

CAPITAL ADEQUACY INFORMATION

FOR THE PERIOD OF 3 MONTHS ENDED
31 MARCH 2023

Consolidated Group BNP Paribas Bank Polska S.A.



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, as amended) (hereinafter the CRR, CRR Regulation) 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 (hereinafter "Regulation (EU) No 2021/637")
- 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)

Unless otherwise specified, all figures in the document are presented as at March 31, 2023, in thousands PLN, based on the data of the BNP Paribas Bank Polska S.A. Capital Group.

As of 31 March 2023, the Group comprised the Bank, as the parent, and its subsidiaries:

- BNP Paribas Towarzystwo Funduszy Inwestycyjnych S.A.
- BNP Paribas Leasing Services Sp. z o.o.
- BNP Paribas Group Service Center S.A.
- Campus Leszno sp. z o.o.
- Bankowy Fundusz Nieruchomościowy Actus Sp. z o.o. w likwidacji

On 27.03.2023 r. the securitization process was concluded, therefore BGZ Poland ABS1 DAC (SPV) ceased to be controlled by the Bank.

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

- Campus Leszno sp. z o.o.

Exclusion from prudential consolidation of this company, results from taking into account the conditions set out in Art. 19(1) of Regulation (EU) No 575/2013.

List of abbreviations used:

- Bank - BNP Paribas Bank Polska S.A.
- Group - BNP Paribas Bank Polska S.A. Capital Group.
- 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. KEY METRICS

Implementing the requirement specified in art. 447 and art. 438(d) of the Regulation (EU) No 575/2013, the Group publishes aggregate data on own funds, 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 31 March 2023

	a	b	c	d	e	
	31 March 2023	31 December 2022	30 September 2022	30 June 2022	31 March 2022	
Available own funds (amounts)						
1	Common Equity Tier 1 (CET1) capital	11 008 591	10 768 638	10 716 728	10 798 069	10 838 219
2	Tier 1 capital	11 008 591	10 768 638	10 716 728	10 798 069	10 838 219
3	Total capital	15 000 399	14 847 632	14 922 112	14 958 769	15 013 493
Risk-weighted exposure amounts						
4	Total risk-weighted exposure amount	94 496 307	95 456 297	100 415 006	98 371 967	95 362 058
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common Equity Tier 1 ratio (%)	11,65%	11,28%	10,67%	10,98%	11,37%
6	Tier 1 ratio (%)	11,65%	11,28%	10,67%	10,98%	11,37%
7	Total capital ratio (%)	15,87%	15,55%	14,86%	15,21%	15,74%
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 (%)	0,01%	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 (%)	2,76%	2,75%	2,75%	2,75%	2,75%
EU-11a	Overall capital requirements (%)	10,76%	10,75%	10,75%	10,75%	10,75%
12	CET1 available after meeting the total SREP own funds requirements (%)	5,65%	5,28%	4,67%	4,98%	5,37%
Leverage ratio						
13	Leverage ratio total exposure measure	161 238 856	163 845 820	157 900 727	154 772 167	150 980 074
14	Leverage ratio	6,83%	6,57%	6,79%	6,98%	7,18%
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 (%)	3,00%	3,00%	3,00%	3,00%	3,00%
Total SREP leverage ratio requirements (%)						
EU-14d	Applicable leverage buffer	0,00%	0,00%	0,00%	0,00%	0,00%
EU-14e	Overall leverage ratio requirements (%)	3,00%	3,00%	3,00%	3,00%	3,00%
Liquidity Coverage Ratio						
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	32 355 492	36 705 120	27 655 536	29 361 868	32 170 250
EU-16a	Cash outflows - Total weighted value	38 863 094	48 226 495	37 552 919	43 081 970	38 449 981
EU-16b	Cash inflows - Total weighted value	21 627 552	26 604 463	19 652 217	22 465 945	15 756 884
16	Total net cash outflows (adjusted value)	17 235 542	21 622 032	17 900 703	20 616 025	22 693 097
17	Liquidity coverage ratio (%)	187,73%	169,76%	154,49%	142,42%	141,76%
Net Stable Funding Ratio						
18	Total available stable funding	105 731 468	107 760 077	108 638 030	105 086 096	101 989 631
19	Total required stable funding	83 060 839	82 579 989	84 807 190	83 525 683	80 044 510
20	NSFR ratio (%)	127,29%	130,49%	128,10%	125,81%	127,42%

3. 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 2 EU OV1 - Overview of risk weighted exposure amounts as of 31 March 2023

		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		a	b	c
		31 March 2023	31 December 2022	31 March 2023
1	Credit risk (excluding CCR)	82 648 158	83 788 850	6 611 853
2	Of which the standardised approach	82 648 158	83 788 850	6 611 853
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	1 237 700	1 572 720	99 016
7	Of which the standardised approach	1 192 467	1 514 145	95 397
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	1 595	1 711	128
EU 8b	Of which credit valuation adjustment - CVA	43 658	56 865	3 493
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)	1 263 553	1 307 210	101 084
21	Of which the standardised approach	1 263 553	1 307 210	101 084
22	Of which IMA	-	-	-
EU 22a	Large exposures	-	-	-
23	Operational risk	9 346 897	8 787 516	747 752
EU 23a	Of which basic indicator approach	303 661	237 208	24 293
EU 23b	Of which standardised approach	9 043 236	8 550 308	723 459
EU 23c	Of which advanced measurement approach	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)	2 246 353	2 138 179	179 708
29	Total	94 496 307	95 456 297	7 559 705

4. LIQUIDITY REQUIREMENTS

In the quarterly report the Group 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 Group 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 presented are calculated as arithmetical mean from the end of month observations for 12 months preceding end of each quarter.

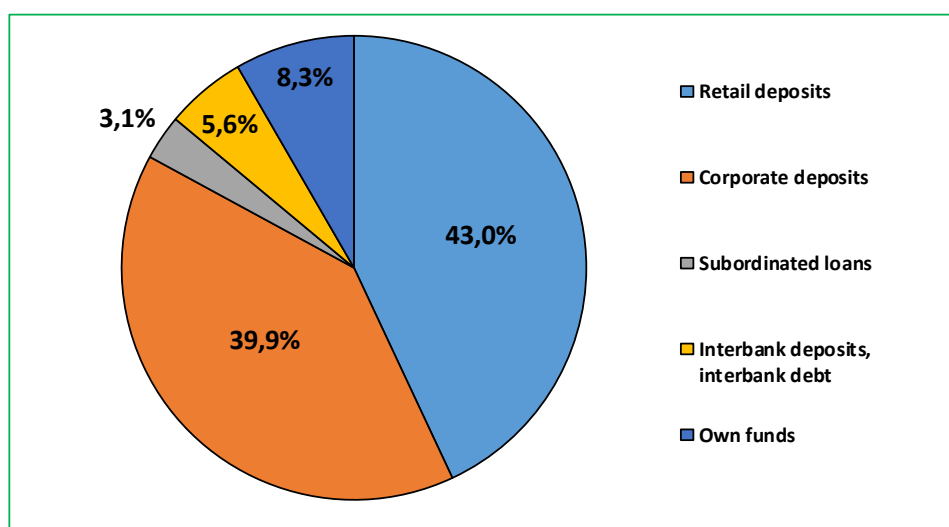
Table 3 EU LIQ1 - Quantitative information of LCR

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 YYYY)	31 March 2023	31 December 2022	30 September 2021	30 June 2021	31 March 2023	31 December 2022	30 September 2022	30 June 2022
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)					30 365 483			
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	71 024 516	71 528 391	70 225 605	67 828 945	5 466 235	5 678 522	5 633 222	5 425 933
3	Stable deposits	43 710 525	43 185 175	42 643 062	41 820 564	2 185 526	2 159 259	2 132 153	2 091 028
4	Less stable deposits	26 024 499	27 467 943	26 900 145	25 074 971	3 280 709	3 519 263	3 501 069	3 334 905
5	Unsecured wholesale funding	43 713 963	40 073 023	37 370 591	35 730 935	17 214 926	15 556 284	14 395 822	13 767 248
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	11 189 928	11 347 743	11 344 128	11 186 030	2 797 482	2 836 936	2 836 032	2 796 508
7	Non-operational deposits (all counterparties)	32 505 688	28 703 304	26 001 894	24 517 472	14 399 097	12 697 372	11 535 222	10 943 309
8	Unsecured debt	18 348	21 977	24 569	27 432	18 348	21 977	24 569	27 432
9	Secured wholesale funding	-	-	-	-	-	-	-	-
10	Additional requirements	37 986 913	40 889 809	41 039 702	41 098 153	14 970 523	15 958 453	15 370 017	15 217 114
11	Outflows related to derivative exposures and other collateral requirements	12 462 623	13 322 496	12 536 328	12 236 591	12 462 623	13 322 496	12 536 328	12 236 591
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	25 524 290	27 567 313	28 503 374	28 861 562	2 507 900	2 635 957	2 833 689	2 980 523
14	Other contractual funding obligations	6 007 070	5 803 147	5 029 156	4 148 202	2 775 055	2 491 503	1 719 172	1 027 105
15	Other contingent funding obligations	17 334 414	16 577 043	16 932 262	17 291 559	22 099	25 360	21 044	15 192
16	TOTAL CASH OUTFLOWS					40 448 837	39 710 122	37 139 279	35 452 592
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-
18	Inflows from fully performing exposures	11 433 014	8 617 737	5 875 490	3 894 710	10 235 705	7 446 878	4 805 366	2 916 193
19	Other cash inflows	11 776 780	12 747 178	11 981 418	11 706 842	11 776 780	12 747 178	11 981 418	11 706 842
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)					0	0	0	0
EU-19b	(Excess inflows from a related specialised credit institution)					0	0	0	0
20	TOTAL CASH INFLOWS	23 209 794	21 364 915	17 856 908	15 601 552	22 012 486	20 194 056	16 786 784	14 623 034
EU-20a	Fully exempt inflows	0	0	0	0	0	0	0	0
EU-20b	Inflows subject to 90% cap	0	0	0	0	0	0	0	0
EU-20c	Inflows subject to 75% cap	23 209 794	21 364 915	17 856 908	15 601 552	22 012 486	20 194 056	16 786 784	14 623 034
TOTAL ADJUSTED VALUE									
EU-21	LIQUIDITY BUFFER					30 365 483	30 439 096	31 254 105	33 249 643
22	TOTAL NET CASH OUTFLOWS					18 436 352	19 516 065	20 352 494	20 829 558
23	LIQUIDITY COVERAGE RATIO					166,02%	157,71%	154,58%	160,62%

The Group collects diversified sources of funds, that ensure stable liquidity situation. The Group holds as well high liquid assets portfolio, that can be used as the source of liquidity in case of need 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 LCR ratios as of the end of each quarter remained on safe and high level. The LCR at the end of March 2023 was higher than at the end of 2022, even with the decrease of the liquidity buffer. This is the results of the changes in the non-bank Customers funding structure (increase of the more stable funding from retail Customers versus decreased pool of less stable corporate funds) and decrease of the net loans volume. Throughout four recent quarters, the LCR increased from 141,8% as of end of March 2022 to 187,7% as of the end of 1Q 2023. In June 2022 operational part of the corporate current accounts value was estimated, which significantly increased the LCR measure, due to more stable approach for this part of corporate deposits in the LCR standard/metric.

The non-bank Customers deposits base constitutes to be the largest share in the Group funding, and it comes from all segments of Clients. As of end of 1Q 2023 the retail segment funding constitutes dominant contribution. The stability of deposit base is ensured by the attractive and comprehensive offer to the Bank's Customers, which is subject to on-going monitoring and analysis in order to establish models describing the deposits behaviour in time for each business line. The Group also cooperates with the supranational financial institutions that provide stable funding used for specific projects or dedicated offers to selected Customers. The complete funding structure as of the end of 1Q 2023 is presented in the chart below.



The Bank monitors concentration of the funding sources from non-bank Customers and presents relevant analysis to the ALCO Committee on a monthly basis. The Bank established limits for deposits concentration both for corporate and retail segment. There was no excess of the concentration limit during the observed period.

Due to the currency structure of the balance sheet, the Bank provides financing tailored to the profile of its foreign currency assets, either through financing obtained directly in a given currency or through CIRS or FX SWAP transactions.

Closing the currency mismatch through derivative transactions allows to close the Bank's needs in various currencies and in appropriate term structure. The Bank monitors liquidity in PLN and main foreign currencies: EUR, CHF, USD and other currencies in total. In the event of a shortage of liabilities in foreign currencies, the Bank enters into off-balance sheet foreign exchange transactions with the BNP Paribas Group entities: FX SWAP and CIRS, mainly with through the foreign currencies, in which the Bank has a surplus of liabilities. As of March 31, 2023, the Bank used funds in CHF collected through the above-mentioned transactions in order to finance the portfolio of its mortgage loans in this currency. Due to uncertainty as to the further development of the situation regarding this portfolio, the Bank secured financing with a relatively short maturity so as to be able to quickly adjust the balance sheet structure to any changes in the outstanding of its CHF mortgage portfolio.

Derivatives exposure and potential collateral calls:

Collaterals for derivative transactions are mainly assets of the Level 1 type, i.e. cash and government securities. The change of collateral type is performed exclusively within this type of assets. In ISDA-type agreements and ZBP framework agreements there might be clauses on the "Credit Event Upon Merger", which means that in case of such an event, the counterparty's rating may deteriorate. Such an event does not entail any posting of the additional collateral, but it may cause possible closing of the transaction.

5. INFORMATION ON THE REMUNERATION POLICY - SUPPLEMENT INFORMATION

According to the information provided in the report as of 31 December 2022, the supplementary information is presented below with collective quantitative information on the remuneration granted for 2022, i.e. fixed remuneration paid in 2022 and variable remuneration granted for 2022.

Table 4 EU REM1 – Remuneration awarded for the financial year (ths PLN, the information on the number of employees is expressed as a full number)

		a	b	c	d	
		MB Supervisory function	MB Management function	Other senior management	Other identified staff	
1	Fixed remuneration	Number of identified staff	12	9	10	122
2		Total fixed remuneration	1 629	12 873	6 378	44 243
3		Of which: cash-based	1 629	10 848	5 938	41 909
4		(Not applicable in the EU)				
EU-4a		Of which: shares or equivalent ownership interests				
5		Of which: share-linked instruments or equivalent non-cash instruments				
EU-5x		Of which: other instruments				
6		(Not applicable in the EU)				
7	Of which: other forms		2 025	440	2 334	
8	(Not applicable in the EU)					
9	Variable remuneration	Number of identified staff	12	9	10	122
10		Total variable remuneration		7 215	2 729	17 304
11		Of which: cash-based		2 973	1 428	13 747
12		Of which: deferred		1 350	402	1 051
EU-13a		Of which: shares or equivalent ownership interests		2 973	1 004	2 627
EU-14a		Of which: deferred		1 350	402	1 051
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
EU-14b		Of which: deferred	-	-	-	-
EU-14x		Of which: other instruments	-	-	-	-
EU-14y		Of which: deferred	-	-	-	-
15	Of which: other forms		1 270	298	930	
16	Of which: deferred		1 270	298	930	
17	Total remuneration (2 + 10)	1 629	20 088	9 107	61 547	

6. 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 31 March 2023*.

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

09.05.2023	Przemysław Gdański <i>President of the Management Board</i>	<i>qualified electronic signature</i>
09.05.2023	Agnieszka Wolska <i>Vice-President of the Management Board</i>	<i>qualified electronic signature</i>
09.05.2023	Magdalena Nowicka <i>Vice-President of the Management Board</i>	<i>qualified electronic signature</i>
09.05.2023	Jean-Charles Aranda <i>Vice-President of the Management Board</i>	<i>qualified electronic signature</i>
09.05.2023	Andre Boulanger <i>Vice-President of the Management Board</i>	<i>qualified electronic signature</i>
09.05.2023	Przemysław Furlepa <i>Vice-President of the Management Board</i>	<i>qualified electronic signature</i>
09.05.2023	Wojciech Kemblowski <i>Vice-President of the Management Board</i>	<i>qualified electronic signature</i>
09.05.2023	Kazimierz Łabno <i>Vice-President of the Management Board</i>	<i>qualified electronic signature</i>
09.05.2023	Volodymyr Radin <i>Vice-President of the Management Board</i>	<i>qualified electronic signature</i>

Warsaw, 09 May, 2023