

Information on the impact of the coronavirus epidemic on the activities of the Group of BNP Paribas Bank Polska S.A.

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The Management Board of BNP Paribas Bank Polska S.A. ("the Bank") hereby informs you of the impact of the coronavirus epidemic on the operations, financial performance and outlook of the Bank and its Capital Group ("the Group").

The Bank undertakes measures aimed at ensuring business continuity, while protecting the employees' health and security of customer funds. On 18 March 2020, the Management Board decided to shorten the opening hours of retail branches, and effective 31 March 2020, such solution will also apply to Wealth Management Centres. As at the report publication date, only 6 Bank branches (out of 509) were closed. To minimize the risks, 80% of head office employees work now from home, while those coming physically at the office work in shifts.

The Bank encourages its customers to make cashless transactions via GOonline banking system, GOMobile banking, and to pay using payment cards, BLIK system as well as Apple Pay and Google Pay wallets.

The Bank's Management Board undertakes a number of measures to protect the customer interests. Starting 19 March 2020 the Bank has provided individual customers and micro entrepreneurs, including Agro sector customers, with the option to suspend repayment of full principal and interest instalments of a loan for three months. Furthermore, at the customer request, it is possible to defer repayment of the loan principal for a maximum of six months. BNP Paribas Leasing Services enables to postpone payment of instalments resulting from credit and lease contracts by 6 months ("6-month Prolongation" product). At the request of the small and medium enterprises and corporate banking clients affected by coronavirus epidemic, the Bank is going to offer individual support solutions, including, among others, postponing payments of loan instalments or lease instalments.

The Bank has been monitoring and assessing the impact of the coronavirus epidemic on the liquidity and capital position of the Bank, which remains good. The liquidity of the banking sector was positively affected by the decision of the Monetary Policy Council of 17 March 2020 to cut down the minimum reserve rate from 3.5% to 0.5% (which means that a larger pool of funds remains available to banks), likewise the decisions of the National Bank of Poland regarding a purchase of Treasury bonds, promissory note loan and repo operations (increasing the possibilities of managing current liquidity by banks).

The decision of the Minister of Finance of 19 March 2020, lowered the systemic risk buffer from 3% to 0%. The above move means that the minimum capital requirements of the Bank and the Group fell to 10.75% for the total capital ratio of the Bank (TCR) and to 8.75% for the Tier 1 ratio. As at 31 December 2019, the consolidated TCR stood at 15.03%, while Tier1 ratio equalled 12.78%.

In addition, in accordance with the communique of the Bank Guarantee Fund (BGF) of 26 May 2020, as a consequence of the systemic risk buffer release, the minimum requirement for own funds and eligible liabilities (MREL) will substantially decrease (see Bank's Current Report no 9/2020 of 16 March 2020). Pursuant to the communique, MREL will be decreased, BGF will extend the target deadline for meeting the requirement until 1 January 2024 (instead of 1 January 2023) and will also set the deadline for meeting the first binding interim target for 1 January 2022 (instead

of 1 January 2021). Until the date of publication of this Report, the Bank has not obtained information on updated individual MREL.

The Bank estimates that the decisions of the Monetary Policy Council of 17 March 2020 regarding the decrease of the reference interest rate from 1.5% to 1.0% as of 18 March and regarding the increase of mandatory reserve interest rate from 0.5% to 1.0% as of 30 April 2020 will jointly adversely affect the net interest income of the Bank and the Group for 2020 in an estimated range from PLN 45 to 60 million. The actual impact will depend on the yields curve and delivery of business assumptions. Both the estimates and assumptions may change. In addition, it is estimated that as a result of interest rates lowering, the result on the loan portfolio measured at fair value through profit or loss in March 2020, will be negative and could amount to PLN 30-40 million.

At present, it is not possible for the Bank to accurately estimate the impact of a coronavirus epidemic. The development of the economic situation is and will depend on many factors, including the epidemic duration and restrictions introduced, the scope of operating prohibitions and potential additional economic or monetary support measures from Polish and/or European authorities. In the Bank's opinion, a deterioration of the global and domestic economic prospects may lead to a decreased activity of clients and lowered sale of banking products, thus affecting the Bank's and Group's business and financial results. It is currently impossible to evaluate the impact of the coronavirus epidemic on the assets quality and the cost of risk. The Bank's Management Board plans to actively adjust its policies and procedures to the current economic conditions along with implementing a number of measures to deal with the impact of the above mentioned factors on the financial results.

The evaluation of the coronavirus epidemic impact presented herein has been developed based on the Bank's best knowledge as at the date of publication of this Current Report. The actual impact of the epidemic will depend on a number of variables, including those beyond control of the Bank.

The Management Board of the Bank will present an update on the impact of the coronavirus epidemic on the activity of the Bank and the Group in the quarterly report for Q1 2020.

Legal basis

Article 17 item 1 of the MAR Regulation