Group decreased from 3.3% at the end of 2022 to 3.0% at the end of December 2023.

This was possible with measures taken at various stages of servicing non-performing loans in the process of active NPL portfolio management, in particular, effective monitoring of Customers being potentially at risk of entering Stage 3 and high efficiency of debt collection activities.

**Chart 19. NPL ratio - share of receivables measured at amortised cost, classified as Stage 3**

At the end of 2023, the write-down coverage of the portfolio classified as Stage 3 was 59.9%, which is a slight decrease over the coverage level at the end of 2022.

Chart 20. Provision coverage for the portfolio classified as Stage 3

Detailed information on the quality of the portfolio is presented in the Group's financial performance section in the loan portfolio section of this report.

The Group also actively monitors the structure of the credit portfolio, including in particular the industry structure. Details are described in the Concentration risk section.

Concentration risk

Concentration risk is an inherent risk taken by the Bank within the framework of its statutory activity and is subject to a specific management process and rules

Management Board assesses the adopted concentration risk management policy in terms of the way it is applied, in particular as regards its effectiveness and adequacy of rules implementation in the context of current and planned activities and taking into account the risk management strategy. In the event of significant changes in the Bank's operating environment or risk management strategy, the review of the adequacy of the concentration risk management process is carried out immediately after the occurrence of such circumstances.

Mechanisms for identifying and measuring concentration risk and concentration limits, including limits on large exposures, are used to limit concentration risk. Such mechanisms enable the Bank to monitor and maintain diversification of loan portfolio at levels consistent with the Bank's strategy and risk appetite. The Bank's limit system also takes into account external macroeconomic and sectoral conditions and prospects.

As at the end of 2023: the limits on a consolidated and stand-alone basis set out in Article 395 of the EU Regulation No. 575/2013 were not exceeded with regard to BNP Paribas S.A. Group entities and were 19.4% of Tier 1 capital on a consolidated basis.

With regard to the exposure limit to entities outside the BNP Paribas S.A. Group, the limits were not exceeded either, with the largest exposure representing 21.2 % of Tier 1 capital on a consolidated basis.

Internal limits for credit concentration risk are set for, among others:

- selected economic sectors/ industries,
- exposures denominated in foreign currency,
- customer segment (the Bank's internal segmentation),
- loans secured by a given type of collateral,
- geographical regions,
- the average probability of default,
- exposures with a specific rating (the Bank's internal rating scale),
- exposures with a specific debt-to-income ratio,
- exposures with a specific loan-to-value ratio.



Actions reducing the Bank's exposure to concentration risk may include systemic actions and case-by-case actions related to a single / specific decision or transaction. Systemic actions limiting the concentration risk include:

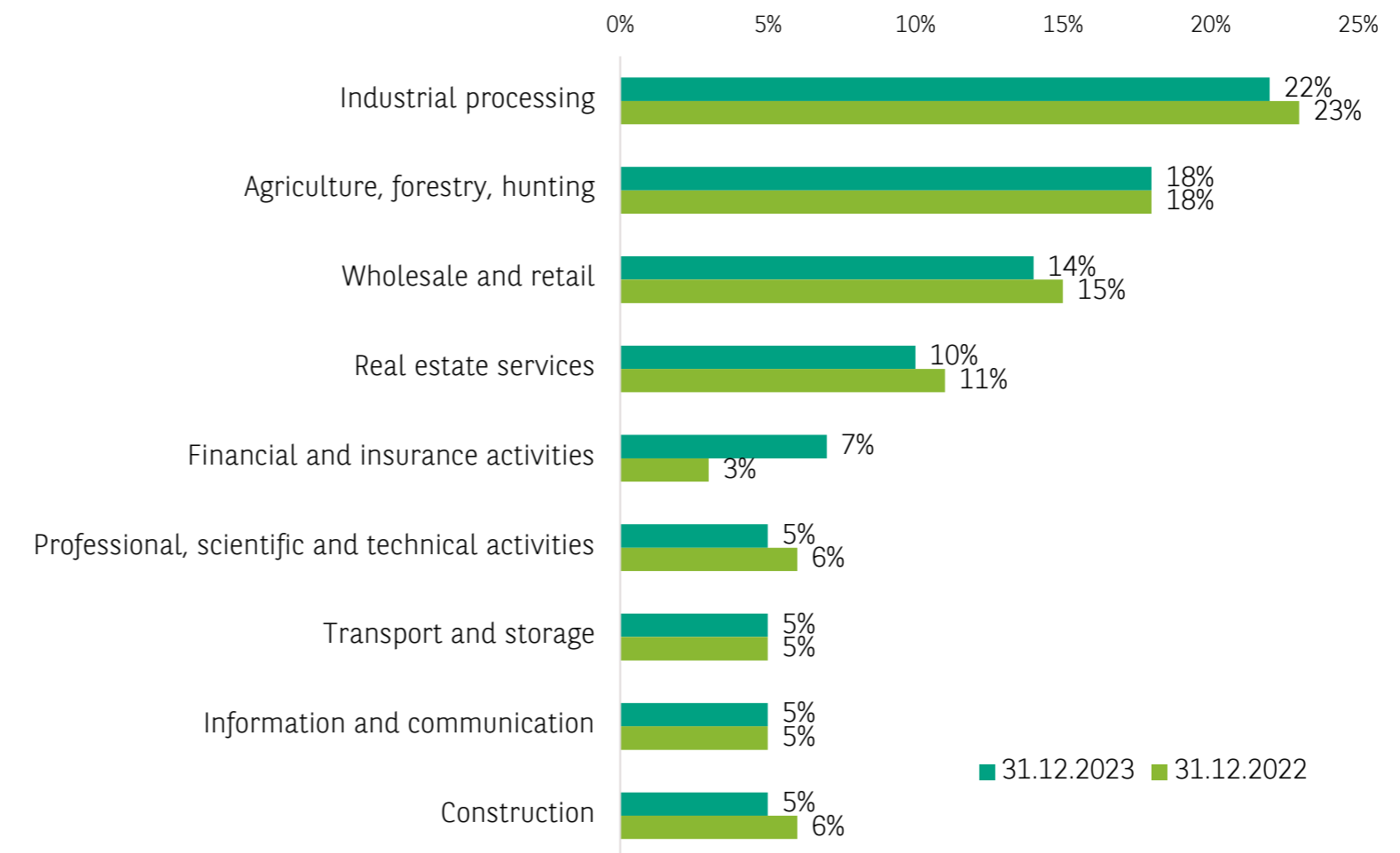
- limiting the scope of lending to specific types of Customers by modifying the credit policy,
- reducing the concentration risk limits,
- diversification of asset types at the level of the Bank's statement of financial position,
- changing the business strategy to prevent excessive concentration,
- diversification in the types of collateral received.

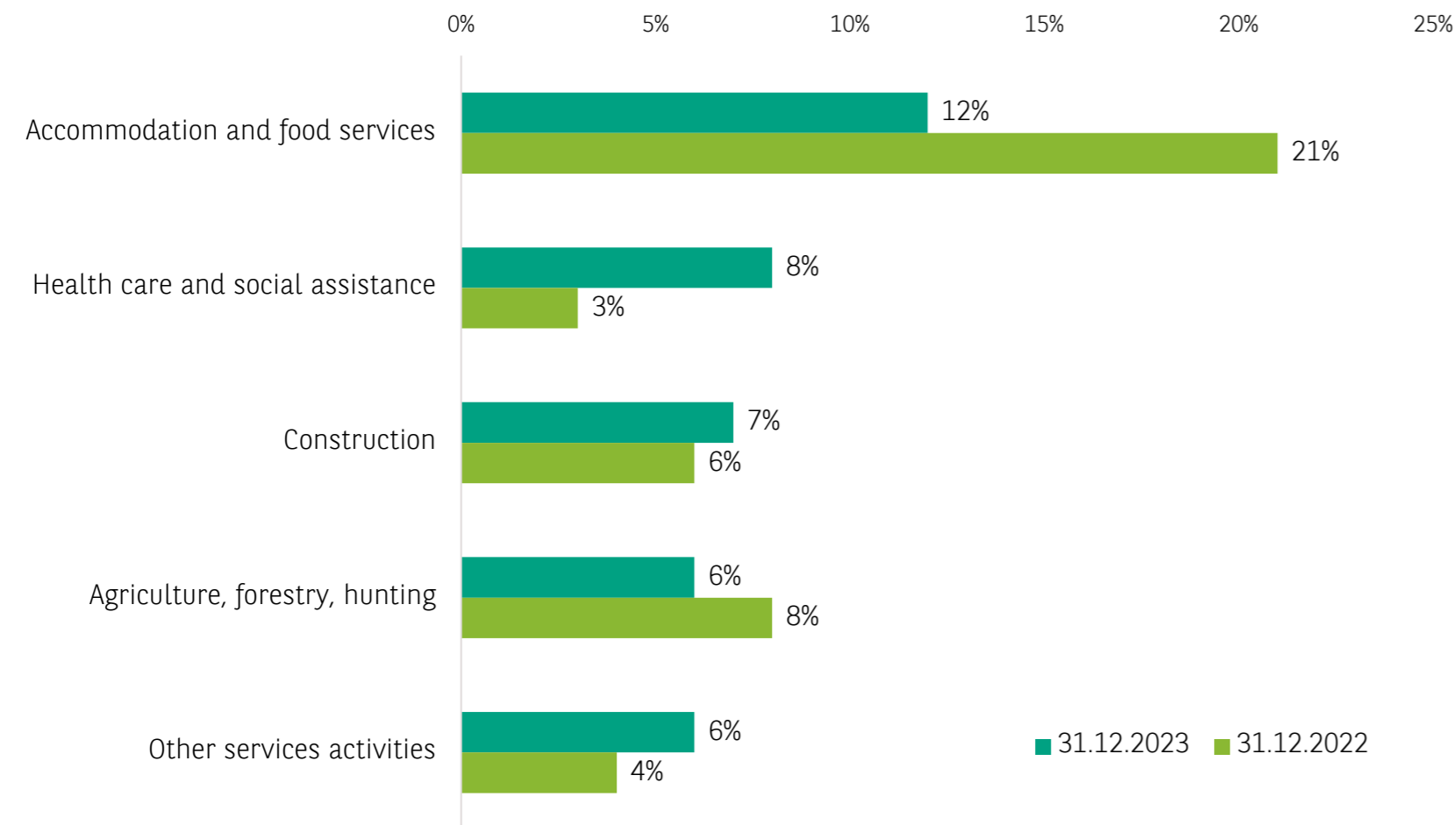
The Bank's mitigating actions of a single / specific decision and transaction nature include:

- limiting new transactions with a given customer or group of connected Customers,
- sale of selected assets / loan portfolios,
- securitisation of assets,
- establishment of new collateral for existing or new credit exposures.

The analysis of industry concentration performed by the Bank covers all the Bank's credit exposures to institutional Customers.

Chart 21. Share of industry in the institutional Customers' loan portfolio (industries above 5%)



**Chart 22. Share of impaired loans (greater than 5%) in the portfolio of the industry**

The BNP Group has the highest share in the "Industrial processing", where the share of non-performing loans is less than 5%, similar to 2022. On the other hand, the industry with the highest share of non-performing loans is "Accommodation and food services," and accounts for only 1% in Institutional Customers' balance sheet exposure.

Detailed information on industry exposure can be found in Note 55.2. of the Consolidated Financial Statements of the BNP Paribas Bank Polska Group for the year ended 31 December 2023.

As a result of the ongoing war in Ukraine and the economic sanctions imposed against Russia and Belarus, the Bank analysed credit exposures directly related to these countries and based on this, did not identify significant exposures in both the institutional and individual customer portfolios.

Counterparty risk

Counterparty risk is the credit risk concerning the counterparty, with whom the financial markets transactions are concluded, and in case of which the amount of liability may change in time depending on market parameters. Thus, counterparty risk is related to transactions involving the value of which may change in time depending on such factors as interest rates or foreign exchange rates. The varying exposure may affect the customer's solvency and is of crucial importance to the customer's ability to settle liabilities when the transaction matures. The exposure is determined by the Bank on the basis of the current contract valuation as well as the potential future changes in the exposure, depending on the transaction type, Customer type and settlement dates.

As at the end of December 2023, the counterparty risk was calculated for the following types of transactions: foreign exchange transactions, interest rate swap transactions, FX options, interest rate options and commodity derivatives.

Counterparty credit risk for transactions which generate counterparty risk is assessed using the same methodology as the one applied to loan products. This means that in the credit process these transactions are subject to limits, the value of which results directly from the assessment of customer creditworthiness performed in the same way as in the process of credit product offering. However, the assessment also takes into account the specific nature of transactions, in particular their varying value in time or direct dependence on market parameters.

The principles applicable to foreign exchange transactions, derivative transactions as well as credit limit granting, use and monitoring for transactions subject to counterparty risk limits have been regulated in dedicated procedures. In accordance with its policy, the Bank enters into all transactions on the basis of individually allocated limits and is guided by its knowledge of the Customer's. The Bank has defined groups of products offered to Customers depending on their knowledge, experience and risk tolerance. The Bank has transparent principles for collateralising the counterparty risk exposures.

As a result of the of the military operations in Ukraine and the economic sanctions imposed against Russia and Belarus, the Bank observes increased volatility in market risk parameters, which is reflected in fluctuations in counterparty risk exposure. The Bank assesses counterparty risk on an ongoing basis by conducting reviews of the portfolio of Customers on which this risk exists. The Bank maintains the application of its basic principle of "Know Your Customer." In connection with non-standard situations, some Customers may be asked for additional information related to changes in their business conditions. The Bank also takes into account the higher volatility of the aforementioned parameters in its risk assessment when entering into new transactions.



ESG risk

GRI [2-25] [3-3 ESG risk monitoring and management: environmental, social and corporate governance risks in the Bank's and its Customers' operations]

ESRS 2 SBM-3

Principles of ESG risk management

As part of the Bank's risk identification and assessment framework, a separate group of risks related to environmental, social and corporate governance factors was defined. In the risk identification process, the significant impact of ESG factors on credit risk was recognised. As ESG factors are not yet comprehensively included in the quantitative measurement of credit risk, it was decided to separate ESG risk as a hard-to-measure risk category until ESG factors are included in the credit parameters. As a result of the above, the Bank has integrated ESG risk into its internal risk management framework by including ESG risk as a subtype of credit risk in its Risk Management Strategy and Risk Appetite. In order to mitigate and control the risk, the principles for measuring ESG risk in the Bank's Internal Capital Assessment Process (ICAAP) have also been developed. The capital plan for 2022-2025 was supplemented with limits for ESG risk set based on the risk measurement made. ESG Risk Management Principles have also been developed, which include, inter alia, provisions for risk monitoring and reporting and stress testing.

Factors considered in the ESG risk analysis

Environmental factors:

- greenhouse gas emissions,
- energy consumption and efficiency,
- water, air and soil pollution,
- efficient management of water usage (risk of freshwater scarcity),
- soil degradation,
- deforestation,
- natural resource consumption,
- waste management,
- biodiversity and ecosystem protection,
- risk of no energy transition,
- developing low-carbon and other environmental technologies (transition risk),

- regulatory constraints, including additional taxes and charges e.g. carbon tax (transition risk),
- physical risks associated with climate change (extreme weather events and gradually worsening climatic conditions), including the effects of natural disasters, which may affect, e.g., the value of assets,
- changes in consumer sentiment and preferences related to increasing awareness of environmental risks,
- risk of financial liability for the negative impact of operations (compensation, fines).

Social factors:

- integration of various social groups,
- promoting social cohesion,
- respect for diversity,
- whistle-blower protection,
- investments in human capital and communities,
- anti-discrimination on all bases,
- tackling inequalities and promoting equality of opportunity,
- safe and healthy working environment,
- health and safety of Customers, local communities, surroundings,
- customer privacy protection,
- training and development,
- non-respect of human rights (forced labour, child labour, modern slavery),
- non-respect of workers' rights: right to organise, right to strike, right to collective bargaining, ethical standards of employment,
- risk of lack of threat prevention against terrorism and cybercrime,
- contagious diseases (affecting humans or animals),
- risk of financial liability for the negative impact of the business (compensations, fines).

Corporate governance factors:

- unethical and fraudulent business practices,



- non-compliance with corporate governance standards (code of ethics, grievance and whistleblowing mechanisms, transparency of information),
- gender diversity in corporate bodies,
- internal audit,
- independence of the board,
- executive remuneration,
- fraud and corrupt practices,
- shareholders' rights,
- stakeholder engagement,
- deficient ESG risk control systems,
- requirements in the supply chain,
- compliance with non-financial sector regulations,
- risk of financial liability for the negative impact of the business (compensations, fines).

The Bank recognises that environmental, social policy and corporate governance risks can pose significant risks to businesses and systemic risks to the economy. In order to manage the risks, the Bank monitors the work of the supervisory authorities and legislative proposals concerning the financial sector.

ESG analysis in the credit process

In 2021, in response to the requirements of the EBA/GL/2020/06 Guideline of 29 May 2020 on lending and credit monitoring, the Bank developed ESG assessment questionnaires, which were implemented in the lending process of Corporate, SME and Microenterprise segment Customers. The purpose of the assessment is to identify any risks related to ESG factors affecting the financial situation of the Customers, as well as the impact of the Customers' economic activities on ESG factors.

For Strategic Customers, the Bank also applies a comprehensive assessment of the level of progress in sustainability practices. The analysis is carried out on the basis of extensive sector questionnaires that correspond to EU regulations in the area of sustainable development and focus on ESG factors relevant to the sector. Thanks to the comprehensiveness of the issues analysed, the Bank:

- assesses the scale of Customers' engagement in their key areas of social and environmental impact,
- determines whether Customers are aware of sustainability challenges and what commitments and actions they are taking,

- monitors progress in implementing ESG practices.

The result of the analysis carried out is provided to the Customers. In the assessment, the Bank points out the strengths of its practices and also identifies measures that could be strengthened. It is planned to implement the process in the other customer segments in the following years.

The Bank also has Equator Principles (EP) in place to identify, assess and manage the risks associated with the financing of a project and its environmental and social impacts. The principles provide minimum standards for conducting due diligence on projects.

The Bank, like the BNP Paribas Group as a whole, also complies with:

- **the Policy on Ocean Protection**, which establishes criteria for financing activities deemed to be risky for the environment and ocean biodiversity,
- **the Human Rights Policy**, which sets ethical standards and ensures respect for human rights in all activities undertaken by the Bank.

Sector policies

[GRI \[2-23\]](#) [\[3-3 Reducing the carbon footprint of the loan portfolio\]](#) [\[3-3 Monitoring and managing ESG risks: environmental, social and corporate governance risks in the Bank's and Customers' operations\]](#)

The Sector Policies used by the Bank identify nine sectors that are particularly sensitive in terms of ESG risks. These sectors are: coal power, mining, oil and gas, nuclear, forestry – wood pulp, forestry – palm oil, tobacco, agri-food, defence and security.

In 2023, the Bank carried out 273 analyses in vulnerable sectors for sustainable development.

All entities operating in these sectors that would like to become a Customer of the Bank or obtain financing are required to comply with the requirements described in the Sector Policies applied by the Bank. At the same time, the Bank has taken a strategic decision to end its service to the most harmful sectors in terms of sustainability.



since 2018

We are in the process of exiting tobacco financing. No new Customers from this sector will receive financing from the Bank.

in 2020

The Group has strengthened its policy towards Customers whose operations involve Energy coal.

since 2020

Bank has discontinued its financing of the fur farming sector.

in 2023

The Group has strengthened its policy for oil and gas sector. Bank does not finance development of new oil and gas deposits.

Table 92. Sector policies

Sector	Liabilities of the Bank
Coal-based power generation sector	<ul style="list-style-type: none"> The Bank will not commence working with any new Customer that generates more than 25% of its revenue from coal-based power generation and coal-based activities. The Bank will only engage with coal-based power companies that have a coal exit strategy by 2030 for both coal-based power plants owned and operated by the company. The Bank will not provide financial products or services to new coal-based power projects, regardless of their location, or to retrofit existing Coal-based Power Plants/Electricity Plants to extend their useful life or increase their capacity.
Mining sector	<ul style="list-style-type: none"> The Bank will not provide any financial products or services to infrastructure companies significantly involved in the energy coal industry. The Bank will not provide any financial products or services to entities that are part of mining groups that produce more than 10 million tonnes of energy coal per year or generate more than 20% of their revenue from energy coal. Bank will not provide any financial products or services to companies involved in energy coal mining.

Oil and gas sector	<ul style="list-style-type: none"> The Bank will not finance the expansion of new oil and gas deposits. The Bank does not provide financing for investments related to the exploration and production of unconventional oil and gas and gas pipelines and export terminals powered mainly by unconventional LNG. The Bank does not finance any oil and gas projects or infrastructure related to such projects in the Arctic and Amazon regions and the Esmeraldas province in Ecuador.
Nuclear sector	<ul style="list-style-type: none"> The Bank, as a financial institution, can offer its products and financial services to government entities supporting companies developing non-military nuclear energy. Bank believes that it is essential for countries planning to develop nuclear power or new power plants, as well as for the international community, not only to act in accordance with the requirements of safety, population protection, but also to protect the environment for future generations. Through the implementation of its Sector Policy, Bank would seek to ensure that the projects it might finance comply with the principles of monitoring as well as mitigating the social and environmental impacts of the nuclear energy sector.
Forestry – wood pulp	<ul style="list-style-type: none"> The Bank noted that due to the wood pulp production process, heavy industry activity has a major impact on the environment, polluting water, land and air and also on the health and safety of pulp mill workers and surrounding communities. The Bank would like to support responsible producers with sustainable practices in the wood pulp sector.
Forestry – palm oil	<ul style="list-style-type: none"> The Bank refrains from financing or investing in companies whose activities actively contribute to deforestation or which violate the rights of local communities. The Bank seeks to support responsible producers with sustainable development practices in the palm oil production sector.
Tobacco sector	<ul style="list-style-type: none"> The Bank is in the process of exiting the financing of tobacco producers and growers and wholesalers whose main business is tobacco-related.



Agri-food sector

- The Bank offers a wide range of financial products and services to the agri-food sector along the entire value chain. Bank's partners are characterised by a high level of responsibility, which is reflected in a commitment to provide people with healthy and safe products in a way that does not endanger the food supply for future generations.
- Since 2021, the Bank operates with new criteria for companies involved in soy and beef activities in the Brazilian Amazon and Cerrado. The Bank will only offer financial products or services to companies that have adopted a zero-deforestation strategy in their production and supply chains by no later than 2025.
- In the specific case of Amazon, the Bank will not finance Customers producing or buying beef and soya from areas grubbed up or converted after 2008, in the case of Cerrado, in areas grubbed up or converted after 1 January 2020, according to global standards.
- For all Customers, the Bank will require full traceability of beef and soy supply chains (direct and indirect) by 2025.
- The Bank invites Customers to commit to a transition to systems including cage-free infrastructure for broilers and laying hens by 2025 and to implement the FARMS Initiative's Responsible Minimum Standards by encouraging all chicken breeding companies (broilers and laying hens) to adhere to a maximum stocking density of 30 kg/m².

Defence and safety sector

- The Bank has included in the Sector Policy stipulations on defence and security equipment, which relate generally to weapons (including controversial weapons), military equipment, dual-use goods, for internal repression, and for internal security bodies and the police.
- The Bank expects defence and security-related entities to comply with their obligations under current legislation and concessions, as well as international conventions ratified by the countries in which these entities are registered or established.
- The Bank does not provide products or services, including in particular financial services, or make investments to entities that have been assessed as having any links to the controversial weapons.

Market risk (including: interest rate risk in the trading book and currency risk)

The market risk management process at BNP Paribas is divided into interest rate risk management in the trading book and currency risk management. The process is centralized, which means that all transactions that expose the Bank to the aforementioned risks are transferred to the Financial Markets Division, which is responsible for operational risk management within the limits granted. The unit responsible for measuring and monitoring the level of market risk is the Market and Counterparty Risk Department, which is organizationally separated up to the level of the Bank's Management Board from the units performing activities that expose the Bank to risk. The key participants in the market risk management process are the Risk Management Committee, the Management Board and the Supervisory Board, which, within the scope of the authority and responsibility defined in the written regulations, decide on and allocate the amounts of market risk limits, the level of risk appetite, and monitor the level of their utilisation and the compliance of the business with the adopted strategy.

In measuring market risk, the Bank uses, among other things, the Value at Risk (VaR) method. VaR is the change in the market value of an asset or a portfolio of assets under certain assumptions about market parameters, over a fixed period of time and with a given probability. It is assumed that VaR for the purpose of currency risk monitoring is determined with a 99% confidence level over a one-day time horizon. The VaR methodology is subject to at least an annual review of the quality of implemented models, inter alia by performing a test comparing forecasted values and values determined on the basis of actual changes in risk factors, on the assumption that the open position remains unchanged (historical verification or back-testing).

In addition to VaR, the Bank used a number of other measures in its market risk management process, such as open position limits for a given risk factor, loss limits, analysis of stress test results, or gamma and vega limits for option instruments.

The global crisis triggered by the war in Ukraine and related uncertainties in the financial instruments market forced a reduction in open market risk positions. However, these occurrences have not adversely affected the realization of the budgeted target.

Interest rate risk in the trading book is the risk of adverse changes in the Bank's financial result or equity, driven by any of the following factors:

- differences in the repricing dates of the Bank's assets and the liabilities used for purposes of their financing (mismatch risk),
- difference in reference rates used for purposes of determining the interest rate for items with the same repricing dates (basis risk),
- changes in market interest rates which affect the fair value of the Bank's open positions (interest rate volatility risk).

The interest rate risk in the trading book is classified as material, while the economic capital allocated to this risk represents less than 1% of the Bank's total economic capital.



Exposures to interest rate risk were the main source of risk in the trading book. The Bank assesses the level of this risk as moderate. In addition to instruments of a linear risk nature, the Bank maintained a small open position in interest rate options to ensure that customer transactions could be serviced at more favourable pricing conditions.

The table below presents the level of interest rate risk in the trading book in terms of value at risk with a 99% confidence level over a one-day time horizon, allowing the Bank's result to be estimated in terms of its sensitivity to changes in market interest rates, including in particular potential losses.

Table 93. The level of interest rate risk in the trading book in terms of value at risk with a 99% confidence level over a one-day time horizon.

IR VaR (PLN thousand)	2023	2022
Average	3,763	1,752
Maximum	7,060	5,954
Minimum	1,974	668

Currency risk is the risk of adverse changes in the Bank's financial result, driven by changes in market foreign exchange rates.

The Bank engages in activities resulting in the creation of foreign currency positions sensitive to exchange rate fluctuations. At the same time, it strives to limit its exposure to foreign currency risk related to offering its Customers products in foreign currencies. The Bank undertakes limited activity on the foreign exchange market in order to generate financial results from short-term arbitrage positions. In addition to instruments of a linear risk nature, the Bank maintained a small open position in foreign exchange options to ensure that customer transactions could be serviced at more favourable pricing conditions.

Currency risk has been classified as material, while the economic capital allocated to this type of risk represents less than 1% of the Bank's total economic capital.

The table below presents the level of currency risk in terms of value at risk with a 99% confidence level over a one-day time horizon, allowing the Bank to estimate the sensitivity of the Bank's result to changes in market interest rates, including in particular potential losses.

Table 94. The level of currency risk in terms of value at risk with a 99% confidence level over a one-day time horizon

FX VaR (PLN thousand)	2023	2022
Average	289	596
Maximum	1,838	2,739
Minimum	43	58

Interest rate risk in the Banking portfolio

The Group's core business activities - lending and taking deposits from Customers - result in open interest rate risk positions that are transferred from business lines to portfolios managed by the Asset and Liability Management Division by means of a transfer pricing system.

The structural elements (the stable, not sensitive to interest rate, part of the current accounts and capital) are hedged with longer maturity transactions. On the remaining portfolio, the Group's intention is to close interest rate risk.

When determining the interest rate risk profile, the Group takes into account not only contractual parameters, but also the actual characteristics of the products resulting from customer behaviour and built-in options, applying models e.g. for current accounts, savings accounts, fixed rate loans, credit cards.

Modelling the behaviour of products divided into business lines allows to select their stable and unstable part, reacting in different ways to changes in interest rates.

The following basic types of interest rate risk analyses (for the overall portfolio and divided by currencies) are defined in the policy on interest rate risk adopted by the Group:

- a mismatch between the repricing dates of assets and liabilities ("gapping"), for the Banking book,
- sensitivity of interest income to defined - expected and stressed - scenarios for shifting interest rate curves, assuming various interest rate curve scenario (EaR),
- the amount of interest income under defined scenarios for the change of interest rate curves (NII),
- sensitivity due to different reference rates (basic risk),
- average investment horizon of capital and non-interest bearing current accounts (structural elements),
- sensitivity of fair value to a parallel shift of interest rate curves by 1 basis point, and to a shift of interest rate curves by 1 basis point at a selected nodal point of the curve,
- sensitivity of fair value measured as the nominal value of the annual transaction (item) with identical sensitivity (OYE),
- change in fair value of capital with defined scenarios for changing interest rate curves.

The aforementioned analyses are the essential component of the system used for mitigating the interest rate risk in the Banking book. The analyses are performed for the relevant portfolios on a daily, monthly or quarterly basis. Additionally, the Bank conducts sensitivity analyses for its Banking book, where the changes in interest rates are more considerable than those typically observed (stress tests).

The table below presents the interest rate gap for the Banking portfolio as at 31 December 2023. The gap presents the net amounts of revalued items by product in each time interval. Utilisation of set limits is below the maximum values.

**Table 95. Interest rate gap (in PLN thousand)**

In PLN thousand	To 1 month	1-3 months	3-12 months	1-5 years	over 5 years	total
Cash and balances at the Central Bank	6,883,582	-	-	-	-	6,883,582
Amounts due from Banks	17,827,198	20,000	43,500	-	-	17,890,698
Loans to Customers	30,210,912	30,650,554	14,098,918	10,553,549	1,541,514	87,055,448
Securities:	4,151,690	1,250,205	5,256,706	16,968,907	15,667,451	43,294,960
Other assets	790,060	207,252	308,856	1,736,859	783,916	3,826,942
Total assets	59,863,442	32,128,011	19,707,980	29,259,315	17,992,880	158,951,629
Amounts due to Banks	(7,710,372)	(6,629,872)	(553,761)	(346,134)	(13,681)	(15,253,819)
Amounts due to Customers	(44,050,895)	(20,881,213)	(26,159,655)	(22,400,351)	(12,905,000)	(126,397,113)
Other borrowed funds	-	-	-	-	-	-
Capital	(1,033,638)	(283,833)	(1,277,249)	(6,811,993)	(3,405,996)	(12,812,709)
Other liabilities	(4,748,614)	(101,402)	(4,500)	(11,833)	(484)	(4,866,834)
Total liabilities:	(57,543,519)	(27,896,320)	(27,995,165)	(29,570,310)	(16,325,162)	(159,330,476)
Off-balance sheet net liabilities	(2,602,125)	(5,014,081)	1,298,372	6,081,210	753,622	516,997
Interest rate gap	(282,203)	(782,390)	(6,988,813)	5,770,215	2,421,341	138,150

The average length of capital investment and non-interest bearing current accounts as at 31 December 2023 was 4.1 years.

The sensitivity of interest income when interest rate curves shift as at 31 December 2023 largely depends on changes in the balance sheet structure.

Below table presents sensitivity of interest income as at 31.12.2022 with immediate shift of interest rates in all currencies by 100 basis points, over a 12-month horizon, taking into account the shifts between non-interest-bearing current accounts and interest-bearing deposits resulting from high levels of interest rates in PLN and the increase/decrease in business margins in the case of the increase/decrease in interest rates. A significant factor affecting the sensitivity of interest income is the large proportion of non-interest bearing current accounts, some of which, for prudential reasons, are hedged (from an interest rate risk perspective) with short-term (O/N/1M) financial transactions. The impact of maturity mismatches between assets and liabilities on the sensitivity of interest income is at a low level.

Table 96. Sensitivity of interest income as at 31.12.2023 (in PLN million)

Shift in interest rate	+100 p.b.	-100 p.b.
PLN	167	(143)
All currencies - total	253	(229)

The supervisory test of the Group's equity economic sensitivity (change in the fair value of the Group's assets and liabilities, excluding own funds, under the assumed changes in interest rate curves) is presented in the table below in terms of amounts and percentages:

Table 97. Supervisory test of the Group's equity economic sensitivity

Scenario	PLN million	% of own funds
+200 p.b.	(12)	(0.08%)
-200 p.b.	(384)	(2.57%)



The economic sensitivity of capital is at a low level at the end of December 2023. As at 31 December 2023, the Group applies hedge accounting.

As at 31 December 2023, the Group applies hedge accounting:

- macro fair value hedge - the hedged risk is interest rate risk, and in particular changes in the fair value of fixed-rate assets and liabilities caused by changes in a specified reference rate. The hedged items are current accounts with fixed interest rates in PLN, EUR and USD. The hedging instruments are plain vanilla interest rate swaps (IRS) in PLN, EUR and USD under which the Bank receives a fixed interest rate and pays a variable rate based on WIBOR 6M, EURIBOR 6M, EURIBOR 3M, EUR ESTRS USD SFROIS.
- macro fair value hedge - the hedged risk is interest rate risk, and in particular changes in the fair value of fixed-rate assets and liabilities due to changes in a specific reference rate. The hedged item is a portfolio of fixed rate loans in PLN currency. The hedging instruments are plain vanilla interest rate swaps (IRS) in PLN, under which the Bank pays a fixed interest rate and receives a variable rate based on WIBOR 6M, WIBOR 3M.
- micro fair value hedge the hedged risk is interest rate risk, and in particular changes in the fair value of fixed-rate assets and liabilities due to changes in a specified reference rate. The hedged items are fixed-rate coupon bonds in EUR and USD. The hedging instruments are plain vanilla interest rate swaps (IRS) in EUR and USD, under which the Bank pays a fixed interest rate and receives a variable rates based on EUR ESTRS and USD SFROIS.
- cash-flow hedge – the hedged risk is interest rate risk and, in particular, the lack of volatility of interest flows on the on the hedged paper due to changes in a specified reference rate. The hedged items are: WZ1131 floating coupon bonds. The hedging instruments are plain vanilla interest rate swaps (IRS) in PLN, under which the Bank receives a fixed interest rate and pays a variable rate based on WIBOR 6M.

The war in Ukraine has generally not affected the management of interest rate risk in the Banking portfolio.

Liquidity risk

Liquidity risk is defined as the risk of the Bank losing the ability to meet its financial obligations, where liquidity is defined as the ability to:

- finance assets and meet the Bank's obligations on a timely basis in the course of its daily operations or in other conditions, without the necessity to incur loss, whereas, as maintenance of liquidity is the Bank's top priority - optimization of liquidity costs is considered in the last place,
- obtaining alternative and supplementary funding to those held at present if they are withdrawn early and/or not renewed, so as to meet the current or potential demand for funds from the current depositors, to cover lending and other potential liabilities related to, inter alia, the settlement of derivative transactions or collateral established by the Bank,

- generate a positive balance of cash flows over a specified time horizon, regardless of macroeconomic developments, achievement of business plans and changes in the regulatory environment.

The Bank operates in a free-market environment and is a financial markets participant, specifically in the retail, corporate and interBank markets, which offers a wide range of opportunities to control the liquidity level, but, at the same time, makes the Bank sensitive to crises in each of these environments. There is an automated risk monitoring system in the Bank which enables the Bank to obtain information on the current level of future liquidity risk on a daily basis and online information on the level of the intraday liquidity risk.

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The following types of liquidity are distinguished by the Bank:

- immediate liquidity (intraday) – during the present day,
- future liquidity – beyond the present day, additionally divided into:
 - current liquidity – within 7 days,
 - short-term liquidity – more than 7 days to 1 month,
 - medium- and long-term liquidity – over 1 month.

The Bank defines liquidity risk as the risk of losing its ability to:

- meet its payment obligations on a timely basis,
- obtain alternative and supplementary funding to those currently held,
- generating a positive balance of cash flows within a defined time horizon.

The Bank's policy on liquidity risk management focuses on:

- sustainable, organic growth of the balance sheet (an increase in the value of assets has to be linked with a corresponding rise in the level of financing with the use of stable equity and liabilities) as well as off-balance sheet transactions and liabilities;
- limitation of the Bank's dependence on changes in external conditions and ensuring that in a local or global crisis or a crisis directly affecting the Bank, the Bank will be able to quickly meet its obligations without reducing the range of its services or initiating changes in its core business profile. In the event of a crisis situation occurring in the longer term,



the Bank's policy focuses on maintenance of liquidity with possible changes in growth directions and introduction of costly business profile change processes;

- active limitation of the probability of adverse events which may affect the Bank's liquidity. In particular, this concerns events which may affect reputation risk. In such case, the Bank will undertake actions aimed at restoring confidence of both Customers and financial institutions as soon as possible;
- ensuring high quality of liquidity management standards. Actions aimed at improving the quality of liquidity management at the Bank are its top priority.

Customers' deposits supplemented by medium- and long-term lines of credit and equity are the major sources of funding used by the Bank. Medium- and long-term lines of credit, including subordinated loans and the funds obtained in the process of loan portfolio securitization, are provided mainly by the BNP Paribas Group, but also by the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB) and the Council of Europe Development Bank (CEB) Bank and other financial institutions. The policy adopted by the Bank allows the use of other funding sources, such as: issuing own debt securities or entering into structured transactions.

Loan financing structure

The Group limits the risk of financing, which is associated with the risk of having insufficient stable sources of financing in the medium- and long-term and with the necessity to incur an unacceptable level of losses.

The Bank's loans are financed mainly with the use of Customers' current and term deposits with the intention to maintain a stable relationship between these items and the funds deposited in the accounts of non-Banking institutions, which is presented in the table below:

Table 98. Structure of Group's loan portfolio financing

PLN million	31.12.2023	31.12.2022
Net loans	86,248	88,631
Total sources of funding	140,570	131,596
Customer deposits, including:	127,175	120,021
- retail Customers	50,355	49,020
- corporate	68,902	66,040
- non-Banking financial institutions	5,529	2,378
- public sector institutions	2,388	2,582
Liabilities to Banks*	13,395	11,575
Debt securities issued	-	-

* including subordinated liabilities

As at the end of December 2023, compared to December 2022, the amount of wholesale funding received from the BNP Paribas Group remained at the same level. At the end of Q1 2023, the Bank prepaid the securitisation liabilities and therefore completed the transaction. At the end of 2023, the Bank obtained financing from the BNP Paribas Group to comply with the MREL requirement.

The Bank finances its foreign currency loans with deposits accepted from Customers using, if necessary, foreign exchange transactions. In case of a necessity, the Bank may use funds from medium and long-term loans from the BNP Paribas Group, which provides stable financing to cover currency shortages in EUR, USD or CHF.

At the end of December 2023, the CHF mortgage portfolio was being financed by customer deposits in CHF and a subordinated loan from the BNP Group.

As at 31 December 2023, the structure of open long-term lines of credit was as follows:

Table 99. Structure of BNP Paribas Group loans in original currency

million	31.12.2023	31.12.2022
CHF	150	150
EUR	1,334	583
PLN	6,597	6,239

Table 100. Structure of loans from the EBRD, EIB and CEB

PLN million	31.12.2023	31.12.2022
PLN	852	1,370
EUR	14	18

The net liquidity coverage ratio (LCR) for the Group amounted to 239.1% at the end of December 2023, an increase of 69.3 p.p. compared to the end of 2022 (169.8%). The increase in the LCR measure is mainly due to an increase in customer deposits, a decrease in loans and an increase in the amount of highly liquid assets.

The Net Stable Funding Ratio (NSFR) for the Bank at the end of December 2023 reached 156.0% and for the Group - 152.8%, an increase from the end of 2022 by 24.3 p.p. and 22.3 p.p., respectively. The observed increase is due to a systematic increase in interest-bearing deposits instead of deposits in current and savings accounts. Fluctuations in the ratio in 2023 were not significant and the indicator gradually reached the current level.

The ongoing war in Ukraine had no impact on the Bank's overall liquidity position. The significant increase in NBP 2022 interest rates and macroeconomic factors (e.g. high inflation, economic slowdown, wage pressure) translated into lower loan demand from Customers and lower loan sales in 2023.



Operational risk

The Bank defines operational risk in accordance with the requirements of the Polish Financial Supervision Authority included in Recommendation M as the possibility of incurring a loss through the fault of inappropriate or unreliable internal processes, people, technical systems or as a result of external factors. It incorporates legal risk, but does not include strategic risk. The Bank also recognizes as operational risk events and losses the consequences of materialization of compliance risk. Operational risk is inherent in any type of Banking operations. The Bank identifies operational risk as permanently significant.

Operational risk management objectives

The Bank's operational risk management objectives include, in particular, compliance with high operational risk management standards that guarantee security of customer deposits, the Bank's equity, stability of its financial result as well as maintenance of the operational risk level within the range of the operational risk appetite and tolerance defined by the Bank. The main measure used to measure risk within the adopted appetite for operational risk is the ratio of operational losses recorded by the Bank over the adopted time period. While developing the operational risk management system, the Bank complies with the applicable legal requirements, in particular the recommendations and resolutions of the national financial supervision authorities and the standards adopted by the BNP Paribas Group.

Operational risk management strategy and policy

The operational risk management strategy is described in the "Operational risk management and internal control strategy of BNP Paribas Bank Polska S.A.", approved by the Management Board of the Bank and accepted by the Supervisory Board. The strategy is reviewed at least once a year, and the Management Board reports the results of the review to the Supervisory Board. Changes to the Strategy require the approval of the Supervisory Board, which assesses the implementation of the Strategy and compliance with it at least once a year.

The priority of the Strategy is to ensure that the Bank achieves its business objectives in a safe manner, accepting the level of risk only within the accepted risk appetite, eliminating unacceptable events, reducing the possibility of unexpected events with severe consequences for the Bank, and proactively responding and reacting to identified events that may cause such consequences. Achieving the above priority also includes supporting an appropriate operational risk management culture within the Bank. The goals of the Strategy, which the Bank achieved in 2023, related in particular to the implementation of measures to streamline and improve the quality of processes, reduce the risk of fraud, including unauthorised transactions, prevent credit fraud and also mitigate the materialisation of other risks (in particular regarding the CHF-denominated loan portfolio) and optimise and increase the efficiency of the internal control environment. Due to the ongoing military conflicts, the Bank also monitored potential risks to the Bank on an ongoing basis, including those relating to security and ensuring business continuity.

The Management Board of the Bank regularly receives information concerning the scale and types of operational risk to which the Bank is exposed, its effects and management methods. In particular, both the Bank's Management Board and the Supervisory Board are regularly provided with information about the development of the operational risk appetite measures specified in the Operational Risk Management Strategy.

The operational risk management strategy also covers the Bank's subsidiaries. In accordance with supervisory regulations, the Bank has oversight of operational risks related to the activities of its subsidiaries. Operational risk management in subsidiaries is carried out within dedicated units/persons appointed for this purpose. The manner and methods of operational risk management in subsidiaries are organized adequately to the scope of the entity's activities and its business profile, in accordance with the Bank's rules.

The organizational framework and standards for operational risk management are defined by the "The Operational Risk Policy of BNP Paribas Bank Polska S.A.", adopted by the Bank's Risk Management Committee. In accordance with the "The Operational Risk Policy of BNP Paribas Bank Polska S.A.", the Bank's operational risk management processes include:

- the identification and assessment of operational risks through the collection of information on operational events, the assessment of risks in processes and products, and determination of key risk indicators,
- setting the operational risk appetite and limits at the level of the entire Bank and individual business areas, the operational risk analysis and its monitoring and ongoing control,
- counteracting increased levels of the operational risk, including risk transfer.

Organization of operational risk management

The Bank maintains and develops an operational risk management system that comprehensively integrates the management of individual types of operational risk in all areas of the Bank's operations. The objective of the operational risk management system is to ensure the safety of the Bank's operations by implementing effective mechanisms for identification, assessment and quantification, monitoring, control, reporting and taking actions aimed at reducing operational risk. Such measures take into account the structures, processes, resources and scopes of responsibilities for the aforementioned processes at various organisational levels at the Bank.

The Bank precisely defines the roles and responsibilities in the operational risk management process, considering its organisational structure. The operational risk management process is implemented through three lines of defense. The first line of defense consists of risk management in the operational activities of the Bank. The second line of defense includes, in particular, risk management by employees of specially appointed organisational units, independent of the risk management of the first line of defense, and the activities of the compliance function. The third line of defense involves the activities of the internal audit department.

As part of the second line of defense, comprehensive supervision of the organization of operational risk management standards and methods is exercised by the Operational Risk, Internal Control and Anti-Fraud Division operating within the Risk area. The Division's responsibilities include operational risk management issues, protecting Bank from fraud, and supervision of internal control, as well as the management of data protection processes.

The definition and implementation of the Bank's insurance strategy, as a method of risk mitigation, is the responsibility of the Real Estate and Administration Department. On the other hand, business continuity management, including issues related to business continuity plans to ensure continuous and uninterrupted operation of the Bank and contingency plans



to ensure the Bank's ability to conduct its day-to-day operations, is the responsibility of the Security and Business Continuity Management Division.

As part of the legal risk management process, the Legal Division monitors, identifies and performs analyses of changes to universally binding law and their effect on the Bank's operations, in addition to court and administrative proceedings which affect the Bank. The Compliance Monitoring Division is responsible for day-to-day compliance risk analysis as well as development of appropriate risk control techniques and their improvement.

Other important areas of operational risk management include:

- HR risk (human resources management),
- outsourcing risk,
- model risk management,
- IT systems risk management (ICT risk),
- management of conduct risk,

for which risk management policies and procedures, are defined - in accordance with the scope of competence - by designated organizational units of the Bank.

The Bank periodically monitors the efficiency of the implemented operational risk management system and its appropriateness for its current risk profile. The organisation of the operational risk management system is reviewed as part of periodic control exercised by the Internal Audit Division, which is not directly involved in the operational risk management process but provides professional and independent opinions supporting achievement of the Bank's objectives.

The Supervisory Board oversees the control of the operational risk management system and assesses its adequacy and effectiveness.

Risk identification and assessment tools

The Bank attaches particular attention to the processes of identifying and assessing the causes of current operational risk exposure within Banking products. The Bank seeks to reduce the level of operational risk by improving internal processes, as well as to reduce operational risks accompanying the introduction of new products and services and the outsourcing of activities.

In accordance with the "The Operational Risk Policy of BNP Paribas Bank Polska S.A.", operational risk analysis is aimed at acquiring an understanding of the interdependence between the risk generating factors and operational event types, and it is performed primarily with the objective to define the operational risk profile.

The Bank manages operational risk using the following tools, among others:

TOOLS USED	THE MAIN PURPOSE OF THE TOOL
RECORD OF OPERATIONAL RISK EVENTS	<ul style="list-style-type: none"> • Effectively analysing and monitoring operational risks • Responding to disclosed operational risk vulnerabilities
OPERATIONAL RISK AND CONTROL SELF-ASSESSMENT (RCSA)	<ul style="list-style-type: none"> • Building operational risk awareness • Identification of operational risks, identification of threats and identification of their sources, as well as determination of the size and potential consequences of threats • Evaluation of control mechanisms and mitigation of identified risk • Improvement of processes and reducing identified operational risks • Ensuring adequate risk control in processes exposed to operational risk
SCENARIO ANALYSIS OF OPERATIONAL RISK (SA)	<ul style="list-style-type: none"> • Identification of events characterized by low frequency but high severity • Assessing the impact of possible extreme events on the Bank's operations by estimating the probability of occurrence and anticipated severity of the scenarios considered • Raising awareness of the Bank by providing information on possible operational risk scenarios • Support the development of action plans for identified risks
KEY RISK INDICATORS (KRI)	<ul style="list-style-type: none"> • Ongoing monitoring and reporting of operational risk exposures • Providing warning signals on the operation and operational risk exposure of the Bank's processes and business areas • Monitoring changes in risk levels
RISK ASSESSMENT OF IMPLEMENTED PROJECTS	<ul style="list-style-type: none"> • Identification and assessment of operational risks associated with the Bank's ongoing projects, including: products being implemented or modified • Independent verification and check by the second line of defense of the correctness of risk identification and mitigation by the first line of defense units • Recommendation of risk mitigation measures
IDENTIFICATION OF OPERATIONAL RISKS FOR CONTRACTS WITH EXTERNAL SUPPLIERS (OUTSOURCING)	<ul style="list-style-type: none"> • Ensuring proper identification and assessment, control and monitoring and mitigation of operational risks • Ensuring that regulatory requirements for the Bank's outsourcing process are met
OPERATIONAL RISK REPORTING	<ul style="list-style-type: none"> • Providing current and periodic operational risk information adapted to management purposes. Providing current and periodic operational risk information adapted to management purposes: to the Bank's Management Board, Committees responsible for risk management, the



TOOLS USED

THE MAIN PURPOSE OF THE TOOL

- Supervisory Board and other members of the Bank's management, according to their responsibilities
- Enabling assessment of the Bank's exposure to operational risk and evaluation of the effectiveness of operational risk management
 - Disclosure of operational risk information in accordance with Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on the conditions for the authorisation and prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, as amended. (CRD IV Directive) and the standards required by the institutions supervising the Bank's activities.

The operational risk profile constitutes the assessment of materiality of the risk, which is understood as the scale and structure of the operational risk exposure, defining the degree of exposure to the operational risk (operational losses), within the structural dimensions selected by the Bank and the defined scale. Periodic assessment and review of the Bank's operational risk profile is based on an analysis of the Bank's current risk parameters, changes and risks occurring in the Bank's environment, implementation of the business strategy, as well as the adequacy of the organisational structure and the effectiveness of the risk management and internal control system.

In accordance with the applicable regulations, the Bank determines regulatory capital to cover the operational risk. The Bank uses the standardised approach (STA) for calculation of the capital requirement. Subsidiaries of the Bank, on a consolidated basis, determine the capital requirements according to the basic indicator approach (BIA).

Internal control system

The internal control system at BNP Paribas Bank Polska operates in line with the requirements of the Polish supervisory authorities and is aligned with the internal control rules in place at the BNP Paribas Group. The Bank has and develops a system of internal control adjusted to the organisational structure, which includes the Bank's organisational units and basic organisational units and the Bank's subsidiaries.

A description of the internal control system is presented in the Corporate Governance chapter, under Control and risk management system in the reporting process.

Operational risk mitigation

In 2023 the Bank applied and maintained a number of measures to mitigate operational risk, strengthening control mechanisms and processes over this type of risk. In particular, processes and tools for preventing and combating fraud against the Bank were strengthened, including, among others, combating credit fraud and unauthorised transactions. The Bank monitored its exposure to legal risk on an ongoing basis, including risks arising from pending litigation concerning CHF-denominated loans, in order to respond adequately to changes in the level of risk. . With reference to the ongoing

military conflicts, the Bank monitored potential risks to the Bank on an ongoing basis, including those relating to security and ensuring business continuity.

The Bank's Management Board and the Risk Committee of the Supervisory Board are informed periodically, in particular about the effectiveness of the solutions implemented by the Bank.

Risks resulting from ongoing military conflicts

In terms of operational risk management, the Bank continuously analyses the risks associated with the consequences of military actions in Ukraine and and the Middle East (including, in particular, cyber or physical attacks targeting payment or Banking infrastructure that may result in disruptions to business continuity), and continues to take appropriate activities to ensure the security of both the Bank's employees and Customers and to ensure the uninterrupted implementation of business-related processes, including through the introduction of additional security protection measures and increased monitoring of the ICT infrastructure.

Compliance risk

The Bank defines compliance risk as the risk of negative consequences, including legal and regulatory sanctions, financial penalties and loss of reputation, due to the Bank's failure to comply with laws, regulatory standards and recommendations, ethical and market standards as well as internal regulations applicable to the Bank.

Compliance assurance system

The compliance assurance system consists of organizational arrangements, processes and control mechanisms aimed at ensuring the Bank's compliance with laws, internal regulations and market standards. The system operates as part of the internal control system and is implemented along three lines of defense:

- the first line of defense includes all organizational units responsible for the operational functioning of the Bank. These units are required to comply with internal regulations, apply the control mechanisms and compliance risk control mechanisms established at the Bank, as well as to ensure independent horizontal monitoring of compliance with control mechanisms aimed at ensuring compliance,
- the second line of defense includes a) activities of the Compliance Monitoring Division, which is responsible for the implementation of the compliance risk management proces and b) the activities of other organisational units of the Bank performing the control function independently of the first line of defence, which are responsible for ensuring compliance in their areas of competence (e.g. risk monitoring units, legal unit),
- the third line of defense involves the activities of internal audit, which is responsible for testing the adequacy and effectiveness of the internal control system.

The Compliance Monitoring Division assists, with respect to compliance risk, the Management Board in introducing and ensuring the operation of an adequate and effective internal control system and the Supervisory Board in supervising its implementation.



The role of the compliance function

In the Bank, as part of the second line of defense of the internal control system, there is a separate, independent compliance unit - the Compliance Monitoring Division. The activities of this unit are aimed at implementing the process of compliance risk management, i.e. introducing solutions to identify, assess, control and monitor this risk. This unit is also responsible for submitting reports in this regard to the Bank's Management Board and the Supervisory Board.

As part of the compliance assurance system, the activities of the Compliance Monitoring Division also include: designing and implementing internal regulations, advising, conducting investigations, creating compliance risk control mechanisms, current vertical verifications and vertical and horizontal testing of the effectiveness of control mechanisms to ensure compliance of the Bank's operations with laws, internal regulations and market standards, including their compliance with the first line of defense of the Bank's internal control system, with particular attention to the following areas:

- anti-money laundering and counter-terrorist financing,
- compliance with embargoes and international sanctions,
- countering corruption,
- protection of customer interests,
- conducting Banking activities in accordance with professional ethics,
- performance on financial markets,
- preventing market manipulation and insider trading,
- management of conflicts of interest,
- compliance by the Bank and its Customers with regulations on tax avoidance and those relating to financial markets, with a transnational scope.

Appropriate mechanisms have been introduced at the Bank to ensure the independence of the Compliance Monitoring Division and to provide it with a possibility to perform its assigned functions. As part of the Bank's organizational structure, the Managing Director of the Compliance Monitoring Division reports directly to the President of the Management Board, and the rules and regulations of the Compliance Monitoring Division and the necessary mechanisms to ensure its independence are approved by the Supervisory Board. In addition, the Bank has a dedicated procedure for the appointment and dismissal of the head of the Compliance Monitoring Division, and the necessary mechanisms are in place to protect the employees of the Compliance Monitoring Division from unjustified termination of their employment contracts.

Climate-related risks and opportunities

[GRI \[3-3 BNP Paribas Bank's strategic commitments and their implementation in the field of climate change mitigation\]](#)

ESRS E1-2

Managing climate risk is one of the main challenges facing the financial sector. The Task Force on Climate-related Financial Disclosures (TCFD) set up by the Financial Stability Board (FSB) published guidance in 2017 for companies showing how they should report the environmental impact of their operations and how they should understand the risks and opportunities associated with climate change. The Bank discloses climate information in line with the TCFD recommendations. The guidance is organised around four thematic areas: governance, strategy, risk management and metrics and targets.

Methodologies for presenting indicators: The Bank assumes that the short-term perspective is up to 1 year, the medium-term perspective is 1-5 years and the long-term perspective is more than 5 years.

Governance

1.a. Overview of management's oversight of climate-related risks and opportunities

The Bank carries out a range of analyses to mitigate climate-related risks, such as a portfolio assessment of Customers' exposure to various physical risks and to transition risks, an examination of regional and sectoral distributions of exposures, an assessment of Customers' ability to measure their carbon footprint or the verification of negative information (so-called controversies) that relate to Customers' ESG activities.

Besides the reports prepared for the day-to-day purposes of the Bank's management, risk monitoring is carried out through a formal system of limits and reports, implemented as part of the risk management system. The ESG Risk Management Principles set out the principles for monitoring and reporting risks, including climate risk. At the same time, work is in progress on the calculation of the Bank's asset issuance (scope 3, category 15), which will allow a more complete assessment of transition risks and the adjustment of the business strategy in this area.

Information on the level of climate risk within ESG risk, is reported on a quarterly basis to the Risk Management Committee, the Bank's Management Board and the Supervisory Board. The reporting of climate risk focuses on presenting the results of the information collected in the credit process based on ESG questionnaires. In addition, information is presented on the results of the internal capital measurement for ESG risk compared to the set limits in the capital plan. The Bank's Management Board determines, and the Supervisory Board approves, the level of ESG risk appetite, as well as the principles for measuring ESG risk, including climate risk, in the ICAAP process. The level of the ESG risk appetite is provided on a quarterly basis and the level of the designated appetite is reviewed annually, the results of which are discussed at a meeting of the Management board and the Supervisory Board.

In addition, the Management board and the Supervisory Board are informed of the results of additional analyses in the area of ESG risks. In 2023, these included the conclusions of the Bank's climate stress tests.



In respect of strategic monitoring, the key targets included in the strategy document are presented to the Management Board on a quarterly basis (and in a broader annual form). Climate-related indicators are also incorporated, including, inter alia, the level of CO₂ emissions or the value of sustainable financing. In addition, each member of the Management Board includes sustainability and climate-related indicators in their annual targets. These include, among others, a target that takes into account the level of sustainable assets, which is a key element of the POSITIVE pillar in the Bank's GO beyond Strategy 2022-2025.

1.b. Management's role in assessing and managing climate-related risks and opportunities

In 2022, the Sustainability Area was established at the Bank, with the Chief Sustainability Officer (CSO) as Executive Director. The CSO acts as the main coordinator of sustainability issues within the organisation, leads the Sustainability Council and reports on climate issues directly to the CEO, who oversees the implementation of the strategic integration of climate aspects into the organisation's operations.

In parallel, the Sustainability Area works closely with other areas and units on improving the Bank's sustainability offering and operations. Examples of cooperation and responsibilities in other units of the Bank include, among others: Risk and Reporting Processes Department (e.g. EU Taxonomy, EBA guidelines, GHG Emissions in scope 3), Public Sector and Institutions Office (cooperation with local authorities and local authorities subsidiaries on sustainability), Procurement Department (environmental and social criteria in supplier assessment) or business lines (e.g. training and cooperation with Customers on implementing sustainable financial solutions).

Strategy

2.a. Description of the climate-related risks and opportunities that the organisation has identified in the short, medium and long term

The Bank analyses the possible impact of trends related to climate change by identifying opportunities and threats to its business and growth prospects. Due to the nature of the business of financial institutions, most opportunities and risks are indirect in nature, being strongly linked to Customers' successes and challenges. Possible inadequacies in adapting to climate-related changes and the consequent losses on the part of the Customer may translate, among other things, into the quality of the repayment of the financing provided. By contrast, Customer activity that takes into account new opportunities and minimises losses allows Banks to strengthen the quality of the portfolio and be the beneficiary of a long-term relationship with the Customer.

The direct opportunity is an emerging market niche in which Banks can build their position and success as institutions supporting the transition towards a sustainable economy. This field is not limited to financing renewables. It is entirely new business models, e.g. supporting low-carbon housing (through Green Mortgages), energy efficiency or the circular economy. An example of such activities is the long-term rental of electronic devices, with a pre-planned overall (and extended) product life cycle. Further examples are financial products linked to sustainability factors such as Sustainability-Linked Loan or ESG Rating-Linked Loan. These solutions allow a partial link to be made between the margin of the loan and the Customer's progress in achieving (pre-defined) sustainability goals. The solution thus creates an additional incentive to take action in this area. In most cases, climate change mitigation is the most important indirect or direct measured objective in these products.

Climate change risks affecting the Bank's business model, strategy and financial plan can materialise through three main channels:

- **Physical risks** associated with environmental degradation, e.g. air, water and land pollution, deforestation (these events may lead to e.g. infrastructure damage, crop damage, reduced productivity or indirectly lead to consequences such as disruption of the supply chain), and climate change, including the occurrence of: extreme weather events e.g. storms, floods, fires, heat waves, which can damage production facilities and disrupt supply chains, or long-term climate change, which may lead to, inter alia, increased temperatures, changing rainfall patterns, rising sea levels, reduced water availability, loss of biodiversity and changes in soil productivity.
- **Transition (transformation) risks** arising from the need to adapt the economy to gradual climate-related changes, in particular to the use of low-carbon and more environmentally sustainable solutions. These risks may materialise, i.a. through:
 - regulatory risk (changes in climate and environmental policies, e.g. as a result of energy efficiency requirements, carbon pricing mechanisms that increase the price of fossil fuels or policies that encourage sustainable use of environmental resources),
 - technological risks (a technology with a less damaging impact on the climate or the environment replaces a more damaging technology, rendering it obsolete), which can be associated with missed investments in new technologies,
 - changes in market sentiment and social norms (changing consumer and investor choices, difficulties in maintaining relationships with Customers, employees, business partners and investors, due to the company's reputation for negative climate and environmental impacts).
- **Liability and reputational risks** arising from the Bank's exposure to counterparties that could potentially be held liable for negative environmental, social and corporate governance impacts of their activities (e.g. compensation for losses).

The above risks can materialise both in the short term, such as sudden extreme climate events or the potential introduction of radical policies for rapid decarbonisation, but also in the long term. This is due to the fact that the energy transition is a long-term process, designed to last until min. 2050. In turn, the consequences of its possible neglect, manifested in the form of adverse climate change caused by excessive greenhouse gas emissions, occur with a delay of many years with respect to the moment when these emissions are generated.

It should also be noted that the targeted energy transition plan for Europe is primarily a massive investment, requiring significant amounts of capital. The main provider of this capital will be the Banks, which from the perspective of a financial institution is an opportunity for dynamic and sustainable growth. Energy from wind or solar does not have to be supplied from another country, which in the current situation is perceived by the public as a significant benefit and may encourage investment in this area.

2.b. Description of the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

Sustainability commitments are an integral part of GO beyond's strategy, forming one of its four pillars - POSITIVE. Under it, the Bank is committed to developing sustainable, including green products. The value of sustainable finance is one of



the three most important strategic indicators alongside return on capital and cost-to-income ratio. As a result, it will also reduce ESG risks within the financed portfolio and reduce greenhouse gas emissions.

To mitigate the negative impact of ESG risks, the Bank, through its lending policy, supports activities related to reducing energy intensity, thermo-modernisation of buildings, increasing the efficient in the use of other key resources such as water. The Bank acts proactively in this area, seeking out and supporting innovative companies whose products can generate a positive impact. Support is not limited to providing funding to such institutions. The Bank offers professional support, helps to connect with business partners and also has the opportunity to invest directly in an innovative company. Financing in the sustainable and green economy sector is further supported by the introduction in 2020 of a formal catalogue of products and investment types with positive impact entitling them to apply preferential internal transfer pricing, allowing for a significant strengthening of the competitiveness of sustainable offerings.

In parallel, we recognise the value and opportunities in cooperation with the public sector and development Banks. Cooperation in this area allows us to combine the experience of the public sector with the unique competences of the Banking sector, including our Bank. This allows us to contribute to scaling up and leveraging public funds. Examples of such projects are: "Czyste Powietrze" (Clean Air) allowing for the financing of thermal modernisation of homes; the ELENA project allowing for the financing of energy audits among businesses, or the loan with the BiznesMax guarantee for innovative (including green) investments.

The Bank has also the unique ability to put the brakes on projects that significantly increase the risk of climate-related changes and/or have a significant exposure to the effects of climate change by limiting, or stopping altogether, the financing of such initiatives, as specified, inter alia, in CSR sector policies. An example of such a policy is i.a. the decision to completely cease financing and cooperation with Customers involved in coal mining and combustion by 2030 (for OECD countries).

The strategy focuses on opportunities and ensuring resilience against risks that may have a financial impact, including an impact on strategic planning and risk management, but also a non-financial impact. The proper management of climate-related risks represents a strategic opportunity for the Bank. These opportunities primarily relate to reducing the exposure of the Bank's assets to climate change risks, including taking a long-term view related to mitigating material risks before they start to have an adverse impact. In addition, the Bank's activities contribute to the conservation of raw materials, including, inter alia, the use of more efficient modes of transport and production and distribution processes, recycling, the use of more efficient buildings or the reduction of water consumption. By skilfully exploiting opportunities, business models can be rebuilt and technologies upgraded, including the use of low-carbon energy sources, the development of low-carbon goods and services, the development of climate change adaptation solutions, the development of new products or services through R&D and innovation.

Conscious of the Banks' key role in financing the economy, the Bank is continuously developing the awareness of its employees in the area of sustainable development. In order to achieve this, intensive educational activities are being undertaken in the area of sustainability, including climate change. This includes the ESG Academy, a series of training sessions for Customer Advisors on sustainable financial products, as well as a range of educational materials that also focused on the threat of climate change itself and its impact on business.

2.c. Description of the resilience of the organization's strategy, taking into consideration different climate-related scenarios (including a 2°C or lower scenario)

In the short to medium term, the impact of activities supporting climate protection on financial performance will remain neutral. The scale of financing for new investments will cover the gap associated with the discontinuation of support for certain industries. The interest rates on such contracts are often preferential and can have a negative impact on the interest margin. On the other hand, it should be noted that we are often dealing with agreements enriched with additional guarantees from external institutions. This has a positive effect on the level of risk and RWA (Risk Weighted Assets) and thus translates into lower capital intensity. As a result, the return on capital remains favourable and the shareholder will not experience a negative change.

In the long term, the advantages of sustainable financing should clearly prevail, due to the lower cost of risk compared to the most exposed industries. Furthermore, the Bank's commitment to promoting climate transformation and associating the Bank's brand with this area should also have a positive impact on building long-term relationships with Customers, who are becoming increasingly appreciative of the need for this type of change. Such a strategy should also have a positive impact on the recruitment of young people who are most committed to tackling climate change, supporting the need to build a stable base of loyal Customers.

The Bank also carries out an analysis of individual economic sectors in terms of their potential for transformation. The table below shows the non-retail credit exposure by section of the Polish Classification of Economic Activities (PKD), together with a breakdown of the probability of failure/delay of energy transition. The result is presented on a colour scale from green to red, where green represents the lowest probability and red the highest.

The probability of a delayed/unsuccessful transition is estimated based on:

- the emission intensity of the relevant economic sector (according to PKD codes),
- the pace of energy transition assumed in the climate scenarios,
- the impact of individual scenarios on the financial performance of companies, obtained from the Bank's climate stress tests.

The calculations are carried out at the level of PKD classes and then aggregated to the section level as a weighted average, where the credit exposure in each class is used as weights.

The Network for Greening the Financial System (NGFS) climate scenarios were used in the analysis, viz:

- the orderly transition scenario ('net zero 2050') - this scenario assumes that climate neutrality is achieved by 2050 and global warming is limited to less than 2°C. This is possible through the implementation of appropriate climate policies as early as 2020 and their consistent implementation in the following years. Early action on decarbonisation leads to a reduction of both physical and transition risks;
- a disorderly transition ('delayed transition') scenario - the implementation of relevant climate policies only takes place after 2030. Achieving climate neutrality by mid-century is still possible, but requires intensified decarbonisation efforts, faster action and thus higher transition costs;



- the current policies scenario ('current policies')-this assumes that no climate policies are implemented beyond those already in place. Global emissions continue to rise, leading to a warming of more than 3°C by the end of this century. The risk of transition in this scenario is low, but it leads to the materialisation of physical risks.

In the context of the following analysis, the scenarios presented are considered over a 20-year horizon.

Table 101. Analysis of selected economic sectors in terms of their potential for transformation

Section	Balance sheet exposure (PLN million)	Probability of failure/delay of energy transformation		
		net zero 2050	delayed transition	current policies
Agriculture, forestry, hunting and fishing	9,917.4	Orange	Red	Green
Mining and quarrying	49.4	Orange	Orange	Green
Industrial processing	11,540.7	Orange	Orange	Green
Electricity, gas, steam and air conditioning supply	996.0	Red	Red	Green
Water supply, sewage and waste management and remediation activities	167.7	Red	Red	Green
Construction	2,689.9	Green	Yellow	Green
Wholesale and retail trade; repair of motor vehicles and motorbikes	7,711.1	Green	Yellow	Green
Transport and storage management	2,790.8	Yellow	Yellow	Green
Accommodation and food service activities	403.9	Green	Green	Green
Information and communication	2,723.2	Yellow	Yellow	Green
Financial and insurance activities	17,415.5	Green	Green	Green
Real estate activities	5,584.2	Yellow	Yellow	Green
Professional, scientific and technical activities	2,933.0	Yellow	Orange	Green
Administrative and support service activities	1,279.4	Yellow	Yellow	Green
Public administration and defence, compulsory social security	99.0	Green	Orange	Green
Education	88.2	Green	Green	Green
Health care and social assistance	840.9	Yellow	Yellow	Green
Arts, entertainment and recreation activities	20.2	Yellow	Yellow	Green
Other service activities	107.4	Yellow	Yellow	Green

* The result was presented on a colour scale from green to red, where green indicates the lowest probability and red the highest failures/delays in the energy transition

Risks

3.a. Description of processes for identifying and assessing climate-related risk

In 2021, in line with the requirements of the EBA Guideline/GL/2020/06 of 29 May 2020 on loan origination and monitoring, the Bank has developed ESG assessment questionnaires that have been implemented in the credit process. As such, the Bank verifies that Customers are aware of the risks associated with the materialisation of ESG risks and take measures to protect themselves against them. The assessment aims, i.a., to identify the negative impact of physical and transition risks on the Customers' business. In addition, as part of the ESG assessment, the Bank verifies whether Borrowers have implemented/are planning to implement solutions to protect their business from the negative effects of climate change, including:

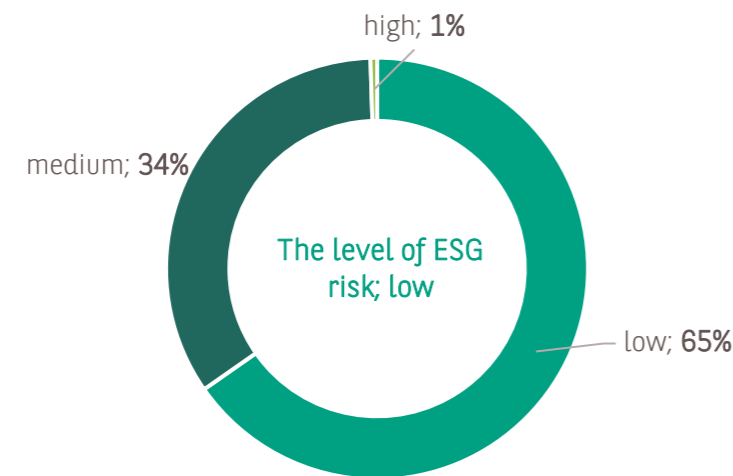
- use of electricity from renewable energy sources,
- implementation of the greenhouse gas reduction plan,
- implementation of a plan to reduce water and electricity consumption or to diversify towards renewable energy,
- taking action to reduce the impact of climate change on its activities

The Bank's approach to ESG risk analysis focuses on assessing two perspectives:

- impact materiality (i.e. the impact of the business activity on the environment),
- financial materiality (i.e. the impact of the environment on the business).

These two perspectives showing the impact of economic activity on the environment and the environment on economic activity are referred to as "double materiality". It is considered that they are correlated, as reducing the negative effects of economic activity on the environment in the long term should result in reducing the negative effects of the environment on economic activity.

Based on the data collected in the lending process, the level of ESG risk of the Bank's Clients is examined, including climate-related risk. A rating is given according to a three-tier scale (low/medium/high risk). After aggregating the results, according to the data for the end of 2023, the exposure-weighted average rating of the loan portfolio subject to analysis was given a low level..

**Chart 23. Breakdown of loan portfolio by ESG ratings and overall portfolio assessment**

Drought, heat waves and the impact of heavy precipitation (rain, snow, hail, ice) dominate among the physical risks most frequently indicated by Clients. One concern is that only 11% of Clients declare sensitivity to any type of physical risk.

The Bank's exposure to high-carbon sectors amounts to PLN 2.8 billion and decreased year-on-year by more than 6%. High-carbon sectors are defined according to the leading PKD codes of companies' activities and include the industries, indicated in the table below.

Table 102. The Bank's exposure to carbon-intensive sectors by leading PKD code (in PLN million)

Sector	31.12.2023	31.12.2022	change
automotive	570.6	568.6	0.4%
aviation	3.1	6.9	(54.6%)
cement	352.1	245.3	43.6%
coal	0.0	203.7	(100.0%)
oil and gas	382.6	211.3	(81.1%)
energy	762.0	895.6	(14.9%)
ships and water transport	90.2	115.6	(21.9%)
steel production and processing	653.7	759.8	-14.0%
Total	2 814.3	3 006.8	-6.4%

3.b. Description of processes for managing climate-related risks

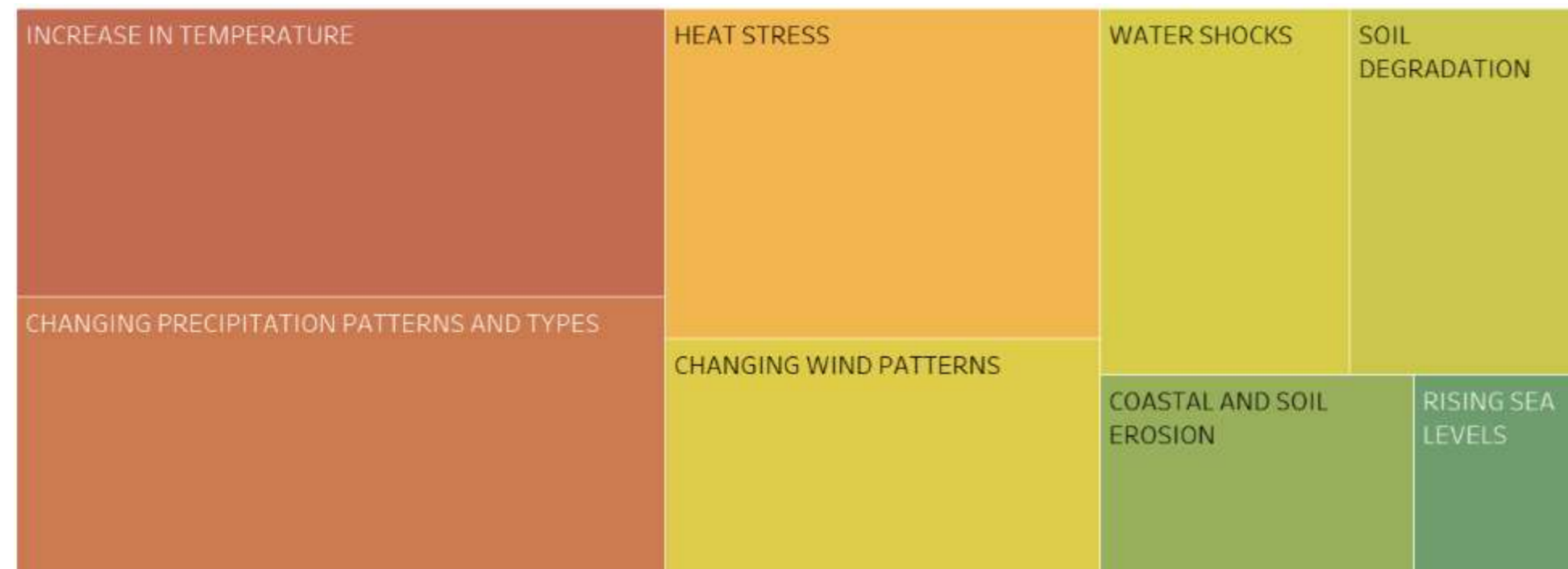
As stated in the Risk Management Strategy, ESG risk refers to the risk of loss resulting from current or future adverse effects of environmental, social or governance factors on the Bank's counterparties or invested assets, which includes, i.a., environmental risk - the risk arising from the Bank's exposures to counterparties potentially adversely affected by environmental factors, including those arising from climate-related changes and factors related to environmental degradation.

The process of managing climate-related risks is defined by the Bank in the Principles of ESG Risk Management. The Principles are a synthesis of the actions taken by the Bank in the area of ESG management, in the context of their impact on the Bank's credit risk and internal capital. By determining the risk appetite, the Bank limits its exposures to Customers with high ESG risk. The designated risk appetite aims to determine the level of risk that the Bank is prepared to accept in pursuit of its strategic objectives and financial plans. The ESG risk level should be rated as low.

To manage climate change risks, the Bank has incorporated into its loan origination and monitoring process an assessment of the impact of long-term climate-related changes and extreme weather events on borrowers' activities, in line with a classification system that establishes a breakdown into:

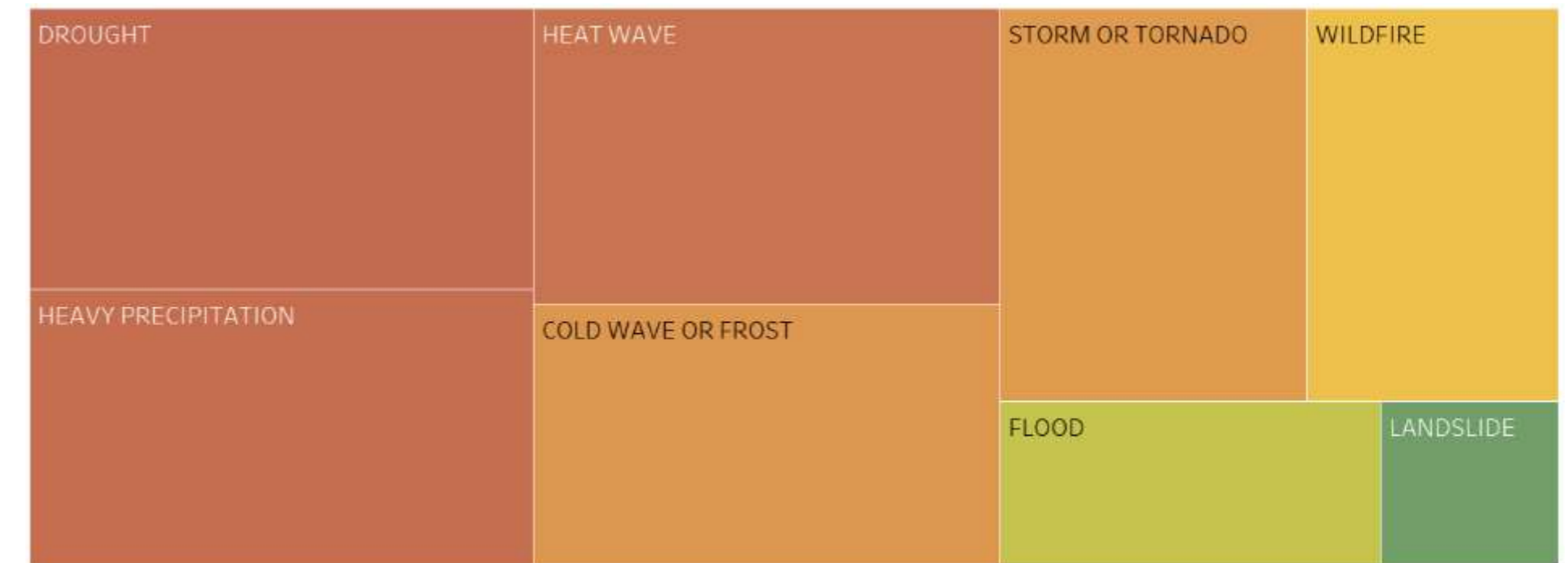
1. Long-term climate-related changes:

- effect of higher temperatures (air, fresh water, sea water),
- effect of thermal shocks,
- effect of changing wind patterns,
- effect of changing precipitation patterns and types (rain, hail, snow),
- effect of sea level rise,
- effect of water stress (limited access to fresh water),
- effect of soil and coastal erosion,
- effect of soil degradation.



2. Extreme weather events:

- effect of heat waves,
- effect of cold waves,
- effect of fires,
- effect of storms, tornadoes, etc.,
- effect of droughts,
- effect of heavy precipitation (rain, hail, snow, ice),
- effect of floods, effect of landslides.



The above categories were ranked according to the materiality of these risks, estimated on the basis of Customers' responses obtained in the ESG questionnaires. In addition, special attention was given to the risks that are regionally most specific to Poland, namely droughts, heat and floods. These categories were included in the climatic stress tests conducted at the Bank in 2023.

The division into the risks above was implemented on 30 June 2021, with the entry into force of the EBA Guideline EBA/GL/2020/06 of 29 May 2020 on Loan Origination and Monitoring. In determining the risk types, the Bank followed the guidelines set out in the EBA Report on the Management and Supervision of ESG Risks for Credit Institutions and Investment Firms (EBA/REP/2021/18), as well as the risk types indicated in Commission Implementing Regulation (EU) 2022/2453 of 30 November 2022 on the disclosure of environmental, social and corporate governance risks.

The risk assessment also examines the sensitivity of the Bank's Customers to transition risks (transition to a climate-neutral economy). The Bank is particularly attentive to financing sectors deemed sensitive in terms of ESG risks (including climate risk) and is limiting its participation in industries widely regarded as particularly damaging and unsustainable.

The Bank, pursuant to the BNP Paribas Group CSR Policies, identifies nine sectors that are particularly sensitive in terms of ESG risks. These sectors are: coal-based power generation, mining, nuclear, defence and safety, forestry (wood pulp, palm oil), agri-food, fuel in oil and gas resources and tobacco.

In each of these sectors, the Bank applies CSR Policies and principles to Customers operating in them. All current and potential Customers of the Bank operating in in these sectors are informed about the CSR Policies. In order to become a Customer of the Bank or obtain financing, an entity must comply with a number of requirements regulated by the Policy for the sector in question. With regard to sectors that are particularly harmful in terms of sustainable development, the Bank takes strategic decisions to exit from serving Customers belonging to them.



The sectoral approach to our Customers' analysis has been developed through the implementation of a process to comprehensively assess the level of progress in sustainability practices at our strategic Customers, the so-called ESG Assessment (ESG-A). The analysis is performed on the basis of extensive sector questionnaires that correspond to EU regulations in the area of sustainable development and focus on ESG factors relevant to the industry. The ESG-A process will be developed and will include an increasing number of Customers in the next stages of implementation.

3.c. Description of how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management

As a consequence of the identification of ESG risks (which includes climate risks) as material for the Bank in 2020, it became necessary to include the impact of environmental factors, among others, in the traditional risk management model. On the basis of the above, ESG risks were included in the Risk Management Strategy and Risk Appetite. In order to mitigate and control the risks, the principles for measuring ESG risks (which include climate risks) in the Bank's Internal Capital Assessment Process (ICAAP) have also been developed. The Bank's Capital Plan for 2023-2025 was supplemented with limits for ESG risks set based on the risk measurement and materiality assessment performed.

As part of the risk identification process, a significant impact of ESG factors on credit risk was recognised. As ESG risk is not comprehensively included in the measurement of internal capital for credit risk, it was decided to separate ESG risk as a hard-to-measure risk category until ESG factors are included in the credit parameters.

The Bank seeks to explore the interdependencies between the different risk categories, which includes ESG risk (which includes climate risks). In this context, ESG risks are also analysed in relation to business and reputational risk. In order to ensure the highest standards in the process of identifying, assessing and managing climate-related risks, the Bank takes into account all existing and emerging regulatory requirements in this area.

Metrics and targets

4.a. Metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process

The Department of Economic and Sectoral Analysis takes into account the ESG risks of specific industries (and the value chains of these industries) both in assessing their risks and the potential demand for green investments by entities in these industries.

Entities in industries most heavily exposed to climate change and/or most affected by climate-related changes should be most concerned with investments that mitigate these risks in the short, medium and long term. Such investments, may require significant funding from external sources such as a Bank loan. The Bank identifies nine sectors that are particularly sensitive in terms of ESG risks. In each of these sectors, the Bank implements CSR Policies and Principles towards Customers operating in them. In order to become a Customer of the Bank or obtain financing, an entity must comply with a number of requirements regulated by the CSR Policy for the sector in question. The sectoral approach to the analysis of our Customers' ESG risks has been developed through the implementation in January 2023 of a process to comprehensively assess the level of progress of sustainability practices at our strategic Customers, the so-called ESG

Assessment (ESG-A). The analysis is performed on the basis of extensive sector questionnaires, which comply with EU regulations in the area of sustainability and focus on ESG factors relevant to the respective industries.

Besides the periodic analysis of risks in sensitive sectors, as well as the ESG-Assessment process, the EBA/GL/2020/06 Guidance on loan origination and monitoring was implemented in 2021, which requires Banks to integrate an analysis of ESG factors into the credit process. Consequently, from 30 June 2021, an ESG risk analysis is performed for each new financing or increase in financing.

4.b. Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks

A comprehensive table of greenhouse gas emissions from operations (market-based) is presented in the Bank's Green Change chapter. In terms of Scope 1 and 2 and business travel, the Bank has set a target to reduce greenhouse gas emissions by 55% by 2025.

Table 103. Achieving the GO beyond strategic objective (2022-2025)

Target 2025	emissions (tonnes CO ₂ e)		
	Baseline year 2019	2023	2023 vs 2019
Reduction of CO ₂ emissions from operations - 55%	20,149	10,264	(50%)

From the Bank's perspective, the most significant emissions are those within scope 3, particularly those resulting from category 15 of the GHG Protocol. These include indirect emissions from the credit portfolio, over which the Bank has no direct control. Recognising the role the Bank can play in the decarbonisation process, work is underway to measure the carbon footprint of the Bank's credit portfolio. The calculations are based on the PCAF methodology.

Data on emissions in all three scopes are collected directly from the Bank's Clients through ESG questionnaires. In the absence of such information, they are estimated using statistical methods and sector-specific emission factors assigned to exposures based on leading PKD codes. The calculation also covers part of the retail portfolio, i.e. mortgage and car loans, as well as exposures to the State Treasury.

The adopted approach allows for a coverage of the Bank's portfolio at the level of 92%. However, the quality and availability of data used for carbon footprint measurement remain low. Therefore, the current focus is on improving these parameters so that the final results are comparable and provide the highest possible information value.

The results generated will ultimately be incorporated into the Bank's already existing processes for managing the climate risk of the loan portfolio (including stress testing), and will also form the basis for setting goals for the decarbonisation of the loan portfolio and the subsequent business strategy.



4.c. Description of the targets used by the organization to manage climate-related risks and opportunities and performance against targets

The Bank monitors a range of strategic KPIs as part of the implementation of its strategy, the performance of which is presented to the Management Board and the Supervisory Board on a quarterly basis. These include KPIs attributed to climate-related risks, including targets for reducing the Bank's CO₂ emissions and the level of sustainable assets.

Sustainability activities are an intrinsic part of GObeyond Bank's 2022-2025 strategy, which includes commitments to develop sustainable products, their sales volumes, as well as to reduce greenhouse gas emissions (in scope 1 and 2).

The Bank is accelerating the financing of any activities that promote the decarbonisation of the economy, by setting ambitious - and regularly exceeded - targets for renewable energy financing and actively investing in green technologies. In 2023, sustainable financing provided by the Bank amounted to PLN 9.6 billion. Including PLN 6.5 billion of financing for environmental objectives ('green' financing).

The 2022-2025 targets at BNP Paribas Group level include the development of financed emissions trajectories consistent with the Net-Zero Banking Alliance (NZBA) and work on presenting the current exposure in the area of financed greenhouse gas emissions (Scope 3, Category 15).

BNP Paribas Group is also one of the leading financial institutions in issuing green bonds and sustainability bonds in the global market, as well as working capital loans with interest rates linked to sustainability goals (Sustainability Linked Loans).



Values and principles

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Irina Oleś, Audit Manager



Ethics in internal and external relations

GRI [2-15] [2-16] [2-24] [3-3 Corporate culture]

The Group's norms of behaviour and ethical standards are set out in the **Code of Conduct of the BNP Paribas Group**, available to the public at <https://www.bnpparibas.pl/csr/strategia-csr/lad-korporacyjny>. The document is an expression of our commitment to being a respected European Bank with global reach. It contains guidelines for all BNP Paribas Group employees.

In accordance with the Code, employees must comply with laws and regulations regarding, in particular:

- Protecting Customer interests,
- Counteracting money laundering and financing terrorism,
- Counteracting corruption,
- Avoiding and managing conflicts of interest,
- Preventing market abuse,
- Counteracting all forms of discrimination,
- Environmental protection and counteracting climate change,
- Responsible behaviour in society and corporate social responsibility.

Every employee receives mandatory training on the principles of the Code of Conduct. Training helps employees to be familiar with the document and understand the priorities. Employees' awareness of the applicable attitudes is also systematically increased through ongoing internal communication. Each supplier of the Bank and Partner (Agent, Contractor, Vendor), as part of the signing of a contract is obliged to read the BNP Paribas Group Code of Conduct and comply with the principles set out there.

In 2022, the position of **Director of Ethics and Standards of Conduct** was created at the Bank and an **Ethics and Standards of Conduct Committee** was set up, where the main indicators (KPIs) related to compliance with the Code of Conduct are presented, as well as the assessment of risks related to standards of conduct and the degree of implementation of projects on these topics.

The Ethics and Standards of Conduct Committee is held quarterly and attended by members of the Bank's Management Board. Once a year, a report is submitted to the Bank's Supervisory Board. The KPIs and information on the progress of project implementation are reported quarterly to the BNP Paribas Group. Once a year, the Bank's Management Board reviews and evaluates compliance with the ethics principles in order to adapt them to the changing internal situation in the Bank and the Bank's environment in accordance with Recommendation Z issued by the Financial Supervision Commission. During the Committee, the members of the Management Board are informed of critical problems and the

nature of the concerns. In 2023, there were no serious reservations identified. Concerns about potential and actual negative impacts reported through grievance mechanisms and other processes are covered in the chapters dedicated to these aspects (diversity policy, legal compliance).

In 2023, every employee had to complete at least two Code of Conduct awareness training courses ("Conduct Journey-Season" and "Conduct Journey-Season 2") and at least two mandatory compliance training courses.

During 2023, the Bank's Ethics Ombudsman continued his activities, whose main tasks are to reinforce ethical attitudes among employees, provide consultation to employees on specific situations of ethical concern, conduct training on ethical issues and compliance standards.

The BNP Paribas Group Code of Conduct defines behavioural norms, values and ethical standards applicable to all BNP Paribas Group employees. The regulation is related to ethics in a broad sense, including professional ethics. Discusses, i.a.: the avoidance of conflicts of interest in activities outside the Group, rules of conduct regarding access to confidential information, taking remedial measures against bribery and corruption as well as financial security rules. The Code of Conduct also draws attention to the issue of fair treatment and the protection of Customers' interests. It prescribes transparent communication in sales, marketing and a honest handling of complaints.

Other documents that regulate ethical issues at the Group and Bank levels are listed in the "Policies and procedures related to ESG" section.

Table 104. Number of employees who received training in 2023 on ethics in external relations

Scope	Name of the training	Number of employees
Anti-Money Laundering and Counter-Terrorist Financing training for employees	<ul style="list-style-type: none"> • Code of Conduct training – Season 1 (91 persons) • Code of Conduct training 2023 (7,026 persons) • Financial security - Newly hired employees (319 persons) • Financial security advanced compulsory 2023 (5,018 persons) 	13,019
Training on tax schemes	<ul style="list-style-type: none"> • Obligation to report information on tax schemes (MDR) 2022 (310 persons) • Obligation to report information on tax schemes (MDR) 2023 (6,850 persons) • Obligation to report information on tax schemes (MDR) – 2023 (1 person) 	7,161



Scope	Name of the training	Number of employees
Training on compliance with international sanctions	<ul style="list-style-type: none"> Financial Sanctions and Embargoes 2022 - Newly hired employees (412 persons) Financial Sanctions and Embargoes 2022 - Advanced Training (569 persons) Financial Sanctions and Embargoes 2022 (113 persons) Financial security - Newly hired employees (319 persons) Financial security advanced compulsory – 2023 (5,018 persons) 	6,431

Mechanisms for reporting irregularities

GRI [2-25] [2-26]

ESRS G1-1

In line with the BNP Paribas Group Code of Conduct, the Bank has a "zero tolerance" for any type of fraud or attempted fraud by employees, Customers, counterparties and third parties.

The Bank has units that provide advice to all employees on ethical and legal issues and matters relating to the integrity of the organisation. These issues are dealt with in particular by the Compliance Monitoring Division and the Legal Division..

The Bank has units that provide advice to all employees on ethical and legal issues and matters relating to the integrity of the organisation. These matters are addressed in particular by the Compliance Monitoring Division and the Legal Division.

All employees are required to be familiar with international standards and comply with relevant laws, rules, regulations and professional standards in all areas of the Bank's operations. Any irregularities identified by employees should be reported.

Irregularities should be reported in the first instance to a supervisor and/or to dedicated units in the appropriate functional mailboxes. Reports can be made both anonymously and with identifying details of the reporting person.

An important element of the implementation of the breach reporting policy is the Whistleblowing process, regulated in the Policy on violation reporting at BNP Paribas Bank Polska S.A. (Whistleblowing), which is an expression of concern for employees, Customers, third parties and monitoring compliance with the law. It defines i.a. the communication channels where potential breaches can be reported about employees as well as managers.

The Bank's CEO has made a written appointment of Whistleblowing Officers, who are responsible for coordinating the verification of breach reports, including the coordination of the relevant investigation and - where necessary - the follow-up actions.

The Bank's particular concern is to ensure the **protection of the whistleblower**, and to this aim the Bank guarantees and provides:

- the possibility to report irregularities in an anonymous way through all available reporting channels,
- protecting the whistleblower from possible retaliation - any retaliation following a whistleblowing report is treated as a serious breach of the Policy,
- the absolute guarantee of confidentiality and protection of the data of the applicant and the person concerned - data may not be disclosed to third parties unless there is a legal requirement to that effect,
- treating applications with due seriousness, explaining fairly and with complete discretion,
- verification of reports by authorised personnel, allowing for a fair and impartial resolution of objections.

The Bank has an internal procedure for reporting actual or potential violations of the law. The text of the procedure is available to all employees, other third parties and it has been published on the Bank's website. In addition, the Bank introduces ethics clauses in its contracts with the Bank's counterparties and partners, which include information on the Bank's whistleblowing process.

Communication channels for notification

The Bank has provided the following Whistleblowing communication channels.

Notification does not directly concern a Member of the Bank's Management Board:

- by correspondence - to the address: Whistleblowing Officer, BNP Paribas Bank Polska S.A., Kasprzaka Street 2, 01-211 Warsaw,
- by e-mail – sending the application to: Whistleblowing.Bank@bnpparibas.pl,
- in person – verbally at a meeting with the Whistleblowing Officer.

Notification concerning at least one member of the Bank's Management Board:

- by correspondence – to the address: Supervisory Board, BNP Paribas Bank Polska S.A., Kasprzaka Street 2, 01-211 Warsaw, with the caption: "Supervisory Board-Whistleblowing",
- by e-mail – sending the application to: Whistleblowing.Bank-Rada@bnpparibas.pl.

For reports of sanctions and embargo incidents, besides the standard communication channels, it is possible to use direct communication with the dedicated Compliance unit (Group Financial Security US).



Counteracting corruption and conflicts of interest

GRI [2-15], [2-24], [205-2], [205-3]

ESRS G1-1, ESRS G1-3, ESRS G1-4

Corruption prevention is based on standards set out in the Anti-Corruption Policy. The regulation contains guidelines on identifying and reducing the risk of corruption. It defines the principles of conduct and scope of responsibility in this area. Thanks to these guidelines, all events of a potentially corrupt nature are monitored. 100% of the Bank's operations are analysed to exclude corruption.

We have a "zero-tolerance" rule for all forms of corruption, including accepting, offering, requesting, giving or agreeing to additional benefits, items or advantages.

The Bank's anti-corruption system is based on:

- internal regulations specifying corruption-prevention methods,
- a process of reporting corruption incidents to the appropriate organisational units of the Bank,
- corruption risk assessments,
- due diligence in establishing relationships with third parties,
- operational control (especially as regards accounting) maintained as part of the implemented internal control system,
- employee training to increase awareness and show paths of action in specific situations.

The Bank continuously evaluates its management and control system (procedures, reporting, audits, training) for corruption prevention. Appropriate internal regulations in this respect are implemented and updated on an ongoing basis. Risk mapping and the analysis of corruption-related information are centrally supervised. The Managing Director of the Compliance Division appoints a Corruption Prevention Correspondent, whose tasks include coordinating anti-corruption activities.

As part of its anti-corruption efforts the Bank monitors, i.a. indicators relating to reported cases of fraud, identified conflicts of interest, gifts and invitations accepted/given, due diligence in establishing relationships with Customers/contractors/intermediaries, level of employee awareness.

Table 105. Confirmed cases of corruption and actions taken

Indicator	2023
Total number of confirmed cases of corruption	0
Nature of confirmed cases of corruption	not applicable

Indicator	2023
Total number of confirmed cases where employees have been dismissed or disciplined in connection with corruption	0
Total number of confirmed cases where a contract with a business partner was terminated or such a contract was not renewed due to breaches related to corruption	0
Have there been any public proceedings against the organisation or employees of the organisation concerning corruption during the reporting period?	no

We expect our business partners (suppliers, contractors, subcontractors working with the Bank and our Customers on behalf of the Bank) to behave in accordance with the principles set out in the BNP Paribas Group Code of Conduct, an important part of which is the Annex dedicated to anti-corruption. An anti-corruption clause is an integral part of each agreement concluded by the Bank with its business partners.

The applicable policies in the area of counteracting corruption are listed in the Policies and procedures related to ESG section.

The anti-corruption process must be known and understood by all the Bank's employees. For this purpose, the Bank provides appropriate training that is available to all employees and conducts regular internal communication. For employees who are particularly exposed to the risk of corruption, there is dedicated training showing i.a. practical ways to prevent corruption. The Anti-Corruption Correspondent implements training courses which are addressed to individual units of the Bank.

The Bank has implemented mandatory Code of Conduct training for all employees, one of the modules being dedicated to the topic of anti-corruption. In addition, a dedicated intranet page has been prepared to describe the anti-corruption system. IT solutions are also being developed to enable more effective monitoring of key corruption indicators.

Table 106. Training for employees and managers on anti-corruption policies and procedures in 2023

Number and percentage of employees who have received anti-corruption training	Number	%
Management	9	100%
Top management (B1+B2)	381	97%
Lower-level executives	527	99%
Other employees	6,710	96%

Statistics include "Conduct Journey-Season 2" training. Some employees who were recruited to the Bank in the second half of the year in the first instance were required to undergo conduct ethics training containing material from the first two parts of the training, also including the anti-corruption aspect



Sustainable supply chain

GRI [2-6] [204-1] [308-1] [414-1]

ESRS S2-1, ESRS G1-2

We are a large Bank and an attractive contractor for hundreds of enterprises. We wish to use our influence to promote the principles that we follow in our daily activities.

Our supply chain commitments:

- responsible choice of suppliers,
- equal treatment of suppliers in financial matters,
- promoting suppliers who support CSR initiatives,
- adequate risk assessment of ESG cooperation.

There were no significant changes to the supply chain during the reported period.

We work with a group of approximately 3,500 suppliers, of which the activities of the purchasing area include transactions with amounts in excess of PLN 10 thousand and any relationship with higher risk (e.g. on an outsourcing basis) - a total of around 2,800 suppliers. More than 150 suppliers represent a critical, significant group and with the highest turnover against which strict assessment criteria are applied, also in terms of ESG. The needs for the product or service provided are agreed on an ongoing basis with the business owners inside the Bank, e.g. systems support, consultancy services, translations, purchase of equipment or office supplies.

CSR Declaration

In order to continue the responsible purchasing policy and with a view to their suppliers, the Bank consistently uses the CSR Declaration, whose acceptance is mandatory for those taking part in proceedings. Suppliers confirm compliance with ethical principles, working and safety conditions, regulations on the employment of young people, combating forced labour, discrimination and environmental issues. Every new supplier is assessed in terms of compliance with these criteria. In 2023, 211 suppliers have accepted the contents of the CSR Declaration, both in the tender process and as part of the cyclical evaluation process.

The CSR declaration for suppliers is intended to promote social responsibility among stakeholders and encourage the implementation of responsible practices. Such actions confirm a consistent policy focused on sustainability also in the context of establishing cooperation with the Bank's suppliers.

The CSR declaration is consistent and coherent with the BNP Paribas Group requirements, so that we operate locally 100% in accordance with the Sustainable Sourcing Charter.

up to 15%

of the overall supplier assessment in the Bank's supplier selection process is the signing of the CSR Declaration and responses to the ESG Questionnaire

85%

of the Bank's total expenditure on products and services in 2023 was purchases from local suppliers

The Bank also has an ESG/CSR Declaration of the Partner (agent, contractor, vendor) for responsible cooperation, which each new contractor must read before signing the contract. In accordance with its provisions, the Bank expects Partners to commit to ethical principles, respect working conditions and fulfil social as well as environmental criteria.

ESG questionnaire for suppliers

Suppliers participating in the onboarding process to the Bank are verified through an ESG questionnaire. In 2023, the Bank updated the tool with the new BNP Paribas Group requirements. Sections have been added for questions related to large suppliers' climate neutrality strategies. They provide space to report on strategies and targets in this area and open up a new chapter of cooperation in terms of measuring carbon footprint.

Supplier responses to the questionnaire confirm the existence of internal policies and strategies in line with the Bank's expectations. The result affects the supplier's summary in the tender process, ranging from 0 to 15% in the final bid evaluation, depending on the size of the entity. In addition from 2023, we rate the CSR risk in our cooperation with suppliers on a scale of 1 to 4 (1 - low, 4 - high). This allows us to consciously manage a sustainable supply chain and effectively impact the communication of the Bank's and the BNP Paribas Group's policies towards environmental, social and governance aspects. As part of our supplier assessment process, we have also implemented an assessment of the level of maturity of our suppliers, which gives us additional insight into the level of commitment of our counterparties to important areas of our business.

We specifically monitor environmental issues related to our supply chain. From 2022 the Bank takes environmental risk into account when deciding to work with suppliers. In estimating their level, we check whether potential suppliers have an environmental and climate policy and in which areas it commits them to measure and continuously improve their environmental performance.

In 2023, in collaboration with Envirly, we launched a campaign to encourage 50 of our most important contractors to measure their carbon footprint. This allows us to build awareness of sustainable cooperation and it is also a natural direction for the Bank in the face of increasing regulatory requirements.



Human rights

GRI [2-23] [3-3 Respect of human rights in business]

The BNP Paribas Group complies with a number of principles and standards that provide guidance for human rights business activities. These include in particular:

- 10 principles of the United Nations Global Compact,
- United Nations Sustainable Development Goals,
- UN Guiding Principles on business and human rights,
- OECD Guidelines for multinational enterprises,
- Human Rights Standards as defined in the International Bill of Human Rights,
- Main labour standards as defined by the International Labour Organisation,
- BNP Paribas Group Code of Conduct,
- BNP Paribas Human Rights Declaration,
- BNP Paribas' CSR declaration for suppliers,
- Charter on the Rights of Children in Business.

In 2012, the BNP Paribas Group signed the BNP Paribas Declaration on Human Rights, with a commitment to ensure that human rights are respected in their sphere of influence and including employees, suppliers, Customers and communities.

Responsibility in the area of influence of the BNP Paribas Group

The BNP Paribas Group integrates the issue of human rights into its core management principles and operational processes, which include relationships with key stakeholders:

Employees

Our priority is to treat all employees and external partners fairly and prevent any discrimination in particular on the basis of age, gender, ethnicity, religion, nationality, political beliefs, gender identity, sexual orientation, fitness level and others.

The BNP Paribas Group Code of Conduct describes the importance of treating all employees with respect. The Code sets out the expected behaviour and attitudes of employees inside and outside the organisation. The Diversity Management Policy includes rules for dealing with discrimination risk management. The aim is to create and promote a diverse working environment that utilises the potential of all employees. The policy commits to following accepted principles in all workplace management processes.

The Bank does not tolerate any manifestation of mobbing or discrimination in the organisation. The Bank's principles for counteracting such occurrences are governed by the Policy on dealing with breaches of respect for others implemented in BNP Paribas Bank Polska S.A. For employers, it allows the prevention of undesirable behaviour and, when it occurs - an immediate response. For the employee, it provides channels to report reasonable suspicions without fear of retaliation, whether they are experiencing or observing such occurrences. Consideration of employee submissions in this regard is handled by the Employee Standards of Conduct Committee.

In addition, by signing a document entitled the BNP Paribas Agreement on Fundamental Rights and Global Social Solutions together with a Charter of the ILO (International Labour Organisation) Global Business and Disability Network, the BNP Paribas Group confirmed compliance of activities with international human rights standards and their promotion, as well as support for the UN guidelines on business and human rights.

Since 2016, the Bank has been a signatory to the Diversity Charter - an international initiative supported by the European Commission, which addresses the prohibition of discrimination in the workplace and the involvement of all employees, business and social partners in these activities.

Suppliers and subcontractors

To ensure that suppliers do not engage in unethical human rights practices, the BNP Paribas Group requires them to comply with human rights standards, in line with the commitments referred the CSR Declaration for Suppliers.

Customers

The BNP Paribas Group expects that Customers will manage their activities in accordance with respect for human rights. In sectors considered to be particularly sensitive, the BNP Paribas Group is developing specific CSR principles that include human rights criteria. In addition, following the adoption of the Equator Principles, the BNP Paribas Group complies with a number of standards that include human rights aspects. These are used to assess and manage social risks in project financing. Also with the new ESG-Assessment process, the Bank pays special attention to social factors both in terms of employees and the local community and consumers using industry-specific criteria.

The Bank pays particular attention to the aspect of respect for human rights in the activities of Customers and their supply chain. As part of the ESG risk assessment of sectors considered particularly sensitive, as well as in the ESG Assessment process. The Bank verifies Customers for the risk of human rights violations in the context of their employees, consumers as well as local communities. Industry-relevant risks are analysed on the basis of EU and national-wide guidelines to help evaluate if our Customers' business model has an impact on human rights.



Communities

BNP Paribas Group promotes the highest standards of business conduct, including measures to prevent bribery, corruption and money laundering. Sustainable economic development can make a positive contribution to wider participation in basic rights, which is why the group is focusing on increasing financial inclusion in the communities where the group operates.

In 2023, the Bank joined the ranks of signatories to the Charter on the Rights of the Child in Business. This is an initiative to encourage business to take concrete action to protect children's rights across the business value chain. It is intended to foster responsible employment, creating a parent-friendly workplace and supporting parents in balancing their social roles. It also addresses the issue of responsible sales and promotion of products and services aimed to children. In addition, it emphasises particular care in the creation of communication materials that use the image of a child. The charter obliges companies to introduce appropriate requirements for their suppliers, contractors and business and social partners.

Compliance with laws and regulations

GRI [2-27] [417-2] [417-3] [418-1]

Court cases and administrative proceedings

Legal risk

As of 31 December 2023, there were no proceedings in the court, arbitration tribunal or state administration authorities regarding liabilities or receivables of the Bank, the value of which would exceed 10% of the Bank's equity.

Court decision regarding calculation of the interchange fee

On 6 October 2015, the Court of Appeals issued a decision regarding calculation of the interchange fee by Banks acting in agreement. Thus, the decision of the first instance (Regional) Court of 2013 was changed by dismissing the Banks' appeals in whole, while upholding the appeal brought by the Office of Competition and Consumer Protection (UOKiK), which had questioned a considerable reduction in the fines by the first instance court. This denotes that the penalty imposed under the first decision of the President of UOKiK of 29 December 2006 was upheld. It involved a fine levied on 20 Banks, including Bank BGŻ S.A. and Fortis Bank Polska S.A., for practices limiting competition by calculating interchange fees on Visa and MasterCard transactions in Poland in agreement.

The total fine levied on Bank BGŻ BNP Paribas S.A. (presently BNP Paribas Bank Polska S.A.) amounted to PLN 12.54 million and included:

- a fine for the practice of Bank Gospodarki Żywnościowej in the amount of PLN 9.65 million; and
- a fine for the practice of Fortis Bank Polska S.A. (FBP) in the amount of PLN 2.89 million.

The penalty was paid by the Bank on 19 October 2015. The Bank prepared a last resort appeal against the aforesaid court decision and brought it on 25 April 2016. On 25 October 2017, the Supreme Court overruled the judgment of the Court of Appeal and remitted the case. Acquisition of the core business of RBPL did not change the situation of the Bank as RBPL was not a party to this claim.

On 23 November 2020, the Court of Appeal quashed the judgment of the first instance court and remitted the case for re-examination. In November 2022, the first hearing was held. The case is pending, an expert opinion is currently being prepared.

Corporate claims against the Bank (interchange fee)

By 31 December 2023, the Bank has received a total of:

- 33 requests for settlement from companies (merchants), due to interchange fees paid in relation to the use of payment cards, (two from companies which submitted their requests twice and, one from the company which submitted its request three times and one from a company which submitted two requests for different payment methods). The total amount of these claims was PLN 1,028.02 million, including PLN 1,018.05 million where the Bank had joint responsibility with other Banks;
- 4 requests for mediation before the PFSA. The requests were sent to the Bank by the same entrepreneurs who had previously submitted requests for a settlement attempt. The total value of claims arising from the above applications amounts to PLN 40.29 million, of which PLN 37.79 million relates to joint liability with other Banks.

Litigation and claims of investment fund participants in connection with the performance of the function of investment fund depositary.

As of 31 December 2023, the Bank had received a total of 144 individual lawsuits and four collective lawsuits by investment fund participants, related to the performance of the function of investment fund depositary (including the performance of this function by Raiffeisen Bank Polska S.A.). The total amount of claims under the above-mentioned lawsuits is PLN 191.6 million. The vast majority of the lawsuits were filed by participants of the Retail Parks Fund Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych in Liquidation (hereinafter RPF Fund) and participants of the EPEF Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych and EPEF2 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych. The first collective lawsuit was filed on behalf of 397 participants of the RPF Fund, and concerns claims in the total amount of PLN 96.2 million. The second collective action was filed on behalf of 181 participants in the RPF Fund and concerns claims totalling PLN 25.3 million. Other group lawsuits concern the activities of PSF 2 Closed Asset Investment Fund (lawsuit filed on behalf of 17 fund participants) and PSF Closed Asset Investment Fund (lawsuit filed on behalf of 81 fund participants). The latter two lawsuits relate to establishing the Bank's liability for the Bank's actions as depositary of the funds, and do not indicate the amount of the fund participants' claims against the Bank.

The allegations raised by the plaintiffs in the lawsuits focus, in particular, on the improper performance by Raiffeisen Bank Polska S.A., and then the Bank, of its obligations to ensure that the value of an investment fund's net assets and the value of net assets per investment certificate are calculated in accordance with the law and the investment fund's statute, and



the obligation to verify the compliance of an investment fund's operations with the law governing investment funds or with the statute. The Bank's position is that the claims of fund participants are unfounded.

All legal proceedings are pending before courts of first instance.

No verdict has yet been issued in any of the cases.

Proceedings regarding recognizing a standard contract as prohibited

On 22 September 2020, the Bank received a decision of the President of the Office of Competition and Consumer Protection (UOKiK) No. DZOIK 14/2020, in which the President of UOKiK:

- found certain provisions of the standard contract (the so-called anti-spreading annex) concerning the principles of determining currency exchange rates illegal and prohibited their application;
- obligated the Bank to inform all Customers who are parties to the annex about the decision and its consequences and to post information about the decision and its content on its website;
- imposed a fine on the Bank in the amount of PLN 26.63 million payable to the Financial Education Fund.

The Bank filed an appeal against the decision within the statutory deadline. The Bank has made a provision for the above penalty in full. On 5 October 2022. The Court of Competition and Consumer Protection handed down a judgment in which it overturned the decision of the UOKiK. Both the President of the UOKiK and the Public Prosecutor filed appeals against the judgment. The Bank replied to both appeals.

On 12 May 2023 The Court of Appeal partially upheld the appeal of the President of the UOKiK, while significantly reducing the penalty imposed on the Bank - to the amount of PLN 6.66 million. The Bank filed a motion to suspend the effectiveness of the ruling, which the Court dismissed on 26 May 2023. Thus, the decision, as resulting from the judgment, became final on 12 May 2023. The Bank paid the penalty, published information about the decision and its content on the Bank's website and by 12 August this year has sent the required communications to Customers.

On 25 October 2023, the Supreme Court refused to hear the cassation appeal filed by the Bank.

Proceedings on practices violating collective consumer interests - unauthorised transactions

On 8 July 2022, the UOKiK initiated proceedings related to the practices violating the collective interests of consumers. The UOKiK alleges that the Bank, upon receipt of a consumer complaint regarding an unauthorised transaction, did not automatically return funds to Customers within the D+1 deadline, but instead conducted a preliminary investigation procedure to determine whether the incident could be classified as a security incident (fraud) or a transaction accepted/conducted by the Customer. The second allegation of the UOKiK relates to the Bank providing inappropriate information to Customers when rejecting complaints about the disputed transaction. When rejecting such complaints, the Bank explains that, according to its systems, the transaction is considered authorised, and thus, if the Customer questions this the situation should be considered as Customer negligence.

On 31 August 2022, the Bank replied to the UOKiK, using the following reasoning:

The Bank refunds the amounts of transactions that were unauthorised - the lack of authorisation is verified in the Banking systems due to the provisions of the agreement concluded with the Customer. The agreement specifies the procedure and factors required to authenticate and accept transactions in accordance with European and Polish law.

The Bank disagrees with the UOKiK's position that the questioning of any transaction by a Customer automatically triggers an obligation to return it. Such a position is contrary to Article 72 of the PSD. This obligation should arise and be reviewed taking into account all provisions of the PSD, the Regulatory Technical Standards (RTS) and the Polish Payment Services Act, not only in terms of authentication, but also in terms of liability for the transaction or fraud disclosed by the Customer.

According to the Bank, the UOKiK's position is the result of incorrect implementation of the PSD into Polish law. According to the PSD, the Bank should prove proper authentication, and not authorisation. Under Polish law, the Bank is obliged to demonstrate that authorisation has been carried out by the Customer.

When rejecting complaints, the Bank correctly informs Customers of the verification of the correct authentication of the transaction, which at this stage constitutes proof that the Customer has performed it. Accordingly, the Bank informs the Customer that if the Customer still claims that such a transaction was not authorised, the transaction must be the result of fault or negligence on the part of the Customer. The investigation is ongoing and, according to a letter dated 6 December 2023, UOKiK plans to continue until 11 April 2024.

Proceedings for practices violating the collective interests of consumers - credit holidays

On 5 September 2022, the Bank received the UOKiK's decision to initiate proceedings against practices that violate the collective interests of consumers by limiting the possibility to apply for a mortgage loan withholding by limiting one application to 2 months, whereas the Customer should be able to apply for all periods at the same time (up to 8 months).

In addition, the Bank disagreed with the allegations and has sent its reply to UOKiK, in which it pointed that BNP accepted and processed all individual applications applied by Customers (for any number of months). Thus, there was no violation of the collective interests of consumers, as the Bank did not deprive Customers of their rights, but only failed to fully automate the electronic application as of the effective date of the law. At the same time, the Bank informed UOKiK that it had changed the questioned practice by launching a new application form in GOonline e-Banking on 8 September 2022, allowing Customers to apply for any/all periods simultaneously (up to 8 months).

On 17 January 2023, the Bank received the Decision of the UOKiK, in which:

- it recognized the questioned practice as violating the collective interests of consumers;
- the practice was found to be abandoned;
- it ordered publication of the decision;



- it imposed a penalty on the Bank in the amount of PLN 2,721 thousand (reduced by 50%: 30% - for cessation of the practice, 20% - as a result of initiating a meeting and expressing willingness to cooperate).

On 17 February 2023, the Bank has appealed the decision to the Competition and Consumer Protection Court. On 8 December 2023, the court delivered to the Bank the OCC's response to the Bank's appeal, filed with the OCC on 28 August 2023.

The Bank has created a provision in the amount of the penalty imposed.

Lawsuits concerning mortgage loan agreements with interest rates based on WIBOR

In the first quarter of 2022, the first media reports of lawsuits against Banks challenging WIBOR in loan agreements (with allegations that clauses relating to WIBOR are abusive, or alternatively that the agreement is invalid) appeared in Poland. These lawsuits seek to challenge WIBOR as the basis for variable interest rates.

In January 2023, the Bank received the first lawsuits challenging the WIBOR and variable interest rate clauses based on the WIBOR benchmark in the mortgage loan agreements.

By 31 December 2023, the Bank had received a total of 28 lawsuits. All lawsuits were filed on behalf of consumers and relate to mortgage loan agreements in PLN and also, in their great majority, contain a request for security of action.

It should be emphasised that in the case of the Bank's products offered to consumers, only mortgage loans and certain products for Wealth Customers are based on the WIBOR reference index, mortgage loans account for approximately 51% of the Bank's retail PLN loan exposure. The total amount of claims covered by the lawsuits received amount to approximately PLN 6.8 million. All court proceedings are pending before courts of first instance.

In addition, in 14 debt collection cases brought by the Bank, Customers have raised arguments challenging WIBOR as a reference index.

The Bank's position is that the Customers' claims are unjustified, in particular in view of the fact that WIBOR is an official index whose administrator has received the relevant approvals required by law, among others from the Financial Supervision Commission, and the process of its determination, carried out by the administrator (an independent entity not affiliated with the Bank), is in accordance with the law and is also subject to supervisory assessment by the Financial Supervision Commission. The Commission confirmed WIBOR's compliance with the requirements of the law. An analogous position was also presented by the Financial Stability Committee, which comprises representatives of: the National Bank of Poland, the Financial Supervision Authority, the Ministry of Finance and the Bank Guarantee Fund.

On 29 June 2023, the Financial Supervisory Commission published an assessment of WIBOR's ability to measure the market and economic realities, concluding that WIBOR has the ability to measure the market and economic realities it was designed to measure and responds appropriately to changing liquidity conditions, changes in central Bank rates and economic realities.

On 26 July 2023, the Polish Financial Supervision Authority (PFSA) published a position paper on legal and economic concerns relating to mortgage loan agreements in Polish currency in which the WIBOR interest rate benchmark is used. The position paper contains an explicit statement that WIBOR meets all the requirements prescribed by law and that, in the PFSA's view, there are no grounds to question the reliability and legality of WIBOR, in particular in the context of the use of this index in Polish currency mortgage contracts. PFSA indicated that its position could be used by Banks in court proceedings.

According to data from the of Polish Bank Association (as at the end of November 2023), 529 court proceedings have been initiated against Banks. In 18 judgments out of 19 passed, the courts of first instance ruled in favour of the Banks. Six proceedings were legally concluded with a ruling in favour of the Banks.

Administrative proceedings of the FSA to impose a fine

On 22 November 2023, the Polish Financial Supervision Authority (PFSA) started administrative proceedings against BNP Paribas Bank Polska S.A. that might result in a penalty being imposed on the Bank under Article 176i(1)(4) of the Act on trading in financial instruments. At this stage of the proceedings, the amount of the potential penalty cannot be estimated reliably.

Litigation concerning CHF credit agreements in the banking sector

According to data from the Association of Polish Banks (ZBP), the number of pending court proceedings concerning CHF-indexed/denominated loan agreements at the end of 2023 was over 153 thousand compared to over 110 thousand at the end of 2022. In 2023, there were more than 43 thousand new foreign currency loan cases in Banks.

The effect of this is an increase in provisions for these proceedings created by Banks with CHF mortgage loan portfolios. The amount of provisions created by the largest listed Banks in 2022 amounted to approximately PLN 11.6 billion and according to the preliminary data for 2023 published by listed banks until the approval date of this Report, the amount for the full year 2023 amounted to approximately PLN 18.0 billion.

Proceedings instigated by the Bank's Customers being parties to CHF denominated loan agreements

The gross balance sheet value of mortgage and housing loans granted to individual Customers in CHF as of 31 December 2023 amounted to PLN 815,687 thousand, compared to PLN 2,666,429 thousand at the end 2022 (restated data).

As of 31 December 2023 the Bank was the defendant in 5,701 (3,056 new cases in 2023) pending court proceedings (including validly closed cases, Customers brought a total of 6,875 claims against the Bank), in which the Bank's Customers demanded the annulment of mortgage loan agreements regarding foreign currency loans or loans denominated in CHF, or declare the contract permanently ineffective and pay the amounts hitherto paid. The claims are based in particular on a contravention of Article 69 of the Banking Act or on the occurrence of abusive clauses which cause the contract cannot be remained in force (article 3851 of the Civil Code). The Bank is not a party to any collective claim regarding these loans. The total value of claims pursued in the currently pending cases as of 31 December 2023 was PLN 2,835.20 million (as of 31 December 2022 was PLN 1,549.46 million), and in legally binding cases PLN 2434.54 million (PLN 150.36 million as of 31 December 2022).



As of 31 December 2023, the following judgments have been issued in 1,174 proceedings that have been legally concluded: 264 judgments in favour of the Bank, including 190 proceedings in case of which a court settlement agreement was concluded, and in 910 cases the courts ruled against the Bank by declaring the loan agreement invalid or permanently ineffective.

The Bank continually assesses the impact of legal risks associated with pending litigation involving denominated or foreign currency loans, taking into account the current status of judgments in cases against the Bank and the emerging line of case law.

It should be stressed that the Polish courts, despite contrary indications arising from CJEU rulings (C-19/20 and C-932/19), in the vast majority rule that credit agreements are invalid or ineffective. A number of Supreme Court judgments have been handed down in recent years (according to data at the end of December, there were approx. 170 judgements), most of them already have written justifications.

The total impact of legal risks related to lawsuits recognised in the Bank's statements as at 31 December 2023 was PLN 3,404.0 million (as at 31 December 2022 it was PLN 1,892.4 million), with an impact of PLN 1,978.1 million on the Bank's income statement in 2023 (in 2022 it was PLN 740 million). The increase in the impact estimate in 2023 was mainly due to the inflow of new lawsuits and an update of the estimate of the projected number of lawsuits.

At the same time, the Bank considered the right to recognize a deferred tax asset due to the entitlement valid until the end of 2024 to apply a tax preference to settlements covered by the scope of the Regulation of the Minister of Finance of 11 March 2022, amended by the Regulation of 20 December 2022, on the abandonment of the collection of income tax on certain income (revenue) related to a residential mortgage loan. The Bank recognised a deferred tax asset of PLN 59.04 million in the first half of the year, of which PLN 56.26 million was realised as at 31 December 2023. Based on an estimate of the impact of the legal risk associated with foreign currency loans at year-end, the Bank maintains an asset of PLN 25.42 million with an expected realisation date until the end of 2024.

Beginning from 1 January 2023, the Bank changed its accounting policies related to the recognition of the impact of legal risks arising from litigation related to CHF mortgage loans, which are described in Note 2.6. (Changes in accounting policies and changes in the presentation of financial data) of the Consolidated Financial Statements for the year ended 31 December 2023.

In estimating the impact of legal risk, the Bank takes into account, among other things, the number of certificates taken by Customers for litigation purposes, the estimated probability of Customers filing lawsuits, the estimated number of future lawsuits, the number of lawsuits filed, the probability of losing the case, and the Bank's estimated loss in the event of an unfavourable judgment. In addition, the Bank has included in the model the estimated number of settlements that will be made with Customers. The amount of the estimated impact of the legal risk associated with the settlements was PLN 150.3 million of the total impact estimate.

The Bank estimates the probability of losing a case based on historical judgments, separately for the foreign currency and denominated loan portfolios. Due to the observed volatility in case law, the Bank, when estimating the probability of an adverse judgment, takes into account judgments made after 31 December 2020.

In estimating the loss in the event of a judgment declaring the loan invalid, the Bank assumes that the Customer is obliged to return the capital paid out without taking into account other benefits from the consumer (remuneration for the use of the capital or valorisation), that the Bank is obliged to return the sum of the capital and interest instalments repaid together with the statutory default interest awarded in the case of pending cases and that the Bank writes off the credit exposure. The loss estimate takes into account the time value of money.

The accounting effect of signing a settlement agreement with a Customer is the derecognition of a CHF loan, recognition of a new loan in PLN and the recognition of a result from the derecognition as well as the use of a provision for legal risk of CHF loans. In 2023, the Bank used PLN 376.1 million from the estimated impact of the legal risk of CHF loans in connection with the settlements (in 2022 Bank used the amount of PLN 150 million).

The accounting effect of the final judgment declaring the loan agreement invalid is the derecognition of CHF loan exposure as well as the utilization of the provision for legal risk of CHF loans. In 2023, the Bank used PLN 243.4 million from the estimated impact of the legal risk of CHF loans due to final judgments received declaring loan agreements invalid (in 2022, the Bank used PLN 85 million on this account).

Should the assumed average loss change by +/- 5%, with all other significant assumptions unchanged, the impact estimate would change by +/- PLN 137 million.

The Bank conducted a sensitivity analysis of the model used to estimate the number of lawsuits lost. A change in this estimate would have the following impact on the estimated loss due to legal risk related to CHF loans.

parameter	scenario	impact on Bank's loss due to legal risk
Percentage of lawsuits lost	+5 p.p.	PLN +118 million
	-5 p.p.	PLN -147 million

The Bank conducted a sensitivity analysis of the model used to estimate the number of future lawsuits. A change in the number of future lawsuits would have the following impact on the estimated loss due to legal risk related to CHF loans.

parameter	scenario	impact on Bank's loss due to legal risk
Number of future lawsuits	+20%	PLN +190 million
	-20%	PLN -190 million

Additionally, according to the Bank's assessment if 1% of Customers with CHF loans filed a lawsuit against the Bank, the loss due to legal risk would increase by approx. PLN 47 million.

When calculating the expected loss on legal risk related to CHF loans, the Bank takes into account the available historical data, including the content of judgments in concluded cases. The Bank monitors the number of certificates collected and the change in the number of lawsuits in order to update the estimate of the impact of legal risk of foreign currency loans accordingly.



The current line of jurisprudence in cases involving actions by CHF borrowers is unfavourable to Banks, but nevertheless some legal issues are still not clarified, in particular the qualification of loans as foreign currency loans or the scope of the parties' restitution claims under an invalid loan agreement. Despite the CJEU's judgment of 15 June 2023 in Case C-520/21, as well as the CJEU's order of 11 December 2023, in Case C-756/22, which state, that a Bank cannot claim from a consumer any amounts other than the capital paid as an execution of the invalid agreement and statutory interest for delay from the date of the demand for payment, the possibility for Banks to claim the valorisation of the capital paid out is still unsettled, as is whether and what claims a consumer can make under national law. The above issues are important for assessing the risks involved in the proceedings in question.

The Bank continuously monitors the judgments handed down and it will adjust the level of estimation of the impact of legal risk to the current line of case law. At the same time, the Bank is aware that the assumptions made are subjective assessments of the current situation, which may change in the future. In estimating the impact of legal risk, the Bank relies on all information available at the date of signing the Financial Statements.

Individual settlements offered by the Bank

Since December 2021, the Bank has been negotiating individually with Customers with whom it has a dispute or for whom there is a reasonable risk of a dispute. The Bank has taken this parameter into account when updating the provision.

Following the CJEU judgment of 15 June 2023 in case C-520/21, the Bank has observed slight changes in customer behaviour (i.a. related to some Customers withdrawing from the settlement despite having previously accepted terms and conditions), which affect the parameters and assumptions made to date, including the propensity of Customers to settle.

At 31 December 2023, the Bank had presented individual settlement proposals to 12,807 Customers (6,541 Customers at 31 December 2022) and 4,237 Customers accepted the terms of the proposals presented (1,514 in 2022), of which 3,567 settlements were signed (1,142 settlements signed in 2022).

CJEU case law (judgments made in 2023)

On 16 March 2023, the CJEU's ruling in Case C-6/22 was issued, from which it follows that:

- the protection granted to consumers by Directive 93/13 is not limited only to the duration of the contract, but also applies after the completion of the contract (this may increase the risk of lawsuits on loans that have already been repaid);
- for the assessment of the consequences, with regard to the situation of the consumer caused by the cancellation of the entire contract, the will expressed by the consumer in this regard is decisive (if the consumer demands the cancellation of the contract, the national court cannot refuse, even if the court informs the consumer that the consequences are particularly unfavourable for him);

The CJEU confirmed that the national court cannot fill the gap created after the removal of an abusive term by a provision other than a dispositive provision, even if the cancellation of the contract has negative consequences for the consumer. However, in such a situation, the national court should take all necessary measures to protect the consumer, in particular, call on the parties to negotiate in order to establish a real balance of the rights and obligations of the contractual parties.

On 8 June 2023, in Case C-570/21, the CJEU favoured a broad interpretation of the definition of consumer, indicating that:

- the concept of 'consumer' within the meaning of Article 2(b) of Directive 93/13 is objective in nature and independent of the particular knowledge which a person may have or of the information which he actually possesses;
- a person who has concluded a contract for purposes falling partly within the scope of his commercial or professional activity is to be regarded as a consumer if the purpose of the commercial or professional activity is so limited as not to be predominant in the overall context of that contract;
- in the context of a credit agreement concluded with an entrepreneur, an individual person in the position of co-debtor is covered by the concept of 'consumer' within the meaning of Article 2(b) of Directive 93/13 when he is acting for purposes which are outside his commercial or professional activities and should, when he is in a situation analogous to that of the debtor vis-à-vis that entrepreneur, benefit, together with the latter, from the protection provided by that directive
- the national court must examine, taking into account all the evidence and, in particular, the wording of that contract, whether the person who is party to it can be classified as a 'consumer', as well as taking into account all the circumstances of the case, in particular the nature of the good or service which is the subject of the contract in question.

On 15 June 2023, the CJEU has ruled on Case C-520/21 concerning whether, in the event of the cancellation of a credit agreement, the parties have any claim for the use of capital by the other party. The CJEU has reformulated the content of the questions originally asked by the Referring Court. The CJEU's answers therefore relate to the reformulated and not to the original version of the questions.

With regard to the consumer's claims against a Bank, the CJEU held that the provisions of Directive 93/13 do not preclude a judicial interpretation of national law according to which the consumer is entitled to claim compensation from the credit institution over and above the reimbursement of monthly instalments and costs paid for the performance of that contract and over and above the payment of statutory default interest from the date of the demand for payment, provided that the objectives of Directive 93/13 and the principle of proportionality are respected.

With regard to the possibility for Banks to pursue claims of a similar nature against consumers, the CJEU held that the provisions of Directive 93/13 preclude a judicial interpretation of national law according to which a credit institution is entitled to seek compensation from a consumer over and above the reimbursement of the capital paid in performance of that contract and over and above the payment of statutory default interest from the date of the demand for payment.

The concept of 'compensation' is not defined in the cited judgment, nor is it defined in Polish law. As the CJEU points out, however, in paragraph 78 of the judgment: "Similarly, an interpretation of national law according to which a credit institution is entitled to demand from a consumer compensation that goes beyond the return of the capital paid out for the performance of that contract, and thus to receive remuneration for the use of that capital by the consumer, would contribute to eliminating the deterrent effect on entrepreneurs by declaring that contract void." At the same time, the CJEU did not explicitly refer to the valorisation of the Bank's benefit.

The Bank notes that remuneration for the use of capital for the Bank is not included in the Bank's current model. In contrast, the Bank's previous models did not take into account the remuneration to the Customer for the Bank's use of the instalments of a loan repaid by the Customer that has been declared invalid. The estimation of the amount of potential



costs associated with this risk requires a refinement of the assumptions on the basis of the developed future line of case law based on the CJEU judgment of 15 June 2023.

On 21 September 2023, the CJEU has issued judgment in Case C139/22, stating that:

- for a contractual term to be deemed unfair, it is sufficient to establish that its content corresponds to the content of a term of a model contract entered in the register of prohibited clauses, which, however, does not exclude that in a given proceeding a Bank may prove that, in light of all relevant circumstances of a given case, this contractual term is not abusive (in particular, it does not produce effects identical to the one entered in the register of prohibited clauses),
- an unfair contractual term does not lose its unfairness by the fact that the consumer may choose to perform his or her obligations under the contract on the basis of another contractual term that is fair,
- the entrepreneur has a duty to inform each consumer about the essential features of the contract and the risks associated with the contract, also if the specific consumer has relevant knowledge and experience in the field (even if the consumer is an employee of the Bank).

On 7 December 2023, the CJEU ruled in Case C-140/22, concerning the statute of limitations, maturity and scope of the parties' restitutionary claims for an invalid credit agreement. The CJEU ruled that the provisions of Directive 93/13 preclude:

- exercise of the rights that the consumer derives from this directive was determined by the consumer's submission to the court of a statement in which he claims: first, that he does not consent to the maintenance of an abusive contractual condition, second, that he is aware, on the one hand, of the fact that the invalidity of the indicated condition entails the invalidity of the credit agreement, and, on the other - of the consequences of this recognition of invalidity, and third, that he agrees to declare the agreement invalid;
- the compensation claimed by the consumer concerning the return of the amounts he paid in the execution of the invalid credit agreement was reduced by the equivalent of the interest that the Banking institution would have received if the agreement had remained in force.

In the justification of the judgment, the CJEU referred to the role of the Customer's statement concerning his awareness of the effects of the loan agreement invalidity and pointed out that it does not have to be submitted to the national court, nor does it have to be formalized, and that the consumer's rights arising from the abusiveness of the contractual terms cannot depend on the submission of such a statement by the consumer.

The CJEU did not directly answer the preliminary question concerning the beginning of the limitation period for the Bank's restitutionary claims against the consumer.

However, the CJEU's position has important implications for the calculation of interest due to the consumer in disputes with the Bank. This is because it follows from the judgment that interest for delayed performance in favor of the consumer should not be calculated only from the date of the consumer's formalized statement.

Regarding the second thesis of the judgment, the CJEU reiterated its earlier position expressed in the judgment in Case C-520/21, indicating that since the CJEU's jurisprudence has determined that if a credit agreement is declared invalid, the

Bank is not entitled to demand from the consumer the so-called remuneration for the use of the capital, there are no grounds for reducing the consumer's restitution claim by the equivalent of the interest rate due to the Bank if the credit agreement had remained in force. Due to the wording of the preliminary questions, which did not refer to the Bank's demand for the valorization of the loan principal paid, the CJEU did not rule on the admissibility of such a demand.

On 11 December 2023, the CJEU ruled in Case C-756/22, indicating that the provisions of Directive 93/13 preclude a judicial interpretation of a member state's national law, according to which a Bank is entitled to demand from a consumer the reimbursement of amounts other than the capital paid out in the execution of an invalid agreement and statutory interest for delay from the date of the demand for payment.

Referring to Case C-520/21, the CJEU still did not explicitly rule on the permissibility of a Bank's demand for the valorization of the loan principal paid out. However, in the CJEU's order it used a different nomenclature than in the C-520/21 judgment - instead of using the terms "compensation" / "remuneration for the use of capital" used in the judgment, the CJEU's order used the term "paid-up capital".

Two more cases are currently pending before the CJEU, both of them concerning the issue of a Bank's restitutionary claims under an invalid credit agreement, beyond the return of the nominal amount of the loan principal disbursed (C-113/23 and C-488/23).

In C-488/23, the national court asked the CJEU explicitly about the admissibility - in light of Directive 93/13 - of a Bank's demand from a consumer (in addition to the reimbursement of the principal disbursed for the execution of an invalid credit agreement and in addition to the payment of statutory default interest from the date of the demand for payment), compensation consisting in the judicial valorization of the benefit of the disbursed credit principal in the event of a significant change in the purchasing power of money after the principal was disbursed.

On 14 December 2023, the CJEU issued a judgment in Case C-28/22, concerning the statute of limitations for restitution claims of the parties to an invalid credit agreement and the permissibility of the Bank's use of the right of retention in a dispute with a Customer.

The CJEU ruled that the provisions of Directive 93/13, in connection with the principle of effectiveness, preclude the limitation period for a trader's claims arising from the invalidity of an agreement from running only from the date on which the contract becomes permanently ineffective, while the limitation period for a consumer's claims arising from the invalidity of that contract begins to run at the time when the consumer learned or should have learned of the abusive nature of the condition causing the invalidity.

The CJEU did not directly rule from when the statute of limitations for a trader's claims against a consumer should be counted, however, it indicated that the statute of limitations for such claims cannot start only from the date of "permanent ineffectiveness of the agreement," which the CJEU judgment equated with the date when the judgment declaring the loan agreement invalid became final. It follows from the above that the beginning of the running of the limitation period for the entrepreneur's claims should not be linked to the date of the final judgment.

At the same time, the CJEU stressed the symmetrical nature of the limitation periods for the restitution claims of the entrepreneur and the consumer. However, the CJEU did not resolve what event starts the running of the limitation period



for the Bank's and consumer's restitution claims. In addition, the CJEU indicated that the entrepreneur is not obliged to verify the consumer's awareness of the consequences of removing abusive terms from the contract.

Regarding the second thesis of the judgment, the CJEU did not question the Bank's entitlement in principle to exercise its right of retention in a dispute with a consumer. The CJEU only noted that the Bank's raising of a retention plea cannot have the effect of limiting the consumer's interest claim.

Supreme Court case law on CHF denominated and foreign currency loans

The key decisions that occurred before the Supreme Court included the following theses:

- it is not justifiable to extend the Code concept of a consumer by distinguishing direct and indirect links with the conduct of a business or professional activity. If such a relationship exists (also on the part of e.g. a spouse), there are no grounds for extending protection to such a person (Judgment of the Supreme Court of 18 May 2022 (II CSKP 362/22 [mBank]) / noting that on 8 June 2023, in Case C-570/21, the CJEU opted for a broad interpretation of the definition of consumer/;
- the consumer's previous experience with credit products (including those linked to a foreign currency) is not legally relevant (Supreme Court judgment of 13 May 2022 (II CSKP 464/22));
- the possibility to convert the loan does not constitute a means of reducing the risk for the consumer (Judgment of the Supreme Court (SSN) of 13 May 2022 (II CSKP 464/22));
- currency risk clauses, understood as clauses introducing an economic risk for the consumer, are subject to abusiveness testing, and there can be no question of clarity/transparency of such clauses unless the entrepreneur can show that the consumer was fully aware that a strong depreciation of the domestic currency may have consequences that are difficult to bear. General risk instructions, even fulfilling Recommendation S, are insufficient to assume compliance with the instruction standard (e.g. II CSKP 382/22; II CSKP 464/22; I CSK 1867/22);
- spread clauses (both concerning loan drawdown and loan repayment) referring to Bank tables as abusive require confirmation by the consumer, otherwise they are ineffective (e.g. I CSK 1867/22; II CSKP 163/22; II CSKP 382/22);
- it is not possible to "supplement" a credit agreement by introducing an alternative means of determining the exchange rate, e.g. on the basis of Article 358 § 2 of the Civil Code. - this would be contrary to the preventive objectives of the directive (e.g. I CSK 1867/22, II CSKP 163/22, II CSKP 382/22);
- the inability to complete the contract, in the absence of the consumer's will to the contrary, leads to the demise of the contract, both in the case of indexed and denominated loans. The only exception that emerges from the case law is the credit agreement of Bank BPH, where the collapse of the margin clause, while the reference to the NBP average exchange rate is left in the agreement, makes it possible (within the scope of this element) to continue the agreement (e.g. II CSKP 364/22, I CSK 55/22);
- the assessment of the advantage/disadvantage of the collapse of the contract is made by the consumer (Order of the Supreme Court of 19 May 2022 (I CSK 55/22));
- the Supreme Court opted for a two-condition theory in the event that a credit agreement is declared invalid. At the same time, the Supreme Court pointed out in a written justification that the risks associated with the insolvency of one of the

mutually enriched parties are largely prevented by the right to retain the consideration received until the other party either offers to return the consideration received or secures a claim for repayment (Resolution of 16 February 2021, III CZP 11/20);

- in disputes with consumers, the provision of Article 385(1) of the Civil Code constitutes *lex specialis* in relation to Article 353(1) of the Civil Code. Consequently, when the prerequisites for the application of both of the above-mentioned legal norms exist, the court should apply the sanction of ineffectiveness of the contractual provision, without ruling on its invalidity on general principles (Resolution of 28 April 2022, III CZP 40/22).

There is still no uniformity on the definition of foreign currency credit. On 20 May 2022, the Supreme Court issued its first ruling on a foreign currency loan granted by the Bank (II CSKP 713/22). According to the Supreme Court, a foreign currency loan exists only if the agreement unambiguously establishes the amount of the loan granted and actually disbursed to the borrower exclusively in a foreign currency and provides for repayment of instalments exclusively in the currency of the loan granted. According to the Court, the parties entered into a loan agreement denominated in CHF, and nothing in the agreement directly provided for the Customer's claim for payment of the amount of loan made available in CHF.

However, it should be noted that in another decision, the Supreme Court took a different stance (decision of 24 June 2022, I CSK 2822/22), stating that the features of a foreign currency loan are the expression of the amount of the loan granted in a foreign currency and the repayment of the loan instalments in that currency, while not indicating as a characteristic the making of the loan payment in a foreign currency.

In its judgment of 26 January 2023 (II CSKP 408/22), the Supreme Court emphasised that the decisive factor in assessing the currency character of a credit agreement is the indication in the agreement of the amount and currency of the credit in a foreign currency and the granting to the borrower of the possibility to disburse the credit in that currency, and not the actual manner of implementation of the agreement. The fact that the loan is disbursed in PLN as a result of the borrower's instruction cannot lead to the conclusion that the loan agreement does not specify the amount and currency of the loan.

In a judgement of 31 January 2023 (II CSKP 334/22), the Supreme Court indicated that a loan in which, on the one hand, a foreign currency is indicated in the agreement as the so-called loan amount, but the disbursement, i.e. the Bank's performance, is to take place in the Polish currency pursuant to the agreement, is not a foreign currency loan. The recognition of a provision providing for disbursement of a loan in Polish currency as prohibited means that the Court *meriti* must assess the impact of its ineffectiveness towards the consumer on the content of the entire agreement (the remaining provisions), and in particular whether this means that the parties could remain bound by the agreement to the remaining extent. It is not possible to continue to operate an agreement which, once the unauthorised provisions (which may, after all, under certain conditions relate to the main benefits of the parties) have been excluded from it, cannot be enforced - to determine the manner and amount of the parties' performance.

The Supreme Court ruled similarly in a judgment dated 15 September 2023 (II CSKP 1356/22), in which - following the borrower's complaint - the judgment of the Court of Appeals in Wrocław, favorable to the Bank, was overturned, and it was pointed out that a foreign currency loan may be identified when the contract unambiguously establishes the amount of the loan granted and actually disbursed to the borrower exclusively in foreign currency and provides for repayment of instalments exclusively in the currency of the loan granted, and therefore the purpose and intention of the parties, expressed in the contract, is to carry out all mutual settlements only in foreign currency.



On 5 April 2023, the Supreme Court, in its judgment in case II NSNc 89/23, dismissed the extraordinary appeal of the Public Prosecutor General against the judgment of the Court of Appeal in Kraków of 11 December 2019. (I ACa 100/19) concerning a denominated loan agreement. The Court of Appeal in Kraków dismissed the borrower's appeal, finding that some of the regulations contained in the agreement were abusive, but could not affect the determination of her situation. Indeed, the reason for the termination of the agreement was the borrower's cessation of payment of subsequent loan instalments. It should be noted that, according to the loan agreement, the disbursement of the loan could be made in zloty or in another currency, while the borrower could make repayments of the loan instalments in the currency of the loan or also in another foreign currency. The Supreme Court held that:

(1) in the case at hand, the key issue to be decided is not whether the agreement concluded between the plaintiff and the defendant contained abusive clauses, but whether the appellate court correctly verified their impact on the situation of the borrower. The Supreme Court held that the appellate court did not commit the failings alleged in the extraordinary complaint in this respect;

(2) the fact that there are abusive clauses in a contract does not automatically render the entire contract invalid. The court examining the case is obliged to verify whether, due to their elimination from the content of the contract, it is possible to further assert the claims raised. There is no doubt that if the elimination of the prohibited contractual provision would lead to such a deformation of the contractual regulation that on the basis of its remaining content it would not be possible to reconstruct the rights and obligations of the parties, it would become inadmissible to state that the parties remain bound by the remaining part of the contract;

(3) the extraordinary complaint concerned the legal situation of a consumer - an entity which, as the weaker party to a civil law relationship, is entitled to a special type of protection. At the same time, however, it was emphasised that this protection is not unlimited, and the mere fact that a party has the status of a consumer does not mean that there cannot be an unfavourable decision in his case. Indeed, the consumer still remains a party to the legal relationship and is not exempt from the obligation to comply with the law. When giving a ruling in which one of the parties is a consumer, the court cannot at the same time disregard the interest of the other party.

In Case III CZP 126/22, sitting on 6 October 2023, the Supreme Court held that a credit agreement is a reciprocal contract and, as regards the admissibility of a Bank's use of a plea of retention in a lawsuit against a consumer, made a preliminary reference to the CJEU as to whether the provisions of Directive 93/13 allow or do not limit the use of a court's right of retention in favour of a Bank.

Issues concerning the reciprocity of the credit agreement and the application of the right of retention will also be decided by the Supreme Court in Cases III CZP 89/22, III CZP 152/22 and III CZP 31/23. In Cases III CZP 89/22 and III CZP 152/22, the proceedings have been suspended pending the decision of the CJEU in Case C-28/22, in which the Supreme Court was supposed to answer, inter alia, a preliminary question concerning the right of retention. Following the CJEU's judgment in Case C-28/22 of 14 December 2023, which confirmed the permissibility of the Bank to use the right of retention in a dispute with a consumer, the resumption of proceedings before the Supreme Court in the aforementioned cases is expected.

Compliance with other regulations

In 2023:

- there were no court or administrative proceedings pending against the Bank or the Group for behaviour that violates freedom of competition or antitrust laws,
- regarding data protection information the Group companies have not received any substantiated complaints regarding data leakage, theft or loss,
- there was no case of non-compliance with regulations and/or voluntary codes on marketing communications (including advertising, promotion and sponsorship),
- there were no fines or non-financial sanctions for non-compliance with environmental laws and/or regulations.

Selected regulatory changes affecting the Banking sector, taking place in 2023

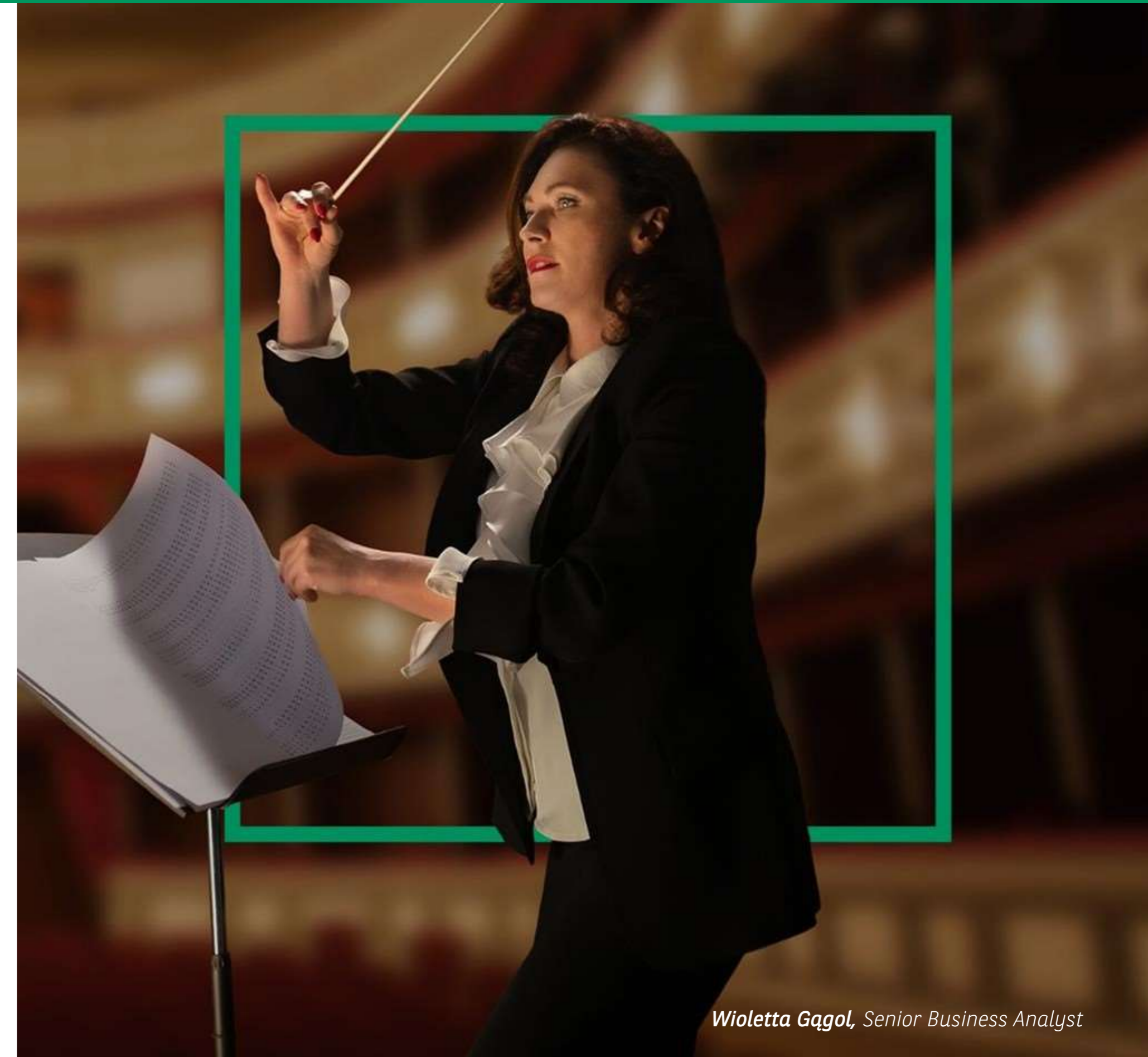
- Act of 1 December 2022 on the Financial Information System
- Act of 16 August 2023 amending certain acts in connection with ensuring the development of the financial market and the protection of investors in this market
- Act of 26 May 2023 on the mCitizen application
- Act of 7 July 2023 amending certain laws to mitigate certain effects of identity theft
- Act of 14 April 2023 amending the Act on investment funds and management of alternative investment funds, the Act on bonds, the Act on the Bank Guarantee Fund, the deposit guarantee scheme, mandatory restructuring and some other acts
- Act of 14 April 2023 on the consumer pawn loan
- Regulation (EU) 2023/2579 of the Commission of 20 November 2023 amending Regulation (EU) 2023/1803 as regards International Financial Reporting Standard 16
- Directive (EU) 2022/2556 of the European Parliament and of the Council of 14 December 2022 amending directives 2009/65/EC, 2009/138/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU, 2014/65/EU, (EU) 2015/2366 and (EU) 2016/2341 with regard to operational digital resilience of the financial sector
- Directive (EU) 2023/2673 of the European Parliament and of the Council of 22 November 2023 amending directive 2011/83/EU as regards distance contracts for financial services and repealing directive 2002/65/EC
- Directive (EU) 2022/2555 of the European Parliament and of the Council of 14 December 2022 on measures for a high common level of cyber-security within the Union, amending Regulation (EU) No 910/2014 and directive (EU) 2018/1972 and repealing directive (EU) 2016/1148 (NIS directive 2)
- Directive (EU) 2023/2225 of the European Parliament and of the Council of 18 October 2023 on credit agreements for consumers and repealing directive 2008/48/EC



Corporate governance

Statement by the Management Board on the application of corporate governance principles

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Wioletta Gagol, Senior Business Analyst



Application of corporate governance principles in 2023

Legal and regulatory basis of corporate governance

Corporate governance defines the Bank's governance system, the organisation of the Bank, the powers, duties and responsibilities and the interrelationship between the Supervisory Board, the Management Board and the Bank's key functions, as well as the relationship with shareholders and Customers. In addition, it defines the functioning of internal supervision and key internal systems and functions. It ensures effective governance, efficient supervision, respect for shareholders' rights and transparent communication of the company with the market.

The corporate governance rules applied at BNP Paribas Bank Polska S.A. result from the provisions of the law (in particular the Code of Commercial Companies, the Banking Law and the regulations governing the functioning of the capital market) and the recommendations included in the documents: "Good Practices of Companies Listed on the WSE", "Corporate Governance Principles for Supervised Institutions", as well as Recommendation Z issued by the Polish Financial Supervision Authority, regarding internal governance rules in Banks.

In addition, the Bank is guided by internal regulations including the Articles of Association, the BNP Paribas Group Code of Conduct, adopted by Supervisory Board Resolution 48/2022 on 22 June 2022, and internal policies that reflect the regulatory requirements of corporate governance.

Pursuant to § 70, section 6, item 5) of the Minister of Finance Ordinance dated 29 March 2018 on current and periodic information disclosed by issuers of securities and conditions for recognising as equivalent information required by the laws of a non-member state (consolidated text, Journal of Laws of 2018, item 757), the Board of Executives of BNP Paribas Bank Polska S.A. presents the following information regarding the application of corporate governance principles in 2023.

The applicable set of corporate governance principles to which the Bank has been subject to

Corporate governance principles for supervised institutions

The Bank is subject to the "Corporate Governance Principles for Supervised Institutions" issued by the Financial Supervision Commission on 22 July 2014. This document sets out the internal and external relations of supervised

institutions, including relations with shareholders and Customers, their organisation, the functioning of internal supervision and key internal systems and functions, the functioning of statutory bodies and the principles of their interaction. These principles are available on the website of the Financial Supervision Commission at: https://www.knf.gov.pl/dla_ryнку/regulacje_i_praktyka/zasady_ladu_korporacyjn_ego.

„Corporate governance principles for supervised institutions" were adopted by the Bank's Management Board and Supervisory Board in December 2014 and the General Meeting in February 2015. The Bank's position on the application of the "Corporate Governance Principles for Supervised Institutions" was updated in 2022 and expressed in a Resolution of the Bank's Management Board dated 17 February 2022, subsequently confirmed by the Supervisory Board on 2 March 2022 and adopted by the General Meeting on 27 June 2022. It is posted on the Bank's website: <https://www.bnpparibas.pl/en/investor-relations/corporate-governance>.

BNP Paribas Bank Polska S.A. declares that it has adopted and complies with all the "Corporate Governance Principles for Supervised Institutions" issued by the Financial Supervision Authority.

The Bank's annual statement on the application of the Corporate Governance Principles for Supervised Institutions is also included in the Supervisory Board's Activity Reports together with the assessments indicated in Principle 2.11 of the Code of Best Practice for WSE Listed Companies 2021 and the assessment of the Bank's compliance with the Corporate Governance Principles for Supervised Institutions issued by the Financial Supervision Authority.

Code of Best Practice for WSE Listed Companies

From 1 July 2021, new corporate governance rules came into force: "Good Practices of Companies Listed on the WSE 2021" ("Best Practices", "DPSN 2021"), adopted by the Exchange Board by Resolution No. 13/1834/2021 of 29 March 2021. They replaced the set of "Good Practices of Companies Listed on the WSE 2016".

The contents of the Code of Best Practice for WSE Listed Companies 2021 are available on the WSE website under the following link: <https://www.gpw.pl/dobre-praktyki>.

The Management Board of the Bank, by Resolution 49/BZ/42/2021 of 30 July 2021, adopted for application the set of principles "Good Practices of Companies Listed on the WSE 2021". Subsequently, the Extraordinary General Meeting of the Bank, adopted for application the principles contained in the document "Good Practices of Companies Listed on the WSE 2021" By Resolution No. 3 of 4 January 2022.

Information on the application of the "Code of Best Practice for WSE Listed Companies" including all EIB reports is available on the Bank's Investor Relations page: <https://www.bnpparibas.pl/en/investor-relations/corporate-governance/best-practices-of-wse-listed-companies>.

The state of application of the "Best Practices for Companies Listed on the WSE 2021" at the Bank is subject to constant review. As at the date of publication of this Report, the Bank applies all the principles set out in the Good Practices of Companies Listed on the WSE 2021.

Compared to the end of 2022, there has been a change in the application of Principle 2.1. the Bank declares the application of this principle from 1 January 2024.

- **Principle 2.1.:** „The company should have a diversity policy for the management board and the supervisory board, adopted by the supervisory board or the general meeting respectively. The diversity policy shall specify the objectives and criteria for diversity in areas such as gender, field of education, specialist knowledge, age and professional experience, among others, and indicate when and how the achievement of these objectives will be monitored. With regard to gender diversity, the condition for ensuring the diversity of the company's bodies is that the minority participation in the respective body is no less than 30%.”

The Bank has a diversity policy, which formally forms part of the policy for assessing the suitability of the members of the Supervisory Board of BNP Paribas Bank Polska S.A. and, in the case of the members of the Board of Executives, forms part of the policy for assessing the suitability of the members of the Board of Executives and the persons performing key functions at BNP Paribas Bank Polska S.A., which was adopted by the Supervisory Board on 8 December 2022.

The application of criteria to ensure diversity in the Bank's bodies is a legally binding requirement under specific regulations and the EBA (European Banking



Authority) Guidelines applicable to Banks. The Bank is a regulated entity supervised by the Financial Supervision Authority. The correctness and quality of the application of the diversity policy is monitored, among other things, through the PFSA's verification of individual and collective suitability assessments. In selecting persons for the Company's bodies and for key functions, the Bank takes into account, inter alia, the criteria of reputation, honesty and ethics, dedication of sufficient time, absence of conflicts of interest, independence of judgement and the candidates' knowledge, skills and experience.

In its suitability assessment policy in place, the Bank has ensured that diversity is promoted in the Management board, the Supervisory Board and for the most important functions, right from the construction of a diverse pool of candidates, in order to reach a wide range of characteristics and competencies of the members of the Management board and the Supervisory Board and to attract different points of view and experience and to enable independent opinions and sound decisions by the Company's bodies. Diversity is ensured by the Bank by also taking into account, as part of the appointment and suitability assessment processes, criteria such as gender, education and work experience, specialist knowledge, age, geographical origin.

The Bank attaches great importance to the real implementation of diversity, including ensuring adequate participation of women in the Bank's bodies. Compliance with the principle of diversity is monitored not only at the level of the Bank's bodies, but also at the level of managerial positions. The Bank has taken a strategic decision reflected in its diversity policy that by 2025 it will ensure that 30% of the Bank's Management board is made up of women and that the proportion of women on the Supervisory Board is no lower than 30%.

At the end of 2023, the share of women on the Management Board was 22% and the share of women on the Supervisory Board was 50%. As a result of changes made to the composition of the Bank's bodies, as of January 2024, the share of women on the Management Board is 37.5%, while the share of women on the Supervisory Board is 42%.

In view of the fact that, as at the date of publication of this report, the share of women on the Bank's Management board exceeded the 30% level, the Bank reports that it applies this principle.

The Bank attaches particular importance to diversity and equal treatment, including in the area of equal remuneration, which is addressed by principle 1.4.2.:

- **Principle 1.4.:** „In order to ensure proper communication with stakeholders, with regard to the business strategy adopted, the company shall post on its website information on the assumptions of its strategy, measurable objectives, including in particular long-term objectives, planned activities and progress in its implementation, defined by metrics, financial and non-financial. Information on ESG strategy should, among other things:
- **Principle 1.4.2.:** „present the value of the equal pay ratio paid to its employees, calculated as a percentage of the difference between the average monthly remuneration (including bonuses, prizes and other allowances) of women and men for the last year, and provide information on the actions taken to eliminate any inequalities in this respect, together with a presentation of the risks involved and the time horizon over which equality is planned to be achieved”.

Implementing market best practice in 2020. BNP Paribas Bank Polska S.A. measured the pay gap for the first time. After analysing the results, systemic and dedicated actions and recommendations were taken to reduce the level of the pay gap, including as part of the annual remuneration review process. The pay equity indicator is measured according to the Bank's internal methodology taking into account total remuneration based on homogeneous groups of employees (created by area of employment and grade level). The indicator is published in the annual Management Report and on the Bank's annual report website. In the GO beyond Strategy 2022-2025, the Bank adopted a further reduction of the GPG ratio to below 4% to be realised. At the end of 2023, it stood at 6.24%.

The Bank's Management Board declares that the Bank and its bodies complied in 2023 with the corporate governance principles set out in the "Corporate Governance Principles for Supervised Institutions" and those set out in the "Best Practices for Companies Listed on the WSE" to the extent reported by the Bank. During the period covered by this report, no violations of the Corporate Governance Principles reported by the Bank were identified.

Shares and shareholders

Shareholding structure

The following table shows the shareholding structure of the Bank as at 31 December 2023, distinguishing shareholders who held at least 5% of the total number of votes at the general meeting.

Table 107. Shareholding structure as at 31.12.2023

shareholder	number of shares	% share of in the share capital	number of votes at the General Meeting	% share in the total number of votes at the General Meeting
BNP Paribas, total:	128,989,183	87.35%	128,989,183	87.35%
<i>BNP Paribas directly</i>	93,498,957	63.31%	93,498,957	63.31%
<i>BNP Paribas Fortis SA/NV directly</i>	35,490,226	24.03%	35,490,226	24.03%
Others	18,687,763	12.65%	18,687,763	12.65%
Total	147,676,946	100.00%	147,676,946	100.00%

On 5 April 2023, the Bank's share capital was increased from the amount of PLN 147,593,150 to the amount of PLN 147,676,946 as a result of the acquisition of 83,796 series M shares in exercise of the rights under the series A3 registered subscription warrants taken up earlier.

As of 5 April 2023, the Bank's share capital is 147,677 thousand. The capital comprises of 147,676,946 shares with a nominal value of PLN 1 each, including:

- series A – 15,088,100 shares,
- series B – 7,807,300 shares,
- series C – 247,329 shares,
- series D – 3,220,932 shares,
- series E – 10,640,643 shares,



- series F – 6,132,460 shares,
- series G – 8,000,000 shares,
- series H – 5,002,000 shares,
- series I – 28,099,554 shares,
- series J – 2,500,000 shares,
- series K – 10,800,000 shares,
- series L – 49,880,600 shares,
- series M – 258,028 shares.

The four series B shares are preference shares. The privilege includes the right to receive payment of the full nominal amount per share in the event of liquidation of the Bank after satisfaction of creditors, in priority to payments attributable to ordinary shares, which payments, in view of the exercise of the privilege, may not cover the nominal amount of these shares.

The total number of votes attributable to all shares in the Bank is 147,676,946 votes. The number of votes resulting from the Series M shares granted in 2023 is 83,796 votes and the total number of votes resulting from the Series M shares granted is 258,028 votes.

The amount of the conditional share capital increase following the issue of Series M shares is PLN 317,972.

Table 108. Shareholding structure as at the approval date of this Report

shareholder	number of shares	% share of in the share capital	number of votes at the General Meeting	% share in the total number of votes at the General Meeting
BNP Paribas, total:	128,986,235	87.34%	128,986,235	87.34%
<i>BNP Paribas directly</i>	93,496,009	63.31%	93,496,009	63.31%
<i>BNP Paribas Fortis SA/NV directly</i>	35,490,226	24.03%	35,490,226	24.03%
Others	18,690,711	12.66%	18,690,711	12.66%

shareholder	number of shares	% share of in the share capital	number of votes at the General Meeting	% share in the total number of votes at the General Meeting
Total	147,676,946	100.00%	147,676,946	100.00%

BNP Paribas' intention regarding the liquidity of the Bank's shares

According to the information received from BNP Paribas SA, the Bank's main shareholder, BNP Paribas SA has declared its intention to increase the number of the Bank's free float shares to at least 25% over time.

Ownership of Bank shares by members of the Management Board and members of the Supervisory Board

A summary of the Bank's shareholdings and share entitlements of the members of the Bank's Management Board and Supervisory Board as at the date of the Q3 2023 report (9 November 2023) and the 2023 report (1 March 2024) is presented below.

Table 109. Number of shares and subscription warrants held by members of the Bank's Management Board and Supervisory Board

Member of the Management Board of the Bank	shares ¹ 9.11.2023	subscription warrants ² 9.11.2023	sale of shares	shares ¹ 1.03.2024	subscription warrants ² 1.03.2024
Przemysław Gdański	26,473	12,893		26,473	12,893
André Boulanger	-	7,987		-	7,987
Małgorzata Dąbrowska ³	-	-		-	-
Przemysław Furlepa	3,000	5,811	-3,000	-	5,811
Wojciech Kembłowski	-	5,628		-	5,628
Piotr Konieczny	-	-		-	-
Kazimierz Łabno	-	3,205		-	3,205

Member of the Management Board of the Bank	shares ¹ 9.11.2023	subscription warrants ² 9.11.2023	sale of shares	shares ¹ 1.03.2024	subscription warrants ² 1.03.2024
Magdalena Nowicka	2,046	3,210		2,046	3,210
Volodymyr Radin	-	1,972		-	1,972
Agnieszka Wolska	614	3,481		614	3,481

Member of the Management Board of the Bank	shares ¹ 9.11.2023	subscription warrants ² 9.11.2023	Sale of shares	shares ¹ 1.03.2024	subscription warrants ² 1.03.2024
Jean-Charles Aranda ⁴	1,840	4,495	-1,840	-	4,495

¹ Series M shares taken up on 5.04.2023 in exercise of rights resulting from series A3 warrants (series A3 registered subscription warrants were taken up on 25.03.2022) and series M shares taken up on 4.04.2022 in exercise of rights resulting from series A2 warrants (series A2 registered subscription warrants were taken up on 25.03.2021); one warrant entitled to take up one series M ordinary bearer share of BNP Paribas Bank Polska S.A. at the issue price of PLN 1.00 per share; in the case of Mr Przemysław Gdański, the number of M series shares subscribed for by exercising the rights attached to A3 series warrants was 9,336, the number of M series shares subscribed for by exercising the rights attached to A2 series warrants was 9,148, the number of M series shares subscribed for by exercising the rights attached to A1 series warrants was 7,489, the number of shares purchased on the WSE stock market was 500.

² Series A4 subscription warrants taken up on 27.03.2023 - one A4 series warrant entitles to subscribe for one M series ordinary bearer share of BNP Paribas Bank Polska S.A., at the issue price of PLN 1.00 per share, and B1 series subscription warrants taken up on 27.03.2023 - one B1 series warrant entitles to take up one N series ordinary bearer share of BNP Paribas Bank Polska S.A., at the issue price of PLN 1.00 per share.

³ Ms Małgorzata Dąbrowska has served as a member of the Bank's Management Board since 01.01.2024.

⁴ Mr Jean-Charles Aranda served as a member of the Bank's Management Board until 31.07.2023 and has been a member of the Bank's Supervisory Board since 1.08.2023.

The other members of the Supervisory Board did not declare their shareholding/entitlements in the Bank as at 1 March 2024, which has not changed since the submission of the Q3 2023 Financial Statements on 9 November 2023.



Statutory bodies of the Bank

General Meeting

GRI [2-15]

Manner of operation and fundamental powers of the General Meeting

The manner of operation of the General Meeting and its basic powers are set out in the generally applicable provisions of the Code of Commercial Companies and Partnerships and the Banking Law, as well as the Bank's internal documents - the Bank's Statute and the Regulations of the General Meeting of BNP Paribas Bank Polska S.A., taking into account the provisions of the "Code of Best Practice for WSE Listed Companies" and the "Corporate Governance Principles for Supervised Institutions". The above corporate documents are available on the Bank's website <https://www.bnpparibas.pl/en/investor-relations/corporate-governance/legal-documents>.

General Meetings are held as ordinary and extraordinary General Meetings. Ordinary General Meetings shall be held once a year, no later than within 6 months after the end of each financial year. Extraordinary General Meetings are convened as necessary by the Bank's Management Board on its own initiative or at the request of the Supervisory Board, or at the request of a shareholder or shareholders representing a total of at least 5% of the share capital.

The General Meeting decides on matters which, in accordance with the law and the Bank's internal regulations, are reserved to the competence of the General Meeting. In particular, the subject matter of the General Meeting shall be:

- consideration and approval of the report of the Management Board on the Bank's activities and the financial statements for the previous financial year,
- examining and approving the report of the Management Board on the activities of the Banking Group and the consolidated financial statements of the Banking Group for the past financial year,
- adoption of a resolution on the distribution of profit or coverage of loss,
- granting discharge to the members of the Bank's bodies for the performance of their duties,
- amending the Bank's Statutes,

- appointment and dismissal of members of the Supervisory Board - one of the criteria of the suitability assessment is the verification of possible conflicts of interest. The General Meeting of Shareholders receives a report with a summary of the assessment, which includes the necessary information on the results of the suitability assessment, including information on conflicts of interest. The document is available to the public,
- setting the principles for remuneration and remuneration of the members of the Supervisory Board,
- increase or reduction of the Bank's share capital,
- issuing convertible bonds and bonds with pre-emptive rights to acquire the Bank's shares, as well as subscription warrants,
- redemption of shares and specification of detailed conditions for such redemption,
- merger or liquidation of the Bank, the appointment of liquidators and the manner in which liquidation is to be carried out.

The Company shall convene the General Meeting by means of an announcement published on the Bank's website <https://www.bnpparibas.pl/en/investor-relations/general-meeting> at least 26 days before the date of the General Meeting. Together with the Notice convening the General Meeting, draft resolutions (with the Supervisory Board's opinion), justifications to resolutions and other materials submitted to the General Meeting are made available on the Bank's website. The dates on which the above materials are made available to the public enable the participants of the General Meeting to familiarise themselves with them in detail.

Shareholders may attend the General Meeting and exercise their voting rights in person or by proxy. The Bank also enables shareholders to participate in the General Meeting by means of electronic communication, ensuring two-way communication in real time and to exercise their voting rights during the meeting in person or by proxy.

Voting takes place by means of an electronic voting and counting system that ensures that votes are cast in the number of shares held. Each share confers the right to one vote. In the event of a secret ballot, the system ensures confidentiality. Voting rights are exercised by shareholders in person or by proxy.

The Bank also allows media representatives to attend the General Meeting.

The General Meeting is broadcast in real time over the Internet and the recording of the broadcast is posted on the Bank's website under the tab dedicated to the relevant General Meeting. Information on the planned transmission of the General Meeting shall be announced at the time of publication of the Notice convening the General Meeting.

General Meetings in 2023

17 January 2023 - Extraordinary General Meeting of the Bank (EGM), which, in addition to resolutions of a procedural nature:

- adopted an assessment of the individual suitability of the candidate for membership of the Supervisory Board and appointed a new member to the Supervisory Board of BNP Paribas Bank Polska S.A.,
- adopted the assessment of the collective adequacy of the Supervisory Board of BNP Paribas Bank Polska S.A. following the change in the composition of the Supervisory Board,
- adopted the updated Policy on the Assessment of the Suitability of the Members of the Supervisory Board of BNP Paribas Bank Polska S.A.,
- adopted a resolution on amendments to the Bank's Articles of Association and on the adoption of the consolidated text of the Articles of Association; the amendments resulted from the need to adapt the document to the amended provisions of the Act of 29 July 2005 on trading in financial instruments and of the Code of Commercial Companies, as well as to supplement the Articles of Association with provisions on enabling the Bank to provide intermediation services in the leasing business.

30 June 2023 - Annual General Meeting of the Bank (AGM), which, in addition to resolutions of a procedural nature:

- approved the annual reports and statements submitted by the Management Board and Supervisory Board, as required by law, including the Financial Statements, the Management Report on the activities of the Bank and the Group and the Report presenting non-financial information for 2022,
- resolved on the distribution of profit for 2022 (decided to transfer the Bank's entire net profit of PLN 370,89 million to reserve capital),
- discharged the members of the Management Board and Supervisory Board for the performance of their duties in 2022,



- adopted a periodic assessment of the individual and collective suitability of the members of the Supervisory Board and an assessment of the adequacy of the Bank's internal regulations concerning the functioning of the Supervisory Board and the effectiveness of its operations,
- adopted the report submitted by the Supervisory Board on the independent evaluation of the functioning of the remuneration policy at BNP Paribas Bank Polska S.A. in 2022 and the report on the remuneration of the members of the Board of Executives and the Supervisory Board of BNP Paribas Bank Polska S.A. in 2022,
- adopted the assessment of the individual suitability of candidates for membership of the Supervisory Board of BNP Paribas Bank Polska S.A. and appointed new members to the Supervisory Board,
- adopted a resolution amending the resolution on remuneration policy for the members of the Supervisory Board of BNP Paribas Bank Polska S.A. and the remuneration policy for the people who have a significant influence on the risk profile of BNP Paribas Bank Polska S.A. and a resolution on determination of remuneration of the Supervisory Board members,
- adopted resolutions on amendments to the Bank's Articles of Association and the consolidated text of the Articles of Association; the amendments concern the extension of the catalogue of issued capital instruments to include capital bonds, the so-called AT1 instruments, the adjustment of the provisions to the amendments to the Commercial Companies Code and the addition of a provision concerning the obligation to obtain the FSA's consent for the reduction, redemption or repurchase of Common Equity Tier 1 instruments, pursuant to Article 77 of the EU Regulation (CRR).

12 December 2023 - Extraordinary General Meeting of the Bank (EGM), which, in addition to resolutions of an orderly nature, approved the following:

- individual assessment of the suitability of the candidate for membership of the Supervisory Board and appointed a new member to the Supervisory Board of BNP Paribas Bank Polska S.A.,
- collective assessment of the suitability of the Supervisory Board of BNP Paribas Bank Polska S.A. in connection with the change in the composition of the Supervisory Board.

Essential rights of shareholders and how to exercise them

The rights of shareholders are set out in the Bank's General Meeting Regulations and derive from the provisions of the Commercial Companies Code. The following are the most important shareholder rights:

- the shareholder is entitled to a share of the profit shown in the audited financial statements and allocated by the General Meeting for distribution to the shareholders,
- the shareholder has the right to participate in the General Meeting and exercise his/her voting rights in person or by proxy,
- a shareholder may participate in the General Meeting using electronic means of communication (he/she may speak at the General Meeting and exercise his/her voting rights during the General Meeting either in person or through an attorney). Detailed rules of participation in the Bank's General Meeting using electronic means of communication are set out in the "Rules of Participation in the General Meeting of BNP Paribas Bank Polska S.A. using electronic means of communication",
- a shareholder or shareholders representing jointly at least 5% of the Bank's share capital may demand that an Extraordinary General Meeting be convened, as well as that certain items be put on the agenda of the General Meeting,
- shareholders representing at least half of the Bank's share capital or at least half of the total voting rights in the Bank may convene an Extraordinary General Meeting. The shareholders shall appoint the chairman of this meeting,
- shareholder has access to the list of shareholders. He may inspect the list of shareholders at the Bank's registered office, request a copy of the list or request that the list of shareholders be sent to him by e-mail,
- the shareholder has the right to receive copies of motions relating to items on the agenda of the General Meeting within one week before the date of the General Meeting and to request information from the Bank's Management Board relating to items on the agenda of the General Meeting, subject to the exceptions set out in the Commercial Companies Code Act,
- the shareholder has the right to inspect the book of minutes of the General Meeting and to request copies of the resolutions certified by the Bank's Management Board,
- the shareholder has the right to demand a secret ballot,

- a shareholder has the right to object to a resolution being adopted and to challenge resolutions of the General Meeting in the cases and subject to the exceptions set out in the Commercial Companies Code Act (action to repeal a resolution or action to declare a resolution invalid),
- the shareholder has the right to ask questions and request information from the Management Board concerning matters on the agenda of the General Meeting in the cases and subject to the exceptions set out in the Commercial Companies Code Act.

Procedure for amending the Bank's Statutes

Any amendment to the Bank's Articles of Association requires a resolution of the General Meeting and an entry in the Register of Entrepreneurs of the National Court Register. An amendment to the Articles of Association also requires a permit from the Financial Supervision Authority, as provided for in Article 34(2) of the Act of 29 August 1997 - Banking Law (consolidated text Dz.U. of 2016, item 1988, as amended). Motions of the Bank's Management Board regarding amendments to the Bank's Articles of Association, as well as other matters submitted by the Bank's Management Board for consideration by the General Meeting, should be subject to prior opinion of the Bank's Supervisory Board.

In matters concerning amendments to the Articles of Association, including in particular changes to the Bank's business name, its registered office, its business profile (as referred to in § 5(2) of the Bank's Articles of Association), the increase or decrease of the Bank's share capital, the issue of convertible bonds and bonds with the pre-emptive right to acquire the Bank's shares, as well as subscription warrants, and also the liquidation or dissolution of the Bank, the sale of the whole or part of the Banking enterprise - the resolutions of the General Meeting are adopted by a majority of three-fourths of the votes cast. A resolution on the merger of the Bank with another Bank or credit institution requires a resolution of the General Meeting adopted by a majority of 2/3 of votes (§ 13 section 2 of the Bank's Articles of Association).

Pursuant to the provisions of § 20 (1) (1) (m) of the Bank's Articles of Association, immediately after the General Meeting adopts resolutions introducing amendments to the Bank's Articles of Association, the Supervisory Board determines the consolidated text of the Articles of Association and is responsible for introducing other amendments of editorial nature, as specified in the resolutions of the General Meeting.



Amendments to the Bank's Articles of Association 2023

1. Pursuant to Resolution 6 of the EGM of 17 January 2023, the Bank's Articles of Association were amended as follows:

- § 5(3)(8)(e) shall be replaced by the following:

offering Bank securities and bonds not admitted to organised trading, with the proviso that the subject of the activities specified in points (b) and (c) may also be bonds issued by Bank Gospodarstwa Krajowego for the benefit of funds created, entrusted or transferred to that Bank on the basis of separate acts, guaranteed by the State Treasury, as well as bonds issued by the Bank Guarantee Fund or the asset management entity referred to in Article 224(1) of the Act of 10 June 2016. on the Bank Guarantee Fund, the deposit guarantee scheme and forced restructuring, while with regard to the activities referred to in lit. (c), their subject matter may also be bonds, mortgage bonds and other transferable securities incorporating property rights corresponding to the rights arising from a debt contracted, or derivative instruments whose underlying instruments are bonds, mortgage bonds, other transferable securities incorporating property rights corresponding to the rights arising from a debt contracted, an interest rate or a currency.

- § 5(3)(18) was replaced by the following:

conducting and brokering finance leases.

- § 16(7) was replaced by the following:

A member of the Supervisory Board may be reappointed to the Supervisory Board for no more than a total of three consecutive terms and no earlier than one year before the expiry of the current term of office.

- § 18(2) was replaced by the following:

Meetings of the Supervisory Board shall be convened and chaired by the Chairman or, in his/her absence, by the Vice Chairman. A written invitation to a meeting of the Supervisory Board should be sent to all members of the Supervisory Board and other invited persons at least 14 days before the proposed date of the meeting. The invitation to a meeting of the Supervisory Board should specify the date, time and place of the meeting and the proposed agenda, as well as the means of direct communication at a distance.

- § 19(1) was replaced by the following

For the validity of the resolutions of the Supervisory Board, written notice of the meeting to all members of the Supervisory Board and the presence at the meeting of at least half of the members of the Supervisory Board, including its Chairman or Vice Chairman, are required. If, as a result of the absence of the Chairman and the Vice-president at a meeting of the Supervisory Board, the Supervisory Board could not validly adopt a resolution, the meeting of the Supervisory Board shall be reconvened with fourteen days' notice sent immediately after the end of the first meeting of the Supervisory Board, maintaining the same agenda. At the reconvened meeting of the Supervisory Board, the presence of the Chairman or the Vice-president is not necessary for the Supervisory Board to effectively adopt resolutions. During the meeting, the Supervisory Board may not adopt resolutions on matters not included in the proposed agenda, unless all members of the Supervisory Board are present and none of them has objected to the adoption of the resolution.

- Deleted § 33(1)(8)

- Deleted § 33(2)(7)

- § 33(2)(4) and (5) is replaced by the following:

4. to a member of the Bank's Management Board - with regard to the subordinate management area, including the issuance, circular letters introducing the organisational regulations of the organisational units in the area supervised by the member of the Management Board, specimens of forms and forms, business instructions, tariffs of commissions and fees, interest rate tables, as well as policies and methodologies to the extent specified in the resolution referred to in paragraph 3,

5. . to executive directors - with respect to the management area managed, to managing directors and other persons holding equivalent positions to the managing directors of the Bank, and to the director of the Brokerage Office - with respect to subordinate units, organisational units or other organisational forms, including the issuance of model contracts, general terms and conditions of contracts, rules of procedure, regulations of promotions and competitions, specimens of forms and forms and official instructions,

2. Pursuant to Resolution 38 of the AGM of 30 June 2023, the Bank's Articles of Association were amended as follows:

- § 6(1) is replaced by the following:

issue bonds, including capital bonds, convertible bonds, bonds with pre-emptive rights to acquire the Bank's shares, as well as subscription warrants.

- 12(2)(4) was replaced by the following:

issuing convertible bonds, bonds with priority right to acquire the Bank's shares, subscription warrants as well as capital bonds convertible into the Bank's shares.

- § 13(2) shall read as follows:

Subject to mandatory provisions of law and the provisions of these Articles of Association, resolutions of the General Meeting shall be adopted by a simple majority of votes cast. In matters concerning amendments to the Articles of Association, including in particular changes to the Bank's business name, its registered office, the business profile referred to in § 5(2), the increase or decrease of the Bank's share capital, the issue of convertible bonds, bonds with the pre-emptive right to acquire the Bank's shares, subscription warrants, as well as capital bonds convertible into the Bank's shares, as well as the liquidation or dissolution of the Bank, the sale of the whole or part of the Banking enterprise, resolutions of the General Meeting shall be adopted by a majority of three-fourths of the votes cast. A resolution on the merger of the Bank with another Bank or credit institution requires a resolution of the General Meeting adopted by a majority of two-thirds of the votes cast.

- § 16(1) was replaced by the following:

The Bank's Supervisory Board will consist of five to twelve members appointed for a joint term of five years by the General Meeting. The term of office shall be calculated in financial years (the first financial year of the term of office shall in each case be the financial year in which the term of office began, even if it began during a financial year). The number of members of the Supervisory Board for a given term of office will be determined by the General Meeting. At least half of the members of the Bank's Supervisory Board shall be persons with a good knowledge of the Banking market in Poland, i.e. with a good command of Polish and with relevant experience on the Polish market.

- § 21(1) was replaced by the following:

The Management Board of the Bank has between four and nine members. The members of the Management Board are appointed for a joint term of office, which lasts three years. The term of office is calculated in financial years (the first financial year of the term of office is in each case the financial year in which office began, even if it began during the financial year).



- In § 22(2), the following point 14) was added:

the allocation of shares in exchange for capital bonds in connection with an increase in share capital through the conversion of capital bonds into shares in the event of an initiating event.

- In § 30, a paragraph 3 was added, reading:

Pursuant to Article 77 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, the reduction, redemption or repurchase of Common Equity Tier 1 instruments requires prior authorisation from the Financial Supervision Commission.

Supervisory Board

GRI [2-9]

Principles of operation of the Supervisory Board

The Supervisory Board of BNP Paribas Bank Polska S.A. operates under the provisions of the Banking Law, the Code of Commercial Companies and Partnerships as well as the Bank's Statute and the Regulations of the Supervisory Board. The Statute and Regulations are available on the Bank's website: <https://www.bnpparibas.pl/en/investor-relations/corporate-governance/legal-documents>.

The Supervisory Board is appointed by the General Meeting for a joint term of five years. The Supervisory Board consists of 12 members. At least half of the members of the Supervisory Board have good knowledge of the Banking market in Poland, i.e. speak Polish and have relevant experience on the Polish market. The mandates of Supervisory Board members expire at the end of their term of office on the date of the General Meeting which approves the financial statements for the last full year in which they held office. The mandate of a member of the Supervisory Board appointed before the expiry of a given term of office of the Supervisory Board shall expire at the same time as the mandates of the other members of the Supervisory Board. The expiry of the mandate of a member of the Supervisory Board shall also occur as a result of resignation, dismissal and death of.

The Supervisory Board exercises constant supervision over the Bank's activities in all aspects of its operation. In particular, it evaluates the Management Reports on the activities of the Bank and the Bank Group and the Financial Statements of

the Bank and the Bank Group for the previous financial year. It verifies that they are consistent with the books, documents and facts. Assesses the Management Board's proposals for the distribution of profit or coverage of loss. At the same time, it supervises the implementation of the internal control system and assesses its adequacy and effectiveness.

GRI [2-14]

The Supervisory Board prepares and presents to the Annual General Meeting an annual report on its activities, including a summary of the activities of the Supervisory Board Committees. In addition, the Supervisory Board presents the Annual General Meeting with a report on the results of the evaluation of the audit of the financial statements (separate and consolidated, including the Management Board's proposal for profit distribution), the Management Board's report on the Group's activities and the evaluation of the report on non-financial information. In addition to evaluating the adequacy and effectiveness of the internal control system, the Supervisory Board simultaneously assesses the risk management system, compliance assurance and the internal audit function. It also assesses the application of the principles of corporate governance, the functioning of the remuneration policy and the suitability policy on the election of members of the Management Board or the Supervisory Board, and the reasonableness of the sponsorship and charitable policy.

Resolutions of the Supervisory Board are effectively adopted if all members of the Board have been notified of the meeting and at least half of the members of the Supervisory Board are present at the meeting, including its Chairman or Vice-Chairman. Resolutions of the Supervisory Board are adopted by a simple majority of votes in an open vote. At the request of a member of the Supervisory Board, the Chairman of the Supervisory Board shall order a secret ballot. The Supervisory Board may also adopt resolutions in writing, without convening a meeting or by means of direct communication at a distance, in particular by means of telephone, audiovisual and electronic communication.

The Bank's Articles of Association (§ 16(4)) stipulate that at least two members of the Supervisory Board should meet the independence criteria. Independent members of the Supervisory Board should not be related to the Bank, the Bank's shareholders or employees in a way that could materially influence or give rise to a reasonable presumption of materially influencing the independent member's ability to make impartial decisions.

As at 31 December 2023, five members of the Supervisory Board met these criteria: Lucyna Stańczak-Wuczyńska, Jarosław Bauc, Małgorzata Chruściak, Magdalena Dzięwguć i Mariusz Warych.

The composition of the Bank's Supervisory Board and its committees is adequate in terms of numbers and in line with diversity and suitability criteria, both individually and as a whole body, which contributes to the effective exercise of ongoing supervision by the Supervisory Board. Conducting periodic individual and collective assessments of the suitability of the members of the Supervisory Board ensures that the composition of the Board is maintained in such a way as to guarantee an optimum level of qualifications, knowledge and professional experience, thereby ensuring an appropriate level of collegial supervision of the Bank.

**Table 110. Composition of the Bank's Supervisory Board and Board Committees as at 31.12.2023, together with information on the independence of the members**

No.	Name and Surname	Function on the Supervisory Board	COMMITTEES OF THE SUPERVISORY BOARD			
			Audit Committee	Risk Committee	Remuneration Committee	Nominations Committee
1.	Lucyna Stańczak-Wuczyńska	Chairwoman independent member	member	member	member	member
2.	Francois Benaroya	Vice-Chairman	member	Chairman	member	member
3.	Jean-Charles Aranda	member	member			
4.	Jarostaw Bauc	independent member	member			
5.	Małgorzata Chruściak	independent member		member		
6.	Géraldine Conti	member			Chairwoman	Chairwoman
7.	Magdalena Dziewguć	independent member				
8.	Sophie Heller	member				
9.	Vincent Metz	member				
10.	Piotr Mietkowski	member				
11.	Khatleen Pauwels	member				
12.	Mariusz Warych	independent member	Chairman	member		



Changes in the composition of the Bank's Supervisory Board in the period 1 January -31 December 2023:

- 17 January 2023 - the Extraordinary General Meeting of the Bank appointed Mr Grégory Raison as a member of the Supervisory Board with effect from 17 January 2023 until the end of the current five-year joint term of office of the members of the Supervisory Board,
- 24 March 2023 - Mr Grégory Raison resigned as a member of the Bank's Supervisory Board. The reason for Mr Grégory Raison's resignation was his candidacy for the position of Vice-President of the Bank's Management Board,
- 28 February 2023 - Mr Jean-Paul Sabet resigned as a member of the Bank's Supervisory Board as of the date of the Annual General Meeting approving the financial statements for 2022 (30.06.2023),
- 30 June 2023 - the Annual General Meeting of the Bank appointed Ms Sophie Heller as a member of the Supervisory Board until the end of the current five-year joint term of office of the members of the Supervisory Board,
- 30 June 2023 - the Annual General Meeting of the Bank appointed Mr Jean-Charles Aranda as a member of the Supervisory Board with effect from 1 August 2023 until the end of the current five-year joint term of office of the members of the Supervisory Board,
- 7 November 2023 - Ms Géraldine Conti resigned as a member of the Bank's Supervisory Board with effect from 31 December 2023,
- 12 December 2023 - the Extraordinary General Meeting of the Bank appointed Mr Jacques Roger Jean-Marie Rinino as an independent member of the Supervisory Board as of 1 January 2024, until the end of the current five-year joint term of office of the members of the Supervisory Board.

GRI [2-12]

In 2023, the members of the Bank's Supervisory Board devoted an appropriate amount of time to the performance of their duties. The Bank's Supervisory Board held in 2023 21 meetings, of which 15 were in writing. It adopted 102 resolutions. The attendance rate of the Board members at the meetings was 94.14%.

In 2023 the Supervisory Board fulfilled its duties, which derive from the law and the Bank's Articles of Association. These duties are set out in the "Framework Work Plan of the Supervisory Board and the Committees operating at the

Supervisory Board for 2023". In addition, the Supervisory Board received current information on the most important developments and decisions of the Management Board, which provided it with adequate knowledge of the Bank's position, the macroeconomic situation and the market environment. In this way, it was able to assess how these factors affected the achievement of the Bank's targeted results and development plans.

Table 111. Individual activity of Supervisory Board members in 2023*

Lucyna Stańczak-Wuczyńska	Francois Benaroya	Khatleen Pauwels	Jarosław Bauc	Małgorzata Chruściak	Géraldine Conti	Magdalena Dzięwguć
20/21	21/21	21/21	19/21	20/21	20/21	18/21
Vincent Metz	Piotr Mietkowski	Mariusz Warych	Jean-Paul Sabet	Jean-Charles Aranda	Sophie Heller	Gregory Raison
21/21	16/21	21/21	6/6	12/12	12/15	1/1

* attendance at meetings / number of meetings

Members of the Supervisory Board

GRI [2-11], [2-17]

Pursuant to the Policy for the assessment of the suitability of the members of the Supervisory Board of BNP Paribas Bank Polska S.A. in force at the Bank, developed on the basis of the guidelines of the European Banking Authority of 21 March 2018 on the assessment of the suitability of the members of the management body and of the persons performing the most important functions (EBA/GL/2021/06) and the Methodology of the Financial Supervision Authority for the assessment of the suitability of the members of the bodies of supervised entities, (published on 27 January 2020) as well as the Banking Law and other legal acts regulating the aforementioned issues, the members of the Supervisory Board are subject to individual suitability assessment (initial and periodic) and collective suitability assessment - the Supervisory Board as a whole.

Individual and collective suitability assessments are carried out at least once a year and in situations indicated in the Bank's Policy, such as when candidates for Supervisory Board members are put forward (prior to a person's appointment), when the composition of the Supervisory Board changes or when there is a

significant change in the Bank's business model. The Nomination Committee carries out an assessment of the individual and collective suitability of the Supervisory Board, and the results of the suitability assessment are presented by the Supervisory Board to the General Meeting of Shareholders.

The members of the Supervisory Board have diverse expertise, a high level of qualifications, competence and professional experience. They ensure an appropriate level of collegial supervision of all areas of the Bank's activities and guarantee a broad and comprehensive representation of views in assessing the work of the Bank's Management Board and the functioning of the Bank. The chairperson of the supervisory body is not a member of the management team.

1. Lucyna Stańczak-Wuczyńska – Chairwoman of the Supervisory Board (independent member)

She is a graduate of economics at the Warsaw School of Economics and of postgraduate Advanced European Studies at the College of Europe in Bruges. Since the beginning of her nearly 30-year professional career, Lucyna Stańczak-Wuczyńska has been involved in Banking. Between 1992 and 1995, she worked at IBP Bank S.A. in the area of corporate Banking. Then, between 1995 and 1997, she worked at Credit Lyonnais Bank Polska, in the area of corporate finance. In 1997, she took the position of Vice President at ABN Amro Bank Polska in the Structured Finance Department. From 2000 to 2020, she was associated with the European Bank for Reconstruction and Development (EBRD). Initially as Senior Banker, she was responsible for investments in the energy and infrastructure sectors. Since 2008 as Country Director of the EBRD in Poland. Since 2014, she served as Regional Director of EU-Banks, Financial Institution, Central and Southern Europe region with a portfolio of equity and debt investments in banks and financial institutions exceeding EUR 4 billion. In her professional career, Lucyna Stańczak-Wuczyńska has held a number of corporate governance positions, was a member and observer of Supervisory Boards and a member of audit and risk committees at, among others, Polkomtel Sp. z o.o., Alior Bank S.A., Polskie Inwestycje Rozwojowe, Erste Bank in Hungary, and was a member of the Advisory Board at Private Equity funds. Since December 2020, she has been a member of the Supervisory Board, then Vice-Chairman and now Chairman of the Supervisory Board. For the past 3 years, Lucyna Stanczak-Wuczynska has also advised Private Equity, Actis, Global Emerging Market Fund and Pollen Street Capital Fund in London. In 2022, she was appointed to the Supervisory Board of Banca Transylvania, the largest Bank in Romania in terms of assets. Sustainability and Green Economy Transition topics have always been an important area of interest in her professional work. She has been involved in financing projects related to renewable energy, energy efficiency, low carbon,



sustainable finance, green bond investing, SLB, and ESG topics in the area of corporate governance and reporting.

Lucyna Stańczak-Wuczyńska is also Chairwoman of the Programme Council of Chapter Zero Poland (part of the Climate Governance Initiative). This is a programme to develop the competencies of supervisory and management bodies of companies. It was created by the World Economic Forum. The aim of the Polish version is to raise awareness of the consequences of climate change for companies and the impact of business on the climate. Chapter Zero Poland was launched in May 2021 on the initiative of the Responsible Business Forum in substantive partnership with Deloitte Poland.

2. Francois Benaroya – Vice-Chairman of the Supervisory Board

Graduate of the École Polytechnique and the École Nationale de la Statistique et de l'Administration Economique in Paris. He also holds a master's degree in economics from Tilburg University (Netherlands). He is also a graduate of the Kennedy School of Government at Harvard University. He started his career in 1994 at the Ministry of Finance in France as deputy director of the Emerging Markets Department. He then served as Economic Counsellor for Russia and the Commonwealth of Independent States at the French Embassy in Moscow. From 1999 to 2001, he was Director of the International Trade Analysis Department at the Ministry of Economy, Finance and Industry in France. Subsequently, he was Deputy Director of the Minister's Cabinet for European Affairs. He has been with the BNP Paribas Group since 2004, when he became Deputy Head of Corporate Banking Development. From 2007 to 2011, he worked for UkrsibBank, a Ukrainian Bank in the BNP Paribas Group, as Deputy Head of the Retail Banking Division, and then as Head of this Division and Vice President of the Bank's Board of Executives. Subsequently, he was Head of Retail Banking of the International Retail Banking business line of the BNP Paribas Group. In 2014, he became Managing Director for the Integration of BNP Paribas Bank Polska and Bank BGŻ. From April 2015, he was vice-president of the Management Board of BNP Paribas Bank Polska S.A. He was initially responsible for the Integration Area and, since September 2015, for the Retail and Business Banking Area. Since September 2017, he has been part of the IRB management of the BNP Paribas Group (current name Europe Mediterranean BNP Paribas), where he is responsible for the area of Central and Eastern Europe and Turkey. In addition, he is Chairman of the Supervisory Board of UkrsibBank, a member of the Supervisory Board of TEB AS and a member of the Supervisory Board of BMCI Morocco. Since 2018, he

has been a member of the Supervisory Board of BNP Paribas Bank Polska S.A. and currently Vice-Chairman of the Supervisory Board.

3. Jean-Charles Aranda – Member of the Supervisory Board

Graduate of the University of Bordeaux, France, where he obtained a Master's degree in Internal Audit and Management Control with distinction. Certified Accountant. He started his career in 1998 at KPMG in Paris, where he was in charge of the Banking financial audit area as a manager. From 2004 to 2009, he was Head of Mission in the Central Accounting Team of the Inspectorate General of BNP Paribas. His tasks included setting up a new audit team dedicated to financial audits. In 2009, he became Chief Financial Officer of BNP Paribas El Djazaïr in Algeria and then, from 2013, Chief Operating Officer of the Bank. From August 2016 to April 2017, he was Executive Director of the Management Accounting and Capital Management Department at BNP Paribas Bank Polska S.A.. From 2017 to 2023, he was Vice-Chairman of the Supervisory Board of BNP Paribas Towarzystwo Funduszy Inwestycyjnych S.A.. From April 2017 to July 2023, he was a member of the Board of Executives, then Vice-President of the Management Board of BNP Paribas Bank Polska S.A., responsible for the Finance Area. He is currently a member of the Supervisory Board of TEB AS and BNP Paribas Bank Polska S.A.

4. Jarosław Bauc – independent Member of the Supervisory Board

Graduate of the University of Lodz and the University of Windsor in Ontario, Canada. He completed internships at the London School of Economics and the Wirtschafts-Universität Wien. From 1982 to 1991, as a doctor of economics, he was a researcher at the University of Łódź. From 1992 to 1997 he was an advisor and project manager at the Centre for Social and Economic Research (CASE). In 1995, he was a consultant to the National Bank of Estonia. In 1996, he was USAID advisor to the Ministry of Finance in Mongolia, in 1997. - in Romania, and in 2000. - in Georgia. From 1998 to 2000 he was Secretary of State and First Deputy Minister of Finance of Poland. From 1998 to 2000, he was a member of the Monetary Policy Council. From 2000 to 2001, he was Poland's Minister of Finance. He served on the management and supervisory boards of a number of capital companies. In 2002-2003, he was chairman of the board of the Powszechne Towarzystwo Emerytalne Skarbiec-Emerytura, in 2004-2005 - Skarbec Investment Management, in 2004-2005 - Skarbec Asset Management Holding, in 2004-2006 - Skarbec Towarzystwo Funduszy Inwestycyjnych. From 2006 to 2007 and from 2008 to 2011, he was President of the Management Board and CEO of Polkomtel, then a member of that company's Management Board. In 2013, he was vice-president of the Management Board of HAWE. Then, from 2013 to 2015, he was vice-president of the management board of Polskie

Górnictwo Naftowe i Gazownictwo SA. He has been associated with the BNP Paribas Group since 2010. In September 2014, he was appointed to the Supervisory Board of BNP Paribas Bank Polska S.A. (then: BGŻ S.A.). Until December 2020, he was Vice-president of the Supervisory Board of BNP Paribas Bank Polska S.A. and is currently a member of the Supervisory Board.

5. Małgorzata Chruściak – independent Member of the Supervisory Board

Graduate of the Faculty of Law and Administration at the University of Warsaw and postgraduate studies in coaching and mentoring at SWPS and the Psychoeducation Laboratory. She is a lawyer with over 20 years of experience in supporting business, which she gained, among others, as a partner and head of the Banking practice while working at the largest international law firms in Warsaw: White & Case, CMS Cameron McKenna and EY Law. Since 2017, she has been working at EY Law Polska, specialising in advising on Banking and finance and restructuring processes. She is recognised as a leading legal expert and recommended in the most prestigious legal rankings: Chambers Europe, IFRL and Legal 500, and works with the European Financial Congress (EFC). She is a practising business coach and mentor and is a member of the European Mentoring and Coaching Council and a member of the Association of Restructuring Practitioners. In 2020 she founded her own company "Mentoring for lawyers" combining legal practice and coaching/mentoring.

6. Géraldine Conti – Member of the Supervisory Board

Graduate of Sapienza University of Rome and postgraduate studies at Bocconi University and London Business School. She was a participant in the Women on Board training programme at the European Business School. She started her career in 1996-1997 at the Italian Association for International Organisations working with the Organisation for Security and Cooperation in Europe (OSCE). From 1997 to 1998 she worked at the Italian Ministry of Foreign Affairs in the area of project financing. From 1998 to 2000, she worked at Abbott - Diagnostic Division, as a Controlling Specialist in charge of the Italy area. From 2000 to 2009 she worked at Banca Nazionale del Lavoro, initially as HR Business Partner in the area of "e-services", budget manager and HR manager for Talent Development, then as Remuneration and Benefits specialist and Director of International Mobility during the integration process with BNP Paribas. From November 2009 to November 2022, she was managing director of the remuneration system and HR finance in the IRB Area. She was responsible for HR issues in the US and the Asia-Pacific Region of the IRB Area. Since November 2022, she has been head of the HR area of Banca Nazionale del Lavoro - BNP Paribas.



7. Magdalena Dziewguć – independent Member of the Supervisory Board

Graduate of the Faculty of Law and Administration at the Adam Mickiewicz University in Poznań and the University of Minnesota/ School of Economics in Warsaw. She also graduated from the European School of Law and Administration in Warsaw and completed postgraduate studies at the University of Humanities and Social Sciences (SWPS) and Harvard Business School. From 1997 to 1999, she worked in the sales department at Scala Polska, a global leader in ERP software. She was then responsible for business development at Orange Polska. She worked in the Corporate Market Office of Orange B2B. Between 2007 and 2012, she worked at Plus GSM as Director of the Strategic Customer Department, Director of the Business Sales Department, Director of the Key Customers Department, and then Managing Director of B2B - she was responsible for managing all B2B sales and sales support. From 2011 to 2012, she was an investment advisor at MCI Management (VC and Private Equity). From 2012 to 2014, she was marketing director and vice-president of the Management Board at Exatel. At that time, she was responsible for sales, marketing, PR, product development and HR. Since September 2014, she has been working at Google and is the director of Google Cloud business development in Central and Eastern Europe - Poland, Czech Republic, Slovakia and Hungary. From 2012 to 2014, she was a member of the Supervisory Board of PGE Dystrybucja SA and Chairman of the Supervisory Board of the Independent Interzone Operator (NOM). From 2012 to 2018, she was chairwoman of the Audit Committee of the LeaderShe Association. From 2014 to 2018 - member of the supervisory board of the Humanites Foundation. From 2016 to 2019 - member of the Board of Trustees of SWPS. Since June 2019, she has been a member of the Supervisory Board of BNP Paribas Bank Polska S.A.

8. Sophie Heller – Member of the Supervisory Board

She graduated from ESSEC Business School, where she received her MBA. She started her professional career in 1988 as a consultant at Bain & Company. She founded Points Ciel, where she worked as marketing director from 1992 to 1997. From 1997 to 1998 she was CEO of Consodata and from 2000 to 2003 she was vice-president of marketing and e-business at Jakala. From 2003 to 2006, she was Chief Marketing Officer at Equilon, BNP Paribas Group's innovative consumer lending company, and then, from 2006 to 2009, she was Chief Marketing Officer at Mediatis, a multi-channel direct sales organisation. From 2009 to 2016, she worked at ING Direct, first as Vice President Marketing and Communications and then as General Manager of ING Direct. In 2016, she became COO of Retail Banking and Services at BNP Paribas Group. She has extensive experience in financial services (management, digitalisation, innovation) and entrepreneurship.

9. Vincent Metz – Member of the Supervisory Board

Graduate in economics from the University of Paris - École Polytechnique and the École Normale Supérieure de Lyon. He started his career in 1993 at Compagnie Bancaire, which was renamed Paribas in 1997. At that time, he was director of financial models in the Planning and Development Department. From 1999, he was associated with the CETELEM Group, where he held a number of positions. He was Director of External Development, Director of CRM and Global B2C Analysis in the Sales Department, Director of Planning and Development in the Finance Department. In 2009, he became Director of Product Marketing in the Sales and Marketing Department at BNP Paribas Personal Finance. He continued his career within the structures of BNP Paribas Personal Finance. There, he served, among others, as Director of Marketing Analysis and Steering in the Sales and Marketing Department, Deputy Director of the Key Partners Department, and Deputy CEO of the PF Inside Area. He has been a member of the Management board of BNP Paribas El Djazair in Algeria since 2023. He is also currently Managing Director of the Latin America Area and PF Inside Area and a member of the Executive Committee of BNP Paribas Personal Finance. She oversees BNP Paribas Personal Finance in six countries. She is an expert in managing development projects - external development, partner relationships. He specialises in financial services and has experience in sales and marketing, including finance and risk.

10. Piotr Mietkowski – Member of the Supervisory Board

Graduate in economics from the University of Paris Dauphine. He completed postgraduate studies in International Economic Relations at the Institute of Political Science in Paris. He started his career as an economist, focusing on emerging markets and European issues. He then worked in the Business Development Department of BNP Paribas and in the Corporate Finance Department, where he was responsible for Central and Eastern Europe. From 2021, he was a member of the Supervisory Board of CCIFP, the French-Polish Chamber of Commerce, and became a member of the CCIFP Management board in May 2023. He is also currently Managing Director of Investment Banking at BNP Paribas Group for Central and Eastern Europe, Greece, Turkey and Israel and a member of the Supervisory Board at BNP Paribas Bank Polska S.A. (since September 2015) and member of the Supervisory Board at UkrsibBank in Ukraine.

11. Khatleen Pauwels - Member of the Supervisory Board

She obtained a degree in commercial engineering from the EHSAL Business School in Brussels in 2000. She started her career at Siemens IT Services, where

she was responsible for the creation of the e-commerce portfolio. She then continued at Siemens Business Services, where she was project manager, sales portfolio manager and director of Bidding and Tendering. She also led the IT team for Outsourcing and Pre-Sales. Since 2007, she was associated with Fortis Bank. She then worked at BNP Paribas Fortis, where she held a number of positions. From 2010, she was head of the IT Resource Management and Strategic Sourcing Team. From 2013, she led more than a dozen process improvement initiatives in Distribution Channels and CRM, before becoming Director of Distribution Channels and CRM in the E2E Operations Area in 2015. In 2018, she took over the leadership of the Operations Department, which runs the Retail and Business Customer Service. Since January 2020, she has been managing director of the E2E Operations Area (known as: Customer Service Centre) and a member of the Executive Committee of BNP Paribas Fortis.

12. Mariusz Warych – independent Member of the Supervisory Board

Graduated in Economics from the Faculty of Economics and Foreign Trade at the University of Łódź. He obtained a diploma in Finance and Accounting at the Hogeschool van Utrecht in the Netherlands. Between 1997 and 1998, he participated in the Association of Chartered Certified Accountants (ACCA) programme. He is a certified internal auditor with qualifications from the Certified Internal Auditor (CIA). From 1996 to 2002, he worked as an external auditor at Ernst & Young in New York, Toronto, Vancouver, London and Warsaw. From 2003 to 2004 he was CFO at Citileasing Sp. z o.o. and Handlowy-Leasing S.A., from 2004 to 2008 he was regional coordinator for Central Europe at KBC GROUP N.V. From 2008 to 2011 he was director of internal audit for Central, Eastern Europe and Russia at AVIVA. From 2011 to 2012, he was Director of Enterprise Risk Management at Deloitte Advisory and a member of the Supervisory Board and Audit Committee at Jastrzębska Spółka Węglowa S.A.. He was a financial advisor to the Canadian Polish Congress in Vancouver, where he also hosted a programme on NOFA Polish Radio. Since 2009, he has chaired the Audit Heads Club in Poland. He sits on the Supervisory Board of Signal Iduna and UkrsibBank in Ukraine and is a member of the Supervisory Board and Chairman of the Audit Committee at Selena FM S.A. He is a specialist in: management, supervision and evaluation of the effectiveness of business operations, identification and resolution of financial and operational weaknesses, management of risks related to implementation of business goals, internal audit, business training and independent membership in supervisory boards and audit committees. Since June 2013, he has been a member of the Supervisory Board of BNP Paribas Bank Polska S.A.



Committees of the Supervisory Board

GRI [2-9] [2-14]

The Supervisory Board sets up internal Committees, which consist of members of the Supervisory Board. The Committees have a consultative and advisory function for the Supervisory Board and are intended to improve its work. To this end, the Committees prepare opinions, recommendations and proposals for decisions on applications received by the Supervisory Board in a working procedure. The scope and procedure of the committees are defined in their rules of procedure, which the Supervisory Board introduces by resolution.

Committees of the Bank's Supervisory Board:

- Audit Committee
- Risk Committee
- Remuneration Committee
- Nominations Committee

The composition of the Committees is presented in Table 109 Composition of the Bank's Supervisory Board and Board Committees as at 31.12.2023, together with information on the independence of the members.

Audit Committee

The Audit Committee supports the Supervisory Board in monitoring the integrity of financial information, the effectiveness of the internal control system and the monitoring of the performance of auditing activities. It is responsible for ensuring the effectiveness of the Bank's internal audit function and therefore oversees the activities of the Internal Audit Division. It ensures the flow of information and ensures good cooperation between the external auditor (statutory auditor), internal audit and the Supervisory Board. The Audit Committee prepares annual reports on its activities. It includes a risk assessment of the areas it oversees and evaluates the effects of its activities. In addition, the Audit Committee supervises the activities of the auditor and periodically evaluates its work. The Audit Committee has been established by the Supervisory Board in accordance with the legal provisions relating to the appointment, composition and functioning of the Audit Committee, as well as the independence of its members and the fact that they possess appropriate knowledge and skills, knowledge of accounting and auditing principles.

Composition of the Audit Committee

The Audit Committee consists of four members, three of whom are independent members of the Supervisory Board. They meet the independence criteria referred to in the "Regulation of the Minister of Finance on the Audit Committee" and § 16(4) of the Bank's Articles of Association, as well as in the "Act on Statutory Auditors, Audit Firms and Public Supervision".

Composition of the Audit Committee as at 31 December 2023:

- Mariusz Warych – Chairman of the Committee (independent member)
- Lucyna Stańczak-Wuczyńska – Member of the Committee (independent member)
- Jarosław Bauc – Member of the Committee (independent member)
- Francois Benaroya – Member of the Committee

All members of the Audit Committee have adequate knowledge, competence and many years of experience in finance and accounting:

- Mariusz Warych – competence in accounting, auditing and internal auditing, confirmed by the CIA diploma. Participant of the ACCA Coursework programme. Many years of experience as an independent member of supervisory boards and audit committees (JSW, Selena FM, UkrsibBank Ukraine). External auditor at Ernst & Young - auditing Banks in Poland, UK, Canada and USA. Evaluated the functioning of Audit Committees. Chairman of the Audit Heads Club in Poland. Gained knowledge and skills as CFO in Citi Group - in leasing companies, as well as regional coordinator in KBC Group - overseeing KBC Group's activities in Poland.
- Lucyna Stańczak-Wuczyńska – education in economics and 30 years of experience in Banking and finance, gained while working in the Banking sector, in commercial Banking and the EBRD. She has held a number of corporate governance roles, been a member of supervisory boards (or observer) and a member of audit and risk committees (e.g. Alior Bank). She has gained industry knowledge and skills from managing (as Director of the EU Banks Team at EBRD in London) for many years the portfolio (debt and equity) of a significant group of Banks in 12 EU countries, Central and Southern Europe.
- Jarosław Bauc – Doctor of Economics. He gained his experience sitting on management and supervisory boards of a number of capital companies (Powszechne Towarzystwo Emerytalne Skarbiec-Emerytura, Skarbiec

Investment Management, Skarbiec Asset Management Holding and Skarbiec Towarzystwo Funduszy Inwestycyjnych, Polkomtel, HAWE, PGNiG). He has comprehensive knowledge in the field of finance and Banking at home and abroad.

- Francois Benaroya – economic education. He gained knowledge and experience in Banking during his long-term employment in the Banking sector in senior positions in the BNP Group. He was a member of the Management board of BNP Paribas Bank Polska S.A. responsible for the Integration Area, then for the Retail and Business Banking Area. He serves on the Supervisory Boards (UkrsibBank Ukraine, TEB AS) and in the IRB management of the BNP Paribas Group, (current name Europe Mediterranean - BNP Paribas), where he is responsible for the area of Central and Eastern Europe and Turkey.

Detailed information on the background and professional experience of the Committee members is provided in the Supervisory Board section and on the Bank's website <https://www.bnpparibas.pl/en/english-info/bank-authorities>.

Regular members of the Audit Committee meetings also attend:

- President of the Management Board,
- Member of the Management Board who oversees the Finance Area,
- Member of the Management Board who oversees the Risk Area,
- Managing Director of the Internal Audit Division,
- Managing Director of the Compliance Division.

Meetings of the Audit Committee

The Audit Committee meets at least four times a year, or more frequently as required by its duties, including each time before the publication of the Bank's financial results and reports.

In 2023, 11 meetings of the Audit Committee were held, including five in writing, at which, among other things, the following were discussed and approved:

- Financial statements for 2022,
- Report on the activities of the Bank Group for 2022,
- Report on non-financial information for 2022,
- quarterly and half-yearly reports on financial performance in 2023,



- information on the capital adequacy of the BNP Paribas Bank Polska S.A. Group,
- provision of additional services by the audit firm,
- audit plan for the financial statements,
- action plans of the Internal Audit and the Compliance Division,
- annual and periodic activity reports of the Internal Audit and Compliance Divisions,
- annual report on the evaluation of the adequacy and effectiveness of the internal control system,
- periodic reports on the status of the monitored post-audit recommendations and on the implementation of the PFSA recommendations,
- BION results,
- annual and periodic reports on complaints, claims and applications handled at the Bank,
- a report on compliance with ethical principles and the results of a review of cases of violation of internal regulations or applicable law by employees or business units of the company,
- the information relates to the Bank's compliance with the "Best Practices for WSE Listed Companies 2021" and the financial information communication process in 2022,
- annual reports on the operation of the compliance oversight system in the Brokerage and Trust Services Department,
- results of the review of the accounting and reporting process and the management accounting system,
- annual report on the activities of the Bank's Audit Committee for the Supervisory Board.

In addition, the Committee periodically evaluated the performance of the external auditor. Discussed and reviewed updated regulations in the areas of accounting, auditing and compliance and recommended to the Supervisory Board to adopt them.

In 2023, the work of the Audit Committee also focused on the process of selecting a new audit firm to audit the Bank's financial statements.

In 2023, all members of the Audit Committee actively participated in the Committee's meetings and showed a high commitment to the proper performance of their duties. The overall attendance of Committee members at meetings was 96.6%. The number and duration of meetings, as well as access to resources, were sufficient to enable the Audit Committee to fully discharge its responsibilities.

Supervision of Audit Committee over choice of auditor

The Audit Committee supervises the activities of the auditor. It makes recommendations to the Supervisory Board on the appointment or termination of the services of the auditor. It monitors compliance with the principle of the auditor's independence and objectivity and the rules of information exchange. In addition, the Committee periodically evaluates the performance of the external auditor.

The Supervisory Board in September 2017 adopted the documents prepared by the Audit Committee:

- "Policy on the selection of the audit firm at BNP Paribas Bank Polska S.A.",
- "Procedure for selecting the audit firm at BNP Paribas Bank Polska S.A.",
- "Policy on the provision of permitted non-audit services at BNP Paribas Bank Polska S.A. by the audit firm, by affiliates of the audit firm and by members of the audit firm's network".

These documents set out such rules to ensure that the selection of the audit firm is carried out correctly and in accordance with the applicable legislation. Below are the most important rules:

- maintaining the independence of the audit firm and the key statutory auditor,
- application of transparent and non-discriminatory evaluation criteria for the selection of the audit firm during the tender process,
- ensuring that principles for the appropriate rotation of audit firms and the key auditor are maintained, including cooling-off periods.

The main objective of the "Policy on the provision of permitted non-audit services at BNP Paribas Bank Polska S.A. by the audit firm, by affiliates of the audit firm and by members of the audit firm's network" is to analyse the compliance of the additional service with legal regulations, as well as to control and monitor the independence of the key auditor and the audit firm. The policy allows for the provision of permitted services, to the extent not related to the

Bank's fiscal policy, following an analysis of independence and consent to their provision.

The audit firm Mazars Audyt Sp. z o.o., authorised to audit and review the stand-alone financial statements of BNP Paribas Bank Polska S.A. and the consolidated financial statements of the BNP Paribas Bank Polska S.A. Group, together with reporting packages, has been providing services to the Bank since 2020.

The Supervisory Board, taking into account the recommendation of the Audit Committee, decided on 9 December 2021 to extend the contract with the existing audit firm Mazars Audyt Sp. z o.o. for the years 2022-2023.

In assessing the independence of the audit firm and agreeing to provide the service, the Bank used the key auditor and audit firm approval path for the statutory audit of the Bank's and the Bank Group's financial statements as set out in the Auditor Selection Policy.

In 2023, the audit firm provided the following authorised non-audit services to the Bank in respect of the review of the Bank's and the Bank Group's financial reports and consolidation packages

- provision of an assurance service for the evaluation of the 2022 Remuneration Statement of the Supervisory Board and Management Board,
- the provision of a service to assess the compliance of qualitative and quantitative information on the capital adequacy of the Bank Group as at 30 June 2023 and 31 December 2023 in accordance with the CRR Regulation.

The Audit Committee, in April 2023, commenced the process of selecting an auditor to review and audit the financial statements for 2024-2025. The Committee, acting in accordance with the Audit Firm Selection Procedure, approved on an ongoing basis the next steps in the selection of an auditor.

The Audit Committee's recommendation followed a structured selection procedure that met the criteria set out in the Selection Policy and the Audit Firm Selection Procedure, including the rotation rules for the audit firm and the key auditor. The Audit Committee recommended the selection of the audit firm Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp.k. (EY) to review and audit the financial statements of the Bank and the Bank Group, including packages, for the years 2024-2025.

The Audit Committee assessed that EY fulfils the formal requirements of independence, in accordance with the criteria set out in Articles 69-73 of the Act



on Statutory Auditors and the provisions of § 5 of the Audit Firm Selection Policy, and will guarantee the highest quality of audit services.

The Supervisory Board, taking into account the recommendation of the Audit Committee, on 15 September 2023 selected Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp.k. as the audit firm authorised to audit and review the stand-alone financial statements of BNP Paribas Bank Polska S.A. and the consolidated financial statements of the BNP Paribas Bank Polska Group, including the reporting packages, for the years 2024-2025.

Risk Committee

The Risk Committee supports the Supervisory Board in overseeing the area of risk management. The Committee gives its opinion on the Bank's overall current and future risk appetite. It gives its opinion on the risk management strategy for the Bank's activities and on the information submitted by the Management board on the implementation of this strategy. Together with the Supervisory Board, it oversees the implementation of the risk management strategy in the Bank's activities by senior management. The Risk Committee verifies that the prices of liabilities and assets offered to Customers fully reflect the Bank's business model and its risk strategy. In the event that these prices do not adequately reflect the risks, in line with the risk management model and strategy - the Committee makes proposals to the Bank's Management board so that the prices of liabilities and assets are appropriate to the risks.

Each year, the Committee presents an annual report of its activities to the Supervisory Board.

Composition of the Risk Committee

The Committee shall consist of at least three persons - appointed from among the members of the Supervisory Board.

Composition of the Risk Committee as at 31 December 2023:

- Francois Benaroya – Chairman of the Committee
- Małgorzata Chruściak – Member of the Committee (independent member)
- Lucyna Stańczak-Wuczyńska – Member of the Committee (independent member)
- Mariusz Warych – Member of the Committee (independent member)

On 13 December 2023 Francois Benaroya resigned as Chairman of the Risk Committee with effect from 31 December 2023. On 20 December 2023, the Supervisory Board adopted a resolution appointing Jacques Rinino as Chairman of the Risk Committee as from 1 January 2024.

Accordingly, at the beginning of 2024, the Risk Committee started its work with the following composition:

- Jacques Rinino – Chairman of the Committee (independent member)
- Francois Benaroya – Member of the Committee
- Małgorzata Chruściak – Member of the Committee (independent member),
- Lucyna Stańczak-Wuczyńska – Member of the Committee (independent member)
- Mariusz Warych – Member of the Committee (independent member)

Four members of the Risk Committee, together with the Committee Chairman, meet the criteria for independence, in accordance with the "Act on Statutory Auditors, Audit Firms and Public Supervision".

Risk Committee meetings

The Risk Committee shall meet at least four times a year. The dates of the meetings are set by the Committee Chairman. In 2023 the Risk Committee held four meetings. During the meetings, the Risk Committee discussed periodic reports on the following:

- credit risk,
- market and liquidity risks, recovery plan indicators, risk appetite indicators, risks of investments undertaken as part of the Investment Strategy, ESG risks,
- operational risk, internal control and fraud prevention,
- ALMT risks,
- legal risks.

In addition, the Committee gave opinions and recommended resolutions to the Supervisory Board, which included the following:

- principles for the categorisation of irregularities detected by the internal control system and criteria for assessing the adequacy and effectiveness of the internal control system at BNP Paribas Bank Polska S.A.,
- risk appetite at BNP Paribas Bank Polska S.A.,
- the investment strategy of BNP Paribas Bank Polska S.A.,
- BNP Paribas Bank Polska S.A. capital plan for 2024-2026,
- BNP Paribas Bank Polska S.A. contingency capital plan,
- the Capital Management Policy at BNP Paribas Bank Polska S.A.,
- Strategy for operational risk management and internal control at BNP Paribas Bank Polska SA.,
- updated Rules of Procedure of the Risk Committee.

In 2023 the Committee has paid particular attention to the issues of:

- legal risks, in particular related to litigation concerning foreign currency/CHF-denominated loans, the Bank's activities as depositary and the sanction of free credit,
- on the situation regarding the CHF mortgage portfolio and the progress of voluntary settlements,
- risks associated with phishing,
- ESG risks and their impact on the Bank's operations.

The number of Committee members attending each Risk Committee meeting allowed all Committee meetings to run properly in 2023. The attendance rate of Committee members was 100%.

Remuneration Committee

The Remuneration Committee supports the Supervisory Board in its supervisory duties in the area of human resources management. It monitors and supervises key processes, in particular with regard to human resources policy, employee professional development and remuneration policy. The Committee's remit includes, among other things: analysing the performance of the members of the Management Board and proposing recommendations to the Supervisory Board in this regard, as well as recommending key performance indicators to the Board for the members of the Management Board. In addition, the Committee gives its



opinion and monitors succession plans for key positions in the Bank, monitors the level and structure of the remuneration of key positions in the Bank. Each year, the Committee provides the Supervisory Board with an update on the Bank's employment and remuneration structure and an annual report on its activities.

Composition of the Remuneration Committee

The Committee shall consist of at least three members appointed from among the members of the Supervisory Board.

Composition of the Remuneration Committee as at 31 December 2023:

- Géraldine Conti – Member of the Committee until 30 June 2023, Chairwoman of the Committee from 1 July 2023
- Francois Benaroya – Member of the Committee
- Lucyna Stańczak-Wuczyńska – Member of the Committee (independent member)

Jean-Paul Sabet served as Chairman and Member of the Committee until 30 June 2023.

Remuneration Committee meetings

Meetings of the Remuneration Committee shall be held at least twice a year or as often as necessary for the effective fulfilment of the Committee's tasks and mission. The dates of the meetings shall be set by the Chairman of the Committee. In 2023 the Remuneration Committee held nine meetings, including three in writing. During the meetings, the Committee discussed:

- the annual objectives of the members of the Bank's Management Board and the assessment of the achievement of these objectives,
- principles for the remuneration and variable remuneration of the members of the Management Board and those in charge of the audit and compliance area,
- the Bank's employment and remuneration report 2022,
- issued an opinion on the Report on the remuneration of the members of the Board of Executives and the Supervisory Board of BNP Paribas Bank Polska S.A. for the year 2022,

- issued an opinion on the evaluation of the application of the Bank's Remuneration Policy,
- issued an opinion on amendments to the Employee Remuneration Policy and the Remuneration Policy for individuals with a material impact on the risk profile of BNP Paribas Bank Polska S.A.,
- issued an opinion on the terms and conditions of the issue of series A4 and B1 subscription warrants,
- issued an opinion on the pricing conditions for credit products for certain members of the Management Board,
- issued an opinion on the amendments to the Remuneration Committee's Rules of Procedure,
- discussed information on the eNPS results at BNP Paribas Bank Polska S.A.,
- discussed information on employment restructuring at the Bank,
- prepared and discussed the annual report on the Remuneration Committee's activities for the Supervisory Board.

Nominations Committee

GRI [2-10], [2-18]

The Nomination Committee supports the Supervisory Board in assessing the qualifications of candidates for members of the Bank's Management board and Supervisory Board. Together with the Supervisory Board, the Nomination Committee determines the criteria that are used to select members of the Management Board and Supervisory Board. The criteria take into account: knowledge, competence and expected commitment in terms of time commitment required for the function. In addition, the Committee determines the responsibilities of the candidate for the Bank's Management Board. The Nomination Committee periodically assesses the knowledge, competence and experience of the Bank's Management Board as a whole and of individual members of the Bank's Management Board at least once a year. It also evaluates the structure, size, composition and effectiveness of the Bank's Management Board, and then makes recommendations to the Supervisory Board for any changes in this respect. In addition, the Nominations Committee makes an individual assessment of the suitability (initial and periodic) of the members of the Supervisory Board and a collective assessment of the suitability of the Supervisory Board as a whole. The assessment of individual and collective suitability is performed at least once a year and in situations indicated in the

Policy of the Bank for the Assessment of Suitability of the Members of the Supervisory Board of BNP Paribas Bank Polska S.A., e.g. in the event of the nomination of candidates for the Supervisory Board members (prior to the appointment of a given person to perform a given function), in the event of changes in the composition of the Supervisory Board or a material change in the Bank's business model..

The Nomination Committee reviews and monitors the effectiveness of the Bank's Suitability Assessment Policy for members of the Supervisory Board and the Suitability Assessment Policy for members of the Management Board and employees performing key functions in the Bank. The Nomination Committee periodically reviews the policy and makes recommendations for changes to the Supervisory Board. In addition, the Nomination Committee oversees key processes such as succession plans, the policy for the appointment and removal of members of the Management Board and members of the Supervisory Board, and the professional development of employees. It makes recommendations to the Supervisory Board on the nomination and succession process for individuals in key positions and on recommendations to reduce or increase the number of members of the Bank's Management Board.

Composition of the Nominations Committee

GRI [2-18]

The Committee consists of at least three persons appointed from among the members of the Supervisory Board. The members of the Nominations Committee must have the necessary knowledge, competence and experience to properly assess the composition of the Management Board and Supervisory Board and the recommended candidates for the Management Board and Supervisory Board. As part of the suitability assessment, which is carried out on a cyclical basis once a year or in the event of other circumstances resulting in the need for an assessment, an assessment of their knowledge, skills and professional experience (inter alia in ESG risk management) is carried out. A detailed criteria matrix is attached as an appendix to the Policy for the assessment of the suitability of the members of the Supervisory Board of BNP Paribas Bank Polska S.A.

Composition of the Nominations Committee as at 31 December 2023:

- Géraldine Conti – Member of the Committee until 30 June 2023, Chairwoman of the Committee from 1 July 2023
- Francois Benaroya – Member of the Committee



- Lucyna Stańczak-Wuczyńska – Member of the Committee (independent member)

Jean-Paul Sabet served as Chairman and member of the Committee until 30 June 2023.

Following Geraldine Conti's resignation as a member of the Bank's Supervisory Board with effect from 31 December 2023, the Supervisory Board appointed Lucyna Stańczak-Wuczyńska as Chairwoman of the Nomination Committee and chair of the Remuneration Committee as of 1 January 2024. In addition, the Supervisory Board, at its meeting on 7 December 2023, appointed Magdalena Dziewguć to both committees, also as of 1 January 2024.

Accordingly, as of the beginning of 2024, the Nomination Committee and the Remuneration Committee started work with the following composition:

- Lucyna Stańczak-Wuczyńska - Chairwoman of the Committee (independent member)
- Francois Benaroya – Member of the Committee
- Magdalena Dziewguć – Member of the Committee (independent member)

For both committees, two members, including the chairperson, meet the criteria for independence, according to the "Act on Statutory Auditors, Audit Firms and Public Supervision".

Meetings of the Appointments Committee

The Committee shall meet as often as needed to effectively fulfil the Committee's mission, but at least twice a year. The dates of the meetings are set by the Chairperson of the Nominations Committee. In 2023 the Nominations Committee held 12 meetings, four of which were in writing.

During its meetings, the Committee:

- carried out a periodic assessment of the individual and collective suitability of the members of the Bank's Supervisory Board and the members of the Bank's Management Board. The Committee confirmed the positive assessments of the individual suitability as well as the collective suitability of the members of the Management Board and the Supervisory Board,

- made an assessment of the individual suitability of candidates for Supervisory Board members and an additional assessment of the collective suitability of the Supervisory Board,
- made an assessment of the individual suitability of candidates for membership of committees of the Supervisory Board and an additional assessment of the collective suitability of individual committees,
- made an assessment of the individual suitability of candidates for the Bank's Management Board and an additional assessment of the collective suitability of the Management Board, and made recommendations to the Supervisory Board in this regard,
- adopted and presented to the Supervisory Board a recommendation on the target number of Management Board members,
- discussed reports on the adequacy of internal regulations concerning the functioning and effectiveness of the Management Board and the functioning and effectiveness of the Supervisory Board,
- discussed and recommended to the Supervisory Board the adoption of policies for dealing with organisational changes, requests for additional posts and cost overruns,
- discussed amendments to the Policy for the Assessment of the Suitability of the Supervisory Board Members of BNP Paribas Bank Polska S.A. and the Policy for the Assessment of the Suitability of the Board of Executives' Members and Key Function Holders of BNP Paribas Bank Polska S.A. The Committee recommended to the Supervisory Board the adoption of the above regulations,
- discussed the proposal for successors to critical positions from the level of Board members and executive directors,
- issued an opinion on the amendments to the Rules of Procedure of the Appointments Committee,
- prepared and discussed the annual report on the activities of the Nomination Committee for the Supervisory Board.

The Bank's Management Board

The Bank's Management board is the management and executive body that operates on the basis of applicable laws, the Bank's Articles of Association and the Regulations of the Management board. As of 1 January 2020. The Bank's Management Board has nine members and this is in accordance with the Bank's

Articles of Association. The Supervisory Board decided on 7 December 2023 to set the number of members of the Management Board at eight, starting from 1 January 2024. The members of the Management board - the President and the Vice-Presidents - are appointed by the Supervisory Board for a joint term of office of three years. The terms of office of the members of the Management Board expire at the end of their term of office, on the date of the General Meeting approving the financial statements for the last full financial year in which they served as members of the Management Board. In addition, the Supervisory Board, acting on the basis of the "Policy for the Appointment and Dismissal of Management Board Members", may dismiss or suspend a Management Board member at any time. The members of the Management Board must have the knowledge and experience to manage the Bank in a stable and prudent manner. At least half of the members of the Bank's Management Board shall be persons who are well acquainted with the Banking market in Poland, i.e. who live permanently in Poland, speak Polish and have experience in the Polish market.

Table 112. Composition of the Bank's Management Board as at 31.12.2023, together with the division of the functional responsibilities of the individual members

name and surname	function on the Bank's Management Board	supervised area
Przemysław Gdański	President	Area of Bank Management, Strategy and Agricultural Markets, Area of Human Resources Management, Area of Transformation, Area of Sustainability
André Boulanger	Vice-President	Corporate and Institutional Banking
Przemysław Furlepa	Vice-President	Retail and Business Banking Area Brokerage Office
Wojciech Kembłowski	Vice-President	Risk Area
Piotr Konieczny	Vice-President	Finance Area
Kazimierz Łabno	Vice-President	Operations and Business Support Area



name and surname	function on the Bank's Management Board	supervised area
Magdalena Nowicka	Vice-President	New Technologies and Cyber Security Areas
Volodymyr Radin	Vice-President	Personal Finance Area (PF)
Agnieszka Wolska	Vice-President	SME and Corporate Banking area

The competencies and professional experience of the individual members of the Bank's Management Board are presented on the Bank's website <https://www.bnpparibas.pl/en/english-info/bank-autorithies>.

The composition of the Management board is appropriate in terms of numbers to the structure and area of the Bank's activities and complies with the suitability criteria, both individually and as a whole body, which contributes to the effective management of the Bank.

Top management makes every effort to broaden its range of competences in the area of sustainability, climate change and climate policy at advanced international training courses (e.g. Cambridge Institute for Sustainability Leadership) and meetings with recognised experts and researchers. CEO Przemysław Gdański graduated in 2021 from the IE Business School in Madrid with specialised training in Sustainability.

Changes in the composition of the Bank's Management Board in the period 1 January - 31 December 2023:

- 24 March 2023 - Mr Jean-Charles Aranda resigned as Vice-President of the Management Board with effect from 31 July 2023,
- 9 May 2023 - the Supervisory Board appointed Mr Gregory Raison as Vice-President of the Management Board responsible for the Finance Area, with effect from 1 August 2023,
- 23 June 2023 - Mr Grégory Raison resigned as a member of the Bank's Management Board. The reason for his resignation was the termination of his cooperation with the BNP Paribas Group and the assumption of new professional responsibilities,

- 24 July 2023 - the Supervisory Board appointed Mr Piotr Konieczny as Vice-President of the Management Board responsible for the Finance Area, with effect from 1 September 2023,
- 29 September 2023 - Mr Kazimierz Łabno resigned as Vice-President of the Management Board, effective 31 December 2023,
- 21 November 2023 - Mr Przemysław Furlepa resigned as Vice-President of the Management Board, effective 31 December 2023,
- 7 December 2023 - the Supervisory Board appointed Ms Małgorzata Dąbrowska as Vice-President of the Management Board responsible for the Operations and Business Support Area, with effect from 1 January 2024.



Members of the Bank's Management Board

GRI [2-17]

ESRS 2 GOV-1

1. Przemysław Gdański – President of the Management Board

Graduate of the Faculty of Foreign Trade at the University of Gdansk and a one-year programme in international Banking and finance at Loughborough University, UK. He completed the Advanced Management Program (AMP) at IESE Business School and a number of professional and managerial development programs at Harvard Business School, London Business School, University of California, Berkeley - Haas School of Business, Ashridge - Hult International Business School and HEC, among others. He has been involved in Banking for more than 25 years. From 1993 to 1995, he worked at IBP Bank SA, then at ABN AMRO Bank in Poland, Romania and the head office in Amsterdam. From 2002 to 2006, he was managing director, heading the Large Companies Area at Bank BPH SA. From May to November 2006, - CEO and General Manager of Calyon Bank Poland and Calyon Branch in Poland. In November 2006, he became Vice-President of the Management Board of Bank BPH, where he was responsible for corporate Banking and real estate financing. Subsequently, he was Vice President of the Management Board of Pekao SA, responsible for the Corporate Banking, Markets and Investment Banking Division. From 2008 to 2017, he was a member of the Management Board and Vice-President of mBank, where he was responsible for the Corporate and Investment Banking Division. Since November 2017, he has been heading BNP Paribas Bank Polska S.A. and serves as Territory Head - overseeing the BNP Paribas Group companies operating in Poland. She has been a long-time patron of initiatives to promote diversity, gender equality and to support the activities and promote the professional development of women.

Top management makes every effort to broaden its range of competences in the area of sustainability, climate change and climate policy at advanced international training courses (e.g. Cambridge Institute for Sustainability Leadership) and meetings with recognised experts and researchers.
CEO Przemysław Gdański graduated from IE Business School in Madrid in Sustainability.

2. André Boulanger – Vice-President of the Management Board

He graduated with honours from the Université Libre de Bruxelles in Belgium. He started his career in 1986 at Crédit Communal de Belgique (now Belfius Bank), where he worked until 1989. He then became branch manager of Banque Paribas Belgium in Brussels and later deputy head of the Risk Department at Banque Paribas Belgium. From 1994 to 1998, he was vice-president of Banque Paribas France, where he was responsible for commercial Banking in the European subsidiaries. From 1998 to 2000, he was managing director of the Corporate Banking Area at Banque Paribas Belgium. After the merger of BNP and Paribas in 2000, he became managing director of the Corporate and Investment Banking Area. From 2002, he continued his career at BNP Paribas in France as managing director of the Acquisition Finance Transactions and Structured Loans Area in the Continental Europe region. In 2005, he became Managing Director of the Corporate Banking Area in Central and Eastern Europe at BNP Paribas in France and, in 2007, General Manager of the Corporate and Transaction Banking Area. From 2010 to 2014, he became CEO and Chairman of the Management board at BNP Paribas in the Netherlands. In 2014, he became Managing Director of the Corporate Banking Operations Area in the Europe Region and in 2015 Managing Director of the EMEA Operations Area. Since 2017, he was CEO of BNP Paribas JSC and CEO for the Russian Federation area. Since November 2018, he has been Vice President of the Management Board of BNP Paribas Bank Polska S.A. responsible for the CIB Banking Area.

3. Przemysław Furlepa – Vice-President of the Management Board

Graduate of the University of Economics in Katowice and postgraduate studies at the Gdansk Academy of Banking, the Warsaw School of Economics and the Jagiellonian University in Krakow. He participated in numerous managerial trainings and workshops in Poland and abroad. He started his professional career at BPS Consultants Poland (Nielsen Marketing Research). Then, between

1993 and 1994, he worked as Head of the Analysis Team at the Securities Publishers. In 1996-2002, he joined ING Bank Śląski, initially working in the Controlling Department, then as Head of the Department of Small and Medium Enterprises and Head of the Corporate Customer Market and Deputy Director of the Corporate Customer Department. From 2002 to 2004, he was Financial Director and member of the Management Board at Alpinus S.A. (HiMountain). From 2005 to 2017, he rejoined ING Bank Śląski S.A., initially as Regional Retail Sales Director, then as Director of the Retail Sales Department, Director of the Sales and Quality Development Department.. From 2013, he was Managing Director of Retail Banking and was responsible for managing Customer Relationships, Segments and Internet Banking, as well as managing Digital Banking and the Entrepreneur segment. He was involved in international projects focused on building value for Customers through an omnichannel approach, increasing the quality of digital service offerings and collaborating with fin-techs. From October 2017 to 31 December 2023, he was Vice President of the Board of Executives of BNP Paribas Bank Polska S.A. in charge of the Retail and Business Banking Area.

4. Wojciech Kembłowski – Vice-President of the Management Board

Graduated in economics from the Faculty of Finance and Statistics at the Warsaw School of Economics. He completed management trainings organised, inter alia, by Harvard Business School and executive trainings prepared by Raiffeisen Bank International AG. At the beginning of his professional career - in the years 1993-1997 - he was associated with CSBI in the Sygnity group, where he was a manager of analyses in the Financial Department. Subsequently, he worked at Raiffeisen Bank Poland, initially from 1997 to 2000 as a financial analyst and account manager, and then from 2000 to 2003 as a manager of Risk Management. From 2003 to 2008, he was director of the Credit Risk Department of Raiffeisen Bank Polska, where he was responsible for the corporate area - corporates and medium-sized enterprises, financial institutions. From 2008 to 2011, he was director and then managing director of the Credit Risk Area at Raiffeisen Bank Polska. Since 2011, he was associated with BNP Paribas Bank Polska, where he became a member of the Management board and Managing Director of the Risk Area (Chief Risk Officer). Since May 2015, he has been Vice President of the Board of Executives of BNP Paribas Bank Polska S.A. and is responsible for the Risk Area.

5. Piotr Konieczny – Vice-President of the Management Board

Graduated from the Faculty of Banking and Finance at the University of Szczecin, where he obtained a Master's degree in Economics. Subsequently, he obtained a PhD in Banking and Finance at the Warsaw School of Economics. During his



career he has attended numerous courses in management, leadership and sustainability. He has over 30 years of business experience in risk and finance functions. At the beginning of his career, he was associated with the Department of Econometrics and Statistics at the University of Szczecin. From 1995 to 1997, he was a market risk controller in the Treasury Department of PBKS S.A., part of the Pekao S.A. Group. From 1997, he was associated with Raiffeisen Bank Polska S.A., holding successive positions as balance sheet risk manager, director of the Asset and Liability Management Office, managing director of the Risk Management Department. In 2007, he took up the position of Member of the Management Board responsible for the Risk and Finance Areas (Chief Risk Officer/Chief Financial Officer), and from 2012 he was Member of the Management Board responsible for the Finance Area (CFO). He was also a member of the Supervisory Boards of Raiffeisen Towarzystwo Funduszy Inwestycyjnych S.A. and Raiffeisen Leasing Polska S.A.. He continued his career at BNP Paribas Group S.A. as CFO advisor at BNP Paribas Bank Polska S.A. (in 2018-2019), and since 2019 as a member of the Management Board of UkrsibBank supervising the Finance Area (CFO). Since 1 September 2023, he has been Vice-President of the Management Board of BNP Paribas Bank Polska S.A. supervising the Finance Area.

6. Kazimierz Łabno – Vice-President of the Management Board

Graduate of sociology at the Jagiellonian University and postgraduate studies at the Cracow University of Economics (major: Banking). He has nearly 30 years of experience working on universal Banking projects, in the area of nearshoring and operations. He started his career in Banking in 1990 at Bank BPH, with which he was associated until 2010. Among other things, he was responsible for the project to merge Bank Przemysłowo-Handlowy with Powszechny Bank Kredytowy. In 2005, he led the process of demerging Bank BPH. In 2007, he became Vice-President of that Bank, responsible for IT, operations, services and integration. In 2010, he joined Alior Bank, where he was head of the Strategic Projects Department. In 2012, he interrupted his Banking career and created a corrugated packaging factory from scratch - TriPack Ltd. In 2013, he became Vice President of the Management Board of IT BPS, part of the Bank Polskiej Spółdzielczości S.A. Group. He was then Director of Operations and Transformation Manager at Raiffeisen Bank Polska S.A.. From November 2018 to 31 December 2023, he was Vice President of the Management Board of BNP Paribas Bank Polska S.A. overseeing the Operations and Business Support Area.

7. Magdalena Nowicka – Vice-President of the Management Board

Graduate of the Faculty of Mathematics at the Maria Curie-Skłodowska University in Lublin and MBA studies at the Warsaw University of Technology.

She also completed postgraduate studies in management and "Information Technology in Business" at the Warsaw School of Economics. For 20 years, she was associated with the ING Group. She started her career at ING Barings in 1997 and then worked in the IT Division of ING Bank Śląski. She was director of the IT Support Department. From 2006 to 2016, she was president of the board of ING Services Poland. At that time, she built ING Tech Poland, ING Group's technology centre, providing IT services, including cyber security and cloud solutions, to Customers in more than 20 countries. In 2017, she joined Nordea, where she worked as Head of IT Poland. Among other things, she took part in the creation of the Nordea Horizon Center - a state-of-the-art IT monitoring and operations centre. Subsequently, as Global Head of Technology Sourcing, she was responsible for implementing the strategy for the use of global IT service centres. Since January 2021, she has been Vice President of the Management Board of BNP Paribas Bank Polska S.A. and oversees the New Technologies and Cyber Security Area. Magdalena Nowicka is actively involved in projects supporting the development of women in the world of new technologies. She is a mentor of the "Technology in a Skirt" programme".

8. Volodymyr Radin – Vice-President of the Management Board

Graduate of the Ukrainian Academy of Banking of the National Bank of Ukraine. In addition, he completed his marketing studies at HEC in Paris and his studies in management leadership at the Ukrainian Academy of Corporate Governance. He has been involved in Banking for more than 15 years. From 2002 to 2003, he worked at Bank Aval (Raiffeisen Bank Aval) as Director of the Consumer Finance Department. From 2003 to 2007, he was Director of the Retail Banking Business Line at Universal Development and Partnership Bank (Foxtrot Group) and then Deputy Director of the Retail Banking Business Line and Director of Product Management at KreditpromBank from 2007 to 2008. In 2008, he joined the BNP Paribas Group as Sales and Marketing Director and Deputy Director of the Personal Finance Business Line at UkrsibBank (BNP Paribas Group). In 2014, he became Director of the Personal Finance business line and a member of UkrsibBank's Management board, and later Vice-president of the Management board. During his more than 15 years of professional career in financial institutions, he was involved in numerous projects concerning the creation, transformation or comprehensive modernisation of retail Banking operations: consumer loans, credit cards, vehicle financing, mortgages, payments, savings products, debt collection, call centre. Her education in finance provided the basis for her acquired high level skills in many areas of Banking, such as sales and marketing, financial planning and budgeting, operational and credit risk management, market analysis, customer satisfaction management. Since October 2019, he is Vice President of the Board of Executives of BNP Paribas

Bank Polska S.A. supervising the Personal Finance Banking Area. From 1 January 2024, he also supervises the Retail and Business Banking Area.

9. Agnieszka Wolska – Vice-President of the Management Board

Graduated in finance and Banking from the Warsaw School of Economics. She has over 17 years of experience in international listed Banks. She started her career in 2003 at Bank BPH in the Structured Finance Department. In 2006, she became deputy director of the Structured Finance Department. In 2007, she joined Bank Pekao, where she became deputy director of the Complex Enterprise Solutions Office, and in 2010, head of the TMT Office. In 2014, she became Head of the Large Enterprises Department at Santander Bank Polska, then in 2016 she became Head of the Corporate Banking Area, thus joining the ranks of more than a dozen top managers at Santander Bank Polska who make up the operations management team in Poland. In 2018, she became Director of the Business Banking and Corporate Banking Area at Santander Bank Polska. During her career, she has attended numerous courses in finance, management and leadership. Since September 2021, she has been Vice President of the Management Board of BNP Paribas Bank Polska S.A. and oversees the SME and Corporate Banking Area.

Principles of the Management Board

The Management Board deals with all matters of the Bank which are not reserved by law and which do not fall within the competence of other bodies of the Bank. A detailed description of the activities, including the scope of competences of the Management Board, is provided in § 22(2) of the Bank's Articles of Association and in the Regulations of the Bank's Management Board.

List of key issues dealt with by the Board:

- prepare a draft strategy for the management of the Bank and submit it to the Supervisory Board for approval and monitor the implementation of the strategy,
- prepare the financial plan and adopt the reports on its implementation,
- adopts the reports on the Bank's activities, the Bank's financial statements and the Group's management and consolidated financial statements,
- defines personnel policy, in particular remuneration rules, structure and profile of employment, social policy rules,
- defines the Bank's product policy,



- establish the organisational structure of the Bank,
- identifies the areas of management overseen by individual Board members,
- establishes a policy for the identification of key functions and for the appointment and dismissal of the holders of those functions,
- sets out ethical principles defining norms and standards of ethical conduct for members of the Bank's bodies and employees, as well as for other persons through whom the Bank carries out its activities,
- establish and abolish committees of the Bank and determine their competence,
- appoint proxies,
- establishes rules for the operation of internal control and audit,
- establishes a risk management strategy including policies and procedures for risk identification, assessment, control and monitoring and risk reporting,
- decides on the purchase or sale of real estate, a share in real estate or the right of perpetual usufruct, if their value is lower than PLN 10,000,000 (ten million) but higher than PLN 5,000,000 (five million); however, it is stipulated that a resolution of the Management Board is not required if the purchase and sale of real estate, a share in real estate or the right of perpetual usufruct is related to the satisfaction of the Bank's claims against its debtor, securing the Bank's receivables or a leasing agreement in which the Bank acts as the

financing party, including in particular in the case of acquisition in fulfilment of the leasing agreement, disposal after the expiry of the leasing term or during the leasing term and disposal after termination of the leasing agreement concerning a given real property, a share in a real property or the right of perpetual usufruct, regardless of the value of the real property, the share in a real property or the right of perpetual usufruct,

- decides on the incurring of liabilities or the disposal of rights whose aggregate value with respect to a single entity exceeds 5% of own funds.

In 2023 in addition to the aforementioned topics, the Bank's Management board focused its attention and work on issues relating to the CHF mortgage portfolio, the change from the WIBOR benchmark to WIRON, ESG risk and its impact on the Bank's operations, issues in the area of cyber security, operational efficiency and issues relating to ethics and standards of conduct.

The Bank's Management Board manages the Bank's affairs and represents the Bank externally. The Bank's Statutes specify the manner in which the Management Board represents the Bank. Pursuant to § 26 of the Bank Statutes, declarations of will on behalf of the Bank may be made by:

- two members of the Management Board who act jointly or one member of the Management Board who acts jointly with a proxy or attorney, acting within the limits of the power of attorney granted,
- two proxies acting jointly,

- attorneys acting alone or jointly within the limits of the powers granted.

The Bank's Articles of Association did not grant the Management board any specific powers to issue or repurchase shares. However, on 31 January 2020. The Extraordinary General Meeting of the Bank conditionally authorised the Management board to purchase the Bank's own shares in the company from persons covered by the incentive programme. The EGM agreed that the Management board should create a reserve capital to be used entirely for the purchase of own shares. The EGM's decision came into effect after the FSA's approval of the above-mentioned measures had been obtained.

Decisions of the Management board shall take the form of resolutions and shall be adopted by an absolute majority of votes cast in the presence of at least half of the members of the Management board. Meetings of the Management board are usually held once a week or more frequently as required. The members of the Management board meet at the Bank's Head Office and also take decisions by means of direct remote communication.

Board meetings in 2023 were held in a hybrid model. The Management Board held 65 meetings in 2023, including 11 voting by written procedure. The members of the Management Board adopted 130 resolutions.



Remuneration of the Management Board and Supervisory Board

GRI [2-19], [2-20]

Pursuant to the Remuneration Policy for Members of the Supervisory Board of the Bank, only fixed remuneration applies to the members of the Supervisory Board and its level is determined by the General Meeting of Shareholders of the Bank. The General Meeting of Shareholders adopts the Remuneration Policy in place at the Bank and is responsible for determining the remuneration for the members of the Supervisory Board (the level of remuneration is approved by a resolution of the General Meeting). At the meeting adopting the Remuneration Policy, shareholders may submit their comments and opinions for inclusion in the final document. The Bank does not engage external remuneration consultants.

Pursuant to the Remuneration Policy for Individuals with Significant Influence on the Risk Profile of BNP Paribas Bank Polska S.A.:

- the remuneration paid to persons with a material impact on the Bank's risk profile is adequate, i.e. reflects their contribution to the achievement of the Bank's objectives, the workload and the best market practice for rewarding persons in similar positions, as adopted on the Polish market, and takes into account the appropriate ratio of fixed remuneration to variable remuneration;
- variable remuneration may be awarded on a one-off basis on recruitment to positions identified as having a material impact on the Bank's risk profile (in the first year of employment), where the Bank has a sound and solid capital base, and limited to the first year of employment (the so-called sign on bonus);
- severance payments and benefits of a similar nature, insofar as they are paid in an amount resulting from applicable laws or from a final court judgement or settlement concluded before a court of law, are not subject to the principles of deferral and distribution to remuneration expressed in the form of shares of the Bank.

Taking into account the objective of the SFDR Regulation and taking into account the Bank's commitment to environmental issues to date, as well as the Bank's efforts to implement the principles of social responsibility, including ensuring that the Bank's personnel policy is in line with best practices in the market, the Bank intends to ensure that this Policy is consistent with the strategy for integrating sustainability risks into the Bank's activities. Once the indicated strategy has been implemented at the Bank, the variable remuneration principles for persons performing portfolio management or investment advisory activities within the meaning of the SFDR will take into account the principle of not encouraging excessive risk-taking with regard to sustainability risks and will be linked to risk-adjusted performance.

Under the current Labour Code, a "clawback" mechanism does not apply at the Bank.

The Annual General Meeting of Shareholders adopts both the Remuneration Policy for the members of the Supervisory Board of BNP Paribas Bank Polska S.A. and the Remuneration Policy for persons with significant influence on the risk profile of BNP Paribas Bank Polska S.A. (including the members of the Bank's Management Board).

The Bank has a Remuneration Committee whose remit includes the following:

- monitoring the level and structure of remuneration of persons employed as members of the Bank's Management Board,
- determining the content of contracts for the performance of the functions of member of the Bank's Management Board,
- submitting to the Supervisory Board annual information on the Bank's employment and remuneration structure,
- examining the possibility of selecting external remuneration consultants whose duties may include providing advice and support to the Supervisory Board.

The named figures for the remuneration paid to individual members of the Management board during the year are as follows:

Table 113. Remuneration paid to members of the Management Board in 2023¹

Name and surname	Date of office		Basic salary	Variable remuneration paid	Share repurchase	Issued shares ²	Additional benefits	Total
	from	to						
Przemysław Gdański	01.01.2023	31.12.2023	2,706	1,225	82	587	171	4,771
Jean-Charles Aranda	01.01.2023	31.07.2023	710	385	24	200	424	1,743
André Boulanger	01.01.2023	31.12.2023	1,230	515	7	505	171	2,428
Przemysław Furlepa	01.01.2023	31.12.2023	1,337	443	33	276	256	2,345
Wojciech Kębłowski	01.01.2023	31.12.2023	1,332	312	37	270	125	2,076
Piotr Konieczny	01.09.2023	31.12.2023	380	-	-	-	230	610
Kazimierz Łabno	01.01.2023	31.12.2023	1,024	303	-	154	141	1,622
Magdalena Nowicka	01.01.2023	31.12.2023	1,203	163	-	154	95	1,615
Volodymyr Radin	01.01.2023	31.12.2023	858	230	-	87	856	2,031
Agnieszka Wolska	01.01.2023	31.12.2023	1,220	171	-	46	130	1,567
Total			12,000	3,747	183	2,279	2,599	20,808

¹ remuneration and benefits paid to members of the Management Board for the period in which they served on the Management Board
² value of shares issued according to the valuation in the actuarial report

**Table 114. Remuneration paid to members of the Management Board in 2022¹**

Name and surname	Date of office		Basic salary	Variable remuneration paid	Share repurchase	Issued shares ²	Additional benefits	Total
	From	to						
Przemysław Gdański	01.01.2022	31.12.2022	2,408	1,204	114	541	164	4,431
Jean-Charles Aranda	01.01.2022	31.12.2022	1,076	370	51	141	282	1,920
André Boulanger	01.01.2022	31.12.2022	1,144	668	9	194	160	2,175
Przemysław Furlepa	01.01.2022	31.12.2022	1,215	447	50	164	246	2,122
Wojciech Kembtowski	01.01.2022	31.12.2022	1,185	448	107	193	125	2,058
Kazimierz Łabno	01.01.2022	31.12.2022	945	289	-	115	115	1,464
Magdalena Nowicka	01.01.2022	31.12.2022	1,050	150	-	-	92	1,292
Volodymyr Radin	01.01.2022	31.12.2022	755	178	-	57	788	1,778
Agnieszka Wolska	01.01.2022	31.12.2022	1,070	45	-	-	53	1,168
Total			10,848	3,799	331	1,405	2,025	18,408

¹ remuneration and benefits paid to members of the Management Board for the period in which they served on the Management Board
² value of shares issued according to the valuation in the actuarial report

The members of the Board of Executives entered into employment contracts with BNP Paribas Bank Polska S.A. for an indefinite period of time. The terms and conditions of the agreements were prepared in accordance with the currently applicable laws and internal regulations. Furthermore, the members of the Board of Executives signed non-competition agreements during their employment relationship with BNP Paribas Bank Polska SA. In addition, 2 members of the Board of Executives are prohibited from competing for 9 months after the termination of their employment relationship. The members of the Bank's Board of Executives do not receive any remuneration on account of their functions in the authorities of subsidiaries of the BNP Paribas Bank Polska Group.

In accordance with their individual employment contracts, members of the Management board are entitled to life insurance and a medical care package, as well as compensation bonuses. In addition, the fringe benefits to which members of the Management Board are entitled (under individual employment contracts) include the following:

- housing allowance specified in the employment contract,
- coverage or reimbursement of costs incurred in connection with the posting in Poland,
- covering the costs of private travel to the posting country for the Board member and family members residing in Poland (at a specified frequency),
- covering the costs of children's schooling in Poland,

- one-off allowance linked to a change in place of work.

BNP Paribas Bank Polska S.A. does not have any pension and benefit obligations of a similar nature with respect to its former managing and supervising officers.

Personal data on the remuneration paid during the year to individual members of the Supervisory Board are presented in the following tables:

Table 115. Remuneration paid to members of the Supervisory Board in 2023

Name and surname	Date of office		Remuneration for service on the Supervisory Board ¹	By virtue of having previously served on the Management Board	
	from	to		Variable remuneration	Repurchase of phantom shares
Lucyna Stańczak-Wuczyńska	01.01.2023	31.12.2023	514	-	-
François Benaroya	01.01.2023	31.12.2023	-	-	-
Jean-Charles Aranda	01.08.2023	31.12.2023	-	-	-
Jarosław Bauc	01.01.2023	31.12.2023	221	-	-
Małgorzata Chruściak	01.01.2023	31.12.2023	221	-	-
Geraldine Conti	01.01.2023	31.12.2023	-	-	-
Magdalena Dziewguć	01.01.2023	31.12.2023	173	-	-
Sophie Heller	30.06.2023	31.12.2023	-	-	-
Vincent Metz	01.01.2023	31.12.2023	-	-	-
Piotr Mietkowski	01.01.2023	31.12.2023	-	-	-
Khatleen Pauwels	01.01.2023	31.12.2023	-	-	-
Gregory Raison	17.01.2023	24.03.2023	-	-	-
Jean Paul Sabet	01.01.2023	30.06.2023	147	-	-
Mariusz Warych	01.01.2023	31.12.2023	351	-	-
Total			1,627	-	-

¹ concerning remuneration for service on the Supervisory Board

**Table 116. Remuneration paid to members of the Supervisory Board in 2022**

Name and surname	Date of office		Remuneration for service on the Supervisory Board ¹	By virtue of having previously served on the Management Board	
	from	to		Variable remuneration	Repurchase of phantom shares
Lucyna Stańczak-Wuczyńska	01.01.2022	31.12.2022	476	-	-
Jean-Paul Sabet	01.01.2022	31.12.2022	252	-	-
Francois Benaroya	01.01.2022	31.12.2022	-	-	36
Jarosław Bauc	01.01.2022	31.12.2022	209	-	-
Małgorzata Chruściak	01.01.2022	31.12.2022	209	-	-
Géraldine Conti	01.01.2022	31.12.2022	-	-	-
Stefaan Decraene	01.01.2022	31.12.2022	-	-	-
Magdalena Dziewguć	01.01.2022	31.12.2022	161	-	-
Vincent Metz	01.01.2022	31.12.2022	-	-	-
Piotr Mietkowski	01.01.2022	31.12.2022	-	-	-
Khatleen Pauwels	01.01.2022	31.12.2022	-	-	-
Mariusz Warych	01.01.2022	31.12.2022	322	-	-
Total			1,629	-	36

¹ concerns only remuneration for work in the Supervisory Board

Information on the remuneration of the members of the Bank's Board of Executives and Supervisory Board can also be found in Note 52. Related Party Transactions in the Separate Financial Statements of BNP Paribas Bank Polska S.A. for the year ended 31 December 2023.

On 24 August 2018, the Extraordinary General Meeting adopted a resolution under which a member of the Supervisory Board who is simultaneously employed in any entity within the BNP Paribas SA Group or in any subsidiary of any entity within the BNP Paribas SA Group is not entitled to remuneration on account of being a member of the Supervisory Board of BNP Paribas Bank Polska S.A.

Diversity policy

GRI [2-10]

Diversity policy for supervisory, management and administrative bodies

The Bank has a diversity policy with respect to the members of the Supervisory Board, which formally forms part of the Policy for assessing the suitability of the members of the Supervisory Board of BNP Paribas Bank Polska S.A., and a diversity policy with respect to the members of the Board of Executives, which formally forms part of the Policy for assessing the suitability of the members of the Board of Executives and persons performing key functions at BNP Paribas Bank Polska S.A.

Diversity policies with respect to members of the Management Board, Supervisory Board are designed to reach a wide range of competencies and responsibilities when appointing members of the Supervisory Board and Management Board in order to attract different viewpoints and experiences and to enable independent opinions and sound decisions to be made within the body, thereby ensuring that the management and supervisory bodies carry out their tasks to a high standard.

Members of the Management Board are appointed by the Supervisory Board in an open vote, taking into account the provisions of the Bank's Articles of Association and taking into account the results of the suitability assessment carried out in accordance with the Suitability Assessment Policy. The individual suitability assessment is carried out taking into account the following criteria:

- your knowledge, skills and professional experience in the field of:
- the significant areas of the Bank's business and the main risks associated with that business, including ESG and ML/FT risks that may arise from the Bank's activities or those of its Customers and counterparties,
- significant areas of sector/financial expertise, including financial and capital markets, solvency and models,
- management and strategic planning skills and experience,
- information technology and cyber security,
- local and regional markets,
- financial accounting and reporting,
- legal and regulatory environment,
- the management of national groups and the risks associated with the structures of such groups;
- risk management, including ESG and ML/FT risks, as well as management of risks of non-compliance with generally applicable or internal legislation and internal audit recommendations;
- with regard to the guarantee of due performance of the function entrusted, taking into account, amongst other things:



- reputation,
- financial situation,
- criminal records,
- capacity for independent judgement, taking into account personal competence (behavioural requirements);
- possible conflict of interest;
- in terms of devoting sufficient time to the performance of the function entrusted, taking into account:
- number of other activities or functions performer simultaneously,
- the actual participation of that person in the work of the Management Board.

The Bank aims to ensure sufficient diversity in the composition of the Management board in terms of the following criteria:

- genders,
- age,
- geographical origin,
- field of education, professional experience and seniority,
- skills and/or expertise.

In terms of merit criteria, the Diversity Strategy ensures the selection of individuals with a diversity of knowledge, skills and experience, appropriate to their roles and responsibilities, which complement each other across the Supervisory Board and the Management board. These criteria are reviewed through the suitability assessment process described in the aforementioned Suitability Assessment Policies. Furthermore, diversity encompasses and exploits to best effect the differences that, in addition to knowledge, competence and professional experience, arise from gender, age and geographical origin.

The Bank attaches a very high priority to the real implementation of diversity, including ensuring adequate representation of women in the Bank's bodies. The Bank has taken the strategic decision to ensure 30% female representation on the Management board by 2025 and to maintain the proportion of the underrepresented gender on the Supervisory Board at a minimum of 30% of the composition of the.

At the end of 2023, the share of women on the Bank's Management Board was 22% and the share of women on the Supervisory Board was 50%. As a result of the changes made to the composition of the Bank's bodies, as of January 2024, the share of women on the Management Board is 37.5% and the share of women on the Supervisory Board is 42%, respectively.

The table below shows the current diversity in terms of gender, age and length of service at the Bank of members of the Supervisory Board, the Bank's Management Board and key managerial positions.

Table 117. Diversity in terms of gender, age and seniority at the Bank as at 31.12.2023*

Gender	Women	Men	Total
Supervisory Board	6	6	12
Management Board	2	7	9
Top management (B1+B2)	156	186	341
Total	164	198	362

Age	<30 y.o.	30-50 y.o.	>50 y.o.	Total
Supervisory Board	0	3	9	12
Management Board	0	2	7	9
Top management (B1+B2)	0	252	89	341
Total	0	257	105	362

Seniority at the Bank (years)	<5	5-10	10-15	15-20	20-25	>25	Total
Supervisory Board	8	3	1	0	0	0	12
Management Board	3	4	2	0	0	0	9
Top management (B1+B2)	76	65	50	71	47	32	341
Total	87	72	53	71	47	32	362

* the figures are based on the full headcount at the Bank, i.e. including employees on maternity leave, parental leave and extended sick leave



Control and risk management system in the reporting process

The purpose of conducting internal control is to effectively control risks, including the prevention or early detection of risks. The role of the internal control system is to achieve the general and specific objectives of the internal control system, which should be taken into account at the stage of designing control mechanisms. The principles of the internal control system are set out in the document "Internal Control Policy at BNP Paribas Bank Polska S.A.", approved by the Bank's Board of Executives. The document sets out the main principles, organisational framework and standards for the operation of the control environment at the Bank, maintaining compliance with the requirements of the FSA set out in Recommendation H and the Regulation of the Minister of Finance, Funds and Regional Policy of 8 June 2021 on the risk management system and internal control system and remuneration policy in Banks. Detailed internal regulations relating to specific areas of the Bank's operations are adapted to the specific nature of the Bank's business. The development of detailed regulations relating to the area of internal control is the responsibility of the relevant organisational units of the Bank, in accordance with the scope of the tasks assigned to them.

The Bank's internal control system is based on a 3 lines of defence model, consisting of:

- first line of defence (1LoD):
 - constitute the owners of the risk, by managing that risk and ensuring that the controls in the area of delegated responsibility are operating effectively and in compliance with the law;
 - is responsible for compliance with rules arising from approved policies, regulations, instructions and procedures;
 - is responsible for the design, implementation and application of controls designed to ensure that the general and specific objectives of the internal control system are achieved, and for independent monitoring of compliance with controls in the form of ongoing verification and/or horizontal testing.
- second line of defence (2LoD):
 - is responsible for the management of individual risks independently of frontline risk management, taking into account the requirements set by the supervisory authorities, business needs, including the risk appetite adopted by the Bank;
 - is responsible for monitoring compliance with second line of defence controls in the processes it manages in the form of ongoing verification and/or horizontal testing;
 - performs the tasks arising from the second line of defence control function in accordance with the internally adopted regulations of the individual 2LoD units and is responsible for monitoring compliance with first line of defence controls, in the form of day-to-day verification and/or vertical testing.
- third line of defence (3LoD) - the third line of defence is the independent and objective Internal Audit Division, which verifies the proper functioning of the first and second lines of defence in accordance with dedicated internal acts.

The Bank has a process architecture within which relevant processes are selected, according to specific criteria. The control function for material processes is documented by the Bank using the Control Function Matrix (SCF), which is a description

of the link between the general and specific objectives of the internal control system and the material processes, together with the key controls embedded in these processes and the independent monitoring of these controls. The Bank supports the MFK with a dedicated application.

The task of the control function is to ensure that the control mechanisms are respected in the processes operating in the Bank, including those relating to risk management, covering all the Bank's units and organisational units.

The Bank adapts the types of control mechanisms (procedures, segregation of duties, authorization, access control, physical control, recording of financial and economic operations in Banking systems, inventory, documentation of deviations, training, self-control) to the specific objectives of the internal control system, the complexity of the processes, the risk of irregularities, taking into account the available resources of the Bank.

Anomalies detected during the exercise of internal control within each line of defence, including errors and fraud, are categorised according to their source and their impact on ensuring the achievement of the stated objectives of the internal control system.

As a result of the activities carried out at the Bank and the reviews and assessments of the effectiveness in the field of internal control, the Bank's Management Board and/or Supervisory Board receive the following reports as appropriate.

An Accounting Policy has been adopted at the Bank, in compliance with the principles of the International Financial Reporting Standards approved by the European Union, as well as other detailed internal acts concerning the recording of events and the processes of preparing accounting and reporting data. The preparation of financial statements, periodic financial reporting and the provision of management information are the responsibility of the Financial Accounting Division and the Management Accounting and Investor Relations Division, supervised by the Vice-President of the Management Board responsible for the Finance Area. The financial statements are adopted by resolution and approved for publication by the Bank's Management board.

The Bank's financial reporting process is based on accounting data, the preparation of which in source systems and reporting databases is subject to formal operational and acceptance procedures. Reporting data is subject to control mechanisms, such as reconciliation of reporting data with the accounting ledgers, analytical data and relevant documentation. The process of month-end closing and preparation of accounting and reporting data is carried out and monitored on the basis of a schedule, which defines the various stages of the process with their owners, who are responsible for the correct and timely execution of the various activities.

As part of its risk management in the preparation of financial statements, the Bank keeps abreast of changes in laws and regulations relating to Bank financial reporting and updates its accounting policies and the scope and form of disclosures in its financial statements accordingly, as well as making the required changes to its IT systems.

The Bank's consolidated financial statements are prepared on the basis of the Bank's stand-alone data and information received from the subsidiaries in the form of consolidation packages. The Financial Accounting Division verifies the information received and maintains ongoing communication with the financial services of the subsidiaries to ensure the best possible quality and consistency of the data received.



A key role in the process of evaluating the Bank's financial statements is played by the Audit Committee, which monitors the financial reporting process and the independence of the auditor and auditing entity, and recommends to the Supervisory Board the approval or rejection of the annual financial statements. The annual financial statements, following a positive recommendation from the Audit Committee and the Supervisory Board, are presented to the General Meeting for approval.

Information about the auditor

The Supervisory Board of BNP Paribas Bank Polska S.A. selects the entity authorised to audit the financial statements of BNP Paribas Bank Polska S.A. and the BNP Paribas Bank Polska Group, pursuant to the provisions of the Bank's Statute and based on a recommendation of the Audit Committee.

Mazars Audyt Sp. z o.o. has been selected as the audit firm authorised to audit and review the stand-alone financial statements of BNP Paribas Bank Polska S.A. and the consolidated financial statements of the BNP Paribas Bank Polska S.A. Group, including reporting packages, for the years 2020-2023.

Mazars Audyt Sp. z o.o. with its registered office in Warsaw at ul. Piękna 18 is entered in the list of audit firms under number 186. The list is maintained by the National Board of Statutory Auditors.

Table 118. Remuneration of Auditor divided by services

PLN thousand (including VAT)	12 months ended 31.12.2023			12 months ended 31.12.2022		
	Bank	Companies subsidiaries	Total	Bank	Companies subsidiaries	Total
Statutory audit	1,220	161	1,381	1,067	140	1,207
Other assurance services*	1,293	621	1,914	1,140	540	1,680
Total	2,513	782	3,295	2,207	680	2,887

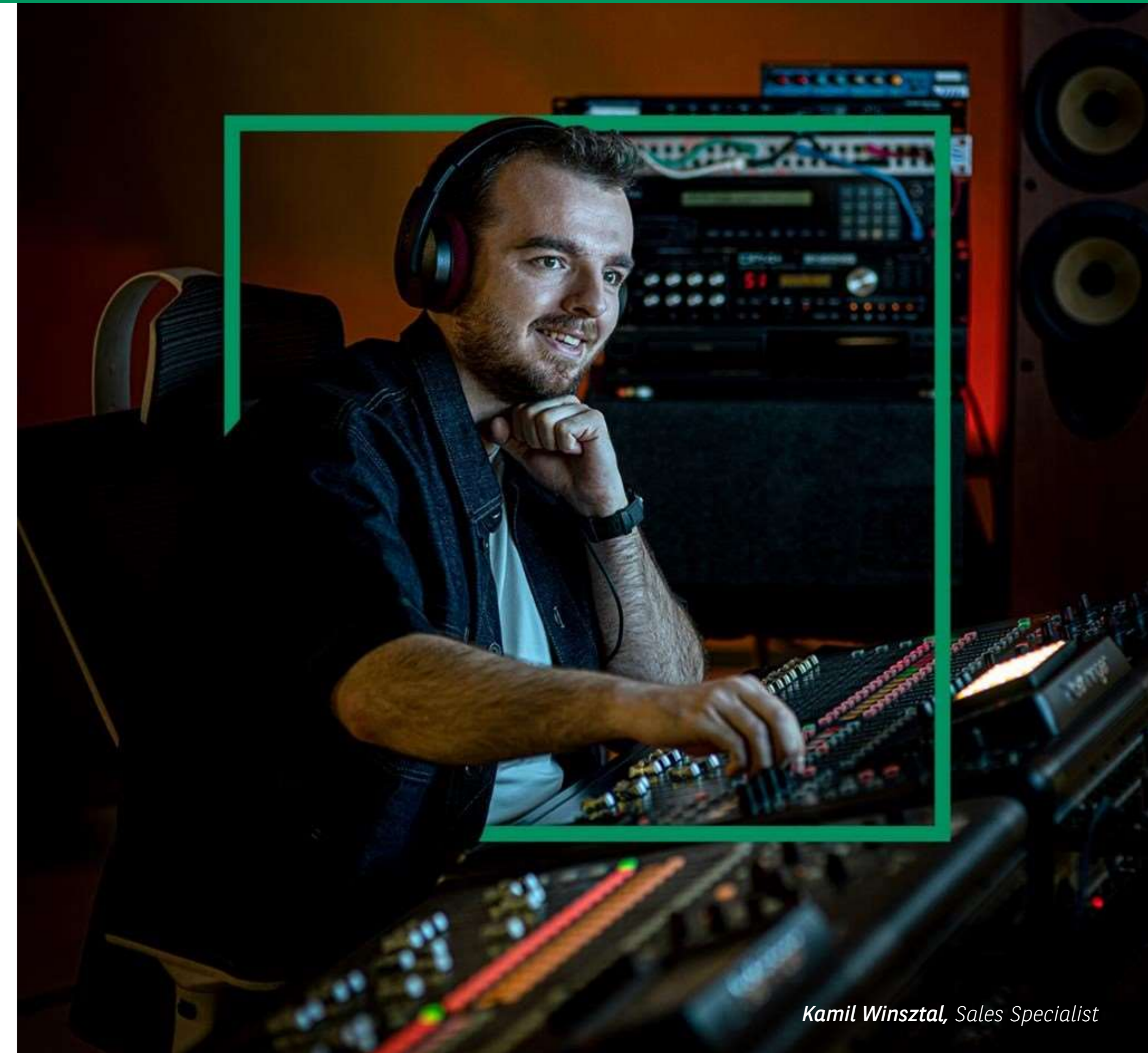
* This category includes the fees of the auditor who performed the review of the interim financial statements, the review and audit of the reporting packages for the consolidation of the BNP Paribas Group. Also included in this category is the review and audit of funds managed by the TFI subsidiary

15 September 2023 the Bank's Supervisory Board selected Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp.k. as the audit firm to audit and review the financial statements of the Bank and the Bank Group for the years 2024-2025.



About the Report

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Kamil Wyszta, Sales Specialist



Scope of non-financial reporting

[GRI \[2-2\]](#) [\[2-3\]](#) [\[2-4\]](#) [\[2-5\]](#)

[ESRS 2 BP-1](#), [ESRS 2 BP-2](#), [ESRS 2 GOV-5](#), [ESRS 2 IRO-1](#)

The BNP Paribas Bank Polska S.A. Group Management Report 2023 (comprising the BNP Paribas Bank Polska S.A. Management Report 2023) provides a comprehensive view of the business integrating financial and business performance with environmental, social and governance (ESG) impact aspects.

The Management Report takes into account market best practice and refers to national and international guidelines relevant to business in reporting non-financial information: Global Reporting Initiative (GRI) international non-financial reporting standard GRI Standards 2021, the IFRS Foundation's Integrated Reporting Framework guidance, the Task Force on Climate-related Financial Disclosures (TCFD) recommendation on climate risk reporting.

In this year's Management Report, we have initially tagged the information and indicators reported to date according to their possible assignment to the European Sustainability Reporting Standards (ESRS) published on 22 December 2023 in the EU Official Journal mandatory for the Bank and the Group from 2025.

For the purpose of complying with Article 49b Paragraph 9 of the Accounting Act, the Bank has separately prepared the BNP Paribas Bank Polska S.A. Group Non-Financial Information Report 2023 (covering BNP Paribas Bank Polska S.A.'s non-financial information in 2023), which takes into account the non-financial information required by the provisions of the Act.

In line with the European Securities and Markets Authority's (ESMA) position on European Common Supervisory Priorities for 2023 Annual Reports (EWPN), the Group included:

- the disclosures required by Article 8 of the Taxonomy Regulation (2020/852), which form part of the Report on Non-Financial Information,
- information on climate-related targets, actions and progress, which are described broadly in the chapter about implementation of the strategy (pillar POSITIVE) and in the disclosures in line with the recommendations of the Task Force on Climate-related Financial Disclosures, TCFD (Climate-related Risks and Opportunities) in the Management Report,
- progress on the calculation of Scope 3 greenhouse gas emissions (information included in the Climate-related Risks and Opportunities chapter in the Management Report).

The Annual Reports of BNP Paribas Bank Polska S.A. for previous years, including those published since 2011 containing non-financial information, are available on the Bank's website.

The data presented in the Report relate to the period from 1 January to 31 December 2023, unless otherwise stated in the content. The Report presents the activities and financial and sustainability data of the BNP Paribas Bank Polska S.A. Group

comprising BNP Paribas Bank Polska S.A. as the parent company and the companies comprising the BNP Paribas Bank Polska S.A. Group as at 31 December 2023. These are:

- BNP Paribas Towarzystwo Funduszy Inwestycyjnych S.A.
- BNP Paribas Leasing Services Sp. z o.o.
- BNP Paribas Group Service Center S.A.
- Campus Leszno Sp. z o.o.

There were no significant changes in the size or supply chain of the Bank during the reported period.

As a result of changes in the approach to the calculation of indicators and in order to maintain comparability between reporting periods, the following information and data reported in 2022 required adjustment:

- Group and Bank GHG emissions from operations - the updated value includes emissions from refrigerants provided by the refrigeration servicing company at the Customer Centres after the publication of the 2022 report. As a result of the adjustment, the value of total GHG emissions for the previous reporting period was slightly increased (+1%)
- Assignment of the number of employees as a result of the change in the inclusion of the employee structure by Management board, Top Management (B1 + B2), Lower Management, Other employees - as a result of the change, for greater transparency, the calculations for 2022 were revised at the diversity and remuneration indicators

The report was externally verified, which included selected indicators listed in the GRI table and marked "V". The verification was carried out by Ernst & Young Audyt Polska sp. z o.o. sp.k. The auditor was selected following a tender procedure. The cooperation on the provision of a verification service by Ernst & Young Audyt Polska as part of the permitted services required a positive opinion from the BNP Paribas Group, the Bank's Board of Executives and the Audit Committee of the Supervisory Board.

The services do not constitute auditing activities within the meaning of the Act on Statutory Auditors, Audit Firms and Public Supervision of 11 May 2017. Ernst & Young Audyt Polska sp. z o.o. sp.k. is an entity independent of the Bank.

The assurance service, which provides limited assurance, was performed in accordance with the International Standards on Assurance Engagements (ISA) 3000 (Revised) Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (IAASB).

The Independent Assurance Report is available on the BNP Paribas Bank Polska S.A. website.

The report is issued on an annual basis. The previous Management Report was published on 1 March 2023. The Management Report for 2023 was published on 1 March 2024.



Process for preparing for reporting

GRI [3-1]

In the Report, we have included relevant information on the Bank's strategy, management, performance and prospects. We have presented these, taking into account the economic, social and environmental context. In accordance with the guidelines of the NFRD, we have taken a materiality perspective, i.e., both in the process of identifying material reporting topics and the way they are presented in the Report. In doing so, we have taken into account actual and potential ESG risks and opportunities that could have a material impact on the Bank's operations and financial performance, as well as the Bank's impact on sustainability issues. In line with the GRI Standards guidelines, the process of identifying material reporting topics was carried out in three stages: identification, prioritisation and validation.

Identification

At the identification stage, we identified key issues in the Bank's economic, environmental and social responsibility. We also analysed the opinions of the Bank's stakeholders, guidelines for the financial sector, as well as trends in the financial industry.

The following activities were carried out in preparation for the reporting process:

- analysis of potentially relevant sustainability topics
- benchmarking of key ESG issues in reports and strategies of Polish and foreign Banks.

Prioritisation

To review the key issues, we conducted a survey of the Bank's internal stakeholders. 672 responses were obtained. An analogous survey was conducted for external stakeholders, with 39 participants. The prioritisation of issues for the report also took place during a dialogue session with external stakeholders, described in more detail in the Stakeholder Relations chapter.

In addition, a workshop with the Sustainability Council measured the impact of sustainability themes on the Bank's financial position. Twenty-one participants, representatives of the Sustainability Council, took part in a discussion moderated by an online assessment tool.

Validation

As a result of the materiality analysis process carried out, relevant sustainability themes were identified, as indicated below.

GRI [3-2]

	List of relevant topics according to the GRI standard	Possible qualification of topics for the future ESRS-based reports	A detailed description of the activities and selected metrics and targets can be found in the Report in the following sections
E	Offering products and services that respond to social and/or environmental challenges		<ul style="list-style-type: none"> • Strategy implementation / POSITIVE pillar / Sustainable financing • Strategy implementation / POSITIVE pillar / Green Change Bank • Risks and opportunities / Climate-related risks and opportunities
	Reducing the negative environmental impact of operations	<ul style="list-style-type: none"> • Adaptation to the effects of climate change 	
	Reducing the carbon footprint of the loan portfolio	<ul style="list-style-type: none"> • Climate impact • Energy policy 	
	BNP Paribas Bank's strategic commitments and their implementation to address climate change		
S	Education and development of employees	<ul style="list-style-type: none"> • Training and skills development 	<ul style="list-style-type: none"> • Strategy implementation / TOGETHER pillar • Strategy implementation / Pillar POSITIVE / Social commitment
	Friendly workplace, responsible employment management	<ul style="list-style-type: none"> • Work-life balance, working time • Employment security, health and safety 	
	Digitisation / digitalisation of Banking services and products	<ul style="list-style-type: none"> • Realising employees' right to organise and to information, consultation and participation 	
	Offering innovative Banking services and products	<ul style="list-style-type: none"> • Ensuring gender equality in pay and promotion opportunities, pay policies 	
	Simple and transparent communication	<ul style="list-style-type: none"> • Preventing harassment and other forms of violence in the workplace 	
	Charitable and philanthropic activities (including BNP Paribas Foundation projects)	<ul style="list-style-type: none"> • Diversity in the workplace, other labour rights • Employment and integration of people with disabilities • Working conditions in the value chain • Social inclusion, dialogue with turning 	



List of relevant topics according to the GRI standard	Possible qualification of topics for the future ESRS-based reports	A detailed description of the activities and selected metrics and targets can be found in the Report in the following sections
G Ethics in internal and external relations Respect for human rights in business Responsible marketing and self-regulation of products and services Monitoring and management of ESG risks: environmental, social and corporate governance risks in the Bank's and Customers' activities	<ul style="list-style-type: none"> Corporate culture Fraud reporting channels and whistleblower protection Anti-corruption and bribery Cooperation with suppliers Customer privacy 	<ul style="list-style-type: none"> Values and principles

Contact

GRI [2-3]

Thank you for reading our report. If you have any questions or suggestions regarding our reported content, please feel free to contact us: relacjinwestorskie@bnpparibas.pl and esg@bnpparibas.pl.

More information is available at: <https://www.bnpparibas.pl/en/investor-relations> and <https://www.bnpparibas.pl/csr>.



GRI table

GRI standard number	Topic standard	GRI version	Disclosure number	Name of indicator	Indicator verified externally	Potential reference to the ESRS (not the subject of external verification)	Page number
GRI 2	General Disclosures	2021	2-1	Organizational details	V		7
GRI 2	General Disclosures	2021	2-2	Entities included in the organization's sustainability reporting	V	ESRS 2 BP-1	215
GRI 2	General Disclosures	2021	2-3	Reporting period, frequency and contact point	V		215, 217
GRI 2	General Disclosures	2021	2-4	Restatements of information	V	ESRS 2 BP-2	215
GRI 2	General Disclosures	2021	2-5	External assurance	V		215
GRI 2	General Disclosures	2021	2-6	Activities, value chain and other business relationships	V	ESRS 2 SBM-1	7, 42, 58, 68, 176
GRI 2	General Disclosures	2021	2-7	Employees	V	ESRS 2 SBM-1; ESRS S1-6	93
GRI 2	General Disclosures	2021	2-8	Workers who are not employees and whose work is controlled by the organization	V	ESRS S1-7	95
GRI 2	General Disclosures	2021	2-9	Governance structure and composition	V	ESRS S1-7; ESRS G1	194, 199
GRI 2	General Disclosures	2021	2-10	Nomination and selection of the highest governance body	V		202, 210
GRI 2	General Disclosures	2021	2-11	Chair of the highest governance body	V		196
GRI 2	General Disclosures	2021	2-12	Role of the highest governance body in overseeing the management of impacts	V	ESRS 2 GOV-1, GOV-2, SBM-2; ESRS G1	31, 33, 196

GRI standard number	Topic standard	GRI version	Disclosure number	Name of indicator	Indicator verified externally	Potential reference to the ESRS (not the subject of external verification)	Page number
GRI 2	General Disclosures	2021	2-13	Delegation of responsibility for managing impacts	V	ESRS 2 GOV-1, GOV-2; ESRS G1-3	33
GRI 2	General Disclosures	2021	2-14	Role of the highest governance body in sustainability reporting	V	ESRS 2 GOV-5, IRO-1	33, 194, 199
GRI 2	General Disclosures	2021	2-15	Conflicts of interest	V		173, 175, 191
GRI 2	General Disclosures	2021	2-16	Communication of critical concerns	V	ESRS 2 GOV-2; ESRS G1-1, G1-3	173
GRI 2	General Disclosures	2021	2-17	Collective knowledge of the highest governance body	V	ESRS 2 GOV-1	33, 196, 205
GRI 2	General Disclosures	2021	2-18	Evaluation of the performance of the highest governance body	V		202
GRI 2	General Disclosures	2021	2-19	Remuneration policies	V	ESRS 2 GOV-3; ESRS E1	208
GRI 2	General Disclosures	2021	2-20	Process to determine remuneration	V	ESRS 2 GOV-3	208
GRI 2	General Disclosures	2021	2-21	Annual total compensation ratio		ESRS S1-16	98
GRI 2	General Disclosures	2021	2-22	Statement on sustainable development strategy	V	ESRS 2 SBM-1	3, 4
GRI 2	General Disclosures	2021	2-23	Policy commitments	V	ESRS 2 GOV-4; ESRS S1-1; ESRS S2-1; ESRS S3-1; ESRS S4-1; ESRS G1-1	37, 103, 153, 177
GRI 2	General Disclosures	2021	2-24	Embedding policy commitments	V	ESRS 2 GOV-2; ESRS S1-4; ESRS S2-4; ESRS S3-4; ESRS S4-4; ESRS G1-1	37, 173, 175



GRI standard number	Topic standard	GRI version	Disclosure number	Name of indicator	Indicator verified externally	Potential reference to the ESRS (not the subject of external verification)	Page number
GRI 2	General Disclosures	2021	2-25	Processes to remediate negative impacts	V	ESRS S1-1, S1-3; ESRS S2-1, S2-3, S2-4; ESRS S3-1, S3-3; S3-4; ESRS S4-1	152, 174
GRI 2	General Disclosures	2021	2-26	Mechanisms for seeking advice and raising concerns	V	ESRS S1-3; ESRS S2-3; ESRS S3-3; ESRS S4-3; ESRS G1-1, G1-3	174
GRI 2	General Disclosures	2021	2-27	Compliance with laws and regulations		ESRS 2 SMB-3; ESRS E2-4; ESRS S1-17; ESRS G1-4	178
GRI 2	General Disclosures	2021	2-28	Membership associations	V		26
GRI 2	General Disclosures	2021	2-29	Approach to stakeholder engagement	V	ESRS 2 SMB-2; ESRS S1-1, S1-2; ESRS S2-1, S2-2; ESRS S3-1, S3-2; ESRS S4-1, S4-2	25
GRI 2	General Disclosures	2021	2-30	Collective bargaining agreements	V	ESRS S1-8	93
GRI 3	Material Topics	2021	3-1	Process of identifying relevant issues	V	ESRS 2 BP-1, IRO-1	216
GRI 3	Material Topics	2021	3-2	List of relevant issues	V	ESRS 2 SBM-3	216
GRI 3	Material Topics	2021	3-3	Management of relevant issues	V	ESRS 2 SBM-1, SBM-3; ESRS S1-2, S1-4, S1-5; ESRS S2-2, S2-4, S2-5; ESRS S3-2, S3-4, S3-5; ESRS S4-2, S4-4, S4-5	58, 71, 74, 80, 90, 92, 100, 152, 153, 164, 173, 177

GRI standard number	Topic standard	GRI version	Disclosure number	Name of indicator	Indicator verified externally	Potential reference to the ESRS (not the subject of external verification)	Page number
GRI 203	Indirect economic impact	2016	203-1	Development and the impact of investments in infrastructure and services			58, 71
GRI 204	Purchasing practices	2016	204-1	Percentage of spending on local suppliers in major business locations			176
GRI 205	Anti-corruption	2016	205-2	Communication and training about anti-corruption policies and procedures	V	ESRS G1-3	175
GRI 205	Anti-corruption	2016	205-3	Confirmed incidents of corruption and actions taken	V	ESRS G1-4	175
GRI 302	Energy	2016	302-1	Energy consumption within the organization	V	ESRS E1-5	83
GRI 302	Energy	2016	302-4	Reduction of energy consumption			83
GRI 303	Water	2016	303-3	Water withdrawal			84
GRI 305	Emissions	2016	305-1	Direct GHG emissions by weight Direct (Scope 1) GHG emissions	V	ESRS E1-4, E1-6	81
GRI 305	Emissions	2016	305-2	Energy indirect (Scope 2) GHG emissions by weight	V	ESRS E1-4, E1-6	81
GRI 305	Emissions	2016	305-5	Reduction of GHG emissions		ESRS E1-3, E1-4, E1-7	80
GRI 308	Environmental assessment of suppliers	2016	308-1	New suppliers that were screened using environmental criteria		ESRS G1-2	174
GRI 401	Employment	2016	401-1	New employee hires and employee turnover	V	ESRS S1-6	96
GRI 401	Employment	2016	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	V	ESRS S1-11	99



GRI standard number	Topic standard	GRI version	Disclosure number	Name of indicator	Indicator verified externally	Potential reference to the ESRS (not the subject of external verification)	Page number
GRI 401	Employment	2016	401-3	Maternity/paternity leave. <i>Indicator partially reported. The information required in GRI 401-3 subsections (c), (d), (e) is missing for full reporting.</i>	V	ESRS S1-15	105
GRI 402	Employee-management relations	2016	402-1	Minimum advance notice of significant operational changes, including whether these periods are specified in contracts			93
GRI 403	Occupational Health and Safety	2018	403-1	Health and safety management system		ESRS S1-1	99
GRI 403	Occupational Health and Safety	2018	403-2	Hazard identification, risk assessment, and a description of the processes in case of incidents/accidents	V	ESRS S1-3	99
GRI 403	Occupational Health and Safety	2018	403-3	Health and safety services			99
GRI 403	Occupational Health and Safety	2018	403-4	Worker participation, consultation and communication on health and safety at work			99
GRI 403	Occupational Health and Safety	2018	403-5	Training for employees on health and safety at work			99
GRI 403	Occupational Health and Safety	2018	403-6	Promotion of worker health	V		99
GRI 403	Occupational Health and Safety	2018	403-7	Prevention and mitigation of health and safety impacts in the workplace		ESRS S2-4	99

GRI standard number	Topic standard	GRI version	Disclosure number	Name of indicator	Indicator verified externally	Potential reference to the ESRS (not the subject of external verification)	Page number
GRI 403	Occupational Health and Safety	2018	403-9	Work-related injuries		ESRS S1-4, S1-14	99
GRI 404	Training and Education	2016	404-1	Average hours of training per year per employee by gender and employee category	V	ESRS S1-13	102
GRI 404	Training and Education	2016	404-2	Programs for upgrading employee management skills development and for lifelong programs, and transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment	V	ESRS S1-1	100
GRI 404	Training and Education	2016	404-3	Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period		ESRS S1-13	101
GRI 405	Diversity and Equal Opportunity	2016	405-1	Governance bodies and employees in each of the following diversity categories: gender, age group and other indicators of diversity	V	ESRS 2 GOV-1; ESRS S1-6, S1-9, S1-12	103
GRI 406	Non-discrimination	2016	406-1	Total number of incidents of discrimination and remediation actions taken	V	ESRS S1-17	102
GRI 414	Social assessment of the supplier	2016	414-1	Percentage of new suppliers selected to meet hiring practices criteria		ESRS G1-2	174



GRI standard number	Topic standard	GRI version	Disclosure number	Name of indicator	Indicator verified externally	Potential reference to the ESRS (not the subject of external verification)	Page number
GRI 417	Marketing and Labelling	2016	417-2	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling by results	V	ESRS S4-4	176
GRI 417	Marketing and Labelling	2016	417-3	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by results.	V	ESRS S4-4	176
GRI 418	Customer Privacy	2016	418-1	Total number of substantiated complaints concerning breaches of customer privacy and losses of customer data	V	ESRS S4-3, S4-4	176

TCFD Guidance (Task Force on Climate-related Financial Disclosures)

	Page number
Disclosures in accordance with TCFD recommendations	162-169

SFDR indicators (Sustainable Finance Disclosure Regulation)

Indicator number	Name of indicator	Page Number / Comment
Climate and other environment-related indicators		
SFDR 1	GHG emissions	80-82
SFDR 2	Carbon footprint	80-82
SFDR 3	GHG emissions intensity	80-82
SFDR 4	Exposure to companies active in the fossil fuel sector	153-154, 166
SFDR 5	Share of non-renewable energy consumption and production	84
SFDR 6	Energy consumption intensity per high impact climate sector	84
SFDR 7	Activities negatively affecting biodiversity sensitive areas	In 2023, no such activities in the Bank's operations.
SFDR 8	Emissions to water	In 2023, no emitted pollutants to water in the Bank's operations.
SFDR 9	Hazardous waste ratio	In 2023, no hazardous or radioactive waste in the Bank's operations.
Social and employee, respect for human rights, anti-corruption and anti-bribery indicators		
SFDR 10	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	In 2023, no confirmed violations of the principles of the UN Global Compact and the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises.
SFDR 11	Processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	171-176
SFDR 12	Unadjusted gender pay gap	98-99
SFDR 13	Board gender diversity	103
SFDR 14	Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)	154



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Michał Szalast-Dao Quy, Sustainable Finance Manager



Post-balance sheet events



January 2024

- 2.01. - Extraordinary General Meeting of Partners of Campus Leszno Sp. z o.o.
- adoption of a resolution to dissolve the company and open its liquidation



February 2024

- 22.02. - Individual recommendation of the Polish Financial Supervision Authority (PFSA) with regard to meeting the criteria for paying dividend from the net profit earned in 2023

PFSA stated that based on data as at 31 December 2023, the Bank met the criteria to be able to pay dividend up to 50% of its net profit earned in the period from 1 January 2023 to 31 December 2023 following the general criteria of the Dividend policy published by PFSA on 14 December 2023.

Additionally, after taking into account the quality of the Bank's loan portfolio measured as the share of non-performing loans in the total portfolio of receivables from the non-financial sector, including debt instruments, the potential dividend payout ratio was increased to 75% due to the Bank's sound credit quality.



Statements of the Management Board of BNP Paribas Bank Polska S.A

Accuracy and reliability of the statements presented

The Management Board of BNP Paribas Bank Polska S.A. hereby declares that to the best of its knowledge:

- Separate financial statements of BNP Paribas Bank Polska S.A. for year ended 31 December 2023 and Consolidated financial statements of the BNP Paribas Bank Polska S.A. Group for year ended 31 December 2023 and the comparative data was prepared in accordance with the applicable accounting principles, and they reflect in a true, reliable and clear way the financial position as well as the financial result of the Bank and the Bank's Group.
- Management Board Report on the activities of the BNP Paribas Bank Polska S.A. Group in 2023 including the Management Board Report on the activities of BNP Paribas Bank Polska S.A. in 2023 contains a true picture of the development and achievements and situation of the Bank's Group, including a description of the basic risks and threats.

Information of the Management Board, prepared on the basis of a statement of the Supervisory Board or a supervising person, on the selection of an audit firm to audit the annual financial statements and the annual consolidated financial statements in accordance with the provisions

The Management Board of BNP Paribas Bank Polska S.A. declares that Mazars Audyt Spółka z ograniczoną odpowiedzialnością with its registered office in Warsaw (Mazars) was selected by the Supervisory Board of the Bank in accordance with the law, as an entity authorised to audit the Consolidated financial statements of the BNP Paribas Bank Polska S.A. Group for 2023 and the Separate financial statement of BNP Paribas Bank Polska S.A. for 2023.

Mazars and the members of the audit team met the conditions for preparing an impartial and independent audit report on the annual financial statements and the audit report on the consolidated annual financial statements in accordance with applicable regulations, professional standards and professional ethics.

The Management Board of BNP Paribas Bank Polska S.A. declares that the binding law provisions related to the rotation of the audit firm and the key statutory auditor and the mandatory grace periods have been respected and that the company has in place the "Policy on the selection of the audit firm at BNP Paribas Bank Polska S.A." and the "Audit firm selection procedure at BNP Paribas Bank Polska S.A." and the "Policy on the provision of permitted non-audit services by the audit firm, by affiliates of the audit firm and members of the audit firm's network at BNP Paribas Bank Polska S.A."

Position of the Bank's Management Board on the possibility of meeting previously published forecasts for a given year

The Bank did not publish financial forecasts for 2023.



SIGNATURES OF MANAGEMENT BOARD MEMBERS OF BNP PARIBAS BANK POLSKA S.A.

29.02.2024	Przemysław Gdański President of the Management Board	<i>qualified electronic signature</i>
29.02.2024	André Boulanger Vice-President of the Management Board	<i>qualified electronic signature</i>
29.02.2024	Małgorzata Dąbrowska Vice-President of the Management Board	<i>qualified electronic signature</i>
29.02.2024	Wojciech Kembłowski Vice-President of the Management Board	<i>qualified electronic signature</i>
29.02.2024	Piotr Konieczny Vice-President of the Management Board	<i>qualified electronic signature</i>
29.02.2024	Magdalena Nowicka Vice-President of the Management Board	<i>qualified electronic signature</i>
29.02.2024	Volodymyr Radin Vice-President of the Management Board	<i>qualified electronic signature</i>
29.02.2024	Agnieszka Wolska Vice-President of the Management Board	<i>qualified electronic signature</i>