

**CAPITAL ADEQUACY INFORMATION
OF BNP PARIBAS BANK POLSKA S.A.
CAPITAL GROUP
AS OF 31 MARCH 2021**



BNP PARIBAS

TABLE OF CONTENTS

1. INTRODUCTION	3
2. OWN FUNDS.....	3
3. CAPITAL REQUIREMENTS	4
4. LEVERAGE RATIO.....	5
5. TRANSITIONAL PROVISIONS	5

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 (Office Journal EU. L No. 176, p. 1), hereinafter referred to as "Regulation (EU) No 575/2013", BNP Paribas Bank Polska S.A. hereinafter referred to as "Bank", is obliged to publish in a publicly accessible manner information about the qualitative and quantitative information on the capital adequacy excluding irrelevant information, proprietary or confidential.

The document is the implementation of the Information policy of BNP Paribas Bank Polska S.A regarding capital adequacy. The presented scope of information was developed based on the guidelines of the European Banking Authority regarding disclosure of information and in accordance with applicable regulations in this regard:

- Commission Implementing Regulation (EU) No 1423/2013 of 20 December 2013 laying down implementing technical standards with regards to disclosure own funds requirements according to Regulation (EU) No 575/2013 of the European Parliament and of the Council (hereinafter referred to as Regulation (EU) No 1423/2013);
- Commission Implementing Regulation (EU) 2016/200 of 15 February 2016 laying down implementing technical standards with regard to disclosure of the leverage ratio for institutions, according to Regulation (EU) No 575/2013 of the European Parliament and of the Council (hereinafter referred to as Regulation No 2015/1555);
- European Banking Authority Guidelines on disclosure requirements under Part Eight of Regulation (EU) No 575/2013 (EBA/GL/2016/11);
- Guidelines of the European Banking Authority on materiality, proprietary and confidentiality and disclosure frequency under Articles 432(1), 432(2) and 433 of Regulation (EU) No 575/2013 (EBA/GL/2014/14);
- Guidelines of the European Banking Authority amending Guidelines EBA/GL/2018/01 on uniform disclosures under Article 473a of Regulation (EU) No 575/2013 (CRR) on the transitional period for mitigating the impact of the introduction of IFRS 9 on own funds to ensure compliance with the CRR 'quick fix' in response to the COVID-19 pandemic (EBA/GL/2020/12).

Unless otherwise specified, all figures in the document are presented as at March 31, 2021, in thousands PLN, based on the data of the BNP Paribas Bank Polska S.A. Capital Group.

2. OWN FUNDS

Information on own funds is presented pursuant to Art.437 of Regulation (EU) No 575/2013, in accordance with Regulation (EU) No 1423/2013 to the extent specified in the EBA/GL/2016/11 guidelines.

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 2021

POSITIONS OF THE CONSOLIDATED FINANCIAL STATEMENT USED FOR THE CALCULATION OF OWN FUNDS	Positions on 31 March 2021	Correction for companies not subject to prudential consolidation	Filters	Part of the unrecognized annual profit	OWN FUNDS POSITIONS
Assets					
Intangible assets	634 350	-331	-308 024	-	325 995
Deferred tax assets net of related tax liability	699 561	-1 341	-47 004	-	651 216
- including net assets not exceeding the threshold in art. 48 item 1 point a)	699 561	-1 341	-47 004	-	651 216
Liabilities					
Subordinated liabilities	4 308 602				
- including subordinated loans recognized as instruments in Tier II	4 308 602	-	-33 230	-	4 275 372
Core capital					
Common Shares	147 419	-	-	-	147 419
Other capital instruments, including:	12 053 387	-	-50 000	-	12 003 387
- share premium accounts	7 259 316	-	-	-	7 259 316
- general risk fund	627 154	-	-	-	627 154
- reserve capital	4 166 918	-	-50 000	-	4 116 918
revaluation reserve, including:	163 483	-	-	-	163 483

Retained earnings	-259 757	-14 893	-	-160 987	-435 637
Result of the current year	-423 743	-11 894	-	-	-435 637
Result from previous years	163 986	-2 999	-	-160 987	0

The 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 2021

No.		AMOUNT AT DISCLOSURE DATE	REGULATION (EU) No 575/2013 ARTICLE REFERENCE
6	Common Equity Tier I (CET1) capital before regulatory adjustments	11 878 652	
28	Total regulatory adjustments to Common Equity Tier I (CET1)	-141 523	
29	Common Equity Tier I (CET1) capital	11 737 129	
36	Additional Tier 1 (AT1) capital before regulatory adjustments	-	
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	-	
44	Additional Tier 1 (AT1) capital	-	
45	Tier I capital (T1 = CET1 + AT1)	11 737 129	
51	Tier 2 (T2) capital before regulatory adjustments	-	
57	Total regulatory adjustments to Tier 2 (T2) capital	-	
58	Tier II (T2) capital	4 275 372	
59	Total capital (TC = T1 + T2)	16 012 501	
60	Total risk weighted assets	85 123 839	
61	Common Equity Tier I (as a percentage of risk exposure amount)	13.79%	92 (2) (a)
62	Tier I (as a percentage of risk exposure amount)	13.79%	92 (2) (b)
63	Total capital (as a percentage of risk exposure amount)	18.81%	92 (2) (c)

The level of Tier 1 capital ratios (CET 1, Tier 1) and the total capital ratio (TCR) in consolidated terms were above minimum requirements applicable for the Bank at the end of March 2021.

Table 3 Minimum requirement regarding own funds

31.03.2021	Minimum supervisory consolidated capital ratios	Consolidated capital ratios
CET I	7.25%	13.79%
Tier I	8.75%	13.79%
Total Capital Ratio	10.75%	18.81%

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 table below.

Table 4 EU OV1 - Risk weighted assets overview as of 31 March 2021

	RWAs		Capital requirements
	31 March 2021	31 December 2020	31 March 2021
1 Credit risk	73 543 490	73 417 892	5 883 479
2 Of which standardised approach	73 543 490	73 417 892	5 883 479
4 Of which advanced IRB approach	-	-	-
5 Of which equity positions under the simple risk-weighted approach	-	-	-
6 Counterparty Credit Risk	1 803 418	1 622 153	144 273
7 Of which mark-to-market	1 701 688	1 514 943	136 135
10 Of which internal model method (IMM)	-	-	-
11 Of which CCP - default fund contributions	-	-	-
12 Of which CVA	101 730	107 211	8 138
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	1 388 947	1 265 023	111 116
20	Of which standardised approach	1 388 947	1 265 023	111 116
21	Of which IMA	-	-	-
23	Operational risk	8 387 983	8 142 632	671 039
24	Of which basic indicator approach	185 874	147 746	14 870
25	Of which standardised approach	8 202 110	7 994 887	656 169
26	Of which advanced measurement approach (AMA)	-	-	-
27	Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
29	TOTAL	85 123 839	84 447 701	6 809 907

4. LEVERAGE RATIO

The Bank discloses information on its leverage ratio according to Regulation (EU) 2016/200.

The calculation of leverage ratio of the Bank Capital Group as of 31 March 2021 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.

The bank did not use the option to temporarily exclude some exposures to central banks from the total exposure measure pursuant to Art. 500 b of Regulation (EU) No 575/2013 introduced by Regulation (EU) No 2020/873. Accordingly, the provisions of the EBA/GL/2020/11 guidelines of August 11, 2020 on supervisory reporting and disclosure in accordance with the targeted fast-track changes to the CRR in response to the COVID-19 pandemic regarding the disclosure of the indicator do not apply.

Table 5 Leverage ratio common disclosure as of 31 March 2021

		CRR leverage ratio exposures
Capital and total exposure measure		
20	Tier I capital	11 737 129
21	Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	134 408 249
Leverage ratio		
22	Leverage ratio	8.73%
Choice on transitional arrangements and amount of derecognised fiduciary items		
EU-23	Choice on transitional arrangements for the definition of the capital measure	transitional

5. TRANSITIONAL PROVISIONS

The purpose of this chapter is to present a comparison of the Bank's own funds, capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous expected credit losses, and with and without the provisional treatment in accordance with Article 468 of the Regulation (EU) No 575/2013.

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 (hereinafter "Regulation (EU) No 2017/2395") and in regards with EBA/GL/2020/12, the Bank discloses the amounts of own funds, Common Equity Tier 1 capital and Tier 1 capital, risk weighted assets as well as 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 it wasn't apply the transitional measures resulting from the introduction of IFRS 9 and the corresponding expected credit losses, as well as the temporary treatment of

unrealized gains and losses measured at fair value through other comprehensive income in connection with the COVID-19 pandemic in accordance with Article 468 of the Regulation (EU) No 575/2013.

The Bank does not use temporary treatment of unrealized gains and losses measured at fair value through other comprehensive income, in line with Article 468 of the Regulation (EU) No 575/2013. Reported capital ratios including leverage ratio and Tier 1 capital already fully reflect the effect of unrealized gains and losses measured at fair value through other comprehensive income.

The Bank, as the parent company, after analysing the requirements of Regulation (EU) No 2017/2395, decided to apply the transitional provisions provided for in this regulation, which means that for the purposes of assessing the capital adequacy of the BNP Paribas Bank Polska S.A. Group the full impact of IFRS 9 implementation is not introduced. The Bank fulfilled its obligations under the Regulation (EU) No 2017/2395 by notifying the Polish Financial Supervision Authority of its intention to apply the transitional provisions in a letter with reference number BZO/W/15/2018 of January 29, 2018.

Table 6. Comparison of Banks' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs, and with and without the application of the temporary treatment in accordance with Article 468 of the CRR as of 31 March 2021

	31 March 2021	31 December 2020	30 September 2020	30 June 2020	
Available capital (amounts)					
1	Common Equity Tier I (CET1) capital	11 737 129	11 445 875	11 270 368	10 940 334
2	Common Equity Tier I (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	11 536 736	11 165 325	10 989 818	10 659 784
2a	CET1 capital as if the temporary treatment of unrealised gains and losses measured at fair value through OCI (other comprehensive income) in accordance with Article 468 of the CRR had not been applied	11 737 129	11 445 875	11 270 368	10 940 334
3	Tier I capital	11 737 129	11 445 875	11 270 368	10 940 334
4	Tier I capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	11 536 736	11 165 325	10 989 818	10 659 784
4a	Tier 1 capital as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	11 737 129	11 445 875	11 270 368	10 940 334
5	Total capital	16 012 501	15 748 450	13 243 898	12 900 804
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	15 812 108	15 467 900	12 963 348	12 620 254
6a	Total capital as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	16 012 501	15 748 4.50	13 243 898	12 900 804
Risk-weighted assets (amounts)					
7	Total risk-weighted assets	85 123 839	84 447 701	83 885 088	84 827 952
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	84 840 989	84 288 532	83 739 248	84 679 493
Capital ratios					
9	Tier I (as a percentage of risk exposure amount)	13.79%	13.55%	13.44%	12.90%
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	13.60%	13.25%	13.12%	12.59%
10a	CET1 (as a percentage of risk exposure amount) as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	13.79%	13.55%	13.44%	12.90%
11	Tier I (as a percentage of risk exposure amount)	13.79%	13.55%	13.44%	12.90%
12	Tier I (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	13.60%	13.25%	13.12%	12.59%
12a	Tier 1 (as a percentage of risk exposure amount) as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	13.79%	13.55%	13.44%	12.90%
13	Total capital (as a percentage of risk exposure amount)	18.81%	18.65%	15.79%	15.21%
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	18.64%	18.35%	15.48%	14.90%
14a	Total capital (as a percentage of risk exposure amount) as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	18.81%	18.65%	15.79%	15.21%
Leverage ratio					

15	Leverage ratio total exposure measure	134 408 249	131 683 522	132 794 542	129 168 809
16	Leverage ratio	8.73%	8.69%	8.49%	8.47%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	8.58%	8.48%	8.28%	8.25%
17a	Leverage ratio as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	8.73%	8.69%	8.49%	

SIGNATURES OF MEMBERS OF THE MANAGEMENT BOARD OF BNP PARIBAS BANK POLSKA S.A.

12.05.2021	Przemysław Gdański <i>President of the Management Board</i>	<i>qualified electronic signature</i>
12.05.2021	Jean-Charles Aranda <i>Vice-President of the Management Board</i>	<i>qualified electronic signature</i>
12.05.2021	Andre Boulanger <i>Vice-President of the Management Board</i>	<i>qualified electronic signature</i>
12.05.2021	Przemysław Furlepa <i>Vice-President of the Management Board</i>	<i>qualified electronic signature</i>
12.05.2021	Wojciech Kemblowski <i>Vice-President of the Management Board</i>	<i>qualified electronic signature</i>
12.05.2021	Kazimierz Łabno <i>Vice-President of the Management Board</i>	<i>qualified electronic signature</i>
12.05.2021	Magdalena Nowicka <i>Vice-President of the Management Board</i>	<i>qualified electronic signature</i>
12.05.2021	Volodymyr Radin <i>Vice-President of the Management Board</i>	<i>qualified electronic signature</i>

Warsaw, 12 May 2021