



on the appraisal of the Separate Financial Statements of BNP Paribas Bank Polska S.A. for the year ended 31 December 2022, the Consolidated Financial Statements of BNP Paribas Bank Polska S.A. Capital Group for the year ended 31 December 2022 and of the Management Board Report on the activities of BNP Paribas Bank Polska S.A. Capital Group in 2022 (including Report of the Management Board on the activities of BNP Paribas Bank Polska S.A. in 2022), Report presenting non-financial information of BNP Paribas Bank Polska S.A. Capital Group for the year 2022 (including non-financial information of BNP Paribas Bank Polska S.A. in 2022), and on the motion of the Management Board on the distribution of profit for the year 2022 together with the assessment of adequacy and effectiveness of the internal control system at the Bank in 2022



BNP PARIBAS

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1. ASSESSMENT OF THE FINANCIAL STATEMENTS OF BNP PARIBAS BANK POLSKA S.A. FOR 2022

Pursuant to Article 382 § 3 of the Code of Commercial Companies and § 20 paragraph 1 item 2) letter a) of the Articles of Association of the Bank, the Supervisory Board of BNP Paribas Bank Polska S.A. conducted an assessment of the Separate Financial Statements of BNP Paribas Bank Polska S.A. for the year ended 31 December 2022, the Management Board's Report on Activities of BNP Paribas Bank Polska S.A. Capital Group in 2022 (including Management Board's Report on Activities of BNP Paribas Bank Polska S.A. in 2022), and the motion of the Management Board on distribution of profit for the financial year 2022.

The assessment covered in particular:

1. Separate financial statements of the Bank for the year ended 31 December 2022 comprising:
 - a. separate statement of profit or loss for the period from January 1, 2022 to December 31, 2022, showing a net profit of PLN 370,892 thousand (three hundred seventy million eight hundred ninety two thousand zloty),
 - b. separate statement of other comprehensive income for the period from January 1, 2022 to December 31, 2022 with a total negative comprehensive income of PLN 183,401 thousand (one hundred eighty three million four hundred one thousand zloty),
 - c. separate statement of financial position prepared as at December 31, 2022 showing total assets of PLN 146,108,498 thousand (one hundred forty six billion one hundred eight million four hundred ninety eight thousand zloty),
 - d. separate statement of changes in equity for the period from January 1, 2022 to December 31, 2022 disclosing a decrease in equity by PLN 177,369 thousand (one hundred seventy seven million three hundred sixty nine thousand zloty),
 - e. separate statement of cash flows for the period from January 1, 2022 to December 31, 2022 showing a net cash inflow of PLN 7,974,387 thousand (seven billion nine hundred seventy four million three hundred eighty seven thousand zloty),

and

2. Explanatory information to the Separate Financial Statements.
3. Management Board's Report on Activities of BNP Paribas Bank Polska S.A. Capital Group in 2022 (including Management Board's Report on Activities of BNP Paribas Bank Polska S.A. in 2022).
4. Motion of the Management Board on the profit distribution for the year ended 31 December 2022.
5. Report of the independent statutory auditor on the audit of the Separate Financial Statements of BNP Paribas Bank Polska S.A.

Based on the assessment of the Separate Financial Statements of BNP Paribas Bank Polska S.A. for the year ended 31 December 2022, the Supervisory Board has concluded that the financial statements, in all material aspects, have been prepared:

- a) in accordance with the International Financial Reporting Standards approved by the European Union,
- b) based on properly maintained accounting records,
- c) in accordance with the provisions of the law governing preparation of the financial statements and provisions of the Bank's Articles of Association affecting the form and content of the financial statements,
- d) within the set deadline,

and give a fair and clear view of all information material for the evaluation of the financial result of business activities for the period from 1 January 2022 to 31 December 2022, as well as the economic and financial position of BNP Paribas Bank Polska S.A. as at 31 December 2022.

SUPERVISORY BOARD ASSESSMENT

Following careful examination of the Separate Financial Statements of BNP Paribas Bank Polska S.A. for the year ended 31 December 2022 prepared by the Management Board, and the Report of the independent statutory auditor on audit of the Separate Financial Statements of BNP Paribas Bank Polska S.A. for the year ended 31 December 2022, the Supervisory Board decides to give a positive opinion regarding the Separate Financial Statements of the

Bank for the year ended 31 December 2022, and recommend the approval of the financial statements to the Ordinary General Meeting.

2. ASSESSMENT OF THE MANAGEMENT BOARD'S MOTION ON THE PROFIT DISTRIBUTION FOR THE FINANCIAL YEAR 2022

The Supervisory Board, acting pursuant to § 20 paragraph 1, item 2) letter a) of the Bank's Articles of Association, hereby positively assesses the Management Board's motion on the net profit distribution for the year 2022, stating that the profit after taxation (net profit) for the financial year 2022 in the amount of PLN 370,891,956.89 (three hundred seventy million eight hundred ninety one thousand nine hundred fifty six zloty and eighty nine groszy) is transferred in full to the reserve capital.

The Supervisory Board of the Bank resolved to recommend that the Ordinary General Meeting pass a resolution on distribution of the net profit of BNP Paribas Bank Polska S.A. for the year 2022 in the amount of PLN 370,891,956.89 as per the motion of the Management Board of the Bank.

3. ASSESSMENT OF THE CONSOLIDATED FINANCIAL STATEMENTS OF THE BANK'S CAPITAL GROUP IN 2022

Pursuant to § 20 paragraph 1 item 2) letter b) of the Articles of Association of the Bank, the Supervisory Board of BNP Paribas Bank Polska S.A. conducted an assessment of the Consolidated Financial Statements of BNP Paribas Bank Polska S.A. Capital Group for the year ended 31 December 2022 and the Management Board's Report on Activities of BNP Paribas Bank Polska S.A. Capital Group in 2022 (including Management Board's Report on Activities of BNP Paribas Bank Polska S.A. in 2022).

The assessment covered in particular:

1. BNP Paribas Bank Polska S.A. Capital Group Consolidated Financial Statements for the year ended 31 December 2022, comprising:
 - a. consolidated statement of profit or loss for the period from January 1, 2022 to December 31, 2022 showing net profit of PLN 441,497 thousand (four hundred forty one million four hundred ninety seven thousand zloty),
 - b. consolidated statement of other comprehensive income for the period from January 1, 2022 to December 31, 2022 with a total negative comprehensive income of PLN 112,667 thousand (one hundred twelve million six hundred sixty seven thousand zloty),
 - c. consolidated statement of financial position drawn up as at December 31, 2022 with balance sheet total of PLN 151,517,069 thousand (one hundred fifty one billion five hundred seventeen million sixty nine thousand zloty),
 - d. consolidated statement of changes in equity for the period from January 1, 2022 to December 31, 2022 showing a decrease in equity by PLN 99,410 thousand (ninety nine million four hundred ten thousand zloty),
 - e. consolidated statement of cash flows for the period from January 1, 2022 to December 31, 2022 showing a net cash inflow of PLN 7,704,455 thousand (seven billion seven hundred four million four hundred fifty five thousand zloty)

and

2. Explanatory information to the Consolidated Financial Statements.
3. Management Board's Report on Activities of BNP Paribas Bank Polska S.A. Capital Group in 2022 (including Management Board's Report on Activities of BNP Paribas Bank Polska S.A. in 2022).
4. Report of independent statutory auditor on audit of the consolidated financial statements of BNP Paribas Bank Polska S.A. Capital Group for the year ended on 31 December 2022.

As a result of the assessment of Consolidated Financial Statements of BNP Paribas Bank Polska S.A. Capital Group for the year ended 31 December 2022, the Supervisory Board states that the statements in all relevant aspects have been drawn up:

- a) in accordance with the International Financial Reporting Standards approved by the European Union,

- b) based on properly maintained accounting records,
- c) in compliance with legal provisions regulating the preparation of financial statements and provisions of the Articles of Association of the Bank, which affect the form and contents of the financial statements,
- d) within the deadline set by law,

and reliably and clearly present all information relevant for the assessment of the financial result on the business activity for the period from 1 January 2022 to 31 December 2022, as well as the economic and financial position of BNP Paribas Bank Polska S.A. Capital Group as at 31 December 2022.

SUPERVISORY BOARD ASSESSMENT

Having examined the Consolidated Financial Statements of BNP Paribas Bank Polska S.A. Capital Group for the year ended 31 December 2022 prepared by the Management Board, and the Report of the independent statutory auditor on the audit of consolidated financial statements of BNP Paribas Bank Polska S.A. Capital Group for the year ended 31 December 2022, the Supervisory Board decides to give a positive opinion on the Consolidated Financial Statements of BNP Paribas Bank Polska S.A. Capital Group for the year ended 31 December 2022, and recommend the approval of the financial statements to the Ordinary General Meeting

4. ASSESSMENT OF THE MANAGEMENT BOARD'S REPORT ON ACTIVITIES OF BNP PARIBAS BANK POLSKA S.A. CAPITAL GROUP IN 2022 (INCLUDING MANAGEMENT BOARD'S REPORT ON ACTIVITIES OF BNP PARIBAS BANK POLSKA S.A. IN 2022)

The Supervisory Board of BNP Paribas Bank Polska S.A., acting on the basis of Article 382 § 3 of the Commercial Companies Code, in performance of its duties, following a thorough review of the Management Board's Report on Activities of the BNP Paribas Bank Polska S.A. Capital Group in 2022 (including the Management Board's Report on Activities of BNP Paribas Bank Polska S.A. in 2022) concludes that this Report is factually correct, consistent with the books and documents, including information contained in the Separate and Consolidated Financial Statements of the BNP Paribas Bank Polska S.A. Capital Group for the year ended December 31, 2022.

The Supervisory Board finds that the Report includes material information on the financial and economic standing of the Bank and the Capital Group, presents a fair view of the development and achievements of the Bank, including its results and primary risks.

The Report contains material information about the strategy, management, performance and prospects of the Bank, with due regard for the economic, social and environmental context, as well as about non-financial aspects (ESG), including the Bank's impact on sustainable growth. In addition, it covers actual and potential risks and opportunities that may significantly affect the operations and financial performance of the Bank and its Capital Group.

In addition, the Supervisory Board confirms that the above-mentioned Report complies, in all material respects, with the requirements of Articles 49 and 55 para. 2a of the Accounting Act and of the Regulation of the Minister of Finance of 29 March 2018 on current and regular information provided by issuers of securities and on conditions for the recognition as equivalent of information required by the laws of a non-member state.

The Supervisory Board recommends that the General Shareholders Meeting of BNP Paribas Bank Polska S.A. approve the Management Board's Report on Activities of the BNP Paribas Bank Polska S.A. Capital Group in 2022 (including the Management Board's Report on Activities of BNP Paribas Bank Polska S.A. in 2022).

5. ASSESSMENT OF THE REPORT PRESENTING NON-FINANCIAL INFORMATION OF CAPITAL GROUP FOR THE YEAR 2022 (INCLUDING NON-FINANCIAL INFORMATION OF BNP PARIBAS BANK POLSKA S.A. IN 2022)

To comply with Article 49b para. 9 of the Accounting Act, the Bank has prepared a separate Report covering non-financial information about the BNP Paribas Bank Polska S.A. Capital Group in 2022 (covering non-financial information about BNP Paribas Bank Polska S.A. in 2022), which includes non-financial information as required by the Act.

To get a full picture of the Bank's operations in respect of sustainable growth, and in conjunction with the GOeyond Business Strategy adopted in March, integrating non-financial aspects (ESG), the non-financial information is integrated into the Management Board's Report on the activities of the BNP Paribas Bank Polska S.A. Capital Group in 2022 (covering the Management Board's Report on the activities of BNP Paribas Bank Polska S.A. in 2022), constituting the Integrated Annual Report. The Management Board's Report offers a comprehensive view of the Bank's operations, integrating financial and business performance with environmental and social impact, and corporate governance (ESG). It also covers best market practice and refers to domestic and international guidelines of significance for the business in respect of non-financial reporting: the Global Reporting Initiative (GRI) 2021, Guidelines of the International Integrated Reporting Council (IIRC), Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in respect of climate risk reporting, and the EU's Taxonomy Regulation.

As part of good market practice, selected metrics reported according to the Global Reporting Initiative standard are verified by Deloitte, an external auditor. The relevant reference to the audit scope is provided in the Management Board's Report on the activities of the BNP Paribas Bank Polska S.A. Capital Group in 2022 (including the Report of the Management Board on the activities of BNP Paribas Bank Polska S.A. in 2022) in the GRI Table.

Details about sponsorship, charity and CSR activities are also included in the 2022 Integrated Annual Report of the Capital Group, to be published on the Bank's website in April 2023.

BNP Paribas Bank Polska S.A. is involved in corporate social responsibility (CSR) and sustainable growth activities, comprising sponsorship, charity and socially-beneficial actions. Each of those activities follows from the decision made by the Bank's Management Board, supported by the analysis of benefits for the Bank and its stakeholders; complies with the corporate social responsibility (CSR) and sustainable growth standards, and accounts not only for the Bank's economic impact on its environment but also the environmental, social and governance (ESG) factors. This is how the Bank lends credibility, stability and transparency to its actions vis-a-vis all stakeholders.

The Supervisory Board also takes a positive view of the Bank's sponsorship, charitable and social policy as detailed in the Report. The Bank's activities support, in a reasonable manner, the pursuit of the business mission and the GOeyond business strategy for 2022-2025, including in particular the following commitments: "The BNP Paribas brand is inextricably linked with environmental stewardship and matters that are important to the society" and "A Bank that engages with local communities" under the Positive Pillar, and takes account of the needs of the company's stakeholders – Clients, employees, local communities, business partners, and professional organizations.

The Supervisory Board is of the opinion that the Bank's sponsorship and charity policy is pursued prudently and efficiently. All initiatives are implemented in an informed and consistent manner. Doing so helps build and reinforce the positive image of the Bank as a socially responsible corporate citizen.

SUPERVISORY BOARD ASSESSMENT

Following the assessment of the 2022 Non-Financial Report of the BNP Paribas Bank Polska S.A. Capital Group. (covering non-financial information about BNP Paribas Bank Polska S.A. in 2022), the Supervisory Board finds that the report in question is prepared in accordance with Article 49b of the Accounting Act of 29 September 1994, and that it reliably and clearly presents key non-financial efficiency metrics relating to the operations of the Bank and the BNP Paribas Bank Polska S.A. Capital Group, as well as information about personnel and natural environment matters of relevance for the assessment of business activities in the period from 1 January 2022 to 31 December 2022.

The Supervisory Boards recommends that the General Shareholders Meeting of BNP Paribas Bank Polska S.A. approve the 2022 Non-Financial Report of the BNP Paribas Bank Polska S.A. Capital Group (covering non-financial information about BNP Paribas Bank Polska S.A. in 2022).

6. ASSESSMENT OF ADEQUACY AND EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEM AT THE BANK IN 2022

The structure of the internal control system complies with the requirements set forth in the Banking Law Act of 29 August 1997, the Regulation of the Minister of Finance, Funds and Regional Policy of 8 June 2021 on the risk

management system and the internal control system, the remuneration policy of banks, and Recommendation H of the PFSA. The internal control system is a component of the Bank's management system.

The purpose of internal control is to ensure effective and efficient operations of the Bank, reliability of its financial reporting, conformity to the risk management principles in effect at the Bank, compliance of the Bank's operations with the applicable laws, internal regulations and market standards. In pursuing those objectives, the Bank identifies detailed objectives and describes their link with significant processes at the Bank, as well as designs, implements and applies control mechanisms to attain them. The application of control mechanisms is documented and independently monitored, and their adequacy and effectiveness is tested and assessed by the internal audit unit. The internal control principles are formulated in the "BNP Paribas Bank Polska S.A. Internal Control Policy", approved by the Bank's Management Board. This document describes the main principles, organizational framework and standards for the functioning of the internal control environment at the Bank, in line with the regulatory requirements mentioned above. Detailed internal regulations covering the respective areas of the Bank's operations are aligned with the particular characteristics of the Bank's operations. The relevant organizational units of the Bank, in accordance with their individual remits, are responsible for developing detailed internal control regulations.

The Bank's internal control system, as well as the risk management system, are based on the model of three independent lines of defence:

- **the first line of defence** are the business units that are responsible for the risk management in the Bank's operational activities, including compliance with control mechanisms,
- **the second line of defence** consists of the organisational units of the Risk Area and Security and Business Continuity Management Line, which are responsible for managing specific risks, including measuring, monitoring, controlling and reporting risks, independently of the first line; it also includes the activity of the Compliance Line,
- **the third line of defence** consists of the operations of the Internal Audit Line, which carries out assessments of the adequacy and effectiveness of the risk management system and internal control system in the Bank's operations.

The internal control system is aligned with the specific nature of the Bank's business operations, the level of complexity of the processes functioning at the Bank, as well as the risk of irregularities. It also factors in the resources of the Bank. The Supervisory Board of the Bank performs an annual review of the adequacy and effectiveness of the internal control system in accordance with the adopted criteria.

The Management Board of the Bank is responsible for the operation of an adequate and effective internal control system, ensures its operational continuity, ensures compliance of the Bank's operations with the applicable laws and market standards, is responsible for efficient management of the compliance risk, as well as performs reviews of the Bank's procedures and ethical standards.

The Management Board implements the necessary adjustments and improvements when there are changes to the level of risk to the Bank's operations, business environment factors, including legal and regulatory requirements, and takes the relevant actions to remedy irregularities identified by the internal control system.

Furthermore, the Management Board ensures the organisational framework that matches the volume and profile of the risks assumed by the Bank and that enables effective performance of tasks, defines the operating principles for the organisational units involved in the management of the Bank, and is responsible for the development, implementation and update of written policies, strategies and procedures in this respect.

The Supervisory Board oversees the implementation and ensuring of the operation of an adequate and effective internal control system at the Bank and reviews its adequacy and effectiveness on an annual basis, including the audit function, the compliance unit and the internal audit unit, based on developed and approved review criteria, information from the Management Board, and opinions of the Audit Committee. The basis for the review by the Audit Committee includes findings of the audits carried out by the Internal Audit Line, communicated to the Committee in reports from each audit, in periodic reports on the activities of the Internal Audit Line, annual reports of the Internal Audit Line, as well as periodic and annual reports of the Compliance Line. In addition, the Audit Committee examines the progress with the implementation of recommendations issued by supervisory authorities, the internal audit and the external auditor.

The Internal Audit Line reviews the adequacy and effectiveness of the management system, in particular the risk management system and internal control system, by performing audits included in the audit process defined by the Bank. The scope of the Audit Line activities encompasses all activities of the Bank and all its organisational units, including separate organisational units and subsidiaries. The Audit Committee and the Supervisory Board received regular updates on the progress with the 2022 Audit Plan. The Internal Audit Line monitors, on an ongoing basis, the situation at the Bank and any changes as may occur in its environment, and, where needed, makes the necessary adjustments to the Audit Plan, which are then approved by the Supervisory Board.

The Compliance Line provides support to the Management Board and Supervisory Board with respect to the management of the following types of risk:

- 1) compliance risk,
- 2) money laundering and sanction evasion risk.

Responsibilities of the Compliance Line include: identification, assessment, control and monitoring of the risk of non-compliance of the Bank's operations with the law, internal regulations and market standards adopted by the Bank, including in respect of activities described in Article 70 para. 2 of the Act on trading in financial instruments. In addition, control tasks of the Compliance Line ensure compliance of certain areas of the Bank's operations (e.g. financial security, protection of customer interests, professional ethics and financial market activities).

The identification and assessment of the compliance risk relies for example on the analysis of changes in the regulatory environment of the Bank, assessment of key compliance risk factors, findings of the competent supervisory authorities and internal audit, monitoring results for key control mechanisms, results of the application of the compliance risk control mechanisms, such as the assessment of internal regulations, new products and banking services. The assessment of the compliance risk is comprehensive, performed for all processes at the Bank, and documented as a risk map.

Outcomes of the Compliance Line activities, including information on the Bank's compliance risk level and profile, are submitted to the Management Board of the Bank, and subsequently to the Audit Committee and the Supervisory Board as reports on the activities of the Line.

Another component of the Bank's internal control system is the Operational Risk, Internal Control and Fraud Prevention Line, responsible for the identification, assessment, monitoring and reporting of the operational risk, for taking actions to prevent frauds against the Bank, and for monitoring the internal control environment through the supervision and coordination of the Bank's horizontal and vertical testing process.

The Operational Risk, Internal Control and Fraud Prevention Line prepares quarterly summary reports on control plans and execution, and results of horizontal and vertical testing at the Bank's organisational units (network and Head Office units). The reports are submitted to the Management Board of the Bank.

The Operational Risk, Internal Control and Fraud Prevention Line annually reports on vertical testing of key control mechanisms, and on the progress status of remedial and disciplinary measures covering the identified significant and critical irregularities.

The Operational Risk, Internal Control and Fraud Prevention Line supports the Management Board and the Supervisory Board in identifying and assessing the following types of risk in particular:

- 1) operational risk,
- 2) fraud risk,
- 3) personal data risk.

SUPERVISORY BOARD ASSESSMENT

The Supervisory Board holds a positive opinion about the internal control system in all three lines of defence, implemented at the Bank in compliance with the PFSA Recommendation H. The Supervisory Board finds that the adequacy and effectiveness of the internal control system at the Bank (comprising the control function, the compliance functions and the internal audit function) as generally satisfactory. The Supervisory Board confirms that the internal control system is adequate and effective, except for gaps identified in the control process, affecting the Bank's risk profile, including the increased risk level in the following areas:

- Custody and depositary activities
- Dormant accounts (individual customers)
- IT processes
- Corpo/SME credit products

- Access rights
- External frauds
- Internal frauds
- Implementation of modified PFSA requirements – loans (S and R Recommendations)
- Opening and handling accounts of individual clients

All identified gaps were addressed by suitable action plans that are gradually implemented. With respect to material deficiencies of the internal control system, the Audit Committee monitored the implementation of the action plans.

Deficiencies in the Bank's processes identified by the General Inspector of Financial Information are addressed by the remedial plan, whose implementation is monitored by the Management Board of the Bank.

In terms of the financial reporting processes, the Supervisory Board is of the opinion that the control mechanisms ensure full reliability and credibility in the financial reporting process.

In addition, the Supervisory Board finds that the Management Board of the Bank efficiently manages the risk of non-compliance of the Bank's operations with the applicable laws, internal regulations and market standards. The compliance risk is maintained at a stable and moderate level, despite the impact of the external environment, such as the war in Ukraine or the rapidly evolving regulatory environment. Particular attention should be paid to the reinforcement of the system for ensuring compliance with the modified supervisory requirements.

In 2022, the control environment for the compliance risk was reinforced in the Business, Operations and Compliance and is subject to continuous improvement.

Further, the Supervisory Board reviewed and assessed the functioning of the compliance unit in 2022. The Supervisory Board finds the adequacy and effectiveness of the Compliance Line to be satisfactory based on the adopted assessment criteria. The Supervisory Board holds a positive opinion about the efficiency of the control environment of the Compliance Line's processes, and full execution of the action plan of the Line in 2022, including control plans. The aggregated control results were generally satisfactory, and the identified irregularities were addressed by the relevant remedial plans. The whistleblowing procedures operate adequately and efficiently.

Furthermore, the Supervisory Board assessed the adequacy and effectiveness of the internal audit function as satisfactory. The Supervisory Board emphasised that the Internal Audit Line completed all audits planned for 2022, and achieved the assigned KPI targets. The aggregated control results were generally satisfactory. The Internal Audit Line prepared written reports on completed audits. In justified cases, it recommended measures to remedy the weaknesses identified in the risk management and internal control system. In addition, the Internal Audit Line verified the implementation of the audit follow-up recommendations and made decisions to close out those recommendations after analysing the evidence of their implementation.

The Supervisory Board concludes that the Compliance Line and the Internal Audit Line have appropriate resources, expertise and experience necessary to perform their tasks and that the mechanisms ensuring the independence of those functions operated efficiently and were not breached.

7. ASSESSMENT OF ADEQUACY AND EFFECTIVENESS OF RISK MANAGEMENT SYSTEM WITH REGARD TO RISKS ESSENTIAL FOR THE BANK

The risk management system is an integrated set of principles, mechanisms and tools (including, without limitation, policies and procedures) relating to risk processes. Risk management is a part of the overall Bank management system. In addition to regulatory requirements, the Bank takes into account the specific nature, scale and complexity of business activities and the associated risk. Main objectives of the risk management system:

- ensuring the early detection and adequate management of all material risks associated with the business activity,
- supporting the implementation of the business strategy through effective control of the level of risk and its maintenance in line with the assumed risk appetite,
- a reflection of the approach towards the risk and risk culture adopted by the Bank,
- the measurement or estimation and monitoring of risks, including the safeguarding against possible losses through appropriate control mechanisms,
- risk mitigation by defining a system of limits and the rules to be followed if those limits are exceeded,

- defining the organisational structure adjusted to the level and profile of the risk assumed.

The risk management system functioning at the Bank is organised based on the three independent lines of defence (analogically to the internal control system), used to define the roles and scopes of responsibilities in order to achieve an effective oversight and organisation of risk management at the Bank:

The risk management model based on three lines of defence (similarly to the internal control system) is presented in item 6 of the Report.

The Management Board of the Bank defines the risk management strategy, risk appetite and adopts the risk management policy. It also sets limits for material risks and risk control procedures. The risk management rules are laid down in the *Risk Strategy at BNP Paribas Bank Polska S.A.* defined by the Bank's Management Board and approved by the Supervisory Board.

The set-up of the risk management system at the Bank mainly takes account of the role of the Supervisory Board, Management Board, dedicated committees (Audit Committee and Risk Committee of the Supervisory Board, Assets and Liabilities Committee (ALCO), Risk Management Committee, Retail Banking Risk Committee, Personal Finance Risk Committee, Credit Committee, Non-performing Loans Committee, New Products, Activities and Organisations and Exceptional Transaction Validation Committee, Internal Control Coordination Committee), Risk Area, Compliance Line and Security and Business Continuity Management Line.

The Bank's Management Board, through dedicated committees, receives regular and comprehensive information on the Bank's exposure to material risks, including i.a., credit risk and counterparty risk, concentration risk, operational risk, liquidity risk and funding risk, as well as market and interest rate risks. Appropriate committees, within the scope of their competences, define measures to be taken in case the Bank assumes an excessive risk.

The Risk Committee and the Supervisory Board received regular updates on material risks in the Bank's operations and assessment of the Bank's exposure to material risks, presented in reports prepared by the relevant units of the Bank's Head Office.

The identification of risks and detailed description of material risks are presented in the Management Board's Report on Activities of BNP Paribas Bank Polska S.A. Capital Group in 2022 (including Management Board's Report on Activities of BNP Paribas Bank Polska S.A. in 2022).

SUPERVISORY BOARD ASSESSMENT

The Supervisory Board assesses that the risk management system of the Bank fulfils the supervisory requirements, defined especially in the Regulation of the Minister of Finance, Funds and Regional Policy of 8 June 2021 on the Risk Management and Internal Control Systems, and Remuneration Policy in Banks. The Bank has a coherent and transparent framework for monitoring and reporting the risk level as well as breaches of the predefined levels. The Supervisory Board is regularly provided with reports presenting the assessment of the identified risk level and periodic updates on efficiency of the measures taken by the Management Board of the Bank.

Moreover, the material risks are managed adequately, in accordance with the principles adopted by the Bank. The risk management at BNP Paribas Bank Polska S.A. has a comprehensive and consolidated nature, suitably adapted to the scale of the Bank's operations.