2022

CAPITAL ADEQUACY INFORMATION OF BNP PARIBAS BANK POLSKA S.A. CAPITAL GROUP AS OF 30 JUNE 2022

BNP PARIBAS

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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) BNP Paribas Bank Polska S.A. 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 in accordance with applicable regulations regarding disclosure of information and guidelines of the European Banking Authority in this regard:

- Commission Implementing Regulation (EU) 2021/637 of 15 March 2021 laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council and repealing Commission Implementing Regulation (EU) No 1423/2013, Commission Delegated Regulation (EU) 2015/1555, Commission Implementing Regulation (EU) 2016/200 and Commission Delegated Regulation (EU) 2017/2295
- 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 of 2 June 2020 on reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis (EBA/GL/2020/07)
- Guidelines of the European Banking Authority of 11 August 2020 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 June 30, 2022, in the thousands of PLN, based on the data of the BNP Paribas Bank Polska S.A. Capital Group.

List of abbreviations used:

- Bank - BNP Paribas Bank Polska S.A.
- Group - BNP Paribas Bank Polska S.A. Capital Group.
- BNPP Group - Capital Group, the parent company of which is BNP Paribas S.A. based in Paris..
- Supervisory Board - Supervisory Board of BNP Paribas Bank Polska S.A.
- Regulation (EU) No 575/2013 - Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, amending Regulation (EU) No 648/2012
- Management Board - Management Board of BNP Paribas Bank Polska S.A.

2. BNP PARIBAS BANK POLSKA S.A. CAPITAL GROUP

As at 30 June 2022, the BNP Paribas Bank Polska S.A. Capital Group comprised BNP Paribas Bank Polska S.A. as the parent, and its subsidiaries:

- BNP Paribas Towarzystwo Funduszy Inwestycyjnych S.A.
- BNP Paribas Leasing Services Sp. z o.o.
- BNP Paribas Solutions Sp. z o.o. in liquidation
- BNP Paribas Group Service Center S.A.
- Bankowy Fundusz Nieruchomościowy Actus Sp. z o.o in liquidation
- Campus Leszno sp. z o.o.
- BGŻ Poland ABS1 DAC.

For the purposes of prudential consolidation, the following subsidiaries shall not be included:

- BNP Paribas Solutions Sp. z o.o. in liquidation
- Bankowy Fundusz Nieruchomościowy Actus Sp. z o.o. in liquidation
- Campus Leszno sp. z o.o.
- BGŻ Poland ABS1 DAC.

Exclusion from prudential consolidation of the subsidiary companies, with the exception of BGŻ Poland ABS1 DAC, results from taking into account the conditions set out in Art. 19(1) of Regulation (EU) No 575/2013.BGŻ Poland ABS1 DAC is controlled by the Bank due to the meeting the conditions contained in IFRS10.

3. KEY METRICS

Implementing the requirement specified in art. 447 and art. 438(d) of the Regulation (EU) No 575/2013, the Bank publishes aggregate data on own funds values, own funds requirements, risk-weighted exposures, combined buffer requirement, leverage ratio and liquidity ratios - liquidity coverage ratio and stable net funding. Detailed information on particular positions is presented in the following chapters of the report.

Table 1. EU KM1 - Key metrics template as of 30 June 2022

		a	b	c	d	e
		30 June 2022	31 March 2022	31 December 2021	30 September 2021	30 June 2021
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	10 798 069	10 838 219	11 303 787	11 487 203	11 634 275
2	Tier 1 capital	10 798 069	10 838 219	11 303 787	11 487 203	11 634 275
3	Total capital	14 958 769	15 013 493	15 502 699	15 703 566	15 837 456
	Risk-weighted exposure amounts					
4	Total risk-weighted exposure amount	98 371 967	95 362 058	91 651 096	89 374 691	87 584 796
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	10.98%	11.37%	12.33%	12.85%	13.28%
6	Tier 1 ratio (%)	10.98%	11.37%	12.33%	12.85%	13.28%
7	Total capital ratio (%)	15.21%	15.74%	16.91%	17.57%	18.08%
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)					
EU-7a	Additional CET1 SREP requirements (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU-7b	Additional AT1 SREP requirements (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU-7c	Additional T2 SREP requirements (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU-7d	Total SREP own funds requirements (%)	8.00%	8.00%	8.00%	8.00%	8.00%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU-8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.00%	0.00%	0.00%	0.00%	0.00%
9	Institution specific countercyclical capital buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU-9a	Systemic risk buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
10	Global Systemically Important Institution buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU-10a	Other Systemically Important Institution buffer	0.25%	0.25%	0.25%	0.25%	0.25%
11	Combined buffer requirement (%)	2.75%	2.75%	2.75%	2.75%	2.75%
EU-11a	Overall capital requirements (%)	10.75%	10.75%	10.75%	10.75%	10.75%
12	CET1 available after meeting the total SREP own funds requirements (%)	4.98%	5.37%	6.33%	6.03%	6.03%
	Leverage ratio					

13	Leverage ratio total exposure measure	154 772 167	150 980 074	145 088 356	141 450 480	137 687 380
14	Leverage ratio	6.98%	7.18%	7.79%	8.12%	8.45%
	Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)					
EU-14a	Additional CET1 leverage ratio requirements (%)	-	-	-	-	-
EU-14b	Additional AT1 leverage ratio requirements (%)	-	-	-	-	-
EU-14c	Total SREP leverage ratio requirements (%)	-	-	-	-	-
	Total SREP leverage ratio requirements (%)					
EU-14d	Applicable leverage buffer	3.00%	3.00%	3.00%	nd	nd
EU-14e	Overall leverage ratio requirements (%)	-	-	-	-	-
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	29 361 868	32 170 250	33 099 674	36 335 210	37 026 734
EU-16a	Cash outflows - Total weighted value	43 081 970	38 449 981	35 596 084	30 770 446	28 976 361
EU-16b	Cash inflows - Total weighted value	22 465 945	15 756 884	12 871 563	11 551 881	10 732 988
16	Total net cash outflows (adjusted value)	20 616 025	22 693 097	22 724 521	19 218 565	18 243 374
17	Liquidity coverage ratio (%)	142.42%	141.76%	145.66%	189.06%	202.96%
	Net Stable Funding Ratio					
18	Total available stable funding	105 086 096	101 989 631	99 097 193	97 485 346	94 951 440
19	Total required stable funding	83 525 683	80 044 510	75 553 961	70 381 744	66 270 458
20	NSFR ratio (%)	125.81%	127.41%	131.16%	138.51%	143.28%

4. OWN FUNDS

4.1 OWN FUNDS STRUCTURE

Pursuant to the provisions of Banking law, the act of August 29, 1997 (Journal of Laws of 2021 item 2439 (hereinafter referred to as "Banking law") and Regulation (EU) No 575/2013, own funds of the Group for the purposes of the capital adequacy calculation include:

- Tier I capital
- Tier II capital

Tier I capital includes:

- Common Equity Tier I capital – the sum of the Common Equity Tier I items after application of the required adjustments as well as deductions and exemptions
- Additional Tier I capital – the Bank does not have instruments in this category.

Common Equity Tier I capital includes the following items:

1) capital instruments,
2) share premium accounts related to instruments referred to in point 1),
3) retained earnings, reviewed by the statutory auditor and after the permission is granted by the competent authority or after the Bank has taken a formal decision confirming the final financial result of an institution for a given year,
4) accumulated other comprehensive income (pursuant to Article 4(1)(100) and Article 26(1)(d) of the Regulation (EU) No 575/2013),
5) reserve capital,
6) general risk fund for unidentified risk related to banking operations,
7) adjustments and deductions that constitute:
    a. losses for a current financial year,
    b. intangible assets,
    c. deferred tax assets that rely on future profitability,
    d. defined benefit pension fund assets,
    e. direct, indirect and synthetic holdings by the Bank of own Common Equity Tier I instruments, including own Common Equity Tier I instruments that an institution is under an actual or contingent obligation to purchase by virtue of an existing contractual obligation,
    f. additional value adjustments based on requirements for prudent valuation (AVA),
    g. other items pursuant to Article 36 of the Regulation (EU) No 575/2013,
    h. additional value adjustments based on requirements for prudent valuation – pursuant to Article 34 and Article 105 of Regulation (EU) No 575/2013,
    i. adjustments in line with IAS 9 amendments in a transition period – as stipulated in Article 473a of Regulation (EU) No 575/2013

j. deduction for non-performing exposures defined in Article 47c of Regulation (EU) No 575/2013.

For the purpose of preparing the statement of Core Tier I and Tier II capital on a consolidated basis, shares in subsidiaries are excluded from the calculation.

Additional capital is established from net profit deductions in a fiscal year and a surplus obtained at issuing shares above their nominal value, remaining after covering the costs of issuance, from additional capital payments made by shareholders in exchange for assigning special rights to their existing shares without increasing the share capital. Additional capital may be earmarked for the coverage of balance sheet losses.

Reserve capital is established regardless of the additional capital from net profit deductions in a fiscal year, earmarked to cover the balance sheet loss.

The general risk fund for unidentified risk related to banking operations is established from net profit deductions in the amount resolved by the General Meeting. The general risk fund is earmarked for unidentified risk related to banking operations.

Unrealized gains and losses on financial instruments measured at fair value through other comprehensive income are recognized in own funds, in line with the instructions included in the Regulation (EU) No 575/2013 and the Banking Law Act.

Capital Tier II items, calculated based on the Regulation (EU) No 575/2013, (Articles 62 – 91), constitute subordinated loans – included in supplementary own funds in the amount and in accordance with the principles laid down in the decision of the Polish Financial Supervision Authority.

Capital instruments and subordinated loans qualify as instruments under Tier II, provided that the conditions specified in Article 63 of the Regulation (EU) No 575/2013 are met.

Information on adjustments and deductions for Common Equity Tier I used in the calculation as of June 30, 2022:

- deduction in accordance with Art. 34 of Regulation (EU) No 575/2013 of the additional value adjustments for prudent valuation are created for all assets measured at fair value with a value of PLN -16 636 ths was applied;
- derogation to Art. 35 of Regulation (EU) No 575/2013, a deduction in the amount of PLN 427 063 ths in accordance with Art. 468 paragraph. 1 of Regulation (EU) No 575/2013 for the value of unrealized gains and losses measured at fair value through other comprehensive income was applied; the amount was calculated taking into account the changes introduced by Regulation (EU) No 873/2020 as of June 24, 2020 amending Regulations (EU) No 575/2013 and (EU) 2019/876 with regard to certain adjustments in response to the COVID-19 pandemic;
- deduction for core Tier I capital in accordance with Article 36(1)(b) of Regulation (EU) No 575/2013 for intangible assets in amount of PLN -313 104 ths was applied. The amount was calculated taking into account the changes introduced by Regulation (EU) No 2176/2020 as of November 12, 2020 amending Delegated Regulation (EU) No 241/2014 with regard to the deduction of software assets from Common Equity Tier I items;
- deduction for non-performing exposures of PLN -4 190 ths was applied;
- after analysing the requirements set forth in Regulation (EU) No 2017/2395, the Bank decided to apply transition provisions provided for in the said Regulation, which means that for the purpose of the capital adequacy assessment, the full impact of the IFRS 9 implementation is not taken into account; based on the said decision and according to Regulation (EU) No 2017/2395 in the year 2022 the adjustment to the Common Equity Tier I in the amount of PLN 307 555 ths was applied;
- no adjustments of the capital pursuant to Articles 32, 33, 47, 48, 56, 66 and 79 of Regulation (EU) No 575/2013 were applied in the Common Equity Tier I and Additional Tier I capital.

Information on adjustments and deductions for Tier 2 capital used in the calculation as of June 30, 2022:

- Tier II capital includes subordinated loans received in the amount of PLN 4 379 680 ths. This amount includes the amortized, non-Tier 2 subordinated loan in the amount PLN 218 980 ths.
- no deductions provided for in Regulation (EU) No 575/2013 were applied for Tier II funds and Tier II supplementary funds.

Information on own funds structure is presented in accordance with the template EU CC1 set out in Regulation (EU) No 2021/637, while the table presents only the rows relating to items included in the own funds structure.

Table 2 EU CC1 - Composition of regulatory own funds as of 30 June 2022

		(a)	(b)
		Amounts	**Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation**
	Common Equity Tier 1 (CET1) capital: instruments and reserves		
1	Capital instruments and the related share premium accounts	7 406 909	EU CC2 no. 6 and no.7a
2	Retained earnings	-431 229	EU CC2 no. 9
3	Accumulated other comprehensive income (and other reserves)	3 001 906	EU CC2 no. 7c and no. 8
EU-3a	Funds for general banking risk	627 154	EU CC2 no. 7b
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend		
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**10 604 740**	EU CC2 no.11
	Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7	Additional value adjustments (negative amount)	-16 636	
8	Intangible assets (net of related tax liability) (negative amount)	-313 104	EU CC2 no. 1
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	
27a	Other regulatory adjustments to CET1 capital *(including IFRS 9 transitional adjustments when relevant)*	523 069	
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	193 329	
29	Common Equity Tier 1 (CET1) capital	10 798 069	
	Additional Tier 1 (AT1) capital: instruments		
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	-	
	Additional Tier 1 (AT1) capital: regulatory adjustments		
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**-**	
44	**Additional Tier 1 (AT1) capital**	**-**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**10 798 069**	
	Tier 2 (T2) capital: instruments		
46	Capital instruments and the related share premium accounts	4 160 700	EU CC2 no. 5
51	**Tier 2 (T2) capital before regulatory adjustments**	**4 160 700**	
	Tier 2 (T2) capital: regulatory adjustments		
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**-**	
58	**Tier 2 (T2) capital**	**4 160 700**	
59	**Total capital (TC = T1 + T2)**	**14 958 769**	
60	**Total Risk exposure amount**	**98 371 967**	
	Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	10.98%	
62	Tier 1 (as a percentage of total risk exposure amount)	10.98%	
63	Total capital (as a percentage of total risk exposure amount)	15.21%	
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)	7.25%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical buffer requirement	0.00%	
67	of which: systemic risk buffer requirement	0.00%	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	0.25%	
EU-67b	of which: additional own funds requirements to cover risks other than the risk of excessive leverage	0.00%	
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	**4.98%**	
	Amounts below the thresholds for deduction (before risk weighting)		
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	-	
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	930 738	

4.2 RECONCILIATION OF OWN FUNDS

Reconciliation of balance sheet items included in the audited consolidated report of the BNP Paribas Bank Polska S.A. Capital Group used to calculate the value of own funds according to the methodology described in Annex VIII to Regulation (EU) No 2021/637, is presented in the table below.

Table 3 EU CC2 - Reconciliation of regulatory own funds to balance sheet in the reviewed financial statements as of 30 June 2022

		a	b	c
		Balance sheet as in published financial statements	**Under regulatory scope of consolidation**	**Reference**
		As at period end	**As at period end**	
	Assets - Breakdown by asset classes according to the balance sheet in the published financial statements			
1	Intangible assets	739 728	313 104	Interim Condensed Consolidated Statement of financial position (Assets)
2	Assets due to deferred net income tax	1 054 515	-	
3	- of which net assets not exceeding the threshold defined in Art. 48(1)(a)	1 054 515	930 738	
	Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements			
4	Subordinated liabilities	4 397 875		Interim Condensed Consolidated Statement of financial position (Explanatory Note no 35)
5	- of which loans qualified as Tier II		4 160 700	
	Shareholders' Equity			
6	Share capital	147 593	147 593	Interim Condensed Consolidated Statement of financial position (Equity)
7	Supplementary capital	12 244 742	12 194 742	
7a	- share premium	7 259 316	7 259 316	
7b	- general own funds	627 154	627 154	
7c	- other reserve capital	4 358 272	4 308 272	
8	Revaluation reserve	-1 306 366	-1 306 366	
9	Retained earnings	-432 239	-431 229	
10	Net profit for the period	535 409	-	
11	**Total shareholders' equity**	**11 189 139**	**10 604 740**	

5. OVERVIEW OF RISK-WEIGHTED AMOUNTS

Pursuant to art. 438(d) of Regulation (EU) no 575/2013, the Bank publishes information on risk exposure amounts.

Table 4. EU OV1 – Overview of risk weighted exposure amounts as of 30 June 2022

		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		a	b	c
		30 June 2022	31 March 2022	30 June 2022
1	**Credit risk (excluding CCR)**	**85 289 063**	**82 649 103**	**6 823 125**
2	Of which the standardised approach	85 289 063	82 649 103	6 823 125
3	Of which the foundation IRB (FIRB) approach	-	-	-
4	Of which slotting approach	-	-	-
EU 4a	Of which equities under the simple risk weighted approach	-	-	-
5	Of which the advanced IRB (AIRB) approach	-	-	-
6	**Counterparty credit risk - CCR**	**2 596 759**	**2 306 955**	**207 739**
7	Of which the standardised approach	2 538 701	2 256 159	203 096
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	2 763	3 280	219
EU 8b	Of which credit valuation adjustment - CVA	55 295	47 516	4 424
15	**Settlement risk**	**-**	**-**	**-**
16	**Securitisation exposures in the non-trading book (after the cap)**	**-**	**-**	**-**
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA approach	-	-	-
EU 19a	Of which 1250%/ deduction	-	-	-
20	**Position, foreign exchange and commodities risks (Market risk)**	**1 698 628**	**1 618 484**	**135 890**
21	Of which the standardised approach	1 698 628	1 618 484	135 890
22	Of which IMA	-	-	-
EU 22a	**Large exposures**	**-**	**-**	**-**
23	**Operational risk**	**8 787 516**	**8 787 516**	**703 001**
EU 23a	Of which basic indicator approach	237 208	237 208	18 977
EU 23b	Of which standardised approach	8 550 308	8 550 308	684 025
EU 23c	Of which advanced measurement approach	-	-	-
24	**Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)**	**2 326 845**	**2 208 714**	**186 148**
29	**Total**	**98 371 967**	**95 362 058**	**7 869 756**

5.1. MARKET RISK

The table below presents elements of own funds requirements for market risk under the standardized method.

Table 5 EU MR1 - Market risk under the standardised approach as of 30 June 2022

		a
		RWEAs
	Outright products	
1	Interest rate risk (general and specific)	1 697 232
2	Equity risk (general and specific)	-
3	Foreign exchange risk	-
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus approach	1 396
7	Scenario approach	-
8	Securitisation (specific risk)	-
9	**Total**	**1 698 628**

For general interest rate risk in trading book the Bank uses maturity bucket approach. As of reporting date no instruments generating interest rate specific risk capital requirement were present. Foreign exchange risk is equal to 0 due to the fact that total FX position remained below 2% of own funds. Capital requirement for option instruments is a consequence of running low open position in interest rate options.

6. CAPITAL BUFFERS

The minimum levels of capital ratios applicable to the Bank and the Group result from Article 92 of Regulation (EU) No 575/2013 and the Act of August 5, 2015 on macroprudential supervision over the financial system and crisis management in the financial system (Journal of Laws of 2017, item 1934), hereinafter referred to as the "Macroprudential Act" introducing the obligation to maintain the requirement of combined buffer.

The combined buffer consists of:

- conservative buffer of 2.5% - based on Article 19(1) of the Macroprudential Act, an additional amount of Common Equity Tier I capital to be maintained, additional to the Common Equity Tier I capital for the purposes of meeting the own funds requirement, referred to in Article 92 paragraph 1 of Regulation (EU) No 575/2013, in the amount of 2.5% of the total risk exposure amount calculated in accordance with Article 92 paragraph 3 of this Regulation on an individual and consolidated level;
- buffer of other systemically important institution in the amount of 0.25% - The Polish Financial Supervision Authority in the announcement of November 8, 2021, informed that, pursuant to the provisions of the Act of August 5, 2015 on macroprudential supervision over the financial system and crisis management in the financial system and taking into account the opinion of the Financial Stability Committee, confirmed the identification of ten banks as other systemically important institutions (O-SII). As a result of the review, the Commission concluded that there were no grounds justifying the repeal or amendment of the Commission's decision of October 4, 2016, in the wording established by the Commission decision of December 19, 2017 on imposing on the Bank (on a consolidated and individual basis) a buffer of other systemically important institution in the amount equivalent to 0.25% of the total risk exposure amount calculated in accordance with Art. 92 sec. 3 of Regulation (EU) No 575/2013;
- systemic risk buffer of 0% - on March 19, 2020, the Regulation of the Minister of Finance (Journal of Laws of 2020, item 473) of March 18, 2020, repealing the regulation on the systemic risk buffer, entered into force;
- institution-specific countercyclical buffer of 0% - according to Article 21(1) of the Macroprudential Act, the Bank maintains the amount of Common Equity Tier I capital referred to in Article 92 paragraph 1 of Regulation (EU) No 575/2013, at the level of the total risk exposure amount calculated in accordance with Article 92 paragraph 3 of this Regulation, multiplied by the weighted average of countercyclical buffer rates calculated in accordance with Art. 83 of the Macroprudential Act.

  Based on Article 83 of the Macroprudential Act starting from January 1, 2016, the countercyclical buffer ratio is 0% for credit exposures in the territory of the Republic of Poland. As a consequence, the countercyclical buffer rate as of June 30, 2022 was 0 p.p.

The Polish Financial Supervision Authority, in a letter of February 11, 2022, recommended reducing the risk inherent in the Bank's operations by maintaining by the Bank, both at the individual and consolidated level, own funds to cover the additional capital charge to absorb potential stress losses, at the level of 0.61 pp. over the value of the total capital ratio referred to in Art. 92 sec. 1 lit. c Regulation (EU) No 575/2013, plus an additional requirement for own funds, referred to in article 1. 138 sec. 2 point 2 of the Banking Law and the requirement of the combined buffer referred to in Art. 55 sec. 4 of the Act on macroprudential supervision. The additional mark-up should consist entirely of Common Equity Tier 1 capital.

Pursuant to Art. 440 of Regulation (EU) No 575/2013, the Bank discloses the geographic distribution of exposure amounts and risk-weighted exposure amounts for credit exposures, which is the basis for calculating countercyclical buffer. Details of the distribution of credit exposures for the purposes of calculating the countercyclical buffer in tables below have been prepared in accordance with Annex XI of Regulation (EU) No 2021/637.

Table 6 EU CCyB2 - Amount of institution-specific countercyclical capital buffer as of 30 June 2022

		a
1	Total risk exposure amount	98 371 967
2	Institution specific countercyclical capital buffer rate	0.0000%
3	Institution specific countercyclical capital buffer requirement	-

Table 7 EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer as of 30 June 2022

		a	b	c	d	e	f	g	h	i	j	k	l	m
		General credit exposures		Relevant credit exposures – Market risk				Own fund requirements						
		Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Securitisation exposures Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
010	Breakdown by country:													
0101	PL	106 565 265		132 107 538	-	-	80 123 559	6 409 730	135 779	-	6 545 664	81 820 794	98,1285%	0,00%
0102	LU	908 922		-	-	-	823 106	65 848	-	-	65 848	823 100	0,9872%	0,50%
0103	NL	336 786		-	-	-	336 529	26 922	-	-	26 922	336 525	0,4036%	0,00%
0104	GB	121 707		-	-	-	125 613	10 049	-	-	10 049	125 613	0,1506%	0,00%
0105	DE	102 956		-	-	-	104 330	8 346	-	-	8 346	104 325	0,1251%	0,00%
0106	AT	56 436		-	-	-	56 400	4 512	-	-	4 512	56 400	0,0676%	0,00%
0107	CZ	40 451		-	-	-	40 446	3 236	-	-	3 236	40 450	0,0485%	1,00%
0108	DK	28 000		-	-	-	28 000	2 240	-	-	2 240	28 000	0,0336%	0,00%
0109	NO	21 562		-	-	-	21 562	1 725	-	-	1 725	21 563	0,0259%	1,50%
0110	MX	17 082		-	-	-	13 100	1 048	-	-	1 048	13 100	0,0157%	0,00%
0111	FR	7 662		-	-	-	3 831	306	-	-	306	3 825	0,0046%	0,00%
0112	RU	3 669		-	-	-	3 669	294	-	-	294	3 675	0,0044%	0,00%
0113	SK	1 914		-	-	-	1 914	153	-	-	153	1 913	0,0023%	1,00%
0114	BE	938		-	-	-	1 107	89	-	-	89	1 113	0,0013%	0,00%
0115	CH	514		-	-	-	512	41	-	-	41	513	0,0006%	0,00%
0116	SE	257		-	-	-	295	24	-	-	24	300	0,0004%	0,00%
0117	LT	60		-	-	-	45	4	-	-	4	50	0,0001%	0,00%
0118	CY	26		-	-	-	25	2	-	-	2	25	0,0000%	0,00%
0119	SC	3		-	-	-	3	0	-	-	0	0	0,0000%	0,00%
0120	US	2		-	-	-	2	0	-	-	0	0	0,0000%	0,00%
0121	HU	2		-	-	-	2	0	-	-	0	0	0,0000%	0,00%
020	Total	108 214 214		132 107 538	-	-	81 684 050	6 534 569	135 779	-	6 670 503	83 381 284	100,0000%	

7. LEVERAGE RATIO

The Group discloses information on its leverage ratio pursuant to Art. 451 of the Regulation (EU) No 575/2013.

The calculation of the leverage ratio of the Group as at June 30, 2022 was based on the provisions of Regulation (EU) No 575/2013 as amended by Regulation (EU) 2019/876 of the European Parliament and of the Council on May 20, 2019. The leverage ratio is the percentage of the Tier I capital ratio and the total exposure measure as at the end of the reporting period, while the total exposure measure is the sum of the exposure values determined for all assets and off-balance sheet items not deducted in determining the Tier I capital measure.

The reconciliation of the total exposure for the calculation of the leverage ratio with the value of assets in the published consolidated semi-annual report, pursuant to Article 451 of Regulation (EU) No 575/2013, is presented in accordance with the formulas defined in Regulation (EU) No 2021/637

Items included in template EU LR2 and not disclosed in Table 9 do not apply to the Group.

Table 8 EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures as of 30 June 2022

		a
		Applicable amount
1	Total assets as per published financial statements	142 319 931
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	11 692
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-560 739
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	-
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustment for eligible cash pooling transactions	-477
8	Adjustment for derivative financial instruments	289 827
9	Adjustment for securities financing transactions (SFTs)	-
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	12 071 413
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	-
12	Other adjustments	640 519
13	**Total exposure measure**	**154 772 167**

Table 9 EU LR2 - LRCom: Leverage ratio common disclosure

		CRR leverage ratio exposures	
		a	b
		30 June 2022	31 December 2021
	On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	139 122 405	129 850 853
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-296 480	-630 405
6	(Asset amounts deducted in determining Tier 1 capital)	-	-
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**138 825 924**	**129 220 448**
	Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	1 630 778	1 128 871
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-	-
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	2 244 052	1 906 215
13	**Total derivatives exposures**	**3 874 830**	**3 545 488**
	Securities financing transaction (SFT) exposures		
18	**Total securities financing transaction exposures**	**-**	**-**
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	33 877 150	36 170 960
20	(Adjustments for conversion to credit equivalent amounts)	21 805 737	-23 338 138
22	**Off-balance sheet exposures**	**12 071 413**	**12 832 822**
	Excluded exposures		
EU-22k	**(Total exempted exposures)**	**-**	**-**
	Capital and total exposure measure		

23	Tier 1 capital	10 798 069	11 303 787
24	**Total exposure measure**	**154 772 167**	**145 088 356**
	Leverage ratio		
25	Leverage ratio (%)	6.98%	7.79%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	6.98%	7.79%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	6.98%	7.79%
26	Regulatory minimum leverage ratio requirement (%)	3.00%	3.00%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00%	0.00%
EU-26b	of which: to be made up of CET1 capital	0.00%	0.00%
27	Leverage ratio buffer requirement (%)	0.00%	0.00%
EU-27a	Overall leverage ratio requirement (%)	3.00%	3.00%
	Choice on transitional arrangements and relevant exposures		
EU-27b	Choice on transitional arrangements for the definition of the capital measure	transitional	transitional
	Disclosure of mean values		
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	490 148	268 682
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	-	-
30	Total exposures (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	155 262 316	145 357 038
30a	Total exposures (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	155 262 316	145 357 038
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	6.89%	7.78%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	6.89%	7.78%

Table 10 EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

		a
		CRR leverage ratio exposures
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**138 825 924**
EU-2	Trading book exposures	-
EU-3	Banking book exposures, of which:	138 825 924
EU-4	Covered bonds	-
EU-5	Exposures treated as sovereigns	25 182 781
EU-6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	136 835
EU-7	Institutions	6 584 360
EU-8	Secured by mortgages of immovable properties	41 913 814
EU-9	Retail exposures	23 348 997
EU-10	Corporates	33 191 994
EU-11	Exposures in default	1 897 999
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	6 569 145

8. LIQUIDITY REQUIREMENTS

The Bank discloses information on liquidity requirements pursuant to Art. 451a of the Regulation (EU) No 575/2013.

Disclosing the information required in template EU LIQ1, the Bank provides the values and numerical data required for each of the four calendar quarters (January-March, April-June, July-September, October-December) preceding the disclosure date. Values and figures are calculated as the arithmetic mean of the month-end observations in the twelve months preceding the end of each quarter.

Table 11 EU LIQ1 - Quantitative information of LCR

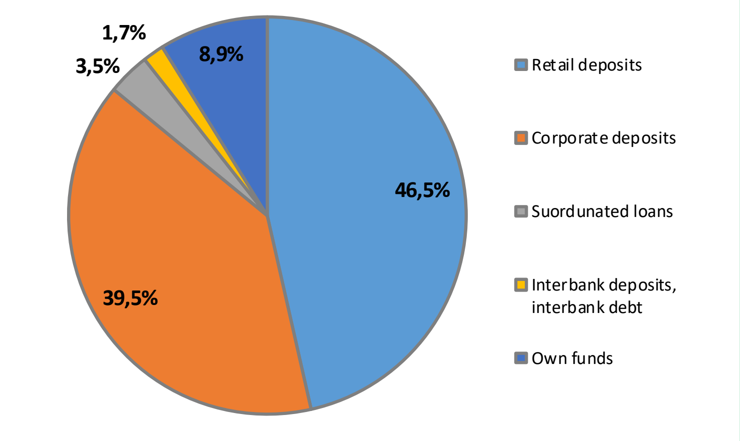
	Scope of consolidation: consolidated	a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on (DD Month YYY)	30 June 2022	31 March 2022	31 December 2021	30 September 2021	30 June 2022	31 March 2022	31 December 2021	30 September 2021
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					33 249 643	35 143 579	36 546 773	37 812 095
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	67 828 945	66 710 913	66 095 405	65 543 257	5 425 933	5 331 684	5 250 571	5 177 151
3	*Stable deposits*	41 820 564	41 688 130	41 549 244	41 068 276	2 091 028	2 084 406	2 077 462	2 053 414
4	*Less stable deposits*	25 074 971	24 053 742	23 441 528	23 162 594	3 334 905	3 247 278	3 173 109	3 123 737
5	Unsecured wholesale funding	35 730 935	33 466 644	31 661 755	30 559 235	13 767 248	12 955 943	12 747 730	12 875 955
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	11 186 030	10 194 936	7 365 980	4 584 368	2 796 508	2 548 734	1 841 495	1 146 092
7	*Non-operational deposits (all counterparties)*	24 517 472	23 241 226	24 262 076	25 937 910	10 943 309	10 376 727	10 872 536	11 692 906
8	*Unsecured debt*	27 432	30 482	33 699	36 957	27 432	30 482	33 699	36 957
9	Secured wholesale funding					-	-	-	-
10	Additional requirements	41 098 153	40 340 184	38 717 931	37 112 586	15 217 114	14 302 275	12 966 410	11 873 866
11	*Outflows related to derivative exposures and other collateral requirements*	12 236 591	11 165 110	9 775 239	8 847 326	12 236 591	11 165 110	9 775 239	8 847 326
12	*Outflows related to loss of funding on debt products*	-	-	-	-	-	-	-	-
13	*Credit and liquidity facilities*	28 861 562	29 175 074	28 942 692	28 265 261	2 980 523	3 137 165	3 191 171	3 026 541
14	Other contractual funding obligations	4 148 202	3 449 152	2 827 926	2 569 401	1 027 105	563 336	238 931	225 581
15	Other contingent funding obligations	17 291 559	17 401 657	16 703 019	14 830 271	15 192	7 209	-	41 073
16	TOTAL CASH OUTFLOWS					35 452 592	33 160 447	31 203 642	30 193 627
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-
18	*Inflows from fully performing exposures*	3 894 710	2 993 940	2 827 321	2 746 880	2 916 193	2 049 786	1 883 844	1 782 478
19	*Other cash inflows*	11 706 842	10 670 387	9 223 038	8 287 189	11 706 842	10 670 387	9 223 038	8 287 189
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	TOTAL CASH INFLOWS	15 601 552	13 664 327	12 050 359	11 034 068	14 623 034	12 720 172	11 106 882	10 069 667
EU-20a	*Fully exempt inflows*	-	-	-	-	-	-	-	-
EU-20b	*Inflows subject to 90% cap*	-	-	-	-	-	-	-	-
EU-20c	*Inflows subject to 75% cap*	15 601 552	13 664 327	12 050 359	11 034 068	14 623 034	12 720 172	11 106 882	10 069 667
TOTAL ADJUSTED VALUE									
EU-21	LIQUIDITY BUFFER					33 249 643	35 143 579	36 546 773	37 812 095
22	TOTAL NET CASH OUTFLOWS					20 829 558	20 440 275	20 096 760	20 123 960
23	LIQUIDITY COVERAGE RATIO					160.62%	173.48%	182.62%	188.25%

The Bank collects diversified sources of funds, that ensure stable liquidity situation. The Bank holds as well high liquid assets portfolio, that can be used as the source of liquidity in case needed and ensure access to the liquidity during one day. Above mentioned elements enable stable liquidity management both in the normal situation as well as in the crisis or emergency one. High share of liquid assets (Level 1 only) ensures compliance with the regulatory and internal liquidity requirements.

The main aspects having impact on the LCR measure is funding structure of the Bank and size of the high liquid assets portfolio. In the funding structure on the one side the funding sources structure is important (type of the Customer) and on the other product type of the liability. Diversification scale of the funding sources and relationship with the Customers ensure high stability of the funding. The Assets of the Bank calculated in the LCR measure are highly liquid assets, that might be used for immediate acquisition of liquidity.

The consolidated LCR measures for the ends of each quarter remain on the safe level. In comparison to year end 2021 (LCR consolidated 145.7%) the ratio fell to the level of 142.4%. That is the result of optimization of the Customer funds collected to ensure the adequate level of deposits in the rising interest rates environment to the Bank's needs. Although LCR measure decreased especially in the first quarter of 2022 the average values of the preceding 12 months of the reporting date remain on the high and safe level (lowest average value from last 12 months is in June 2022 and equals to 160.62%).

The biggest share in the Bank's funding is non-bank deposits base, that comes from all segments of Clients, however the retail segment has dominant share. The stability of deposit base is ensured by attractive and complex offer to the Customers on one side, and monitored and analyzed of the stability of liabilities modeling for each business lines on the other. The Bank cooperates as well with the supranational financial institutions, that provide stable funding to specific projects or specific offer to the Customers. Complete funding structure is presented in the chart below:



The Bank monitors concentration of the funding sources from non-bank Customers and presents analysis on the ALCO Committee on the monthly basis. The Bank established limits for funding concentration both for corporate and retail segment. There was no increase of risk of the deposits concentration during the current calendar year.

Due to currency structure of the Bank's balance sheet it is required to match appropriate level both on assets and liabilities side of the balance sheet. The Bank ensures funding that fits to the required level of assets either via funding in that currency or via using derivatives transactions such as CIRS or FX swaps. Closing currency gaps throughout derivatives enables to close Bank's needs in the various currencies and term structure adequate to the liquidity risk profile of the respective currencies, and that has positive impact for the liquidity profile in respective currency. The Bank monitors liquidity in PLN and basic foreign currencies: EUR, CHF, USD and all remaining currencies as total. In case of the gap of liabilities in foreign currencies the Bank concludes off-balance sheet exchange of currencies transactions with the BNPP Group's units: FX swaps and CIRS, from the currencies Bank has excess of liabilities as first and complementary from PLN. As of 30 June 2022 the Bank acquired using above mentioned transactions funds in CHF for mortgage loans funding in that currency. Due to uncertainty of the further development of the situation regarding that product, Bank acquired funding in relatively short term funding tenor, to be able to adopt balance sheet structure quickly to the potential changes regarding CHF mortgage loans portfolio.

Derivative instruments exposure and potential collateral calls:

Off-balance sheet transactions collaterals are mainly Level 1 type assets: cash and government securities. The change of collateral is performed exclusively within that type of assets. In the ISDA and ZBP agreements there might be some clauses about "Credit Event upon merger", as that may result in rating downgrade. However, that is not implicating additional collateral requirement, but the possible closing of the transaction. The Bank does not have any agreements with the counterparties that would require additional collateral in case of Bank's rating downgrade.

Table 12 EU LIQ2: Net Stable Funding Ratio

		a	b	c	d	e
		Unweighted value by residual maturity				
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value
Available stable funding (ASF) Items						
1	**Capital items and instruments**	**10 781 433**	**-**	**-**	**4 160 700**	**14 942 133**
2	*Own funds*	10 781 433	-	-	4 160 700	14 942 133
3	*Other capital instruments*		-	-	-	-

4	**Retail deposits**		70 118 066	1 792 474	214 151	67 082 887
5	*Stable deposits*		41 856 971	1 128 014	180 669	41 016 405
6	*Less stable deposits*		28 261 095	664 460	33 482	26 066 482
7	**Wholesale funding:**		39 436 444	1 178 269	5 165 401	17 204 917
8	*Operational deposits*		11 712 318	-	-	5 856 159
9	*Other wholesale funding*		27 724 126	1 178 269	5 165 401	11 348 758
10	**Interdependent liabilities**		-	-	-	-
11	**Other liabilities:**	-	5 770 149	-	-	-
12	*NSFR derivative liabilities*	-				
13	*All other liabilities and capital instruments not included in the above categories*		5 770 149	-	-	-
14	**Total available stable funding (ASF)**					**105 086 096**
Required stable funding (RSF) Items						
15	**Total high-quality liquid assets (HQLA)**					1 701 087
EU-15a	**Assets encumbered for more than 12m in cover pool**		81 130	-	-	68 961
16	**Deposits held at other financial institutions for operational purposes**		-	-	-	-
17	**Performing loans and securities:**		15 802 511	9 227 350	72 569 709	70 758 899
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		-	-	-	-
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		4 757 376	310 737	2 441 084	3 072 190
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		10 494 891	8 464 468	43 226 147	44 318 408
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		183 765	150 961	10 384 318	6 917 170
22	*Performing residential mortgages, of which:*		528 421	449 145	26 619 964	23 115 753
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		-	-	-	-
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		21 822	3 000	282 514	252 548
25	**Interdependent assets**		-	-	-	-
26	**Other assets:**	-	931 149	-	8 641 866	9 134 982
27	*Physical traded commodities*				-	-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*				-	-
29	*NSFR derivative assets*				55 082	55 082
30	*NSFR derivative liabilities before deduction of variation margin posted*				-	-
31	*All other assets not included in the above categories*		876 067	-	8 641 866	9 079 900
32	**Off-balance sheet items**		**37 235 090**	**-**	-	**1 861 755**
33	**Total RSF**					**83 525 683**
34	**Net Stable Funding Ratio (%)**					**125,81%**

9. EXPOSURES TO INTEREST RATE RISK ON POSITIONS NOT HELD IN THE TRADING BOOK

The core business of the Bank - granting loans and collecting deposits from Customers – generates the open interest rate risk positions, which are transferred using the transfer pricing system from business lines to portfolios managed by the Asset and Liability Management Division.

When determining the interest rate risk profile, the Bank takes into account not only contractual parameters, but also the actual characteristics of products resulting from Customer behavioral characteristic and built-in options, using models e.g. for current accounts, savings accounts, fixed interest rate loans, credit cards.

Structural elements (stable, insensitive to interest rate changes part of current accounts and capital) are secured with transactions with longer maturities. In the remaining portfolio, the Bank's intention is to close the interest rate risk.

The economic value of equity (EVE) measure is a measure of the net present value changes of instruments sensitive to the interest rates changes in their remaining duration, resulting from changes in interest rates, taking into account all the items in the banking book, with the exception of capital. The Bank determined an internal critical value for this measure at 13% of the Common Equity Tier I capital of the Bank. During the current period, there was no event of excess.

The economic value changes of the updated capital, calculated according to the internal contract prices, in accordance with six regulatory interest rate change scenarios and the changes in net interest income, calculated according to two supervisory shock scenarios are presented in the table EU IRRBB1.

Table 13 EU IRRBB1 - Interest rate risks of non-trading book activities

		a	b	c	d
		Changes of the economic value of equity		Changes of the net interest income	
Supervisory shock scenarios		30 June 2022	31 December 2021	30 June 2022	31 December 2021
1	Parallel up	-616	-622	275	441
2	Parallel down	-428	153	-333	-351
3	Steepener	131	114		
4	Flattener	-362	-358		
5	Short rates up	-491	-469		
6	Short rates down	126	145		

10. CREDIT RISK

10.1 EXPOSURES TO CREDIT RISK

The tables below present detailed quantitative information on credit risk adjustments, as required by Article 442 of Regulation (EU) No 575/2013 on the basis of the formulas set out in Regulation (EU) No 2021/637.

The Bank does not present the template EU CQ4- Quality of NPEs broken down geographically, due to the fact that exposures in foreign countries do not exceed 10% of total exposure.

Table 14 EU CR2: Changes in the stock of non-performing loans and advances as of 30 June 2022

		a
		Gross carrying amount
010	Initial stock of non-performing loans and advances	3 289 200
020	Inflows to non-performing portfolios	940 837
030	Outflows from non-performing portfolios	-1 193 696
040	Outflows due to write-offs	-13 560
050	Outflow due to other situations	-1 180 136
060	Final stock of non-performing loans and advances	3 036 341

Table 15 EU CR1-A: Maturity of exposures as of 30 June 2022

		a	b	c	d	e	f
		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	-	12 046 940	32 780 941	49 253 289	304 333	94 385 503
2	Debt securities	-	2 154 402	12 608 766	16 618 968	-	31 382 136
3	Total	-	14 201 342	45 389 707	65 872 257	304 333	125 767 639

Table 16 EU CR1: Performing and non-performing exposures and related provisions as of 30 June 2022

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
005	Cash balances at central banks and other demand deposits	5 634 146	5 620 186	-	-	-	-	-965	-965	-	-	-	-		-	-
010	Loans and advances	94 393 869	83 184 135	10 126 821	3 036 341	3 942	2 814 493	-1 242 338	-459 160	-782 832	-1 802 370	-677	-1 726 565	-	26 850 178	624 853
020	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
030	*General governments*	*62 698*	*62 549*	*149*	0	-	-	-706	-701	-6	0	-	-	-	466	-
040	*Credit institutions*	*2 595 990*	*2 595 990*	-	-	-	-	-9 265	-9 265	-	-	-	-	-	-	-
050	*Other financial corporations*	*732 466*	*732 220*	*246*	1 647	-	1 555	-415	-360	-55	-1 638	-	-1 546	-	555	-
060	*Non-financial corporations*	*51 305 368*	*43 784 796*	*6 473 099*	2 035 690	3 332	1 826 810	-710 625	-271 502	-438 877	-1 175 687	-603	-1 102 755	-	17 173 855	495 498
070	*Of which SMEs*	*36 560 635*	*30 473 766*	*5 064 194*	1 798 488	3 332	1 614 321	-564 990	-208 383	-356 514	-1 025 228	-603	-958 038	-	15 104 707	471 899
080	*Households*	*39 697 348*	*36 008 579*	*3 653 327*	999 004	610	986 129	-521 328	-177 334	-343 894	-625 045	-75	-622 264	-	9 675 302	129 355
090	Debt securities	31 241 341	31 169 670	-	184 358	-	4 155	-402	-402	0	-43 161	-	-4 155	-	-	-
100	*Central banks*	*466 269*	*449 925*	-	-	-	-	-	-	-	-	-	-	-	-	-
110	*General governments*	*21 684 508*	*21 684 508*	-	-	-	-	-347	-347	-	-	-	-	-	-	-
120	*Credit institutions*	*6 032 251*	*6 032 251*	-	-	-	-	-33	-33	-	-	-	-	-	-	-
130	*Other financial corporations*	*2 999 745*	*2 999 745*	-	-	-	-	-	-	-	-	-	-	-	-	-
140	*Non-financial corporations*	*58 568*	*3 240*	-	184 358	-	4 155	-22	-22	-	-43 161	-	-4 155	-	-	-
150	Off-balance-sheet exposures	*39 938 869*	*37 073 969*	*2 848 861*	*59 794*	*755*	*53 814*	*103 632*	*45 934*	*57 434*	*7 034*	*55*	*4 919*		*1 061 531*	*2 171*
160	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-		-	-
170	*General governments*	*114 128*	*114 128*	-	-	-	-	*159*	*159*	-	-	-	-		-	-
180	*Credit institutions*	*2 292 804*	*2 292 804*	-	-	-	-	*2 241*	*2 241*	-	-	-	-		-	-
190	*Other financial corporations*	*2 328 384*	*2 327 242*	*1 142*	*0*	-	*0*	*304*	*295*	*8*	-	-	-		*81 138*	-
200	*Non-financial corporations*	*30 990 936*	*28 243 881*	*2 738 136*	*41 823*	*755*	*36 342*	*91 852*	*38 700*	*52 947*	*7 034*	*55*	*4 919*		*967 211*	*2 171*
210	*Households*	*4 212 617*	*4 095 914*	*109 583*	*17 971*	-	*17 472*	*9 076*	*4 539*	*4 479*	-	-	-		*13 183*	-
220	**Total**	**171 208 226**	**157 047 959**	**12 975 682**	**3 280 493**	**4 698**	**2 872 462**	**-1 140 074**	**-414 594**	**-725 398**	**-1 838 497**	**-622**	**-1 725 801**	**-**	**27 911 709**	**627 024**

Table 17 EU CQ1: Credit quality of forborne exposures as of 30 June 2022

		a	b	c	d	e	f	g	h
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
			Non-performing forborne						
		Performing forborne		Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010	Loans and advances	601 245	952 044	952 044	825 236	-31 695	-455 255	479 792	248 508
020	*Central banks*	-	-	-	-	-	-	-	-
030	*General governments*	-	-	-	-	-	-	-	-
040	*Credit institutions*	-	-	-	-	-	-	-	-
050	*Other financial corporations*	-	-	-	-	-	-	-	-
060	*Non-financial corporations*	372 986	582 411	582 411	463 166	-19 304	-283 008	340 410	174 906
070	*Households*	228 259	369 633	369 633	362 070	-12 392	-172 248	139 381	73 602
080	Debt Securities	-	180 204	180 204	-	-	-39 006	-	-
090	Loan commitments given	25 023	1 994	1 994	1 994	1 028	282	-	-
100	**Total**	**626 268**	**1 134 242**	**1 134 242**	**827 231**	**-30 667**	**-493 980**	**479 792**	**248 508**

Table 18 EU CQ5: Credit quality of loans and advances to non-financial corporations by industry as of 30 June 2022

		a	b	c	d	e	f
		Gross carrying amount					Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which loans and advances subject to impairment		
				Of which defaulted		Accumulated impairment	
010	Agriculture, forestry and fishing	10 141 257	756 060	745 224	9 067 353	-525 429	-
020	Mining and quarrying	41 929	3 132	2 472	41 902	-1 304	-
030	Manufacturing	12 393 726	313 691	289 302	12 391 901	-262 181	-
040	Electricity, gas, steam and air conditioning supply	1 716 116	3 735	3 725	1 716 116	-8 910	-
050	Water supply	200 297	3 323	3 176	200 297	-3 008	-
060	Construction	3 473 696	188 243	177 009	3 473 550	-180 623	-
070	Wholesale and retail trade	8 332 583	315 114	298 744	8 324 513	-294 509	-
080	Transport and storage	2 656 536	67 600	47 489	2 656 468	-71 540	-
090	Accommodation and food service activities	304 217	59 781	58 256	304 182	-47 643	-
100	Information and communication	2 082 289	14 104	11 184	2 082 289	-22 958	-
110	Financial and insurance actvities	1 084 648	70 201	69 327	1 084 628	-38 079	-
120	Real estate activities	5 165 804	112 071	110 915	5 163 977	-111 350	-
130	Professional, scientific and technical activities	3 856 558	54 155	47 430	3 856 222	-75 600	-
140	Administrative and support service activities	608 920	42 711	39 241	608 754	-31 959	-
150	Public administration and defense, compulsory social security	416	-	-	416	-7	-
160	Education	126 598	4 481	3 709	126 584	-5 045	-
170	Human health services and social work activities	979 318	18 447	17 411	979 318	-37 570	-
180	Arts, entertainment and recreation	28 450	2 265	2 024	28 424	-2 158	-
190	Other services	147 700	6 576	4 334	147 691	-166 438	-
200	**Total**	**53 341 057**	**2 035 690**	**1 930 973**	**52 254 586**	**-1 886 311**	**-**

Information on collateral obtained by taking possession and execution processes:

The Bank is cautious about the possibility of taking over the property after unsuccessful enforcement proceedings. Currently, the Bank does not own any real estate that has been taken over.The Bank takes a similar cautious approach in the case of debt conversion into stocks or shares in companies. The Bank, usually as part of restructuring proceedings, converts part of its receivables into shares / stocks in companies. The value of shares / stocks as of the reporting date is insignificant in terms of the Bank's operations, and also in terms of recoveries made on the portfolio of impaired loans. The value of provisions covers 83.3% of the initial value from the date of acquisition. Movable property that is collateral of the contracts is also taken over in collection process.

Table 19 EU CQ7: Collateral obtained by taking possession and execution processes as of 30 June 2022

		a	b
		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
010	Property, plant and equipment (PP&E)	-	-
020	Other than PP&E	4 990	-4 155
030	*Residential immovable property*	-	-
040	*Commercial Immovable property*	-	-
050	*Movable property (auto, shipping, etc.)*	-	-
060	*Equity and debt instruments*	4 990	-4 155
070	*Other collateral*	-	-
080	**Total**	**4 990**	**-4 155**

10.2 CREDIT RISK MITIGATION TECHNIQUES

When limiting credit risk, the Bank applies credit risk mitigation techniques, both in terms of funded and unfunded protection. The funded protection includes, among others:

- mortgage established on a residential real estate
- mortgage established on a commercial real estate
- registered pledge
- security deposit
- hold on funds on bank accounts
- suretyship
- ownership transfer
- assignment of receivables
- promissory note
- credit facility insurance
- power of attorney to administer a bank account.

The unfunded protection covers bank guarantees, guarantees issued by the State Treasury or by a local government unit and corporate guarantees.

The Bank uses both balance sheet netting and off-balance netting techniques. The first credit risk mitigation technique concerns drawn lines of credit and deposits placed with BNP Paribas S.A. Off-balance sheet netting is used for derivative transactions that are concluded under framework and security agreements signed with corporate, SME and Micro Customers. Off-balance sheet netting is also used in the case of derivative transactions concluded with selected credit institutions.

The Bank does not use credit derivatives as a credit risk mitigation technique

Table 20 EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques as of 30 June 2022

		Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
		a	b	c	d	e
1	Loans and advances	72 543 653	27 475 031	25 598 252	1 876 779	-
2	Debt securities	31 382 136	-	-	-	
3	Total	103 925 789	27 475 031	25 598 252	1 876 779	-
4	*Of which non-performing exposures*	750 316	624 853	602 502	22 351	-
EU-5	*Of which defaulted*	748 870	623 017			

The table below shows the effect of all credit risk mitigation techniques. The density of risk-weighted assets is a synthetic indicator of the risk level of individual portfolios.

Table 21 EU CR4 – standardised approach – Credit risk exposure and CRM effects as of 30 June 2022

		Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
	Exposure classes	On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWAs	RWAs density (%)
		a	b	c	d	e	f
1	Central governments or central banks	24 403 631	2 149	33 698 067	577	2 326 845	6.90%
2	Regional government or local authorities	136 321	83 547	136 321	33 999	34 064	20.00%
3	Public sector entities	514	391	514	84	299	50.00%
4	Multilateral development banks	775 541	-	775 541	-	-	0.00%
5	International organisations	-	-	-	-	-	0.00%
6	Institutions	4 751 522	2 291 311	4 843 360	721 081	1 243 805	22.35%
7	Corporates	33 195 417	20 266 129	24 731 964	7 187 376	30 137 051	94.42%
8	Retail	23 346 050	6 360 004	22 734 555	1 550 159	16 852 550	69.40%
9	Secured by mortgages on immovable property	41 913 814	4 725 385	41 571 894	1 847 062	30 150 658	69.44%
10	Exposures in default	1 897 999	45 516	1 872 828	17 798	2 289 271	121.09%
11	Exposures associated with particularly high risk	-	-	-	-	-	0.00%
12	Covered bonds	-	-	-	-	-	0.00%

13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	0.00%
14	Collective investment undertakings	-	-	-	-	-	0.00%
15	Equity	211 709	-	211 709	-	211 709	100.00%
16	Other items	6 357 435	1 403	6 413 200	75 668	2 042 810	31.48%
17	**TOTAL**	**136 989 954**	**33 775 835**	**136 989 954**	**11 433 806**	**85 289 063**	**57.46%**

10.3 APPLICATION OF STANDARD METHOD

The risk weights used in the calculation of the capital requirement for credit risk according to the standardized approach are based on the provisions of Chapter 2, Title II, Part III of Regulation (EU) No 575/2013. Risk weight is assigned according to the category to which the exposure belongs and the level of credit quality of the exposure or entity.

- for defaulted exposures, the risk weight is based on the principles set out in Art. 127 of Regulation (EU) No 575/2013;
- for exposures secured by mortgage on residential real estate, where the amount of the principal or interest installment does not depend on changes in the exchange rate of the currency or currencies other than the currencies of the debtor's revenues, in accordance with Art. 125 sec. 2 of Regulation (EU) No 575/2013, the Bank assigns a preferential risk weight of 35% to the part of the exposure that is fully and completely secured by mortgage on residential real estate and the value of which does not exceed 80% of the market value of the real estate;
- for exposures secured by mortgage on a commercial real estate, pursuant to Art. 126 of Regulation (EU) No 575/2013 and the Regulation of the Minister of Finance, Funds and Regional Policy of October 8, 2020. amending the Regulation on a higher risk weight for exposures secured by mortgages on real estate, the Bank identifies exposures effectively secured with commercial mortgage established on real estate used by the borrower to conduct its own business and not generating income stemming from rent or profits from their sale, for which preferential risk weights apply;
- for exposures secured by mortgage on residential real estate, where the amount of the principal or interest installment depends on changes in the exchange rate or currencies other than the currency of the debtor's income pursuant to the Regulation of the Minister of Development and Finance of May 25, 2017, regarding a higher risk weight for exposures secured by mortgages on real estate, the Bank assigns a risk weight of 150%.

The Bank for the purpose of determining risk weights for institutions and enterprises, central governments and banks, local government units and local authorities, multilateral development banks, public sector entities, exposures in the form of covered bonds, exposures in the form of participation units and certificates of investment funds, uses External Credit Assessment Institutions ratings (ECAI ratings) by Moody's Investors Service.

The table below aims to provide the standardise exposures approach broken down by asset class and risk weight.

Table 22 EU CR5 – standardised approach as of 30 June 2022

		Risk weight															Total	Of which unrated
		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others		
	Exposure classes	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
1	Central governments or central banks	32 767 906	-	-	-	-	-	-	-	-	-	-	930 738	-	-	-	33 698 644	33 698 644
2	Regional government or local authorities	-	-	-	-	170 321	-	-	-	-	-	-	-	-	-	-	170 321	-
3	Public sector entities	-	-	-	-	-	-	598	-	-	-	-	-	-	-	-	598	-
4	Multilateral development banks	775 541	-	-	-	-	-	-	-	-	-	-	-	-	-	-	775 541	775 541
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	9 282	-	-	5 197 608	-	305 975	-	-	51 576	-	-	-	-	-	5 564 442	53 620
7	Corporates	-	-	-	-	-	-	67	-	-	31 919 273	-	-	-	-	-	31 919 341	1 869 687
8	Retail exposures	-	-	-	-	-	-	-	-	24 284 714	-	-	-	-	-	-	24 284 714	1 829 127
9	Exposures secured by mortgages on immovable property	-	-	-	-	-	10 374 032	4 357 928	-	14 531 079	10 048 501	4 107 417	-	-	-	-	43 418 956	3 568 330
10	Exposures in default	-	-	-	-	-	-	-	-	-	1 093 336	797 290	-	-	-	-	1 890 626	-
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Units or shares in collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity exposures	-	-	-	-	-	-	-	-	-	211 709	-	-	-	-	-	211 709	211 709
16	Other items	4 191 962	-	-	-	316 579	-	-	-	-	1 980 327	-	-	-	-	-	6 488 868	6 450 604
17	TOTAL	37 735 410	9 282	-	-	5 684 508	10 374 032	4 664 568	-	38 815 793	45 304 722	4 904 708	930 738	-	-	-	148 423 760	48 457 263

10.4 EXPOSURES SUBJECT TO MEASURES APPLIED IN RESPONSE TO THE COVID-19 CRISIS

Table 23 Template 1 - Information on loans and advances subject to legislative and non-legislative moratoria as of 30 June 2022

		Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
			Performing			Non-performing				Performing			Non-performing			
				Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days	Inflows to non-performing exposures
1	Loans and advances subject to moratorium	5 074 368	4 363 174	193 990	1 221 337	711 194	414 365	453 294	-405 044	-85 968	-10 789	-69 828	-319 076	-169 373	-155 791	72 509
2	of which: Households	2 743 965	2 389 883	163 270	620 684	354 082	235 681	222 809	-197 591	-47 969	-8 711	-41 417	-149 622	-82 523	-62 905	46 591
3	*of which: Collateralised by residential immovable property*	2 076 554	1 881 643	121 528	447 398	194 911	142 499	138 965	-80 191	-23 604	-4 982	-21 379	-56 588	-34 579	-25 667	31 852
4	of which: Non-financial corporations	2 329 412	1 972 301	30 720	600 619	357 112	178 684	230 484	-207 419	-37 964	-2 078	-28 409	-169 454	-86 850	-92 886	25 917
5	*of which: Small and Medium-sized Enterprises*	1 503 849	1 216 801	21 084	458 047	287 048	162 127	187 704	-163 351	-29 490	-1 422	-23 526	-133 862	-79 500	-75 513	25 917
6	*of which: Collateralised by commercial immovable property*	1 645 362	1 411 410	22 047	443 781	233 952	152 236	165 169	-120 186	-18 909	-1 274	-14 274	-101 277	-72 805	-67 835	20 821

Table 24 Template 2 - Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria as of 30 June 2022

			Gross carrying amount							
						Residual maturity of moratoria				
		Number of obligors		Of which: legislative moratoria	Of which: expired	<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
1	Loans and advances for which moratorium was offered	34	5 074 368							
2	Loans and advances subject to moratorium (granted)	34	5 074 368	290 822	5 048 824	25 544	-	-	-	-
3	of which: Households		2 743 965	290 304	2 718 922	25 043	-	-	-	-
4	*of which: Collateralised by residential immovable property*		2 076 554	189 343	2 058 585	17 969	-	-	-	-
5	of which: Non-financial corporations		2 329 412	518	2 328 911	501	-	-	-	-
6	*of which: Small and Medium-sized Enterprises*		1 503 849	518	1 503 679	170	-	-	-	-
7	*of which: Collateralised by commercial immovable property*		1 645 362	195	1 645 362	-	-	-	-	-

Table 25 Template 3 - Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis as of 30 June 2022

		Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
			of which: forborne	Public guarantees received	Inflows to non-performing exposures
1	**Newly originated loans and advances subject to public guarantee schemes**	2 736 422	1 313	2 073 373	6 933
2	of which: Households	-			-
3	of which: Collateralised by residential immovable property	-			-
4	of which: Non-financial corporations	2 736 179	1 313	2 073 179	6 933
5	of which: Small and Medium-sized Enterprises	1 927 924			6 933
6	of which: Collateralised by commercial immovable property	910 094			404

11. COUNTERPARTY CREDIT RISK

Counterparty risk exposure and risk-weighted assets are calculated on the basis of the standardized approach (SACCR) in line with Regulation (EU) No 575/2013. As part of counterparty credit risk mitigation, the Bank uses contractual netting in accordance with Articles 295-298 of Regulation (EU) No 575/2013.

The methodology of calculating internal capital for counterparty credit risk is closely related to the methodology of measuring this risk at the Bank and takes into account the current valuation of contracts, their potential change (the so-called "Potential Future Exposure"), as well as the value of the probability of a default event of individual contractors (so-called PD) estimated by the Bank.

The tables below present information on the Bank's counterparty credit risk in accordance with Annex XXV to Regulation (EU) No 2021/637.

Table 26 EU CCR1– Analysis of CCR exposure by approach as of 30 June 2022

		a	b	c	d	e	f	g	h
		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU-1	EU - Original Exposure Method (for derivatives)	-	-		1.4	-	-	-	-
EU-2	EU - Simplified SA-CCR (for derivatives)	-	-		1.4	-	-	-	-
1	SA-CCR (for derivatives)	1 390 672	1 165 476		1.4	3 671 206	3 578 606	3 123 031	2 541 464
2	IMM (for derivatives and SFTs)			-	-	-	-	-	-
2a	*of which securities financing transactions netting sets*			-		-	-	-	-
2b	*of which derivatives and long settlement transactions netting sets*			-		-	-	-	-
2c	*of which from contractual cross-product netting sets*			-		-	-	-	-
3	Financial collateral simple method (for SFTs)					-	-	-	-
4	Financial collateral comprehensive method (for SFTs)					-	-	-	-
5	VaR for SFTs					-	-	-	-
6	**Total**					**3 671 206**	**3 578 606**	**3 123 031**	**2 541 464**

Table 27 EU CCR2– Transactions subject to own funds requirements for CVA risk as of 30 June 2022

		a	b
		Exposure value	RWEA
1	Total transactions subject to the Advanced method	-	-
2	(i) VaR component (including the 3× multiplier)		-
3	(ii) stressed VaR component (including the 3× multiplier)		-
4	Transactions subject to the Standardised method	379 158	55 295
EU-4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	-	-
5	**Total transactions subject to own funds requirements for CVA risk**	379 158	55 295

Table 28 EU CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights as of 30 June 2022

		Risk weight											
		a	b	c	d	e	f	g	h	i	j	k	l
	Exposure classes	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total exposure value
1	Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-

4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	55 081	-	-	540 066	43 986	-	-	-	-	-	639 133
7	Corporates	-	-	-	-	-	-	-	-	2 413 740	-	-	2 413 740
8	Retail	-	-	-	-	-	-	-	70 157	-	-	-	70 157
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
10	Other items	-	-	-	-	-	-	-	-	-	-	-	-
11	**Total exposure value**	**-**	**55 081**	**-**	**-**	**540 066**	**43 986**	**-**	**70 157**	**2 413 740**	**-**	**-**	**3 123 031**

Table 29 EU CCR5 – Composition of collateral for CCR exposures as of 30 June 2022

		a	b	c	d	e	f	g	h
		Collateral used in derivative transactions				Collateral used in SFTs			
	Collateral type	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1	Cash – domestic currency	-	3 244	1 773 931	57 092	-	-	-	-
2	Cash – other currencies	6 078	94 060	250 560	198 953	-	-	-	-
3	Domestic sovereign debt	-	-	79 920	-	-	-	-	-
4	Other sovereign debt	272 331	-	-	-	-	-	-	-
5	Government agency debt	-	-	-	-	-	-	-	-
6	Corporate bonds	-	-	-	-	-	-	-	-
7	Equity securities	-	-	-	-	-	-	-	-
8	Other collateral	-	-	-	-	-	-	-	-
9	**Total**	**278 409**	**97 304**	**2 104 411**	**256 045**	**-**	**-**	**-**	**-**

Table 30 EU CCR8 – Exposures to CCPs as of 30 June 2022

		a	b
		Exposure value	RWEA
1	**Exposures to QCCPs (total)**		**2 763**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	62 387	2 743
3	(i) OTC derivatives	62 387	2 743
4	(ii) Exchange-traded derivatives	-	-
5	(iii) SFTs	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	147 888	
8	Non-segregated initial margin	-	-
9	Prefunded default fund contributions	1 000	20
10	Unfunded default fund contributions	-	-
11	**Exposures to non-QCCPs (total)**		**-**
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC derivatives	-	-
14	(ii) Exchange-traded derivatives	-	-
15	(iii) SFTs	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Prefunded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

12. TRANSITIONAL PROVISIONS

This chapter presents a comparison of the Group's own funds, capital ratio and leverage ratio with and without taking into account the application of transitional arrangements regarding IFRS 9 or similar expected credit losses and information on temporary treatment in accordance with Art. 468 of Regulation (EU) No 575/2013.

In accordance with Regulation (EU) 2017/2395 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No 575/2013 regards transitional arrangements for mitigating the impact of introducing IFRS 9 on own funds and for treatment as large exposures certain exposures to public sector entities denominated in the domestic currency of any Member State (hereinafter "Regulation (EU) 2017/2395") and guidelines EBA / GL / 2020/12, the Bank discloses to the public the amounts of own funds, Common Equity Tier I capital and Tier I capital, risk-weighted assets, Common Equity Tier I capital ratio, Tier I capital ratio, total capital ratio and leverage ratio that would apply if the Bank did not apply the transitional solutions 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 Art. 468 of Regulation (EU) No 575/2013.

Starting from the reporting date on December 31, 2021, the Bank applies a provisional treatment of unrealized gains and losses measured at fair value through other comprehensive income in accordance with Art. 468 of Regulation (EU) No 575/2013. Reported capital ratios, including the leverage ratio and Tier 1 capital, take into account the application of Art. 468 Regulation (EU) No 575/2013.

The Bank, as the parent company, after analyzing the requirements of Regulation (EU) 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 Group, the full impact of IFRS 9 implementation is not taken into account. The Bank fulfilled its obligations under Regulation (EU) 2017/2395 by informing the Polish Financial Supervision Authority of its intention to apply the transitional provisions by letter No. BZO / W / 15/2018 as of January 29, 2018.

Table 31. 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 30 June 2022

		30 June 2022	31 March 2022	31 December 2021	30 September 2021
	Available capital (amounts)				
1	Common Equity Tier I (CET1) capital	10 798 069	10 838 219	11 303 787	11 487 203
2	Common Equity Tier I (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	10 697 873	10 738 023	11 103 395	11 286 810
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	10 371 007	10 492 861	10 936 620	11 487 203
3	Tier I capital	10 798 069	10 838 219	11 303 787	11 487 203
4	Tier I capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	10 697 873	10 738 023	11 103 395	11 286 810
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	10 371 007	10 492 861	10 936 620	11 487 203
5	Total capital	14 958 769	15 013 493	15 502 699	15 703 566
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14 858 573	14 913 296	15 302 306	15 503 173
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	14 531 707	14 668 135	15 135 531	15 703 566
	Risk-weighted assets (amounts)				
7	Total risk-weighted assets	98 371 967	95 362 058	91 651 096	89 374 691
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	98 082 178	95 088 491	91 768 607	89 492 201
	Capital ratios				
9	Tier I (as a percentage of risk exposure amount)	10.98%	11.37%	12.33%	12.85%
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	10.91%	11.29%	12.10%	12.61%

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	10.54%	11.00%	11.90%	12.85%
11	Tier I (as a percentage of risk exposure amount)	10.98%	11.37%	12.33%	12.85%
12	Tier I (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	10.91%	11.29%	12.10%	12.61%
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	10.54%	11.00%	11.90%	12.85%
13	Total capital (as a percentage of risk exposure amount)	15.21%	15.74%	16.91%	17.57%
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	15.15%	15.68%	16.67%	17.32%
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	14.77%	15.38%	16.48%	17.57%
	Leverage ratio				
15	Leverage ratio total exposure measure	154 772 167	150 980 074	145 088 356	141 450 480
16	Leverage ratio	6.98%	7.18%	7.79%	8.12%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	6.91%	7.11%	7.65%	7.98%
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	6.70%	6.95%	7.54%	8.12%

13. STATEMENT OF THE MANAGEMENT BOARD

Hereby, the Management Board of BNP Paribas Bank Polska S.A.

- declares that to the best of their knowledge, the information disclosed in accordance with part eight of Regulation (EU) No 575/2013 has been prepared in accordance with internal control processes;
- declares that, to the best of their knowledge, the adequacy of risk management arrangements ensures that the risk management systems used are appropriate from the point of view of the risk profile and strategy of the Bank and the Group;
- approves this "Capital adequacy information of the BNP Paribas Bank Polska S.A. Capital Group as of 30 June 2022", which includes key indicators and figures that provide external stakeholders with a comprehensive view of risk profile of the Group.

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

10.08.2022	**Przemysław Gdański** *President of the Management Board*	*qualified electronic signature*
10.08.2022	**Agnieszka Wolska** *Vice-President of the Management Board*	*qualified electronic signature*
10.08.2022	**Magdalena Nowicka** *Vice-President of the Management Board*	*qualified electronic signature*
10.08.2022	**Jean-Charles Aranda** *Vice-President of the Management Board*	*qualified electronic signature*
10.08.2022	**Andre Boulanger** *Vice-President of the Management Board*	*qualified electronic signature*
10.08.2022	**Przemysław Furlepa** *Vice-President of the Management Board*	*qualified electronic signature*
10.08.2022	**Wojciech Kembłowski** *Vice-President of the Management Board*	*qualified electronic signature*
10.08.2022	**Kazimierz Łabno** *Vice-President of the Management Board*	*qualified electronic signature*
10.08.2022	**Volodymyr Radin** *Vice-President of the Management Board*	*qualified electronic signature*

Warsaw, 10 August 2022