



BNP PARIBAS

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Results of the Asset Quality Review and Stress test of BNP Paribas Bank Polska S.A.

Legal basis: Article 56 Section 1 Item 1 of the Act of 29 July 2005 on Public Offering and Conditions Governing the Introduction of Financial Instruments to an Organized Trading System, and on Public Companies (consolidated text: Journal of Laws of 2013, item 1382) – confidential information

The Board of Executives of BNP Paribas Bank Polska SA ("the Bank") hereby announces its results of the Asset Quality Review and Stress test exercises, carried out among 15 Polish banks by the Polish Financial Supervision Authority ("KNF") with the assumptions set out by the European Banking Authority ("EBA") in consultation with the European Central Bank ("ECB") for the purpose of EBA Comprehensive Assessment process. All the results of Assets Quality Review and Stress test are available on KNF website.

The Asset Quality Review exercise carried out by KNF was aimed at measuring adequacy of assets classification, collateral valuation and related provisions. In this exercise the part of the asset portfolio had been selected and examined in order to calculate provisions according to the AQR methodology. The AQR provisions for the sample portfolio were calculated by the KNF and then extrapolated to the total portfolio. It allowed KNF to indicate a final AQR provisions amount with reference to the whole asset portfolio of the Bank. The total capital ratio of the Bank as at the end of 2013 stood at 12.75%, whilst Common Equity Tier 1 ("CET1") ratio equaled 10.09%. Following the Asset Quality Review for the Bank, the adjusted CET1 ratio was estimated at 9.23% being well above regulatory minimum.

In parallel, KNF has performed the Stress test simulation. Both baseline scenario and adverse scenario (assuming an unfavourable development of the macroeconomic situation) run within the Stress test were based on the data as at the end of 2013 and covered the period from 2014 to 2016. The stress test assumed stability of banks' balance sheets over the 2014-2016 period. According to Stress test methodology the exceptional loss incurred by the Bank in 2009 linked to derivative transactions amounting to PLN 320 million has a severe impact on the Stress test results decreasing notionally the capital amount by approximately PLN 190 million. However, since 2010 the Bank's activity in derivative transactions is considerably limited being conducted within more conservative model and the total current exposure of all customers is substantially lower. The Stress test result shows that throughout the entire 2014-2016 period analysed, the Bank would hold sufficient capital.

Having examined results of stress test and Asset Quality Review separately, it is clear that the Bank does not suffer from any capital shortfall. However, having analyzed the combined impact of the Asset Quality Review and the Stress test on the Bank's balance sheet, it has been observed that the adjusted CET1 ratio of the Bank in the last year examined, i.e. 2016, would decrease to 4.71% and therefore it would fall below the minimum level of 5.5% recommended by the regulators. However, in May 2014, the Bank has already raised new capital in the amount of PLN 228.5 million, which according to KNF more than sufficiently covers this theoretical capital shortfall. In fact, taking into account the capital increase, the adjusted CET1 ratio would increase from 4.71% to 6.04% as calculated by KNF, thus above the minimum threshold of 5.5%.

The Bank's Board of Executives considers, as confirmed by the results of KNF AQR and Stress test exercise, that the present capital position of the Bank, strengthened by the capital increase realized in May 2014, is sound and safe.

Signatures of the Bank's representatives

Date	name and surname	position/ function	signature
26.10.2014 r.	Frédéric Amoudru	President of the Board of Executives	