



BNP PARIBAS



APPRAISAL REPORT OF THE SUPERVISORY BOARD

on the Separate Financial Statements of BNP Paribas Bank Polska S.A. for the year ended 31 December 2023, the Consolidated Financial Statements of BNP Paribas Bank Polska S.A. Group for the year ended 31 December 2023, and of the Management Board's Report on the Activities of BNP Paribas Bank Polska S.A. Group in 2023 (including Report of the Management Board on the activities of BNP Paribas Bank Polska S.A. in 2023), the Report presenting non-financial information of BNP Paribas Bank Polska S.A. Group in 2023 (including non-financial information of BNP Paribas Bank Polska S.A. in 2023), the motion of the Management Board on the distribution of profit for the financial year 2023 and including the assessment of adequacy and effectiveness of the internal control system in BNP Paribas Bank Polska S.A. in 2023.



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1. ASSESSMENT OF THE FINANCIAL STATEMENTS OF BNP PARIBAS BANK POLSKA S.A. FOR 2023

Pursuant to Article 382 § 3 of the Code of Commercial Partnerships and Companies and § 20 para. 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 2023, the Management Board's Report on the Activities of BNP Paribas Bank Polska S.A. Group in 2023 (including Report of the Management Board on the Activities of BNP Paribas Bank Polska S.A. in 2023), and the motion of the Management Board on distribution of profit for the financial year 2023.

The assessment covered in particular:

1. Separate financial statements of BNP Paribas Bank Polska S.A. for the year ended 31 December 2023 comprising:
 - a. separate statement of profit or loss for the period from 1 January 2023 to 31 December 2023, showing a net profit of PLN 1,007,828 thousand (one billion seven million eight hundred twenty-eight thousand zloty),
 - b. separate statement of other comprehensive income for the period from 1 January 2023 to 31 December 2023 with a total comprehensive income of PLN 1,590,864 thousand (one billion five hundred ninety million eight hundred sixty-four thousand zloty),
 - c. separate statement of the financial position prepared as at 31 December 2023 showing total assets of PLN 156,388,399 thousand (one hundred fifty-six billion three hundred eighty-eight million three hundred ninety-nine thousand zloty),
 - d. separate statement of changes in equity for the period from 1 January 2023 to 31 December 2023 disclosing an increase in equity by PLN 1,597,435 thousand (one billion five hundred ninety-seven million four hundred thirty-five thousand zloty),
 - e. separate statement of cash flows for the period from 1 January 2023 to 31 December 2023 showing a net cash inflow of PLN 2,674,665 thousand (two billion six hundred seventy-four million six hundred sixty-five thousand zloty),

and

2. Explanatory information to the Separate Financial Statements.
3. Management Board's Report on the Activities of BNP Paribas Bank Polska S.A. Group in 2023 (including Report of the Management Board on the Activities of BNP Paribas Bank Polska S.A. in 2023).
4. Motion of the Management Board on the profit distribution for the year ended 31 December 2023.
5. Report of the independent statutory auditor on the audit of the Separate Financial Statements of BNP Paribas Bank Polska S.A. for the year ended 31 December 2023.

Based on the assessment of the Separate Financial Statements of BNP Paribas Bank Polska S.A. for the year ended 31 December 2023, 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 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 2023 to 31 December 2023, as well as the economic and financial position of BNP Paribas Bank Polska S.A. as at 31 December 2023.

Assessment made by the Supervisory Board

Following careful examination of the Separate Financial Statements of BNP Paribas Bank Polska S.A. for the year ended 31 December 2023 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 2023, the Supervisory Board decides to give a positive opinion regarding the Separate Financial Statements of BNP Paribas Bank Polska S.A. for the year ended 31 December 2023, and to recommend its approval to the Ordinary General Meeting.

2. ASSESSMENT OF THE MANAGEMENT BOARD'S MOTION ON THE PROFIT DISTRIBUTION FOR THE FINANCIAL YEAR 2023

The Supervisory Board, acting pursuant to § 20 para. 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 financial year 2023, according to which it is resolved that the net profit for the financial year 2023 in the amount of PLN 1,007,827,538.15 (one billion seven million eight hundred twenty-seven thousand five hundred thirty-eight zloty and fifteen grosz):

- be allocated to a dividend in the amount of PLN 503,997,556.70,
- the remaining part of the profit in the amount of PLN 503,829,981.45 be transferred to the reserve capital.

The Supervisory Board of the Bank gave a positive opinion of the indicated proposal of the Management Board and 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 2023 in the amount of PLN 1,007,827,538.15 as per the motion of the Management Board of the Bank.

3. ASSESSMENT OF THE CONSOLIDATED FINANCIAL STATEMENTS OF THE BANK'S GROUP IN 2023

Pursuant to § 20 para. 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. Group for the year ended 31 December 2023 and the Management Board's Report on the Activities of BNP Paribas Bank Polska S.A. Group in 2023 (including Report of the Management Board on the Activities of BNP Paribas Bank Polska S.A. in 2023).

The assessment covered in particular:

1. The BNP Paribas Bank Polska S.A. Group Consolidated Financial Statements for the year ended 31 December 2023, comprising:
 - a. consolidated statement of profit or loss for the period from 1 January 2023 to 31 December 2023 showing net profit of PLN 1,012,546 thousand (one billion twelve million five hundred forty-six thousand zloty),
 - b. consolidated statement of other comprehensive income for the period from 1 January 2023 to 31 December 2023 with a total comprehensive income of PLN 1,595,578 thousand (one billion five hundred ninety-five million five hundred seventy-eight thousand zloty),



- c. consolidated statement of the financial position drawn up as at 31 December 2023 showing total assets of PLN 161,025,747 thousand (one hundred sixty-one billion twenty-five million seven hundred forty-seven thousand zloty),
- d. consolidated statement of changes in equity for the period from 1 January 2023 to 31 December 2023 showing an increase in equity by PLN 1,599,054 thousand (one billion five hundred ninety-nine million fifty-four thousand zloty),
- e. consolidated statement of cash flows for the period from 1 January 2023 to 31 December 2023 showing an increase in cash of PLN 2,657,255 thousand (two billion six hundred fifty-seven million two hundred fifty-five thousand zloty)

and

2. Explanatory information to the Consolidated Financial Statements.
3. Management Board's Report on the Activities of BNP Paribas Bank Polska S.A. Group in 2023 (including Report of the Management Board on the Activities of BNP Paribas Bank Polska S.A. in 2023).
4. Report of the independent statutory auditor on the audit of the Consolidated Financial Statements of BNP Paribas Bank Polska S.A. Group for the year ended 31 December 2023.

As a result of the assessment of the Consolidated Financial Statements of BNP Paribas Bank Polska S.A. Group for the year ended 31 December 2023, 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 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 2023 to 31 December 2023, as well as the economic and financial position of the BNP Paribas Bank Polska S.A. Group as at 31 December 2023.

Assessment made by the Supervisory Board

Following careful examination of the Consolidated Financial Statements of BNP Paribas Bank Polska S.A. Group for the year ended 31 December 2023 prepared by the Management Board, and the Report of the independent statutory auditor on the audit of the Consolidated Financial Statements of BNP Paribas Bank Polska S.A. Group for the year ended 31 December 2023, the Supervisory Board decides to give a positive opinion on the Consolidated Financial Statements of BNP Paribas Bank Polska S.A. Group for the year ended 31 December 2023, and to recommend its approval to the Ordinary General Meeting.

4. ASSESSMENT OF THE MANAGEMENT BOARD'S REPORT ON THE ACTIVITIES OF BNP PARIBAS BANK POLSKA S.A. GROUP IN 2023 (INCLUDING REPORT OF THE MANAGEMENT BOARD ON THE ACTIVITIES OF BNP PARIBAS BANK POLSKA S.A. IN 2023)

The Supervisory Board of BNP Paribas Bank Polska S.A., acting pursuant to Article 382 § 3 of the Code of Commercial Partnerships and Companies, in performance of its duties, following a thorough review of the Management Board's Report on the Activities of BNP Paribas Bank Polska S.A. Group in 2023 (including Report of the Management Board on the Activities of BNP Paribas Bank Polska S.A. in 2023) ("the Report") concludes that this Report is factually correct,



consistent with the books and documents, including information contained in the Separate Financial Statements of BNP Paribas Bank Polska S.A. for the year ended 31 December 2023 and the Consolidated Financial Statements of BNP Paribas Bank Polska S.A. Group for the year ended 31 December 2023.

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

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 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 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 has positively assessed the Report and recommends that the General Shareholders Meeting of BNP Paribas Bank Polska S.A. approve the Management Board's Report on the Activities of BNP Paribas Bank Polska S.A. Group in 2023 (including Report of the Management Board on the Activities of BNP Paribas Bank Polska S.A. in 2023).

5. ASSESSMENT OF THE REPORT PRESENTING NON-FINANCIAL INFORMATION OF BNP PARIBAS BANK POLSKA S.A. GROUP FOR THE YEAR 2023 (INCLUDING NON-FINANCIAL INFORMATION OF BNP PARIBAS BANK POLSKA S.A. IN 2023)

To comply with Article 49b para. 9 of the Accounting Act, the Bank has prepared a separate Report presenting non-financial information of the BNP Paribas Bank Polska S.A. Group in 2023 (including non-financial information of BNP Paribas Bank Polska S.A. in 2023), which includes non-financial information as required by the Act. The report on non-financial information also contains mandatory disclosures in accordance with Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 on the so-called EU Taxonomy and in accordance with its implementing acts.

To get a full picture of the Bank's operations in respect of sustainable growth, and in conjunction with the GOBeyond Business Strategy adopted in March 2022, integrating non-financial aspects (ESG), the non-financial information is integrated into the Management Board's Report on the Activities of BNP Paribas Bank Polska S.A. Group in 2023 (including Report of the Management Board on the Activities of BNP Paribas Bank Polska S.A. in 2023), 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 - GRI Standards, Guidelines of the Integrated Reporting Framework of the IFRS Foundation, Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in respect of climate risk reporting.

As part of good market practice, selected metrics reported according to the Global Reporting Initiative standard have been verified by Ernst & Young Audyt Polska Sp. z o.o. Sp. k., an external auditor. The relevant reference to the audit



scope is provided in the Management Board's Report on the Activities of BNP Paribas Bank Polska S.A. Group in 2023 (including Report of the Management Board on the Activities of BNP Paribas Bank Polska S.A. in 2023) in the GRI Table.

Assessment made by the Supervisory Board

Following the assessment of the Report presenting non-financial information of the BNP Paribas Bank Polska S.A. Group in 2023 (including non-financial information of BNP Paribas Bank Polska S.A. in 2023), 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. 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 2023 to 31 December 2023.

The Supervisory Board further concludes that this report fulfils the mandatory disclosure requirements in accordance with Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 on the so-called EU Taxonomy and in accordance with its implementing acts.

The Supervisory Board has positively assessed the Report and recommends that the General Shareholders Meeting of BNP Paribas Bank Polska S.A. approve the Report presenting non-financial information of the BNP Paribas Bank Polska S.A. Group in 2023 (including non-financial information of BNP Paribas Bank Polska S.A. in 2023).

6. ASSESSMENT OF ADEQUACY AND EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEM AT THE BANK IN 2023

The structure of the internal control system at the Bank 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, and 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 the internal control system 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 and 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 "Internal Control Policy at BNP Paribas Bank Polska S.A.", 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 organizational units of the Risk Area which are responsible for managing specific risks, including measuring, monitoring, controlling and reporting risks, independently of the first line, the Second Line of Defence Finance Department, the Finance Area, the Legal Line, the Custody Inspector of the Custody and Depositary Bank Department, the Regulations and Controls Team of the Brokerage House and 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 organizational framework which 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 organizational 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, The Supervisory Board makes its assessment 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 is responsible for assessing 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 Internal Audit Line activities encompasses all activities of the Bank and all its organizational units, including activities of separate organizational units and subsidiaries. The Audit Committee and the Supervisory Board received regular updates on the progress with the 2023 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 the Supervisory Board with respect to the management of the following types of risk:

- 1) compliance risk,
- 2) money laundering and sanction violation 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 of the compliance risk relies, among others, 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 results of monitoring of 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 organizational 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.

Assessment made by the Supervisory Board

The Supervisory Board positively assesses the internal control system integrating all three lines of defence, implemented at the Bank in compliance with the PFSA Recommendation H.

The Supervisory Board assesses the adequacy and efficiency of the Bank's internal control system (integrating the control function, compliance unit and internal audit unit) as generally satisfactory. The Supervisory Board concludes that the gaps identified in the processes carried out under this system do not jeopardize the achievement of the objectives of the Bank's internal control system. Key gaps have been identified with respect to:

- control mechanisms regarding, among others, quality and aggregation of data,
- supervision over agreements with suppliers,
- human resources management area,
- relationships with Clients with regard to offering investment products.

All identified gaps have been addressed by suitable action plans. With respect to material deficiencies of the internal control system, the Audit Committee monitors the implementation of the action plans. In addition, the Bank pursues actions aimed at further improvement and development of the second line of defence in the context of a growing complexity of the regulatory environment and expectations of the BNP Paribas Group. Furthermore, measures have been undertaken aimed at extending and enhancement of awareness of owners of processes at the first line of defence with regard to risk and control.

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 asserts that the effective management of the risk of non-compliance of the Bank's operations with legal regulations, internal regulations and market standards by the Management Board of the Bank is generally satisfactory. Particular attention should be paid to the reinforcement of the system for ensuring compliance with the modified supervisory requirements.

Further, the Supervisory Board reviewed and assessed the functioning of the compliance unit in 2023. The Supervisory Board finds the adequacy and effectiveness of the Compliance Line to be generally satisfactory based on the adopted assessment criteria. The Supervisory Board positively assesses the adequacy and effectiveness of the control environment of the Compliance Line's processes, and full execution of the action plan of the Line in 2023, 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 effectively.

Furthermore, the Supervisory Board assessed the adequacy and effectiveness of the internal audit function as satisfactory. The Supervisory Board emphasized that the Internal Audit Line completed all audits planned for 2023 and achieved the assumed Key Performance Indicators (KPI) targets. The aggregated control results were satisfactory. The Internal Audit Line prepared written reports on completed audit assignments. In justified cases, it recommended taking measures to remedy the weaknesses identified in the risk management system 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 independence of the internal audit function and compliance function is ensured. The Compliance Line and the Internal Audit Line have appropriate resources, expertise and experience necessary to perform their tasks and the mechanisms ensuring the independence of those functions operated efficiently and were not breached.

7. ASSESSMENT OF ADEQUACY AND EFFECTIVENESS OF THE RISK MANAGEMENT SYSTEM WITH REGARD TO MATERIAL RISKS 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 organizational structure adjusted to the level and profile of the risk assumed.

The risk management system functioning at the Bank is organized based on the three independent lines of defence (as in the case of the internal control system), used to define the roles and scopes of responsibilities in order to achieve an effective oversight and organization of risk management at the Bank.

The risk management model based on three lines of defence is presented in item 6 of the Report.

The key role in the risk management system of the Bank is played by the Management Board, which determines the risk management policy, appetite for risk and adopts risk management policies, as well as defines the limits for



material risks and risk control procedures. The risk management rules are laid down in the Risk Management 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 (including the Audit Committee and Risk Committee of the Supervisory Board, Assets and Liabilities Committee (ALCO), Risk Management Committee, Credit Committee, New Products, Activities and Organizations and Exceptional Transaction Validation Committee, Internal Control Coordination Committee), Risk Area, Compliance Line and New Technologies and Cybersecurity Area.

The risk management system is subject to regular review. 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, operational risk, liquidity risk and funding risk, as well as market and interest rate risks. Appropriate Committees, within the remit 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 the Activities of BNP Paribas Bank Polska S.A. Group in 2023 (including Report of the Management Board on the Activities of BNP Paribas Bank Polska S.A. in 2023).

Assessment made by the Supervisory Board

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 of the risk level including for 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.