



CREDIT MARKET INDICATORS



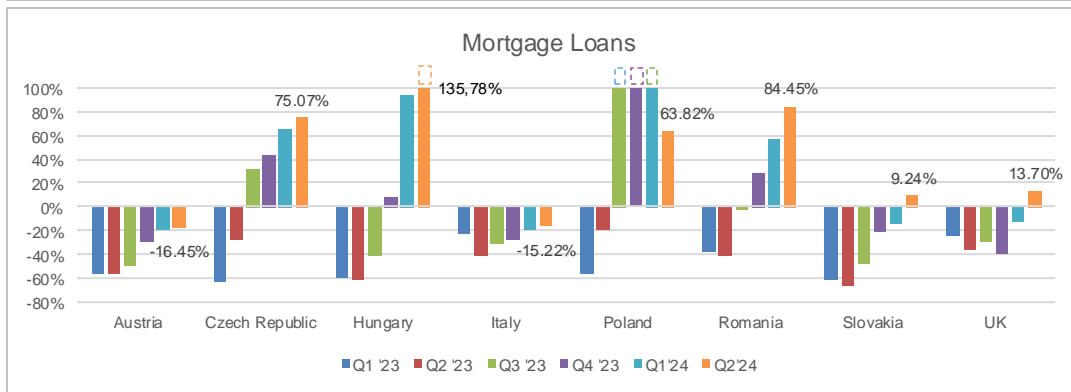
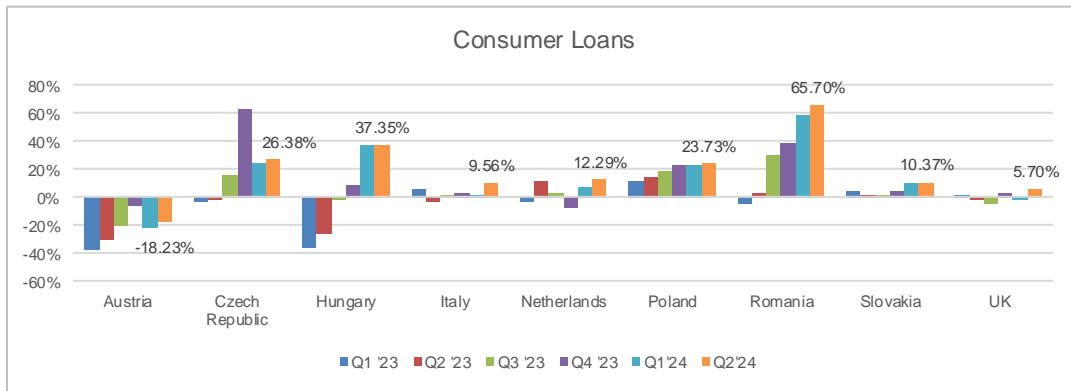
Mariusz Cholewa PhD.
ACCIS President, CEO of BIK

In Q2 2024, amid inflation and economic uncertainty across Europe, Romania led consumer loan growth with a 65.7% increase. Larger markets like the UK and the Netherlands also expanded, reflecting ongoing demand despite tighter monetary policies. Mortgage lending increased in most countries, with Hungary experiencing the highest rise, at 135.78%.

Poland had the highest non-performing consumer loan ratio, at 9.57%, although signs of improvement are emerging. Conversely, Turkey saw a rise in the non-performing loan ratio for the same product. Romania continued to demonstrate the highest PQI for consumer loans, while other regions saw figures between 3% and 5%. The situation in mortgage credits remained relatively similar and consistent among the reporting countries.

Dynamics of new sales of loans

Value of new booking in a quarter to a corresponding quarter of the year before

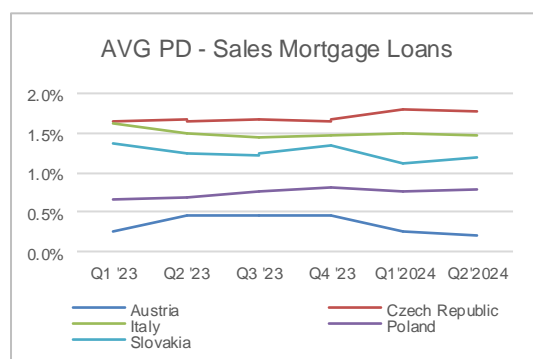
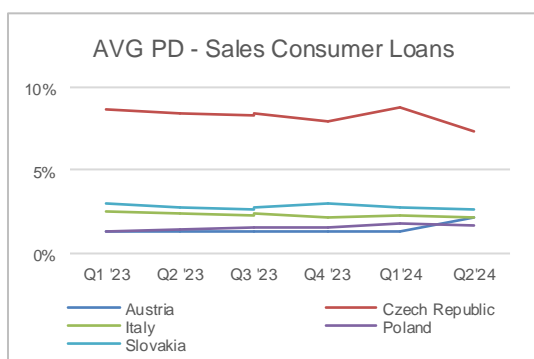


In Q2 2024, Romania experienced the most significant growth in the value of consumer loans booked, with a rise of 65.7% compared to the same quarter in the previous year. Hungary also maintained a strong upward trajectory, showing a 37.35% increase. Poland has recorded uninterrupted growth for more than a year. Larger markets such as the Netherlands and the UK are also expanding the volume of consumer lending.

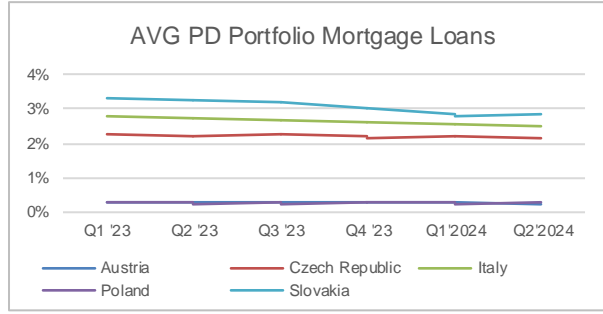
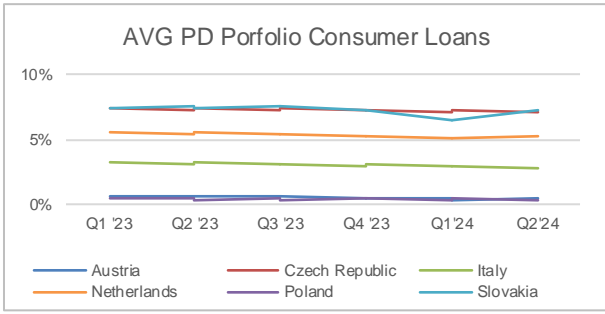
Other than in Poland, where the value of new mortgage lending is going down, sales are growing in all other countries. Hungary recorded a 135.78% increase. The Czech Republic and Romania also saw growth, with increases of 75.07% and 84.45%, respectively.

Probability of default

Average probability of default - AVG PD - (90 days past due on any customer credit)



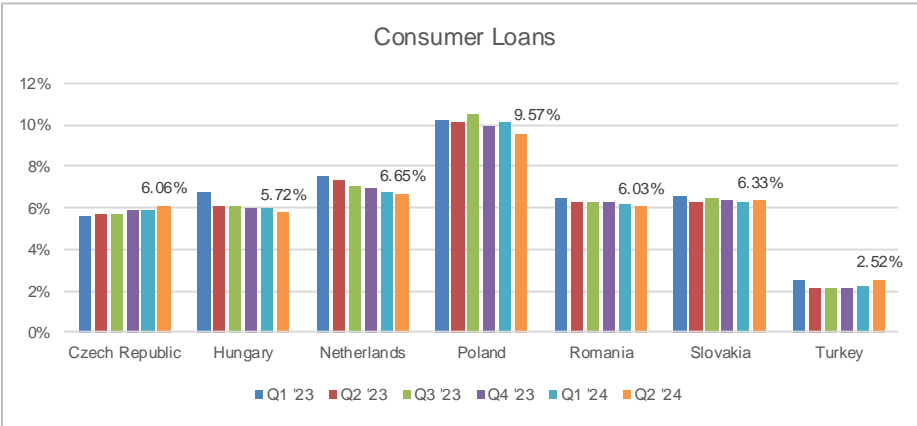
Austria saw a significant rise in the PD for consumer loans, increasing from 1.24% to 2.10% but a decrease in the PD for mortgage loans reflecting a continued downward trend. The Czech Republic continues to exhibit the highest AVG PD in new sales of both consumer and mortgage loans. However, both ratios are improving.



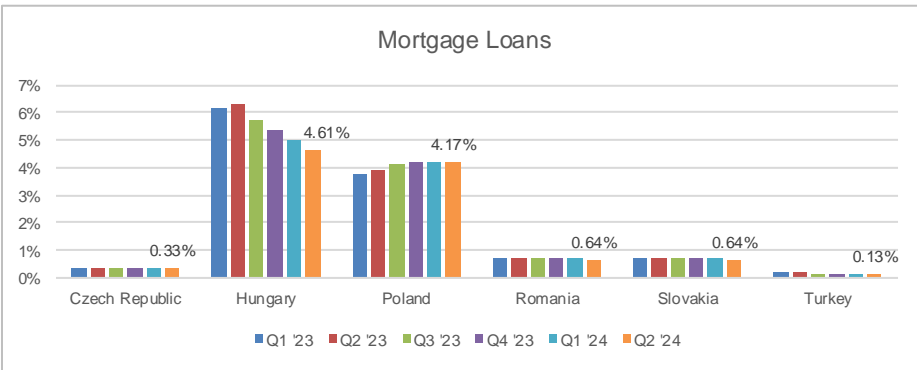
The AVG PD at the portfolio level is stable for consumer loans across various countries and gradually improving over time for mortgage products.

Loan book quality | % of non-performing loans

Balance of non-performing loans (more than 90 days in delinquency) to balance of all the loans at the end of a quarter



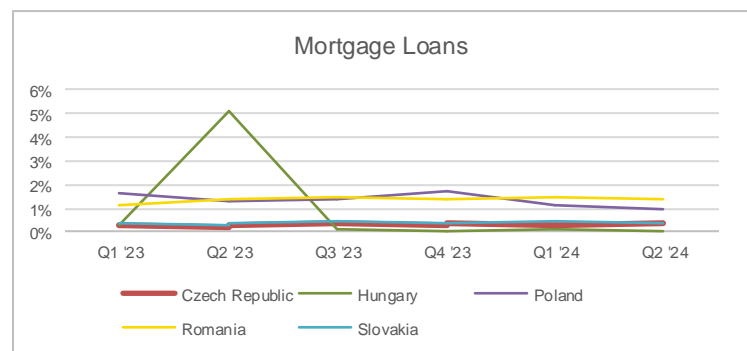
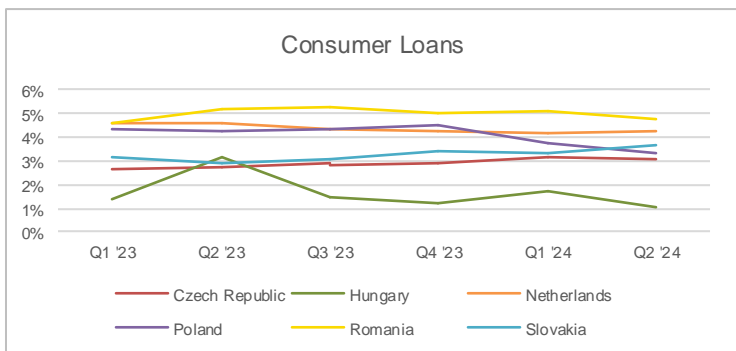
Poland has the highest ratio of non-performing consumer loans, although the situation is improving. The current rate (9.57%) is the lowest since we began publishing data. In contrast, the situation in the Czech Republic, Slovakia, and Turkey is deteriorating. In Turkey, NPLs have risen from 2.17% of all loans in Q1 to 2.52% in Q2 (an increase of 14%). The Netherlands shows a continuous decline in its ratio, dropping from 7.7% in Q4 2022 to 6.76% in Q1 2024 and 6.65% in Q2.



Hungary continues to reduce the ratio of NPLs in mortgage loans, setting it at 4.61% at the end of Q2, compared to 4.99% in Q1 2024. Conversely, Poland's ratio of non-performing mortgage loans continues to increase, peaking at 4.17% in Q2 2024, the highest figure since we began publishing data. The situation in other countries remains stable, with Turkey showing the lowest rate for NPLs in the housing credit market.

PQI - Portfolio quality index

$PQI = (\text{Sum of defaults in a quarter} / \text{Sum of performing balances at the beginning of a quarter}) * 4 (\%)$



Romania consistently has the highest PQI for consumer loans, peaking in Q3 2023 at 5.29% but slightly declining by Q2 2024. Meanwhile, the Netherlands remains relatively stable with slight fluctuations, while Poland shows a significant decrease from 4.50% in Q4 2023 to 3.34% in Q2 2024. Hungary's PQI displays volatility, with a peak in Q2 2023 (3.14%) but a notable drop to 1.01% by Q2 2024. Regarding mortgage credit, Hungary shows a sharp spike to 5.13% in Q2 2023 before plummeting to 0.08% by Q2 2024. Poland's PQI steadily declines from 1.72% in Q4 2023 to 0.95% by Q2 2024, while Romania, Czech Republic and Slovakia maintain relatively low and consistent PQI levels.