


**BANK BGŹ BNP PARIBAS S.A.
CAPITAL GROUP**

**CAPITAL ADEQUACY INFORMATION
AS OF 31 MARCH 2018**



TABLE OF CONTENTS

1. INTRODUCTION.....	3
2. OWN FUNDS	4
3. CAPITAL REQUIREMENTS.....	6
4. LEVEREGE RISK.....	7
5. COMPARISON OF BANK'S OWN FUNDS AND CAPITAL AND LEVERAGE RATIOS WITH AND WITHOUT THE APPLICATION OF TRANSITIONAL ARRANGEMETS FOR IFRS 9 OR ANALOGOUS ECLS.....	8



1. INTRODUCTION

In accordance with the Regulation of the European Parliament and of the Council (EU) No 575/2013 as of 26 June 2013 on prudential requirements for credit institutions and investment firms, amending Regulation (EU) No 648/2012 (Acts. Office. EU. L No. 176, p. 1), hereinafter referred to as "**Regulation (EU) No 575/2013**", Bank BGZ BNP Paribas SA with its registered office in Warsaw, hereinafter referred to as "**Bank**", is obliged to publish in a publicly accessible manner information about the qualitative and quantitative adequacy of the capital excluding irrelevant information, proprietary or confidential.

According to the art. 433 of Regulation (EU) No 575/2013, the Bank publishes at least annually, the disclosures of which is required by virtue of Part Eight of Regulation (EU) No 575/2013. Pursuant to the obligation specified in article 13 of the Regulation (EU) No 575/2013, Bank publicly discloses as defined in art. 437, 438, 440, 442, 450, 451 and 453 the information based on data available at the highest, national level of consolidation for prudential purposes. In addition, Bank discloses information on unencumbered assets based on art. 443 of Regulation (EU) No 575/2013.

In the light of the scale and relevant characteristics of Bank's business and taking into account European Banking Authority Guidelines on disclosure requirements under Part Eight of Regulation (EU) No 575/2013 - **EBA/GL/2016/11**, the Bank discloses quarterly some information regarding capital adequacy and pay particular attention to the possible need for more frequent disclosure of items of information laid down in Article 437, and points (c) to (f) of Article 438 of Regulation (EU) No 575/2013, and information on risk exposure and other items prone to rapid change.

This document provides information on the capital adequacy of the Bank BGZ BNP Paribas SA Capital Group as of 31 March 2018.

2. OWN FUNDS

Based on the art.437 of the Regulation (EU) No 575/2013 the Bank discloses full reconciliation of own funds items in relation to the financial statements.

Table 1. Full reconciliation of own funds items in relation to the financial statements as of 31 March 2018

POSITIONS OF THE CONSOLIDATED FINANCIAL STATEMENT USED FOR THE CALCULATION OF OWN FUNDS	Positions on 31 March 2018	Correction for companies not subject to prudential consolidation	Filters	[k. PLN]	
				Part of the unrecognized annual profit	OWN FUNDS POSITIONS
Assets					
Intangible assets	282 311	241			282 070
Deferred tax assets net of related tax liability	612 851	544			612 307
Liabilities					
Subordinated liabilities	1 650 540				1 650 540
- including subordinated loans recognized as instruments in Tier II	1 650 540				1 650 540
Core capital					
Common Shares	84 238				84 238
Other capital instruments, including:	6 036 715				6 036 715
- share premium accounts	3 272 501				3 272 501
- general risk fund	627 154				627 154
- reserve capital	2 137 060				2 137 060
revaluation reserve, including:	148 852				148 852
- unrealized profits	177 661				177 661
Result of the current year	85 458	2 874		82 584	0

Bank discloses own funds structure together with regulatory adjustments to Tier I and Tier II capital.

Table 2. The own funds structure with regulatory adjustments as of 31 March 2018

No.*		(A) AMOUNT AT DISCLOSURE DATE (k. PLN)	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE	(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) No 575/2013 (k. PLN)
Common Equity Tier I capital: instruments and reserves				
			26 (1), 27, 28, 29,	
1	Capital instruments and the related share premium accounts	3 356 740	EBA list 26 (3)	
	Of which: common shares	84 238	EBA list 26 (3)	
2	Retained earnings	-191 859	26 (1) (c)	
	Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	2 285 912	26 (1)	
3a	Funds for general banking risk	627 154	26 (1) (f)	
6	Common Equity Tier I (CET1) capital before regulatory adjustments	6 077 947		
Common Equity Tier I (CET1) capital: regulatory adjustments				
28	Total regulatory adjustments to Common Equity Tier I (CET1)	-35 141		
29	Common Equity Tier I (CET1) capital	6 042 806		
44	Additional Tier I (AT1) capital	0		
45	Tier I capital (T1 = CET1 + AT1)	6 042 806		
Tier II (T2) capital: instruments and provisions				
58	Tier II (T2) capital	1 650 540		
59	Total capital (TC = T1 + T2)	7 693 346		
60	Total risk weighted assets	55 837 059		
Capital ratios and buffers				
61	Common Equity Tier I (as a percentage of risk exposure amount)	10,82%	92 (2) (a), 465	
62	Tier I (as a percentage of risk exposure amount)	10,82%	92 (2) (b), 465	
63	Total capital (as a percentage of risk exposure amount)	13,78%	92 (2) (c)	

* Numbering in accordance with Annex VI of the Implementing Regulation of the Commission (EU) No 1423/2013 as of 20th December 2013 establishing implementing technical standards in disclosure requirements on the institution's own funds in accordance with Regulation of the European Parliament and the Council (EU) No 575/2013 ((Acts. Office. EU. No. L 355, p. 60), hereinafter referred to as "**Implementing Regulation (EU) No 1423/2013**".

3. CAPITAL REQUIREMENTS

According to art. 438 of the Regulation (EU) No 575/2013, the Bank is publishing overview of risk weighted assets and amounts representing 8% of the risk-weighted exposure, separately for each exposure class, which are presented in tables below:

Table 3. Risk wiewghted assets overview as of 31 March 2018

	RWAs		Capital requirements
	31 March 2018	31 December 2017	31 March 2018
<i>[k. PLN]</i>			
1 Credit risk	49 978 300	50 362 521	3 998 264
2 Of which standardised approach	49 978 300	50 362 521	3 998 264
4 Of which advanced IRB approach			
5 Of which equity positions under the simple risk-weighted approach			
6 Counterparty Credit Risk	802 125	761 225	64 170
7 Of which mark-to-market	601 468	548 266	48 117
10 Of which internal model method (IMM)			
11 Of which CCP - default fund contributions			
12 Of which CVA	200 658	212 959	16 053
14 Securitisation exposures in the banking book			
15 Of which IRB approach (IRB)			
16 Of which IRB supervisory formula approach (SFA)			
17 Of which internal assessment approach (IAA)			
18 Of which standardised approach			
19 Market risk	353 206	270 215	28 256
20 Of which standardised approach	353 206	270 215	28 256
21 Of which IMA			
23 Operational risk	4 703 428	4 594 169	376 274
24 Of which basic indicator approach	93 465	72 840	7 477
25 Of which standardised approach	4 609 963	4 521 329	368 797
26 Of which advanced measurement approach (AMA)			
27 Amounts below the thresholds for deduction (subject to 250% risk weight)			-
29 TOTAL	55 837 059	55 988 130	4 466 965

4. LEVEREGE RISK

The Bank discloses some information on its leverage ratio based on Commission Implementing Regulation (EU) 2016/200 of 15 February 2016 laying down implementing technical standards with regards to disclosure of the leverage ratio of institutions according to art. 451 of the Regulation (EU) No 575/2013 (Acts. Office. EU. Series L No. 39, p. 5) with later D.

The Calculation of leverage ratio of the Bank Capital Group as of 31 March 2018 was made under the provisions of Commission Delegated Regulation (EU) 2015/62 as of 10 October 2014 amending Regulation (EU) No 575/2013 in respect of the leverage ratio (Acts. Office. EU. Series L No. 309, p. 5), hereinafter referred to as "Delegated Regulation 2015/62.". According to the Delegated Regulation 2015/62 financial leverage ratio is expressed as a percentage of the value of the quotient of Tier I capital and total exposure measure by the end of the reporting period, while total exposure measure is the sum of the exposure values determined under all of the assets and off-balance items not deducted when determining the capital measure Tier I .

Table 4. Leverage Ratio

Reference date	31 March 2018
Entity name	Bank BGŻ BNP Paribas S.A.
Level of application	consolidated

Table 5. Summary reconciliation of accounting assets and leverage ratio exposures as of 31 March 2018

	Applicable Amount in k. PLN
1 Total assets as per published financial statements	70 172 080
2 Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	0
3 (Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013)	0
4 Adjustments for derivative financial instruments	1 489 459
5 Adjustment for securities financing transactions (SFTs)	0
6 Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	5 600 809
EU-6a (Adjustment for intragroup exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(7) of Regulation (EU) No 575/2013)	0
EU-6b (Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(14) of Regulation (EU) No 575/2013)	0
7 Other adjustments	0
8 Leverage ratio total exposure measure	77 262 347

Table 6. Leverage ratio common disclosure as of 31 March 2018

	CRR leverage ratio exposures in k. PLN
Capital and total exposure mesure	
20 Tier I capital	6 042 806
21 Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	77 262 347
Leverage ratio	
22 Leverage ratio	7,82

5. COMPARISON OF BANK'S OWN FUNDS AND CAPITAL AND LEVERAGE RATIOS WITH AND WITHOUT THE APPLICATION OF TRANSITIONAL ARRANGEMENTS FOR IFRS 9 OR ANALOGOUS ECLS

In accordance with the Regulation of the European Parliament and of the Council (EU) No 2017/2395 of 12 December 2017 amending Regulation (EU) No 575/2013 as regards transitional arrangements for mitigating the impact of the introduction of IFRS 9 on own funds and for the large exposures treatment of certain public sector exposures denominated in the domestic currency of any Member State, the Bank discloses the amounts of own funds, Common Equity Tier 1 capital and Tier 1 capital, the Common Equity Tier 1 capital ratio, the Tier 1 capital ratio, the total capital ratio and the leverage ratio the Bank would have in case the Bank was not to apply the art. 1 of this Regulation.

Table 7. Comparison of Banks' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs as of 31 March 2018

	[k. PLN]	
	31 March 2018	31 December 2017
Available capital (amounts)		
1 Common Equity Tier I (CET1) capital	6 042 806	6 053 900
2 Common Equity Tier I (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	5 747 296	
3 Tier I capital	6 042 806	6 053 900
4 Tier I capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	5 747 296	
5 Total capital	7 693 346	7 696 324
6 Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	7 397 836	
Risk-weighted assets (amounts)		
7 Total risk-weighted assets	55 837 059	55 988 130
8 Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	55 572 645	
Capital ratios		
9 Tier I (as a percentage of risk exposure amount)	10,82%	10,81%
10 Common Equity Tier I (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	10,34%	
11 Tier I (as a percentage of risk exposure amount)	10,82%	10,81%
12 Tier I (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	10,34%	
13 Total capital (as a percentage of risk exposure amount)	13,78%	13,75%
14 Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	13,31%	
Leverage ratio		
15 Leverage ratio total exposure measure	77 262 347	77 893 614
16 Leverage ratio	7,82%	7,77%
17 Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	7,44%	