


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

**CAPITAL ADEQUACY INFORMATION
AS AT 30 JUNE 2018**



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1. INTRODUCTION

In accordance with the Regulation of the European Parliament and of the Council (EU) No 575/2013 as at 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 at 30 June 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 at 30 June 2018

POSITIONS OF THE CONSOLIDATED FINANCIAL STATEMENT USED FOR THE CALCULATION OF OWN FUNDS	Positions on 30 June 2018	Correction for companies not subject to prudential consolidation	Filters	[k. PLN]	
				Part of the unrecognized annual profit	OWN FUNDS POSITIONS
Assets					
Intangible assets	306 452	237			306 215
Deferred tax assets net of related tax liability	612 039	608			611 431
Liabilities					
Subordinated liabilities	1 650 540				1 703 386
- including subordinated loans recognized as instruments in Tier II	1 650 540				1 703 386
Core capital					
Common Shares	84 238				84 238
Other capital instruments, including:	6 335 105				6 335 105
- share premium accounts	3 272 501				3 272 501
- general risk fund	627 154				627 154
- reserve capital	2 435 450				2 435 450
revaluation reserve, including:	122 257				148 852
- unrealized profits	143 000				143 000
Result of the current year	188 601	2 634		185 967	185 967

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 at 30 June 2018

No.*		AMOUNT AT DISCLOSURE DATE (k. PLN)	REGULATION (EU) No 575/2013 ARTICLE REFERENCE
Common Equity Tier I capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	3 356 740 26	(1), 27, 28, 29
	Of which: common shares	84 238	EBA list 26 (3)
2	Retained earnings	-330 924 26	(1) (c)
	Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	2 557 706 26	(1)
3a	Funds for general banking risk	627 154 26	(1) (f)
6	Common Equity Tier I (CET1) capital before regulatory adjustments	6 210 675	
Common Equity Tier I (CET1) capital: regulatory adjustments			
7	Additional value adjustment (negative amount)	-14 380 34	105
8	Intangible assets (net of related tax liability) (negative amount)	-306 215 36	(1) (b), 37
	Of which: ...filter for unrealised gains	468	
	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-22 423 48	(1) (c), 38, (1) (a)
21	Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre CRR	295 511 473	(a)
26b	of which adjustments resulting from IFRS 9 during the transition period	295 511	
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	0 36	(1) (j)
28	Total regulatory adjustments to Common Equity Tier I (CET1)	-47 507	
29	Common Equity Tier I (CET1) capital	6 163 169	
44	Additional Tier I (AT1) capital	0	
45	Tier I capital (T1 = CET1 + AT1)	6 163 169	
Tier II (T2) capital: instruments and provisions			
46	Capital instruments and the related share premium accounts	1 703 386 62	63
51	Tier II (T2) capital before regulatory adjustments	1 703 386	
58	Tier II (T2) capital	1 703 386	
59	Total capital (TC = T1 + T2)	7 866 555	
60	Total risk weighted assets	57 028 035	
Capital ratios and buffers			
61	Common Equity Tier I (as a percentage of risk exposure amount)	10,81%	92 (2) (a)
62	Tier I (as a percentage of risk exposure amount)	10,81%	92 (2) (b)
63	Total capital (as a percentage of risk exposure amount)	13,79%	92 (2) (c)
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92(1)(a) plus capital conservation and countercyclical buffer requirements, plus systematic important institution buffer expressed as a percentage of risk amount)	3 991 962 131	133, CRD 128, 129, 130,
65	of which: capital conservation buffer requirement	1 069 276	
66	of which: countercyclical buffer requirement	0	
67	of which: systematic risk buffer requirement	1 710 841	
67a	of which: Global Systematically Important Institution (G-SII) or Other Systematically Important Institution (O-SII) buffer	142 570	CRD 131
68	Common Equity Tier I available to meet buffers (as a percentage of risk exposure amount)		CRD 128
Amounts below the threshold (before risk weighting)			
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	589 008 38	(1) (c), 48,

With reference to the art.437 of the Regulation (EU) No 575/2013 the Bank discloses main features to Tier I capital.

Table 3. Capital instruments' main features in Common Equity Tier I Capital as at 30 June 2018

1 Issuer	BGŻ BNP Paribas S.A.
2 Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	ISIN code: PLBGZ0000010
3 Governing law(s) of the instrument Regulatory Treatment	Polish Yes
4 Transitional Resolution (UE) nr 575/2013 rules	Common Equity Tier I Partial issue reclassification to lower category of capital
5 Post-transitional Resolution (UE) nr 575/2013 rules	Common Equity Tier I
6 Eligible at solo/(sub-)consolidated/solo & (sub-)consolidated	Solo & (Sub-)consolidated
7 Instrument type (types to be specified by each jurisdiction)	Instrument type: ordinary share. Classification - Common Equity Tier I instrument in accordance with Article 28 of Regulation (EU) No. 575/2013.
8 Amount recognised in regulatory capital (currency in million, as at the last reporting date)	PLN 15,09 mln (series A) PLN 7,8 mln (series B) PLN 0,25 mln (series C) PLN 3,2 mln (series D) PLN 10,64 mln (series E) PLN 6,13 mln (series F) PLN 8 mln (series G) PLN 5 mln (series H) PLN 28,1 mln (series I) Registered shares of series B are preference shares. The privilege concerning the shares of series B, includes the right to receive payment of the full nominal amount per share in the event of liquidation of the Bank after satisfying creditors, first before payments attributable to ordinary shares, which are payments in face of execution of the privilege may not cover the nominal amount of those shares. The amount recognized in regulatory capital does not differ from the amount of the issued instrument.
9 Nominal amount of instrument	PLN 84 238 318
9a Issue price	PLN 1
9b Redemption price	Not applicable
10 Accounting classification	Equity
11 Original issue date	09.09.1994.
12 Perpetual or dated	Perpetual
13 Original maturity date	No maturity
14 Issuer call subject to prior supervisory approval	No
15 Optional call date, contingent call dates and redemption amount	Not applicable
16 Subsequent call dates, if applicable Coupons/dividends	Not applicable Dividends
17 Fixed or floating dividend/coupon	Floating
18 Coupon rate and any related index	Not applicable
19 Existence of a dividend stopper	Yes
20a Fully discretionary, partially discretionary or mandatory (in terms of timing) - in relation to the payment of the coupon/dividend	Fully discretionary
20b Fully discretionary, partially discretionary or mandatory (in terms of amount) - in relation to the payment of the coupon/dividend	Fully discretionary
21 Existence of step up or other incentive to redeem	No
22 Noncumulative or cumulative	Noncumulative
23 Convertible or non-convertible	Non-convertible
24 If convertible, conversion trigger(s)	Not applicable
25 If convertible, fully or partially	Not applicable
26 If convertible, conversion rate	Not applicable
27 If convertible, mandatory or optional conversion	Not applicable
28 If convertible, specify instrument type convertible into	Not applicable
29 If convertible, specify issuer of instrument it converts into	Not applicable
30 Write-down features	No
31 If write-down, write-down trigger(s)	Not applicable
32 If write-down, full or partial	Not applicable
33 If write-down, permanent or temporary	Not applicable
34 If temporary write-down, description of write-up mechanism	Not applicable
35 Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Not applicable
36 Non-compliant transitional features	No
37 If yes, specify non-compliant features	Not applicable

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 4. Risk wighted assets overview as at 30 June 2018

	RWAs		Capital requirements
	30 June 2018	31 March 2018	30 June 2018
<i>[k. PLN]</i>			
1 Credit risk	51 109 446	49 978 300	4 088 756
2 Of which standardised approach	51 109 446	49 978 300	4 088 756
4 Of which advanced IRB approach			
5 Of which equity positions under the simple risk-weighted approach			
6 Counterparty Credit Risk	831 005	802 125	66 480
7 Of which mark-to-market	631 912	601 468	50 553
10 Of which internal model method (IMM)			
11 Of which CCP - default fund contributions			
12 Of which CVA	199 093	200 658	15 927
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	384 156	353 206	30 732
20 Of which standardised approach	384 156	353 206	30 732
21 Of which IMA			
23 Operational risk	4 703 428	4 703 428	376 274
24 Of which basic indicator approach	93 465	93 465	7 477
25 Of which standardised approach	4 609 963	4 609 963	368 797
26 Of which advanced measurement approach (AMA)			
27 Amounts below the thresholds for deduction (subject to 250% risk weight)			-
29 TOTAL	57 028 035	55 837 059	4 562 243

4. CREDIT RISK ADJUSTMENTS

Bank discloses information regarding the institution's exposure to credit risk resulting from the art. 442 of the Regulation (EU) No 575/2013.

In the following tables credit quality of exposures is presented.

Table 5. Credit quality of exposures by exposure class and instrument as at 30 June 2018

						30 June 2018	
						Gross exposures	
[k. PLN]	Defaulted exposures	Non-defaulted exposures	Total	Specific provisions	Collective provisions		
16	-	14 528 070	14 528 070	14	-		
17	-	323 306	323 306	1 536	-		
18	-	41 955	41 955	212	-		
19	-	-	-	-	-		
20	-	-	-	-	-		
21	-	1 937 145	1 937 145	959	-		
22	-	31 878 700	31 878 700	183 727	-		
23	-	14 929 332	14 929 332	121 938	-		
24	-	25 487 176	25 487 176	367 277	-		
25	-	16 543 544	16 543 544	150 782	-		
26	-	12 996 782	12 996 782	97 815	-		
27	-	400 416	400 416	3 516	-		
28	2 170 997	17 091	2 188 088	-	1 976 075		
32	-	-	-	-	-		
33	-	170 905	170 905	-	-		
34	-	2 485 089	2 485 089	80	-		
35 Total standardised approach	2 170 997	89 866 219	92 037 215	651 620	1 976 075		
36 Total	2 170 997	89 866 219	92 037 215	651 620	1 976 075		

Table 6. Credit quality of exposures by industry or counterparty types as at 30 June 2018

						30 June 2018	
						Gross exposures	
[k. PLN]	Defaulted exposures	Non-defaulted exposures	Total	Specific provisions	Collective provisions		
Agriculture, Food, Tobacco	571 538	16 784 160	17 355 698	121 526	252 024		
Wholesale Trade	128 530	4 283 658	4 412 188	23 114	262 129		
Materials & Ores	39 072	3 669 175	3 708 247	13 557	63 479		
Real Estate	58 067	3 660 985	3 719 052	22 461	87 455		
Retail Trade	53 749	2 897 118	2 950 867	23 776	76 397		
Business Services	28 866	2 546 230	2 575 096	23 040	46 317		
Equipment excluding IT Electronic	79 053	2 592 299	2 671 352	12 772	129 933		
Building & Public Works	54 371	2 260 274	2 314 644	19 325	249 922		
Transportation & logistics	23 229	1 350 777	1 374 006	13 324	43 114		
Utilities (Electricity, Gas, Water, etc)	18 354	902 451	920 804	15 706	5 221		
Automotive	2 455	1 044 824	1 047 280	1 317	7 602		
Finance & Insurance	24 132	2 472 307	2 496 439	4 174	8 079		
Energy Excluding Electricity	252 538	247 959	500 497	1 189	5 606		
Chemicals excluding Pharmaceuticals	553	1 150 264	1 150 818	1 074	1 484		
Healthcare & Pharmaceuticals	5 909	439 627	445 536	7 316	9 940		
IT & electronics	8 786	513 439	522 226	2 922	6 958		
Communication services	443	707 207	707 650	1 037	992		
Other	821 352	42 343 464	43 164 816	343 989	719 425		
TOTAL	2 170 997	89 866 219	92 037 215	651 620	1 976 075		

Table 7. Credit quality of exposures by geography as at 30 June 2018

30 June 2018					
[k. PLN]	Gross exposures			Specific provisions	Collective provisions
	Defaulted exposures	Non-defaulted exposures	Total		
Europe	2 170 309	89 507 311	91 677 620	649 127	1 975 423
Poland	2 168 594	86 112 654	88 281 248	647 326	1 972 900
France	56	1 086 025	1 086 081	190	113
Luxembourg	-	523 042	523 042	292	-
United Kingdom	-	-	-	-	-
Other European countries	1 659	1 785 590	1 787 249	1 319	2 409
Rest of the World	688	358 908	359 596	2 492	653
TOTAL	2 170 997	89 866 219	92 037 215	651 620	1 976 075

Table 8. Ageing of past-due exposures as at 30 June 2018

30 June 2018										
[k. PLN]	Non-defaulted exposures						Defaulted exposures			
	≤30 days	>30 days, ≤60 days	>60 days, ≤90 days	>90 days, ≤180 days	>180 days, ≤1 year	>1 year	Total	>90 days, ≤180 days	>180 days, ≤1 year	>1 year
Loans	90 172 180	124 350	105 961	15 425	9 685	18 339	90 445 939	1 499 368	353 303	2 298 778
Total	90 172 180	124 350	105 961	15 425	9 685	18 339	90 445 939	1 499 368	353 303	2 298 778

5. USE OF CREDIT RISK MITIGATION TECHNIQUES

In terms of art. 453 of the Regulation (EU) No 575/2013 Bank discloses information regarding credit risk mitigation techniques.

Table 9. Standardised approach – Credit risk exposure and credit risk mitigation effects as at 30 June 2018

		30 June 2018					
		Gross exposure		EAD		RWAs	
[k. PLN]		Balance sheet	Off-balance sheet	Balance sheet	Off-balance sheet	RWAs	RWA density
1	Central governments or central banks	14 528 049	21	14 528 049	4	1 472 519	10,1%
2	Regional governments or local authorities	158 898	164 408	158 898	101 295	52 155	20,0%
3	Public sector entities	28 291	13 664	28 291	4 183	27 781	85,5%
4	Multilateral development banks	-	-	-	-	-	0,0%
5	International organisations	-	-	-	-	-	0,0%
6	Institutions	318 760	1 618 385	318 760	188 179	430 459	84,9%
7	Corporates	18 171 269	13 707 431	18 171 269	3 671 722	21 497 323	98,4%
8	Retail	20 991 001	4 496 175	20 991 001	1 781 510	12 814 037	56,3%
9	Exposures secured by mortgages on immovable property	12 881 838	114 944	12 881 838	41 488	11 757 942	91,0%
10	Exposures in default	2 082 182	105 905	2 082 182	49 793	2 673 502	125,4%
15	Exposures in the form of units or shares in collective investment undertakings	-	-	-	-	-	0,0%
16	Equity	170 905	-	170 905	-	192 802	112,8%
17	Other items	2 485 089	-	2 485 089	-	822 838	33,1%
18	Total	71 816 282	20 220 934	71 816 282	5 838 173	51 741 359	66,6%

The total amount of exposures after accounting offsets and with the effects of credit risk mitigation, and broken down by different types of exposure classes are presented in the table below.

Table 10. The total amount of exposures after accounting offsets and credit risk mitigation techniques as at 30 June 2018

		30 June 2018			
		Risk mitigation			
[k. PLN]	Total exposure	Guarantees and credit derivatives	Collateral	Total guarantees and collaterals	
Central governments or central banks	14 528 070	-	-	-	-
Regional governments or local authorities	323 306	-	-	-	-
Public sector entities	41 955	99	1 100	1 199	
Multilateral development banks	-	-	-	-	-
International organisations	-	-	-	-	-
Institutions	1 937 145	512 373	-	512 373	
Corporates	31 878 700	260 360	78 738	339 098	
Retail	25 487 176	255 491	39 997	295 488	
Secured by mortgages on immovable property	12 996 782	19 543	3 301	22 844	
Exposures in default	2 188 088	93 823	1 970	95 793	
Exposures in the form of units or shares in collective investment undertakings	-	-	-	-	-
Equity	170 905	-	-	-	-
Other items	2 485 089	-	-	-	-
TOTAL	92 037 215	1 141 690	125 106	1 266 796	

6. 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 at 30 June 2018 was made under the provisions of Commission Delegated Regulation (EU) 2015/62 as at 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 11. Leverage Ratio

Reference date	30 June 2018
Entity name	Bank BGŻ BNP Paribas S.A.
Level of application	consolidated

Table 12. Summary reconciliation of accounting assets and leverage ratio exposures as at 30 June 2018

	Applicable Amount in k. PLN
1 Total assets as per published financial statements	69 389 093
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	1 553 852
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)	6 042 574
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	76 985 519

Table 13. Leverage ratio common disclosure as at 30 June 2018

	CRR leverage ratio exposures in k. PLN
On-balance sheet exposures (excluding derivatives and SFTs)	
1 On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	69 695 308
2 (Asset amounts deducted in determining Tier I capital)	-306 215
3 Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	69 389 093
Derivative exposures	
4 Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	497 182
5 Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	1 056 670
EU-5a Exposure determined under Original Exposure Method	0
6 Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	0
7 (Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0
8 (Exempted CCP leg of client-cleared trade exposures)	0
9 Adjusted effective notional amount of written credit derivatives	0
10 (Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0
11 Total derivatives exposures (sum of lines 4 to 10)	1 553 852
SFT exposures	
12 Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	0
13 (Netted amounts of cash payables and cash receivables of gross SFT assets)	0
14 Counterparty credit risk exposure for SFT assets	0
EU-14a Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429b(4) and 222 of Regulation (EU) No 575/2013	0
15 Agent transaction exposures	0
EU-15a (Exempted CCP leg of client-cleared SFT exposure)	0
16 Total securities financing transaction exposures (sum of lines 12 to 15a)	0
Other off-balance sheet exposures	
17 Off-balance sheet exposures at gross notional amount	18 637 035
18 (Adjustments for conversion to credit equivalent amounts)	-12 594 461
19 Other off-balance sheet exposures (sum of lines 17 and 18)	6 042 574
Exempted exposures in accordance with Article 429(7) and (14) of Regulation (EU) No 575/2013 (on and off balance sheet)	
EU-19a (Intragroup exposures (solo basis) exempted in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	0
EU-19b (Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	0
Capital and total exposure measure	
20 Tier I capital	6 163 169
21 Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	76 985 519
Leverage ratio	
22 Leverage ratio	8,01
Choice on transitional arrangements and amount of derecognised fiduciary items	
EU-23 Choice on transitional arrangements for the definition of the capital measure	transitional
EU-24 Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) No 575/2013	0

Table 14. Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures) as at 30 June 2018

	CRR leverage ratio exposures in k. PLN
Total on-balance sheet exposures (excluding derivatives, SFTs, and EU-1 exempted exposures), of which:	69 389 093
EU-2 Trading book exposures	0
EU-3 Banking book exposures, of which:	69 389 093
EU-4 Covered bonds	0
EU-5 Exposures treated as sovereigns	14 801 934
EU-6 Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	188 590
EU-7 Institutions	395 708
EU-8 Secured by mortgages of immovable properties	1 978 165
EU-9 Retail exposures	18 742 476
EU-10 Corporate	18 084 793
EU-11 Exposures in default	12 863 121
EU-12 Other exposures (eg equity, securitisations, and other non-credit obligation assets)	2 334 307

Table 15. Description of the processes used to manage the risk of excessive leverage and Description of the factors that had an impact on the leverage Ratio during the period to which the disclosed leverage Ratio refers as at 30 June 2018

1 Description of the processes used to manage the risk of excessive leverage	The leverage risk is defined by the Bank in the Bank's Risk Strategy and Internal Capital Adequacy Assessment Process Methodology while reporting is described in Instructions for the preparation of the COREP report and Leverage Ratio in Bank BGZ BNP Paribas SA.
2 Description of the factors that had an impact on the leverage Ratio during the period to which the disclosed leverage Ratio refers	The risk of excessive leverage means the risk of an insufficient leverage ratio due to a decrease in the institution's own funds as a result of expected or incurred losses (decrease in numerator) or unexpected and unmanaged increase in total exposure (increase in denominator). The value of financial leverage depends directly on the economic size of the bank and its capital plan. The value of leverage is one of the basic indicators monitored on a regular basis. Thanks to this, the Bank has the necessary information to avoid breaking the safe level of the leverage. The most significant impact on the leverage ratio in 2018 had come into force on 01.01.2018. IFRS 9 and change in the value of risk weights for off-balance sheet transactions in accordance with the risk weights used in the COREP report.

7. 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 16. 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 at 30 June 2018

	[k. PLN]	
	30 June 2018	31 March 2018
Available capital (amounts)		
1 Common Equity Tier I (CET1) capital	6 163 169	6 042 806
2 Common Equity Tier I (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	5 867 659	5 747 296
3 Tier I capital	6 163 169	6 042 806
4 Tier I capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	5 867 659	5 747 296
5 Total capital	7 866 555	7 693 346
6 Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	7 571 045	7 397 836
Risk-weighted assets (amounts)		
7 Total risk-weighted assets	57 028 035	55 837 059
8 Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	56 762 158	55 572 645
Capital ratios		
9 Tier I (as a percentage of risk exposure amount)	10,81%	10,82%
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%	10,34%
11 Tier I (as a percentage of risk exposure amount)	10,81%	10,82%
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%	10,34%
13 Total capital (as a percentage of risk exposure amount)	13,79%	13,78%
14 Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	13,34%	13,31%
Leverage ratio		
15 Leverage ratio total exposure measure	76 985 519	77 262 347
16 Leverage ratio	8,01%	7,82%
17 Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	7,62%	7,44%

8. SUBSEQUENT EVENTS

The Management Board of the Bank BGŻ BNP Paribas S.A. hereby notifies, that on July 4 2018 obtained information that on July 3 2018 the District Court for the Capital City of Warsaw in Warsaw, 12th Commercial Division of the National Court Register had registered increase of Bank's share capital, which was adopted by the resolution of Bank's Ordinary General Shareholders Meeting dated 18 May 2018 („Ordinary Shareholder Meeting“)

Increase of the share capital was conducted pursuant to the Resolution No. 37 of the Ordinary General Meeting concerning increase of the share capital from PLN 84 238 318 (eighty four million two hundred thirty eight thousand three hundred eighteen) to PLN 97 538 318 (ninety seven million five hundred thirty eight thousand three hundred eighteen), that is by PLN 13 300 000 (thirteen million three hundred thousand) through the issuance of:

- 2 500 000 (two million five hundred thousand) series J shares taken up at the issue price in the amount of PLN 60.15 (sixty and 15/100) per one share and,
- 10 800 000 (ten million eight hundred) series K shares taken up at the issue price in the amount of PLN 60.15 (sixty and 15/100) per one share.

At the same time the Management Board of Bank BGŻ BNP Paribas S.A. hereby announces that the Bank received on 10 July 2018 the decision of the Polish Financial Supervision Authority (“KNF”) dated 9 July 2018 on the permission for classification of 2 500 000 Series J ordinary bearer shares with par value of PLN 1 at an issue price of PLN 60.15 and 10 800 000 Series K ordinary registered shares with par value of PLN 1 at an issue price of PLN 60.15 issued by Bank BGŻ BNP Paribas S.A. as Common Equity Tier I instruments.

Classification of Series J and K shares as Common Equity Tier I instruments will improve the Bank's capital adequacy ratios.